
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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阳光油砂

SUNSHINE OILSANDS LTD.

陽光油砂有限公司*

(a company incorporated under the Business Corporations Act of the Province of Alberta, Canada with limited liability)

(HKEX: 2012)

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Calgary, AB, T2P 0T8
Canada

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MANAGEMENT INFORMATION CIRCULAR

ANNUAL AND SPECIAL GENERAL MEETING OF SHAREHOLDERS

Meeting Date: June 24, 2019 at 9:30 a.m. (Hong Kong time) /
June 23, 2019 at 7:30 p.m. (Calgary time)

Special General Meeting: 9:30 a.m. (Hong Kong Time) / 7:30 p.m. (Calgary Time)
Annual General Meeting: 9:45 a.m. (Hong Kong Time) / 7:45 p.m. (Calgary Time) or immediately
after the conclusion or the adjournment of the Special General Meeting
held on the same day at the same venue at 9:30 a.m. (Hong Kong Time)
/ 7:30 p.m. (Calgary Time)

May 23, 2019

**For identification purpose only*

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All amounts and tabular amounts are stated in thousands of Canadian dollars unless indicated otherwise.

NOTICE OF ANNUAL AND SPECIAL GENERAL MEETING

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NOTICE OF ANNUAL AND SPECIAL GENERAL MEETING OF SHAREHOLDERS

TO BE HELD AT 9: 30 A.M. ON JUNE 24, 2019 (HONG KONG TIME)
AND 7: 30 P.M. ON JUNE 23, 2019 (CALGARY TIME)

NOTICE IS HEREBY GIVEN that the annual and special general meeting (the “**General Meeting**” or “**Meeting**”) of the holders (the “**Shareholders**”) of Class “A” Common Voting Shares (the “**Shares**”) of Sunshine Oilsands Ltd. (“**Sunshine**” or the “**Company**”) will be held at 20/F, Two Chinachem Central, No. 26 Des Voeux Road Central, Central, Hong Kong on June 24, 2019 started at 9: 30 a.m. (Hong Kong time) / June 23, 2019 at 7:30 p.m. (Calgary time), for the following purposes:

1. to consider and, if deemed advisable, to pass, with or without variation, an ordinary resolution approving for the refreshment of the ten percent (10%) mandate under the Company’s Post IPO Share Option Scheme (“**Refreshed Scheme Mandate**”), as more particularly described in the accompanying Circular;
2. to receive and consider the audited financial statements of the Company as at and for the financial year ended December 31, 2018, the report of the board of directors of the Company (the “**Board**”) and the report of the auditor thereon;
3. to fix the number of directors of the Company to be elected for the ensuing year;
4. to re-elect, each as a separate resolution, the following directors of the Company for the ensuing year:
 - (a) Kwok Ping Sun as an executive director of the Company;
 - (b) Michael John Hibberd as a non-executive director of the Company;
 - (c) Gloria Pui Yun Ho as an executive director of the Company;
 - (d) Xijuan Jiang as a non-executive director of the Company;

**For identification purposes only*

- (e) Linna Liu as a non-executive director of the Company;
 - (f) Hong Luo as a non-executive director of the Company;
 - (g) Raymond Shengti Fong as an independent non-executive director of the Company; and
 - (h) Yi He as an independent non-executive director of the Company;
5. to re-appoint PricewaterhouseCoopers LLP as auditors for the ensuing year and to authorize the directors of the Company to fix their remuneration;
 6. to consider and, if deemed advisable, to pass, with or without variation, an ordinary resolution approving a proposal for the Company to grant to the Board a general mandate to allot, issue and otherwise deal with un-issued Shares not exceeding twenty percent (20%) of its issued share capital, as more particularly described in the accompanying Circular;
 7. to consider and, if deemed advisable, to pass, with or without variation, an ordinary resolution approving a proposal for the Company to grant to the Board a general mandate to repurchase Shares not exceeding ten percent (10%) of its issued share capital, as more particularly described in the accompanying Circular; and
 8. to transact such other business as may properly come before the General Meeting or any adjournment or adjournments thereof.

Time and venue of the General Meeting

The General Meeting will be held and started at 9:30 a.m. on June 24, 2019 (Hong Kong time) / June 23, 2019 at 7:30 p.m. (Calgary time) at 20/F, Two Chinachem Central, No.26 Des Voeux Road Central, Central, Hong Kong.

Registered Shareholders

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

Beneficial Shareholders

If your Shares are held in an account with a brokerage firm or an intermediary (i.e. a broker, investment firm, clearing house or a similar entity), you are a beneficial shareholder of the Company (“**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 General Meeting.

Record Date

All Registered Shareholders as at 4: 30 p.m. on May 14, 2019 (Hong Kong Time) and 4: 30 p.m. on May 13, 2019 (Calgary time), as the case may be (the “Record Date”), may vote in person at the General Meeting or any adjournments thereof, or they (including a Beneficial Shareholder) may appoint another person (who need not be a Shareholder) as their proxy to attend and vote in their place.

Delivery of Proxy

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

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

In order to be valid, all proxies must be received during regular business hours by Computershare Hong Kong Investor Services Limited or Alliance Trust Company as applicable, by at least 48 hours, excluding Saturdays, Sundays and public holidays in Calgary and Hong Kong, before the General Meeting (i.e. 9: 30 a.m. on June 20, 2019 (Hong Kong time) and 7:30 p.m. on June 20, 2019 (Calgary time), as the case may be), or any adjournment thereof, or deposited with the Chairman of the General Meeting on the day of the meeting prior to the commencement of the meeting.

Results of the General Meeting

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

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

(signed) “Kwok Ping Sun”

Kwok Ping Sun
Executive Chairman

Calgary, Alberta, May 23, 2019

Hong Kong, May 23, 2019

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

GENERAL PROXY INFORMATION

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(HK Stock code: 2012)

May 23, 2019

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 Company for use at the General Meeting of shareholders of the Company to be held at 20/F, Two Chinachem Central, No.26 Des Voeux Road Central, Central, Hong Kong on June 24, 2019 at 9: 30 a.m. (Hong Kong time) / June 23, 2019 at 7:30 p.m. (Calgary time) and any adjournment thereof for the purposes set forth in the notice accompanying this Circular.

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The cost of this solicitation of proxies is borne by the Company. 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 Company.

Voting at the General Meeting

Registered Shareholders are invited to attend the General Meeting, vote their Shares 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 General 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 General 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 Company. If you are a Registered Shareholder, you have the right to appoint a person or company other than the persons designated in the Proxy, who need not be a Shareholder to attend and act on your behalf at the General 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 Company or other legal entity, under its corporate seal or by an officer or attorney thereof duly authorized.

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

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

Registered Shareholders who received this Circular and other accompanying meeting materials from the Company'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 Company's branch share registrar in Hong Kong, being Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, ensuring that the Proxy is received during regular business hours at least 48 hours, excluding Saturdays, Sundays and public holidays in Hong Kong, before the General Meeting (i.e. 9:30 a.m. on June 20, 2019 (Hong Kong time)), 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 Company'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 Company's principal share registrar in Canada, being Alliance Trust Company at Suite 1010, 407 – 2nd Street SW, Calgary, Alberta, Canada T2P 2Y3 ensuring that the Proxy is received during regular business hours at least 48 hours, excluding Saturdays, Sundays and public holidays in Calgary, before the AGM (i.e. 7:30 p.m. on June 20, 2019 (Calgary time)), 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 General Meeting are those deposited by Registered Shareholders.

Only Registered Shareholders or the persons they appoint as their proxies are permitted to vote at the General Meeting. Many Shareholders of the Company 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 Company (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 Company will have distributed copies of the notice, the Circular, and form of proxy (collectively, the "**Meeting Materials**") to the clearing agencies and Intermediaries for distribution to Beneficial Shareholders.

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

You should carefully follow the instructions of your broker or intermediary in order to ensure that your Shares are voted at the Annual Meeting. The form of proxy supplied to you by your broker will be similar to the Proxy provided by the Company 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 Company. The voting instruction form will name the same persons as the Company's Proxy to represent you at the General Meeting. You have the right to appoint a person (who need not be a Beneficial Shareholder of the Company), other than the persons designated in the voting instruction form, to represent you at the General 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 General Meeting. If you receive a voting instruction form from Broadridge, you cannot use it to vote Shares directly at the General Meeting. The voting instruction form must be completed and returned to Broadridge, in accordance with its instructions, well in advance of the General Meeting in order to have the Shares voted.

Although as a Beneficial Shareholder you may not be recognized directly at the General 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 General Meeting as proxy holder for your broker and vote your Shares in that capacity. If you wish to attend at the General 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 General 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 General Meeting and vote your Shares.

REVOCATION OF PROXY

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

- (a) executing a proxy bearing a later date or by executing a valid notice of revocation, either of the foregoing to be executed by the Shareholder or such person's authorized attorney in writing or, if such person is a Company, under its corporate seal by an officer or attorney duly authorized, and by delivering the proxy bearing a later date to the Company's principal share registrar in Canada, being Alliance Trust Company at Suite 1010, 407 – 2nd Street SW, Calgary, Alberta, Canada T2P 2Y3, or the Company's branch share registrar in Hong Kong, being Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, as applicable, or at the address of the registered office of the Company at Suite 1100, 700 - 6th Ave SW, Calgary, AB, T2P 0T8, Canada, during regular business hours at least 48 hours, excluding Saturdays, Sundays and public holidays in Calgary and Hong Kong, before the General Meeting (i.e. 7: 30 p.m. on June 20, 2019 (Calgary time) or 9: 30 a.m. on June 20, 2019 (Hong Kong time), as the case may be), or any adjournment thereof, at which the proxy is to be used, or to the chairman of the Meeting on the day of the General Meeting or any reconvening thereof, or in any other manner provided by law; or
- (b) personally attending the General Meeting and voting such person's Shares at that 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 Company will announce the results of the poll in the manner prescribed in Rule 13.39(5) of the Listing Rules.

COUNTING THE VOTES

The Company's principal share registrar, Alliance Trust Company, and the Company's branch share registrar, Computershare Hong Kong Investor Services Limited, will count and tabulate the proxies for Shares. This is done independently of the Company to preserve confidentiality in the voting process. Proxies are referred to the Company 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, the management of the Company is unaware 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 Company's last financial year or of any associate or affiliate of any of the foregoing in any matter to be acted on at the General Meeting.

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

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

As at May 14, 2019 (the "**Latest Practicable Date**") there were 6,135,846,624 Class "A" Common Voting Shares of the Company issued and outstanding and no shares of any of the other classes issued or outstanding. Each Class "A" Common Voting Share carries the right to one vote at any meeting of the Shareholders of the Company. Each Class "B" Common Voting Share also carries the right to one vote (but none are issued or outstanding).

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

By-Law No. 1 of the Company 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 Company and as at the Latest Practicable Date, the only persons, firms, or corporations, owning of record or beneficially, controlling or directing, directly or indirectly, 10% or more of the issued and outstanding Shares are Mr. Kwok Ping Sun, who directly or indirectly beneficially owns or controls 1,687,377,000 Shares, representing approximately 27.50% of the issued and outstanding Shares, and HKSCC Nominees Limited, which holds 5,516,912,454 Shares, representing approximately 89.9% of the issued and outstanding Shares. HKSCC Nominees Limited is a subsidiary of the Hong Kong Exchanges and Clearing Limited ("**HKEx**") and its principal business is to act as nominee on behalf of other corporate or individual shareholders. All shares of Hong Kong listed companies, which are deposited into HKEx's Central Clearing and Settlement System (CCASS), are registered in the name of HKSCC Nominees Limited.

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

RECORD DATE

The record date for the General Meeting has been fixed at 4:30 p.m. on May 14, 2019 (Hong Kong time) and 4:30 p.m. on May 13, 2019 (Calgary time), as the case may be (the “**Record Date**”). Only Shareholders as at the Record Date are entitled to receive notice of the General Meeting. Shareholders on record will be entitled to vote their Shares held by them as at the Record Date, unless any such Shareholder properly transfers the Shares after the Record Date and the transferee of those Shares, having produced properly endorsed certificates evidencing such Shares or having otherwise established ownership of such Shares, demands, at least ten (10) days before the General Meeting, that the transferee’s name be included in the list of Shareholders entitled to vote at the General Meeting, in which case such transferee shall be entitled to vote such Shares at the General Meeting. To ensure that there is no risk that any of the Shares will be voted twice, the transferee must provide written evidence to the Company including, without limitation, providing properly endorsed certificates evidencing the transfer of such Shares or having otherwise established ownership of such Shares, written evidence of the identification of the relevant transferor and written evidence that the relevant transferor has not and will not exercise their right to vote either by proxy or in person at the General Meeting. The Company may refuse the demand by a transferee to be included in the list of Shareholders entitled to vote at the General Meeting if the transferee cannot demonstrate to the Company with sufficient certainty that the relevant Shares have not already been voted by proxy or will be voted by the relevant transferor at the General Meeting.

DIRECTORS

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

PARTICULARS OF MATTERS TO BE ACTED UPON AT THE GENERAL MEETING

1. Financial Statements

The audited financial statements of the Company as at and for the financial year ended December 31, 2018, the report of the Board and the report of the auditors thereon will be placed before the Shareholders at the General Meeting.

2. Fixing the Number of Directors of the Company

According to the requirements of the Listing Rules, the Company must appoint independent non-executive directors representing at least one-third of the board. It is proposed that the number of directors to be elected at the General Meeting to hold office until the next annual general meeting or until their successors are elected or appointed, subject to the Articles of Incorporation and By-Law No. 1 of the Company, be set at eight(8). As at the date of this Circular, there are presently nine directors of the Company, of which three of them are the independent non-executive directors. Each of the Directors will retire from office at the General 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 eight (8).

3. Election of Directors

The Shareholders will be asked to pass an ordinary resolution at the General Meeting to elect, as directors of the Company, the nominees whose names are set forth in the table below. Each nominee elected will hold office until the next annual general 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 of Incorporation and By-Law No. 1 of the Company. Voting for the election of the directors will be conducted on an individual, and not on a slate basis.

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

Unless instructed otherwise, the persons named in the accompanying Proxy intend to vote the Shares represented thereby in FAVOUR OF the election to the Board of each 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 of the Company. However, if for any reason any of the proposed nominees do not stand for election or are unable to serve as a director, proxies in favour of management designees will be voted for another nominee in their discretion unless the Shareholder has specified in their proxy that their Shares are to be withheld from voting on the election of directors.

The information in the table below relating to the directors is based partly on the records of the Company and partly on information received by the Company from the directors, and sets forth the name, municipality of residence of the persons proposed to be nominated for election as directors, all other positions and offices within the Company 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 Company and the interest in Shares within meaning of Part XV of the Securities and Futures Ordinance (Cap. 571) of each of them as at the Latest Practicable Date.

<u>Name, Municipality of Residence & Current Position(s) with the Company</u>	<u>Principal Occupation in the Past Five Years</u>	<u>Director Since</u>	<u>Interest in Shares within meaning of Part XV of the Securities and Futures Ordinance (Cap. 571) as at the Latest Practicable Date⁽⁶⁾</u>
Kwok Ping Sun ⁽¹⁾⁽²⁾⁽³⁾ Hong Kong Executive Chairman Age: 54	Executive Chairman of the Company since 28 June, 2015. Non-Executive Director of the Company from May 2015 to June 2015. Founder of Nobao Renewable Energy Holdings Limited (“Nobao”) and served as the Chairman of the Board, Director and Chief Executive Officer of Nobao since its inception in 2007.	May 27, 2015	1,687,377,000
Gloria Pui Yun Ho Hong Kong Executive Director, Chief Financial Officer Age: 38	Executive Director of the Company since June 27, 2018. Chief Financial Officer since November 1, 2016. Ms. Ho is a Chartered Accountant, Certified Public Accountant, Chartered Financial Analyst and Chartered Alternative Investment Analyst. Ms. Ho holds a postgraduate certificate in Financial Engineering at Stanford University and a M.Sc. in Finance at the University of Illinois at Urbana-Champaign.	June 27, 2017	Nil
Hong Luo Calgary, Alberta Canada Non-Executive Director Age: 56	Executive Director since September 1, 2018, Executive Director and Chief Executive Officer since July 2015. Re-designated as Non-Executive Director since March 19, 2019 and from November 2014 to July 2015. Executive Vice President of Sinopec Canada from February 2012 to July 2015. Prior thereto, Director of Strategy and Planning at Sinopec International Petroleum Exploration and Production Company (“SIPC”) from September 2009 to January 2012, President of West Africa and Asia-Pacific. Exploration and Production Projects from May 2008 to August 2009.	November 28, 2014	Nil
Michael John Hibberd ⁽¹⁾ Calgary, Alberta Canada Non-Executive Vice-Chairman Age: 63	Non-Executive Vice-Chairman of the Company since June 2015, Executive Vice-Chairman of the Company from November 2014 to June 2015. Executive Chairman from June 2014 to November 2014. Executive Co- Chairman of the Company from October 2008 to June 2014. Prior thereto, from May 2007 to October 2008, Chairman and Co CEO of the Company. President and Chief Executive Officer of MJH Services Inc., a corporate finance advisory company, since January 1995. Chairman of Greenfields Petroleum Company since February 2010. Chairman of Canacol Energy Ltd. since October 2008. Director of Pan Orient Energy Corp. since April 2005. Director of Petro Frontier Corp. since September 2013. Director of Montana Exploration Corp. since 1997.	May 9, 2007	104,774,685
Raymond Shengti Fong ⁽¹⁾⁽²⁾⁽³⁾⁽⁴⁾ Calgary, Alberta Canada Independent Non-Executive Director Age: 72	Director of Palinda International Group Limited since September 2012. Prior thereto, Chief Executive Officer of China Coal Company of Calgary from May 2010 to December 2012. Director of Abenteuer Resources Ltd. from November 2000 to August 2008. Director of Stealth Ventures Ltd. from November 1999 to November 2007. Director of Zapata Capital Inc. from January 1998 to June 1999 and director of United Rayore Gas Ltd. from January 1990 to January 1997.	May 9, 2007	9,250,621

<u>Name, Municipality of Residence & Current Position(s) with the Company</u>	<u>Principal Occupation in the Past Five Years</u>	<u>Director Since</u>	<u>Interest in Shares within meaning of Part XV of the Securities and Futures Ordinance (Cap. 571) as at the Latest Practicable Date ⁽⁶⁾</u>
Xijuan Jiang Beijing China Non-Executive Director Age: 53	Vice President and Chief Engineer of Nuoxin Energy Technology (Shanghai) Co. Ltd. since 2012.	June 30, 2016	300,000
Yi He ⁽¹⁾⁽²⁾⁽⁴⁾ Beijing China Independent Non-Executive Director Age: 46	Founder of Yaoxin Asset Management Company since 2015, director of Kai Yuan Holding Limited Company, Chief Executive Officer of Nomura China.	June 30, 2016	1,600,000
Linna Liu Hong Kong Non-Executive Director Age: 41	Head of Special Situation Investment Division of Bank of China Group Investment Limited (“BOCGI”) since 2016. Prior to joining BOCGI, from 2000 to 2015, Ms. Liu held a number of positions in Bank of China Headquarter and New York Branch. Ms. Liu has over 18 years of experience in Banking and Finance. Ms. Liu graduated from Peking University and Columbia University and holds Bachelor and Master degrees.	April 6, 2017	Nil

Notes:

- (1) *Per the announcement dated May 15, 2019 issued by the Company, Ms. Joanne Yan confirmed to the Board that she would not stand for the re-election as Director at the General Meeting.*
- (2) *Member of the Corporate Governance Committee.*
- (3) *Member of the Reserves Committee.*
- (4) *Member of the Compensation Committee.*
- (5) *Member of the Audit Committee.*
- (6) *Includes only the Class “A” Common Voting Shares. Details of options held by Directors are noted under the section entitled “Incentive Plan Awards”.*

Brief biographies for each nominee are set forth below:

Kwok Ping Sun. Mr. Sun is an Executive Chairman and Executive Director appointed by the Board on June 28, 2015. He was appointed as a Non-Executive Director by the Board on May 27, 2015. Mr. Sun is the founder of Nobao Renewable Energy Holdings Limited (“Nobao”) and has served as the Chairman of the Board, Director and Chief Executive Officer of Nobao since its inception in 2007. Prior to founding Nobao, Mr. Sun was the General Manager of Shanghai Nobao Electric Appliance Co., Ltd from 2005 to 2007. In 2003, Mr. Sun started his own research and development with respect to ground source heat pump (GSHP) systems and gained over 10 years of experience in this area. From 1999 to 2002, Mr. Sun served as the General Manager of Dynamic Co., Ltd of Denmark and was responsible for developing wind power projects in China in cooperation with Chinese local companies. From 1994 to 1998, Mr. Sun was the Chief Executive Officer of Wu Fong Investment Co., Ltd of Denmark. Between 1983 and 1990, Mr. Sun worked as an Official of the customs department, the publicity department and the foreign trade bureau of the City Government of Zhangjiagang, Jiangsu Province, People’s Republic of China. Mr. Sun has over 20 years of experience in automated control systems through his experiences described above as well as his experience as the General Manager of Jiangsu Zhongwang Electronics Co., Ltd. between 1990 and 1993 and as an Engineer of Zhangjiagang Radio Factory between 1979 and 1982.

Mr. Sun graduated from Suzhou Transportation Vocational College in 1985 and received an EMBA degree from Tsinghua University in 2006.

Michael J. Hibberd. Mr. Hibberd is a Non-Executive Vice-Chairman and a Non-Executive Director since June 28, 2015. He was Executive Vice-Chairman of the Company from November 28, 2014 to June 28, 2015. He was Executive Chairman from June 25, 2014 to November 28, 2014 and was Executive Co-Chairman of the Company from October 6, 2008 to June 25, 2014. Mr. Hibberd was a founder of the Company and held the title of Chairman and Co-CEO from May, 2007 to October 6, 2008. Mr. Hibberd is President and CEO of MJH Services Inc., a corporate finance advisory company established in January 1995. Mr. Hibberd has extensive international energy project planning and capital markets experience. Prior to January 1995, Mr. Hibberd spent 12 years with ScotiaMcLeod. Mr. Hibberd worked in corporate finance in Toronto and Calgary and held the position of Director and Senior Vice-President, Corporate Finance. Mr. Hibberd is currently Chairman of Canacol Energy Ltd. (TSX and Bolsa de Valores de Colombia) and Greenfields Petroleum Company (TSX Venture Exchange). He is a director of Montana Exploration Corp., PanOrient Energy and PetroFrontier Corp., all of which are listed on the TSX Venture Exchange. Mr. Hibberd was previously Chairman of Heritage Oil Plc and Heritage Oil Company. He was also director of Challenger Energy Corp., Deer Creek Energy Limited, Iteration Energy Ltd., Zapata Energy Company, Sagres Energy Inc. and Rally Energy Corp.

Mr. Hibberd obtained his BA in 1976 and his MBA in 1978 from the University of Toronto. He obtained his LLB from University of Western Ontario in 1981, was called to the bar in 1983 and is a member of The Law Society of Upper Canada.

Gloria Pui Yun Ho. Ms. Ho became an Executive Director on June 27, 2017. She was appointed as Chief Financial Officer of the Company from November 1, 2016. Ms. Ho has extensive experience in investment, risk management, corporate banking and finance. Prior to joining the Company, she worked in equity research, credit analysis, capital strategy, funds management and auditing in several international institutions and most recently as the Chief Executive of a reputable Chinese-based asset management firm.

Ms. Ho is a Chartered Accountant, Certified Public Accountant, Chartered Financial Analyst and Chartered Alternative Investment Analyst. Ms. Ho holds a postgraduate certificate in Financial Engineering at Stanford University and a M.Sc. in Finance at the University of Illinois at Urbana- Champaign.

Hong Luo. Mr. Luo was re-designed as Non-Executive Director on March 19, 2018. He was appointed as an Executive Director since July 17, 2015 and as the Chief Executive Officer during the period from July 17, 2015 to September 1, 2017 and was appointed as a Non-Executive Director of the Company from November 28, 2014 to July 16, 2015. Mr. Luo has 33 years' experience in the oil and gas industry. Previously he was Executive Vice President of Sinopec Canada Energy Ltd. from February 2012 to July 2015. Prior to joining Sinopec Canada Energy Ltd., Mr. Luo was Director of Strategy and Planning at Sinopec International Petroleum Exploration and Production Company (SIPC) from September 2009 to January 2012. From May 2008 to August 2009, Mr. Luo was President of West Africa and Asia-Pacific Exploration and Production Projects and from May 2007 to April 2008, he served as Director of Exploration of SIPC. Mr. Luo was Vice President of the First International Oil Company of SIPC in Kazakhstan from April 2006 to April 2007 and, from April 2004 to March 2006, Mr. Luo was Exploration Manager of Saudi Sinopec Gas Co. (Saudi Arabia). Prior to 2004, Mr. Luo held executive leadership positions in Northwest Oil Company's business units of Sinopec in China, serving in many executive capacities and in numerous geological, engineering, operational and planning roles throughout northwest China and the Tarim Basin.

Mr. Luo holds a Bachelor of Geology from the University of Science and Technology of Chengdu, China.

Linna Liu. Ms. Liu is a Non-Executive Director appointed by the Board on April 6, 2017. Ms. Liu is currently Head of Special Situation Investment Division of Bank of China Group Investment Limited ("BOCGI"). Prior to joining BOCGI, from 2000 to 2015, Ms. Liu held a number of positions in Bank of China Headquarters and in its New York Branch. Ms. Liu has over 18 years of experience in Banking and Finance.

Ms. Liu graduated from Peking University and Columbia University and holds Bachelors and Master degrees.

Xijuan Jiang. Ms. Jiang became a Non-Executive Director on June 30, 2016. She was a senior engineer with 25 years of experience in industrial applications. Ms. Jiang is the recipient of numerous design awards, primarily in respect of heating and ventilation systems. Ms. Jiang has been the Vice President and Chief Engineer of Nuoxin Energy Technology (Shanghai) Co. Ltd. since November 2012. Prior thereto, she was the Chief Engineer (Water and Sewer) at the Architecture Branch of Shougang Design Institute.

Ms. Jiang obtained a Bachelor degree from the Xi'an University of Architecture and Technology in 1988.

Raymond Shengti Fong. Mr. Fong is an Independent Non-Executive Director appointed on May 9, 2007. Mr. Fong has over 31 years of experience in the oil and gas industry. Mr. Fong is currently an Executive Director of Palinda International Group Limited. He held previous directorships with China Coal Company, Abenteuer Resources Ltd., Stealth Ventures Ltd., Zapata Capital Inc., was director and president of Ultra Capital Inc. and a former director of United Rayore Gas Ltd.

Mr. Fong obtained a Bachelor of Science degree from the Taiwan Cheng Kung University in 1970, and a Master of Science degree from the Tennessee Technological University in 1971. Mr. Fong is a registered professional engineer in both Ontario and Alberta, Canada.

Yi He. Mr. He is an Independent Non-Executive Director appointed on June 30, 2016. He has worked in the financial industry for more than 22 years and held various senior management roles in several global banks in China. In 2012, Mr. He was appointed as Chief Executive Officer of Nomura China Bank and led all China related banking businesses. From 2008 to 2012, he was in charge of China related banking business for Barclays Bank as the General Manager of the Shanghai Branch. Prior thereto, Mr. He led the global markets business for Australia and New Zealand Banking Company Limited and was the Deputy General Manager of ANZ China. Mr. He began his career with Credit Agricole China in 1994 and joined First Sino Bank as the Head of Treasury in 1997.

Mr. He has been an independent non-executive director of Kai Yuan Holding Limited Company (SEHK code: 01215) since 2011 and is member of the audit committee, the remuneration committee, and the nomination committee of Kai Yuan Holding Limited Company.

Mr. He founded Yaoxin Asset Management Company in early 2015, which mainly focuses on financial related consulting. In addition, Mr. He holds a Master Degree in Economics from Fudan University of China and also is a Certified Professional Accountant in China.

Except as disclosed herein, no proposed director of the Company has any interests in the Shares within the meaning of Part XV of the Securities and Futures Ordinance (Cap. 571) as at the Latest Practicable Date.

Except as disclosed herein, no proposed director of the Company at the Latest Practicable Date has any relationships with any other directors, senior management or substantial or controlling shareholders of the Company.

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

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

- (e) is now or has been subject to any penalties or sanctions imposed by the court or a competent authority relating to a securities or financial markets legislation, rule or regulation or by a securities regulatory authority or has entered in a settlement agreement with securities regulatory authority; or
- (f) is now or has been subject to any other penalties or sanctions imposed by the court, statutory or regulatory body that would likely be considered important to a reasonable security holder in deciding whether to vote for a proposed director.

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

- I. 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*
- II. 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*
- III. 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. Hibberd was an independent director of Challenger Energy Corp. (a TSX listed oil and gas company based in Canada) (“**Challenger**”) from December 1, 2005 to September 16, 2009. Challenger obtained a creditor protection order under the Companies and Creditors Arrangement Act (Canada) (the “**CCAA**”), from the Court of Queen’s Bench of Alberta, Judicial District of Calgary on February 27, 2009. On June 19, 2009, Challenger announced that it had entered into an arrangement agreement providing for the acquisition by Canadian Superior Energy Inc. of Challenger. On September 17, 2009, all of the common shares of Challenger were exchanged for common shares of Canadian Superior. Mr. Hibberd was formerly a director of Skope Energy Inc. (a TSX listed oil and gas company based in Canada), which commenced proceedings in the Court of Queen’s Bench of Alberta under the CCAA to implement a restructuring of approximately \$55 million in November 2012 which was completed on February 19, 2013.

Mr. Hibberd was a director of Montana Exploration Corp. at the time that an order was issued to suspend trading until 2017 year end financial statements and MD&A were filed and compliance with TSX Venture Exchange requirements were confirmed. The order was issued by the Alberta Securities Commission on May 4, 2018.

For information relating to the directors' emoluments, please see the information provided under the heading "Statement of Executive Compensation – Narrative Discussion of Director Compensation".

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

4. Appointment of Auditors

At the General Meeting, Shareholders will be asked to pass an ordinary resolution to re-appoint PricewaterhouseCoopers LLP as auditors of the Company, to hold office until the next annual general meeting of the Shareholders, at a remuneration to be determined by the Board. PricewaterhouseCoopers LLP has acted as the auditors of the Company since October 18, 2017.

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

5. General Mandate to Issue Shares

At the General 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 Company until the next annual general meeting of the Shareholders. The purpose of the proposed mandate is to increase the flexibility of the Company to raise new capital as and when the Board determines appropriate. As at the Latest Practicable Date, the Company had in issue 6,135,846,624 Class "A" common shares. Subject to the passing of the proposed resolution for the approval of the General Mandate and in accordance with its terms, the Company will be allowed to allot, issue and deal with up to a maximum of 1,227,169,324 Class "A" common shares on the basis that no further Class "A" common shares will be issued by the Company prior to the meeting.

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

"BE IT RESOLVED THAT:

1. Subject to paragraph (3) of this resolution, the exercise by the board of directors (the "**Board**") of Sunshine Oilsands Ltd. (the "**Company**") during the Relevant Period (as hereinafter defined) to allot, issue and otherwise deal with additional shares in the share capital of the Company 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 Company 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 Company 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 Company or any securities which are convertible into common shares of the Company from time to time, or (iii) the exercise of options granted under the stock option plan of the Company or similar arrangements, including without limitation any director share compensation arrangement, from the time being adopted for the grant or issue to officers and/or employees of the Company and/or any of its subsidiaries of common shares or rights to acquire common shares of the Company, 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 of the Company in force from time to time, shall not exceed twenty percent (20%) of the aggregate issued and outstanding share capital of the Company 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:

- the conclusion of the next annual general meeting of the Company;
- the expiration of the period within which the next annual general meeting of the Company is required to be held under any applicable laws or under the Articles of Incorporation of the Company; and
- the time of the passing of an ordinary resolution of the Company 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 Company 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 Company).

5. The directors and officers of the Company 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.

6. Repurchase of Shares

At the General 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 Company to repurchase Shares up to a maximum of ten percent (10%) of the aggregate issued and outstanding share capital of the Company until the next annual general meeting of the Shareholders (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 A to this Circular.

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

“BE IT RESOLVED THAT:

1. Subject to paragraph (3) of this resolution, the exercise by the board of directors (the **“Board”**) of Sunshine Oilsands Ltd. (the **“Company”**) during the Relevant Period (as defined below) of all the powers of the Company to repurchase securities of the Company on The Stock Exchange of Hong Kong Limited (the **“SEHK”**) or on any other stock exchange on which the securities of the Company 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 Company authorized to be repurchased by the Company 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 Company 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 general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required to be held under any applicable laws or under the Articles of Incorporation of the Company; and
- (iii) the time of the passing of an ordinary resolution of the Company in a general meeting revoking or varying the authority set out in this resolution; and

4. The directors and officers of the Company 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 general meeting of the Shareholders.

7. Refreshment of Scheme Mandate Limit of the Share Option Scheme

The Corporation adopted the Post IPO Share Option Scheme (the **“Share Option Scheme”**) on January 26, 2012 and this Scheme was subsequently amended by (i) a resolution passed at the Corporation’s annual general and special meeting of Shareholders held on May 7, 2013; and (ii) a resolution of the Board on June 13, 2013. Apart from this Share Option Scheme, the Group has no other share option scheme currently in force.

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

Purposes of the Scheme

The purpose of the Share Option Scheme is to attract skilled and experienced personnel, to incentivize them to remain with the Corporation and to motivate them to strive for the future development and expansion of the Corporation by providing them with the opportunity to acquire equity interests in the Corporation.

Participants

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

Option Issuance Thresholds

The aggregate number of Shares that may be issued under the Share Option Scheme (together with Shares underlying options granted under any other share option scheme) is 601,359,617, representing 10% of Shares outstanding when the Scheme Mandate Limit was last refreshed on October 31, 2018 (and representing approximately 9.80% of the Shares outstanding as at the Latest Practicable Date). This threshold may be increased at a later date with the approval of Shareholders provided that the new limit does not exceed 10% of Shares issued and outstanding as at such date (excluding Shares underlying options granted under the Share Option Scheme and any other share option scheme prior to such date). The Corporation may exceed this limit where Shareholder approval has been sought and obtained in accordance with the provisions of the Share Option Scheme.

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

Exercise Price

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

Other Terms of Options Granted

The Board has discretion to specify the terms on which options are granted under the Share Option Scheme. Such terms may include, among other things: (a) vesting periods; (b) performance targets that must be reached before an option can be exercised; (c) the period during which an option may be exercised (the "Exercise Period"), which shall not expire later than 10 years from the date on which the option is offered; and (d) any other terms either on a case by case basis or generally. Currently, no specific terms are set on the options granted.

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

Expiry

Option granted under the Scheme lapse automatically and will not be exercisable on the earliest of:

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

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

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

Fair Value of Options Granted

The weighted average fair value of the share options granted for the period ended as at the Latest Practicable Date was \$0.04 (year ended December 31, 2018 - \$0.04). Options valued priced using the Black-Scholes model. Where relevant, the expected life used in the model has been adjusted based on management's best estimate for the effects of non-transferability, exercise restrictions (including the probability of meeting market conditions attached to the option), and behavioral considerations. Expected volatility is based on the historical share price volatility of the Company during 2018 and 2017.

The table below details the input variables used in the Black-Scholes model to determine the fair value of options granted for the year to date ended as at the Latest Practicable Date and year ended December 31, 2018.

Input Variables	Year to date ended Latest Practicable Date	December 31, 2018
Grant date share price (\$)	0.04-0.04	0.04-0.04
Exercise Price (\$)	0.04-0.04	0.04-0.04
Expected volatility (%)	61.87-61.87	61.87-61.87
Option life (years)	2.88-2.88	2.88-2.88
Risk-free interest rate (%)	1.95-1.95	1.95-1.95
Expected forfeitures (%)	15.39-15.39	15.39-15.39

As at the Latest Practicable Date, the Corporation considers the disclosure of the value of all options that can be granted is not appropriate as (i) the Corporation does not have any plan to issue additional options from now until the forthcoming Special Meeting; (ii) for the outstanding number of share options that can be granted, it is the Corporation's intend to issue in piecemeal based on circumstances. Therefore, the Corporation believes that by the time the Options are actually granted in the future, the value would be materially different from what can be ascertained as the Latest Practicable Date as the parameters (e.g. expected volatility, share price, exercise price, etc.) would have changed by then. For options that have already been granted, the Corporation considers the above disclosure of value to be sufficient.

The Corporation will make disclosure in its annual report and interim report in accordance with the applicable Listing Rules.

Reasons for and Details of Refreshment of Scheme Mandate Limit

The issued share capital of the Company increased upon several placing took place in the second half of the year 2018 and in anticipation of the growing need to provide incentives to, and recognize the contribution of, the eligible participants (including without limitation the Group's Directors, officers and employees) under the Share Option Scheme by way of granting options, the Board proposes to seek Shareholders' approval at the Special Meeting to refresh the 10% scheme mandate limit, with a view to adjusting the Scheme Mandate Limit in order to render it accurately corresponding to the latest share capital of the Corporation, and also allowing more flexibility in granting options to eligible participants under the Share Option Scheme. No Shareholder is required to abstain from voting in respect of the motion for Refreshment of Scheme Mandate Limit.

The Existing Scheme Mandate Limit was last refreshed at the special general meeting held on October 31, 2018. The maximum number of Options which may be granted under the Existing Scheme Mandate Limit shall not exceed 601,359,617 Shares, being 10% of the Shares in issue as at the date of October 31, 2018.

Since the Existing Scheme Mandate Limit was last refreshed on October 31, 2018 and up to the Latest Practicable Date, nil stock options were granted, nil options were exercised, 10,031,311 stock options were forfeited and 179,639 stock options were lapsed or expired. As at the Latest Practicable Date, the Share Option Scheme has 491,005,881 stock options outstanding. The outstanding 491,005,881 options entitling the subscription of up to 491,005,881 Shares, representing approximately 8.00% of the Shares outstanding as at the Latest Practicable Date. Apart from the current Share Option Scheme, the Corporation has no other share option scheme currently in force. And, apart from the aforesaid outstanding 491,005,881 options granted under the Scheme, the Corporation has no outstanding options to subscribe for Shares.

As at the Latest Practicable Date, the Corporation had an aggregate of 6,135,846,624 Shares in issue. Assuming that no further Shares will be issued or repurchased prior to the Special Meeting, subject to the passing of the resolution for approval of the Refreshment of the Scheme Mandate Limit, the Directors will be authorized to grant 613,584,662 Options to subscribe for a maximum total of 613,584,662 Shares, representing 10% of the Shares in issue as at the

date of the Special Meeting. Options lapsed in accordance with the terms of the share option schemes of the Corporation will not be counted for the purpose of calculating the 10% limit. Options previously granted under the schemes (including those outstanding, cancelled, lapsed in accordance with the schemes or exercised Options) will not be counted for the purpose of calculating the limit as “refreshed”.

The limit on the number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Scheme and any other schemes must not exceed 30% of the Shares of the Corporation in issue from time to time. On the basis of 6,135,846,624 Shares in issue as at the Latest Practicable Date, the 30% overall limit represented a total of 1,840,753,987 Shares. As at the Latest Practicable Date, the total number of outstanding Options was 491,005,881. The maximum number of Shares which might be issued upon the exercise of the outstanding Options together with the Refreshment Scheme Mandate Limit arising from the refreshment of the Scheme Mandate Limit amounted to 1,104,590,543, which represents approximately 18.00% of the issued Shares as at the Latest Practicable Date, and accordingly, did not exceed the 30% overall limit.

No options will be granted under the Scheme if this will result in the limit being exceeded. If the Corporation conducts a share consolidation or subdivision after the 10% limit has been approved in general meeting, the maximum number of securities that may be issued upon exercise of all options to be granted under all of the schemes of the Corporation under the 10% limit as a percentage of the total number of Shares in issue at the date immediately before and after such consolidation or subdivision shall be the same.

The Board has discretion to specify the terms on which options are granted under the Scheme, such as performance targets that must be reached before an option can be exercised; such performance targets could include but not limited to production volume, annual downtime, etc. Currently, for all options that are granted, no performance targets have been set. Should the Corporation issue options with performance targets in future, relevant disclosures will be made in accordance with the Listing Rules.

Amendment of the Scheme

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

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

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

Amendments made by the Board in 2013

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

In future, the Corporation will consider granting further options up to the Scheme Mandate Limit to eligible participants from time to time, including but not limited to officers, directors, employees, advisors, consultants, agents

or such other persons who, in the opinion of the Board, will contribute or have contributed to the Group in accordance with the terms of the Share Option Scheme and the Listing Rules. Currently, the Board has no intention to grant options to any persons other than directors, officers and employees of the Company.

Due to the granting of 300,000,000 share options to Mr. Kwok Ping Sun on July 5, 2018 and this motion was adopted at the special meeting by Shareholders on October 31, 2018, the Existing Scheme Mandate Limit was substantially reduced to 301,359,617 only.

The Directors further consider that the Company should refresh the Existing Scheme Limit in view that the Company has planned to re-activate the project in Muskwa and Godin areas (the “**Muskwa and Godin areas project**”), and Sunshine has entered into the project cooperation agreement with Chengde City People’s Government as per the announcements dated November 8, 2018 and February 28, 2019 (the “**Multifunctional Petrol Stations project**”) to establish 50 high-end multi-functional petrol stations in Chengde City. The Multifunctional Petrol Stations will provide integrated services including petrol refueling, gas refueling, electric vehicle charging, smart operator-less car washing, convenience stores, business and casual catering, etc.

It is anticipated that approximately 80,000,000 stock options, of which around 30,000,000 options will be used as incentive to the management team members who have joined the Company late last year, based on the performance targets or production volume for the West Ells projects; whereas, as for the balance of 50,000,000 stock options, they will be used for retention of the current staff and new hires that are outside of the management team in both Hong Kong and Canada back office. It was further planned that not less than 200,000,000 options are expected to be granted for recruitment of high-calibers for the Multifunctional Petrol Stations project. The Company is expected to recruit not less than (25) twenty-five persons divided into three hierarchies in general, i.e. senior managers, managers and general staff. It is planned that (5) five senior managers; (5) five managers and (15) fifteen general staff will be recruited at the project’s preliminary stage; each granted with 15,000,000 options, 10,000,000 options and 5,000,000 options to be included in their remuneration packages respectively. What is more, for the Muskwa and Godin areas project, it is expected that 60,000,000 stock options will be used to attract human resources to participate in the development work and monitor the project progress. Therefore, the total budgeted amount of options will be approximately 340,000,000 and exceeds the Existing Scheme Limit.

The Refreshment of the Existing Scheme Mandate Limit enables Sunshine’s management could have greater flexibility on recruiting and retaining high-calibre employees and attracting human resources that are valuable to the Group. This is important especially when the time the Company’s liquidity is tight, use of options to attract talents to join and contribute to the Company can be an alternative in lieu of high cash remuneration.

The Board consider that the Refreshment of the Scheme Mandate Limit is for the benefit of the Company and the Shareholders as a whole.

The Refreshment of Scheme Mandate Limit is conditional upon:

- (i) the passing of an ordinary resolution at the Special Meeting to approve the Refreshment of the Scheme Mandate Limit by the Shareholders; and
- (ii) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, such number of Shares, representing 10% of the number of the issued Shares as at the date of the Special Meeting which may fall to be allotted and issued pursuant to the exercise of options granted under the Refreshment of Scheme Mandate Limit pursuant to the Share Option Scheme.

Application will be made to the Stock Exchange for the approval mentioned in paragraph (ii) above.

Copies of the scheme documents in respect of the Share Option Scheme are available for inspection at the principal place of business in Hong Kong of the Company at 20/F, Two Chinachem Central, No.26 Des Voeux Road Central, Central, Hong Kong during normal business hours from the date of this Circular up to June 24, 2019, Hong Kong time (being the date of the General Meeting.)

The Directors consider that the Refreshment of Scheme Mandate Limit is in the interests of the Corporation and its Shareholders as a whole.

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

“BE IT RESOLVED THAT :

1. subject to and conditional upon the Stock Exchange of Hong Kong Limited granting the approval for the listing of, and permission to deal in, the Class “A” common shares of the Company to be issued upon exercise of share options granted under the refreshed scheme mandate limit of the Post IPO Share Option Scheme as adopted by the Company on January 26, 2012, subsequently amended by (i) resolution passed at the Company’s annual and special meeting held on May 7, 2013; and (ii) a resolution of the Board on June 13, 2013 (the “**Share Option Scheme**” or the “**Scheme**”), representing ten percent (10%) of the issued share capital of the Company as at the day on which this resolution is passed, pursuant to the rules of the Post IPO Share Option Scheme:
 - a) approval be and is hereby granted for refreshing the 10 percent. mandate under the Post IPO Share Option Scheme (the “**Refreshed Scheme Mandate**”) provided that the total number of shares of the Corporation which may be allotted and issued upon the exercise of all options to be granted under the Post IPO Share Option Scheme and any other share option schemes of the Corporation under the limit as refreshed hereby shall not exceed ten percent (10%) of the aggregate nominal amount of the issued share capital of the Company as at the day on which this resolution is passed (options previously granted under the Post IPO Share Option Scheme and any other share option schemes of the Company (including options outstanding, cancelled, lapsed or exercised in accordance with the terms of the Post IPO Share Option Scheme or any other share option schemes of the Company) shall not be counted for the purpose of calculating the Refreshed Scheme Mandate); and
 - b) the directors of the Company or a duly authorized committee thereof be and are hereby authorized: (i) at their absolute discretion, to grant options to subscribe for shares of the Company within the Refreshed Scheme Mandate in accordance with the rules of the Post IPO Share Option Scheme, and (ii) to allot, issue and deal with Shares pursuant to the exercise of options granted under the Post IPO Share Option Scheme within the Refreshed Scheme Mandate.”

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

8. Other Matters

Management of the Company is not aware of any other matters to come before the General Meeting other than as referred to in the notice of the General Meeting. Should any other matters properly come before the General 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

For the purposes of hereof, a “**Named Executive Officer**”, or “**NEO**”, means each of the following individuals:

- (a) each individual who, in respect of the Company, during any part of the most recently completed

financial year, served as CEO, including an individual performing functions similar to a CEO;

(b) each individual who, in respect of the Company, during any part of the most recently completed financial year, served as CFO, including an individual performing functions similar to a CFO;

(c) in respect of the Company and its subsidiaries, the most highly compensated executive officer other than the individuals identified in paragraphs (a) and (b) at the end of the most recently completed financial year whose total compensation was more than \$150,000;

(d) each individual who would be a NEO under paragraph (c) but for the fact that the individual was not an executive officer of the Company, and was not acting in a similar capacity, at the end of that financial year.

Based on the foregoing definitions, the Company's NEO in respect of the year ended December 31, 2018 were: Mr. Qiping Men (who served the position as CEO during the period from January 1, 2018 to May 7, 2018), Mr. Horst Wolfgang Wunschelmeier (who was appointed as CEO since September 1, 2018) and Ms. Gloria Ho, CFO.

Compensation Discussion and Analysis

The Compensation Committee of the Board of Directors of the Company (the "**Compensation Committee**") exercises general responsibility regarding overall employee and executive officer compensation. The Compensation Committee currently comprises Messrs. Kwok Ping Sun (Chair), Raymond S. Fong and Joanne Yan¹. Mr. Raymond Shengti Fong and Ms. Joanne Yan are independent non-executive directors of the Company. Mr. Sun is not independent by virtue of his position as Executive Chairman of the Company.

Each of the members of the Compensation Committee has the skills and experience necessary to enable the Compensation Committee to make decisions on the suitability of the Company's compensation policies and practices. Each of Messrs. Sun and Fong and Ms. Yan has years of experience in director roles of private and public companies and has dealt with compensation matters in such capacity. Mr. Fong has experience with the suitability of compensation policies and practices through years of experience in senior executive roles.

The objective of the Company's executive compensation policy is to create remuneration packages that will both attract and retain experienced and qualified individuals to assist the Company in the furtherance of its business and to keep such individuals committed to the long-term success of the Company. Such remuneration packages generally consist of competitive salaries and stock option grants pursuant to the Company's Post IPO Share Option Scheme.

Note:

1. Ms. Joanne Yan will retire and not stand for re-election at this AGM.

Components of Compensation

Salaries

Base salary provides employees and executive officers with a level of fixed cash compensation that is consistent with market practice. The base salary of each executive officer, including the NEO, compensates them for performing day-to-day responsibilities and is set in the context of the market. Each individual's total compensation package reflects the complexity of their role. Base salary also typically provides a reference point on which other components of compensation are established, such as short term incentives.

Short Term Incentive (Discretionary Cash Bonus)

In addition to base salaries, the Company may award discretionary cash bonuses to employees and executive officers of the Company, including the NEO. The Company does not have a formal bonus plan. The amount of bonuses paid is not set in relation to any formula or specific criteria but is a result of a subjective determination based on, in the case of non-executive employees: (i) the employee's contribution in adding share value and reducing costs; and (ii) the employee's contribution to achieving overall corporate goals. In the case of executive officers and NEO, bonus awards are discretionary and while there are no specific targets or criteria set out, matters such as achievement of corporate goals are considered. No maximum bonus has been established for any executive officers other than a minimum and maximum bonus range established for the 2018 fiscal year under the executive employment agreements between the Company and each of Mr. Men, Mr. Wunschelmeier and Ms. Ho. The award of cash bonuses has not traditionally been targeted at maintaining the Company's cash compensation at any specific level relative to its peer group.

Option-based Awards

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

Employee Share Savings Plan

The purpose of the Employee Share Savings Plan (the "**ESSP**") was to provide an opportunity for employees of the Company to purchase Shares from the Company's treasury at market price through voluntary automatic payroll deductions, thereby attracting, retaining, encouraging and rewarding employees to use their combined best efforts on behalf of the Company and to ensure that employees have a share in the increased profitability and value of the Company, thereby aligning their interests with those of the Shareholders. The ESSP was cancelled on August 31, 2015.

Compensation Governance

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

Risk Oversight

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

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

Hedging and Offsetting

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

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

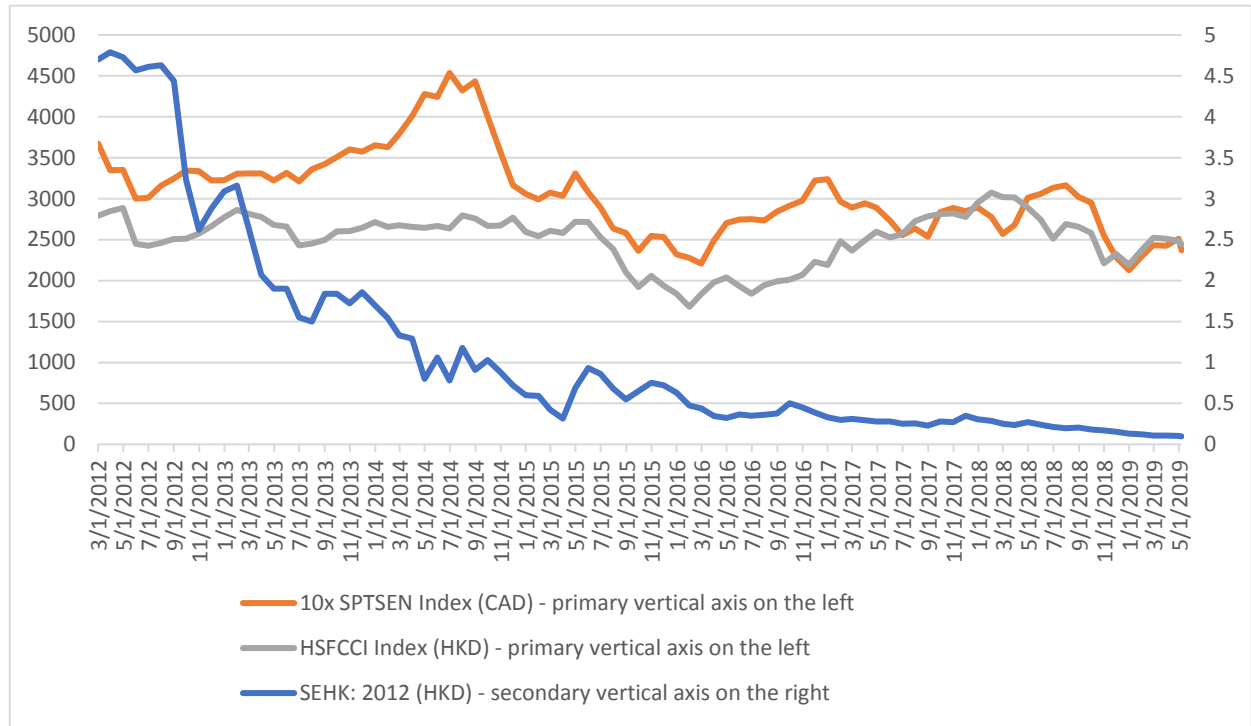
It should be noted that any transactions of this nature are subject to insider reporting requirements and are reported on the System for Electronic Disclosure by Insiders (SEDI). The directors and the Chief Executive Officer are also required to report these transactions using Form 3A (Director's and Chief Executive's Notice – Interests in Shares of Listed Company) to the Stock Exchange of Hong Kong Limited under Section 347 of Part XV of the Securities and Futures Ordinance (Cap. 571).

Insider Trading Policy

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

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

Performance Graph



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

The trend shown by the above performance graph is a steady decrease in the price of the Shares from the initial IPO date in March 2012 until early 2015. The Shares in 2015 had a slight price increase, but have since decreased in early 2016 back to the level of early 2015. Thereafter, it stayed flat since the second quarter of 2016 until now.

The trend shown in the above graph does not correlate in all cases with the compensation that was awarded to the NEO.

Summary Compensation Table

The following table provides a summary of compensation earned during the years ended December 31, 2016, 2017, and 2018 by the NEO.

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 information supporting the Company’s financial statements that have been prepared in accordance with International Financial Reporting Standards (IFRS).

<u>Name and Principle</u>	<u>Year</u>	<u>Salary(\$)</u>	<u>Share Based Awards(\$)</u>	<u>Option Based Awards (\$)</u>	<u>General Incentive Plans</u>	<u>Long Term Incentive Plans</u>	<u>Pension Value</u>	<u>All other Compensation</u>	<u>Total Compensations</u>
Qiping Men <i>Chief Executive Officer</i>	2018	217,033	—	—	—	—	—	377,250	594,283
	2017	459,893	—	410,056	—	—	—	58,500	928,449
	2016	501,456	—	473,289	—	—	—	29,000	1,003,745
Horst Wolfgang Wunschelmeier <i>Chief Executive Officer</i>	2018	203,194	—	—	—	—	—	—	203,194
Gloria Ho <i>Chief Financial Officer</i>	2018	400,000	—	169,000	—	—	—	50,000	619,000
	2017	410,298	—	82,280	—	—	—	25,000	517,578
	2016	68,383	—	66,014	—	—	—	—	134,397

Notes

- 1) Mr. Qiping Men was appointed Chief Executive Officer (“CEO”) during the period from January 1, 2019 to May 7, 2019 and thereafter, ceased all his directorship and offices in the Company. He was appointed Interim CEO during the period from September 1, 2018 to December 31, 2018. He had been serving in the capacity of Interim Chief Financial Officer (“CFO”) since July 21, 2014 and became the CFO of the Company on December 18, 2015. He was further appointed as an executive Director of the Company on June 30, 2016. On October 20, 2016, he was further appointed as President and Chief Operations Officer of the Company. For Mr. Men, “All Other Compensation” consists of \$58,500 in director’s fee in 2018. Mr. Men resigned as CEO and Executive Director of the Company on May 7, 2018.
- 2) Mr. Horst Wolfgang Wunschelmeier was appointed the position of CEO since September 2018 until now.
- 3) Ms. Gloria Ho was appointed Chief Financial Officer on November 1, 2016 and commenced as an executive director on June 27, 2017. For Ms. Ho, “All Other Compensation” consists of \$25,000 in director’s fee in 2017, and \$50,000 in 2018 respectively.
- 4) 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.
- 5) Director’s fee are the fees were the only amounts earned relating to the role as a director of the Company.

Narrative Discussion of Summary Compensation Table

Please refer to the disclosure under the heading “Compensation Discussion and Analysis” above 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 Company did not make any downward pricing adjustment of stock options during the fiscal period ended December 31, 2018.

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 that were outstanding as at December 31, 2018. There were no share-based awards outstanding as at December 31, 2018. The number of securities to be issued on the exercise of unexercised options has been adjusted to reflect the 20 for 1 share split made effective on February 10, 2012. As a result, the option exercise price has been divided by 20 and rounded to the nearest \$0.01.

Name	Number of Securities Underlying Unexercised Options (#)	Option-based Awards ⁽¹⁾		Value of Unexercised in-the-money Options (\$) ⁽¹⁾
		Option Exercise Price (HK\$)	Option Expiration Date	
Qiping Men ⁽²⁾	2,555,556	0.963	Sep 04, 2019	-
Chief Executive Officer	20,000,000	0.592	Sep 23, 2021	-
Horst Wolfgang Wunschelmeier	-	-	-	-
Chief Executive Officer	-	-	-	-
Gloria Ho	5,000,000	0.41	Dec 03, 2021	-
Chief Financial Officer	15,000,000	0.2360	Jul 5, 2023	-

Notes:

- 1) The value of both the vested and unvested unexercised in-the-money options at December 31, 2018 is based on a closing price of HK\$0.154 on the SEHK at December 31, 2018, which is equivalent to approximately \$0.027 based on the Bank of Canada December 31, 2018 exchange rate of HK\$5.741 per \$1.00.
- 2) Mr. Men was appointed Interim Chief Executive Officer on September 1, 2017 and was further appointed as Chief Executive officer on January 1, 2018. Mr. Men resigned as CEO and Executive Director of the Company on May 7, 2018.

Incentive Plan Awards – Value Vested or Earned During the Year

The following table sets forth for each Named Executive Officer, the incentive plan awards that were earned during the year ended December 31, 2018.

Name	Option based awards – Value vested during the year (\$) ⁽¹⁾	Share based awards – Value vested during the year (\$)	Non-equity incentive plan compensation – Value earned during the year (\$)
Qiping Men ⁽²⁾	410,056	Nil	Nil
Horst Wolfgang Wunschelmeier	N/A	N/A	N/A
Gloria Ho	82,280	Nil	Nil

Notes:

- 1) The aggregate dollar value of the vested unexercised in-the-money options is the value that would have been realized if the options had been exercised on the vesting date.
- 2) Mr. Men resigned as CEO and Executive Director of the Company on May 7, 2018.

Pension Plan Benefits

The Company 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 Company has entered into executive employment agreements (the “**Executive Agreements**”) with each of Mr. Wunschelmeier, Mr. Qiping Men and Ms. Gloria Ho (the “**Executives**”). The Company does not have any formal employment agreements with any of the other Named Executive Officers as at December 31, 2018. The following is a description of the Executive Agreements and certain of its terms and provisions in connection with any termination (whether voluntary, involuntary or constructive), resignation, retirement, a change in control of the company or a change in the Executives’ responsibilities.

Termination Payments under the Executive Agreements

The table below lists the compensation that would be paid to Ms. Ho upon termination in addition to base salary earned as of the termination date and unused vacation pay, assuming a termination date of December 31, 2018.

Type of Termination	Cash payments (\$)	Benefits (\$)	Post IPO Share Option Scheme (\$)
Resignation ⁽¹⁾	None	None	Treated in accordance with the terms of the Post IPO Share Option Scheme.
Termination (involuntary without just cause)	Lump sum of twelve months base salary.	None	Treated in accordance with the terms of the Post IPO Share Option Scheme.
Termination (on change of control and for good reason)	Lump sum of twelve months base salary.	None	Treated in accordance with the terms of the Post IPO Share Option Scheme.
Termination (for just cause)	None	None	Treated in accordance with the terms of the Post IPO Share Option Scheme.
Death	None	None	Treated in accordance with the terms of the Post IPO Share Option Scheme.

Notes:

1. Assuming the resignation is accepted and the Executive continues employment with the Company during the notice period for such resignation.

Estimated Termination Payments

The table below shows estimated compensation amounts other than base salary earned as of the termination date and unused vacation pay if each Executive had been terminated on December 31, 2018.

Type of Termination	Post IPO Share			Total Payout (\$)
	Cash payments (\$)	Benefits (\$)	Option Scheme (\$)	
Resignation⁽¹⁾				
Horst Wolfgang Wunschelmeier	-	-	-	-
Gloria Ho	-	-	-	-
Termination (involuntary without just cause)⁽³⁾				
Horst Wolfgang Wunschelmeier	-	-	-	-
Gloria Ho	400,000	12,000	-	412,000
Termination (on change of control and for good reason)⁽³⁾				
Horst Wolfgang Wunschelmeier	-	-	-	-
Gloria Ho	400,000	12,000	-	412,000
Termination (for just cause)⁽²⁾				
Horst Wolfgang Wunschelmeier	-	-	-	-
Gloria Ho	-	-	-	-
Death⁽²⁾				
Horst Wolfgang Wunschelmeier	-	-	-	-
Gloria Ho	-	-	-	-

Notes:

- (1) Assuming the Executive's resignation is accepted and he or she continues employment with the Company during the eight week notice period for such resignation.
- (2) For the purposes of the table above, the estimated value of the options and Shares at December 31, 2018 is equivalent to the amount of vested options and Shares outstanding at December 31, 2018 multiplied by the SEHK closing price on December 31, 2018 (being \$0.154, which is equivalent to approximately \$0.027 based on the Bank of Canada December 31, 2018 exchange rate of HK\$5.741 per \$1.00) less the cost of the options and Shares.
- (3) For the purposes of the table above, the estimated value of the options and Shares at December 31, 2018 is equivalent to the total amount of vested and unvested options and Shares outstanding at December 31, 2018 multiplied by the SEHK closing price on December 31, 2018 (being \$0.154, which is equivalent to approximately \$0.027 based on the Bank of Canada December 31, 2018 exchange rate of HK\$5.741 per \$1.00) less the cost of the options and Shares.

Director Compensation for 2018

Director Compensation Table

Name	Fees Earned (\$)	Share Based Awards ⁽¹⁾ (\$)	Option Based Awards ⁽¹⁾ (\$)	Non-Equity Incentive Plan Compensation (\$)	Pension Value (\$)	All Other Compensation (\$)	Total (\$)
Kwok Ping Sun	84,750	-	-	-	-	-	84,750
Michael Hibberd	71,000	-	-	-	-	-	71,000
Gloria Ho	50,000	-	-	-	-	-	50,000
Hong Luo ⁽²⁾	49,000	-	-	-	-	-	49,000
Linna Liu	40,000	-	-	-	-	-	40,000
Joanne Yan ⁽³⁾	67,000	-	-	-	-	-	67,000
Xijuan Jiang	51,000	-	-	-	-	-	51,000
Yi He	55,000	-	-	-	-	-	55,000
Raymond S. Fong	58,000	-	-	-	-	-	58,000
Jeff Liu ⁽⁴⁾	53,000	-	-	-	-	-	53,000
<u>2018 Former Directors</u>							
Qiping Men	27,250	-	-	-	-	350,000	377,250

Notes

1. 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.
2. Effective on September 1, 2017, Mr. Luo no longer served as CEO, but remained as executive director. On March 19, 2018, Mr. Luo was re-designated as non-executive director.
3. Ms. Joanne Yan has confirmed to the Board that she would not stand for re-election at the forthcoming General Meeting.
4. Mr. Jeff Liu ceased to be a director of the Company on March 7, 2019.

Narrative Discussion of Director Compensation

The Company's non-executive directors do not have service contracts with respect to their roles as directors. All directors are reimbursed for reasonable expenses incurred by them in their capacity as directors, including travel and other out of pocket expenses incurred in connection with meetings of the Board or its committees. The Company pays its directors \$40,000 per year as a General retainer and a \$1,000 fee per meeting. An additional \$20,000 retainer is payable to the Chairman and the Vice-Chairman of the Board. Generally, \$10,000 is paid to the chair of the Audit Committee and \$5,000 is paid to chairs of all other committees of the Board on a general basis. The Company has not in the past incurred any large amounts in this area. In addition, the directors are entitled to participate in the Post IPO Share Option Scheme. Director compensation has been reviewed during 2018.

Outstanding Share Based Awards and Option Based Awards

The following table sets forth for each non-executive director, the option based awards that were outstanding as at December 31, 2018. There were no share-based awards outstanding as at December 31, 2018. For options issued under the Company's Pre IPO Stock Option Plan (the "Pre IPO Plan"), the number of securities underlying unexercised options has been adjusted to reflect the 20 for 1 share split effected February 10, 2012. As a result, the option exercise price has been divided by 20 and rounded to the nearest \$0.01.

Name	Option-based Awards ⁽¹⁾			Value of Unexercised in-the-money Options (\$) ⁽¹⁾
	Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	
Raymond S. Fong	1,000,000	0.058	August, 17, 2021	-
	1,500,000	0.05	April 3, 2022	-
Michael John Hibberd	46,679,000	0.1	September 23, 2021	-
Hong Luo	3,000,000	0.09	December 17, 2019	-
	20,000,000	0.1	September 23, 2021	-
Xijuan Jiang	1,000,000	0.058	August, 17, 2021	-
Joanne Yan	1,000,000	0.058	August, 17, 2021	-
	1,500,000	0.05	April 3, 2022	-
Yi He	1,000,000	0.058	August, 17, 2021	-
	1,500,000	0.05	April 3, 2022	-
Linna Liu	-	-	-	-
Jeff Liu	-	-	-	-

Notes:

- (1) The value of both the vested and unvested unexercised in-the-money options at December 31, 2018 is based on a closing price of HK\$0.154 on the SEHK at December 31, 2018, which is equivalent to approximately \$0.027 based on the Bank of Canada December 31, 2018 exchange rate of HK\$5.741 per \$1.00.

Incentive Plan Awards – Value Vested or Earned During the Year

During the year ended December 31, 2018, there were no incentive plan awards value vested or earned by non-executive directors.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

Equity Compensation Plan Information

The following table sets forth information, as at December 31, 2018, with respect to compensation plans under which equity securities are authorized for issuance, aggregated for all equity compensation plans. In connection with the options issued under the Pre-IPO Plan, the number of shares to be issued upon exercise of outstanding options has been adjusted to reflect the 20 for 1 share split effective as of February 10, 2012.

<u>Plan Category</u>	<u>Number of Shares to be Issued Upon Exercise of Outstanding Options</u>	<u>Weighted Average Exercise Price of Outstanding Options</u>	<u>Number of Shares Remaining Available for Future Issuance Under Equity Compensation Plans</u>
Equity compensation plans approved by Shareholders	491,005,881 ⁽¹⁾⁽²⁾	\$0.06	301,359,617
Equity compensation plans not approved by Shareholders	–	–	–
Total	491,005,881 ⁽¹⁾⁽²⁾	\$0.06	301,359,617

Notes:

- (1) The total number of Shares issuable on December 31, 2018 was 8.00% of the issued and outstanding Shares as at that date.
- (2) As at the Latest Practicable Date, the number of Shares underlying options granted is 491,005,881 (representing 8.00% of the issued and outstanding shares as at the Latest Practicable date).

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

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

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Other than as disclosed in this Circular, to best of the knowledge of the Company's management, none of the Company'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 Company, nor any known associate or affiliate of these persons had any material interest, direct or indirect in any transaction since the commencement of the Company's most recently completed financial year which has materially affected the Company, or in any proposed transaction which has materially affected or would materially affect the Company or any of its subsidiaries.

Mr. Kwok Ping Sun, the Company's Executive Chairman, has beneficial ownership of, or control or direction of 1,687,377,000 common shares of the Company which represents approximately 27.50% of the Company's outstanding common shares. During the twelve months ended December 31, 2018 and year 2017, Mr. Kwok Ping Sun, has purchased securities of the Company and has loaned the Company funds on an unsecured basis.

On August 24, 2017, November 16, 2017 and November 28, 2017, the Company signed loan agreements with Prime Union Enterprise Limited ("Prime Union"). The Loan interest rate was 6.0% per annum and required repayment in full within three months from the date of the receipt of the loan. The total loans amount were HKD\$33.3 million (approximately CAD\$5.4 million). As at the Latest Practicable Date, all the loans and interests were paid in full.

On June 1, 2018, the Company signed a loan agreement with Prime Union with the loan interest rate being 10% per annum and required repayment in full within three months from the date of the receipt of the loan. The total loan amount was HKD\$14.2 million (approximately CAD\$2.4 million). As at the Latest Practicable Date, the loan and interests were paid in full.

On August 11, 2018, the Company signed a loan agreement with Prime Union with the loan interest rate being 10.0% per annum and require repayment in full within three months from the date of the receipt of the loan. The total loan amount was HKD\$9.0 million (approximately CAD\$1.5 million). As at the Latest Practicable Date, the loan and interests were paid in full.

On March 25, 2019, the Company signed a supplementary agreement with Renergy Petroleum (Canada) Co., Ltd, owed by Mr. Kwok Ping Sun, regarding the proposed Amendment of the Joint Operating Agreements on Muskwa and Godin area oil sands leases.

As at the Latest Practicable Date, the Company had obtained the loans from shareholders for HKD\$31.1 million (approximately CAD\$5.3 million) with the loan interests rate of 10% per annum, and required repayment in full by the end of the year of 2019.

MJH Services Inc., a consulting company to which Mr. Michael Hibberd, the non-executive Vice Chairman of Sunshine is related, charged the Company for management and advisory services CDN\$0.14 million for the twelve months ended December 31, 2018.

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 Company 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 Company's management are committed to good corporate governance and consider good corporate governance to be central to the effective and efficient operation of the Company. The Company 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 Company. Below is a discussion of the Company'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 Company. 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 judgment. Notwithstanding the foregoing, certain individuals are deemed by the applicable legislation to be considered to have a material relationship with the Company. As at the Latest Practicable Date, apart from the four independent non-executive directors who had provided their confirmation of independence to the Board as required under Rule 3.13 of the Listing Rules, the Board has concluded that a majority of directors are not independent. Under applicable Canadian securities laws, the Board considers six of the Company's nine existing directors to be not independent as provided in the table below:

<u>Name of Director</u>	<u>Independent</u>	<u>Not Independent</u>	<u>Reason For Non-Independent Status</u>
Sun Kwok Ping		✓	Mr. Sun is the Executive Chairman of the Board.
Gloria Pui Yun Ho		✓	Ms. Ho is an Executive Director of the company.
Michael J. Hibberd		✓	Mr. Hibberd is the Non-Executive Vice-Chairman of the Company.
Hong Luo		✓	Mr. Luo was CEO of the Company.
Raymond S. Fong	✓		
Linna Liu		✓	Ms. Liu is the representative of Bank of China Group Investment Limited ("BOCGI"), a strategic shareholder of the Company
Xijuan Jiang		✓	Ms. Jiang is an associate of Mr. Sun
Joanne Yan	✓		
Yi He	✓		

Participation of Directors in Other Reporting Issuers

<u>Name of Director</u>	<u>Name of Other Reporting Issuer</u>	<u>Listing</u>
Michael J. Hibberd	Canacol Energy Ltd.	TSX, Colombia Stock Exchange
	Greenfields Petroleum Company	TSX Venture Exchange
	Montana Exploration Corp.	TSX Venture Exchange
	Pan Orient Energy Corp.	TSX Venture Exchange
	PetroFrontier Corp.	TSX Venture Exchange

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

Both the Executive Chairman and the Non-Executive Vice-Chairman of the Board are non-independent directors. To provide leadership for the independent directors, the Compensation Committee is comprised of a majority of independent directors; whereas, the Audit Committee is comprised of 100% independent directors and is chaired by an independent director. The ability to establish ad hoc committees comprised of a majority, or entirely, of independent directors provides the Board with the further ability to exercise independent oversight of management, and the chair of each such ad hoc committee provides leadership for such committee.

Board and Committee Meetings and Meeting Attendance

The following is a summary of attendance of the directors at meetings of the Board and its committees for the year ended December 31, 2018:

2018	Board of Directors	Reserves Committee	Audit Committee	Compensation Committee	Corporate Governance Committee
Directors at December 31, 2018					
Kwok Ping Sun	8/10	-	-	2/2	1/1
Michael Hibberd	10/10	-	-	-	1/1
Hong Luo	9/10	-	-	-	-
Linna Liu ⁽²⁾	10/10	-	-	-	-
Xijuan Jiang	10/10	-	-	-	-
Gloria Ho	10/10	-	-	-	-
Jeff Liu ⁽³⁾	8/10	1/1	4/4	-	-
Raymond Fong	10/10	1/1	4/4	2/2	1/1
Joanne Yan ⁽⁴⁾	10/10	-	4/4	2/2	1/1
Yi He	10/10	-	4/4	-	1/1
2018 Former Directors					
Qiping Men ⁽¹⁾	5/5	1/1	-	-	-

Notes:

1. *Mr. Qiping Men ceased to be a Director on May 7, 2018. During his tenure of service in the financial year 2018, five Board meetings and one Reserve Committee meeting were held.*
2. *Ms. Liu was present or represented by others for board of director meetings.*
3. *Mr. Liu ceased to be a director of the Company on March 7, 2019.*
4. *Ms. Yan has confirmed to the Board that she would not stand for re-election as director of the Company at this General Meeting.*

Board Mandate

The Board is generally responsible for managing the business and affairs of the Company. The primary responsibility of the Board is to promote the best interests of the Company and maximize Shareholders' value. This responsibility includes: (i) approving 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 Company 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 the 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 Company. The Board reviews with management matters of strategic planning, business risk identification, succession planning, communications policy and integrity of internal control and management information systems. The Board fulfils its responsibilities through regular meetings. It meets a minimum of four (4) times per year. In addition, the Board meets at such other times as may be required.

Position Descriptions

The Board has developed written position descriptions for the Board Chairman role (Chairman and Vice-Chairman) and the Chairs of the Company's various Board committees. The Board has also developed written terms of reference for each of the Company's Board committees.

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

Orientation and Continuing Education

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

Ethical Business Conduct

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

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

Nomination of Directors

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

- a) members of the Board should be individuals of high integrity and independence, with substantial accomplishments, and should have prior or current associations with institutions noted for their excellence;
- b) members of the Board should have demonstrated leadership ability, with broad experience, diverse perspectives, and the ability to exercise sound business judgment; and
- c) the composition of the Board should reflect the benefits of diversity as to gender, ethnic background and experience.

The Corporate Governance Committee has adopted a written terms of reference which describes the committee’s responsibilities, powers and operations. The Corporate Governance Committee is composed of five directors: Mr. Sun, who is the chairman, and Messrs. Hibberd, Fong, He and Ms. Yan¹. A majority of the committee members are independent. The Company has been of the view that the current members of the Corporate Governance Committee are influential and important in setting the key direction of the Company.

1. Ms. Yan would not stand for re-election as director of the Company at this General Meeting.

Election of Directors

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

Compensation

The Compensation Committee comprises four members, two of whom are independent directors¹. The Board believes that having an executive director as chairman of the Compensation Committee ensures an objective process for determining compensation. The Board also ensures an objective process by requiring the Compensation Committee to adhere to the written mandate of the Board set forth in the Compensation Committee Terms of Reference. For the process by which the Board determines the compensation for the Company's directors and officers and the responsibilities, powers and operation of the Compensation Committee, please see the heading "Compensation Discussion & Analysis" above.

1. *Ms. Yan would not stand for re-election as director of the Company at this General Meeting.*

Assessments

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

Director Term Limits

The Company has not adopted term limits for the directors on its Board or other mechanisms of Board renewal. The Company does not impose term limits on its directors as it takes the view that term limits are an arbitrary mechanism for removing directors which can result in valuable, experienced directors being forced to leave the Board solely because of length of service. Instead, the Company believes that directors should be assessed based on their ability to continue to make a meaningful contribution. The Board's priorities continue to be ensuring the appropriate skill sets are present amongst the Board to optimize the benefit to the Company. The Company believes that General elections by the Shareholders are a more meaningful way to evaluate the performance of directors and to make determinations about whether a director should be removed due to under-performance.

Policies Regarding Gender Diversity

While the Board recognizes the potential benefits from new perspectives which could manifest through increased gender diversity within its ranks, the Board has not formally adopted a written Board diversity policy and has not set a target regarding the number or percentage of female members that it wishes to include on the Board. The selection of candidates for appointment to the Board will continue to be based on the skills, knowledge, experience and character of individual candidates and the requirements of the Board at the time, with achieving an appropriate level of diversity on the Board being one of the criteria that the Corporate Governance Committee considers when evaluating the composition of the Board.

When considering candidates for senior management positions, the Company focuses on attracting and retaining experienced and highly skilled individuals that can add value to its business. While the Company does consider the level of representation of women in executive officer positions when making executive officer appointments, the Board does not believe that a formal policy will necessarily result in the identification or selection of the best candidates. The Company considers all candidates based on their merit and qualifications relevant to the specific role.

The Company does not currently have any targets, rules or formal policies that specifically require the identification, consideration, nomination or appointment of female Board nominees or candidates for executive management positions or that would otherwise force the composition of the Board or the Company's executive management team. The Board does not believe it is in the Company's best interests to implement such targets at this time.

Committees of the Company

Corporate Governance Committee

The Company has 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 Company’s website at www.sunshineoilsands.com/about/committee-charters.html.

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

- a) making recommendations to the Board on relevant matters relating to the appointment or re- appointment of directors and succession planning for directors, in particular the chairman and the chief executive officer; and
- b) assessing the independence of independent non-executive directors.
- c) Further, the Corporate Governance Committee has certain duties in respect of other corporate governance matters, including:
- d) to consider and review the Company’s corporate governance principles, practices and processes and to make recommendations to the Board;
- e) to review and monitor the training and continuous professional development of directors and senior management;
- f) to review and monitor the Company’s policies and practices on compliance with legal and regulatory requirements;
- g) to review and monitor the code of conduct and compliance manual applicable to employees and directors; and
- h) to review the Company’s compliance with the Code on Corporate Governance.

The Corporate Governance Committee meets at least once Generally.

The current members of the Corporate Governance Committee are Mr. Sun, who is the chairman, and Messrs. Hibberd, Fong, He, and Ms. Yan¹. A majority of the committee members are independent.

1. Ms. Yan would not stand for re-election as director of the Company at this General Meeting.

Compensation Committee

The Company has established a compensation committee (the “**Compensation Committee**”) with written terms of reference. These terms of reference can be accessed at the Company’s website at www.sunshineoilsands.com/about/committee-charters.html.

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 Company. The Compensation Committee also reviews compensation and other human resource philosophies and policies and undertakes the review of bonuses, General stock option awards and share purchase plan(s) (if any). Further, the Compensation Committee submits an General report for inclusion in the Company’s relevant public document. The Compensation Committee meets at least once generally.

The current members of the Compensation Committee are Mr. Sun, who is the chairman, and Mr. Fong and Ms. Yan. A majority of the committee members are independent.

Reserves Committee

The Company 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. The terms of reference of the Reserves Committee can be accessed at the Company’s website at www.sunshineoilsands.com/about/committee-charters.html.

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

- a) reviewing and approving management’s recommendations for the appointment of independent evaluators;
- b) reviewing procedures for providing information to the independent evaluators;
- c) meeting with management and the independent evaluators to review the reserves data and reports;
- d) recommending to the Board whether to approve the content of the independent evaluators’ reports; and
- e) reviewing procedures for reporting on other information associated with oil sands producing activities and generally reviewing all public disclosure of estimates of reserves.

The Reserves Committee is comprised of three 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 Generally. As at the date of this circular, the Reserves Committee is currently comprised of comprised of Mr. Fong, who is the chairman, Mr. Sun and Mr. He.

Audit Committee

The Company has established an audit committee (the “**Audit Committee**”) with written terms of reference. These terms of reference can be accessed at the Company’s website at www.sunshineoilsands.com/about/committee-charters.html.

The purpose of the Audit Committee is to provide assistance to the Board in fulfilling its legal fiduciary obligations with respect to matters involving the accounting, auditing, financial reporting, risk management, internal control and legal compliance functions of the Company. 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, General information forms 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 Generally with the Company’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 Company, Sunshine considers this to be practical and appropriate. The Audit Committee

convenes at least quarterly with the Company's auditors and management and as circumstances otherwise warrant. As at the date of this circular, the current members of the Audit Committee are Ms. Yan¹, who is the chairman, Mr. Fong and Mr. He.

1. *Ms. Yan would not stand for re-election as director of the Company at this General Meeting.*

Further information with respect to the Company's Audit Committee is set forth in the Company's annual information form for the year ended December 31, 2018 dated March 18, 2019.

RECOMMENDATION

The Directors consider that the refreshment of the Scheme Mandate Limit of the Share Option Scheme, the election of directors for the ensuing year, the appointment of auditors, the general mandate to issue Shares, and the Share Repurchase Mandate are all in the best interests of the Company and its Shareholders as a whole. Accordingly, the directors recommend all Shareholders to vote in favor of all the resolutions to be proposed at the General 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, 2018. Copies of these document as well as additional information relating to the Company contained in document filed by the Company with the Canadian securities regulatory authorities may also be accessed through the SEDAR website at www.sedar.com.

Document affecting the rights of security holders, along with other information relating to the Company, may be found on the Company's website at www.sunshineoilsands.com.

RESPONSIBILITY STATEMENT

This Circular, for which the directors of the Company 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 Company. 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 dispatch of this Circular have been approved by the Board.

(signed) "Kwok Ping Sun"

Kwok Ping Sun
Executive Chairman

Calgary, Alberta, May 23, 2019
Hong Kong, May 23, 2019

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

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

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LISTING RULES RELATING TO THE REPURCHASE OF SHARES

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

SHARE CAPITAL

As at the Latest Practicable Date, the issued and outstanding Shares of the Company numbered 6,135,846,624. 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 Company would be allowed to repurchase up to a maximum of 613,584,662 Shares under the Share Repurchase Mandate during the Relevant Period, representing 10% of the issued and outstanding share capital of the Company as at the Latest Practicable Date.

REASONS FOR THE REPURCHASES

The Board believes that the flexibility afforded to them by the Share Repurchase Mandate would be in the best interests of the Company 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 Company'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 Company and the Shareholders as a whole.

FUNDING OF REPURCHASES

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

IMPACT ON THE WORKING CAPITAL OR GEARING POSITION

If the Share Repurchase Mandate is exercised in full at any time during the Relevant Period, there may be a material adverse effect on the working capital levels of the Company or its gearing levels, as compared with the position disclosed in the Company's audited financial statements for the year ended December 31, 2018 (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 Company 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 Company.

SHARE PRICES

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

SEHK Trading Prices

	Per Share	
	<u>Highest</u>	<u>Lowest</u>
	HK\$	HK\$
2018		
May 1 – May 31	0.285	0.2
June 1 – June 30	0.275	0.22
July 1 – July 31	0.237	0.21
August 1 – August 31	0.214	0.188
September 1 – September 30	0.215	0.181
October 1 – October 31	0.218	0.171
November 1 – November 30	0.182	0.159
December 1 – December 31	0.171	0.15
2019		
January 1 – January 31	0.163	0.12
February 1 – February 28	0.13	0.114
March 1 – March 31	0.132	0.107
April 1 – April 30	0.144	0.105
May 1 – May 14 (being the Latest Practicable Date)	0.113	0.093

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

A Shareholder's proportionate interest in the voting rights of the Company will increase upon the Company'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 Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code.

Assuming that there is no issue of Shares between the Latest Practicable Date and the date of repurchase, an exercise of the Share Repurchase Mandate whether in whole or in part will result in an increase of Mr. Kwok Ping Sun's percentage interest in the Company. Such increase would give rise to an obligation to make a mandatory offer under Rule 26 of the Takeovers Code. However, the Directors do not intend to exercise the power of Share Repurchase mandate to buy back Shares to an extent which would render any Shareholder or group of Shareholders obligated to make mandatory offer under Rule 26 of the Takeovers Code.

In addition, the Directors have no intention to exercise the Share Repurchase Mandate to the extent that it may result in a public shareholding less than 25% of the issued share capital, being the prescribed minimum percentage of shares required by the SEHK.

DIRECTORS, THEIR CLOSE ASSOCIATES AND CORE CONNECTED PERSONS

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

The Company has not been notified by any “core connected person” (as defined in the Listing Rules) that he has a present intention to sell Shares to the Company or has undertaken not to sell Shares held by him to the Company 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 Company to make repurchases pursuant to the Share Repurchase Mandate in accordance with the Listing Rules, Canadian laws and the constitutional document of the Company.

SHARE PURCHASE MADE BY THE COMPANY

The Company did not purchase any of the Company's Shares during the six months prior to the Latest Practicable Date.