

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in doubt as to any aspect of this circular or as to the action to be taken, you should consult a stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Sunshine Oilsands Ltd., you should at once hand this circular with the accompanying form of proxy to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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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)

(HK Stock code: 2012) (TSX symbol: SUO)

**1020, 903 – 8th Avenue S.W.
Calgary, Alberta, Canada
T2P 0P7**

**Telephone: 1-403-984-1450
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MANAGEMENT INFORMATION CIRCULAR

Independent Financial Adviser to the Independent Shareholders



ANNUAL GENERAL MEETING OF SHAREHOLDERS

**Meeting Date: June 25, 2014 at 8:00 a.m. (Hong Kong Time)
(June 24, 2014 at 6:00 p.m. (Calgary Time))**

May 16, 2014

*For identification purposes only

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NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS

**TO BE HELD AT 8:00 A.M. ON JUNE 25, 2014 (HONG KONG TIME)
AND 6:00 P.M. ON JUNE 24, 2014 (CALGARY TIME)**

NOTICE IS HEREBY GIVEN that the annual general and special meeting (the “**Meeting**”) of the holders (the “**Shareholders**”) of Class “A” Common Voting Shares (the “**Shares**”) of Sunshine Oilsands Ltd. (“**Sunshine**” or the “**Corporation**”) will be held in the Regus Conference Centre, PLAZA meeting room, 35/F, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong on June 25, 2014 at 8:00 a.m. (Hong Kong time), for the following purposes:

1. to receive and consider the audited financial statements of the Corporation as at and for the financial year ended December 31, 2013, the report of the board of directors of the Corporation (the “**Board**”) and the report of the auditor thereon;
2. to fix the number of directors of the Corporation to be elected for the ensuing year;
3. to elect directors of the Corporation for the ensuing year;
4. to appoint auditors for the ensuing year and to authorize the directors of the Corporation to fix their remuneration;
5. to consider and, if deemed advisable, to pass, with or without variation, an ordinary resolution approving the refreshing of the ten percent (10%) mandate under the Corporation’s Post IPO Share Option Scheme (“**Refreshed Scheme Mandate**”), as more particularly described in the accompanying Circular;

*For identification purposes only

6. to consider and, if deemed advisable, to pass, with or without variation, an ordinary resolution approving the payment of 50% of the Base Retainer Fees (as defined in the accompanying Circular) to the directors in Shares in lieu of cash pursuant to the Director Share Compensation Arrangement (as defined in the accompanying Circular) in respect of the period from October 1, 2013 to June 30, 2014, as more particularly described in the accompanying Circular;
7. to consider and, if deemed advisable, to pass, with or without variation, an ordinary resolution approving the payment of 50% of the Base Co-Chairman Fees (as defined in the accompanying Circular) to the Co-Chairmen in Shares in lieu of cash pursuant to the Director Share Compensation Arrangement (as defined in the accompanying Circular) in respect of the period from April 1, 2014 to June 30, 2014, as more particularly described in the accompanying Circular;
8. to consider and, if deemed advisable, to pass, with or without variation, an ordinary resolution approving the payment of 50% of the future Base Retainer Fees (as defined in the accompanying Circular) to the directors in Shares in lieu of cash pursuant to the Director Share Compensation Arrangement (as defined in the accompanying Circular), as more particularly described in the accompanying Circular;
9. to consider and, if deemed advisable, to pass, with or without variation, an ordinary resolution approving the payment of 50% of the future Base Co-Chairman Fees (as defined in the accompanying Circular) to the Co-Chairmen in Shares in lieu of cash pursuant to the Director Share Compensation Arrangement (as defined in the accompanying Circular), as more particularly described in the accompanying Circular;
10. to consider and, if deemed advisable, to pass, with or without variation, an ordinary resolution approving a proposal for the Corporation to grant to the Board a general mandate to allot, issue and otherwise deal with un-issued Shares not exceeding twenty percent (20%) of its issued share capital, as more particularly described in the accompanying Circular;
11. to consider and, if deemed advisable, to pass, with or without variation, an ordinary resolution approving a proposal for the Corporation to grant to the Board a general mandate to repurchase Shares not exceeding ten percent (10%) of its issued share capital, as more particularly described in the accompanying Circular; and
12. to transact such other business as may properly come before the Meeting or any adjournment or adjournments thereof.

Time and venue of the Meeting

The Meeting will be held at 8:00 a.m. on June 25, 2014 (Hong Kong time) in the Regus Conference Centre, PLAZA meeting room, 35/F, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong.

Registered Shareholders

If you hold Shares in your own name you are a registered shareholder of the Corporation (“**Registered Shareholder**”). As a Registered Shareholder, if you are unable to attend the Meeting in person and wish to ensure that your Shares are voted at the Meeting, you must complete, date and sign the enclosed form of proxy and deliver it in accordance with the instructions set out in the form of proxy and in the Circular. Such form of proxy is also published on the HKExnews’ website of the Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk and the website of the Corporation at www.sunshineoilsands.com.

Beneficial Shareholders

If your Shares are held in an account with a brokerage firm or an intermediary (i.e. a broker, investment firm, clearing house or a similar entity), you are a beneficial shareholder of the Corporation (“**Beneficial Shareholder**”). Beneficial Shareholders should follow the instructions set out in the voting instructions form or other form of proxy provided by your intermediaries to ensure that your Shares will be voted at the Meeting.

Record Date

All Registered Shareholders as at 4:30 p.m. on May 12, 2014 (Hong Kong Time) and 4:30 p.m. on May 12, 2014 (Calgary time), as the case may be (the “**Record Date**”), may vote in person at the Meeting or any adjournments thereof, or they (including a Beneficial Shareholder) may appoint another person (who need not be a Shareholder) as their proxy to attend and vote in their place.

Delivery of Proxy

Shareholders who receive this Circular and other accompanying Meeting materials **from the Corporation’s branch share registrar in Hong Kong, being Computershare Hong Kong Investor Services**, and who are unable to be present at the Meeting are requested **to date and sign the enclosed form of proxy and return it to Computershare Hong Kong Investor Services at 17M Floor, Hopewell Centre 183 Queen’s Road East Wan Chai, Hong Kong, People’s Republic of China**, in the enclosed envelope provided for that purpose.

Shareholders who receive this Circular and other accompanying Meeting materials **from the Corporation’s principal share registrar in Canada, being Alliance Trust Company**, and who are unable to be present at the Meeting are requested **to date and sign the enclosed form of proxy and return it to Alliance Trust Company at Suite 1010, 407 – 2nd Street SW, Calgary, Alberta, Canada T2P 2Y3**, in the enclosed envelope provided for that purpose.

In order to be valid, all proxies must be received by Computershare Hong Kong Investor Services Limited or Alliance Trust Company as applicable, by at least 48 hours, excluding Saturdays, Sundays and public holidays in Calgary and Hong Kong (i.e. 4:30 p.m. on June 23, 2014 (Calgary time) and 4:30 p.m. on June 23, 2014 (Hong Kong time), as the case may be) before the Meeting, or any adjournment thereof, or deposited with the Chairman of the Meeting on the day of the Meeting prior to the commencement of the Meeting.

Results of the Meeting

The votes to be taken at the Meeting will be taken by poll, the result of which will be published on the websites of the Corporation and the Stock Exchange websites after the meeting.

**BY ORDER OF THE BOARD OF DIRECTORS
SUNSHINE OILSANDS LTD.**

(signed) “*Songning Shen*”

**Songning Shen
Co-Chairman**

(signed) “*Michael John Hibberd*”

**Michael John Hibberd
Co-Chairman**

Calgary, Alberta, May 16, 2014.

As at the date of this notice, the Board consists of Mr. Michael John Hibberd and Mr. Songning Shen as executive directors and Mr. Hok Ming Tseung, Mr. Tingan Liu, Mr. Haotian Li, Mr. Gregory George Turnbull, Mr. Raymond Shengti Fong, Mr. Wazir Chand Seth, Mr. Robert John Herdman and Mr. Gerald Franklin Stevenson as non-executive directors.

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MANAGEMENT INFORMATION CIRCULAR

May 16, 2014

GENERAL PROXY INFORMATION

Solicitation of Proxies

This management information circular (the “**Circular**”) is furnished in connection with the solicitation of proxies by or on behalf of the management of the Corporation for use at the Meeting of the shareholders or any adjournments thereof, to be held in the Regus Conference Centre, PLAZA meeting room, 35/F, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong on June 25, 2014 at 8:00 a.m. (Hong Kong time) and any adjournments thereof for the purposes set forth in the notice accompanying this Circular.

The cost of this solicitation of proxies is borne by the Corporation. It is expected that the solicitation will be primarily by mail, but proxies or votes or voting instructions may also be solicited personally or by telephone, facsimile, e-mail, or other means of communication by directors, officers and regular employees of the Corporation.

Voting at the Meeting

Registered Shareholders are invited to attend the Meeting and vote their Shares at the Meeting or appoint another person (who need not be a Shareholder) to act as their proxy and vote in their place, as described below under the heading “*Proxy Information for Registered Shareholders*”. Beneficial Shareholders are invited to attend the Meeting, but in order to vote their Shares they must follow the procedures described below under the heading “*Proxy Information for Beneficial Shareholders*”.

PROXY INFORMATION FOR REGISTERED SHAREHOLDERS

Appointment of Proxy Holder

A proxy is a document that authorizes someone else to attend the Meeting and cast the votes for a Registered Shareholder. **The persons named in the accompanying form of proxy (the “Proxy”) are officers and/or directors of the Corporation. If you are a Registered Shareholder, you have the right to appoint a person or company other than the persons designated in the Proxy, who need not be a Shareholder to attend and act on your behalf at the Meeting. You may do so either by inserting the name of that other person or company in the blank space provided in the Proxy or by completing and delivering another suitable form of proxy.**

A proxy must be in writing and must be executed by you as Registered Shareholder, or by your attorney authorized in writing, or if the Registered Shareholder is a corporation or other legal entity, under its corporate seal or by an officer or attorney thereof duly authorized.

The persons named in the Proxy will vote or withhold from voting the Shares represented thereby in accordance with your instructions on any ballot that may be called. If you specify a choice with respect to any matter to be acted upon, your Shares will be voted accordingly. The Proxy confers discretionary authority on the persons named therein with respect to:

- (a) each matter or group of matters identified therein for which a choice is not specified, other than the appointment of an auditor and the election of directors;
- (b) any amendment to or variation of any matter identified therein; and
- (c) any other matter that properly comes before the Meeting.

In respect of a matter for which a choice is not specified in the Proxy, other than the appointment of an auditor and the election of the directors, the persons named in the Proxy will vote the Shares represented by the Proxy for the approval of such matter.

Voting by Proxy Holder

Registered Shareholders may wish to vote by proxy whether or not they are able to attend the Meeting in person.

Registered Shareholders who received this Circular and other accompanying Meeting materials from the Corporation’s branch registrar in Hong Kong, and who elect to submit a proxy may do so by completing, dating and signing the accompanying Proxy and returning it to the Corporation’s branch share registrar in Hong Kong, being Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen’s Road East Wan Chai, Hong Kong, People’s Republic of China, ensuring that the Proxy is received at least 48 hours, excluding Saturdays, Sundays and public holidays in Hong Kong (i.e. 4:30 p.m. on June 20, 2014 (Hong Kong time)) before the Meeting, or any adjournment thereof, at which the Proxy is to be used.

Registered Shareholders who received this Circular and other accompanying Meeting materials from the Corporation’s principal share registrar in Canada, and who elect to submit a proxy may do so by completing, dating and signing the accompanying Proxy and returning it to the Corporation’s principal share registrar in Canada, being Alliance Trust Company at Suite 1010, 407 – 2nd Street SW, Calgary, Alberta, Canada T2P 2Y3 ensuring that the Proxy is received at least 48 hours, excluding Saturdays,

Sundays and public holidays in Calgary (i.e. 4:30 p.m. on June 20, 2014 (Calgary time)) before the Meeting, or any adjournment thereof, at which the Proxy is to be used.

PROXY INFORMATION FOR BENEFICIAL SHAREHOLDERS

The information set forth in this section is of significant importance to many Shareholders, as a substantial number of Shareholders do not hold Shares in their own name. Beneficial Shareholders should note that the only proxies that can be recognized and acted upon at the Meeting are those deposited by Registered Shareholders.

Only Registered Shareholders or the persons they appoint as their proxies are permitted to vote at the Meeting. Many Shareholders of the Corporation are Beneficial Shareholders because the Shares they own are not registered in their own names, but are instead registered in the name of the brokerage firm, bank, trust company or clearing house through which they purchased the Shares. Shares beneficially owned by a Beneficial Shareholder are registered either: (i) in the name of an intermediary (an **“Intermediary”**) that the Beneficial Shareholder deals with in respect of the shares of the Corporation (Intermediaries include, among others, banks, trust companies, securities dealers, securities brokers and trustees or administrators of self-administered RRSPs, RRIFs, RESPs, TFSAs and similar plans); or (ii) in the name of a clearing agency (such as The Canadian Depository for Securities Limited or HKSCC Nominees Limited) of which the Intermediary is a participant. In accordance with applicable securities law requirements, the Corporation will have distributed copies of the notice, the Circular, and form of proxy (collectively, the **“Meeting Materials”**) to the clearing agencies and Intermediaries for distribution to Beneficial Shareholders.

Intermediaries are required to forward the Meeting Materials to Beneficial Shareholders unless a Beneficial Shareholder has waived the right to receive them. Intermediaries often use service companies to forward the Meeting Materials to Beneficial Shareholders. Every intermediary or service company has its own mailing procedures and provides its own return instructions to clients. Please note that the Corporation’s management does not intend to pay for Intermediaries to forward the Meeting Materials and voting instruction request forms to those Beneficial Shareholders who have objected to their Intermediary disclosing ownership information about them pursuant to Canadian securities legislation (**“Objecting Beneficial Shareholders”**). Consequently, if you are an Objecting Beneficial Shareholder, you will not receive these materials unless the Intermediary holding Shares on your account assumes the cost of delivery.

You should carefully follow the instructions of your broker or intermediary in order to ensure that your Shares are voted at the Meeting. The form of proxy supplied to you by your broker will be similar to the Proxy provided by the Corporation to its Registered Shareholders. However, its purpose is limited to instructing the intermediary on how to vote on your behalf.

In Canada, most brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions Inc. (**“Broadridge”**). Broadridge mails a voting instruction form in lieu of a Proxy provided by the Corporation. The voting instruction form will name the same persons as the Corporation’s Proxy to represent you at the Meeting. You have the right to appoint a person (who need not be a Beneficial Shareholder of the Corporation), other than the persons designated in the voting instruction form, to represent you at the Meeting. To exercise this right, you should insert the name of the desired representative in the blank space provided in the voting instruction form. The completed voting instruction form must then be returned to Broadridge by mail or facsimile or given to Broadridge by phone or over the internet, in accordance with Broadridge’s instructions. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of Shares to be represented at the Meeting. If you receive a voting instruction form from Broadridge, you cannot use

it to vote Shares directly at the Meeting. The voting instruction form must be completed and returned to Broadridge, in accordance with its instructions, well in advance of the Meeting in order to have the Shares voted.

Although as a Beneficial Shareholder you may not be recognized directly at the Meeting for the purposes of voting Shares registered in the name of your broker, you, or a person designated by you, may attend at the Meeting as proxy holder for your broker and vote your Shares in that capacity. If you wish to attend at the Meeting and indirectly vote your Shares as proxy holder for your broker, or have a person designated by you do so, you should enter your own name, or the name of the person you wish to designate, in the blank space on the voting instruction form provided to you and return the same to your broker in accordance with the instructions provided by such broker, well in advance of the Meeting. Alternatively, you can request in writing that your broker send you a legal proxy which would enable you, or a person designated by you, to attend at the meeting and vote your Shares.

REVOCATION OF PROXY

A Shareholder who has submitted a proxy may revoke it at any time prior to the exercise thereof. In addition to revocation in any other manner permitted by law, a Shareholder who has given a proxy may revoke it by:

- (a) executing a proxy bearing a later date or by executing a valid notice of revocation, either of the foregoing to be executed by the Shareholder or such person's authorized attorney in writing or, if such person is a corporation, under its corporate seal by an officer or attorney duly authorized, and by delivering the proxy bearing a later date to the Corporation's principal share registrar in Canada, being Alliance Trust Company at Suite 1010, 407 – 2nd Street SW, Calgary, Alberta, Canada T2P 2Y3, or the Corporation's branch share registrar in Hong Kong, being Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East Wan Chai, Hong Kong, People's Republic of China, as applicable, or at the address of the registered office of the Corporation at 3300, 421 – 7th Avenue S.W., Calgary, Alberta, T2P 4K9, at least 48 hours, excluding Saturdays, Sundays and public holidays in Calgary (i.e. 4:30 p.m. on June 20, 2014 (Calgary time) or 4:30 p.m. on June 20, 2014 (Hong Kong time), as the case may be) before the Meeting, or any adjournment thereof, at which the proxy is to be used, or to the chairman of the Meeting on the day of the Meeting or any reconvening thereof, or in any other manner provided by law; or
- (b) personally attending the Meeting and voting the such person's Shares at the Meeting.

A revocation of a proxy will not affect a matter on which a vote is taken before the revocation.

VOTING BY POLL

Pursuant to Rule 13.39(4) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**"), any vote of shareholders at a general meeting must be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. The Corporation will announce the results of the poll in the manner prescribed in Rule 13.39(5) of the Listing Rules.

COUNTING THE VOTES

The Corporation's principal share registrar, Alliance Trust Company and the Corporation's branch share registrar, Computershare Hong Kong Investor Services Limited, will count and tabulate the proxies for Shares. This is done independently of the Corporation to preserve confidentiality in the voting process. Proxies are referred to the Corporation only in cases where a Shareholder clearly intends to communicate with management or when it is necessary to do so to meet the requirements of applicable law.

INTERESTS OF CERTAIN PERSONS AND COMPANIES IN MATTERS TO BE ACTED UPON

Other than as disclosed in this Circular, management of the Corporation is not aware of any material interest of any director or nominee for director, or executive officer or anyone who has held office as such since the beginning of the Corporation's last financial year or of any associate or affiliate of any of the foregoing in any matter to be acted on at the Meeting.

VOTING SHARES AND PRINCIPAL HOLDERS THEREOF AND VOTES NECESSARY TO PASS RESOLUTIONS

The authorized capital of the Corporation consists of an unlimited number of shares designated as Class "A" Common Voting Shares (the "**Shares**"), Class "B" Common Voting Shares, Class "C" Common Non-Voting Shares, Class "D" Common Non-Voting Shares, Class "E" Common Non-Voting Shares, Class "F" Common Non-Voting Shares, Class "G" Preferred Non-Voting Shares and Class "H" Preferred Non-Voting Shares.

As of May 14, 2014 (the "**Latest Practicable Date**") there were 3,249,916,204 Class "A" Common Voting Shares of the Corporation issued and outstanding and no shares of any of the other classes issued or outstanding. Each Class "A" Common Voting Share carries the right to one vote at any meeting of the Shareholders of the Corporation. Each Class "B" Common Voting Share also carries the right to one vote (but none are issued or outstanding).

The holders of Class "C" Common Non-Voting Shares, Class "D" Common Non-Voting Shares, Class "E" Common Non-Voting Shares, Class "F" Common Non-Voting Shares, Class "G" Preferred Non-Voting Shares and Class "H" Preferred Non-Voting Shares do not carry the right to vote at any meeting of the shareholders of the Corporation (subject to the provisions of the *Business Corporations Act* (Alberta) ("**ABCA**")).

By Law No. 1 of the Corporation provides that if holders of five percent (5%) of the shares entitled to vote, are present in person or are represented by proxy, a quorum for the purposes of conducting a shareholders' meeting is constituted.

To the best of the knowledge of the directors and officers of the Corporation and as of the Latest Practicable Date, the only person, firm, or corporation, owning of record or beneficially, controlling or directing, directly or indirectly, 10% or more of the issued and outstanding Shares is HKSCC Nominees Limited, which holds 2,581,856,025 Shares, representing approximately 79% of the Shares.

References to "issued and outstanding" securities and similar expressions in this Circular are to the outstanding securities (including Shares) of the Corporation, being those securities issued by the Corporation and held by its investors (and excluding any securities issued and then repurchased, but not canceled, by the Corporation). As at the Latest Practicable Date, there are no securities of the Corporation issued but not outstanding.

RECORD DATE

The record date for the Meeting has been fixed at 4:30 p.m. on May 12, 2014 (Hong Kong time) and (4:30 p.m. on May 12, 2014 (Calgary time), as the case may be (the “**Record Date**”). Only Shareholders as at the Record Date are entitled to receive notice of the Meeting. Shareholders on record will be entitled to vote their Shares held by them as at the Record Date, unless any such Shareholder properly transfers the Shares after the Record Date and the transferee of those Shares, having produced properly endorsed certificates evidencing such Shares or having otherwise established ownership of such Shares, demands, at least ten (10) days before the Meeting, that the transferee’s name be included in the list of Shareholders entitled to vote at the Meeting, in which case such transferee shall be entitled to vote such Shares at the Meeting. To ensure that there is no risk that any of the Shares will be voted twice, the transferee must provide written evidence to the Corporation including, without limitation, providing properly endorsed certificates evidencing the transfer of such Shares or having otherwise established ownership of such Shares, written evidence of the identification of the relevant transferor and written evidence that the relevant transferor has not and will not exercise their right to vote either by proxy or in person at the Meeting. The Corporation may refuse the demand by a transferee to be included in the list of Shareholders entitled to vote at the Meeting if the transferee cannot demonstrate to the Corporation with sufficient certainty that the relevant Shares have not already been voted by proxy or will be voted by the relevant transferor at the Meeting.

DIRECTORS

As at the date of this Circular, the Board consists of Mr. Michael John Hibberd and Mr. Songning Shen as executive directors and Mr. Hok Ming Tseung, Mr. Tingan Liu, Mr. Haotian Li, Mr. Gregory George Turnbull, Mr. Raymond Shengti Fong, Mr. Wazir Chand Seth, Mr. Robert John Herdman and Mr. Gerald Franklin Stevenson as non-executive directors.

PARTICULARS OF MATTERS TO BE ACTED UPON AT THE MEETING

1. Financial Statements

The audited financial statements of the Corporation as at and for the financial year ended December 31, 2013, the report of the Board and the report of the auditors will be placed before Shareholders at the Meeting.

2. Fixing the Number of Directors of the Corporation

The Articles of the Corporation provide for a minimum of one (1) director and a maximum of fifteen (15) directors. It is proposed that the number of directors to be elected at the Meeting to hold office until the next annual meeting or until their successors are elected or appointed, subject to the Articles and By Law No. 1 of the Corporation, be set at eleven (11). There are presently ten directors of the Corporation (as identified below) whose term of office shall expire at the Meeting.

Unless otherwise instructed, it is the intention of the persons named in the accompanying Proxy to vote in FAVOUR OF setting the number of directors to be elected at the Meeting at eleven (11).

3. Election of Directors

The Shareholders will be asked to pass an ordinary resolution at the Meeting to elect, as directors, the nominees whose names are set forth in the table below. Each nominee elected will hold office until the next annual meeting of the Shareholders or until his successor is duly elected or appointed, unless his

office is vacated earlier, then in accordance with the Articles and By Law No. 1. Voting for the election of the directors will be conducted on an individual, and not on a slate basis.

Effective March 26, 2013, the Board passed a policy which provides that, in the event that a director candidate is elected but receives more votes withheld than cast in favour of the director at the meeting appointing directors, he or she is expected to submit a letter of resignation within seven (7) days. Within 90 days of the voting results, the Board shall consider the circumstances of such vote, the particular attributes of the director candidate including his or her knowledge, experience and contribution at Board meetings and determine whether to accept or reject the resignation and will issue a press release announcing the resignation or explain the reasons justifying its decision not to accept the resignation.

Unless instructed otherwise, the persons named in the accompanying Proxy intend to vote the Shares represented thereby in FAVOUR OF the election to the Board of those persons designated in the table below.

The Board does not contemplate that any of such nominees will be unable to serve as a director. However, if for any reason any of the proposed nominees do not stand for election or are unable to serve as a director, proxies in favour of management designees will be voted for another nominee in their discretion unless the Shareholder has specified in their proxy that their Shares are to be withheld from voting on the election of directors.

The information in the table below relating to the directors is based partly on the records of the Corporation and partly on information received by the Corporation from the directors, and sets forth the name, municipality of residence of the persons proposed to be nominated for election as directors, all other positions and offices within the Corporation now held by them, their principal occupations or employments during the past five years, the periods during which they have served as directors of the Corporation and the approximate number of Shares beneficially owned, or over which control or direction is exercised by each of them as at the Latest Practicable Date.

Name, Municipality of Residence & Current Position(s) with the Corporation	Principal Occupation in the Past Five Years	Director Since	Shares Beneficially Owned or Over Which Control or Direction Exercised as at the Latest Practicable Date ⁽⁶⁾
Michael John Hibberd⁽¹⁾ Calgary, Alberta Canada <i>Co-Chairman and Director</i> Age: 58	Co-Chairman of the Corporation since October 2008. Prior thereto, from August 2007 to October 2008, Chairman and Co CEO of the Corporation. President and Chief Executive Officer of MJH Services Inc., a corporate finance advisory company, since January 1995. Chairman of Greenfields Petroleum Corporation since February 2010. Chairman of Canacol Energy Ltd. since October 2008. Chairman of Heritage Oil Plc. since March 2008. Chairman of Heritage Oil Corporation since November 2006. Director of PetroFrontier Corp. since 2013. Director of Pan Orient Energy Corp. since April 2005. Director of Montana Exploration Corp. since 1997.	May 9, 2007	80,740,000

Name, Municipality of Residence & Current Position(s) with the Corporation	Principal Occupation in the Past Five Years	Director Since	Shares Beneficially Owned or Over Which Control or Direction Exercised as at the Latest Practicable Date ⁽⁶⁾
<p>Songning Shen⁽²⁾ Calgary, Alberta Canada <i>Co-Chairman and Director</i> Age: 48</p>	<p>Co-Chairman of the Corporation since October 2008. Prior thereto, President and Co-CEO of the Corporation from August 2007 to October 2008 and geology consultant at Koch Exploration Canada L.P. from March 2006 to June 2007.</p>	<p>February 22, 2007</p>	<p>80,119,660</p>
<p>Hok Ming Tseung⁽³⁾⁽⁷⁾ Hong Kong China <i>Director</i> Age: 52</p>	<p>Director of Jiangsu Xinmin Textile Science & Technology Co., Ltd. since September 2013. Director of Dongwu Cement International Ltd. since November 2011. Director of Orient International Resources Group Limited since April 2010. Director of Orient International Petroleum & Chemical Limited since December 2004. Director of Orient Financial Holdings Limited since July 2002.</p>	<p>March 2, 2010</p>	<p>295,233,035</p>
<p>Tingan Liu⁽¹⁾ Kowloon, Hong Kong China <i>Director and Hong Kong Corporate Secretary</i> Age: 52</p>	<p>Deputy chairman and president of China Life Insurance (Overseas) Company Limited since June 2008. Council member of the Financial Services Development Council of the Hong Kong S.A.R. since January 2013. Member of the Listing Committee of the Stock Exchange of Hong Kong Limited since July 2010. Member of the Insurance Advisory Committee of the Government of Hong Kong S.A.R. since October 2010. Councillor of the Life Insurance Council of the Hong Kong Federation of Insurers since September 2008.</p>	<p>February 1, 2011</p>	<p>Nil</p>
<p>Haotian Li⁽¹⁾ Hong Kong China <i>Director</i> Age: 42</p>	<p>Director of Bank of China Investment Limited and Director of Bank Of China Group Investment Limited (“BOCGI”) Zheshang Investment Fund Management (Zhe Jiang) Co., Ltd. since June 2010. Deputy Chief Executive Officer of Bank of China Group Investment Limited since November 2008. Prior thereto, Head of Client Relations of the corporate banking department (oil and gas sector coverage) at Bank of China Headquarters from July 1999 to November 2008.</p>	<p>February 14, 2011</p>	<p>Nil</p>
<p>Gregory George Turnbull, QC⁽¹⁾⁽³⁾ Calgary, Alberta Canada <i>Director</i> Age: 59</p>	<p>Partner of McCarthy Tétrault LLP, Calgary since January 2002. Director of Crescent Point Energy Corp., Storm Resources Corp., Heritage Oil Plc, Heritage Oil Corp., Marquee Energy Ltd. and Hyperion Exploration Corp., which are all publically traded entities listed on the London Stock Exchange, the TSX or the TSX Venture Exchange.</p>	<p>August 24, 2007</p>	<p>12,800,000</p>

Name, Municipality of Residence & Current Position(s) with the Corporation	Principal Occupation in the Past Five Years	Director Since	Shares Beneficially Owned or Over Which Control or Direction Exercised as at the Latest Practicable Date ⁽⁶⁾
Raymond Shengti Fong ^{(1) (2) (3)} Calgary, Alberta Canada <i>Director</i> Age: 67	Director of Palinda International Group Limited of Hong Kong. Previous Chief Executive Officer of China Coal Corporation. Prior thereto, director of Abenteuer Resources Ltd. from November 2000 to August 2008 and director of Stealth Ventures Ltd. from November 1999 to November 2007.	May 9, 2007	8,100,000
Robert John Herdman ^{(1) (3) (4) (5)} Calgary, Alberta Canada <i>Director</i> Age: 63	Director of Black Diamond Group since March 2012. Director of Chinook Energy Inc. since July 2010. Director of Blackline GPS Corp. since April 2011. He previously served as director of TriOil Resources Ltd. Prior thereto, Partner at PricewaterhouseCoopers LLP, Calgary from July 1989 to July 2010.	July 18, 2011	Nil
Wazir Chand (Mike) Seth ^{(1) (2) (4) (5)} Calgary, Alberta Canada <i>Director</i> Age: 73	President of Seth Consultants Ltd. since January 1981. Director of Connacher Oil and Gas Limited since December 2005. Director of Corridor Resources Inc. since January 2006. Previously served as director of Enerplus Corporation. Prior thereto, chairman, president and managing director of McDaniel & Associates Consultants Ltd. from January 1989 to June 2006, director of Reliable Energy Ltd. from February 2006 to May 2012, director of Open Range Energy Corp. from May 2009 to August 2012 and director of Torquay Oil Corp. from February 2010 to December 2012.	September 1, 2008	1,300,000
Gerald Franklin Stevenson ^{(1) (2) (4) (5)} Calgary, Alberta Canada <i>Director</i> Age: 70	VP Business Development at Enerplus responsible for acquisition and divestures since from October 2001 to March 2003. Prior thereto, from January 2006 to April 2011, head of oil & gas acquisitions and divestitures for CIBC World Markets Inc., Calgary. Director of Southwest Energy Trust from August 2011 to April 29, 2013.	July 15, 2011	34,000
Jimmy Hu Chengdu, China <i>Proposed Director</i> Age: 37	Vice President of Harbin Gloria Pharmaceuticals Co., Ltd and the Chairman and Chief Executive Officer of Shenzhen YongBangSiHai Private Equity Fund since 2012. Executive Vice President and Chief Financial Officer of China TMK Battery Systems, Inc . from 2010 to 2012 and the financial controller of Johnson & Johnson China Ltd. from 2009 to 2012. Prior thereto, a consultant in Citi Group from 2008 to 2009, Project Lead with Ernst & Young from 2006 to 2008, accounting professional with McKesson Corporation from 2003 to 2006 and investment analyst with Stock-Trak Inc. from 2000 to 2003.	-	Nil

Notes:

- (1) Member of the Corporate Governance Committee.
- (2) Member of the Reserves Committee.

- (3) Member of the Compensation Committee.
- (4) Member of the Audit Committee.
- (5) Member of the Independent Committee
- (6) Includes only the Class "A" Common Voting Shares. Details of options held by directors are noted under the section entitled "Incentive Plan Awards".
- (7) Mr. Hok Ming Tseung directly and indirectly holds an 82% interest in Orient International Resources Group Limited, which itself directly owns 266,666,640 shares in the Corporation. In addition, Mr. Hok Ming Tseung directly holds a 100% interest in Orient Financial Holdings Limited, which itself directly owns 13,566,395 shares in the Corporation.)

Brief biographies for each member of our Board and the proposed nominee are set forth below:

Michael John Hibberd. Mr. Hibberd is our Co-Chairman and an executive director. Mr. Hibberd is a founder of our Corporation and held the title of Chairman and Co-Chief Executive Officer from August 7, 2007 to October 6, 2008. Since May 9, 2007, he has been an executive director and since October 6, 2008 he has been Co-Chairman of our Corporation, a title which he shares with Mr. Songning Shen. Mr. Hibberd has more than 25 years of experience in the oil and gas industry and has extensive international energy project planning and capital markets experience. He is currently president and chief executive officer of MJH Services Inc., a company founded in 1995. Mr. Hibberd currently holds directorships in the following public companies: Heritage Oil Plc, Heritage Oil Corporation, Canacol Energy Ltd., Greenfields Petroleum Corporation, Montana Exploration Corp., PetroFrontier Corp., and PanOrient Energy Corp., all publicly traded entities listed on the Toronto Stock Exchange ("TSX") or the TSX Venture Exchange. Heritage Oil Plc, is also listed on the London Stock Exchange. Mr. Hibberd was previously a director of the following companies: Deer Creek Energy, Zapata Energy Corporation, Iteration Energy Ltd., Avalite Inc., Sagres Energy Inc., Rally Energy Corp., Skope Energy Inc. and Challenger Energy Corp.

Mr. Hibberd obtained his bachelor of arts degree in 1976 and his Master of Business Administration degree in 1978 from the University of Toronto. He obtained his bachelor of laws degree from University of Western Ontario in 1981, was called to the bar in 1983 and is a member of The Law Society of Upper Canada.

Songning Shen. Mr. Shen is our Co-Chairman and an executive director. Mr. Shen is a founder of our Corporation and held the title of President from February 22, 2007 to October 6, 2008 and Co-Chief Executive Officer from August 7, 2007 to October 6, 2008. Since February 22, 2007 he has been an executive director and since October 6, 2008 he has been Co-Chairman of our Corporation, a title which he shares with Mr. Hibberd. Mr. Shen is president and chief executive officer of 1226591 Alberta Inc, a company established in 2006. Mr. Shen has over 23 years of experience in oil and gas industry. From 2006 to 2007, Mr. Shen worked at Koch Exploration Canada LP as a senior geology consultant.

Mr. Shen obtained his bachelor of science degree from Tongji University in 1986 and his master of science degree from Norwegian University of Science and Technology in 1998. Mr. Shen is a professional geologist registered in Alberta, Canada.

Hok Ming Tseung. Mr. Tseung is a non-executive director appointed by the Board on March 2, 2010 as a nominee selected by Orient International Petroleum & Chemical Limited and Orient International Resources Group Limited, each of which he is a director. Mr. Tseung, through direct and indirect shareholdings, is our largest shareholder. The Board resolved to approve the appointment of a nominee by Orient International Petroleum & Chemical Limited on August 13, 2009. Mr. Tseung is also vice chairman of the Hong Kong Financial Service Institute and the Hong Kong China Education Fund. Mr. Tseung was appointed as a director of the second board of directors of the China Foreign Affairs University on March 11, 2005. Mr. Tseung is currently a director of Dongwu Cement International Ltd. and Jiangsu Xinmin Textile Science & Technology Co., Ltd., which are publicly traded entities listed on the Hong Kong Stock Exchange ("SEHK") and Shenzhen Stock Exchange respectively.

Mr. Tseung obtained a postgraduate degree in international economics from the Chinese Academy of Social Sciences in 1998.

Tingan Liu. Mr. Liu is a non-executive director. He was appointed by the Board as a director on February 1, 2011 as a nominee selected by China Life pursuant to the terms of the subscription agreement for the Class B Shares, the contractual right of which is not effective following the Listing. Mr. Liu is the deputy chairman and president of China Life Insurance (Overseas) Company Limited. Mr. Liu also holds a number of positions of responsibility in various professional and industry bodies, including serving as a council member of the Financial Services Development Council of the Hong Kong S.A.R., as a member of the Listing Committee of the Stock Exchange of Hong Kong Limited, as a member of the Insurance Advisory Committee of the Government of Hong Kong S.A.R., as an executive director of the Hong Kong Chinese Enterprises Association and as a council member and fellow of the Hong Kong Institute of Directors. Mr. Liu received the Director of the Year Award, organised by The Hong Kong Institute of Directors, in 2009 in the category of “Private Company Executive Directors”, he was also a winner of “China Top 10 Financial and Intelligent Persons” in 2009 and the “Capital Leaders of Excellence” in 2013.

Mr. Liu obtained a Masters degree in Economics from Renmin University of China in 1988 and completed a training programme at the University of Oxford in 1991. He is a senior economist, a fellow of the Institute of Chartered Secretaries and Administrators and a fellow of the Hong Kong Institute of Chartered Secretaries.

Haotian Li. Mr. Li is a non-executive director appointed by the Board on February 14, 2011 as nominee selected by BOCGI pursuant to the terms of the subscription agreement for the investment by Charter Globe Limited. Mr. Li has been appointed as our authorised representative pursuant to Rules 2.11 and 3.05 of the Listing Rules. Mr. Li is currently the deputy chief executive officer of BOCGI and chairman of BOCGI’s investment committee. He is also responsible for the strategic investment department, the nonperforming asset investments department and the funds investment management department, with the total investments under management of these divisions in excess of HK\$30 billion. Since June 2010, Mr. Li has also been a director of Bank of China Investment Limited and a director of BOCGI Zheshang Investment Fund Management (Zhe Jiang) Co., Ltd. the fund management company of ZheShang PE Fund since 2009, a RMB5 billion fund that he was instrumental in establishing and successfully launching. Prior to joining BOCGI, Mr. Li was with the corporate banking department at the Bank of China headquarters (oil and gas sector coverage) from 1999 to 2008 and was actively involved in a significant number of large investments and financings.

Mr. Li obtained a Masters of business administration degree from the University of Denver in 1998 and a bachelor of engineering degree from Tsinghua University in 1995.

Gregory George Turnbull. Mr. Turnbull is a non-executive director and was Chairman of the Compensation Committee and the Corporate Governance Committee until April 1, 2012. He was appointed as a director on August 24, 2007. Mr. Turnbull is a senior partner of the Calgary office of McCarthy Tétrault LLP, which he joined in July 2002 following his previous position as partner of Donahue Ernst and Young LLP. Mr. Turnbull has approximately 16 years of experience in the oil and gas industry. Mr. Turnbull is currently a director of Crescent Point Energy Corp., Storm Resources Ltd., Heritage Oil Plc, Heritage Oil Corporation, Marquee Energy Ltd., and Hyperion Exploration Corp., all publicly traded entities listed on the London Stock Exchange, the TSX or the TSX Venture Exchange. Mr. Turnbull is also currently a director of a number of private companies.

Mr. Turnbull obtained a bachelor of arts degree from Queen’s University in 1976 and a bachelor of laws degree from the University of Toronto in 1979, and was appointed as a Queen’s Counsel in 2009.

Raymond Shengti Fong. Mr. Fong is an independent non-executive director appointed on May 9, 2007. Mr. Fong has over 23 years of experience in the oil and gas industry. Mr. Fong is currently a director of Palinda International Group Limited of Hong Kong. He held previous directorships with China Coal Corporation, Abenteuer Resources Ltd., Stealth Ventures Ltd., Zapata Capital Inc., Ultra Capital Inc. and United Rayore Gas Ltd. Mr. Fong obtained a Bachelor of Science degree from the Taiwan Cheng Kung University in 1970, and a master of science degree from the Tennessee Technological University in 1971. Mr. Fong is a registered professional engineer in Ontario and Alberta, Canada.

Robert John Herdman. Mr. Herdman is an independent non-executive director appointed on July 18, 2011. Mr. Herdman has over 37 years of experience in the oil and gas industry. Mr. Herdman is a fellow chartered accountant qualified in Alberta, Canada. He joined PricewaterhouseCoopers LLP in 1976 and worked as a partner from 1989 to 2010 in the Calgary office, serving the firm's Calgary based public clients including service to companies operating in both the mining and thermal recovery of oil sands. Following a 34 year career with PriceWaterhouseCoopers LLP, Mr. Herdman retired from practice in 2010. He currently serves on the boards of directors of Blackline GPS Corp., Chinook Energy Inc., and Black Diamond Group, all public companies listed on the TSX or the TSX Venture Exchange, and he is also a board member of Western Financial Group Inc., which voluntarily delisted in 2013 as it no longer has publicly traded securities. He has previously served as a director of TriOil Resources. He was a member of the governors of the Glenbow Museum. He completed a six year term on the board of governors of the Chartered Accountants Education Foundation and has served on a number of other committees overseeing the practice of accounting in Alberta and as a director for a number of non-profit making organisations. Mr. Herdman graduated with a bachelor of education degree from the University of Calgary in 1974.

Wazir Chand (Mike) Seth. Mr. Seth is an independent non-executive director and Chairman of the Reserves Committee. He was appointed as a director on September 1, 2008. Mr. Seth has over 42 years of experience in the oil and natural gas industry. He is currently president of Seth Consultants Ltd. From January 1968 to June 2006 he was employed by McDaniel & Associates Consultants Ltd., and from July 1989 to June 2007, he served as its chairman, president and managing director. Mr. Seth is currently on the board of directors of Connacher Oil & Gas Limited, Corridor Resources Inc. and Lateral Capital Corp., all public companies listed on the TSX or the TSX Venture Exchange. He is also the founder and director of Energy Navigator Inc., a private software development firm servicing the petroleum industry. Mr. Seth has previously served as a director of Open Range Energy Corp., Redcliffe Exploration Inc., Reliable Energy Ltd., Torquay Oil Corp., Triton Energy Corp and Enerplus Corporation. Mr. Seth graduated from the University of British Columbia in 1966 with a bachelor of applied science degree in mechanical engineering and is a registered professional engineer in the province of Alberta.

Gerald Franklin Stevenson. Mr. Stevenson is an independent non-executive director appointed on July 15, 2011. Mr. Stevenson has over 37 years of experience in the oil and gas industry. Mr. Stevenson is currently on the board of directors of Southwest Energy Trust. He was head of oil and gas acquisitions and divestitures for CIBC World Markets Inc. in Calgary, Alberta from January 2006 to April 2011 where he was responsible for selling oil and gas companies or individual oil and gas properties, and was involved in mergers and acquisitions and financing activities. Mr. Stevenson also has extensive experience in oil and gas operations, including senior management positions and international experience, including two years in Jakarta, Indonesia.

Mr. Stevenson was at Suncor Inc. from July 1985 to June 1991, North Canadian Oils Limited from July 1991 to June 1993, Waterous & Co from July 1993 to August 1997, February 2000 to October 2001, and March 2003 to July 2005, Enerplus Resources Fund from October 2001 to March 2003, where he was Vice President and an officer responsible for acquisitions and divestitures. He was Vice President, Production of Hurricane Hydrocarbons Ltd. from April 1998 to October 1998 and was appointed Interim

President, Chief Executive Officer and director of Hurricane Hydrocarbons in October 1998. Mr. Stevenson obtained his Bachelor of Engineering degree in mechanical engineering in 1965 and his Master of Science degree in mechanical engineering in 1967 from the University of Saskatchewan. Mr. Stevenson is a professional engineer registered in the province of Alberta.

Jimmy Hu. Mr. Hu is a Vice President of Harbin Gloria Pharmaceuticals Co., Ltd. and the Chairman and Chief Executive Officer of Shenzhen YongBangSiHai Private Equity Fund since 2012. He was the Executive Vice President and Chief Financial Officer of China TMK Battery Systems, Inc. from 2010 to 2012 and the Financial Controller of Johnson & Johnson China Ltd. from 2009 to 2010. From 2000 to 2008, Mr. Hu worked in the United States. Mr. Hu was a consultant with Citi Group from 2008 to 2009, a project lead with Ernst & Young from 2006 to 2008, an accounting professional with McKesson Corporation from 2003 to 2006 and an investment analyst at Stock-Trak Inc. from 2000-2003.

Mr. Hu obtained an undergraduate major in China CPA from Southwest University of Finance and Economics in 1999, dual Master's degrees in Computer Information Systems and Accounting from Georgia State University in 2003 and a Master of Business Administration degree from Johnson Graduate School of Management in Cornell University in 2009.

Except as disclosed in herein, no proposed director of the Corporation at the date of this Circular has any relationships with any other directors, senior management or substantial or controlling shareholders of the Corporation.

To the knowledge of the management of the Corporation, no proposed director of the Corporation, at the date of this Circular:

- (a) is subject to any investigation, hearing or proceeding brought or instituted by any judicial, regulatory, governmental authority or securities regulatory authority (including the Hong Kong Takeovers Panel or any other securities regulatory commission or panel, or any judicial proceeding in which violation of any securities law, rule or regulation is or was alleged;
- (b) has at any time been refused admission to membership of any professional body or been censured or disciplined by any such body to which he belongs or belonged or been disqualified from membership in any such body or has at any time held a practising certificate or any other form of professional certificate or licence subject to special conditions;
- (c) is now or has at any time been a member of a triad or other illegal society;
- (d) has, within the 10 years before the date of this Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or was subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director;
- (e) is now or has been subject to any penalties or sanctions imposed by the court relating to a securities legislation or by a securities regulatory authority or has entered in a settlement agreement with a securities regulatory authority; or

- (f) is now or has been subject to any other penalties or sanctions imposed by the court or regulatory body that would likely be considered important to a reasonable security holder in deciding whether to vote for a proposed director.

Except as disclosed herein, to the knowledge of the management of the Corporation, no proposed director of the Corporation, is at the date of this Circular, or has been, within 10 years before the date of this Circular, a director, chief executive officer (“CEO”) or chief financial officer (“CFO”) of any company (including the Corporation) that, while that person was acting in that capacity:

- (a) was subject to a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days; or
- (b) was subject to an event that resulted, after the director, chief executive officer or chief financial officer ceased to be a director, chief executive officer or chief financial officer, in the company being the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days; or
- (c) within a year of after the director, chief executive officer or chief financial officer ceased to be a director, chief executive officer or chief financial officer, in the company became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or was subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold its assets or the assets of the proposed director.

Mr. Turnbull was a director of Action Energy Inc., a corporation engaged in the exploration, development and production of oil and gas in Western Canada. Action Energy Inc. was placed into receivership on October 28, 2009 by its major creditor and Mr. Turnbull resigned as a director immediately thereafter.

Mr. Hibberd was an independent director of Challenger Energy Corp. (“**Challenger**”) from December 1, 2005 to September 16, 2009. Challenger obtained a creditor protection order under the *Companies and Creditors Arrangement Act* (Canada) (the “**CCAA**”), from the Court of Queen’s Bench of Alberta, Judicial District of Calgary on February 27, 2009. On June 19, 2009, Challenger announced that it had entered into an arrangement agreement providing for the acquisition by Canadian Superior Energy Inc. of Challenger. On September 17, 2009, all common shares of Challenger were exchanged for common shares of Canadian Superior.

Mr. Hibberd was formerly a director of Skope Energy Inc. (a TSX listed oil and gas company), which commenced proceedings in the Court of Queen’s Bench of Alberta under the CCAA to implement a restructuring in November 2012 which was completed on February 19, 2013.

Mr. Herdman served as a director of SemBioSys Genetics Inc. (“**SemBioSys**”), a development stage biotechnology company, until May 1, 2012. On June 22, 2012, a secured creditor of SemBioSys was granted an order under the *Bankruptcy and Insolvency Act* (Canada) appointing a receiver to take possession of and deal with specific assets of SemBioSys which had been pledged to that creditor. The receiver was discharged on November 30, 2012 pursuant to court order.

Save as otherwise disclosed above, there is no other information required to be disclosed under Rule 13.51(2) of the Listing Rules.

4. Appointment of Auditors

At the Meeting, Shareholders will be asked to pass an ordinary resolution to re appoint Deloitte LLP as auditors of the Corporation, to hold office until the next annual meeting of the Shareholders, at a remuneration to be determined by the Board. Deloitte LLP has acted as the auditors of the Corporation since February 28, 2008.

Unless instructed otherwise, the persons named in the accompanying Proxy intend to vote in FAVOUR OF the appointment of Deloitte LLP as auditors of the Corporation.

5. Approval of Renewal of the 10% Scheme Mandate Limit to the Post IPO Share Option Scheme

The Corporation's share option scheme which was established in January 2012 in connection with the Corporation's initial public offering in Hong Kong and listing on the SEHK (the "**Post IPO Share Option Scheme**" or the "**Scheme**") establishes a fixed maximum number of Shares that may be issued pursuant to grants under the Scheme (together with grants under the Corporation's share option plan initially adopted on May 7, 2009, as amended on June 13, 2010 (the "**Pre IPO Plan**") and any other security-based compensation arrangement, including the Corporation's employee share savings plan (the "**ESSP**") and the Director Share Compensation Arrangement (as defined below)). This limit was initially set at 10% of Sunshine's outstanding Shares upon its listing on the SEHK and subsequently "refreshed" at the annual and special meeting of Shareholders held on May 7, 2013.

As discussed in greater detail below, this limit may be "refreshed" by the Shareholders of the Corporation from time to time to apply a new 10% limit based on the outstanding Shares on the date specified in the approval for the "refresh" granted by Shareholders. The new limit would apply to new grants of options made from the specified approval date of the "refresh" under the Scheme. Option grants under the Pre IPO Plan would count towards this limit, but options grants made under the Scheme prior to the approval date for the "refresh" would not count. All options granted under the Pre IPO Plan together with all pre- and post-approval date grants made under the Scheme cannot exceed 30% of the issued and outstanding Shares in issue at any one time.

As at the Latest Practicable Date, the maximum number of Shares reserved for issuance under Sunshine's Post IPO Share Option Scheme is 233,084,483¹, the maximum number of Shares reserved for issuance under the Pre IPO Plan is 83,256,374 and the maximum number of Shares reserved for issuance under the ESSP is 24,130,532. The proposed maximum number of Shares reserved for issuance under the Director Share Compensation Arrangement is 8,000,000, as discussed in further detail below. The term "maximum number Shares reserved for issuance" refers to the maximum number of Shares that can be issued on the exercise of options under the respective option plans (including outstanding options and yet-to-be-granted options up to the maximum number of options that can still be granted under the applicable plan limits), and these numbers diminish as options are exercised for Shares, but these numbers do not diminish as options are cancelled or lapse according to their terms. In respect of the ESSP and Director Share Compensation Arrangement, the term "maximum number of Shares reserved for issuance" refers to the total number of Shares that can be issued under these arrangements and this number diminishes as

¹ The maximum number of Shares reserved for issuance under the Post IPO Share Option Scheme (i.e. 233,084,483) describes the fixed maximum number of Shares that can be issued, which is a concept incorporated from TSX policies applicable to the Scheme. The reserve number only diminishes on exercises of options and not on forfeits of options. The Corporation has granted 74,864,706 options since the Scheme was first implemented. The number of current outstanding options is as stated, 54,211,906. The difference between the sum of 54,211,906 (outstanding options) and 158,219,777 (further options that can be granted) versus 233,084,483 (maximum reserved) is equal to the total number of options forfeited under grants made since the Scheme was implemented (being 20,652,800).

Shares are issued. In total, the Corporation has 340,471,389 Shares reserved for issuance under its Post IPO Share Option Scheme, the Pre IPO Plan and the ESSP.

As at the Latest Practicable Date and prior to any “refresh”, the Corporation has 54,211,906 options outstanding under its Post IPO Share Option Scheme and has room under its Post IPO Share Option Scheme to grant a further 158,219,777 options thereunder. As at the Latest Practicable Date, there are 72,825,686 outstanding options under the Pre IPO Plan.

The proposed “refresh” of the Post IPO Share Option Scheme will result in a new maximum number of options that can be granted following the “refresh” under the Post-IPO Share Option Scheme of 252,165,934. This number represents the sum of 324,991,620 (being 10% of the number of issued and outstanding Shares of the Corporation, based on figures as at the Latest Practicable Date) less 72,825,686 (being the outstanding number of Pre IPO Plan options based on figures as at the Latest Practicable Date) for a total of 252,165,934 options. This number is in addition to all of the outstanding options that were granted under the Post IPO Share Option Scheme prior to the “refresh”, being 54,211,906 as at the Latest Practicable Date. The Shares issuable on exercise of the 54,211,906 outstanding options under the Post IPO Share Option Scheme (as at the Latest Practicable Date) together with the potential 252,165,934 Shares issuable under the new number of options the Corporation can grant pursuant to the “refresh” (as calculated above) will result in a total number of Shares reserved for issuance under the Post IPO Share Option Scheme and other security-based compensation arrangements of the Corporation (including the Director Share Compensation Arrangement) of 306,377,840.

Following the “refresh” and based on the calculations above, this will result in an additional 49,162,825 Shares² being reserved for issuance under the Post IPO Share Option Scheme and other security-based compensation arrangements of the Corporation (including the Director Share Compensation Arrangement), on top of the current 233,084,483 Shares reserved for issuance under the Scheme as at the Latest Practicable Date, the 24,130,352 Shares reserved for issuance under the ESSP and the 83,256,374 Shares reserved for issuance under the Pre IPO Plan.

Should the Shareholders approve the Director Share Compensation Arrangement at the Meeting, following the “refresh” and based on the calculations above, there will be an additional 41,162,825 Shares³ being reserved for issuance under the Post IPO Share Option Scheme, on top of the current 233,084,483 Shares reserved for issuance under the Scheme as at the Latest Practicable Date, the 24,130,352 Shares reserved for issuance under the ESSP, the 83,256,374 Shares reserved for issuance under the Pre IPO Plan and the 8,000,000 Shares that will be reserved for issuance under the Director Share Compensation Arrangement.

The Proposed Refresh

As discussed above, under the rules of the Post IPO Share Option Scheme:

- (a) the total number of Shares which may be issued upon the exercise of all options to be granted under the Post IPO Share Option Scheme and any other share

² This amount equals 10% of the outstanding Shares at the Latest Practicable Date (being 324,991,620 Shares) less outstanding grants under the Pre IPO Plan of 72,825,686 plus the current number of granted options under the Post IPO Share Option Scheme of 54,211,906. This is the total new fixed maximum reserve on the “refresh” of the Scheme, being 306,377,840. The current number of Shares reserved under the ESSP (24,130,532) subtracted from the fixed maximum reserve is equal to 282,247,308. The number 49,162,825 represents the difference between the number calculated above and the current reserve of 233,084,483.

³ 41,162,825 is arrived at by subtracting the fixed maximum number of Shares reserved under the Director Share Compensation Arrangement of 8,000,000 from the number 49,162,825 calculated as above.

option schemes of the Corporation is subject to the limit imposed under the rules of the Post IPO Share Option Scheme, being 10% of the Corporation's issued share capital as at the date of implementation of the Post IPO Share Option Scheme, which may be refreshed pursuant to the rules of the Post IPO Share Option Scheme ("**10% Scheme Mandate Limit**"); and

- (b) the overall maximum number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Post IPO Share Option Scheme and any other share option schemes of the Corporation must not in aggregate exceed 30% of the Shares in issue from time to time ("**30% Overall Limit**"); and
- (c) unless approved by the Shareholders in general meeting, the total number of Shares issued and to be issued upon the exercise of options granted and to be granted to each participant (other than a substantial shareholder or an independent non-executive director of the Corporation or any of their respective associates, who shall be subject to a lower threshold) of the Post IPO Share Option Scheme and any other share option schemes of the Corporation (including both exercised and outstanding options) in any 12-month period must not exceed 1% of the issued capital of the Corporation .

The Corporation may seek approval from the Shareholders in a general meeting for refreshing the 10% Scheme Mandate Limit so that the total number of Shares which may be issued upon the exercise of all options to be granted under the Post IPO Share Option Scheme and any other security-based compensation arrangements of the Corporation shall be re-set at 10% of the Shares in issue as at the date specified in the approval of the limit as "refreshed". In this regard, options previously granted under the Post IPO Share Option Scheme will not be counted for the purpose of calculating the 10% Scheme Mandate Limit as "refreshed".

The 10% Scheme Mandate Limit as "refreshed" at the Corporation's annual and special meeting of Shareholders held on May 7, 2013 was 286,513,816, representing 10% of the Shares outstanding on such date (and representing approximately 8.82% of the Shares outstanding as at the Latest Practicable Date).

If the 10% Scheme Mandate Limit is "refreshed", on the basis of 3,249,916,204 Shares in issue as at the Latest Practicable Date, the 10% Scheme Mandate Limit will be re-set at 324,991,620 Shares and the Corporation will be allowed to grant further options under the Post IPO Share Option Scheme and issue Shares under other security-based compensation arrangements of the Corporation carrying the rights to subscribe for a maximum of 324,991,620 Shares (the "**Available Limit**"). This number does not include the number of options currently granted under the Post IPO Share Option Scheme.

The directors consider that it will be for the benefit of the Corporation and its Shareholders as a whole that eligible participants of the Post IPO Share Option Scheme are granted rights to obtain equity holdings of the Corporation through the grant of options under the Post IPO Share Option Scheme. This will motivate the eligible participants to contribute to the success of the Corporation. For these reasons, the directors will propose the passing of an ordinary resolution at the Meeting for "refreshing" the 10% Scheme Mandate Limit.

On the basis of 3,249,916,204 Shares in issue as at the Latest Practicable Date, the 30% Overall Limit represents a total of 974,974,861 Shares. As at the Latest Practicable Date, there are outstanding options

to subscribe for 54,211,906 Shares granted under the Post IPO Share Option Scheme and outstanding options to subscribe for 72,825,686 Shares granted under the Pre IPO Plan. Accordingly, the Available Limit arising from the “refreshing” of the 10% Scheme Mandate Limit together with the 54,211,906 Shares underlying options granted under the Post IPO Share Option Scheme, the 72,825,686 Shares underlying options granted under the Pre IPO Plan, the 24,130,532 Shares issuable under the ESSP and the 8,000,000 Shares issuable under the Director Share Compensation Arrangement (assuming this is approved at the Meeting) does not exceed the 30% Overall Limit as at the Latest Practicable Date.

On the basis of an Available Limit of 324,991,620 Shares underlying new option grants (based on the calculations above and the number of outstanding Shares as at the Latest Practicable Date) less the 72,825,686 Shares underlying outstanding options granted under the Pre IPO Plan, the Corporation anticipates having room under the Scheme to issue additional options exercisable into 252,165,934 Shares. Share issuances under the ESSP and the Director Share Compensation Arrangement will diminish the number of additional options that may be granted under the Scheme.

The renewal of the 10% Scheme Mandate Limit is conditional upon:

- (a) the passing of an ordinary resolution by the Shareholders to approve the proposed renewal of the 10% Scheme Mandate Limit at the Meeting; and
- (b) the SEHK and the TSX granting the listing of, and permission to deal in, such number of Shares, representing 10% of the issued Shares as at the Latest Practicable Date, which may fall to be allotted and issued pursuant to the exercise.

Application will be made to the SEHK and the TSX for the listing of, and permission to deal in such number of Shares which may fall to be allotted and issued pursuant to the exercise of the options to be granted under the 10% Scheme Mandate Limit so refreshed.

The Shareholders will be asked at the Meeting to consider and, if deemed advisable, to pass, with or without variation, the following ordinary resolution to approve the proposed renewal of the 10% Scheme Mandate Limit, to be effective immediately (the “**Share Option Renewal Resolution**”):

“BE IT RESOLVED THAT:

1. subject to and conditional upon the Toronto Stock Exchange and the Listing Committee of The Stock Exchange of Hong Kong Limited granting the listing of, and permission to deal in, such number of shares of Sunshine Oilsands Ltd. (the “**Corporation**”) which may fall to be allotted and issued pursuant to (i) the exercise of the options which may be granted under the share option scheme adopted by the Corporation on January 26, 2012 (the “**Post IPO Share Option Scheme**”), (ii) the Corporation’s employee share savings plans (the “**ESSP**”) and (iii) the Directors Share Compensation Arrangement (as defined in the Circular), which in aggregate represents ten percent (10%) of the issued share capital of the Corporation as at May 15, 2014:
 - (a) approval be and is hereby granted for refreshing the 10 percent mandate under the (i) Post IPO Share Option Scheme, (ii) the ESSP and (iii) the Director Share Compensation Arrangement (the “**Refreshed Scheme Mandate**”) provided that (1) the total number of shares of the Corporation which may be allotted and issued upon the exercise of all

options to be granted under the Post IPO Share Option Scheme and any other share option schemes of the Corporation under the limit as refreshed and (2) the total number of Shares of the Corporation which may be allotted and issued pursuant to the ESSP and the Director Compensation Arrangement hereby shall not in aggregate exceed ten percent (10%) of the aggregate nominal amount of the issued share capital of the Corporation as at May 15, 2014 (options previously granted under the Post IPO Share Option Scheme and any other share option schemes of the Corporation (including options outstanding, cancelled, lapsed or exercised in accordance with the terms of the Post IPO Share Option Scheme or any other share option schemes of the Corporation) shall not be counted for the purpose of calculating the Refreshed Scheme Mandate); and

- (b) the directors of the Corporation or a duly authorised committee thereof be and are hereby authorized: (i) at their absolute discretion, to grant (1) options to subscribe for shares of the Corporation and (2) Shares under the ESSP and the Director Share Compensation Arrangement within the Refreshed Scheme Mandate in accordance with the rules of the Post IPO Share Option Scheme, the ESSP and the Director Share Compensation Arrangement, respectively, and (ii) to allot, issue and deal with Shares pursuant to (1) the exercise of options granted under the Post IPO Share Option Scheme and (2) the ESSP and the Director Share Compensation Arrangement within the Refreshed Scheme Mandate.”

Unless instructed otherwise, the persons named in the accompanying Proxy intend to vote in FAVOUR OF the ordinary resolution approving the Share Option Renewal Resolution.

6. Approval of Director Share Compensation Arrangement for Incurred Base Retainer Fees

The Corporation proposes to establish a share compensation arrangement (the “**Director Share Compensation Arrangement**”) under which the Corporation shall, subject to the Corporation’s discretion to reduce the number of Shares issuable under the Director Share Compensation Arrangement (as more specifically described in Schedule A attached hereto), pay fees to its directors as described below through the issuance of Shares (the “**Share Compensation**”).

Executive Summary of Director Share Compensation Arrangement

What follows is a brief summary of the key terms of the Director Share Compensation Arrangement. Further details on the Director Share Compensation Arrangement are set forth in Schedule A attached hereto.

Participants

All directors of the Corporation as at the date of this Circular and Mr. Jimmy Hu (if and when elected to be a director at the Meeting) will be entitled to participate in the Director Share Compensation Arrangement.

Share Compensation

The directors of the Corporation each receive annual retainer fees in the amount of \$40,000 (“**Base Retainer Fees**”). The Base Retainer Fees were approved by the Board who believes that the quantum was fair and reasonable in light of industry standards and were on normal market terms which commensurate with the remuneration packages of directors of comparable companies. Additionally, the Co-Chairmen of the Corporation each receive monthly base service fees under the terms of their advisory services contracts (“**Base Co-Chairman Fees**”). The Base Co-Chairman Fees were determined by the Compensation Committee of the Board based on similar consideration as the

Base Retainer Fees. The Board believes that the Base Co-Chairman Fees were fair and reasonable in light of arm's length negotiations between the Corporation and the Co-Chairmen.

It is proposed that all directors will receive 50% of their Base Retainer Fees in Shares as Share Compensation going forward from October 1, 2013. It is also proposed that the Co-Chairmen also receive 50% of their Base Co-Chairman Fees in Shares as Share Compensation going forward from April 1, 2014. The Board believes that the 50% payment of the Base Retainer Fees and Base Co-Chairman Fees in Shares in lieu of cash is fair and equitable and in the best interests of the Corporations and its shareholders as a whole given that this will further align the interests of the Directors and the Co-Chairmen of the Corporation with those of the Corporation and its shareholders as a whole.

Separate Shareholder approvals are being sought for past and future Share Compensation paid in respect of the Base Retainer Fees earned by directors and the Base Co-Chairman Fees earned by the Co-Chairmen. For particulars on how the Base Retainer Fees and Base Co-Chairman Fees have been delineated, please refer to the shareholder resolution under this item 6, the shareholder resolutions under items 7, 8 and 9 in this Circular and the description of the Director Share Compensation Arrangement set forth in Schedule A attached hereto. The approval sought by the Corporation in relation to the Share Compensation is limited to the Base Retainer Fees and Base Co-Chairman Fees.

Payment of Share Compensation

It is proposed that Share Compensation in respect Base Retainer Fees and Base Co-Chairman Fees earned to June 30, 2014 be paid on the date that is seven clear trading days following the later of (i) the Meeting; and (ii) the day on which the Corporation's current blackout period is lifted.

It is proposed that future Share Compensation paid in respect of Base Retainer Fees and Base Co-Chairman Fees will be paid quarterly on the seventh clear trading day following the day on which the Corporation publishes the interim financial report in respect of such quarter (or where such quarter is the last quarter of a financial year, the day on which the Corporation publishes the annual financial statements in respect of such financial year).

Where a payment date falls within a blackout period, the payment date will be extended to the date that is seven clear trading days following the day on which the blackout period expires.

Calculation of Share Compensation

Shares issued as Share Compensation will be issued on the payment dates to the directors and Co-Chairmen of the Corporation at fair market value, which will be determined with regard to the highest per-Share price of the following measures as at the payment date: (i) the prior day's closing price; (ii) the volume weighted average trading price of the Shares for the five preceding trading days; and (iii) the average closing price for the five preceding trading days. This calculation mechanism is more particularly described under the heading "*Calculation Mechanism*" in Schedule A attached hereto.

Shareholder Approvals

The Director Share Compensation Arrangement must be approved at the Meeting and will expire unless it is subsequently reconfirmed at each successive annual meeting of the Shareholders.

Separate Shareholder approvals are being sought for past and future Share Compensation paid in respect of the Base Retainer Fees earned by directors and the Base Co-Chairman Fees earned by the Co-Chairmen.

Issuance Thresholds

The number of Shares that may be issued under the Director Share Compensation Arrangement, together with all Shares reserved and allotted for issuance under any other security based compensation arrangements of Sunshine (including the Post-IPO Share Option Scheme), within any 12-month period cannot exceed 10% of the total issued and outstanding Shares of the Corporation from time to time on a non-diluted basis.

Additionally, the number of Shares issuable to “insiders” (as defined in the TSX Company Manual) of Sunshine under the Director Share Compensation Arrangement, together with any other security based compensation arrangements of Sunshine, within any 12-month period and at any time cannot exceed 10% of the issued and outstanding Shares of the Corporation on a non-diluted basis.

Reductions

The Corporation will have the ability to reduce the Shares issuable as Share Compensation in certain circumstances, such as where Shareholder approval would be required for such issuance or where such issuance would result in a violation of any laws or any rules or policies of the SEHK or the TSX, as more particularly described under the heading “*Discretion to Reduce the Shares issuable as the Share Compensation*” in Schedule A attached hereto.

Expiry

The Director Share Compensation Arrangement will expire on the third anniversary of the Meeting, and in certain other circumstances in relation to individual directors or each of the Co-Chairmen, as more particularly described under the heading “*Cessation*” in Schedule A attached hereto.

Maximum Shares

The Corporation intends to reserve for issuance a fixed maximum of 8,000,000 Shares for payment as Share Compensation in respect of Base Retainer Fees and Base Co-Chairman Fees for the directors and Co-Chairmen of the Corporation earned from October 1, 2013 until the expiry or renewal of the Director Share Compensation Arrangement at the next annual meeting of Shareholders.

Other Terms

Other terms of the Director Share Compensation Arrangement not summarized above are summarized in the description of the Director Share Compensation Arrangement set forth in Schedule A attached hereto.

In implementing the Director Share Compensation Arrangement, the Corporation is seeking approval to pay Share Compensation to the directors of the Corporation in respect of 50% of the Base Retainer Fees earned by the directors from October 1, 2013 to June 30, 2014.

The closing price of the Shares on the TSX as at the Latest Practicable date was \$0.14. Based on the pricing mechanism as set out in the paragraph entitled “*Calculation Mechanism*” in Schedule A and assuming the Latest Practicable Date as the applicable Due Date (as defined in Schedule A) for the purposes of determining, the fair market value of the Shares to be used as payment for past fees earned, the fair market value per Share is \$0.14, which was determined based on the calculations below and hereby shown for illustration purposes:

Price per Share at fair market value = the higher of:

- (a) the higher of:
 - (i) the trading day’s closing price of the Shares on the SEHK on the applicable Due Date = HK\$0.91 (which equates to \$0.13 applying a Canadian dollar to Hong Kong dollar exchange rate of approximately 7.13); or

- (ii) the trading day's closing price of the Shares on the TSX on the applicable Due Date = \$0.14;
- (b) the higher of:
- (i) the volume weighted average trading price of the Shares on the SEHK for five trading days immediately preceding the applicable Due Date = HK\$0.87 (which equates to \$0.12 applying an Canadian dollar to Hong Kong dollar exchange rate of 7.13); or
- (ii) the volume weighted average trading price of the Shares on the TSX for five trading days immediately preceding the applicable Due Date = \$0.14;
- (c) the higher of:
- (i) the average closing price of the Shares on the SEHK for five trading days immediately preceding the applicable Due Date = HK\$0.88 (which equates to \$0.12 applying an Canadian dollar to Hong Kong dollar exchange rate of 7.13); or
- (ii) the TSX's five day average closing price of the Shares on the TSX for five trading days immediately preceding the applicable Due Date = \$0.14.

Adopting \$0.14 as the fair market value per Share on the payment date for past fees earned, the estimated number of Shares issuable to the directors of the Corporation as Share Compensation in respect of Base Retainer Fees for the period from October 1, 2013 to June 30, 2014 is 1,071,430, is calculated as follows:

Name of Director	Number of Shares issued for Base Retainer Fees from October 1, 2013 to June 30, 2014 (at estimated price per Share of \$0.14 ⁽⁵⁾)	Total number of Shares held by director (including estimated number of Shares) ⁽²⁾	Percentage of outstanding Shares as at end of period held by director (including estimated number of Shares) ⁽³⁾⁽⁴⁾
Michael J. Hibberd ⁽¹⁾	107,143	80,847,143	2.49%
Songning Shen ⁽¹⁾	107,143	80,226,803	2.47%
Hok Ming Tseung	107,143	295,340,178	9.08%
Tingan Liu	107,143	107,143	0.003%
Haotian Li	107,143	107,143	0.003%
Gregory G. Turnbull	107,143	12,907,143	0.40%
Raymond S. Fong	107,143	8,207,143	0.25%
Robert J. Herdman	107,143	107,143	0.003%
Wazir C. (Mike) Seth	107,143	1,407,143	0.04%
Gerald F. Stevenson	107,143	141,143	0.004%
TOTAL	1,071,430	479,398,125	14.75%

Notes:

- (1) Does not include Shares issued as Share Compensation for Base Co-Chairman Fees.
- (2) Calculated as the sum of the estimated number of Shares issued and the number of Shares held by the Co-Chairman as at the Latest Practicable Date.

- (3) Calculated assuming there are no issuances of Shares from the Latest Practicable Date to the end of the applicable period save for Shares issued as Share Compensation (excluding Shares issued as Share Compensation in respect of Base Co-Chairman Fees).
- (4) Approximate values. Totals may not balance due to rounding.
- (5) Please refer to the paragraph entitled "Calculation Mechanism" in Schedule A for details of the calculation mechanism.

The actual number of Shares issuable as Share Compensation to the directors for this period will depend on the fair market value of the Shares calculated on the applicable payment date in accordance with the terms of the Director Share Compensation Arrangement.

At the Meeting, the independent Shareholders will be asked to consider and, if deemed advisable, to approve, with or without variation, the following ordinary resolution respecting the payment of Share Compensation to the directors for 50% of the Base Retainer Fees earned in the period from October 1, 2013 to June 30, 2014:

"BE IT RESOLVED THAT:

1. The Director Share Compensation Arrangement, as defined in the Management Information Circular (the "**Circular**") of Sunshine Oilsands Ltd. (the "**Corporation**") dated May 16, 2014 be and is hereby approved in respect of the payment in shares of 50% of the Base Retainer Fees (as defined in the Circular) to the directors of the Corporation for the period from October 1, 2013 to June 30, 2014.
2. The Corporation is hereby authorized to pay 50% of the Base Retainer Fees to the directors of the Corporation for the period from October 1, 2013 to June 30, 2014 through the issuance of shares in the share capital of the Corporation upon and subject to the terms and provisions of the Director Share Compensation Arrangement as set forth in the Circular.
3. The directors and officers of the Corporation are hereby authorized to do all things necessary in order to give effect to the foregoing resolution."

Directors who are Shareholders, together with their associates (as defined in the Listing Rules), will not vote in respect of the ordinary resolution approving the payment of Share Compensation to the directors for the period from October 1, 2013 to June 30, 2014 pursuant to the Director Share Compensation Arrangement.

Unless instructed otherwise, the persons named in the accompanying Proxy intend to vote in FAVOUR OF the ordinary resolution approving the payment of Share Compensation to the directors for the period from October 1, 2013 to June 30, 2014 pursuant to the Director Share Compensation Arrangement.

7. Approval of Director Share Compensation Arrangement for Incurred Base Co-Chairman Fees

As described above, the Co-Chairmen of the Corporation each receive annual base service fees under their month-to-month advisory services contracts in the amount of \$37,500 per month ("**Base Co-Chairman Fees**"). It is proposed that Share Compensation be paid in respect of 50% of the Base Co-Chairman Fees earned by such director from April 1, 2014 to June 30, 2014.

Please refer to the executive summary of the Director Share Compensation Arrangement set forth above and the description of the Director Share Compensation Arrangement set forth in Schedule A attached hereto.

The closing price of the Shares on the TSX as at the Latest Practicable date was \$0.14. Assuming the fair market value of the Shares on the payment date for past fees earned is \$0.14 per Share, the estimated number of Shares issuable to the Co-Chairmen of the Corporation as Share Compensation in respect of Base Co-Chairman Fees for the period from October 1, 2013 to June 30, 2014 is 803,572, calculated as follows:

Name of Director	Estimated number of Shares issued for Base Retainer Fees from October 1, 2013 to June 30, 2014 (at estimated price per Share of \$0.14⁽⁵⁾)⁽¹⁾	Estimated number of Shares issued for Base Co-Chairman Fees from April 1, 2014 to June 30, 2014 (at estimated price per Share of \$0.14⁽⁵⁾)	Total estimated number of Shares issued to Co-Chairman	Total number of Shares held by Co-Chairman (including total estimated number of Shares)⁽²⁾	Percentage of outstanding Shares as at end of period held by Co-Chairman (including estimated number of Shares)⁽³⁾ ⁽⁴⁾
Michael J. Hibberd	107,143	401,786	508,929	81,248,929	2.50%
Songning Shen	107,143	401,786	508,929	80,628,589	2.48%
TOTAL	214,286	803,572	1,017,858	161,877,518	4.98%

Notes:

- (1) Assuming payment of Share Compensation in respect of Base Retainer Fees for the Co-Chairmen for the relevant period.
- (2) Calculated as the sum of the estimated number of Shares issued and the number of Shares held by the Co-Chairman as at the Latest Practicable Date.
- (3) Calculated assuming there are no issuances of Shares from the Latest Practicable Date to the end of the applicable period save for Shares issued as Share Compensation.
- (4) Approximate values. Totals may not balance due to rounding.
- (5) Please refer to the paragraph entitled "Calculation Mechanism" in Schedule A for the details of the calculation mechanism.

The actual number of Shares issuable as Share Compensation to the directors for this period will depend on the fair market value of the Shares calculated on the applicable payment date in accordance with the terms of the Director Share Compensation Arrangement.

In implementing the Director Share Compensation Arrangement, the Corporation is seeking approval to pay Share Compensation to the Co-Chairmen of the Corporation in respect of 50% of the Base Co-Chairman Fees earned by the Co-Chairmen from April 1, 2014 to June 30, 2014.

At the Meeting, the independent Shareholders will be asked to consider and, if deemed advisable, to approve, with or without variation, the following ordinary resolution respecting the payment of Share Compensation to the Co-Chairmen for 50% of the Base Co-Chairman Fees earned in the period from April 1, 2014 to June 30, 2014:

"BE IT RESOLVED THAT:

1. The Director Share Compensation Arrangement, as defined in the Management Information Circular (the "**Circular**") of Sunshine Oilsands Ltd. (the "**Corporation**") dated May 16, 2014 be and is hereby approved in respect of the payment in shares of 50% of the Base Co-Chairman Fees (as defined in the

Circular) to the Co-Chairmen of the Corporation for the period from April 1, 2014 to June 30, 2014.

2. The Corporation is hereby authorized to pay 50% of the Base Co-Chairman Fees to the Co-Chairmen of the Corporation for the period from April 1, 2014 to June 30, 2014 through the issuance of shares in the share capital of the Corporation upon and subject to the terms and provisions of the Director Share Compensation Arrangement as set forth in the Circular.
3. The directors and officers of the Corporation are hereby authorized to do all things necessary in order to give effect to the foregoing resolution.”

The Co-Chairmen, together with their associates (as defined in the Listing Rules), will not vote in respect of the ordinary resolution approving the payment of Share Compensation to the Co-Chairmen for the period from April 1, 2014 to June 30, 2014 pursuant to the Director Share Compensation Arrangement.

Unless instructed otherwise, the persons named in the accompanying Proxy intend to vote in FAVOUR OF the ordinary resolution approving the payment of Share Compensation to the Co-Chairmen for the period from April 1, 2014 to June 30, 2014 pursuant to the Director Share Compensation Arrangement.

8. Approval of Director Share Compensation Arrangement for Future Director Fees

In implementing the Director Share Compensation Arrangement, the Corporation is seeking approval to pay Share Compensation to the directors for 50% of the Base Retainer Fees earned by the directors for the period from July 1, 2014 until the applicable date described in the Shareholder resolution set forth below.

Please refer to the executive summary of the Director Share Compensation Arrangement set forth above and the description of the Director Share Compensation Arrangement set forth in Schedule A attached hereto.

The closing price of the Shares on the TSX as at the Latest Practicable date was \$0.14. Assuming the next annual meeting of shareholders is held in the second financial quarter of 2015 and the fair market value of the Shares on the applicable payment date is \$0.14 per Share, the estimated number of Shares issuable to the directors of the Corporation as Share Compensation in respect of Base Retainer Fees in the next four quarters starting July 1, 2014 is 1,571,427, calculated as follows:

Name of Director	Number of Shares issued for Base Retainer Fees from July 1, 2014 to June 30, 2015 (at estimated price per Share of \$0.14 ⁽⁷⁾)	Total number of Shares held by director (including estimated number of Shares) ⁽¹⁾⁽²⁾	Percentage of outstanding Shares as at end of period held by director (including estimated number of Shares) ⁽³⁾⁽⁴⁾
Michael J. Hibberd ⁽⁵⁾	142,857	81,391,786	2.50%
Songning Shen ⁽⁵⁾	142,857	80,771,446	2.48%
Hok Ming Tseung	142,857	295,483,035	9.07%
Tingan Liu	142,857	250,000	0.008%
Haotian Li	142,857	250,000	0.008%
Gregory G. Turnbull	142,857	13,050,000	0.40%
Raymond S. Fong	142,857	8,350,000	0.26%

Name of Director	Number of Shares issued for Base Retainer Fees from July 1, 2014 to June 30, 2015 (at estimated price per Share of \$0.14 ⁽⁷⁾)	Total number of Shares held by director (including estimated number of Shares) ⁽¹⁾⁽²⁾	Percentage of outstanding Shares as at end of period held by director (including estimated number of Shares) ⁽³⁾⁽⁴⁾
Robert J. Herdman	142,857	250,000	0.008%
Wazir C. (Mike) Seth	142,857	1,550,000	0.05%
Gerald F. Stevenson	142,857	284,000	0.009%
Jimmy Hu ⁽⁶⁾	142,857	142,857	0.004%
TOTAL	1,571,427	481,773,124	14.81%

Notes:

- (1) Calculated as the sum of the estimated number of Shares issued and the number of Shares held by the Co-Chairman as at the Latest Practicable Date assuming the approval of payment of Share Compensation in respect of Base Retainer Fees.
- (2) Assuming payment of Share Compensation in respect of Base Retainer Fees for the period from October 1, 2013 to June 30, 2014.
- (3) Calculated assuming there are no issuances of Shares from the Latest Practicable Date to the end of the applicable period save for Shares issued as Share Compensation (excluding Shares issued as Share Compensation in respect of Base Co-Chairman Fees).
- (4) Approximate values. Totals may not balance due to rounding.
- (5) Includes estimated Shares issued as Share Compensation in respect of Base Co-Chairman Fees for the period from April 1, 2014 to June 30, 2014. Does not include Shares issued as Share Compensation in respect of Base Co-Chairman Fees for the period from July 1, 2014 onwards.
- (6) Assuming Mr. Hu is elected as a director at the Meeting.
- (7) Please refer to the paragraph entitled "Calculation Mechanism" in Schedule A for the details of the calculation mechanism.

The actual number of Shares issuable as Share Compensation to the directors for this period will depend on the fair market value of the Shares calculated on the applicable payment date in accordance with the terms of the Director Share Compensation Arrangement.

At the Meeting, the independent Shareholders will be asked to consider and, if deemed advisable, to approve, with or without variation, the following ordinary resolution:

"BE IT RESOLVED THAT:

1. The Director Share Compensation Arrangement, as defined in the Management Information Circular (the "**Circular**") of Sunshine Oilsands Ltd. (the "**Corporation**") dated May 16, 2014, be and is hereby approved in respect of the payment in shares to the directors of 50% of the Base Retainer Fees (as defined in the Circular) to the directors of the Corporation earned for the period from July 1, 2014 to the end of the financial quarter in which the earliest of the following dates occurs: (a) the conclusion of the Corporation's next annual general meeting; (b) the last day of the period within which the Corporation is required by any applicable law or its by-laws to hold its next annual general meeting; and (c) the date on which the resolution granting such authorization is varied or revoked by ordinary resolution of the Shareholders in general meeting (the "**Compensation Period**").
2. The Corporation is hereby authorized to pay 50% of the Base Retainer Fees to the directors of the Corporation for their respective roles as directors in respect of the Compensation Period through the issuance of shares in the share capital of the Corporation upon and subject to the terms and provisions of the Director Share Compensation Arrangement as set forth in the Circular.

3. The directors and officers of the Corporation are hereby authorized to do all things necessary in order to give effect to the foregoing resolution.”

Directors who are Shareholders, together with their associates (as defined in the Listing Rules), will not vote in respect of the ordinary resolution approving the payment of Share Compensation to the directors for 50% of future Base Retainer Fees pursuant to the Director Share Compensation Arrangement.

Unless instructed otherwise, the persons named in the accompanying Proxy intend to vote in FAVOUR OF the ordinary resolution approving the payment of Share Compensation to the directors for 50% of future Base Retainer Fees pursuant to the Director Share Compensation Arrangement.

9. Approval of Director Share Compensation Arrangement for Future Base Co-Chairman Fees

In implementing the Director Share Compensation Arrangement, the Corporation is seeking approval to pay Share Compensation to the Co-Chairmen for 50% of the Base Co-Chairman Fees earned by the Co-Chairmen for period from July 1, 2014 until the applicable date described in the Shareholders resolution set forth below.

Please refer to the executive summary of the Director Share Compensation Arrangement set forth above and the description of the Director Share Compensation Arrangement set forth in Schedule A attached hereto.

The closing price of the Shares on the TSX as at the Latest Practicable date was \$0.14. Assuming the next annual meeting of shareholders is held in the second financial quarter of 2015 and the fair market value of the Shares on the applicable payment date is \$0.14 per Share, the estimated number of Shares issuable to the Co-Chairmen of the Corporation as Share Compensation in respect of Base Co-Chairman Fees in the next four quarters starting July 1, 2014 is 3,214,286, calculated as follows:

Name of Director	Estimated number of Shares issued for Base Retainer Fees from July 1, 2014 to June 30, 2015 (at estimated price per Share of \$0.14⁽⁵⁾)	Estimated number of Shares issued for Base Co-Chairman Fees from July 1, 2014 to June 30, 2015 (at estimated price per Share of \$0.14⁽⁵⁾)	Total estimated number of Shares issued from July 1, 2014 to June 30, 2015	Total Number of Shares held by Co-Chairman (including total estimated number of Shares)^{(1) (2)}	Percentage of outstanding Shares as at end of period held by Co-Chairman (including estimated number of Shares)^{(3) (4)}
Michael J. Hibberd	142,857	1,607,143	1,750,000	82,998,929	2.55%
Songning Shen	142,857	1,607,143	1,750,000	82,378,589	2.53%
TOTAL	285,714	3,214,286	3,500,000	165,377,518	5.08%

Notes:

- (1) Calculated as the sum of the estimated number of Shares and the number of Shares held by the Co-Chairman as at the Latest Practicable Date.
- (2) Assuming payment of Share Compensation in respect of Base Retainer Fees for the period from October 1, 2013 to June 30, 2014 and payment of Share Compensation in respect of Base Co-Chairman Fees for the period from April 1, 2014 to June 30, 2014.
- (3) Calculated assuming there are no issuances of Shares from the Latest Practicable Date to the end of the applicable period save for Shares issued as Share Compensation.
- (4) Approximate values. Totals may not balance due to rounding.
- (5) Please refer to the paragraph entitled “Calculation Mechanism” in Schedule A for the details of the calculation mechanism.

The actual number of Shares issuable as Share Compensation to the directors for this period will depend on the fair market value of the Shares calculated on the applicable payment date in accordance with the terms of the Director Share Compensation Arrangement.

At the Meeting, the Shareholders will be asked to consider and, if deemed advisable, to approve, with or without variation, the following ordinary resolution:

“BE IT RESOLVED THAT:

1. The Director Share Compensation Arrangement, as defined in the Management Information Circular (the “**Circular**”) of Sunshine Oilsands Ltd. (the “**Corporation**”) dated May 16, 2014, be and is hereby approved in respect of the payment in shares to the Co-Chairmen of 50% of the Base Co-Chairman Fees (as defined in the Circular) to the Co-Chairmen of the Corporation earned for the period from July 1, 2014 to the end of the financial quarter in which the earliest of the following dates occurs: (a) the conclusion of the Corporation’s next annual general meeting; (b) the last day of the period within which the Corporation is required by any applicable law or its by-laws to hold its next annual general meeting; and (c) the date on which the resolution granting such authorization is varied or revoked by ordinary resolution of the Shareholders in general meeting (the “**Compensation Period**”).
2. The Corporation is hereby authorized to pay 50% of the Base Co-Chairman Fees to the Co-Chairmen of the Corporation for their respective roles as Co-Chairmen in respect of the Compensation Period through the issuance of shares in the share capital of the Corporation upon and subject to the terms and provisions of the Director Share Compensation Arrangement as set forth in the Circular.
3. The directors and officers of the Corporation are hereby authorized to do all things necessary in order to give effect to the foregoing resolution.”

The Co-Chairmen, together with their associates (as defined in the Listing Rules), will not vote in respect of the ordinary resolution approving the payment of Share Compensation to the Co-Chairmen for 50% of future Base Co-Chairman Fees pursuant to the Director Share Compensation Arrangement.

Unless instructed otherwise, the persons named in the accompanying Proxy intend to vote in FAVOUR OF the ordinary resolution approving the payment of Share Compensation to the Co-Chairmen for 50% of future Base Co-Chairman Fees pursuant to the Director Share Compensation Arrangement.

10. General Mandate to Issue Shares

At the Meeting, the Shareholders will be asked to consider and, if deemed advisable, to pass, with or without variation, an ordinary resolution giving the Board a general and unconditional mandate to allot, issue or otherwise deal with unissued Shares up to a maximum of twenty percent (20%) of the aggregate issued and outstanding share capital of the Corporation until the next annual meeting. The purpose of the proposed mandate is to increase the flexibility of the Corporation to raise new capital as and when the Board determines appropriate.

At the Meeting, the Shareholders will be asked to approve the following ordinary resolution:

“BE IT RESOLVED THAT:

1. Subject to paragraph (3) of this resolution, the exercise by the board of directors (the **“Board”**) of the Sunshine Oilsands Ltd. (the **“Corporation”**) during the Relevant Period (as hereinafter defined) to allot, issue and otherwise deal with additional shares in the share capital of the Corporation or securities convertible into such shares or options, warrants, or similar rights to subscribe for any such shares or such convertible securities and to make or grant offers, agreements and options which would or might require the exercise of such powers, subject to and in accordance with all applicable laws be and is hereby generally and unconditionally approved.
2. The approval of paragraph (1) of this resolution shall authorize the Board during the Relevant Period to cause the Corporation to make or grant offers, agreements and options which would or might require the exercise of such powers at any time during or after the end of the Relevant Period.
3. The aggregate share capital of the Corporation which may be allotted or conditionally or unconditionally agreed to be allotted (whether pursuant to an option or otherwise), issued or otherwise dealt with by the Board pursuant to the approval in paragraph (1) of this resolution, otherwise than pursuant to (i) a Rights Issue (as hereinafter defined) or (ii) the exercise of the subscription or conversion rights attaching to any securities or warrants which may be issued by the Corporation or any securities which are convertible into common shares of the Corporation from time to time or (iii) the exercise of options granted under the stock option plan of the Corporation or similar arrangements, including without limitation any director share compensation arrangement, from the time being adopted for the grant or issue to officers and/or employees of the Corporation and/or any of its subsidiaries of common shares or rights to acquire common shares of the Corporation, or (iv) any issues of shares in lieu of the whole or part of a dividend on shares in accordance with the Articles of Incorporation in force from time to time, shall not exceed twenty percent (20%) of the aggregate issued and outstanding share capital of the Corporation as at the date of passing of this resolution.
4. For the purpose of this resolution:

“Relevant Period” means the period from the time of the passing of this resolution until whichever is the earliest of:

 - (i) the conclusion of the next annual meeting of the Corporation;
 - (ii) the expiration of the period within which the next annual meeting of the Corporation is required to be held under any applicable laws or under the Articles of Incorporation of the Corporation; and
 - (iii) the time of the passing of an ordinary resolution of the Corporation in a general meeting revoking or varying the authority set out in this resolution.

“**Rights Issue**” means an offer of shares open for a period fixed by the Board to holders of shares whose names appear on the register of members of the Corporation on a fixed record date in proportion to their then holdings of such shares (subject to such exclusions or other arrangements as the Board may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of any recognized regulatory body or any stock exchange in, any territory applicable to the Corporation).

5. The directors and officers of the Corporation are hereby authorized to do all things necessary in order to give effect to the foregoing resolution.”

Unless instructed otherwise, the persons named in the accompanying Proxy intend to vote in FAVOUR OF the ordinary resolution approving the general mandate given to the Board regarding issuance of Shares in accordance with the Listing Rules of the SEHK.

11. Repurchase of Shares

At the Meeting, the Shareholders will be asked to consider and, if deemed advisable, to pass, with or without variation, an ordinary resolution giving the Board a general and unconditional mandate to authorize the Corporation to repurchase Shares up to a maximum of ten percent (10%) of the aggregate issued and outstanding share capital of the Corporation until the next annual meeting (the “**Share Repurchase Mandate**”).

An explanatory statement as required by the Listing Rules, providing the requisite information regarding the grant of the Share Repurchase Mandate is set out in Schedule C to this Circular.

At the Meeting, the Shareholders will be asked to approve the following ordinary resolution:

“BE IT RESOLVED THAT:

1. Subject to paragraph (3) of this resolution, the exercise by the board of directors (the “**Board**”) of Sunshine Oilsands Ltd. (the “**Corporation**”) during the Relevant Period (as defined below) of all the powers of the Corporation to repurchase securities of the Corporation on the SEHK or on any other stock exchange on which the securities of the Corporation may be listed which is recognized by the Securities and Futures Commission of Hong Kong and the SEHK for this purpose (the “**Recognized Stock Exchange**”), subject to and in accordance with the Listing Rules and all other applicable laws and the requirements of the SEHK or any other Recognized Stock Exchange as amended from time to time, be and is hereby generally and unconditionally approved.
2. The aggregate number of the shares of the Corporation authorized to be repurchased by the Corporation pursuant to the approval in paragraph (1) above during the Relevant Period shall not exceed 10% of the aggregate issued and outstanding share capital of the Corporation as at the date of the passing of this resolution and the said approval shall be limited accordingly.
3. For the purpose of this resolution:

“**Relevant Period**” means the period from the time of the passing of this resolution until whichever is the earliest of:

- (i) the conclusion of the next annual meeting of the Corporation;
 - (ii) the expiration of the period within which the next annual meeting of the Corporation is required to be held under any applicable laws or under the Articles of Incorporation of the Corporation; and
 - (iii) the time of the passing of an ordinary resolution of the Corporation in a general meeting revoking or varying the authority set out in this resolution; and
4. The directors and officers of the Corporation are hereby authorized to do all things necessary in order to give effect to the foregoing resolution.”

Unless instructed otherwise, the persons named in the accompanying Proxy intend to vote in FAVOUR OF the ordinary resolution approving the general mandate to the Board regarding the repurchase of Shares until the next annual meeting.

12. Other Matters

Management knows of no other matters to come before the Meeting other than as referred to in the notice of the Meeting. Should any other matters properly come before the Meeting, the Shares represented by proxy solicited hereby will be voted on such matters in accordance with the best judgment of the person voting such proxy.

So far as the Directors are aware, no Shareholders of the Corporation are required to abstain from voting in respect of the resolutions set out above.

STATEMENT OF EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

The Compensation Committee of the Board (the “**Compensation Committee**”) exercises general responsibility regarding overall employee and executive officer compensation. The Compensation Committee is currently comprised of Messrs. Robert J. Herdman (Chair), Gregory G. Turnbull, QC, Hok Ming Tseung, Raymond S. Fong and Gerald F. Stevenson. A majority of the Compensation Committee members are independent directors.

The objective of the Corporation’s executive compensation policy is to create a remuneration package that will both attract and retain experienced and qualified individuals to assist the Corporation in the furtherance of its business. Such remuneration packages generally consist of competitive salaries and stock option grants pursuant to the Post IPO Share Option Scheme.

Components of Compensation

Salaries

Base salary provides employees and executive officers with a level of fixed cash compensation that is consistent with market practice. The base salary of each executive officer, including the Named Executive Officers (as defined below), compensates them for performing day-to-day responsibilities and is set in the

context of the market. Each individual's total compensation package reflects the complexity of their role. Base salary also typically provides a reference point on which other components of compensation are established, such as short term incentives.

Short Term Incentive (Discretionary Cash Bonus)

In addition to base salaries, the Corporation may award discretionary cash bonuses to employees and executive officers of the Corporation, including the Named Executive Officers (as defined below). The Corporation does not have a formal bonus plan and the amount of bonuses paid is not set in relation to any formula or specific criteria but is a result of a subjective determination based on, in the case of non-executive employees, the employee's contribution in adding share value and reducing costs and the employee's contribution to overall corporate goals. In the case of executive officers and Named Executive Officers (as defined below), including the President and Chief Executive Officer, bonus awards are discretionary and while there are no specific targets or criteria set out, matters such as achievement of corporate goals are considered. No maximum bonus has been established for any executive officers. The award of cash bonuses has not traditionally been targeted at maintaining the Corporation's cash compensation at any specific level relative to its peer group.

Option based Awards

The purpose of the Post IPO Share Option Scheme is to advance the interests of the Corporation by encouraging the directors, officers, and employees of, or providers of services to, the Corporation and its subsidiaries to acquire Shares, thereby: (i) increasing the proprietary interests of such persons in the Corporation; (ii) aligning the interests of such persons with the interests of the Corporation's Shareholders generally; (iii) encouraging such persons to remain associated with the Corporation; and (iv) furnishing such persons with an additional incentive in their efforts on behalf of the Corporation. All option based awards for the executive officers individually, and for the Corporation's employees in the aggregate, are reviewed by the Compensation Committee based on recommendations by the Executive Co-Chairmen or Chief Executive Officer of the Corporation. After the Compensation Committee has considered and determined what stock options should be granted, it makes a recommendation to the Board for consideration and, if deemed appropriate, approval. Previous grants of stock options, individual and corporate performance, competitive pressures and numerous other factors are taken into account when the Compensation Committee and the Board are considering new stock option grants.

A description of the Post IPO Share Option Scheme is set forth in Schedule D attached hereto.

Employee Share Savings Plan

The purpose of the ESSP is to provide an opportunity for employees of the Corporation to purchase Shares from the Corporation's treasury at market price through voluntary automatic payroll deductions, thereby attracting, retaining, encouraging and rewarding employees to use their combined best efforts on behalf of the Corporation and to ensure that employees have a share in the increased profitability and value of the Corporation, thereby aligning their interests with those of shareholders.

A description of the ESSP is set forth in Schedule E attached hereto.

Compensation Governance

Please refer to the disclosure under the heading "*Corporate Governance Disclosure – Committees of the Corporation – Compensation Committee*".

Risk Oversight

In carrying out its mandate, the Compensation Committee reviewed the elements of compensation of the Corporation to identify risks arising from the Corporation's compensation policies and program that are reasonably likely to have a material adverse effect on the Corporation. The Compensation Committee concluded that the compensation program and policies of the Corporation provide a reasonable balance among different forms of compensation and do not encourage its senior executives to take such inappropriate or excessive risks.

The Compensation Committee meets twice annually to ensure full assessment and analysis of compensation policies and practices with management. Compensation changes are made as appropriate to ensure that Sunshine is competitive in the market place.

Hedging and Offsetting

At present, the Corporation does not have a formal policy prohibiting its directors and executive officers from engaging in short sales of securities of the Corporation or buying or selling puts, calls or other derivatives that are designed to hedge or offset a decrease in the market value of securities of the Corporation.

Currently, in the absence of such a policy, the directors and officers of the Corporation are expected to act at all times transparently, with integrity and with a view to the best interests of the Corporation and its Shareholders in their securities trading activities.

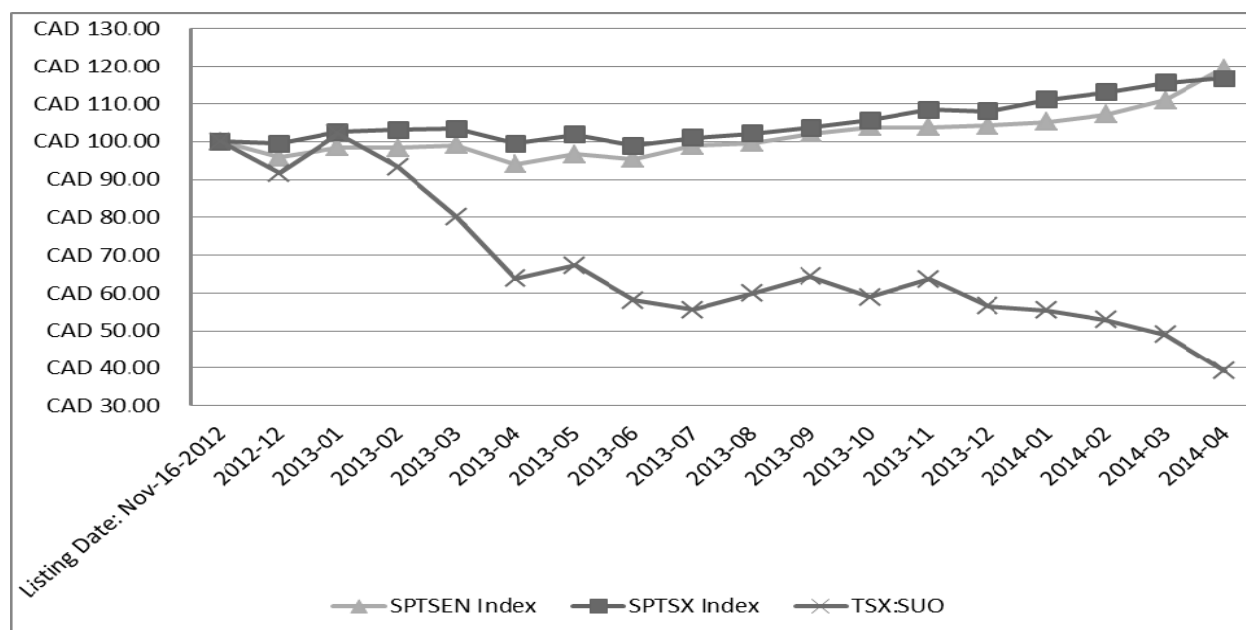
It should be noted that any transactions of this nature are subject to insider reporting requirements and are reported on the System for Electronic Disclosure by Insiders (SEDI).

Insider Trading Policy

Sunshine's Corporate Disclosure and Trading Policy prohibits directors, officers, employees, consultants and other insiders with knowledge of confidential or material information about the Corporation from trading in securities of the Corporation including during defined blackout periods.

Subject to complying with such policy, Sunshine encourages certain of its officers and employees to voluntarily acquire Sunshine securities as an incentive to align the performance and interests of those persons with the long term interests of Sunshine and its shareholders.

Performance Graph



The above graph compares the cumulative shareholder return over the period indicated of a \$100 investment in the Shares, with the cumulative shareholder return of the S&P/TSX Energy Index (the “**SPTSEN Index**”) and the S&P/TSX Composite Index (the “**SPTSX Index**”), assuming the reinvestment of dividends, where applicable.

The trend shown by the above performance graph is a brief increase in the price of Shares in early 2013 followed by a decrease in the price of the Shares for the remainder of 2013 and into 2014.

The trend shown in the above graph does correlate with the compensation that was awarded to the named Executive Officers as defined below. Specifically each Named Executive Officer’s total compensation, as found in the summary compensation table below, decreased significantly in 2013 from 2012.

Summary Compensation Table

The following table provides a summary of compensation earned during the years ended December 31, 2011, 2012, and 2013 by the Executive Co Chairmen, the President and Chief Executive Officer, the Chief Financial Officer, the Interim, President and Chief Executive Officer, the Senior Vice President, Operations and the Vice President, Special Projects of the Corporation (collectively the “**Named Executive Officers**”).

Unless otherwise indicated, all dollar amounts in this Circular are expressed in Canadian dollars. In addition, all amounts contained in this Statement of Executive Compensation have been derived from the Corporation’s financial statements that have been prepared in accordance with International Financial Reporting Standards (IFRS).

Name & Principal Position	Year	Salary (\$)	Share Based Awards (\$) ⁽⁶⁾	Option Based Awards	Annual Incentive Plans (\$)	Long Term Incentive Plans	Pension Value (\$)	All Other Compensation (\$) ⁽⁷⁾	Total Compensation (\$)
Michael J.	2013	-	-	-	-	-	-	536,000	536,000

Name & Principal Position	Year	Salary (\$)	Share Based Awards (\$) ⁽⁶⁾	Option Based Awards	Annual Incentive Plans (\$)	Long Term Incentive Plans	Pension Value (\$)	All Other Compensation (\$) ⁽⁷⁾	Total Compensation (\$)
Hibberd⁽¹⁾ <i>Co-Chairman</i>	2012	-	-	3,881,500	3,500,000	-	-	532,000	7,913,500
	2011	-	-	-	520,000	-	-	486,393	1,006,393
Songning Shen⁽²⁾ <i>Co-Chairman</i>	2013	-	-	-	-	-	-	536,000	536,000
	2012	-	-	3,881,500	3,500,000	-	-	534,000	7,915,500
	2011	-	-	-	520,000	-	-	487,393	1,007,393
John Zahary⁽³⁾ <i>President and Chief Executive Officer (former)</i>	2013	458,438	-	-	-	-	-	6,600	465,038
	2012	465,517	-	1,975,000	280,000	-	-	6,236	2,726,753
	2011	-	1,934,040	467,079	-	-	-	-	2,401,119
David Sealock⁽⁴⁾ <i>Interim President and Chief Executive Officer</i>	2013	250,000	-	-	-	-	-	13,266	263,266
	2012	237,000	-	700,000	280,000	-	-	6,695	1,223,695
	2011	204,167	-	-	135,000	-	-	31,949	371,116
Robert A. Pearce⁽⁵⁾ <i>Senior Vice President, Finance and Chief Financial Officer (former)</i>	2013	268,333	-	-	-	-	-	33,582	301,915
	2012	32,989	-	340,000	-	-	-	779	373,768
	2011	-	-	-	-	-	-	-	-
Tonino Sabelli <i>Senior Vice President, Operations</i>	2013	250,000	-	-	-	-	-	14,308	264,308
	2012	235,667	-	700,000	280,000	-	-	6,702	1,222,369
	2011	200,000	-	124,880	120,000	-	-	2,000	446,880
Songbo Cong <i>Vice President Special Projects</i>	2013	225,000	-	-	-	-	-	13,444	238,444
	2012	213,750	-	142,224	85,000	-	-	6,550	447,524
	2011	184,375	-	31,220	75,000	-	-	15,340	305,935

Notes:

- (1) Mr. Hibberd was Co-Chief Executive Officer from August, 2007 to October 5, 2008. He has been the Executive Co-Chairman since October 6, 2008. Compensation information disclosed in this table for Mr. Hibberd includes compensation for Mr. Hibberd's role as a director.
- (2) Mr. Shen was Co-Chief Executive Officer from August, 2007 to October 5, 2008. He has been the Executive Co-Chairman since October 6, 2008. Compensation information disclosed in this table for Mr. Shen includes compensation for Mr. Shen's role as a director.
- (3) Mr. Zahary resigned from his position as President and Chief Executive Officer on December 10, 2013. Amounts disclosed for Mr. Zahary in 2013 include his compensation for serving as President and Chief Executive Officer up to December 10, 2013.
- (4) Mr. David Sealock was appointed Interim President and Chief Executive Officer on December 20, 2013. Prior to his appointment, Mr. Sealock was the Executive Vice President, Corporate Operations of the Corporation.
- (5) Mr. Pearce was resigned from his position as Senior Vice President, Finance and Chief Financial Officer on December 10, 2013. Amounts disclosed for Mr. Pearce in 2013 include his compensation for serving as Chief Financial Officer up to December 10, 2013.
- (6) Share based awards and option based awards are valued at the "call option value" using the Black Scholes model. All values are calculated based on International Financial Reporting Standards.
- (7) These amounts relate to vacation pay and benefits such as parking, health and medical coverage (except in the case of the Co-Chairmen, who do not receive any benefits other than parking benefits). Except for the Co-Chairmen and Chief Executive Officer these amounts also include the employer contribution to the Corporation's ESSP. In the case of the Co-Chairmen, these amounts include fees earned for serving as a director and fees paid pursuant to their respective advisory services contracts. For Mr. Hibberd, these advisory service fees amounted to \$450,000 in 2013. For Mr. Shen, these advisory service fees amounted to \$450,000 in 2013.

Narrative Discussion of Summary Compensation Table

Please refer to the disclosure under the heading "Statement of Executive Compensation – Compensation Discussion and Analysis" and the above footnotes to the Summary Compensation Table for a description and explanation of any significant factors necessary to understand the information disclosed in the Summary Compensation Table. The Corporation did not make any downward pricing of stock options during the fiscal period ended December 31, 2013.

Incentive Plan Awards

Outstanding Share Based Awards and Option Based Awards

The following table sets forth for each Named Executive Officers, the option based awards and the share based awards that were outstanding as at December 31, 2013. The number of securities to be issued on the exercise of unexercised options has been adjusted to reflect the 20 for 1 share split made effective on February 10, 2012. As a result, the option exercise price has been divided by 20 and rounded to the nearest \$0.01.

Name	Option-based Awards ⁽¹⁾				Share-based Awards		
	Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Value of Unexercised in-the-money Options (\$) ⁽¹⁾	Number of Shares or Units of Shares That Have Not Vested (#) ⁽³⁾	Market or Payout Value of Share-Based Awards That Have Not Vested (\$)	Market or Payout Value of Vested Share-based Awards Not Paid Out or Distributed (\$)
Michael J. Hibberd <i>Co-Chairman</i>	7,150,000	0.64	Jul 10, 2017	59,400	-	Nil	-
	1,620,000	0.38	Dec 10, 2017				
	2,990,000	0.80	Dec 10, 2017				
	2,400,000	0.28	Mar 2, 2015				
	1,980,000	0.20	May 31, 2014				
Songning Shen <i>Co Chairman</i>	7,150,000	0.64	Jul 10, 2017	59,400	-	Nil	-
	1,620,000	0.38	Dec 10, 2017				
	2,990,000	0.80	Dec 10, 2017				
	2,400,000	0.28	Mar 2, 2015				
	1,980,000	0.20	May 31, 2014				
John Zahary <i>President and Chief Executive Officer (former)</i>	1,500,000	0.64	Jul 10, 2017	-	-	Nil	-
	4,500,000	0.38	Dec 10, 2017				
	2,000,000	0.64	May 17, 2017				
	2,000,000	0.48	Dec 20, 2016				
David Sealock <i>Interim President and Chief Executive Officer</i>	1,000,000	0.64	Jul 10, 2017	12,000	-	Nil	-
	2,000,000	0.38	Dec 10, 2017				
	1,500,000	0.28	Mar 2, 2015				
	400,000	0.20	May 31, 2014				
Robert A. Pearce <i>Senior Vice President, Finance and Chief Financial Officer (former)</i>	1,333,333	0.38	May 31, 2014	-	-	Nil	-
Tonino Sabelli <i>Senior Vice President, Operations</i>	1,000,000	0.64	Jul 10, 2017	-	-	Nil	-
	2,000,000	0.38	Dec 10, 2017				
	400,000	0.48	Sep 25, 2016				
	1,000,000	0.48	Sep 1, 2015				
Songbo Cong <i>Vice President Special Projects</i>	278,200	0.64	Jul 10, 2017	12,000	-	Nil	-
	280,000	0.38	Dec 10, 2017				
	100,000	0.48	Sep 25, 2016				
	1,500,000	0.28	Mar 2, 2015				
	400,000	0.20	May 31, 2014				

Notes:

- (1) The value of both the vested and unvested unexercised in the money option at December 31, 2013, is based on a closing price at December 31, 2013, on the TSX of CAD\$ 0.23 which is the equivalent closing value on the same date on the Stock Exchange of Hong Kong of HK \$1.70 at the Bank of Canada December 31, 2013 exchange rate of 7.2902.

Incentive Plan Awards – Value Vested or Earned During the Year

The following table sets forth for each Named Executive Officers, the incentive plan awards that were earned during the year ended December 31, 2013.

Name	Option based awards – Value vested during the year (\$)	Share based awards – Value vested during the year (\$) ⁽¹⁾	Non-equity incentive plan compensation – Value earned during the year (\$)
Michael J. Hibberd <i>Co-Chairman</i>	Nil	1,336,500	Nil
Songning Shen <i>Co-Chairman</i>	Nil	1,336,500	Nil
John Zahary <i>President and Chief Executive Officer (former)</i>	Nil	486,000	Nil
David Sealock <i>Interim Chief Financial Officer</i>	Nil	291,600	Nil
Robert A. Pearce <i>Senior Vice President Finance and Chief Financial Officer (former)</i>	Nil	Nil	Nil
Tonino Sabelli <i>Senior Vice President, Operations</i>	Nil	291,600	Nil
Songbo Cong <i>Vice President, Special Projects</i>	Nil	170,100	Nil

Notes:

- (1) This represents the amount of Class G Shares and Class H Shares that were entitled to convert to into Shares on the basis of one Class G Share or Class H Share (as applicable) for one Share as at December 31, 2013. The value represents the entitled conversion amount multiplied by the share price on December 31, 2013. The amounts above were actually converted on December 31, 2013.

Narrative Discussion of Option based and Share based Awards

Please refer to the disclosure under the heading “*Statement of Executive Compensation – Option based Awards.*”

A description of the Post IPO Share Option Scheme is set forth in Schedule D attached hereto.

Pension Plan Benefits

The Corporation has no defined benefit plans, retirement plans or deferred compensation plans or other forms of retirement compensation for any of its employees.

Termination and Change of Control Benefits

The Corporation has entered into an executive employment agreement (the “**Chief Executive Agreement**”) with David Sealock (the “**Chief Executive**”). The Corporation does not have any formal employment agreements with any of the other Named Executive Officers.

The following is a description of the Chief Executive Agreement and Executive Agreements and certain of their terms and provisions in connection with any termination (whether voluntary, involuntary or

constructive), resignation, retirement, a change in control of the company or a change in an Executive's responsibilities.

Termination Payments under the Chief Executive Agreement

The table below lists the compensation that would be paid to the Chief Executive upon termination in addition to base salary earned as of the termination date and unused vacation pay, assuming a termination date of December 31, 2013.

Type of Termination	Cash payments (\$)	Benefits (\$)	Post IPO Share Option Scheme (\$)	Pre IPO Plan (\$)
Resignation⁽¹⁾	None	None	Determination of option expiry at the Board's discretion.	At the Board's discretion, unvested options expire 90 days after termination unless they expire earlier.
Termination (involuntary without just cause)⁽²⁾	Base salary and Lump sum of \$12,000 (or more at the Board's discretion) and 50% of average bonuses paid in the past two years.	Directors' and officers' insurance policy covering claims made within two years of termination	Determination of option expiry at the Board's discretion.	At the Board's discretion, unvested options expire 90 days after termination unless they expire earlier.
Termination (on change of control and for good reason)⁽²⁾⁽³⁾	Base salary and Lump sum of \$12,000 (or more at the Board's discretion) and 50% of average bonuses paid in the past two years.	Directors' and Officers' insurance policy covering claims made within two years of termination	The Executive may exercise all options granted.	The Executive may exercise all options granted.
Termination (for just cause)	None	None	All options expire immediately on termination.	At the Board's discretion, unvested options expire 90 days after termination unless they expire earlier.
Death	Prorated bonus until the time of death	None	Determination of option expiry at the Board's discretion	Accelerated vesting at the Board's discretion; otherwise, only vested options can be exercised and expire according to their term.

Notes:

- (1) Assuming the resignation is accepted and the Chief Executive continues employment with the Corporation during the eight week notice period for such resignation.
- (2) Following termination, the Chief Executive must provide written resignations of all director and officer positions held in the Corporation and its subsidiaries (if any) and execute a full and final release in favour of the Corporation, in a form reasonably satisfactory to Sunshine and limited to employment obligations and specifically excluding indemnity obligations.
- (3) With good reason (as defined under the terms of Chief Executive Agreement) following a change of control of the Corporation, the Chief Executive may elect to terminate his employment within 15 days of the later of the change of control or the arising of the good reason. A change of control includes: (i) a change in the holding of shares of the Corporation resulting in a person not affiliated with the Corporation, directly or indirectly and acting jointly or in concert, being in a position to exercise effective control over the Corporation (with a person or persons holding securities entitled to 50% or more of the votes attaching to all shares of the Corporation being deemed to exercise such control); (ii) a merger/ amalgamation /transfer/sale/reorganization resulting in the holders of the Corporation's shares before such transaction holding less than 50% of the Corporation's shares following such transaction; and (iii) any event or transaction deemed a change of control by the Corporation's Board.

Estimated Termination Payments

The table below shows estimated compensation amounts other than base salary earned as of the termination date and unused vacation pay if the Chief Executive had been terminated on December 31, 2013.

Termination Payments for David Sealock

Type of Termination	Cash payments (\$)	Benefits (\$)	Post IPO Share Option Scheme (\$)	Pre IPO Share Option Plan (\$)	Total Payout (\$)
Resignation ⁽¹⁾	-	-	-	12,000	12,000
Termination (involuntary without just cause) ⁽²⁾	332,000	-	-	12,000	344,000
Termination (on change of control and for good reason) ⁽³⁾	332,000	-	-	12,000	344,000
Termination (for just cause) ⁽²⁾	-	-	-	12,000	12,000
Death ⁽²⁾	-	-	-	12,000	12,000

Notes:

- (1) Assuming Mr. Sealock's resignation is accepted and he continues employment with the Corporation during the eight week notice period for such resignation.
- (2) For the purposes of the table above, the estimated value of the options and Shares at December 31, 2013 is equivalent to the amount of vested options and Shares outstanding at December 31, 2013 multiplied by the TSX closing price on December 31, 2013 (being \$0.23) less the cost of the options and Shares.
- (3) For the purposes of the table above, the estimated value of the options and Shares at December 31, 2013 is equivalent to the total amount of vested and unvested options and Shares outstanding at December 31, 2013 multiplied by the TSX closing price on December 31, 2013 (being \$0.23) less the cost of the options and Shares.

Executive Co-Chairmen

The Corporation has also entered into month-to-month consulting agreements with each of Messrs. Hibberd and Shen (the "**Executive Co-Chairmen**") with respect to the provision of advisory services to guide and supervise the activities of Sunshine's executive management, which services include financial planning services, capital market strategy services, and government and investor relations services. These agreements do not contain terms requiring any payments on termination of the agreements or on a change of control.

John Zahary

Mr. John Zahary stepped down as Sunshine's President and Chief Executive Officer on December 10, 2013 and was replaced by Mr. David Sealock, who assumed the role of Interim President and Chief Executive Officer. In transitioning from Sunshine's Chief Executive Officer, Mr. Zahary was paid his accrued salary to his termination date, being \$9,112. No termination payments were made.

Robert Pearce

Mr. Robert Pearce stepped down as Sunshine's Chief Financial Officer on December 10, 2013. In transitioning from Sunshine's Chief Financial Officer, Mr. Pearce was paid his accrued salary and vacation pay up to his termination date, being \$31,077. No termination payments were made.

Tonino Sabelli

Mr. Tonino Sabelli stepped down as Sunshine’s Senior Vice President, Operations on March 31, 2014. In transitioning from Sunshine’s Senior Vice President, Operations, Mr. Sabelli was paid his accrued salary and vacation pay up to his termination date, being \$70,422. No termination payments were made.

Director Compensation for 2013

Director Compensation Table

Name⁽¹⁾	Fees Earned (\$)	Share Based Awards⁽²⁾ (\$)	Option Based Awards⁽²⁾ (\$)	Non-Equity Incentive Plan Compensation (\$)	Pension Value (\$)	All Other Compensation (\$)	Total(\$)
Hok Ming Tseung	61,000	-	-	-	-	-	61,000
Tingan Liu	62,000	-	-	-	-	-	62,000
Haotian Li	62,000	-	-	-	-	-	62,000
Raymond S. Fong	68,000	-	-	-	-	-	68,000
Wazir C. (Mike) Seth	82,000	-	-	-	-	-	82,000
Gregory G. Turnbull	67,000	-	-	-	-	-	67,000
Robert J. Herdman	92,000	-	-	-	-	-	92,000
Gerald F. Stevenson	84,000	-	-	-	-	-	84,000

Notes:

- (1) Compensation for Michael J. Hibberd and Songning Shen is disclosed under the Summary Compensation Table above.
- (2) Share based and option based awards are valued at the “call option value” using the Black Scholes model. All values are calculated based on International Financial Reporting Standards.

Narrative Discussion of Director Compensation to December 31, 2013

The Corporation’s non-executive directors do not have service contracts with respect to their roles as directors. All directors are reimbursed for reasonable expenses incurred by them in their capacity as directors, including travel and other out of pocket expenses incurred in connection with meetings of the Board or its committees. The Corporation pays its directors \$40,000 per year as an annual retainer and a \$1,000 per meeting fee. An additional \$20,000 retainer is paid to each Co-Chairman of the Board annually, and \$10,000 is paid to the chair of the Audit Committee and \$5,000 is paid to chairs of all other committees of the Board on an annual basis. The Corporation has not in the past incurred any large amounts in this area. In addition, the directors are entitled to participate in the Post IPO Share Option Scheme. Director compensation has been reviewed during 2013.

Director Share Compensation Arrangement

The Corporation is seeking to implement a Director Share Compensation Arrangement. The directors and Co-Chairmen will hold an increasing number of Shares of the Corporation pursuant to the operation of the Director Share Compensation Arrangement, which the Board believes will align the interests of the directors and Co-Chairmen to those of the Corporation and the Shareholders as a whole.

A description of the Director Share Compensation Arrangement is set forth in Schedule E attached hereto.

Outstanding Share Based Awards and Option Based Awards

The following table sets forth for each non-executive director, the option based awards and the share based awards that were outstanding as at December 31, 2013. The number of securities underlying unexercised options has been adjusted to reflect the 20 for 1 share split effected February 10, 2012. As a result, the option exercise price has been divided by 20 and rounded to the nearest \$0.01.

Name	Option-based Awards ⁽¹⁾				Share-based Awards		
	Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Value of Unexercised in-the-money Options (\$) ⁽¹⁾	Number of Shares or Units of Shares That Have Not Vested (#)	Market or Payout Value of Share-Based Awards That Have Not Vested (\$)	Market or Payout of Vested Share-based Awards Not Paid Out or Distributed (\$)
Hok Ming Tseung	150,000	0.64	Jul 10, 2017	-	-	Nil	-
	120,000	0.38	Dec 10, 2017	-	-	Nil	-
	240,000	0.80	Dec 10, 2017	-	-	Nil	-
	1,000,000	0.28	Mar 2, 2015	-	-	Nil	-
Tingan Liu	-	-	-	-	-	Nil	-
Haotian Li	150,000	0.64	Jul 10, 2017	-	-	Nil	-
	120,000	0.38	Dec 10, 2017	-	-	Nil	-
	240,000	0.80	Dec 10, 2017	-	-	Nil	-
	1,000,000	0.48	Feb 17, 2016	-	-	Nil	-
Raymond S. Fong	150,000	0.64	Jul 10, 2017	-	-	Nil	-
	120,000	0.38	Dec 10, 2017	-	-	Nil	-
	240,000	0.80	Dec 10, 2017	-	-	Nil	-
	400,000	0.28	Mar 2, 2015	-	-	Nil	-
Wazir C. (Mike) Seth	150,000	0.64	Jul 10, 2017	-	-	Nil	-
	120,000	0.38	Dec 10, 2017	-	-	Nil	-
	240,000	0.80	Dec 10, 2017	-	-	Nil	-
	400,000	0.28	Mar 2, 2015	-	-	Nil	-
Gregory G. Turnbull	150,000	0.64	Jul 10, 2017	2,500	-	Nil	-
	120,000	0.38	Dec 10, 2017	-	-	Nil	-
	240,000	0.80	Dec 10, 2017	-	-	Nil	-
	400,000	0.28	Mar 2, 2015	-	-	Nil	-
	100,000	0.20	May 31, 2014	-	-	Nil	-
Robert J. Herdman	150,000	0.64	Jul 10, 2017	-	-	Nil	-
	120,000	0.38	Dec 10, 2017	-	-	Nil	-
	240,000	0.80	Dec 10, 2017	-	-	Nil	-
	1,000,000	0.48	Jul 14, 2016	-	-	Nil	-
Gerald F. Stevenson	150,000	0.64	Jul 10, 2017	-	-	Nil	-
	120,000	0.38	Dec 10, 2017	-	-	Nil	-
	240,000	0.80	Dec 10, 2017	-	-	Nil	-
	1,000,000	0.48	Jul 14, 2016	-	-	Nil	-

Notes:

- (1) The value of both the vested and unvested unexercised in the money options at December 31, 2013, is based on a closing price at December 31, 2013, on the TSX of CAD \$0.23 which is the equivalent closing value on the same date on the Stock Exchange of Hong Kong of HK \$1.70 at the Bank of Canada December 31, 2013 exchange rate of 7.2902.

Incentive Plan Awards – Value Vested or Earned During the Year

The following table sets forth for each non-executive director, the incentive plan awards that were earned during the year ended December 31, 2013.

<u>Name</u>	<u>Option based awards – Value vested during the year (\$)</u>	<u>Share based awards – Value vested during the year (\$)⁽¹⁾</u>	<u>Non-equity incentive plan compensation – Value earned during the year (\$)</u>
Hok Ming Tseung	Nil	1,822,500	Nil
Tingan Liu	Nil	Nil	Nil
Haotian Li	Nil	Nil	Nil
Raymond S. Fong	Nil	Nil	Nil
Wazir C. (Mike) Seth	Nil	Nil	Nil
Gregory G. Turnbull	Nil	72,900	Nil
Robert J. Herdman	Nil	Nil	Nil
Gerald F. Stevenson	Nil	Nil	Nil

Notes:

- (1) The amount of Class G Shares and Class H Shares that were entitled to convert to common shares on the basis of one Class G Share or Class H Share (as applicable) for one Share as at December 31, 2013. The value represents the entitled conversion amount multiplied by the share price on December 31, 2013. The amounts above were actually converted on December 31, 2013. Details of the escalating conversion schedule are noted in the 2013 audited financial statements.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

Equity Compensation Plan Information

The following table sets forth information, as at December 31, 2013, with respect to compensation plans under which equity securities are authorized for issuance, aggregated for all equity compensation plans. The number of shares to be issued upon exercise of outstanding options has been adjusted to reflect the 20 for 1 share split effective as of February 10, 2012.

<u>Plan Category</u>	<u>Number of Shares to be Issued Upon Exercise of Outstanding Options</u>	<u>Weighted Average Exercise Price of Outstanding Options</u>	<u>Number of Shares Remaining Available for Future Issuance Under Equity Compensation Plans⁽¹⁾⁽²⁾</u>
Equity compensation plans approved by Shareholders	135,145,593 ⁽³⁾	\$0.43	44,891,456
Equity compensation plans not approved by Shareholders	-	-	-
Total	135,145,593⁽³⁾	\$0.43	44,891,456

Notes:

- (1) Note the amount of shares remaining for future issuance is calculated by taking 10% of the Class “A” common shares outstanding at the date the Shares became listed on SEHK, less the number of options outstanding on December 31, 2012. The amount is further reduced by the amount of options exercised in the year of 2013.
- (2) The total number of Shares issuable on December 31, 2013 was 4.41% of the issued and outstanding Shares as at that date.
- (3) As at the Latest Practicable Date, the number of Shares underlying options granted is 127,037,592 (representing 3.91% of the issued and outstanding shares as at that date), being comprised of 54,211,906 Shares underlying options granted pursuant to the Post IPO Share Option Scheme (representing 1.67% of the issued and outstanding Shares as at the Latest Practicable Date) and 72,825,686 Shares underlying options granted pursuant to the Pre IPO Plan (representing 2.24% of the issued and outstanding Shares as at the Latest Practicable Date).

Narrative Discussion of Equity Compensation Plan Information

A description of the key features of the Corporation's Post-IPO Share Option Scheme is set forth in Schedule D attached hereto.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

As at the date of this Circular and during the most recently completed financial year, none of the Corporation's current and former directors, executive officers or employees set out in this Circular, nor any of their respective associates or affiliates, are indebted to the Corporation or any of its subsidiaries.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

To best of the knowledge of the Corporation's management, none of Sunshine's directors or executive officers, nor any person who beneficially owns directly or indirectly or exercises control or direction over securities carrying more than 10% of the voting rights attaching to the shares in the capital of the Corporation, nor any known associate or affiliate of these persons had any material interest, direct or indirect in any transaction since the commencement of the Corporation's most recently completed financial year which has materially affected the Corporation, or in any proposed transaction which has materially affected or would materially affect the Corporation or any of its subsidiaries.

CORPORATE GOVERNANCE DISCLOSURE

Effective June 30, 2005, National Instrument 58-101 - *Disclosure of Corporate Governance Practices* ("NI 58-101") and National Policy 58-201 - *Corporate Governance Guidelines* ("NP 58-201") were adopted in each of the provinces and territories of Canada. NI 58-101 requires issuers to disclose the corporate governance practices that they have adopted. NP 58-201 provides guidance on corporate governance practices. The Corporation is also subject to National Instrument 52-110, which has been adopted in each of the Canadian provinces and territories and which prescribes certain requirements in relation to audit committees.

The Board and the Corporation's management are committed to good corporate governance and consider good corporate governance to be central to the effective and efficient operation of the Corporation. The Corporation believes that good corporate governance helps it to compete more efficiently, be more successful and sustain its success and ultimately build long term shareholder value. The Board is responsible for the governance of the Corporation. Below is a discussion of the Corporation's approach to corporate governance.

Independence of Members of the Board

NI 58-101 and NP 58-201 emphasize the importance of the constitution and independence of corporate boards. An "independent" director, under these instruments and policies, is a director who has no direct or indirect material relationship with the Corporation. For these purposes, a material relationship means a relationship which could, in the view of the Board, reasonably interfere with the exercise of a member's independent judgement. Notwithstanding the foregoing, certain individuals are deemed by the applicable legislation to be considered to have a material relationship with the Corporation. The Board has concluded that six of the Corporation's 10 existing directors are not independent directors as provided in the table below:

<u>Name of Director</u>	<u>Independent</u>	<u>Not Independent</u>	<u>Reason For Non-Independent Status</u>
Michael J. Hibberd		✓	Mr. Hibberd is Executive Co-Chairman of the Board
Songning Shen		✓	Mr. Shen is Executive Co-Chairman of the Board
Hok Ming Tseung		✓	Mr. Hok Ming Tseung directly owns a substantial number of Shares of the Corporation. Mr. Hok Ming Tseung directly and indirectly holds an 82% interest in Orient International Resources Group Limited, which itself directly owns 266,666,640 shares in the Corporation. In addition, Mr. Hok Ming Tseung directly holds a 100% interest in Orient Financial Holdings Limited, which itself directly owns 13,566,395 shares in the Corporation.
Gregory G. Turnbull		✓	Mr. Turnbull acts as a partner of the law firm McCarthy Tétrault LLP, which acts as legal counsel to the Corporation.
Tingan Liu	✓		
Haotian Li	✓		
Raymond S. Fong	✓		
Robert J. Herdman	✓		
Wazir C. (Mike) Seth	✓		
Gerald F. Stevenson	✓		

Participation of Directors in Other Reporting Issuers

<u>Name of Director</u>	<u>Name of Other Reporting Issuer</u>	<u>Listing</u>
Michael J. Hibberd	Heritage Oil plc Heritage Oil Corporation Canacol Energy Ltd. Greenfields Petroleum Corporation Montana Exploration Corp. Pan Orient Energy Corp. PetroFrontier Corp.	London Stock Exchange Toronto Stock Exchange, London Stock Exchange Toronto Stock Exchange, Colombia Stock Exchange TSX Venture Exchange TSX Venture Exchange TSX Venture Exchange TSX Venture Exchange
Gregory G. Turnbull	Crescent Point Energy Corp. Heritage Oil plc Heritage Oil Corporation Hyperion Exploration Corp. Marquee Energy Ltd. Storm Resources Ltd.	Toronto Stock Exchange, New York Stock Exchange London Stock Exchange Toronto Stock Exchange, London Stock Exchange TSX Venture Exchange TSX Venture Exchange TSX Venture Exchange
Raymond S. Fong	China Coal Corporation	TSX Venture Exchange
Robert J. Herdman	Black Diamond Limited Chinook Energy Inc. Blackline GPS Corp.	Toronto Stock Exchange Toronto Stock Exchange TSX Venture Exchange
Wazir C. (Mike) Seth	Enerplus Corporation Connacher Oil and Gas Limited Corridor Resources Inc. Lateral Capital Corporation	Toronto Stock Exchange, New York Stock Exchange Toronto Stock Exchange Toronto Stock Exchange TSX Venture Exchange
Hok Ming Tseung	Dongwu Cement International Ltd. Jiangsu Xinmin Textile Science & Technology Co., Ltd.	HKEx Shenzhen Stock Exchange

The independent directors of the Corporation do not hold regularly scheduled meetings at which non-independent directors and members of management are not in attendance. To facilitate open and candid discussion among the independent directors, the Board holds in camera sessions at Board meetings without the presence of management or those directors who are executives. The independent directors may in the future consider holding regularly scheduled meetings at which non-independent directors and members of management are not in attendance.

The co-chairmen of the Board are non-independent directors. To provide leadership for the independent directors, each of the Corporate Governance Committee, Compensation Committee, Reserves Committee and Audit Committee is comprised of a majority of independent directors and each is chaired by an independent director. The ability to establish ad hoc committees comprised of a majority, or entirely, of independent directors provides the Board with the further ability to exercise independent oversight of management, and the chair of each such ad hoc committee provides leadership for such committee.

Board and Committee Meetings and Meeting Attendance

The following is a summary of attendance of the directors at meetings of the Board and its committees for the year ended December 31, 2013:

Name of Director	Board of Directors	Audit Committee	Corporate Governance Committee	Compensation Committee	Reserves Committee
Michael J. Hibberd	22/22	-	1/1	-	-
Songning Shen	22/22	-	-	-	1/1
Hok Ming Tseung	18/22	-	-	1/1	-
Tingan Liu	19/22	1/1	1/1	-	-
Haotian Li	22/22	-	1/1	-	-
Gregory G. Turnbull	22/22	-	-	1/1	-
Raymond S. Fong	22/22	-	1/1	1/1	1/1
Robert J. Herdman	22/22	4/4	1/1	1/1	-
Wazir C. (Mike) Seth	21/22	4/4	1/1	-	1/1
Gerald F. Stevenson	22/22	4/4	1/1	1/1	1/1

Board Mandate

The Board is generally responsible for managing the business and affairs of the Corporation. The primary responsibility of the Board is to promote the best interests of the Corporation and maximize Shareholders' value. This responsibility includes: (i) approving annual capital expenditure budgets and general and administrative expense budgets and reviewing fundamental operating, financial and other corporate plans, strategies and objectives; (ii) outlining key operating parameters including debt levels and ratios; (iii) evaluating the performance of the Corporation and executive officers; (iv) determining, evaluating and fixing the compensation of executive officers; (v) adopting policies of corporate governance and conduct; (vi) considering risk management matters; (vii) reviewing the process of providing appropriate financial and operational information to Shareholders and the public generally; and (viii) evaluating the overall effectiveness of the Board.

The Board explicitly acknowledges its responsibility for the stewardship of the Corporation. The Board reviews with management matters of strategic planning, business risk identification, succession planning,

communications policy and integrity of internal control and management information systems. The Board fulfils its responsibilities through regular meetings. It meets a minimum of four (4) times per year. In addition, the Board meets at such other times as may be required.

Position Descriptions

The Board has developed written position descriptions for its Co-Chairs and the Chairs of the Corporation's various committees. The Board has also developed written terms of reference for each of the Corporation's committees.

The Board has developed a written position description for the President and Chief Executive Officer of the Corporation.

Orientation and Continuing Education

The Board orients new directors of the Corporation by holding training sessions to review the Corporation's constating documents, its board mandate, the terms of references for each of the Corporation's Committees, and provides an overview of the Corporation's technical operations. The Board also makes arrangements to introduce all new directors to the Corporation's senior management. Senior management provides each new director with a general overview of the Corporation's financial, corporate and internal operations and control structures. From time to time, the Board uses the expertise of its Canadian and Hong Kong legal counsel, to provide continuing education to its directors regarding applicable statutory, regulatory and other compliance requirements to which the Corporation is subject.

Ethical Business Conduct

The Board has approved and adopted a written corporate code of conduct (the "Code") for its directors, officers and employees. The Code is posted on the Corporation's intranet and is easily accessible by all directors, officers and employees of the Corporation. The Corporation mandates that each and every director, officer and employee of the Corporation review and sign the Code, thereby consenting to abide by it. Strict compliance with the Code is monitored by the executive directors and, from time to time, by the Corporation's Canadian and Hong Kong legal counsel.

The Board ensures that each director exercises independent judgment in all transactions and agreements by encouraging directors to seek independent legal counsel as and when necessary. Each director is asked at each board and committee meetings if they have any material interest to disclose, and if there exists any material interest, such director(s) abstains from voting on the transaction and/or agreement in which such director(s) has a material interest.

Nomination of Directors

The Corporate Governance Committee is responsible for recruiting and recommending to the full Board nominees for election as directors. The goal of the Corporate Governance Committee is to achieve a Board that provides effective oversight of the Corporation through the appropriate diversity of experience, expertise, skills, specialized knowledge and other qualifications and attributes of the individual directors. Important general criteria for Board membership include, but are not limited to, the following:

- (a) members of the Board should be individuals of high integrity and independence, with substantial accomplishments, and should have prior or current associations with institutions noted for their excellence;

- (b) members of the Board should have demonstrated leadership ability, with broad experience, diverse perspectives, and the ability to exercise sound business judgment; and
- (c) the composition of the Board should reflect the benefits of diversity as to gender, ethnic background and experience.

The Corporate Governance Committee is comprised of a majority of independent directors and the Chair of the Corporate Governance Committee is an independent director. The Corporate Governance Committee has adopted a written terms of reference which describes the committee's responsibilities, powers and operations.

Election of Directors

Effective March 26, 2013, the Board passed a policy which provides that, in the event that a director candidate is elected but receives more votes withheld than cast in favour of the director at the meeting appointing directors, he or she is expected to submit a letter of resignation within seven (7) days. Within 90 days of the voting results, the Board shall consider the circumstances of such vote, the particular attributes of the director candidate including his or her knowledge, experience and contribution at Board meetings and determine whether to accept or reject the resignation and will issue a press release announcing the resignation or explain the reasons justifying its decision not to accept the resignation.

Assessments

The Corporate Governance Committee is responsible for assessing the performance of the Board and its Chair, the Board committees and individual directors on an ongoing basis. Directors are encouraged to comment broadly, positively and negatively, on any issue concerning the Board, Board committees and director performance. From time to time, the Co Chairmen of the Board meet informally with each director, to discuss performance of the Board, Board committees and other issues.

Committees of the Corporation

Corporate Governance Committee

The Corporation established a corporate governance committee (the "**Corporate Governance Committee**") to deal with nomination and corporate governance issues, with written terms of reference. These terms of reference can be accessed at the Corporation's website at www.sunshineoilsands.com/about/committee-charters.html.

The primary functions of the Corporate Governance Committee in respect of nominations include, but are not limited to:

- (a) making recommendations to the Board on relevant matters relating to the appointment or re-appointment of directors and succession planning for directors, in particular the chairman and the chief executive officer; and
- (b) assessing the independence of independent non-executive directors.

Further, the Corporate Governance Committee has certain duties in respect of other corporate governance matters, including:

- (a) to consider and review the Corporation's corporate governance principles, practices and processes and to make recommendations to the Board;
- (b) to review and monitor the training and continuous professional development of directors and senior management; and
- (c) to review the Corporation's compliance with the Code on Corporate Governance.

The Corporate Governance Committee meets at least once annually.

The current members of the Corporate Governance Committee are Mr. Stevenson, who is the chairman, and Messrs. Hibberd, Fong, Seth, Herdman, Turnbull, Li and Liu.

Compensation Committee

The Corporation has established a remuneration committee (known as and referred to herein as the "**Compensation Committee**") with written terms of reference. These terms of reference can be accessed at the Corporation's website at www.sunshineoilsands.com/about/committee-charters.html.

The current members of the Compensation Committee are Mr. Herdman, who is the chairman, and Messrs. Tseung, Turnbull and Fong.

The primary duties of the Compensation Committee are to review and make recommendations to the Board in respect of the compensation of the directors, officers and employees of the Corporation. The Compensation Committee also reviews compensation and other human resource philosophies and policies and undertakes the review of bonuses, stock options and share purchase plan(s) (if any). Further, the Compensation Committee submits an annual report for inclusion in the Corporation's relevant public documents. The Compensation Committee meets at least twice annually.

Reserves Committee

The Corporation has established a reserves committee (the "**Reserves Committee**") which has the primary responsibility for reviewing procedures relating to the disclosure of information with respect to oil and gas activities, including reviewing its procedures for complying with its disclosure requirements and restrictions set forth under applicable securities requirements. These terms of reference of the Reserves Committee can be accessed at the Corporation's website at www.sunshineoilsands.com/about/committee-charters.html.

Specifically, the Reserves Committee's responsibilities include, but are not limited to:

- (a) reviewing and approving management's recommendations for the appointment of independent evaluators;
- (b) reviewing procedures for providing information to the independent evaluators;
- (c) meeting with management and the independent evaluators to review the reserves data and reports;

- (d) recommending to the Board whether to approve the content of the independent evaluators' reports; and
- (e) reviewing procedures for reporting on other information associated with oil sands producing activities and generally reviewing all public disclosure of estimates of reserves.

The Reserves Committee is comprised of four members of the Board, who must each meet certain independence criteria as set out by the Board in the committee's written terms of reference. The Reserves Committee meets at least once annually. The Reserves Committee is currently comprised of Mr. Seth, who is the chairman, and Messrs. Shen, Stevenson and Fong.

Audit Committee

The Corporation has established an audit committee (the "**Audit Committee**"). The purpose of the Audit Committee is to provide assistance to the Board in fulfilling its legal fiduciary obligations with respect to matters involving the accounting, auditing, financial reporting, internal control and legal compliance functions of the Corporation. The Audit Committee has a defined mandate and is responsible for reviewing and overseeing the external audit function, recommending the external auditor and the terms of such appointment or discharge, reviewing external auditor reports and significant findings and reviewing and recommending for approval to the Board all public financial disclosure information such as financial statements, management's discussion and analysis, AIFs and prospectuses. The Audit Committee also pre approves all non-audit services to be conducted by the external auditors and ensures that management has effective internal control systems, investigates any recommendations for improvement of internal controls and meets at least annually with the Corporation's external auditors without management present and at least quarterly with management present. Sunshine does not have internal auditors and, given the size of the Corporation, Sunshine considers this to be practical and appropriate. The Audit Committee convenes at least quarterly with the Corporation's auditors and management and as circumstances otherwise warrant.

Further information with respect to the Corporation's Audit Committee is set forth in the Corporation's annual information form for the year ended December 31, 2013 dated March 26, 2014.

Independent Committee

The Corporation has established an independent committee (the "**Independent Committee**") for the purposes of overseeing the Corporation's ongoing strategic alternatives review process, under which the Corporation will identify, examine and consider a range of strategic alternatives available to this Corporation with a view to progressing the Corporation's oil sands development strategy and to preserving and maximizing shareholder value. The Independent Committee is comprised of Mr. Stevenson, who is the Chairman, and Messrs. Herdman and Seth.

RECOMMENDATION

The directors consider that the election of directors for the ensuing year, the appointment of auditors, the proposed "refresh" of the Post IPO Share Option Scheme, the proposed issuances of Shares and Share issuance mandates to directors and the Co-Chairmen under the Director Share Compensation Arrangement, and the Share Repurchase Mandate are all in the best interests of the Corporation and its Shareholders as a whole. Accordingly, the directors recommend all Shareholders to vote in favour of all the resolutions to be proposed at the Meeting.

ADDITIONAL INFORMATION

Additional financial information is provided for in our financial statements and management's discussion and analysis for the year ended December 31, 2013. Documents affecting the rights of security holders, along with other information relating to the Corporation, may be found on the Corporation's website at www.sunshineoilsands.com.

RESPONSIBILITY STATEMENT

This Circular, for which the directors of the Corporation collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Corporation. The directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this Circular is accurate and complete in all material respects and is not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this document misleading.

DIRECTORS' APPROVAL

The contents and the sending of this Circular have been approved by the Board.

(signed) "Songning Shen"

Songning Shen
Co-Chairman

(signed) "Michael John Hibberd"

Michael J. Hibberd
Co-Chairman

DATED at Calgary, Alberta, this 16 day of May, 2014.

SCHEDULE A
DESCRIPTION OF DIRECTOR SHARE COMPENSATION ARRANGEMENT

The Corporation proposes to establish a share compensation arrangement (the “**Director Share Compensation Arrangement**”) under which, as from October 1, 2013, the Corporation shall, subject to the Corporation’s discretion to reduce the number of Shares issuable under the Director Share Compensation Arrangement (as more specifically described below), pay fees to its directors as described below through the issuance of Shares (the “**Share Compensation**”).

It is proposed as part of the Director Share Compensation Arrangement that the Corporation pay 50% of the Base Retainer Fees (as defined below) to the directors of the Corporation in the form of Share Compensation.

It is separately proposed that the Corporation, as part of the Director Share Compensation Arrangement, pay 50% of the Base Co-Chairman Fees (as defined below) to the Co-Chairmen in the form of Share Compensation.

Date of the Transaction

The Corporation will enter into contracts with all directors of the Corporation in respect of the Director Share Compensation Arrangement on June 11, 2014, subject to approval of the Director Share Compensation Arrangement at the Meeting.

Reasons and Benefit of the Director Share Compensation Arrangement

The directors and Co-Chairmen will hold an increasing number of Shares of the Corporation pursuant to the operation of the Director Share Compensation Arrangement, which the Board believes will further align the interests of the directors and Co-Chairmen to those of the Corporation and the Shareholders as a whole. Given that (i) the Shares issuable at the Director Share Compensation Arrangement are priced at the fair market value at the Due Date in accordance with the terms of the Director Share Compensation Arrangement as described more specifically under the heading “*Calculation Mechanism*” below; (ii) such issuance of Shares are in nature payment in lieu of part of directors’ and Co-Chairmen’s cash remuneration as consideration for the services they render to the Corporation in accordance with the compensation arrangements the Corporation has with the directors and Co-Chairmen; (iii) such issuance of shares will not increase the directors’ entitlement to their Base Retainer Fees and, where applicable, Base Co-Chairman Fees, payable at the relevant Due Date; (iv) such arrangement will further align the interests of the directors with that of the Corporation and provide more incentives to the directors and Co-Chairmen to promote the development and success of the Corporation; and (v) such arrangement saves the cash expenditure of the Corporation and improves its cash flow; the Board believes that the Director Share Compensation Arrangement is on normal commercial terms, is in the ordinary and usual course of business of the Corporation, is fair and reasonable and is in the best interests of the Corporation and its Shareholders as a whole.

Participants

All directors of the Corporation as at the date of this Circular other than the Co-Chairmen and Mr. Jimmy Hu (if and when elected to be a director at the Meeting) will participate equally in the Director Share Compensation Arrangement with respect to the Base Retainer Fees. The Co-Chairmen will be eligible to participate both in respect of the Base Retainer Fees they earn and in respect of the Base Co-Chairman Fees they earn.

Arrangement

The directors of the Corporation each receive annual retainer fees in the amount of \$40,000 (the “**Base Retainer Fees**”), certain additional retainer fees, where applicable, for serving in certain other chair and committee chair positions, and per-meeting fees, all as described in the Circular under the heading “*Statement of Executive Compensation – Narrative Discussion of Director Compensation to December 31, 2013*”. It is only proposed that Share Compensation be paid to each director in respect of 50% of the Base Retainer Fees earned by such director.

Additionally, the Co-Chairmen each receive annual base service fees under their month-to-month advisory services contracts in the amount of \$37,500 per month (the “**Base Co-Chairman Fees**”). It is proposed that Share Compensation be paid in respect of 50% of the Base Co-Chairman Fees earned by such Co-Chairman.

Subject to the Corporation’s discretion to reduce the number of Shares issuable under the Director Share Compensation Arrangement (as more particularly described below), the Share Compensation shall be payable as follows:

- (a) for all directors, for the period from October 1, 2013 to June 30, 2014, on the later of: (i) the date that is seven clear trading days following the Meeting; (ii) the date that is seven clear trading days following the day on which the Corporation’s current blackout period is lifted; or (iii) in the event the Corporation possesses any inside information, the date that is seven clear trading days following the day on which the Corporation publishes the announcement regarding the inside information
- (b) for the Co-Chairmen, for the period from April 1, 2014 to June 30, 2014, on the later of: (i) the date that is seven clear trading days following the Meeting; (ii) the date that is seven clear trading days following the day on which the Corporation’s current blackout period is lifted; or (iii) in the event the Corporation possesses any inside information, the date that is seven clear trading days following the day on which the Corporation publishes the announcement regarding the inside information; and
- (c) for the Base Retainer Fees in respect of all directors and for the Base Co-Chairman Fees in respect of each Co-Chairman, for each financial quarter thereafter, on the later of (i) the date that is seven clear trading days following the day on which the Corporation publishes the interim financial report in respect of such quarter (or where such quarter is the last quarter of a financial year, the day on which the Corporation publishes the annual financial statements in respect of such financial year); or (ii) in the event the Corporation possesses any inside information, the date that is seven clear trading days following the day on which the Corporation publishes the announcement regarding the inside information.

(the day described in paragraph (a) and (b) above and each applicable day described in paragraph (c) above each being a “**Due Date**”).

Calculation Mechanism

The number of Shares issuable as the Share Compensation will be calculated by the following formula:

$$A = B / C$$

Where:

- A** is the total Shares issuable on the Due Date when the Share Compensation paid on a quarterly basis becomes due;
- B** is the sum total of Base Retainer Fees and Base Co-Chairman Fees, where applicable, earned to the end of the financial quarter immediately preceding the Due Date; and
- C** is the price per Share at the fair market value, which,
- (i) where the Due Date falls within a blackout period, shall be the higher of
- the trading day's closing price of the Shares as stated in the daily quotations sheets issued by the SEHK or the TSX (whichever is higher) on the seventh clear trading day following the day on which the blackout period expires (the "**Extension Date**");
 - the volume weighted average trading price of the Shares on the SEHK or the TSX (whichever is higher) for the five trading days immediately preceding the Extension Date; and
 - the average closing price of the Shares as stated in the daily quotation sheets issued by the SEHK or the TSX (whichever is higher) for the five trading days immediately preceding the Extension Date; or
- (ii) otherwise, shall be the higher of:
- the trading day's closing price of the Shares as stated in the daily quotations sheets issued by the SEHK or the TSX (whichever is higher) on the applicable Due Date;
 - the volume weighted average trading price of the Shares on the SEHK or the TSX (whichever is higher) for the five trading days immediately preceding the applicable Due Date; and
 - the average closing price of the Shares as stated in the daily quotation sheets issued by the SEHK or the TSX (whichever is higher) for the five trading days immediately preceding the applicable Due Date,

which price, for convenience, will be expressed in or converted to Canadian dollars at the Bank of Canada noon Hong Kong dollar – Canadian dollar exchange rate in effect on that date.

Conditions Precedent

The Director Share Compensation Arrangement shall not take effect unless and until the Corporation obtains the following approvals:

- the prior approval of the SEHK;
- the prior approval of the TSX; and
- the approval of the Shareholders at the Meeting;

and, thereafter, shall expire at the end of each successive annual meeting of Shareholders unless reconfirmed with the approval of the Shareholders at such meeting.

For greater certainty, if the Shareholders do not approve the Director Share Compensation Arrangement at an annual meeting of Shareholders, the directors of the Corporation shall still be entitled to the Base Retainer Fees and the Co-Chairmen shall still be entitled to the Base Co-Chairman Fees, but thereafter the Corporation will pay 100% of the Base Retainer Fees and Base Co-Chairman Fees in cash.

Issuance Thresholds

The total value of the Shares issued under the Director Share Compensation Arrangement in any financial year shall not exceed 50% of the total Base Retainer Fees and Base Co-Chairman Fees of that year. Due to the fluctuation of the price of the Shares, it is not possible to predict the number of Shares that would actually be issued under the Director Share Compensation Arrangement in any given year.

The number of Shares that may be issued under the Director Share Compensation Arrangement, together with all Shares reserved and allotted for issuance under any other security based compensation arrangements of Sunshine (including the Pre IPO Plan, Post IPO Share Option Scheme and ESSP), within any 12-month period cannot exceed 10% of the total issued and outstanding Shares of the Corporation from time to time on a non-diluted basis (“**Share Compensation Limit**”).

The number of Shares issuable to “insiders” (as defined in the TSX Company Manual) of Sunshine under the Director Share Compensation Arrangement, together with any other security based compensation arrangements of Sunshine (including the Pre IPO Plan, Post IPO Share Option Scheme and ESSP), within any 12-month period and at any time cannot exceed 10% of the issued and outstanding Shares of the Corporation on a non-diluted basis (“**Insider Participation Limit**”).

Maximum Number of Shares

The Corporation intends to reserve for issuance a fixed maximum of 8,000,000 Shares for payment as Share Compensation in respect of Base Retainer Fees and Base Co-Chairman fees for the directors and Co-Chairmen of the Corporation earned from October 1, 2013 until the expiry or renewal of the Director Share Compensation Arrangement at the next annual meeting of Shareholders (the “**Fixed Maximum**”).

The Fixed Maximum represents 0.25% of the outstanding Shares as at the Latest Practicable Date, and was determined by reference to the aggregate amount of the Base Retainer Fees and Base Co-Chairman Fees which are payable from October 1, 2013 to June 30, 2014 and from July 1, 2014 to June 30, 2015, respectively, and assuming the closing price of the Shares on the TSX as at the Latest Practicable Date.

Estimated Number of Shares

The closing price of the Shares on the TSX as at the Latest Practicable date was \$0.14. Assuming: (i) the approval by Shareholders of the issuance of Share Compensation in respect of Base Retainer Fees and Base Co-Chairman Fees for all periods; (ii) that the next annual meeting of shareholders is held in the second financial quarter of 2015; and (iii) that the fair market value of the Shares on the applicable payment date is \$0.14 per Share; the following table sets forth the estimated total number of Shares issuable to the directors as Share Compensation under the Director Share Compensation Arrangement for the period from October 31, 2013 to June 30, 2015:

Name of Director	Estimated number of Shares issued for Base Retainer Fees and Base Co-Chairman Fees from October 1, 2013 to June 30, 2014 (at estimated price per Share of \$0.14⁽²⁾)	Estimated number of Shares issued for Base Retainer Fees and Base Co-Chairman Fees from July 1, 2014 to June 30, 2015 (at estimated price per Share of \$0.14⁽²⁾)	Total estimated number of Shares issued from October 1, 2013 to June 30, 2015	Percentage total estimated number of Shares represents of issued and outstanding Shares at Latest Practicable Date
Michael J. Hibberd	508,929	1,750,000	2,258,929	0.070%
Songning Shen	508,929	1,750,000	2,258,929	0.070%
Hok Ming Tseung	107,143	142,857	250,000	0.007%
Tingan Liu	107,143	142,857	250,000	0.007%
Haotian Li	107,143	142,857	250,000	0.007%
Gregory G. Turnbull	107,143	142,857	250,000	0.007%
Raymond S. Fong	107,143	142,857	250,000	0.007%
Robert J. Herdman	107,143	142,857	250,000	0.007%
Wazir C. (Mike) Seth	107,143	142,857	250,000	0.007%
Gerald F. Stevenson	107,143	142,857	250,000	0.007%
Jimmy Hu ⁽¹⁾	-	142,857	142,857	0.004%
TOTAL	1,875,002	4,785,713	6,660,715	0.205%

Notes:

- (1) Assuming Mr. Hu is elected as a director at the Meeting.
(2) Please refer to the paragraph entitled "Calculation Mechanism" in Schedule A for details of the calculation mechanism.

Effects on the Shareholdings of Substantial Shareholders

The table below set outs the number of Share held by, and the shareholdings of, the substantial Shareholders as at the Latest Practicable Date and the date immediately following the completion of the issuance of the fixed maximum of 8,000,000 Shares. For the purpose of illustration, we have made the following assumptions in the table below: (i) the fixed maximum of 8,000,000 Shares will be issued to the directors and the Co-Chairmen in a single tranche; (ii) the directors and the Co-Chairman will be issued a maximum of 800,000 Shares each, (iii) no additional Shares will be issued by the Corporation between the Latest Practicable Date and the date immediately following the completion of the issuance of the fixed maximum of 8,000,000 Shares other than the fixed maximum of 8,000,000 Shares to be issued to the directors and the Co-Chairmen under the Director Share Compensation Arrangement; and (iv) each of the substantial Shareholders (other than Mr. Tseung Hok Ming, who is also a non-executive Director and will receive a maximum of 800,000 Shares under the Director Share Compensation Arrangement) will hold the same number of Shares as at the Latest Practicable Date and as at the date immediately following the completion of the issuance of the fixed maximum of 8,000,000 Shares.

Name of substantial Shareholders	As at the Latest Practicable Date	Immediately following the completion of the issuance of the fixed maximum of 8,000,000 Shares to the directors and the Co-Chairmen under the Director Share Compensation Arrangement

	Number of Shares	Approximate % of total issued Shares ⁽¹⁾	Number of Shares	Approximate % of total issued Shares ⁽¹⁾
Mr. Tseung Hok Ming	295,233,035	9.08	296,033,035	9.09
China Life Insurance (Group) Company	258,802,600	7.96	258,802,600	7.94
China Investment Corporation	239,197,500	7.36	239,197,500	7.34
Sinopec Century Bright Capital Investment Limited	239,197,500	7.36	239,197,500	7.34
Central Huijin Investment Ltd	206,611,560	6.36	206,611,560	6.34
Immediate Focus International Limited ⁽²⁾	112,000,000	3.45	112,000,000	3.44
Pyramid Valley Limited ⁽²⁾	64,000,000	1.97	64,000,000	1.96
Other Shareholders	1,834,874,009	56.46	1,842,074,009	56.54
Total	3,249,916,204	100.00	3,257,916,204	100.00

Notes:

- (1) Certain percentage figures included in this table have been subject to rounding adjustments. Accordingly, figures shown as totals may not be an arithmetic aggregation of the figures preceding them.
- (2) Mr. Xie Bing holds a 100% and 40% interest in Immediate Focus International Limited and Pyramid Valley Limited, respectively. Accordingly, Mr. Xie Bing is deemed to be interested in an aggregate of 176,000,000 Shares, representing (i) approximately 5.42% of the total issued Shares as at the Latest Practicable Date and (ii) approximately 5.40% of the total issued Shares immediately following the completion of the issuance of the fixed maximum of 8,000,000 Shares to the directors and the Co-Chairmen.

Discretion to Reduce the Shares issuable as the Share Compensation

The Compensation Committee has the sole discretion to reduce all or any of the Shares issuable as the Share Compensation to any one or more directors where any of the following events takes place, and the Corporation shall accordingly increase the portion of the Retainer Fees or Base Co-Chairman Fees payable in cash to account for the difference where:

1. the issuance of the Shares as Share Compensation will result in less than 25% of the total issued Share capital of the Corporation being held by the public in breach of Rule 8.08(1)(a) of the Listing Rules;
2. the issuance of the Shares as Share Compensation will exceed the Share Compensation Limit or the Insider Participation Limit;
3. the issuance of Shares as Share Compensation will exceed the Fixed Maximum;
4. the Shares issued as Share Compensation will result in the creation of a new “control person” (as defined in the TSX Company Manual) of the Corporation;

5. the Shares issued as Share Compensation will result in any Director becoming the controlling shareholder of the Company as defined in the Listing Rules or otherwise trigger a mandatory offer under the Takeovers Code;
6. other than the successive Shareholders' approvals to be obtained at the annual meetings of the Shareholders, the issuance of any Shares as Share Compensation would require any additional shareholders' approval under any applicable laws or any policies of the SEHK or the TSX; and
7. the issuance of any Shares as Share Compensation will otherwise result in any violation of any applicable laws or any applicable rules or policies of the SEHK or the TSX.

Such discretion will be exercised by the Compensation Committee if and when required.

In the event that the Compensation Committee exercises its discretion to reduce the number of Shares issuable as the Share Compensation where members of the Compensation Committee are also the same Directors who are affected by the Compensation Committee's decision, the Corporation does not believe there will be any conflict of interests as a result because (i) the Compensation Committee's decision will subsequently be subject to the approval of the full Board; (ii) it is the Compensation Committee's duty to decide on remuneration related matters and it is legally obliged to act in the best interests of the Corporation and its Shareholders as a whole; and (iii) conflicts in relation to remuneration matters are inherent in nature and should not become more of a concern merely because the payment of half of the remuneration is done by way of Share issuance in lieu of cash.

Recent Fund Raising Activities

The Corporation conducted the following fund raising activities through any issue of equity securities within the 12 months immediately prior to this Circular:

Date of Announcement	Event	Estimated Net Proceeds	Intended Use of Proceeds	Actual use of Proceeds as at Latest Practicable Date
December 3, 2013, December 10, 2013, January 10, 2014, January 24, 2014	Placing of 197,388,235 Shares and 144,751,372 Share purchase warrants	HK\$327,788,200	To address its short term capital requirements, corporate objectives and for general corporate purpose	Approximately HK\$327,788,200 (\$45,635,461) used as intended
January 16, 2013, January 24, 2013, February 7, 2014	Placing of 45,000,000 Shares and 33,000,000 Share purchase warrants	HK\$74,205,000	To address short term capital requirements, corporate objectives general corporate purposes	Approximately HK\$74,205,000 (\$10,497,272) used as intended

Date of Announcement	Event	Estimated Net Proceeds	Intended Use of Proceeds	Actual use of Proceeds as at Latest Practicable Date
January 24, 2013 and February 28, 2014	Placing of 45,653,958 Shares and 33,479,569 Share purchase warrants	HK\$77,611,729	To address its short term capital requirements, corporate objectives and for general corporate purposes	Approximately HK\$77,611,729 (\$11,140,000) used as intended

The Corporation applied the net proceeds from its previous financing activities to address the Corporation's short term capital requirements, corporate objectives and for general corporate purposes.

Cessation

A director of the Corporation will cease to participate in the Director Share Compensation Arrangement on the earlier of (i) the date on which such director ceases to be a director of the Corporation, (ii) the effective date of a written agreement executed by such director and the Corporation that terminates the letter agreement governing the Director Share Compensation Arrangement for such director and (iii) the third anniversary of the Meeting.

In addition, a Co-Chairman shall cease to participate in the Director Share Compensation Arrangement to the extent of the Share Compensation in respect of his Base Co-Chairman Fees on the earlier of (i) the date on which such Co-Chairman ceases to be an Executive Co-Chairman of the Corporation, (ii) the effective date of a written agreement executed by such Co-Chairman or his advisory services company and the Corporation that terminates the agreement governing the Director Share Compensation Arrangement for such Co-Chairman; (iii) the date on which the relevant director's service contracts is terminated; and (iv) the third anniversary of the Meeting.

Assignment

The benefits under the Director Share Compensation Arrangement may not be assigned by the directors or Co-Chairmen of the Corporation.

Amendments to the Arrangement

The Board may elect to amend, suspend or terminate the Director Share Compensation Arrangement at any time without participant approval, provided that the Director Share Compensation Arrangement may not be amended, suspended or terminated without first: (i) obtaining the approval of any regulatory authority or the SEHK or TSX; and (ii) obtaining the consent or deemed consent of a participant where such action materially prejudices the rights of that participant.

The Board may not amend the Director Share Compensation Arrangement without obtaining the independent Shareholders' prior approval where such amendment(s): (i) removes or exceeds the issuance thresholds described above; (ii) reduces the purchase price of Shares under the Director Share Compensation Arrangement; (iii) extends the term of the Director Share Compensation Arrangement; (iv) increases the maximum allowable issuance of Shares under the Director Share Compensation Arrangement; (v) amends the amendment provisions of the Director Share Compensation Arrangement and/or (vi) changes the material terms of the Director Share Compensation Arrangement. For avoidance

of doubt, only independent Shareholders are allowed to vote in the relevant resolution in respect of the aforesaid amendments.

Additionally, the Board may at any time, without the prior approval of the independent Shareholders, amend any term of the Director Share Compensation Arrangement, provided that: (i) it obtains the required approval of any regulatory authority or the SEHK or TSX; and (ii) it obtains the consent or deemed consent of a participant if the amendment would materially prejudice the rights of that participant under the Director Share Compensation Arrangement.

Application for the listing of the new Shares

The Corporation will apply to the SEHK and the TSX for the listing of, and permission to deal in, the new Shares issued under the Director Share Compensation Arrangement.

Ranking of new Shares to be issued

The new Shares issued under the Director Share Compensation Arrangement will rank, upon issue, *pari passu* in all respects with the Shares in issue at the time of allotment and issue of such new Shares.

Information on Sunshine

Sunshine is an Alberta-based independent energy company focused primarily on the evaluation, development and production of its portfolio of oil sands leases in the Athabasca region of north eastern Alberta.

Information of Directors

Information of Directors is set out in this Circular under the heading “*Directors – Election of Directors*”.

No Material Adverse Change

There has not been any material adverse change in the financial or trading position of Sunshine together with its subsidiaries since the date to which the latest published audited accounts of Sunshine have been made up.

Disclosure of Interest and Short Position

As of the date of this Circular, none of the directors or the Chief Executive Officer of the Corporation have any interests and short positions in the Shares, underlying Shares of the Corporation or any associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance) which (i) are required to be notified to the Corporation and the Stock Exchange pursuant to Division 7 and 8 of Part XV of the Securities and Futures Ordinance (including interests and short positions which he is taken or deemed to have under such provisions of Securities and Futures Ordinance); or (ii) are required, pursuant to section 352 of the Securities and Futures Ordinance, to be entered in the register referred to therein; or (iii) are required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies to be notified to the Corporation, the SEHK and the TSX.

Directors’ Interests in Assets As of the date of this Circular, none of the directors or proposed director has any interest in any assets which have been, since the date to which the latest published audited accounts of the Corporation were made up, acquired or disposed of by or leased to the Corporation or any

of its subsidiaries, or are proposed to be acquired or disposed of by or leased to the Corporation or any of its subsidiaries.

As of the date of this Circular, save as otherwise disclosed previously or herein, none of the director of the Corporation is materially interested in any contract or arrangement subsisting at the date of this Circular, which is significant in relation to the business of the Corporation or any of its subsidiaries.

Directors' Service Contracts

As of the date of this Circular, the directors of the Corporation have not entered into or proposed to enter into any service contracts with the Corporation or any of its subsidiaries (other than contracts expiring or determinable by the employer within one year without payment of compensation other than the statutory compensation).

Display of Contracts

Copies of the contracts to be entered by the Corporation with the Directors in respect of the Director Share Compensation Arrangement may be inspected from June 10, 2014 to June 25, 2014 at Unit 8504A, International Commerce Centre, 1 Austin Road West, Kowloon Hong Kong, Hong Kong SAR.

Hong Kong Listing Rules Implications

Since directors of the Corporation are connected persons of the Corporation pursuant to Rule 14A.11 of the Listing Rules, the allotment and issuance of the Shares under the Director Share Compensation Arrangement constitute connected transactions of the Corporation under the Listing Rules.

The allotment and issuance of Shares under the Director Share Compensation Arrangement is subject to the prior consent of the Shareholders in the general meeting pursuant to Rule 13.36 of the Listing Rules. As none of the exemptions under Chapter 14A apply, the issuance of the Shares under the Director Share Compensation Arrangement falls into the category of connected transactions described in Rule 14A.16(5) of the Listing Rules and shall be subject to the reporting, announcement and independent Shareholders' approval requirements pursuant to Rule 14A.17 of the Listing Rules, and shall be subject to the requirements in respect of the establishment of an independent board committee and the appointment of an independent financial adviser pursuant to Rule 14A.21, Rule 13.39(6) and Rule 13.39(7) of the Listing Rules.

Independent Board Committee

As all independent non-executive directors have a material interest in the Director Share Compensation Arrangement, no independent board committee can be formed pursuant to Rule 14A.58 of the Listing Rules.

Recommendation of Investec Capital Asia Limited as Independent Financial Advisor

The recommendation of Investec Capital Asia Limited as independent financial advisor to the independent Shareholders is set forth at Schedule B of this Circular.

SCHEDULE B
LETTER FROM THE INDEPENDENT FINANCIAL ADVISOR

The following is the text of the letter of advice from Investec Capital Asia Limited to the Independent Committee and the Independent Shareholders in relation to the Refreshment of General Mandate prepared for inclusion in this circular.



Investec Capital Asia Ltd

Room 3609, 36/F, Two International Finance Centre

8 Finance Street, Central, Hong Kong

香港中環金融街 8 號國際金融中心二期 36 樓 3609 室

16 May 2014

To the Independent Shareholders of Sunshine Oilsands Limited

Dear Sirs,

**PROPOSED ISSUANCES OF SHARES AND SHARE ISSUANCE MANDATES TO DIRECTORS
AND THE CO-CHAIRMEN UNDER THE DIRECTOR SHARE COMPENSATION
ARRANGEMENT**

INTRODUCTION

We refer to our engagement as the independent financial adviser to advise the Independent Shareholders in relation to the proposed issuances of shares and share issuance mandates to directors (the “**Directors**”) and the co-chairmen (the “**Co-Chairmen**”) of the Corporation under the Director Share Compensation Arrangement, details of which are set out in the letter from the Board (the “**Letter from the Board**”) contained in the circular of the Corporation dated 16 May 2014 to the Shareholders (the “**Circular**”), of which this letter forms part. Terms used in this letter have the same meanings as defined elsewhere in the Circular unless the context requires otherwise.

At the Meeting, ordinary resolutions will be proposed to the Independent Shareholders for approving the Director Share Compensation Arrangement to pay (1) 50% of the Base Retainer Fees to the Directors in the form of Share Compensation going forward from 1 October 2013; and (2) 50% of the Base Co-Chairman Fees to the Co-Chairmen in the form of Share Compensation going forward from 1 April 2014. The issuance of Shares as Share Compensation will not exceed the Fixed Maximum of 8,000,000 Shares for the payment as Share Compensation in respect of Base Retainer Fees and Base Co-Chairman fees for the Directors and Co-Chairmen earned from 1 October 2013 or 1 April 2014 as applicable until the expiry or renewal of the Director Share Compensation Arrangement at the next annual meeting of Shareholder (the “**Next Meeting**”). A Director or Co-Chairman will cease to participate in the Director Share Compensation Arrangement on the earliest of (i) the date on which such Director or Co-Chairman ceases to be a Director or Co-Chairman; (ii) the effective date of a written agreement executed by such Director or Co-Chairman and the Corporation that terminates the letter agreement governing the Director Share Compensation Arrangement for such Director or Co-Chairman; and (iii) the third anniversary of the Meeting.

Pursuant to Chapter 14A of the Listing Rules, since directors of the Corporation are connected persons of the Corporation, the allotment and issuance of the Shares under the Director Share Compensation Arrangement constitute non-exempt connected transactions of the Corporation under the Listing Rules. Accordingly, the issuance of the Shares under the Director Share Compensation Arrangement shall be subject to the reporting, announcement and independent shareholders' approval requirements pursuant to Rule 14A.17 of the Listing Rules.

As all independent non-executive directors have a material interest in the Director Share Compensation Arrangement, no independent board committee can be formed pursuant to Rule 14A.58 of the Listing Rules.

We have been appointed as the independent financial adviser to advise the Independent Shareholders as to (i) whether the Director Share Compensation Arrangement, is in the ordinary and usual course of the business on normal commercial terms and fair and reasonable and in the interests of the Corporation and the Shareholders as a whole; and (ii) how the Independent Shareholders should vote in respect of the resolution to approve the Director Share Compensation Arrangement.

We are independent from and not connected with the Corporation, the Directors and Co-Chairmen, any of the substantial Shareholders or any of their respective associates, if any, pursuant to Rule 13.84 of the Listing Rules, and accordingly, qualified to give independent advice to the Independent Shareholders regarding these connected transactions of the Corporation.

Apart from the normal advisory fee payable to us in connection with our appointment as the independent financial adviser to and the Independent Shareholders, no arrangement exists whereby we shall receive any other fees or benefits from the Corporation.

BASIS OF OUR OPINION

In formulating our advice, we have relied solely on the statements, information, opinions and representations contained in the Circular and the information and representations provided to us by the Corporation and/or its senior management staff (the "**Management**") and/or the Directors. We have assumed that all such statements, information, opinions and representations contained or referred to in the Circular or otherwise provided or made or given by the Corporation and/or the Management and/or the Directors and for which it is/they are solely responsible were true and accurate and valid at the time they were made and given and continue to be true and valid as at the date of the Circular.

We have assumed that all the opinions and representations made or provided by the Directors and/or the Management contained in the Circular has been reasonably made after due and careful enquiry. We have also sought and obtained confirmation from the Corporation and/or the Management of and/or the Directors that no material facts have been omitted from the information provided and referred to in the Circular.

We consider that we have reviewed all currently available information and documents which are made available to us to enable us to reach an informed view and to justify our reliance on the information provided so as to provide a reasonable basis for our opinion. We have no reason to doubt the truth, accuracy and completeness of the statements, information, opinions and representations provided to us by the Corporation and/or the Management and/or the Directors and their respective advisers or to believe that material information has been withheld or omitted from the information provided to us or referred to in the aforesaid documents. We have not, however, carried out any independent verification of the

information provided, nor have we conducted any independent investigation into the business and affairs of the Corporation or any of its subsidiaries.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our opinion regarding the Director Share Compensation Arrangement, we have taken into consideration the following principal factors and reasons:

A. Information on the Corporation and reasons and benefit of the Director Share Compensation Arrangement

The Corporation is principally engaged in the exploration for, and the development of, oil properties for the future production of bitumen in the Athabasca oil sands region in Alberta, Canada.

We note that the Corporation is operated on an asset heavy, capital intensive mode due to the business nature. According to the announcement of the Corporation dated 7 May 2014 (Hong Kong time) on the unaudited interim consolidated account of the Corporation for the three months ended 31 March 2014, the Corporation had approximately 98.3% of the total unaudited consolidated assets as non-current assets as at both 31 March 2014 and 31 December 2013. Furthermore, approximately 88.4% and 85.6% of the total unaudited consolidated assets were funded by equity capital as at 31 March 2014 and 31 December 2013, respectively. We also note that the Corporation had approximately CA\$205.2 million shareholders' equity deficit as at 31 March 2014, an increase from approximately CA\$200.9 million as at 31 December 2013. The cash and cash equivalents of the Corporation reduced to approximately CA\$13.4 million as at 31 March 2014 from approximately CA\$15.9 million as at 31 December 2013.

As stated in the Circular, the Corporation conducted three fund raising activities through the issue of equity securities within the 12 months immediately prior to the Circular. We understand from the Management that the estimated net proceeds raised in total of approximately HK\$479.6 million to address its short term capital requirements, corporate objectives and for general corporate purpose have been used as intended as at the Latest Practicable Date. As discussed with the Management, the cash and cash equivalents of the Corporation are currently close to the latest reported figures and are intended to be used for more productive working capital needs such as paying suppliers and workers. Moreover, the Corporation intends to focus the cash capital investment on productive activities.

In order to continue growing the Corporation and aligning the interests of the Directors and Co-Chairmen to those of the Corporation and the Shareholders as a whole, the Corporation proposes to establish the Director Share Compensation Arrangement, under which, (1) as from 1 October 2013, the Corporation shall pay 50% of the Base Retainer Fees to the Directors in the form of Share Compensation; and (2) as from 1 April 2014, the Corporation shall pay 50% of the Base Co-Chairman Fees to the Co-Chairmen in the form of Share Compensation; subject to the discretion of the Compensation Committee to reduce the Share Compensation in certain circumstances. As such, the Directors' and Co-Chairmen's compensation would be paid 50% in cash and 50% in Share Compensation which may facilitate to limit the cash expenditure of the Corporation.

As stated in the Circular, the directors and Co-Chairmen will hold an increasing number of Shares of the Corporation pursuant to the operation of the Director Share Compensation Arrangement, which the Board believes will further align the interests of the Directors and Co-Chairmen to those of the Corporation and the Shareholders as a whole.

As discussed with the Directors, we understand that (i) the Shares issuable at the Director Share Compensation Arrangement are priced at the fair market value at the Due Date in accordance with the

terms of the Director Share Compensation Arrangement as described more specifically under the heading “Calculation Mechanism” in Schedule “A” of the Circular (and as summarized below); (ii) such issuance of Shares are in nature payment in lieu of part of the Directors’ and Co-Chairmans’ cash remuneration as consideration for the services they render to the Corporation in accordance with the compensation arrangements the Corporation has with the Directors and Co-Chairmen; (iii) such issuance of shares will not increase the Directors’ entitlement to their Base Retainer Fees and, where applicable, the Base Co-Chairman Fees; and (iv) such arrangement saves the cash expenditure of the Corporation and improves its cash flow. Furthermore, we understand that the value of the compensation is immediately tied to the value of the Share price by issuing compensation directly as Shares. Hence, the Director Share Compensation Arrangement may also serve as a further incentive for the Directors and Co-Chairmen to promote the development and success of the Corporation to boost the share price which, in turn, would enhance the value of the Shares allotted and received by the Directors and the Co-Chairmen.

We are aware of the various share option schemes as incentives to the Directors and Co-Chairmen. We are of the view that the property of the share option schemes is different given that the Shares issued under such are subject to subscription at the applicable exercised price whereas the Shares issued under the Director Share Compensation Arrangement are in nature payment in lieu of part of the Directors’ and Co-Chairmans’ cash remuneration as consideration for the services they render to the Corporation in accordance with the compensation arrangements the Corporation has with the Directors and Co-Chairmen.

Having considered the above, we concur with the Directors’ view that the Share Compensation under the proposed Director Share Compensation Arrangement will serve to limit the cash expenditure of the Corporation and improves its cash flow, and further align the interests of the Directors and Co-Chairmen to those of the Corporation and the Shareholders as a whole.

B. The key terms of the Director Share Compensation Arrangement

(1) Participants, arrangement, calculation mechanism and cessation

Pursuant to the Circular, all Directors (including new directors elected at the Meeting or appointed thereafter) other than the Co-Chairmen will participate equally in the Director Share Compensation Arrangement with respect to the Base Retainer Fees. The Co-Chairmen will be eligible to participate both in respect of the Base Retainer Fees they earn and in respect of the Base Co-Chairman Fees they earn.

Under the arrangement, payable on the applicable due date (a “**Due Date**”) and subject to the Corporation’s discretion to reduce the number of Shares issuable under the Director Share Compensation Arrangement (details of which are discussed in the Circular), (1) each of the Directors shall receive 50% of the Base Retainer Fees of CA\$40,000 in the form of Share Compensation going forward from 1 October 2013; and (2) each of the two Co-Chairmen shall receive 50% of the Base Co-Chairman Fees of CA\$37,500 per month in the form of Share Compensation going forward from 1 April 2014. Accordingly, we note that the amount issuable as Share Compensation of Base Retainer Fees represent CA\$200,000, and, of the Base Co-Chairman Fees represent CA\$450,000 in total per annum, summing to CA\$650,000 in total per annum.

The number of Shares issuable as the Share Compensation will be calculated by the following formula:

$$A = B / C$$

Whereas

- A: is the total Shares issuable on the Due Date when the Share Compensation paid on a quarterly basis becomes due;
- B: is the sum total of Base Retainer Fees and Base Co-Chairman Fees, where applicable, earned to the end of the financial quarter immediately preceding the Due Date; and
- C: is the price per Share at the fair market value, which shall be the higher of:
- the trading day's closing price of the Shares as stated in the daily quotations sheets issued by the SEHK or the TSX (whichever is higher) on the seventh clear trading day following the day on the Due Date or the Extension Date whichever applicable;
 - the volume weighted average trading price of the Shares on the SEHK or the TSX (whichever is higher) for the 5 trading days immediately preceding the Due Date or the Extension Date whichever applicable; and
 - the average closing price of the Shares as stated in the daily quotation sheets issued by the SEHK or the TSX (whichever is higher) for the 5 trading days immediately preceding the Due Date or the Extension Date whichever applicable.

Having reviewed the relevant Listing Rules, we note that the benchmarked price of the securities issued by a listed issuer for cash consideration pursuant to a general mandate, among others, is made reference to the average closing price in the 5 trading days immediately prior to the earlier of: (i) the date of announcement of the placing or the proposed transaction or arrangement involving the proposed issue of securities under the general mandate; (ii) the date of the placing agreement or other agreement involving the proposed issue of securities under the general mandate; and (iii) the date on which the placing or subscription price is fixed. We consider that the securities issued under a general mandate are to be issued to an independent third party. As such, the price per Share issuable to the Directors and Co-Chairmen, making reference to the average closing price of the Shares for the 5 trading days immediately preceding the Due Date or the Extension Date, whichever applicable is no less favorable to the Corporation than such issuable to an independent third party.

We also note that 6,660,715 of the estimated total number of Shares would be issued to the Directors and Co-Chairmen as Share Compensation under the Director Share Compensation Arrangement for the period from 31 October 2013 to 30 June 2015, assuming (i) the approval by Shareholders of the issuance of Share Compensation in respect of Base Retainer Fees and Base Co-Chairman Fees for all periods; (ii) that the Next Meeting is held in the second financial quarter of 2015; and (iii) that the fair market value of the Shares on the applicable payment date is CA\$0.14 per Share (being the closing price of the Shares on the TSX as at the Latest Practicable date); representing 0.21% of the total issued and outstanding Shares at Latest Practicable Date. As set out in the Circular, the number of Shares the Directors and Co-Chairmen beneficially owned or over which control or direction exercised as at the Latest Practicable Date amounted to 478,326,695 Shares (includes only the Class "A" Common Voting Shares), representing approximately 14.7% of the 3,249,916,204 Shares in issue as at the Latest Practicable Date.

Upon the full issuance of 6,660,715 estimated total number of Shares as Share Compensation under the Director Share Compensation Arrangement for the period from 31

October 2013 to 30 June 2015 and assuming no other Shares would be issued, (1) the number of Shares in issue would increase to 3,256,576,919 and (2) the number of Shares the Directors and Co-Chairmen beneficially owned or over which control or direction exercised would increase to 484,987,410, representing approximately 14.9% of the enlarged Shares in issue. As such, the shareholding of the Independent Shareholders would be diluted slightly from approximately 85.3% to approximately 85.1%. Taking into account of the reasons for and benefits of the Director Share Compensation Arrangement as discussed under the section headed “Information on the Corporation and reasons and benefit of the Director Share Compensation Arrangement”, we consider this slight dilution reasonable and acceptable.

We also note that a Director or Co-Chairman will cease to participate in the Director Share Compensation Arrangement on the earliest of (i) the date on which such Director or Co-Chairman ceases to be a Director or Co-Chairman; (ii) the effective date of a written agreement executed by such Director or Co-Chairman and the Corporation that terminates the letter agreement governing the Director Share Compensation Arrangement for such Director or Co-Chairman; and (iii) the third anniversary of the Meeting.

(2) Issuance Thresholds and Maximum Number of Shares

We note that there are the following issuance thresholds (the “**Issuance Thresholds**”): (1) the total value of the Shares issued under the Director Share Compensation Arrangement in any financial year shall not exceed 50% of the total Base Retainer Fees and Base Co-Chairman Fees of that year; and (2) the Share Compensation Limit or Insider Participation Limit imposes the number of Shares that may be issued under the Director Share Compensation Arrangement, together with all Shares reserved and allotted for issuance under any other security based compensation arrangements of Sunshine (including the Pre-IPO Share Option Scheme, Post-IPO Share Option Scheme and ESSP), within any 12-month period cannot exceed 10% of the total issued and outstanding Shares of the Corporation from time to time on a non-diluted basis.

Moreover, the Director Share Compensation Arrangement (if granted) will empower the Directors to allot, issue and deal in up to a Fixed Maximum of 8,000,000 new Shares until the Next Meeting. On the basis of 3,249,916,204 Shares in issue as at the Latest Practicable Date and assuming that no Share would be issued or repurchased by the Corporation and no share options and warrants of the Corporation would be exercised from the Latest Practicable Date up to the date of the Meeting, the Fixed Maximum represents approximately 0.25% of the total Shares in issue as at the date of the Meeting.

Assuming that Fixed Maximum of 8,000,000 new Shares were to be issued and no other new Shares would be issued during the next Meeting, the number of Shares in issue would increase to 3,257,916,204 and the number of Shares the Directors and Co-Chairmen beneficially owned or over which control or direction exercised would increase to 486,326,695. As such, the shareholdings of the Independent Shareholders would be diluted slightly from approximately 85.3% to approximately 85.1%. Taking into account of the reasons for and benefits of the Director Share Compensation Arrangement as discussed under the section headed “Information on the Corporation and reasons and benefit of the Director Share Compensation Arrangement”, we consider this slight dilution reasonable and acceptable.

(3) Conditions precedent, discretion to reduce the Shares issuable as the Share Compensation, amendments and others

The Director Share Compensation Arrangement shall not take effect unless and until the

Corporation has obtained the prior approval of the SEHK or TSX where the Corporation is listed and the approval of the Independent Shareholders at the Meeting, and thereafter, shall expire at the end of each successive annual meeting of Shareholders unless reconfirmed with the approval of the Shareholders at such meeting.

The Corporation has the sole discretion, exercised by the Compensation Committee if and when required, to reduce all or any of the Shares issuable as the Share Compensation to any one or more Directors and accordingly increase the cash portion where, among others, the issuance of Shares as Share Compensation will:

- exceed the Fixed Maximum;
- exceed the Share Compensation Limit or Insider Participation Limit; or
- result in any Director becoming the controlling shareholder of the Corporation as defined in the Listing Rules or otherwise trigger a mandatory offer under the Takeovers Code.

The Management advised that the Compensation Committee, albeit lacking independence, has a function to make decision only and does not have to power to alter the compensation benefits of the Directors and Co-Chairmen subject to the scrutiny of shareholders at annual general meetings.

We also note that if the Independent Shareholders do not approve the Director Share Compensation Arrangement at an annual meeting of Shareholders, the Directors shall still be entitled to the Base Retainer Fees and the Co-Chairmen shall still be entitled to the Base Co-Chairman Fees, but thereafter the Corporation will pay 100% of the Base Retainer Fees and Base Co-Chairman Fees in cash.

Among others, the Board may not amend the Director Share Compensation Arrangement without obtaining the prior approval by the Independent Shareholders related to the Issuance Thresholds, Fixed Maximum and the purchase price of Shares under the Director Share Compensation Arrangement.

The benefits under the Director Share Compensation Arrangement may not be assigned by the directors or Co-Chairmen of the Corporation.

The new Shares issued under the Director Share Compensation Arrangement will rank, upon issue, *pari passu* in all respects with the Shares in issue at the time of allotment and issue of such new Shares.

More details of the Director Share Compensation Arrangement are described under the Schedule A in the Circular;

RECOMMENDATION

Having considered the principal factors and reasons set out in this letter, particularly that:

- the Director Share Compensation Arrangement is intended to align the interests of the Directors and Co-Chairmen to those of the Corporation and the Shareholders as a whole and as a further incentive for the Directors and Co-Chairmen to produce positive results to boost the share price;

- the Director Share Compensation Arrangement has a limited term which will not go beyond the third anniversary of the Meeting, is only applicable to the Directors or Co-Chairmen during the terms of a directorship and/or Co-Chairmanship as applicable;
- the issue price of the Shares issuable under the Director Share Compensation Arrangement is made reference to the benchmarked price of the securities issued by a listed issuer to an independent third party under the Listing Rules;
- the slight dilution of shareholding of the Independent Shareholders from 85.3% to 85.1% is considered reasonable and acceptable as discussed above; and
- the Directors' and Co-Chairmen's compensation otherwise payable in cash will be retained and this will help the Corporation to reserve its cash resources,

we concur with the view of the Board that the Director Share Compensation Arrangement is fair and reasonable so far as the Independent Shareholders are concerned and is in the interests of the Corporation and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the resolution to approve the Director Share Compensation Arrangement.

Yours faithfully
For and on behalf of
Investec Capital Asia Limited

Jimmy Chung
Managing Director

**SCHEDULE C
EXPLANATORY STATEMENT RELATING TO SHARE REPURCHASE**

This Schedule serves as an explanatory statement, as required by the Listing Rules, to provide requisite information to the shareholders for their consideration of the Share Repurchase Mandate.

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LISTING RULES RELATING TO THE REPURCHASE OF SHARES

The Listing Rules permit companies whose primary listing is on the SEHK to repurchase their shares on the SEHK or other stock exchanges subject to certain restrictions. The Corporation is empowered to repurchase its own shares, subject to the requirements of the ABCA.

SHARE CAPITAL

As at the Latest Practicable Date, the issued and outstanding Shares of the Corporation numbered 3,249,916,204. Subject to the passing of the repurchase resolution and on the basis that no further shares are issued or repurchased prior to the Meeting, the Corporation would be allowed to repurchase up to a maximum of 324,991,620 Shares under the Share Repurchase Mandate during the Relevant Period, representing 10% of the issued and outstanding share capital of the Corporation as at the Latest Practicable Date.

REASONS FOR THE REPURCHASES

The Board believes that the flexibility afforded to them by the Share Repurchase Mandate would be in the best interests of the Corporation and the Shareholders. Repurchases pursuant to such mandate may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net assets and/or the earnings per share and will only be made when the Board believes that such actions will benefit the Corporation and the Shareholders as a whole.

FUNDING OF REPURCHASES

In repurchasing Shares, the Corporation may only apply funds legally available for such purpose in accordance with its Articles and subject to the requirements of the ABCA. It is expected that the Corporation will fund any repurchase of shares from its available internal resources.

IMPACT ON THE WORKING CAPITAL OR GEARING POSITION

If the Share Repurchase Mandate is exercised in full at any time during the Relevant Period, there may be a material adverse effect on the working capital levels of the Corporation or its gearing levels, as compared with the position disclosed in the Corporation's audited financial statements for the year ended December 31, 2013 (the most recent published audited financial statements). However, the Board does not propose to exercise such mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements or the gearing levels of the Corporation at the time of the relevant repurchases unless the Board determines that such repurchases are, taking into account of all relevant factors, in the best interests of the Corporation.

SHARE PRICES

The highest and lowest prices at which the Corporation's Shares have been traded on the SEHK and TSX for the past twelve months preceding the issue of this Circular were as follows:

SEHK Trading Prices

	Per Share Highest	Lowest
	HK\$	HK\$
2013		
May 1- May 31	2.09	1.90
June 1 – June 30	1.89	1.58
July 1 – July 31	1.61	1.42
August 1 – August 31	1.94	1.54
September 1 – September 30	2.01	1.89
October 1 – October 31	1.88	1.69
November 1– November 30	2.00	1.80
December 1 – December 31	1.88	1.50
2014		
January 1 – January 31	1.69	1.50
February 1 – February 28	1.64	1.32
March 1 – March 31	1.46	1.24
April 1 – April 30	1.29	0.74
May 1 – May 14	0.94	0.78

TSX Trading Prices

	Per Share Highest	Lowest
	CAD\$	CAD\$
2013		
May 1- May 31	0.280	0.240
June 1 – June 30	0.250	0.200
July 1 – July 31	0.240	0.190
August 1 – August 31	0.245	0.210
September 1 – September 30	0.275	0.235
October 1 – October 31	0.245	0.200
November 1– November 30	0.275	0.220
December 1 – December 31	0.260	0.195
2014		
January 1 – January 31	0.235	0.205
February 1 – February 28	0.225	0.180
March 1 – March 31	0.205	0.170
April 1 – April 30	0.180	0.120
May 1 – May 14	0.150	0.125

EFFECT OF THE CODE OF TAKEOVERS AND MERGERS AND SHARE REPURCHASES OF HONG KONG (“TAKEOVERS CODE”)

A Shareholder’s proportionate interest in the voting rights of the Corporation will increase upon the Corporation’s exercise of its powers to repurchase Shares pursuant to the Share Repurchase Mandate, and such increase will be treated as an acquisition for the purposes of Rule 32 of the Takeovers Code. As a result, a Shareholder or a group of Shareholders acting in concert, depending on the level of increase in his/her or their shareholding interest, could obtain or consolidate control of the Corporation and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code. The directors are not aware of any consequences of repurchases which would arise under the Takeovers Code.

In addition, assuming that there is no issue of Shares between the Latest Practicable Date and the date of repurchase, an exercise of the Share Repurchase Mandate whether in whole or in part will not result in less than 25% of the issued share capital of the Corporation being held by the public, being the prescribed minimum percentage of shares required by the SEHK. The board of directors have no intention to exercise the Share Repurchase Mandate to the extent that it may result in a public shareholding of less than the prescribed minimum percentage.

DIRECTORS, THEIR ASSOCIATES AND CONNECTED PERSONS

None of the directors nor, to the best of their knowledge having made all reasonable enquiries, any of their respective associates (as defined in the Listing Rules), has any present intention to sell Shares to the Corporation in the event that the Share Repurchase Mandate is approved by the Shareholders.

The Corporation has not been notified by any “connected person” (as defined in the Listing Rules) that he has a present intention to sell Shares to the Corporation or has undertaken not to sell Shares held by him to the Corporation in the event that the Share Repurchase Mandate is approved by the Shareholders.

UNDERTAKING OF DIRECTORS

The directors have undertaken to the SEHK that they will exercise the power of the Corporation to make repurchases pursuant to the Share Repurchase Mandate in accordance with the Listing Rules, Canadian laws and the constitutional documents of the Corporation.

SHARE PURCHASE MADE BY THE CORPORATION

The Corporation did not purchase any of the Corporation’s Shares during the six months immediately preceding the Latest Practicable Date.

SCHEDULE D POST IPO SHARE OPTION SCHEME DESCRIPTION

The Corporation adopted the Post IPO Share Option Scheme on January 26, 2012. The Scheme was subsequently amended by (i) a resolution passed at the Corporation's annual general and special meeting of shareholders held on May 7, 2013 and (ii) a resolution of the Board on June 13, 2013. The purpose of the Scheme is to attract skilled and experienced personnel, to incentivise them to remain with the Corporation and to motivate them to strive for the future development and expansion of the Corporation by providing them with the opportunity to acquire equity interests in the Corporation.

As at the Latest Practicable Date, there were 54,211,906 Shares underlying options granted under the Scheme (representing 1.67% of the issued and outstanding Shares as at that date).

Present Terms of the Scheme

The following section provides a brief summary of the principal terms of the Post IPO Share Option Scheme, without giving effect to the amendments for which Shareholder approval is being sought at the Meeting, and is qualified in its entirety by the terms and provisions of the Scheme, the full text of which is available under the Corporation's profile at www.sedar.com.

Participants

The Board may, in its discretion, select any directors, officers and employees of the Corporation, the Corporation's subsidiaries and any other persons to participate in the Post IPO Option Scheme.

Option Issuance Thresholds

The aggregate number of Shares that may be issued under the Scheme (together with Shares underlying options granted under any other share option scheme) is 286,513,816, representing 10% of Shares outstanding when the Scheme Mandate Limit was last refreshed on May 7, 2013 (and representing approximately 8.82% of the Shares outstanding as at the Latest Practicable Date). This threshold may be increased at a later date with the approval of Shareholders provided that the new limit may not exceed 10% of Shares issued and outstanding as at such date (excluding Shares underlying options granted under the Scheme and any other share option scheme prior to such date). The Corporation may exceed this limit where shareholder approval has been sought and obtained in accordance with the provisions of the Scheme.

The Scheme provides that the number of Shares issued to insiders (as defined in the Scheme) of Sunshine within any 12-month period, and the number of Shares issuable to Sunshine insiders at any time, will not exceed 10% of Sunshine's total issued and outstanding Shares. The aggregate number of Shares issued or to be issued to any one person under the Scheme at any time in any 12 month period (together with any Shares underlying options granted during such period under any other share option scheme) must not exceed 1% of Shares issued and outstanding at the time, unless shareholder approval has been sought and obtained in accordance with the provisions of the Scheme (and with the person receiving such option grant abstaining from voting).

Shareholder approval (excluding the votes of all "connected persons" of Sunshine, as "connected person" is defined in the SEHK listing rules) is required where any grant of options under the Scheme to a substantial shareholder (as defined in the SEHK listing rules) or an independent non-executive director, or any of their respective associates, would result in the Shares issued and to be issued upon the exercise of all options (including those already granted and including options exercised, cancelled and outstanding)

and any other share option schemes of the Corporation in the 12 month period up to and including the grant date would represent in the aggregate over 0.1% Shares in issue on the grant date and have an aggregate value, based on the closing price of the Shares as stated in the daily quotations sheets issued by the SEHK on the grant date, in excess of HK\$5 million. Grants to directors, chief executives (as defined in the SEHK listing rules) or substantial shareholders falling below this threshold require the prior approval of the independent non-executive directors (excluding the vote of the independent non-executive director receiving shares under the grant, if any).

Exercise Price

The Board has the authority under the Scheme to determine the exercise price for the Shares underlying options granted under the Scheme, but the Scheme provides that such exercise price will not be less than the higher of: (a) the closing price of the Shares as stated in the daily quotation sheets issued by the SEHK or the TSX (whichever is higher) on the offer date, which must be a business day; (b) the volume weighted average trading price of the Shares on the SEHK or the TSX (whichever is higher) for the five trading days immediately preceding the offer date; and (c) the average closing price of the Shares as stated in the daily quotation sheets issued by the SEHK or the TSX (whichever is higher) for the five business days immediately preceding the offer date; which price, for convenience, shall be expressed in or converted to Canadian dollars at the Bank of Canada noon Hong Kong – Canada exchange rate in effect on that day.

Other Terms of Options Granted

The Board has discretion to specify the terms on which options are granted under the Post IPO Share Option Scheme. Such terms may include, among other things: (a) vesting periods; (b) performance targets that must be reached before an option can be exercised; (c) the period during which an option may be exercised (the “**exercise period**”), which shall not expire later than 10 years from the date on which the option is offered; and (d) any other terms either on a case by case basis or generally.

An option granted to a person in accordance with the Post IPO Share Option Scheme is not assignable or transferable and the person must not sell, transfer, charge, mortgage, encumber or create any interest in favour of any third party in relation to any option.

Expiry

Option granted under the Scheme lapse automatically and will not be exercisable on the earliest of: (a) the expiry of the exercise period; (b) the date of termination of the grantee’s employment or service by the Corporation or any of its subsidiaries for cause; (c) the date on which the grantee: (i) becomes an officer, director, employee, consultant, adviser, partner of, or a shareholder or other proprietor owning more than a 5% interest in, any competitor; or (ii) knowingly performs any act that may confer any competitive benefit or advantage upon any competitor; (d) the date on which an unconditional general offer, by way of takeover or otherwise, made to all the Shareholders (other than the offeror and any person or person acting jointly or in concert with the offeror) closes; (e) the date, where a plan or scheme of arrangement was made to all Shareholders and was approved at the requisite meeting, that is the record date for determining entitlements under such scheme of arrangement; (f) the date on which a compromise or arrangement (other than as described above) under the ABCA becomes effective; (g) the date of the commencement of the winding up of the Corporation; (h) the expiry of the period for exercising the option referred following a termination for reasons other than for cause; (i) the date on which the person transfers the option; (j) the date on which the person is declared bankrupt or enters into any arrangement or composition with his creditors generally; and (k) in respect of Shares underlying options which are

subject to vesting conditions, the date on which the conditions to vesting of the relevant Shares underlying the option are not satisfied.

If the Grantee's employment or service with the Corporation or its subsidiary is terminated for any reason other than for cause (including any reason of resignation, retirement, death, disability or non-renewal of the employment, service or other agreement upon its expiration) prior to the expiry of the exercise period of any option, then the Board shall determine at its absolute discretion whether the grantee will be entitled to exercise the options in respect of vested and unvested shares as at the date of the grantee's employment or service is terminated. If the Board determines that such option may not be exercised following such termination of employment or service, such option shall automatically expire on the date of the termination.

Where the last date on which an option may be exercised in the option period under the grant falls within a period during which the Corporation is in blackout and trading in Shares is prohibited under the Corporation's policies or within 2 Business Days from the end of such a blackout period, the terms of the Scheme provide that the option period for such grant shall be extended to the date that is 10 business days following the end of the blackout period, except where such extension would result in such option period expiring later than 10 years from the date of grant.

Amendment of the Scheme

The Board may alter any of the terms of the Post IPO Share Option Scheme at any time, provided that any alterations to the key terms of the Post IPO Share Option Scheme (including inter alia those that relate to who can participate, the issuance thresholds, determining the exercise price and the cancellation and termination of options granted) to the advantage of participants or any changes to the terms of the options granted under the Scheme must be approved by Shareholders in a general meeting and provided that any alterations to the amendment provisions of the Scheme or which are, in the opinion of the Board, of a material nature must be approved by Shareholders in a general meeting.

The Scheme also requires shareholder approval for any amendment that would: (i) remove or exceed the limits for options granted to "connected persons" (as defined under the Listing Rules) and insiders under the Scheme; (ii) reduce the price at which Shares are purchased under the Scheme; (iii) expand the definition of "Participants" under the Scheme; or (iv) amend the amendment provisions of the Scheme.

The Board may amendments to the Scheme or any grant of options made thereunder provided it obtains the prior approval of the SEHK, TSX or any other applicable regulatory authority or stock exchange and provided it obtains the consent or deemed consent of any participant whose rights would be materially prejudiced by the amendment.

Amendments made by the Board in 2013

On June 13, 2013, the Board, with the approval of the SEHK and TSX, amended the Scheme to permit the Corporation to provide loans on commercial terms to any Scheme participant (excluding directors and "connected persons", as such term is defined under the Listing Rules) to exercise options granted under the Scheme in accordance with relevant laws and regulations. As the Board determined that this amendment was not material to the Scheme, the Board determined it was unnecessary under the terms of the Scheme to seek Shareholder approval for the amendment.

Display of Scheme Document

The scheme document in respect of the Post IPO Share Option Scheme may be inspected from June 11, 2014 to June 25, 2014 at Unit 8504A, International Commerce Centre, 1 Austin Road West, Kowloon Hong Kong, Hong Kong SAR.

SCHEDULE E ESSP DESCRIPTION

The Corporation adopted the ESSP on May 7, 2013. The purpose of the ESSP is to encourage employees of the Corporation to invest in Shares through payroll deductions and matching cash contributions made by the Corporation to provide an incentive to employees.

Participants

All Canadian employees of the Corporation and its subsidiaries who participate in the Corporation's regular benefit plans (as determined by the administrative committee of the Board established to administer the ESSP) may participate in the ESSP. Employees working outside of Canada are not eligible to participate, and the ESSP also excludes from participation all "connected persons" (as such term is defined under the Listing Rules and which term includes, for the purposes of the ESSP, any person who was a director of Sunshine within the preceding 12 months).

Administration

The Board has appointed an administrative committee to whom it has delegated the full power and authority to administer the ESSP. The administrative committee comprises the Corporation's Chief Financial Officer, Treasurer and the Human Resource Manager. The administrative committee does not include any "connected persons" (as such term is defined under the Listing Rules). Solium Capital Inc., the independent administrator appointed under the ESSP, handles the day to day administration of the ESSP on behalf of the administrative committee. Solium Capital Inc. is not a "connected person" (as such term is defined under the Listing Rules).

Contributions

Eligible employees may participate in the ESSP by way of semi-monthly payroll deductions. An employee who elects to participate in the ESSP may not contribute more than 5% of his or her monthly base salary. Participants may change their level of contribution at any time under the ESSP, with changes becoming effective the next calendar month. After the production of first steam for commercial injection at the Corporation's West Ells steam assisted gravity drainage production facility, a participant in the ESSP may elect to contribute up to 7% of his or her monthly base salary in any month towards Share purchases under the ESSP. Every month, Sunshine will match 100% of a participating employee's contributions to the ESSP for that month.

Contributions to the ESSP will be automatically invested by the administrator every month in Shares issued by the Corporation from treasury at the prevailing market price, that being not less than the higher of: (a) the trading day's closing price as stated in the daily quotation sheets issued by the TSX or SEHK (as converted to Canadian dollars at the Bank of Canada noon Hong Kong - Canada exchange rate in effect on such day), whichever is higher; or (b) the volume weighted average trading price of the Shares on the TSX or the SEHK for the five trading days immediately preceding the day in question (whichever is higher).

Shares purchased will be recorded monthly on the share register maintained by the administrator in book entry only form.

Issuance Thresholds

The number of Shares that may be purchased under the ESSP, together with all Shares reserved and allotted for issuance under any other security based compensation arrangements of Sunshine (including the Pre IPO Plan, Post IPO Share Option Scheme and the Director Share Compensation Arrangement), cannot exceed 10% of the total issued and outstanding Shares of the Corporation from time to time on a non-diluted basis, nor can the total number of Shares that may be purchased under the ESSP exceed the number of Shares in any shareholder mandate passed in respect of the ESSP. The current Shareholder mandate, passed May 7, 2013, sets this threshold at 28,651,381, being 1% of the total issued and outstanding Shares as at May 7, 2013 (and representing 0.88% of the issued and outstanding Shares at the Latest Practicable Date). Additionally, no one individual may purchase a number of Shares in excess of 1% of the total issued and outstanding Shares of the Corporation under the ESSP in any 12 month period.

The number of Shares issuable to insiders of Sunshine under the ESSP, together with any other security based compensation arrangements of Sunshine, at any time cannot exceed 10% of the issued and outstanding Shares of the Corporation on a non-diluted basis, nor can the total number of Shares that may be issuable to insiders exceed the number of Shares set out in any Shareholder mandate passed in respect of the ESSP. The total number of Shares issued to insiders, as a group within a one-year period, under the ESSP, together with all Shares reserved and allotted for issuance under any other security based compensation arrangements of Sunshine (including the Pre IPO Plan, Post IPO Share Option Scheme and the Director Share Compensation Arrangement), cannot exceed 10% of the total number of issued and outstanding Shares as at the end of such one year period (which period is determined with reference to the relevant dates of issuances to insiders).

The above limits are in addition to the limits required under the Listing Rules.

Dividends

If and when any dividends are declared on Shares held in a participant's account, the administrator will allocate the appropriate amount to such person's account.

Withdrawals

Participants in the ESSP may withdraw up to 100% of the Shares held on their account by the administrator up to two times per calendar year, and upon such request, the administrator will deliver all Shares held on the requesting person's account to such person. Any fractional shares otherwise issuable to a participant will be converted to cash and credited to such participant's account.

Trades

Provided no blackout period is in effect, upon a participant's written request, the administrator will execute trades on behalf of such participant of Shares purchased under the ESSP. All fees and related expenses incurred as a result will be borne solely by the participant.

Suspension and Cancellation

A participant may elect to reduce or suspend contributions to the ESSP on 15 days prior written notice, effective the following calendar month. Participants who have suspended contributions may only resume contributions to the Plan after three clear calendar months have passed. Suspensions that continue for longer than six months are deemed to be cancellations.

Upon cancellation, the administrator will pay to the participant all assets to which such participant has become entitled under the ESSP within 30 days.

Participation in the plan will automatically cease for a participant when such participant's employment by the Corporation or its subsidiary is terminated for any reason whatsoever. Participation in the plan will automatically cease for a participant on such participant's death.

Amendment of the ESSP

The Board may elect to amend, suspend or terminate the ESSP at any time without participant approval, provided that the ESSP may not be amended, suspended or terminated without first: (i) obtaining the approval of any regulatory authority or stock exchange; and (ii) obtaining the consent or deemed consent of a participant where such action materially prejudices the rights of that participant. The Board may not amend the plan without obtaining Shareholder approval where such amendment: (i) removes or exceeds the issuance thresholds described above; (ii) reduces the purchase price of Shares under the ESSP; (iii) expands the definition of "Participant" under the ESSP; or (iv) amends the amendment provisions of the ESSP. Additionally, the Board may at any time, without the prior approval of the shareholders of the Corporation, amend any term within the ESSP, provided that: (i) it obtains the required approval of any regulatory authority or stock exchange; and (ii) it obtains the consent or deemed consent of a participant if the amendment would materially prejudice the rights of that participant under the ESSP.