

**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)*

**1020, 903 - 8th Avenue S.W.**

**Calgary, Alberta, Canada**

**T2P 0P7**

**Telephone: 1-403-984-1450**

**Fax: 1-403-455-7674**

**(Stock code: 2012)**

**MANAGEMENT INFORMATION CIRCULAR**

**ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS**

**Meeting Date: May 29, 2012 at 8:00 a.m. (Hong Kong Time)**

**April 27, 2012**

\* For identification purpose only

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**NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS**

**TO BE HELD ON MAY 29, 2012 (HONG KONG TIME)**

**NOTICE IS HEREBY GIVEN** that the annual and special meeting (the “**Meeting**”) of the holders (the “**Shareholders**”) of Class “A” Common Voting Shares (the “**Shares**”) of Sunshine Oilsands Ltd. (the “**Corporation**”) will be held in the Island Ballroom A on Level 5 of Island Shangri-La at Pacific Place, Supreme Court Road, Central, Hong Kong on May 29, 2012 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, 2011, the report of the board of directors of the Corporation (the “**Board**”) and the report of the auditor thereon;
2. fixing 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 advisable, to pass, with or without variation, a special resolution approving certain amendments to the Corporation’s By-Law No. 1 (the “**By-Law**”), as more particularly described in the accompanying Circular (defined below);

6. to consider, and if 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 unissued Shares not exceeding twenty percent (20%) of its issued share capital;
7. to consider, and if 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; and
8. 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 May 29, 2012 (Hong Kong time) in the Island Ballroom A on Level 5 of Island Shangri-La at Pacific Place, Supreme Court Road, Central, Hong Kong.

### **Broadcast of the Meeting**

The Corporation has arranged for the simultaneous broadcast of the Meeting on May 28, 2012 at 6:00 p.m. (Calgary time) at the Lecture Theatre at the Metropolitan Conference Centre, 333 — 4th Avenue S.W., Calgary, Alberta, Canada, T2P OH9 via webcast.

**Please note that the simultaneous broadcast of the Meeting via webcast in Calgary is for observation purposes only and should not be construed as the Meeting of the Corporation.**

### **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 (defined below). Such form of proxy is also published on the HKExnews’ website of the Hong Kong Exchanges and Clearing Limited at [www.hkexnews.hk](http://www.hkexnews.hk) and the website of the Corporation at [www.sunshineoilsands.com](http://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 8, 2012 (Hong Kong time) (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 received 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 450, 407 — 2nd Street SW, Calgary, Alberta, Canada T2P 2Y3**, in the enclosed envelope provided for that purpose.

Shareholders who received 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 Hopewell Centre 46th Floor, 183 Queen's Road East, Wan Chai, Hong Kong, People's Republic of China**, in the enclosed envelope provided for that purpose.

**In order to be valid, all proxies must be received by Alliance Trust Company or Computershare Hong Kong Investor Services Limited, as applicable, by at least 48 hours, excluding Saturdays, Sundays and public holidays in Hong Kong (i.e. 8:00 a.m. on May 25, 2012 (Hong Kong time) and 6:00 p.m. on May 24, 2012 (Calgary time)) 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 results of which will be published on the Corporation's and the Stock Exchange's 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, April 27, 2012.

*As at the date of this notice, the Board consists of Mr. Michael John Hibberd and Mr. Songning Shen as executive directors, Mr. Hok Ming Tseung, Mr. Tingan Liu, Mr. Haotian Li and Mr. Gregory George Turnbull as non-executive directors and Mr. Raymond 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**

**APRIL 27, 2012**

**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 Island Ballroom A on Level 5 of Island Shangri-La at Pacific Place, Supreme Court Road, Central, Hong Kong on May 29, 2012 at 8:00 a.m. (Hong Kong time) with simultaneous broadcast at the Metropolitan Conference Centre, 333 — 4th Avenue S.W., Calgary, Alberta, Canada, T2P 0H9, via webcast and any adjournments thereof for the purposes set forth in the notice accompanying this Circular.

**Please note that the simultaneous broadcast of the Meeting via webcast in Calgary is for observation purposes only and should not be construed as the Meeting of the Corporation.**

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 for you and 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 for. 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 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 450, 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 Hong Kong (i.e. 8:00 a.m. on May 25, 2012 (Hong Kong time) and 6:00 p.m. on May 24, 2012 (Calgary 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 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 Hopewell Centre 46th Floor, 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. 8:00 a.m. on May 25, 2012 (Hong Kong 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.

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.

### **REVOCAION 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 the Shareholder's authorized attorney in writing or, if the Shareholder 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 450, 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 Hopewell Centre 46th Floor, 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 Hong Kong (i.e. 8:00 a.m. on May 25, 2012 (Hong Kong time) and 6:00 p.m. on May 24, 2012 (Calgary time)) 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 Shareholder'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. 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, 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, 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 the date hereof, there were 2,840,921,435 Class "A" Common Voting Shares of the Corporation issued and outstanding.

Each Class "A" Common Voting Share and Class "B" Common Voting Share carries the right to one vote at any meeting of the Shareholders of the Corporation.

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")), and the holders of such shares are not entitled to vote at the Meeting.

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 date of this Circular, no person or company, beneficially owns, directly or indirectly, or exercises control or direction over 10% of the issued and outstanding Shares of the Corporation.

## **RECORD DATE**

The Record Date for the Meeting has been fixed at 4:30 p.m. on May 8, 2012 (Hong Kong time). Only Shareholders as at the Record Date are entitled to receive notice of the Meeting. Shareholders on record will be entitled to vote their Class "A" Common Voting Shares held by them as at the Record Date, unless any such Shareholder properly transfers 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.

## **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, 2011, 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**

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 ten (10). There are presently ten directors of the Corporation, each of whom will retire from office 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 ten (10).**

## **3. Election of Directors**

The Articles of the Corporation provide for a minimum of one (1) director and a maximum of fifteen (15) directors. There are currently ten (10) directors. Action is to be taken at the Meeting with respect to the 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.

**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 such, 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 nominees as directors is based partly on the records of the Corporation and partly on information received by the Corporation from the nominees, 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 April 25, 2012.

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 April 25, 2012 <sup>(5)</sup>
<b>Michael John Hibberd</b> <sup>(1)</sup> Calgary, Alberta Canada <i>Co-Chairman and Director</i>	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 Skope Energy Inc. since December 2011. Director of Pan Orient Energy Corp. since April 2005. Director of Montana Exploration Corp. (formerly AltaCanada Energy Corp.) since 1997.	May 9, 2007	42,240,000
<b>Songning Shen</b> <sup>(2)</sup> Calgary, Alberta Canada <i>Co-Chairman and Director</i>	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.	February 22, 2007	40,959,660
<b>Hokming Tseung</b> <sup>(3) (6)</sup> Hong Kong China <i>Director</i>	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	March 2, 2010	280,233,035
<b>Tingan Liu</b> <sup>(4)</sup> Kowloon, Hong Kong China <i>Director and Hong Kong Corporate Secretary</i>	Deputy chairman and president of China Life Insurance (Overseas) Company Limited since June 2008. Member of the Listing Committee of the Stock Exchange of Hong Kong Limited (“SEHK”) 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.	February 1, 2011 (director); August 26, 2011 (Hong Kong Corporate Secretary)	Nil
<b>Haotian Li</b> <sup>(1)</sup> Hong Kong China <i>Director</i>	Director of Bank of China Investment Limited and Director of Bank Of China Group Investment Limited (“BOCGI”) Zhesang 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.	February 14, 2011	Nil
<b>Gregory George Turnbull,</b> QC <sup>(1) (3)</sup> Calgary, Alberta Canada <i>Director</i>	Regional Managing Partner of McCarthy Tétrault LLP, Calgary since January 2005.	August 24, 2007	10,100,000

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 April 25, 2012 <sup>(5)</sup>
<b>Raymond Shengti Fong</b> <sup>(1)</sup> <sup>(2)</sup> <sup>(3)</sup> Calgary, Alberta Canada <i>Director</i>	Chief Executive Officer of China Coal Corporation of Calgary since May 2010. 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	7,000,000
<b>Robert John Herdman</b> <sup>(1)</sup> <sup>(3)</sup> <sup>(4)</sup> Calgary, Alberta Canada <i>Director</i>	Director of TriOil Resources Ltd. since February 2012 and Director of Black Diamond Group since March 2012. Director of Chinook Energy Inc. since July 2010. Director of SemBioSys Genetics Inc. since June 2011. Director of Blackline GPS Corp. and Western Financial Group Inc. since April 2011 and April 2011 respectively. Prior thereto, Partner at PricewaterhouseCoopers LLP, Calgary from July 1989 to July 2010.	July 18, 2011	Nil
<b>Wazir Chand (Mike) Seth</b> <sup>(1)</sup> <sup>(2)</sup> <sup>(4)</sup> Calgary, Alberta Canada <i>Director</i>	President of Seth Consultants Ltd. since January 1981. Director of Enerplus Corporation since September 2005. Director of Connacher Oil and Gas Limited since December 2005. Director of Open Range Energy Corp. since May 2009. Director of Corridor Resources Inc. since January 2006. Director of Reliable Energy Ltd. and Torquay Oil Corp. since December 2008 and February 2010 respectively. Prior thereto, chairman, president and managing director of McDaniel & Associates Consultants Ltd. from January 1989 to June 2006.	September 1, 2008	Nil
<b>Gerald Franklin Stevenson</b> <sup>(1)</sup> <sup>(2)</sup> <sup>(3)</sup> <sup>(4)</sup> Calgary, Alberta Canada <i>Director</i>	Director of Southwest Energy Trust since August 2011. Prior thereto, from January 2006 to April 2011, head of oil & gas acquisitions and divestitures for CIBC World Markets Inc., Calgary.	July 15, 2011	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) Includes only the Class "A" Common Voting Shares. Details of Class "G" Preferred Non-Voting Shares and Class "H" Preferred Non-Voting Shares and options held by directors are noted under the section entitled "Incentive Plan Awards".
- (6) 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 are set forth below:*

**Michael John Hibberd.** Mr. Hibberd is President and Chief Executive Officer of MJH Services Inc., a corporate finance advisory company established in January 1995. Mr. Hibberd, through MJH Services Inc., has focused on providing advice to Calgary based companies with North American and international operations. He has been actively involved in privatization projects in North America, South America, the Middle East and Asia. In addition to advising on Canadian projects that involved

significant financing, Mr. Hibberd has been directly involved in project financings and advisory work throughout North America and internationally. Mr. Hibberd has extensive international energy project planning and capital markets experience. Prior to January 1995, Mr. Hibberd spent 12 years with ScotiaMcLeod in corporate finance in Toronto and Calgary and held the position of Director and Senior Vice President, Corporate Finance. Mr. Hibberd is the Co-Chairman of Sunshine Oilsands Ltd. and Chairman of Heritage Oil Plc, Heritage Oil Corporation, Canacol Energy Ltd. and Greenfields Petroleum Corporation, all publically traded entities. These companies are listed on one or more of the following exchanges: the Stock Exchange of Hong Kong; the Toronto Stock Exchange; TSX Venture Exchange; the London Stock Exchange; and the Colombia Stock Exchange. Mr. Hibberd is currently a director of Montana Exploration Corp. and PanOrient Energy, both of which are listed on the TSX Venture Exchange. Mr. Hibberd is also a director of Skope Energy Inc., which is listed on the Toronto Stock Exchange. Mr. Hibberd was previously a director of Challenger Energy Corp., Deer Creek Energy, Iteration Energy Ltd., Zapata Energy Corporation, Sagres Energy Inc. and Rally Energy Corp.

Mr. Hibberd obtained his Bachelor of Arts degree in 1976 and his masters in business administration degree in 1978 from the University of Toronto. He obtained his bachelor of laws degree from the 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 President and Chief Executive Officer of 1226591 Alberta Inc, a company established in 2006. From 2006 to 2007, Mr. Shen worked at Koch Exploration Canada LP as a senior geology consultant. From 2003 to 2005 Mr. Shen was the exploration manager of Connacher Oil and Gas Ltd. He founded the geology & geophysics team at Connacher and started Connacher's oil sands programme. From 2000 to early 2003, Mr. Shen worked at Petro-Canada as a geologist. He worked in both the oil sands team and the foothills gas exploration team. From 1986 to 1996 Mr. Shen worked at Bohai Company, a subsidiary of China National Offshore Oil Corporation, where he was a team leader. He worked in a team that discovered and appraised the giant oil field in offshore China, Suizong 36-1, and received a government award for his contributions.

Mr. Shen obtained a 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.

**Hokming Tseung.** Mr. Tseung is a director of Orient International Petroleum & Chemical Limited, Orient International Resources Group Limited, and Orient Financial Holdings Limited. Mr. Tseung is also vice chairman of the Hong Kong Financial Service Institute and the Hong Kong China Education Fund. He was also appointed as a director of the second board of directors of the China Foreign Affairs University in March 2005.

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

**Tingan Liu.** 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 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 a councillor of the Life Insurance Council of the Hong Kong Federation of Insurers, 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" and he was also a winner of China's "Top 10 Economic Talents Special Award 2009".

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 and a member of the Hong Kong Institute of Chartered Secretaries.

**Haotian Li.** 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 non-performing asset investments department and the fund's 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 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 Degree in business administration from University of Denver in 1998 and a Bachelor of Engineering degree from Tsinghua University in 1995.

**Gregory George Turnbull.** Mr. Turnbull is the Regional Managing 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, which he joined in 2001.

Mr. Turnbull is currently a director of Crescent Point Energy Corp., Storm Resources Ltd., Heritage Oil plc, Heritage Oil Corporation, Hawk Exploration Ltd., Sonde Resources Corp., Online Energy Inc., Porto Energy Corp. 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 his Bachelor of Arts degree in 1976 from Queen's University and his Bachelor of Laws degree from the University of Toronto in 1979.

**Raymond Shengti Fong.** Mr. Fong is currently the Chief Executive Officer of China Coal Corporation of Calgary. He was a director of Abenteuer Resources Ltd. from November 2000 to August 2008, a director of Stealth Ventures Ltd. from November 1999 to November 2007, a director of Zapata Capital Inc. from January 1998 to May 1999, a director/president of Ultra Capital Inc. from November 1996 to May 1998 and a director of United Rayore Gas Limited from 1989 to 1997.

Mr. Fong graduated with a Bachelor of Science degree from Taiwan Cheng Kung University in 1970 and obtained his Master of Science degree from Tennessee Technological University in 1971.

**Robert John Herdman.** Mr. Herdman is a Fellow Chartered Accountant and was formerly a partner at Price Waterhouse and PricewaterhouseCoopers LLP from 1989 to 2010 in Calgary 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 TriOil Resources Ltd., Black Diamond Limited, Chinook Energy Inc., SemBioSys Genetics Inc., Blackline GPS Corp. and Western Financial Group Inc., all of which are listed on the Toronto Stock Exchange or TSX Venture Exchange. He is also a member of the governors of the Glenbow Museum. He recently 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 has over 40 years of experience in the oil and natural gas industry. He is President of Seth Consultants Ltd. From January 1989 to June 2006, he served as Chairman, President and Managing Director of McDaniel & Associates Consultants Ltd., one of the pre eminent oil and gas engineering evaluators in Canada and internationally.

Mr. Seth is currently on the board of directors of Enerplus Corporation, Connacher Oil and Gas Limited, Open Range Energy Corp., Corridor Resources Inc., Reliable Energy Ltd. and Torquay Oil Corp., all of which are publicly-traded entities listed on the Toronto Stock Exchange, 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 Redcliffe Exploration Inc. and Triton Energy Corp.

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 has over 37 years of experience in oil and natural gas operations including senior management positions at a number of Canadian and international energy companies. Mr. Stevenson is currently on the board of directors of Southwest Energy Trust. He was head of oil & 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 & Acquisitions and financing activities.

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 (mechanical) degree in 1965 and his Master of Science (mechanical engineering) degree in 1967 from the University of Saskatchewan. Mr. Stevenson is a professional engineer registered in Province of Alberta.

### **Penalties or Sanctions**

To the knowledge of the management of the Corporation, no proposed director of the Corporation is at the date of this Circular has been subject to:

- (a) 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
- (b) 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.



## **Corporate Cease Trade Orders or Bankruptcies**

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 or chief financial officer 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.

Michael J. 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 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 and all creditor claims were fully honoured.

## **4. Appointment of Auditors**

At the Meeting, Shareholders will be asked to pass an ordinary resolution to re-appoint Deloitte & Touche 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 & Touche 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 & Touche LLP as auditors of the Corporation.**

## **5. By-Law Amendments**

The Corporation is governed by the ABCA. Section 102 of the ABCA provides that unless the articles, bylaws or a unanimous shareholder agreement otherwise provide, the directors of a corporation may,

by resolution, make, amend or repeal any by-laws that regulate the business or affairs of the corporation. Under the ABCA, the directors are required to submit a bylaw, or an amendment or a repeal of an existing by-law to the shareholders of the Corporation at the next meeting of shareholders, and the shareholders of the Corporation may by resolution, confirm, reject or amend the bylaw, amendment or repeal. A by-law, or an amendment or a repeal of an existing by-law, is effective from the date of the director's resolution until it is confirmed, confirmed as amended or rejected by the shareholders of the Corporation.

The current By-Law was confirmed and approved by the Shareholders at the previous annual and special meeting of the Shareholders held on January 26, 2012 (the "**2011 Meeting**"). Subsequent to the 2011 Meeting, the Corporation completed its initial public offering and primary listed of its Shares on The Stock Exchange of Hong Kong Limited (the "**SEHK**") on March 1, 2012. The Shares are currently trading on the SEHK under the stock code "2012". However, in order for the Shares to continue to trade on the SEHK and for the Corporation to maintain its listing on the SEHK, the Corporation's By-Law must be amended to comply with the Rules Governing the Listing of Securities on the SEHK (the "**Listing Rules**") and the requirements of the Hong Kong Securities Clearing Company ("**HKSCC**").

Previously, the Corporation had undertaken to the SEHK and the HKSCC that following its listing on the SEHK, the Corporation would make certain amendments to its By-Law at the next meeting of its Shareholders. As such, the Board has now approved certain amendments to paragraphs 8.13 and 8.14 in its By-Law, pursuant to which, all votes of Shareholders at a meeting shall be taken by way of a ballot, unless the chairman at such meeting determines that votes may, in certain limited circumstances, be taken by way of show of hands. In addition, the Board has approved the: (i) inclusion of paragraphs 8.17 and 8.18 in its By-Law with respect to appointment of proxies and corporate representatives at meetings of Shareholders, and (ii) amendments to paragraph 10.01 with respect registration of transfer of shares of the Corporation, and (collectively, the "**By-Law Amendments**"). The full text of the By-Law Amendments is attached hereto as Schedule "A". The By-Law Amendments are consistent with the provisions of the ABCA and the Listing Rules.

The Shareholders will be asked at the Meeting to consider, and if deemed advisable, to pass, with or without variation, a special resolution (the "**By-Law Resolution**"), confirming and approving the By-Law Amendments. Approval by way of special resolution requires the affirmative vote of not less than two-thirds ( $\frac{2}{3}$ ) of the votes cast by Shareholders present at the Meeting in person or proxy.

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

**"BE IT RESOLVED BY SPECIAL RESOLUTION THAT:**

1. the amendments made by the board of directors of the Corporation (the "**Board**") to By-Law No. 1 of the Corporation in the form attached as Schedule "A" to the management information circular dated April 27, 2012 be and is hereby confirmed, approved and ratified;
2. any director or officer of the Corporation be and is hereby authorized and directed to do all such further acts and things and to take all such further steps and to execute and deliver or sign and file (as the case may be) for and on behalf of the Corporation, such additional instruments, agreements, notices, certificates and other documents as such director or officer may consider necessary for advisable in connection with or for the purpose of giving effect to the foregoing resolution; and

4. notwithstanding the approval of the Shareholders of this special resolution, the Board, without further notice to or approval of the Shareholders, may decide not to proceed with the above resolution and may revoke this special resolution at any time prior to the amendments becoming effective, in which event, the By-Law No. 1 shall remain in effect unamended.”

**Unless instructed otherwise, the persons named in the accompanying Proxy intend to vote in FAVOUR OF the special resolution approving the By-Law Resolution to give effect to the By-Law Amendments.**

## **6. 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. It is anticipated that the purpose of the proposed mandate will 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 of the Corporation (the “**Board**”) 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 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)”; and

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.**

## **7. 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 “B” 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 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.**

## **8. 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.

## **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 Turnbull, QC; Hokming Tseung; Raymond Fong and Mr. Gerald Stevenson.

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 Stock Option Plan.

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).

### Option-based Awards

The purpose of the Post-IPO Stock Option Plan is to advance the interests of the Corporation by encouraging the directors, officers, 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 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.

### Compensation Governance

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

### Summary Compensation Table

The following table provides a summary of compensation earned during the years ended December 31, 2009, 2010, and 2011 by the Executive Co-Chairmen, the President and Chief Executive Officer, the Chief Financial Officer, the Executive VP, Corporate Operations and the former Chief Executive Officers of the Corporation (collectively the "**Named Executive Officers**").

Name & Principal Position	Year	Salary (\$)	Share-Based Awards (\$) <sup>(8)(9)</sup>	Option-Based Awards (\$) <sup>(9)</sup>	Non-Equity Incentive Plan Compensation (\$)		Pension Value (\$)	All Other Compensation (\$) <sup>(10)</sup>	Total Compensation (\$)
					Annual Incentive Plans <sup>(11)</sup>	Long-Term Incentive Plans			
Michael John Hibberd <sup>(1)</sup> Co-Chairman	2011	—	—	—	520,000	—	—	486,393	1,006,393
	2010	—	3,019,852	395,383	400,000	—	—	96,663	3,911,898
	2009	—	—	—	—	—	—	100,119	100,119
Songning Shen <sup>(2)</sup> Co-Chairman	2011	—	—	—	520,000	—	—	487,393	1,007,393
	2010	—	3,019,852	395,383	400,000	—	—	96,663	3,911,898
	2009	—	—	—	—	—	—	100,447	100,447

Name & Principal Position	Year	Salary (\$)	Non-Equity Incentive Plan Compensation (\$)			Pension Value (\$)	All Other Compensation (\$) <sup>(10)</sup>	Total Compensation (\$)
			Share-Based Awards (\$) <sup>(8)(9)</sup>	Option-Based Awards (\$) <sup>(9)</sup>	Annual Incentive Plans <sup>(11)</sup>			
<b>John Zahary</b> <sup>(3)</sup> <i>President and Chief Executive Officer</i>	2011	—	1,934,040	467,079	—	—	—	2,401,119
	2010	—	—	—	—	—	—	—
	2009	—	—	—	—	—	—	—
<b>Tom Rouse</b> <sup>(4)</sup> <i>Chief Financial Officer</i>	2011	204,167	—	—	135,000	—	23,729	362,896
	2010	178,300	658,877	247,115	100,000	—	7,462	1,191,754
	2009	166,000	—	—	—	—	6,773	172,773
<b>David Sealock</b> <sup>(5)</sup> <i>Executive VP, Corporate Operations</i>	2011	204,167	—	—	135,000	—	31,949	371,116
	2010	177,500	658,877	247,115	100,000	—	7,495	1,190,987
	2009	165,000	—	—	—	—	10,702	175,702
<b>Doug Brown</b> <sup>(6)</sup> <i>Chief Operating Officer</i>	2011	226,000	—	—	170,000	—	6,829	402,829
	2010	207,000	823,596	395,383	150,000	—	6,787	1,582,766
	2009	188,000	—	—	—	—	9,729	197,729
<b>John Kowal</b> <sup>(7)</sup> <i>Strategic Advisor</i>	2011	226,000	—	—	170,000	—	31,758	427,758
	2010	207,000	823,596	395,383	150,000	—	7,549	1,583,528
	2009	188,000	—	—	—	—	6,871	194,871

**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 was appointed President and Chief Executive Officer on December 20, 2011, at which time Mr. Brown's position reverted to Chief Operating Officer and Mr. Kowal assumed the position of strategic advisor to the Corporation.
- (4) Mr. Rouse was appointed Vice President, Finance and Chief Financial Officer on August 22, 2008 and was Controller from February 1, 2008 to August 21, 2008.
- (5) Mr. Sealock was appointed Executive Vice President, Corporate Operations on June 14, 2010 and was Vice President, Corporate Operations from July 1, 2008 to June 14, 2010.
- (6) Mr. Brown was Co-Chief Executive Officer and Chief Operating Officer from October 6, 2008 to December 19, 2011, and was Chief Operating Officer from November 1, 2007 to October 5, 2008. Since December 20, 2011, Mr. Brown remains the Chief Operating Officer of the Corporation.
- (7) Mr. Kowal was Co-Chief Executive Officer from October 6, 2008 to December 19, 2011, and was Senior Vice President, Capital Markets from June 2, 2008 to October 5, 2008. On December 20, 2011, Mr. Kowal was appointed as strategic advisor to the Corporation.
- (8) These share-based awards relate to the conversion of Class "G" Preferred Non-Voting Shares that were subject to performance conditions that were met in September, 2008, and Class "G" Preferred Non-Voting Shares issued in 2010.
- (9) 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.
- (10) These amounts relate to vacation pay and benefits such as parking, health and medical coverage. In the case of the Co-Chairmen, these amounts include fees paid pursuant to their respective advisory services contracts.

## 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 re-pricing of stock options during the fiscal period ended December 31, 2011.

### 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, 2011. The number of securities underlying unexercised options has been adjusted to reflect the 20 for 1 share split. As a result, the option exercise price has been divided by 20 and rounded to the nearest \$0.01.

Name	Options-based Awards <sup>(1)</sup>			Value of Unexercised in-the-money Options (\$) <sup>(1)</sup>	Share-based Awards <sup>(2)</sup>	
	Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date		Number of Shares or Units of Shares That Have Not Vested (#) <sup>(3)</sup>	Market or Payout Value of Share-Based Awards That Have Not Vested
<b>Michael John Hibberd</b> <i>Co-Chairman</i>	1,200,000	0.06	Jun 15, 2012	Nil	11,000,000	\$5,500
	7,200,000	0.07	Jul 20, 2012			
	4,900,000	0.08	Aug 24, 2012			
	3,070,000	0.15	Oct 9, 2012			
	7,146,000	0.14	Jan 9, 2013			
	1,404,000	0.20	Mar 31, 2013			
	1,380,000	0.20	Jun 13, 2013			
	1,980,000	0.20	Aug 1, 2013			
<b>Songning Shen</b> <i>Co-Chairman</i>	2,400,000	0.28	Mar 2, 2015	Nil	11,000,000	\$5,500
	1,400,000	0.06	Jun 15, 2012			
	7,200,000	0.07	Jul 20, 2012			
	4,900,000	0.08	Aug 24, 2012			
	3,070,000	0.15	Oct 9, 2012			
	7,146,000	0.14	Jan 9, 2013			
	1,404,000	0.20	Mar 31, 2013			
	1,380,000	0.20	Jun 13, 2013			
1,980,000	0.20	Aug 1, 2013				
<b>John Zahary</b> <i>President and Chief Executive Officer</i>	2,000,000	0.48	Dec 20, 2016	Nil	4,000,000	\$2,000
<b>Tom Rouse</b> <i>Chief Financial Officer</i>	400,000	0.14	Feb 1, 2013	Nil	2,400,000	\$1,200
	900,000	0.20	Mar 31, 2013			
	1,100,000	0.20	Jun 13, 2013			
	800,000	0.20	Aug 1, 2013			
	1,500,000	0.28	Mar 2, 2015			
<b>David Sealock</b> <i>Executive Vice President, Corporate Operations</i>	3,000,000	0.20	Jun 13, 2013	Nil	2,400,000	\$1,200
	400,000	0.20	Aug 1, 2013			
	1,500,000	0.28	Mar 2, 2015			



Name	Options-based Awards <sup>(1)</sup>			Share-based Awards <sup>(2)</sup>		
	Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Value of Unexercised in-the-money Options (\$) <sup>(1)</sup>	Number of Shares or Units of Shares That Have Not Vested (#) <sup>(3)</sup>	Market or Payout Value of Share-Based Awards That Have Not Vested
<b>Doug Brown</b> <i>Chief Operating Officer</i>	4,284,000	0.14	Jan 9, 2013	Nil	3,000,000	\$1,500
	1,296,000	0.20	Mar 31, 2013			
	1,300,000	0.20	Jun 13, 2013			
	1,980,000	0.20	Aug 1, 2013			
	2,400,000	0.28	Mar 2, 2015			
<b>John Kowal</b> <i>Strategic Advisor</i>	3,300,000	0.20	Apr 1, 2013	Nil	3,000,000	\$1,500
	1,300,000	0.20	Jun 13, 2013			
	1,980,000	0.20	Aug 1, 2013			
	2,400,000	0.28	Mar 2, 2015			

**Notes:**

- (1) The Shares are not listed on a recognized stock exchange at December 31, 2011. As such there is no established market value for the Shares to compare the exercise price of stock options to.
- (2) The Class “G” Shares and Class “H” Shares have not vested as at December 31, 2011.
- (3) Shares noted are Class “G” Preferred Non-Voting Shares and Class “H” Preferred Non-Voting Shares. As at the date of this Circular, these Class “G” Preferred Non-Voting Shares and Class “H” Preferred Non-Voting Shares were entitled to convert to common shares on the basis of one Preferred Share for 0.3 Class “A” Common Share. Details of the escalating conversion schedule are noted in the 2011 audited financial statements.

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, 2011. The number of securities underlying unexercised options has been adjusted to reflect the 20 for 1 share split. As a result, the option exercise price has been divided by 20 and rounded to the nearest \$0.01.

Name	Option-based Awards <sup>(1)</sup>			Share-based Awards <sup>(2)</sup>		
	Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Value of Unexercised in-the-money Options (\$) <sup>(1)</sup>	Number of Shares or Units of Shares That Have Not Vested (#) <sup>(3)</sup>	Market or Payout Value of Share-Based Awards That Have Not Vested
<b>Hokming Tseung</b>	1,000,000	0.28	Mar 2, 2015	Nil	15,000,000	\$7,500
<b>Tingan Liu</b>	—	—	—	Nil	—	Nil
<b>Haotian Li</b>	1,000,000	0.48	Feb 17, 2016	Nil	—	Nil
<b>Kevin Flaherty</b>	300,000	0.15	Oct 9, 2012	Nil	—	Nil
	200,000	0.14	Jan 9, 2013			
	100,000	0.20	Mar 31, 2013			
	100,000	0.20	Aug 1, 2013			
	400,000	0.28	Mar 2, 2015			
<b>Raymond Shengti Fong</b>	400,000	0.07	Jul 20, 2012	Nil	—	Nil
	100,000	0.08	Aug 24, 2012			
	300,000	0.15	Oct 9, 2012			
	200,000	0.14	Jan 9, 2013			
	100,000	0.20	Mar 31, 2013			
	400,000	0.28	Mar 2, 2015			

Name	Option-based Awards <sup>(1)</sup>				Share-based Awards <sup>(2)</sup>	
	Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Value of Unexercised in-the-money Options (\$) <sup>(1)</sup>	Number of Shares or Units of Shares That Have Not Vested (#) <sup>(3)</sup>	Market or Payout Value of Share-Based Awards That Have Not Vested
Zhijan Qin	900,000	0.20	Mar 31, 2013	Nil	—	Nil
	400,000	0.28	Mar 2, 2015			
Wazir Chand (Mike) Seth	1,200,000	0.14	Jan 9, 2013	Nil	—	Nil
	100,000	0.20	Mar 31, 2013			
	400,000	0.28	Mar 2, 2015			
Gregory George Turnbull	800,000	0.15	Oct 9, 2012	Nil	600,000	\$300
	200,000	0.14	Jan 9, 2013			
	100,000	0.20	Mar 31, 2013			
	100,000	0.20	Aug 1, 2013			
	400,000	0.28	Mar 2, 2015			
Robert John Herdman	1,000,000	0.48	Jul 14, 2011	Nil	—	Nil
Gerald Franklin Stevenson	1,000,000	0.48	Jul 14, 2011	Nil	—	Nil

**Notes:**

- (1) The Shares are not listed on a recognized stock exchange at December 31, 2011. As such there is no established market value for the Shares to compare the exercise price of stock options to.
- (2) The Class “G” Shares and Class “H” Shares have not vested as at December 31, 2011.
- (3) Shares noted are Class “G” Preferred Non-Voting Shares and Class “H” Preferred Non-Voting Shares. As at the date of this Circular, these Class “G” Preferred Non-Voting Shares and Class “H” Preferred Non-Voting Shares were entitled to convert to common shares on the basis of one Preferred Share for 0.3 Class “A” Common Share. Details of the escalating conversion schedule are noted in the 2011 audited financial statements.

*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, 2011.

Name	Option-based awards — Value vested during the year (\$)	Share-based awards — Value vested during the year (\$)	Non-equity incentive plan compensation — Value earned during the year (\$)
<b>Michael John Hibberd</b> <i>Co-Chairman</i>	Nil	Nil	520,000
<b>Songning Shen</b> <i>Co-Chairman</i>	Nil	Nil	520,000
<b>John Zahary</b> <i>President and Chief Executive Officer</i>	Nil	Nil	Nil
<b>Tom Rouse</b> <i>Chief Financial Officer</i>	Nil	Nil	135,000
<b>David Sealock</b> <i>Executive Vice President, Corporate Operations</i>	Nil	Nil	135,000
<b>Doug Brown</b> <i>Chief Operating Officer</i>	Nil	Nil	170,000
<b>John Kowal</b> <i>Strategic Advisor</i>	Nil	Nil	170,000

The following table sets forth for each Director, the incentive plan awards that were earned during the year ended December 31, 2011.

Name	Option-based awards — Value vested during the year (\$)	Share-based awards — Value vested during the year (\$)	Non-equity incentive plan compensation — Value earned during the year (\$)
Hokming Tseung	Nil	Nil	Nil
Tingan Liu	Nil	Nil	Nil
Haotian Li	Nil	Nil	Nil
Kevin Flaherty	Nil	Nil	Nil
Raymond Shengti Fong	Nil	Nil	Nil
Zhijan Qin	Nil	Nil	Nil
Wazir Chand (Mike) Seth	Nil	Nil	Nil
Gregory George Turnbull	Nil	Nil	Nil
Robert John Herdman	Nil	Nil	Nil
Gerald Franklin Stevenson	Nil	Nil	Nil

### **Narrative Discussion of Option-based and Share-based Awards**

Please refer to the significant terms of the Corporation's new Post-IPO Stock Option Plan that was approved by the Shareholders at the Annual and Special Meeting on January 26, 2012 and is now effective. The Corporation's Post-IPO Stock Option Plan is available for review upon request.

### **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 currently intends to formalize employment contracts between the Corporation and the Named Executive Officers at an appropriate time in the future. Such contracts may contain termination and change of control benefits.

## Director Compensation for 2011

### Director Compensation Table

Name <sup>(1)</sup>	Fees Earned (\$)	Share-Based Awards <sup>(3)</sup> (\$)	Option-Based Awards <sup>(2)(3)</sup> (\$)	Non-Equity Incentive	Pension Value (\$)	All Other Compensation (\$)	Total (\$)
				Plan Compensation (\$)			
Hokming Tseung	24,333	5,318,802	—	—	—	—	5,343,135
Tingan Liu	—	—	—	—	—	—	—
Haotian Li	22,333	—	288,037	—	—	—	310,370
Kevin Flaherty <sup>(4)</sup>	—	—	—	—	—	—	—
Raymond Shengti Fong	27,333	—	—	—	—	—	27,333
Zhijan Qin <sup>(5)</sup>	—	—	—	—	—	—	—
Wazir Chand (Mike) Seth	29,000	—	—	—	—	—	29,000
Gregory George Turnbull	26,667	—	—	—	—	—	26,667
Robert John Herdman	28,667	—	276,118	—	—	—	304,785
Gerald Franklin Stevenson	27,333	—	276,118	—	—	—	303,451

#### Notes:

- (1) Compensation for Michael Hibberd and Songning Shen is disclosed under the Summary Compensation Table above.
- (2) As at December 31, 2011, the Shares were on listed on a recognized stock exchange. As such, there is no established market value for the Shares to compare the exercise price of stock options to.
- (3) 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.
- (4) Mr. Flaherty resigned as a director on February 1, 2011.
- (5) Mr. Qin resigned as a director on July 15, 2011.

### Narrative Discussion of Director Compensation to December 31, 2011

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 any committee of the Board. 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-Chairmen of the Board, 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. 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 Stock Option Plan. Director compensation has been reviewed during 2012 and changes are being made to conform directors compensation to that paid by companies of comparable size.

## SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

### Equity Compensation Plan Information

The following table sets forth information, as at December 31, 2011, with respect to compensation plans under which equity securities are authorized for issuance, aggregated for all compensation plans previously approved by the shareholders and all compensation plans not previously approved by the Shareholders. 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.

<b>Plan Category</b>	<b>Number of Shares to be Issued Upon Exercise of Outstanding Options</b>	<b>Weighted Average Exercise Price of Outstanding Options</b>	<b>Number of Shares Remaining Available for Future Issuance Under Equity Compensation Plans</b>
Equity compensation plans approved by security holders	202,958,540	0.22	7,041,460
Equity compensation plans not approved by security holders	—	—	—
<b>Total</b>	<b>202,958,540</b>	<b>0.22</b>	<b>7,041,460</b>

### Narrative Discussion of Equity Compensation Plan Information

Please refer to the significant terms of the Corporation's Post-IPO Stock Option Plan that was approved by the Shareholders at the Annual and Special Meeting on January 26, 2012 and which is currently in effect. The Corporation's Post-IPO Stock Option Plan is available for review upon request.

## 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, employees and none of the proposed nominees for directors 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 last 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 is 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:

Name of Director	Independent	Not Independent	Reason For Non-Independent Status
<b>Michael John Hibberd</b>		✓	Mr. Hibberd is Executive Co-Chairman of the Board
<b>Songning Shen</b>		✓	Mr. Shen is Executive Co-Chairman of the Board
<b>Hok Ming Tseung</b>		✓	Mr. Hok Ming Tseung directly owns 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.
<b>Tingan Liu</b>		✓	Mr. Liu was nominated to the Board by China Life Insurance (Overseas) Company Limited (China Life) pursuant to an investment made by China Life into the Corporation. China Life is one of the Corporation's strategic investors.
<b>Haotian Li</b>		✓	Mr. Li was nominated to the Board by Bank of China Group Investment Limited (BOCGI) pursuant to an investment made by Charter Globe Limited (a wholly owned subsidiary of BOCGI) into the Corporation. BOCGI is one of the Corporation's strategic investors.
<b>Gregory George Turnbull</b>		✓	Mr. Turnbull acts as Managing Partner of the law firm, McCarthy Tétrault LLP which acts as legal counsel to the Corporation.
<b>Raymond Shengti Fong</b>	✓		
<b>Robert John Herdman</b>	✓		
<b>Wazir Chand (Mike) Seth</b>	✓		
<b>Gerald Franklin Stevenson</b>	✓		

## Participation of Directors in Other Reporting Issuers

<u>Name of Director</u>	<u>Name of Other Reporting Issuer</u>	<u>Listing</u>	
<b>Michael John Hibberd</b>	Heritage Oil plc	London Stock Exchange	
	Heritage Oil Corporation	Toronto Stock Exchange, London Stock Exchange	
	Canacol Energy Ltd.	Toronto Stock Exchange, Colombia Stock Exchange	
	Greenfields Petroleum Corporation	TSX Venture Exchange	
	Montana Exploration Corp.	TSX Venture Exchange	
	Pan Orient Energy Corp.	TSX Venture Exchange	
	Skope Energy Inc.	Toronto Stock Exchange	
<b>Gregory George Turnbull</b>	Crescent Point Energy Corp.	Toronto Stock Exchange	
	Hawk Exploration Ltd.	TSX Venture Exchange	
	Heritage Oil plc	London Stock Exchange	
	Heritage Oil Corporation	Toronto Stock Exchange, London Stock Exchange	
	Hyperion Exploration Corp.	TSX Venture Exchange	
	Online Energy Inc.	TSX Venture Exchange	
	Sonde Resources Corp.	Toronto Stock Exchange, NYSE Amex	
<b>Raymond Shengti Fong</b>	Storm Resources Ltd.	TSX Venture Exchange	
	Porto Energy Corp.	TSX Venture Exchange	
	China Coal Corporation	TSX Venture Exchange	
	<b>Robert John Herdman</b>	TriOil Resources Ltd.	TSX Venture Exchange
		Black Diamond Limited	Toronto Stock Exchange
Chinook Energy Inc.		Toronto Stock Exchange	
SemBioSys Genetics Inc.		Toronto Stock Exchange	
Blackline GPS Corp.		TSX Venture Exchange	
<b>Wazir Chand (Mike) Seth</b>	Western Financial Group Inc.	Toronto Stock Exchange	
	Enerplus Corporation	Toronto Stock Exchange, New York Stock Exchange	
	Connacher Oil and Gas Limited	Toronto Stock Exchange	
	Open Range Energy Corp.	Toronto Stock Exchange	
	Corridor Resources Inc.	Toronto Stock Exchange	
	Reliable Energy Ltd.	TSX Venture Exchange	
	Torquay Oil Corp.	Toronto Stock Exchange	

## 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 if it is not possible to deal with the Corporation's business at a regularly scheduled quarterly meeting.

### **Position Descriptions**

As of the date hereof, the Board has not developed written positions descriptions for its Co-Chairs or the Chairs of the Corporation's various committees. However the Board has delineated the appropriate roles and responsibilities for the Corporation's Co-Chairs and the Chairs of its various committees from the Corporation's constating documents and the written terms of references for each of the Corporation's committees. The Board is currently in the process of drafting written position descriptions for its Co-Chairs and the Chairs of each of its committees. The Board anticipates that written position descriptions will be completed by the end of the second quarter of 2012.

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 each and every new incoming director of the Corporation by holding one-on-one 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 incoming directors with 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 respectively, to provide continuing education to its directors regarding applicable statutory, regulatory and other compliance requirements that the Corporation is subject to.

### **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 for 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, thereby consenting to abide by the Code. 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 respectively.

The Board ensures that each director exercises independent judgment in all transactions and agreements by encouraging directors to seek at all times, 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 Director**

Describe the process by which the board identifies new candidates for board nomination.

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 not limited to, the following:

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

The Corporate Governance Committee is comprised with a majority for 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.

## **Compensation**

Please refer to the disclosure under the heading "*Statement of Executive Compensation.*"

## **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 <http://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 and Li.

#### *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 <http://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, Stevenson 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 is required to convene at least 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 <http://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, or proposed changes of independent evaluators;
- (b) reviewing procedures for providing information to the independent evaluators;
- (c) meeting with management and the independent evaluator to review the reserves data and report;
- (d) recommending to the Board whether to approve the content of the independent evaluators' report; 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**"). For information on the Audit Committee, please refer to the disclosure below under the heading "*Audit Committee.*"

The purpose of the Corporation's 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 expects to convene no less than four times each year and as circumstances otherwise warrant.

The full text of the Audit Committee's Charter is attached hereto as Schedule "C"

### **Composition of the Audit Committee**

The Audit Committee is comprised of Mr. Herdman, who is the chairman, and Messrs. Stevenson, Seth and Liu. Each of the members of the Audit Committee is financially literate under Section 1.5 of NI 52-110. Messrs. Herdman, Stevenson and Seth are independent as such term is described under Section 1.4 of NI 52-110.

### **Relevant Education and Experience**

The following is a description of the education and experience of each audit committee member that is relevant to the performance of his responsibilities as an audit committee member.

#### **1. Mr. Robert John Herdman**

Mr. Herdman is a fellow chartered accountant and was formerly a partner at Price Waterhouse and PricewaterhouseCoopers LLP from 1989 to 2010 in Calgary 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 Chinook Energy Inc., SemBioSys Genetics

Inc., Blackline GPS Corp. and Western Financial Group Inc. He recently 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.

## **2. Mr. Gerald Franklin Stevenson**

Mr. Stevenson has over 37 years of experience in oil and natural gas operations including senior management positions at a number of Canadian and international energy companies. Mr. Stevenson is currently on the board of directors of Southwest Energy Trust. He was head of oil & 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 & Acquisitions and financing activities.

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 October 2001 to March 2003, where he was responsible for acquisitions and divestitures. He was vice-president, production of Hurricane Hydrocarbons from April 1998 to October 1998 and was appointed interim President, Chief Executive Officer and director of Hurricane Hydrocarbons in October 1998.

## **3. Mr. Wazir Chand (Mike) Seth**

Mr. Seth has over 40 years of experience in the oil and natural gas industry. He is President of Seth Consultants Ltd. From January 1989 to June 2006, he served as chairman, president and managing director of McDaniel & Associates Consultants Ltd., one of the preeminent oil and gas engineering evaluators in Canada and internationally.

Mr. Seth is currently on the board of directors of Enerplus Corporation, Connacher Oil and Gas Limited, Open Range Energy Corp., Corridor Resources Inc., Reliable Energy Ltd. and Torquay Oil Corp. 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 Redcliffe Exploration Inc. and Triton Energy Corp.

## **4. Mr. Tingan Liu**

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 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 a councillor of the Life Insurance Council of the Hong Kong Federation of Insurers, 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" and he was also a winner of China's "Top 10 Economic Talents Special Award 2009".

## Audit Committee Oversight

Since the commencement of the Corporation's most recently completed financial year, there has not been a recommendation of the Audit Committee to nominate or compensate an external auditor.

## Pre-Approval Policies and Procedures

The Audit Committee has adopted specific policies and procedures for the engagement of non-audit services, including tax advisory and compliance services. The Audit Committee has the authority to establish financial thresholds for fees for non-audit services to be provided by the external auditors without advance approval of the Audit Committee. See the *Other Responsibilities* provisions of the Audit Committee Charter which is attached hereto as Schedule "C"

## External Auditor Service Fees

The fees paid to the Corporation's external auditor in each of the last two fiscal years are as follows:

<u>Financial Year Ending</u>	<u>Audit Fees<sup>(1)</sup></u>	<u>Audit-Related Fees<sup>(2)</sup></u>	<u>Tax Fees<sup>(3)</sup></u>	<u>All Other Fees<sup>(4)</sup></u>
December 31, 2011	\$724,842	\$388,720	Nil	Nil
December 31, 2010	\$134,100	\$23,000	Nil	Nil

### Notes:

- (1) The aggregate fees billed by the Corporation's auditor for audit fees.
- (2) The aggregate fees billed for assurance and related services by the Corporation's auditor that are reasonably related to the performance of the audit or review of the Corporation's financial statements and are not disclosed in the "Audit fees" column.
- (3) The aggregate fees billed for professional services rendered by the Corporation's auditor for tax compliance, tax advice, and tax planning.
- (4) The aggregate fees billed for professional services rendered by the Corporation's auditor in relation services other than the services reported under (1), (2), and (3) above.

## RECOMMENDATION

The directors consider that the election of directors for the ensuing year, the appointment of auditors, the proposed amendments of the By-Law, the proposed grant of the general mandate to issue Shares and the Share Repurchase Mandate are 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, 2011. Documents affecting the rights of security holders, along with other information relating to the Corporation, may be found on the Corporation's website at <http://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 John Hibberd**  
**Co-Chairman**

DATED at Calgary, Alberta, this 27th day of April, 2012.

## SCHEDULE A

### BY-LAW AMENDMENTS

The Board has approved the following amendments to the existing By-Law of the Corporation:

	Current By-Law	Proposed Amendment to By-Law
1.	<p><b>Paragraph 8.13</b> <b>Show of Hands</b></p> <p>Subject to the Act, any question at a meeting of shareholders shall be decided by a show of hands, unless a ballot thereon is required or demanded as hereinafter provided. Upon a show of hands every person who is present and entitled to vote shall have one (1) vote. Whenever a vote by show of hands shall have been taken upon a question, unless a ballot thereon is so required or demanded, a declaration by the chairman of the meeting that the vote upon the question has been carried or carried by a particular majority or not carried and an entry to that effect in the minutes of the meeting shall be prima facie evidence of the fact without proof of the number of votes recorded in favour of or against any resolution or other proceeding in respect of the said question, and the result of the vote so taken shall be the decision of shareholders upon the said question.</p>	<p><b>Paragraph 8.13</b> <b>Show of Hands</b></p> <p>Subject to the Act, <u>and the Listing Rules, the chairman of a meeting may decide to allow a resolution which relates purely to a procedural or administrative matter to be decided by a show of hands.</u> Upon a show of hands every person who is present and entitled to vote shall have one (1) vote. Whenever a vote by show of hands shall have been taken upon a question, unless a ballot thereon is so required or demanded, a declaration by the chairman of the meeting that the vote upon the question has been carried or carried by a particular majority or not carried and an entry to that effect in the minutes of the meeting shall be prima facie evidence of the fact without proof of the number of votes recorded in favour of or against any resolution or other proceeding in respect of the said question, and the result of the vote so taken shall be the decision of shareholders upon the said question.</p>



	<b>Current By-Law</b>	<b>Proposed Amendment to By-Law</b>
2.	<p><b>Paragraph 8.14 Ballots</b></p> <p>On any question proposed for consideration at a meeting of shareholders, a shareholder, proxyholder or other person entitled to vote may demand and the chairman may require that a ballot be taken either before or upon the declaration of the result of any vote by show of hands. If a ballot is demanded on the election of a chairman or on the question of adjournment it shall be taken forthwith without an adjournment. A ballot demanded or required on any other question shall be taken in such a manner as the chairman shall direct. A demand or requirement for a ballot may be withdrawn at any time prior to the taking of the ballot. If a ballot is taken each person present shall be entitled, in respect of the shares that he is entitled to vote at the meeting upon the question, to the number of votes as provided for by the articles or, in the absence or such provision in the articles, to one vote for each share he is entitled to vote. The result of the ballot so taken shall be the decision of the shareholders upon the question.</p>	<p><b>Paragraph 8.14 Ballots</b></p> <p><u>Any vote of shareholders at a general meeting must be taken by a ballot except where the chairman, in good faith, decides to allow a resolution to be voted on by a show of hands according to section 8.13.</u> If a ballot is demanded on the question of adjournment it shall be taken forthwith without an adjournment. A ballot demanded or required on any other question shall be taken in such a manner as the chairman shall direct. A demand or requirement for a ballot may be withdrawn at any time prior to the taking of the ballot. If a ballot is taken each person present shall be entitled, in respect of the shares that he is entitled to vote at the meeting upon the question, to the number of votes as provided for by the articles or, in the absence or such provision in the articles, to one vote for each share he is entitled to vote. The result of the ballot so taken shall be the decision of the shareholders upon the question.</p>

	Current By-Law	Proposed Amendment to By-Law
3.	N/A	<p><b>8.17 Proxies</b></p> <p>Any member entitled to attend and vote at a meeting of the Corporation shall be entitled to appoint another person as his proxy to attend and vote instead of him. A member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at a general meeting of the Corporation or at a class meeting. A proxy need not be a member. In addition, a proxy or proxies representing either a member who is an individual or a member which is a corporation shall be entitled to exercise the same powers on behalf of the member which he or they represent as such member could exercise.</p> <p><b>8.18 Corporate representatives</b></p> <p>If a clearing house (or its nominee(s)), being a corporation, is a member, it may authorise such person or persons as it thinks fit to act as its representative or representatives at any meeting of the Corporation or at any meeting of any class of members provided that, if more than one person is so authorised, the authorisation shall specify the number and class of shares in respect of which each such representative is so authorised. Each person so authorised under the provisions of this Article shall be deemed to have been duly authorised without further evidence of the facts and be entitled to exercise the same rights and powers on behalf of the clearing house (or its nominee(s)) as if such person was the registered holder of the shares of the Corporation held by the clearing house (or its nominee(s)).</p>

	<b>Current By-Law</b>	<b>Proposed Amendment to By-Law</b>
4.	<p><b>Paragraph 10.01 Registration of Transfer</b></p> <p>Subject to the Act, no transfer of a share shall be registered in a securities register except upon presentation of the certificate representing such share with an endorsement which complies with the Act made thereon or delivered therewith duly executed by an appropriate person as provided by the Act, together with such reasonable assurance that the endorsement is genuine and effective as the Board may from time to time prescribe, upon payment of all applicable taxes and any reasonable fees prescribed by the Board (not exceeding the maximum amount permitted pursuant to the applicable laws or rules of the Hong Kong Stock Exchange) and upon compliance with such restrictions on transfer as are authorized by the Articles.</p>	<p><b>Paragraph 10.01 Registration of Transfer</b></p> <p>Subject to the Act, no transfer of a share shall be registered in a securities register except upon presentation of the certificate representing such share with an endorsement which complies with the Act made thereon or delivered therewith duly executed by an appropriate person as provided by the Act, together with such reasonable assurance that the endorsement is genuine and effective as the Board may from time to time prescribe, upon payment of all applicable taxes and any reasonable fees prescribed by the Board (not exceeding the maximum amount permitted pursuant to the applicable laws or rules of the Hong Kong Stock Exchange) and upon compliance with such restrictions on transfer as re authorized by the Articles.</p> <p><u>All transfers of shares shall be effected by transfer in writing in the usual or common form, or if any, on the back of the Corporation's share certificates or in such other form as the Board may accept provided always that it shall be in such a form prescribed by the Hong Kong Stock Exchange and may be under hand only or, if the transferor or transferee is a Clearing House (or its nominee(s)), under hand or by machine imprinted signature or by such other means of execution as the Board may approve from time to time.</u></p>

## **SCHEDULE B**

### **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.

#### **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 exchange subject to certain restrictions. The Corporation is empowered to repurchase its own shares, subject to the requirements of the ABCA.

#### **SHARE CAPITAL**

As at April 25, 2012, the issued and outstanding share capital of the Corporation comprised of 2,840,921,435. 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 284,092,144 Shares under the Share Repurchase Mandate during the Relevant Period, representing 10% of the issued and outstanding share capital of the Corporation as at April 27, 2012.

#### **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 value of the Corporation's shares or 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 requirements 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, 2011 (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 each of the following months preceding the issue of this Circular were as follows:

	Per Share	
	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
<b>2012</b>		
March 1 - March 31	\$4.86	\$4.41
April 1 - April 25	\$4.92	\$4.57

## 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 April 25, 2012 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 has not purchased any of its shares whether on the SEHK or otherwise in the six months preceding April 25, 2012.

## SCHEDULE C

### SUNSHINE OILSANDS LTD. TERMS OF REFERENCE OF THE AUDIT COMMITTEE

#### 1. The Board of Directors' Mandate for the Audit Committee

##### (a) Purpose

The Audit Committee (the “**Audit Committee**”) is a committee of non-executive directors appointed by the Board of Directors of the Corporation (the “**Board of Directors**”). The Audit committee’s mandate is, *inter alia*, to provide assistance to the Board of Directors in fulfilling its financial reporting and control responsibility to the shareholders and the investment community, The committee is, however, independent of the Board of Directors and the Corporation and in carrying out their role shall have the ability to determine its own agenda and any additional activities that the Audit Committee shall carry out.

##### (b) Composition of Committee

- a) The Committee will be comprised of at least three non-executive directors of the Corporation, all of whom will be financially literate. In addition, at least one member of the Audit Committee shall have accounting or related financial expertise as such qualifications are interpreted by the Board of Directors in accordance with rule 3.10(2) of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “**Listing Rules**”). A majority of the members of the Committee must also be “independent” in accordance with the Listing Rules. A “financially literate” director is a director who has the ability to read and understand a set of financial instruments that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the financial statements of the Corporation.
- b) Unless otherwise designated by the Board, the members of the Committee shall elect a Chairperson (the “**Chair**”) from among the independent non-executive directors present and the Chair shall preside at all meetings of the Committee.

##### (c) Reliance on Experts

In contributing to the Committee’s discharging of its duties under this mandate, each member of the Committee shall be entitled to rely in good faith upon:

- a) financial statements of the Corporation represented to him or her by an officer of the Corporation or in a written report of the external auditors to present fairly the financial position of the Corporation in accordance with GAAP consistently applied; and
- b) any report of a lawyer, accountant, engineer, appraiser or other person whose profession lends credibility to a statement made by any such person.

**(d) Limitations on Committee’s Duties**

In contributing to the Committee’s discharging of its duties under the Terms of Reference (defined at II below), each member of the Corporation shall be obliged only to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. Nothing in the Terms of Reference is intended, or may be construed, to impose on any member of the Committee a standard of care or diligence that is in any way more onerous or extensive than the standard to which all Board members are subject. The essence of the Committee’s duties is monitoring and reviewing to endeavour to gain reasonable assurance (but not to ensure) that the relevant activities are being conducted effectively and that the objectives of the Corporation’s financial reporting are being met and to enable the Committee to report thereon to the Board.

**2. Audit Committee Terms of Reference**

The Audit Committee’s Terms of Reference (the “**Terms of Reference**”) outline how the Committee will satisfy the requirements set forth by the Board in its mandate. Terms of Reference reflect the following:

- operating principles;
- operating procedures; and
- specific responsibilities and duties.

**(a) Operating Principles**

The Committee shall fulfill its responsibilities within the context of the following principles:

**(i) Committee Values**

The Committee expects the management of the Corporation to operate in compliance with corporate policies, reflecting laws and regulations governing the Corporation and to maintain strong financial reporting and control processes.

**(ii) Communications**

The Committee and members of the Committee expect to have direct, open and frank communications throughout the year with management, other Committee Chairpersons, the external auditors, and other key Committee advisors or Corporation staff members as applicable.

**(iii) Financial Literacy**

All Committee members should be sufficiently versed in financial matters to read and understand the Corporation’s financial statements and also to understand the Corporation’s accounting practices and policies and the major judgments involved in preparing the financial statements.



**(iv) Annual Audit Committee Work Plan**

The Committee, in consultation with management and the external auditors, shall develop an annual Committee work plan responsive to the Committee's responsibilities as set out in these Terms of Reference. In addition, the Committee, in consultation with management and the external auditors, shall participate in a process for review of important financial topics that have the potential to impact the Corporation's financial disclosure.

The work plan will be focused primarily on the annual and interim financial statements of the Corporation. However, the Committee may at its sole discretion, or the discretion of the Board, review such other matters as may be necessary to satisfy the Committee's Terms of Reference.

**(v) Meeting Agenda**

Committee meeting agendas shall be the responsibility of the Chair in consultation with Committee members, senior management and the external auditors and shall be circulated on a timely basis prior to the Committee meetings.

**(vi) Committee Expectations and Information Needs**

The Committee shall communicate its expectations to management and the external auditors with respect to the nature, timing and extent of its information needs. The Committee expects that written materials will be received from management and the external auditors at a reasonable time in advance of meeting dates.

**(vii) External Resources**

To assist the Committee in discharging its responsibilities, the Committee may at its discretion, in addition to the external auditors, at the expense of the Corporation, retain one or more persons having special expertise, including independent counsel.

**(viii) In Camera Meetings**

At the discretion of the Committee, the members of the Committee shall meet in private sessions with the external auditors.

**(ix) Reporting to the Board**

The Committee, through its Chair, shall report after each Committee meeting to the Board at the Board's next regular meeting.

**(x) Committee Self Assessment**

The Committee shall annually review, discuss and assess its own performance. In addition, the Committee shall periodically review its role and responsibilities.

**(xi) The External Auditors**

The Committee expects that, in discharging their responsibilities to the shareholders, the external auditors shall report directly to and be accountable to the Board through the Committee. The external auditors shall report all material issues or potentially material issues, either specific to the Corporation or to the financial reporting environment in general, to the Committee.

**(b) Operating Procedures**

- A. The Committee shall meet at least four times annually, or more frequently as circumstances dictate. At least once a year the Committee shall meet with the external and internal auditors without executive Board members present.
- B. Meetings shall be held at the call of the Chair, upon the request of two members of the Committee or at the request of the external auditors.
- C. A quorum shall be a majority of the Committee members and the rules for calling, holding, conducting and adjourning meetings of the Committee shall be the same as those governing the Board unless otherwise determined by the Committee or the Board.
- D. At all meetings of the Committee every question shall be decided by a majority of the votes cast, with each member of the Committee, including the Chair, having one vote, and with the Chair having no tie breaker vote.
- E. The Chair shall preside at all meetings of the Committee, unless the Chair is not present, in which case the members of the Committee present shall designate from among the independent non-executive directors the Chair for the purposes of the meeting.
- F. A member or members of the Committee may participate in Committee meetings by means of such telephonic, electronic or other communication facilities as permit all persons participating in the meeting to communicate adequately with each other, and a member participating in such a meeting by any such means is deemed to be present at that meeting.
- G. Unless the Committee otherwise specifies, the secretary of the Corporation (or his or her deputy), or such other person as designated by the Committee shall act as the secretary (the “**Secretary**”) of all meetings of the Committee.
- H. Minutes of the Committee will be maintained by the Secretary and made available to each director of the Corporation as soon as practicable following a Committee meeting.

**(c) Specific Responsibilities and Duties**

The specific responsibilities and duties of the Committee include:

**(i) Financial Reporting:**

- a) review, prior to public release, the Corporation’s annual and quarterly financial statements with management and, to the extent required, the external auditors. In its review of such financial statements the Committee shall focus in particular on:
  - i) any changes in accounting policies and practices;
  - ii) major judgemental areas;
  - iii) significant adjustments resulting from the audit or review;
  - iv) the going concern assumption;
  - v) compliance with accounting standards; and

vi) compliance with stock exchange and legal requirements.

The Committee shall report thereon to the Board before such financial statements are approved by the Board;

- b) receive from the external auditors reports of their audit of the annual financial statements and if the auditors are engaged, their reviews of the quarterly financial statements;
- c) review, prior to public release, and, if appropriate, recommend approval to the Board, of news releases and reports to shareholders issued by the Corporation with respect to the Corporation's annual and quarterly financial statements;
- d) review and, if appropriate, recommend approval to the Board of prospectuses, material change disclosures of a financial nature, management discussion and analyses, annual information forms and similar disclosure documents to be issued by the Corporation;
- e) assess whether the Corporation's accounting policies are being adequately disclosed in the Corporation's financial reporting;
- f) review and validate procedures for the receipt, retention and resolution of complaints received by the Corporation from any party regarding accounting, auditing or internal controls. For greater certainty, the Committee's responsibilities in this area will not include complaints about minor operational issues. Examples of minor operational issues include late payment of invoices, minor disputes over accounts owing or receivable, revenue and expense allocations and other similar items characteristic of the normal daily operations of the accounting department of an oil and gas corporation;

**(ii) Accounting Policies:**

- a) review with management and the external auditors the appropriateness of the Corporation's financial and accounting policies and practices, disclosures, reserves, key estimates and judgments, including changes or variations thereto;
- b) obtain reasonable assurance that the Corporation's accounting policies are in compliance with GAAP consistently applied from management and external auditors and report thereon to the Board;
- c) review with management and the external auditors the apparent degree of conservatism of the Corporation's underlying accounting policies, key estimates and judgments and provisions along with quality of financial reporting; and
- d) participate, if requested, in the resolution of disagreements, between management and the external auditors;

**(iii) Risk and Uncertainty:**

- a) acknowledging that it is the responsibility of the Board, in consultation with management, to identify the principal business risks facing the Corporation, determine the Corporation's tolerance for risk and approve risk management policies, the Committee shall focus on financial risk and gain reasonable assurance that financial risk is being effectively managed or controlled;

- b) review policies and compliance therewith that require significant actual or potential liabilities, contingent or otherwise, to be reported to the Board in a timely fashion;
- c) review foreign currency, interest rate and commodity price risk mitigation strategies, including the use of derivative financial instruments;
- d) review the adequacy of insurance coverages maintained by the Corporation; and
- e) review regularly with management, the external auditors and the Corporation's legal counsel, any legal claim or other contingency, including tax assessments, that could have a material effect upon the financial position or operating results of the Corporation and the manner in which these matters have been disclosed in the financial statements;

**(iv) Financial Controls and Control Deviations:**

- a) review the plans of the external auditors to gain reasonable assurance that applicable internal financial controls are comprehensive, coordinated and cost effective;
- b) receive regular reports from management and the external auditors on all significant deviations or indications/detection of fraud and the corrective activity undertaken in respect thereto;
- c) institute a procedure that will permit any employee, including management employees, to bring to the attention of the Board, under conditions of confidentiality, concerns relating to financial controls and reporting which are material in scope and which cannot be addressed, in the employee's judgment, through existing reporting structures in the Corporation;
- d) review and periodically assess the adequacy of controls over financial information disclosed to the public, which is extracted or derived from the Corporation's financial statements;
- e) to review the Corporation's statement on internal control systems (where one is included in the annual report) prior to endorsement by the Board;
- f) to discuss the internal control system with management to ensure that management has performed its duty to have an effective internal control system. This discussion should include the adequacy of resources, staff qualifications and experience, training programs and budget of the Corporation's accounting and financial reporting function;
- g) (where an internal audit function is in operation) to review the internal audit programme, ensure co-ordination between the internal and external auditors, and ensure that the internal audit function is adequately resourced and has appropriate standing within the Corporation; and
- h) to consider the major findings of internal investigations and management's response;

**(v) Compliance with Laws and Regulations:**

- a) review regular reports from management and others (e.g. external auditors) with respect to the Corporation's compliance with laws and regulations having a material impact on the financial statements including:
  - i) tax and financial reporting laws and regulations;
  - ii) legal withholding requirements; and
  - iii) other laws and regulations which expose directors to liability; and
- b) review the filing status of the Corporation's tax returns;

**(vi) Relationship with External Auditors:**

- a) recommend to the Board the appointment, re-appointment and, if necessary, dismissal, of the external auditors;
- b) to review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards;
- c) approve the remuneration and the terms of engagement of the external auditors as set forth in the engagement letter and receive a copy of the finalized version of the engagement letter;
- d) to review the external auditors management letter and management's response;
- e) to ensure that the Board will provide a timely response to the issues raised in the external auditors management letter;
- f) review the performance of the external auditors annually or more frequently as required;
- g) receive a report annually from the external auditors with respect to their independence, such report to include a disclosure of all engagements (and fees related thereto) for non-audit services to the Corporation;
- h) review with the external auditors the scope of the audit, the areas of special emphasis to be addressed in the audit, and the materiality levels which the external auditors propose to employ;
- i) meet with the external auditors in the absence of management to determine, inter alia, that no management restrictions have been placed on the scope and extent of the audit examinations by the external auditors or the reporting of their findings to the Committee;
- j) establish effective communication processes with management and the Corporation's external auditors to assist the Committee to monitor objectively the quality and effectiveness of the relationship among the external auditors, management and the Committee; and

- k) establish a reporting relationship between the external auditors and the Committee such that the external auditors can bring directly to the Committee matters that, in the judgment of the external auditors, merit the Committee's attention. In particular, the external auditors will advise the Committee as to disagreements between management and the external auditors regarding financial reporting and how such disagreements were resolved; and

**(vii) Other Responsibilities:**

- a) approve annually the reasonableness of the expenses of the Co-Chairpersons of the Board and the Chief Executive Officer;
- b) after consulting with the Chief Financial Officer and the external auditors, to consider at least annually the quality and sufficiency of the Corporation's accounting and financial personnel and other resources;
- c) to develop and implement policy on the engagement of an external auditor to supply non-audit services, including tax advisory and compliance services provided by the external auditors;
- d) ensure that an effective "whistle blowing" procedure exists to permit stakeholders to express any concerns regarding accounting or financial matters to an appropriately independent individual;
- e) investigate any matters that, in the Committee's discretion, fall within the Committee's duties;
- f) perform such other functions as may from time to time be assigned to the Committee by the Board;
- g) review and update the Terms of Reference on a regular basis for approval by the Board;
- h) review disclosures regarding the organization and duties of the Committee to be included in any public document, including quarterly and annual reports to shareholders, information circulars and annual information forms; and
- i) ensure that an appropriate code of conduct is in place and understood by employees and directors of the Corporation.