

**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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

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

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**SUNSHINE OILSANDS LTD.**

**陽光油砂有限公司\***

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

**(HK stock code: 2012)**

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

**Telephone: 1-403-984-1450  
Fax: 1-403-455-7674**

**MANAGEMENT INFORMATION CIRCULAR**

**ANNUAL GENERAL MEETING OF SHAREHOLDERS**

**Meeting Date: June 30, 2016 at 8:00 a.m. (Hong Kong Time)  
(June 29, 2016 at 6:00 p.m. (Calgary Time))**

**May 31, 2016**

\*For identification purposes only

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**NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS**

**TO BE HELD AT 8:00 A.M. ON JUNE 30, 2016 (HONG KONG TIME)  
AND 6:00 P.M. ON JUNE 29, 2016 (CALGARY TIME)**

**NOTICE IS HEREBY GIVEN** that the annual general meeting (the “**Meeting**”) of the holders (the “**Shareholders**”) of Class “A” Common Voting Shares (the “**Shares**”) of Sunshine Oilsands Ltd. (“**Sunshine**” or the “**Corporation**”) will be held at the United Conference Centre, Room 1, 10/F, United Centre, 95 Queensway, Admiralty, Hong Kong on June 30, 2016 at 8:00 a.m. (Hong Kong time), for the following purposes:

1. to receive and consider the audited financial statements of the Corporation as at and for the financial year ended December 31, 2015, the report of the board of directors of the Corporation (the “**Board**”) and the report of the auditor thereon;
2. to fix the number of directors of the Corporation to be elected for the ensuing year;
3. to elect or re-elect, as the case may be, each as a separate resolution, the following directors of the Corporation for the ensuing year:
  - (a) Kwok Ping Sun as an executive director of the Corporation;
  - (b) Michael John Hibberd as a non-executive director of the Corporation;
  - (c) Hong Luo as an executive director of the Corporation;
  - (d) Qi Jiang as an executive director of the Corporation;

\*For identification purposes only

- (e) Chen Jianzhong as a non-executive director of the Corporation;
  - (f) Raymond Shengti Fong as an independent non-executive director of the Corporation;
  - (g) Gerald Franklin Stevenson as an independent non-executive director of the Corporation;
  - (h) Qiping Men as an executive director of the Corporation;
  - (i) Joanne Yan as an independent non-executive director of the Corporation;
  - (j) Yi He as an independent non-executive director of the Corporation;
  - (k) Xijuan Jiang as a non-executive director of the Corporation;
4. to re-appoint Deloitte LLP as auditors for the ensuing year and to authorize the directors of the Corporation to fix their remuneration;
  5. to consider and, if deemed advisable, to pass, with or without variation, an ordinary resolution approving a proposal for the Corporation to grant to the Board a general mandate to allot, issue and otherwise deal with un-issued Shares not exceeding twenty percent (20%) of its issued share capital, as more particularly described in the accompanying Circular;
  6. to consider and, if deemed advisable, to pass, with or without variation, an ordinary resolution approving a proposal for the Corporation to grant to the Board a general mandate to repurchase Shares not exceeding ten percent (10%) of its issued share capital, as more particularly described in the accompanying Circular; and
  7. to transact such other business as may properly come before the Meeting or any adjournment or adjournments thereof.

#### **Time and venue of the Meeting**

The Meeting will be held at 8:00 a.m. on June 30, 2016 (Hong Kong time) at the United Conference Centre, Room 1, 10/F, United Centre, 95 Queensway, Admiralty, Hong Kong.

#### **Registered Shareholders**

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

#### **Beneficial Shareholders**

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

### **Record Date**

All Registered Shareholders as at 4:30 p.m. on May 31, 2016 (Hong Kong Time) and 4:30 p.m. on May 31, 2016 (Calgary time), as the case may be (the “**Record Date**”), may vote in person at the Meeting or any adjournments thereof, or they (including a Beneficial Shareholder) may appoint another person (who need not be a Shareholder) as their proxy to attend and vote in their place.

### **Delivery of Proxy**

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

**In order to be valid, all proxies must be received 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 Meeting (i.e. 4:30 p.m. on June 27, 2016 (Calgary time) and 8:00 a.m. on June 28, 2016 (Hong Kong time), as the case may be), or any adjournment thereof, or deposited with the Chairman of the Meeting on the day of the Meeting prior to the commencement of the Meeting.**

### **Results of the Meeting**

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

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

(signed) “*Sun Kwok Ping*”

\_\_\_\_\_  
**Sun Kwok Ping  
Executive Chairman**

(signed) “*Michael John Hibberd*”

\_\_\_\_\_  
**Michael John Hibberd  
Non-Executive Vice-Chairman**

Calgary, Alberta, May 31, 2016.

*As at the date of this notice, the Board consists of Mr. Kwok Ping Sun, Mr. Hong Luo and Dr. Qi Jiang as executive directors; Mr. Michael John Hibberd, Mr. Hok Ming Tseung, Mr. Chen Jianzhong and Mr. Jin Hu as non-executive directors; and Mr. Raymond Shengti Fong, Mr. Robert John Herdman, Mr. Gerald Franklin Stevenson and Mr. Zhefei Song as independent non-executive directors.*

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## **MANAGEMENT INFORMATION CIRCULAR**

**May 31, 2016**

### **GENERAL PROXY INFORMATION**

#### **Solicitation of Proxies**

This management information circular (the “**Circular**”) is furnished in connection with the solicitation of proxies by or on behalf of the management of the Corporation for use at the Meeting of the Shareholders or any adjournments thereof, to be held at the United Conference Centre, Room 1, 10/F, United Centre, 95 Queensway, Admiralty, Hong Kong on June 30, 2016 at 8:00 a.m. (Hong Kong time) and any adjournments thereof for the purposes set forth in the notice accompanying this Circular.

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

\*For identification purposes only

### **Voting at the Meeting**

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

### **PROXY INFORMATION FOR REGISTERED SHAREHOLDERS**

#### **Appointment of Proxy Holder**

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

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

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

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

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

#### **Voting by Proxy Holder**

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

Registered Shareholders who received this Circular and other accompanying Meeting materials from the Corporation’s branch registrar in Hong Kong, and who elect to submit a proxy may do so by completing, dating and signing the accompanying Proxy and returning it to the Corporation’s branch share registrar in Hong Kong, being Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong, 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 Meeting (i.e. 8:00 a.m. on June 28, 2016 (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 Corporation's principal share registrar in Canada, and who elect to submit a proxy may do so by completing, dating and signing the accompanying Proxy and returning it to the Corporation's principal share registrar in Canada, being Alliance Trust Company at Suite 1010, 407 – 2nd Street SW, Calgary, Alberta, Canada T2P 2Y3 ensuring that the Proxy is received during regular business hours at least 48 hours, excluding Saturdays, Sundays and public holidays in Calgary, before the Meeting (i.e. 4:30 p.m. on June 27, 2016 (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 Meeting are those deposited by Registered Shareholders.

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

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

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

In Canada, most brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions Inc. ("**Broadridge**"). Broadridge mails a voting instruction form in lieu of a Proxy provided by the Corporation. The voting instruction form will name the same persons as the



Corporation's Proxy to represent you at the Meeting. You have the right to appoint a person (who need not be a Beneficial Shareholder of the Corporation), other than the persons designated in the voting instruction form, to represent you at the Meeting. To exercise this right, you should insert the name of the desired representative in the blank space provided in the voting instruction form. The completed voting instruction form must then be returned to Broadridge by mail or facsimile or given to Broadridge by phone or over the internet, in accordance with Broadridge's instructions. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of Shares to be represented at the Meeting. If you receive a voting instruction form from Broadridge, you cannot use it to vote Shares directly at the Meeting. The voting instruction form must be completed and returned to Broadridge, in accordance with its instructions, well in advance of the Meeting in order to have the Shares voted.

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

#### **REVOCATION OF PROXY**

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

- (a) executing a proxy bearing a later date or by executing a valid notice of revocation, either of the foregoing to be executed by the Shareholder or such person's authorized attorney in writing or, if such person is a corporation, under its corporate seal by an officer or attorney duly authorized, and by delivering the proxy bearing a later date to the Corporation's principal share registrar in Canada, being Alliance Trust Company at Suite 1010, 407 – 2nd Street SW, Calgary, Alberta, Canada T2P 2Y3, or the Corporation's branch share registrar in Hong Kong, being Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, as applicable, or at the address of the registered office of the Corporation at 4000, 421 – 7th Avenue S.W., Calgary, Alberta, Canada T2P 4K9, during regular business hours at least 48 hours, excluding Saturdays, Sundays and public holidays in Calgary and Hong Kong, before the Meeting (i.e. 4:30 p.m. on June 27, 2016 (Calgary time) or 8:00 a.m. on June 28, 2016 (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 Meeting or any reconvening thereof, or in any other manner provided by law; or
- (b) personally attending the Meeting and voting such person's Shares at the Meeting.

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

### **VOTING BY POLL**

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

### **COUNTING THE VOTES**

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

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

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

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

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

As at May 26, 2016 (the “**Latest Practicable Date**”) there were 4,318,498,104 Class “A” Common Voting Shares of the Corporation issued and outstanding and no shares of any of the other classes issued or outstanding. Each Class “A” Common Voting Share carries the right to one vote at any meeting of the Shareholders of the Corporation. Each Class “B” Common Voting Share also carries the right to one vote (but none are issued or outstanding).

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

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

To the best of the knowledge of the directors and officers of the Corporation and as 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. Sun Kwok

Ping, who directly or indirectly beneficially owns or controls 814,382,500 Shares, representing approximately 18.86% of the issued and outstanding Shares, and HKSCC Nominees Limited, which holds 3,783,683,447 Shares, representing approximately 87.62% 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 the outstanding securities (including Shares) of the Corporation, being those securities issued by the Corporation and held by its investors (and excluding any securities issued and then repurchased, but not canceled, by the Corporation). As at the Latest Practicable Date, there are no securities of the Corporation issued but not outstanding.

### **RECORD DATE**

The record date for the Meeting has been fixed at 4:30 p.m. on May 31, 2016 (Hong Kong time) and 4:30 p.m. on May 31, 2016 (Calgary time), as the case may be (the “**Record Date**”). Only Shareholders as at the Record Date are entitled to receive notice of the Meeting. Shareholders on record will be entitled to vote their Shares held by them as at the Record Date, unless any such Shareholder properly transfers the Shares after the Record Date and the transferee of those Shares, having produced properly endorsed certificates evidencing such Shares or having otherwise established ownership of such Shares, demands, at least ten (10) days before the Meeting, that the transferee’s name be included in the list of Shareholders entitled to vote at the Meeting, in which case such transferee shall be entitled to vote such Shares at the Meeting. To ensure that there is no risk that any of the Shares will be voted twice, the transferee must provide written evidence to the Corporation including, without limitation, providing properly endorsed certificates evidencing the transfer of such Shares or having otherwise established ownership of such Shares, written evidence of the identification of the relevant transferor and written evidence that the relevant transferor has not and will not exercise their right to vote either by proxy or in person at the Meeting. The Corporation may refuse the demand by a transferee to be included in the list of Shareholders entitled to vote at the Meeting if the transferee cannot demonstrate to the Corporation with sufficient certainty that the relevant Shares have not already been voted by proxy or will be voted by the relevant transferor at the Meeting.

### **DIRECTORS**

As at the date of this Circular, the Board consists of Mr. Kwok Ping Sun, Mr. Hong Luo and Dr. Qi Jiang as executive directors; Mr. Michael John Hibberd, Mr. Hok Ming Tseung, Mr. Chen Jianzhong and Mr. Jin Hu as non-executive directors; and Mr. Raymond Shengti Fong, Mr. Robert John Herdman, Mr. Gerald Franklin Stevenson and Mr. Zhefei Song as independent non-executive directors.

### **PARTICULARS OF MATTERS TO BE ACTED UPON AT THE MEETING**

#### **1. Financial Statements**

The audited financial statements of the Corporation as at and for the financial year ended December 31, 2015, the report of the Board and the report of the auditors thereon will be placed before the Shareholders at the Meeting.

## **2. Fixing the Number of Directors of the Corporation**

The Articles of Incorporation of the Corporation provide for a minimum of one (1) director and a maximum of fifteen (15) directors. According to the requirements of the Listing Rules, the Corporation 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 Meeting to hold office until the next annual meeting or until their successors are elected or appointed, subject to the Articles of Incorporation and By-Law No. 1 of the Corporation, be set at eleven (11). There are presently eleven directors of the Corporation, of which four of them are the independent non-executive directors, whose term of office shall expire at the Meeting.

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

## **3. Election of Directors**

The Shareholders will be asked to pass an ordinary resolution at the Meeting to elect, as directors of the Corporation, 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 Corporation. 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 Corporation. However, if for any reason any of the proposed nominees do not stand for election or are unable to serve as a director, proxies in favour of management designees will be voted for another nominee in their discretion unless the Shareholder has specified in their proxy that their Shares are to be withheld from voting on the election of directors.

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

Messrs. Robert Herdman, Zhefei (Bill) Song, Hok Min Tseung and Jin (Jimmy) Hu will not be standing for re-election at the Meeting. Each of Messrs. Herdman, Song and Hu have confirmed that they have no

disagreement with the Board and there are no matters relating to their not standing for re-election as a director that need to be brought to the attention of the shareholders of the Corporation. Mr. Tseung has no disagreement with the Board other than the proposed changes to the Board and was the only director that voted against the resolution to approve the proposed slate of directors for the Meeting.

Name, Municipality of Residence & Current Position(s) with the Corporation	Principal Occupation in the Past Five Years	Director Since	Interest in Shares within meaning of Part XV of the Securities and Futures Ordinance (Cap. 571) as at the Latest Practicable Date <sup>(5)</sup>
<b>Kwok Ping Sun</b> <sup>(1)(3)</sup> Hong Kong China <i>Executive Chairman and Executive Director</i> Age: 52	Executive Chairman of the Corporation since June 2015. Non-Executive Director of the Corporation from May 2015 to June 2015. Founder of Nobao Renewable Energy Holdings Limited and the Chairman, Director and Chief Executive Officer since its inception in 2007.	May 27, 2015	814,382,500
<b>Michael John Hibberd</b> <sup>(1)</sup> Calgary, Alberta Canada <i>Non-Executive Vice-Chairman and Non-Executive Director</i> Age: 60	Non-Executive Vice-Chairman of the Corporation since June 2015. Executive Vice-Chairman of the Corporation from November 2014 to June 2015. Executive Chairman from June 2014 to November 2014. Executive Co-Chairman of the Corporation from October 2008 to June 2014. Prior thereto, from May 2007 to October 2008, Chairman and Co CEO of the Corporation. President and Chief Executive Officer of MJH Services Inc., a corporate finance advisory company, since January 1995. Chairman of Greenfields Petroleum Corporation since February 2010. Chairman of Canacol Energy Ltd. since October 2008. 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	101,474,685
<b>Hong Luo</b> Calgary, Alberta Canada <i>Chief Executive Officer and Executive Director</i> Age: 52	Chief Executive Officer since July 2015. Non-Executive Director 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 Corporation (“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
<b>Qi Jiang</b> <sup>(2)</sup> Calgary, Alberta Canada <i>Executive Director, President and Chief Operating Officer</i> Age: 52	President and Chief Operating Officer of the Corporation since January 2015. Vice President, Reservoir and Production Engineering at OSUM Oil Sands Corp. from 2012 to 2014 and Manager from 2008 to 2011.	December 15, 2014	775,350

Name, Municipality of Residence & Current Position(s) with the Corporation	Principal Occupation in the Past Five Years	Director Since	Interest in Shares within meaning of Part XV of the Securities and Futures Ordinance (Cap. 571) as at the Latest Practicable Date <sup>(5)</sup>
<b>Chen Jianzhong</b> Hong Kong China <i>Non-Executive Director</i> Age: 47	Deputy Chief Executive Officer of Bank of China Group Investment Limited ("BOCGI") and supervises the Asset Management Division and NPA Investment Division businesses since 2013. Prior to joining BOCGI, Mr. Chen held a number of positions in the Anhui Branch of Bank of China Limited as well as the Human Resources Department at the Bank of China headquarters.	October 20, 2015	Nil
<b>Raymond Shengti Fong<sup>(1) (2) (3) (4)</sup></b> Calgary, Alberta Canada <i>Independent Non-Executive Director</i> Age: 69	Director of Palinda International Group Limited since September 2012. Prior thereto, Chief Executive Officer of China Coal Corporation 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
<b>Gerald Franklin Stevenson<sup>(2) (4)</sup></b> Calgary, Alberta Canada <i>Independent Non-Executive Director</i> Age: 72	Director of Southwest Energy Trust from August 2011 to April 2013. Prior thereto, from January 2006 to April 2011, head of oil & gas acquisitions and divestitures for CIBC World Markets Inc., Calgary and was VP Business Development at Enerplus, responsible for acquisitions and divestitures, from October 2001 to March 2003.	July 15, 2011	184,621
<b>Qiping Men</b> Calgary, Alberta Canada <i>Chief Financial Officer</i> Age: 51	Chief Financial Officer of the Corporation since December 2015. Prior thereto, Interim Chief Financial Officer of the Corporation from July 2014 to December 2015; Vice President of Goldenkey Oil Inc., a private oil and gas company, from March 2011 to June 2014; Vice President and Chief Financial officer of Anterra Energy Inc. from May 2011 to September 2013; Vice President and Chief Financial Officer of Sahara Energy Ltd. from November 2010 to August 2011.	N/A	1,049,541
<b>Joanne Yan</b> Vancouver, British Columbia Canada <i>Nominee</i> Age: 58	President of Joyco Consulting Services Inc. since September 1994. President and Director of Brazil Resources Inc. from June 2006 to November 2013. Director of Hanwei Energy Services Corp. since October 2005.	N/A	Nil
<b>Yi (David) He</b> Hong Kong China <i>Nominee</i> Age: 43	Founder and Principal of Yaixin Asset Management Company since early 2015. Prior thereto, Chief Executive Officer of Nomura China Bank from September 2012 to April 2014; General Manager of Barclays Bank Shanghai Branch from May 2008 to September 2012.	N/A	1,600,000

Name, Municipality of Residence & Current Position(s) with the Corporation	Principal Occupation in the Past Five Years	Director Since	Interest in Shares within meaning of Part XV of the Securities and Futures Ordinance (Cap. 571) as at the Latest Practicable Date <sup>(5)</sup>
<b>Xijuan Jiang</b> Beijing China <i>Nominee</i> Age: 50	Vice President and Chief Engineer at Nuoxin Energy Technology (Shanghai) Co. Ltd. since November 2012. Chief Engineer (Water and Sewer) at Architecture Branch of Shougang Design Institute from October 2008 to November 2012.	N/A	Nil

**Notes:**

- (1) Member of the Corporate Governance Committee.
- (2) Member of the Reserves Committee.
- (3) Member of the Compensation Committee.
- (4) Member of the Audit Committee.
- (5) Includes only the Class "A" Common Voting Shares. Details of 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 in 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 John 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 Corporation 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 Sunshine from October 6, 2008 to June 25, 2014. Mr. Hibberd was a founder of Sunshine 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. (Toronto Stock Exchange and Bolsa de Valores de Colombia) and Greenfields Petroleum Corporation (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 Corporation. He was also director of Challenger Energy Corp., Deer Creek Energy Limited, Iteration Energy Ltd., Zapata Energy Corporation, 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.

**Hong Luo.** Mr. Luo became an Executive Director and Chief Executive Officer appointed by the Board on July 17, 2015. He was appointed as a Non-Executive Director of the Corporation from November 28, 2014 to July 17, 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 Corporation (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.

**Qi Jiang.** Dr. Jiang was appointed as a Non-Executive Director of the Corporation on December 15, 2014. Dr. Jiang was subsequently appointed by the Board as President and Chief Operating Officer on January 5, 2015 and was re-designated and appointed as an Executive Director on the same date. Dr. Jiang has 32 years of experience in the oil and gas industry, including over 26 years of technical and executive management experience in conventional heavy oil and oil sands development. Dr. Jiang served as Vice President, Reservoir and Production Engineering with OSUM Oil Sands Corp. from 2012 to 2014, and Manager from 2008 to 2011. He spent nine years as exploitation engineer and development lead at Canadian Natural Resources Limited, focusing on reservoir and production management for several oil sands development projects including Steam Assisted Gravity Drainage (SAGD). Prior to that, Dr. Jiang held technical and managerial positions with PetroChina and GravDrain Inc. that involved design and operation of thermal projects.

Dr. Jiang holds a Ph.D. and a M.Sc. in Chemical and Petroleum Engineering from University of Calgary, and B.Sc. in Petroleum Engineering from Southwest Petroleum University. He is a member of the Association of Professional Engineers, Geologists and Geophysicists of Alberta (APEGA), a member of the Society of Petroleum Engineers (SPE). Dr. Jiang has over 25 publications related to SAGD and alternative technologies.

**Jianzhong Chen.** Mr. Chen is a Non-Executive Director appointed by the Board in October 20, 2015. He is a Deputy Chief Executive Officer of Bank of China Group Investment Limited ("**BOCGI**") and he currently supervises the Asset Management Division and NPA Investment Division businesses. Mr. Chen has served in this role since 2013. Prior to joining BOCGI, Mr. Chen held a number of positions in the Anhui Branch of Bank of China Limited ("**Bank of China**") (a company listed on the Shanghai Stock Exchange and The Stock Exchange of Hong Kong Limited ("**SEHK**") as well as the Human Resources



Department at the Bank of China headquarters. Mr. Chen has over 25 years of experience in banking and finance.

Mr. Chen holds a Master's degree in Engineering from the Beijing Institute of Technology.

**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 Corporation, Abenteuer Resources Ltd., Stealth Ventures Ltd., Zapata Capital Inc., was a director and the 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 Ontario and Alberta, Canada.

**Gerald Franklin Stevenson.** Mr. Stevenson is an Independent Non-Executive Director appointed on July 15, 2011. Mr. Stevenson has over 37 years of experience in the oil and gas industry. Mr. Stevenson was head of oil and gas acquisitions and divestitures for CIBC World Markets Inc. in Calgary, Alberta from January 2006 to April 2011 where he was responsible for selling oil and gas companies or individual oil and gas properties, and was involved in mergers and acquisition and financing activities. Mr. Stevenson also has extensive experience in oil and gas operations, including senior management positions and international experience, including two years in Jakarta, Indonesia.

Mr. Stevenson obtained a Bachelor of Engineering Degree in Mechanical Engineering in 1965 and a Master of Science Degree in Mechanical Engineering in 1967 from the University of Saskatchewan in Saskatoon. Mr. Stevenson is a Professional Engineer registered in province of Alberta.

**Qiping Men.** Mr. Men was appointed as Chief Financial Officer of the Corporation on December 18, 2015. Mr. Men had been serving in the capacity of the Interim Chief Financial Officer of the Corporation from July 2014 to December 2015.

Prior to joining Sunshine, Mr. Men was Vice President of Goldenkey Oil Inc., a private oil and gas company based in Calgary, Alberta. Prior thereto, Mr. Men was the Chief Financial Officer and Vice President of each of Anterra Energy Inc. and Sahara Energy Ltd., both of which are publicly traded. Mr. Men has a Bachelor's Degree in Mechanical Engineering, is a Professional Engineer and APEGA member. He has an MBA from Dalian University of Technology, has a Canadian CPA designation and is a member of Chartered Professional Accountants of Alberta with a public accountant designation.

**Joanne Yan.** Ms. Yan has over twenty years of experience advising, directing and managing publicly listed companies in North America. She has been a leading director, a corporate governance committee chair and audit committee member of numerous companies listed on the TSX Venture Exchange and the TSX. She also has been active in the cross border investment and M&A space and is familiar with the business culture and operations of North American and Chinese businesses. Since September 1994, Ms. Yan has been President of Joyco Consulting Services Inc., a wholly-owned private company based in Vancouver, BC, providing business consulting services particularly with respect to mergers and acquisitions and related public and private financings. Ms. Yan is currently a director of Hanwei Energy Services Corp., a TSX listed company that manufactures and sells high-pressure fibreglass reinforced plastic pipes for international oil & gas and infrastructure industries in addition to producing oil & gas in Canada. From June 2006 to November 2013, Ms. Yan was the President and a director of Brazil Resources Inc. (formerly, Brazilian Gold Corp.), a resource exploration company with international scope, which is listed on the TSX Venture Exchange (trading symbol BRI).

**Yi (David) He.** Mr. 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 Corporations Limited (“ANZ”) 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’s Degree in Economics from Fudan University of China and also is a Certified Professional Accountant in China.

**Xijuan Jiang.** Ms. Jiang is 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 1984.

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

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

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

Mr. 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.

Ms. Joanne Yan was a director of Hanfeng Evergreen Inc. (“**Hanfeng**”) until she resigned in August 2013. She was subsequently reappointed to the board of directors of Hanfeng on February 24, 2014. On

February 19, 2014, the Ontario Securities Commission (the “OSC”) issued a temporary cease-trade order in respect of the shares of Hanfeng as a result of Hanfeng’s failure to meet its reporting obligations under applicable securities law. Subsequently on March 3, 2014, the OSC issued a permanent cease-trade order in respect of the shares of Hanfeng. The securities commissions of British Columbia, Quebec, Manitoba and Alberta issued cease-trade orders in respect of the shares of Hanfeng in February, March, April and June 2014, respectively. On January 15, 2014, the TSX suspended trading in Hanfeng’s shares pending clarification of Hanfeng’s affairs and subsequently, on June 9, 2014, the TSX delisted Hanfeng’s shares as a result of the failure of Hanfeng to meet the continued listing requirements of the TSX. On August 20, 2014, Ernst & Young Inc. was appointed by the Ontario Superior Court of Justice as receiver and manager over all of the assets of Hanfeng. On this date, Ms. Yan also resigned as a director of Hanfeng.

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

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

#### **5. General Mandate to Issue Shares**

At the Meeting, the Shareholders will be asked to consider and, if deemed advisable, to pass, with or without variation, an ordinary resolution giving the Board a general and unconditional mandate to allot, issue or otherwise deal with unissued Shares up to a maximum of twenty percent (20%) of the aggregate issued and outstanding share capital of the Corporation until the next annual general meeting of the Shareholders. The purpose of the proposed mandate is to increase the flexibility of the Corporation to raise new capital as and when the Board determines appropriate. As at the Latest Practicable Date, the Corporation had in issue 4,318,498,104 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 Corporation will be allowed to allot, issue and deal with up to a maximum of 863,699,620 Class "A" common shares on the basis that no further Class "A" common shares will be issued by the Corporation prior to the Meeting.

At the 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 “**Corporation**”) during the Relevant Period (as hereinafter defined) to allot, issue and otherwise deal with additional shares in the share capital of the Corporation or securities convertible into such shares or options, warrants, or similar rights to subscribe for any such shares or such convertible securities and to make or grant offers, agreements and options which would or might require the exercise of such powers, subject to and

in accordance with all applicable laws be and is hereby generally and unconditionally approved.

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

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

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

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

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

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

**6. Repurchase of Shares**

At the Meeting, the Shareholders will be asked to consider and, if deemed advisable, to pass, with or without variation, an ordinary resolution giving the Board a general and unconditional mandate to authorize the Corporation to repurchase Shares up to a maximum of ten percent (10%) of the aggregate issued and outstanding share capital of the Corporation until the next annual meeting 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 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 “**Corporation**”) during the Relevant Period (as defined below) of all the powers of the Corporation to repurchase securities of the Corporation on The Stock Exchange of Hong Kong Limited (the “**SEHK**”) or on any other stock exchange on which the securities of the Corporation may be listed which is recognized by the Securities and Futures Commission of Hong Kong and the SEHK for this purpose (the “**Recognized Stock Exchange**”), subject to and in accordance with the Listing Rules and all other applicable laws and the requirements of the SEHK or any other Recognized Stock Exchange as amended from time to time, be and is hereby generally and unconditionally approved.
2. The aggregate number of the shares of the Corporation authorized to be repurchased by the Corporation pursuant to the approval in paragraph (1) above during the Relevant Period shall not exceed 10% of the aggregate issued and outstanding share capital of the Corporation as at the date of the passing of this resolution and the said approval shall be limited accordingly.
3. For the purpose of this resolution:  
**“Relevant Period”** means the period from the time of the passing of this resolution until whichever is the earliest of:
  - (i) the conclusion of the next annual general meeting of the Corporation;
  - (ii) the expiration of the period within which the next annual general meeting of the Corporation is required to be held under any applicable laws or under the Articles of Incorporation of the Corporation; and

(iii) the time of the passing of an ordinary resolution of the Corporation in a general meeting revoking or varying the authority set out in this resolution; and

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

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

## **7. Other Matters**

Management of the Corporation is not aware of any other matters to come before the Meeting other than as referred to in the notice of the Meeting. Should any other matters properly come before the Meeting, the Shares represented by proxy solicited hereby will be voted on such matters in accordance with the best judgment of the person voting such proxy.

### **STATEMENT OF EXECUTIVE COMPENSATION**

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 Corporation, 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 Corporation, 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 Corporation 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 Corporation, and was not acting in a similar capacity, at the end of that financial year.

Based on the foregoing definitions, the Corporation’s NEO’s in respect of the year ended December 31, 2015 were: Hong Luo, Chief Executive Officer; Qiping Men, Chief Financial Officer; Qi Jiang, President and Chief Operating Officer; Songbo Cong, Senior Vice President, Engineering; Dong Liu, Senior Vice President, Hong Kong and Canada; and Michael J. Hibberd, Non-Executive Vice-Chairman.

### **Compensation Discussion and Analysis**

The Compensation Committee of the Board of Directors of the Corporation (the “**Compensation Committee**”) exercises general responsibility regarding overall employee and executive officer compensation. The Compensation Committee currently comprises Messrs. Robert J. Herdman (Chair), Kwok Ping Sun, Raymond S. Fong, and Bill Song. Messrs. Herdman, Song and Fong are independent

non-executive directors of the Corporation. Mr. Sun is not independent by virtue of his position as Executive Chairman of the Corporation.

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 Corporation's compensation policies and practices. Each of Messrs. Herdman, Fong and Sun has years of experience in director roles of private and public companies and has dealt with compensation matters in such capacity. Mr. Song has experience with the suitability of compensation policies and practices through years of experience in senior executive roles.

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

### **Components of Compensation**

#### ***Salaries***

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

#### ***Short Term Incentive (Discretionary Cash Bonus)***

In addition to base salaries, the Corporation may award discretionary cash bonuses to employees and executive officers of the Corporation, including the NEO's. The Corporation 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's, including the President and the CEO, 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 2015 fiscal year under the executive employment agreements between the Corporation and each of Mr. Hong Luo and Dr. Qi Jiang. The award of cash bonuses has not traditionally been targeted at maintaining the Corporation's cash compensation at any specific level relative to its peer group.

#### ***Option-based Awards***

The purpose of the Corporation's Post IPO Share Option Scheme is to advance the interests of the Corporation by encouraging the directors, officers, and employees of, or providers of services to, the Corporation and its subsidiaries to acquire Shares, thereby: (i) increasing the proprietary interests of such persons in the Corporation; (ii) aligning the interests of such persons with the interests of the Corporation's Shareholders generally; (iii) encouraging such persons to remain associated with the Corporation; and (iv) furnishing such persons with an additional incentive in their efforts on behalf of the



Corporation. Annual option based awards for the executive officers individually, and for the Corporation's employees in the aggregate, are reviewed by the Compensation Committee based on recommendations by the Executive Chairman, the Non-Executive Vice-Chairman or the Chief Executive Officer of the Corporation. After the Compensation Committee has considered and determined what annual stock options should be granted, it makes a recommendation to the Board of Directors of the Corporation (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 annual 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.

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

### ***Employee Share Savings Plan***

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

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

### **Compensation Governance**

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

### ***Risk Oversight***

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

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

### ***Hedging and Offsetting***

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

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

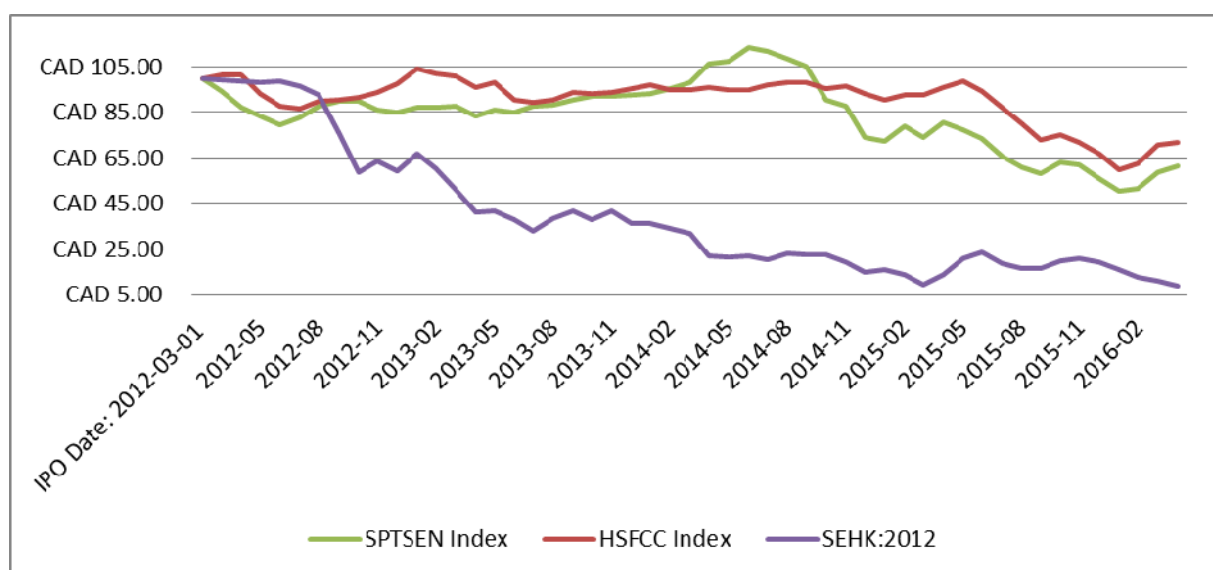
It should be noted that any transactions of this nature are subject to insider reporting requirements and are reported on the System for Electronic Disclosure by Insiders (SEDI). The directors and the Chief Executive Officer are also required to report these transactions using Form 3a (Director's and Chief Executive's Notice – Interests in Shares of Listed Corporation) 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 Corporation from trading in securities of the Corporation including during defined blackout periods.

Subject to complying with such policy, Sunshine encourages certain of its officers and employees to voluntarily acquire Sunshine securities 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 of 2012 until early 2015. The Shares in 2015 had a slight price increase, but have since decreased in 2016 back to the level of early 2015.

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

## Summary Compensation Table

The following table provides a summary of compensation earned during the years ended December 31, 2013, 2014, and 2015 by the NEO's.

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 Corporation's financial statements that have been prepared in accordance with International Financial Reporting Standards (IFRS).

Name & Principal Position	Year	Salary (\$)	Share Based Awards (\$) <sup>(7)</sup>	Option Based Awards (\$) <sup>(7)</sup>	Annual Incentive Plans (\$)	Long Term Incentive Plans (\$)	Pension Value (\$)	All Other Compensation (\$)	Total Compensation (\$)
<b>Hong Luo</b> <sup>(1)</sup>	2015	220,840	-	-	-	-	-	64,224	285,064
<i>Chief Executive Officer</i>	2014	-	-	136,644	-	-	-	5,696	142,340
<b>Qiping Men</b> <sup>(2)</sup>	2015	300,000	-	-	-	-	-	17,090	317,090
<i>Chief Financial Officer</i>	2014	150,000	-	175,988	-	-	-	3,264	329,252
<b>Qi Jiang</b> <sup>(3)</sup>	2015	496,474	-	-	800,000	-	-	72,979	1,369,453
<i>President and Chief Operating Officer</i>	2014	-	-	455,480	-	-	-	4,174	459,654
<b>Songbo Cong</b> <sup>(4)</sup>	2015	222,500	-	-	47,500	-	-	327,061	597,061
<i>Senior Vice President, Engineering</i>	2014	250,000	-	175,988	77,500	-	-	6,947	510,435
	2013	225,000	-	-	-	-	-	13,444	238,444
<b>Dong Liu</b> <sup>(5)</sup>	2015	317,528	-	-	-	-	-	3,011	320,539
<i>Senior Vice President, Hong Kong and Canada</i>	2014	257,785	-	159,955	49,714	-	-	2,418	469,872
	2013	232,400	-	-	-	-	-	2,733	235,133
<b>Michael J. Hibberd</b> <sup>(6)</sup>	2015	-	-	-	-	-	-	367,435	367,435
<i>Non-Executive Vice-Chairman</i>	2014	-	-	-	-	-	-	531,000	531,000
	2013	-	-	-	-	-	-	536,000	536,000

### Notes:

- (1) Mr. Hong Luo was appointed Chief Executive Officer on July 17, 2015. For Mr. Luo, "All Other Compensation" consists of \$61,000 in director's fees (which fees were the only amounts earned relating to his role as a director of the Corporation) and \$3,224 in benefits including parking, health and medical coverage ("Benefits").
- (2) Mr. Qiping Men was appointed Interim Chief Financial Officer on July 21, 2014 and was appointed Chief Financial Officer on December 18, 2015. For Mr. Men, "All Other Compensation" consists of \$10,000 in employer ESSP contributions and \$7,090 in Benefits.
- (3) Dr. Qi Jiang was appointed President and Chief Operating Officer on January 5, 2015. For Dr. Jiang, "All Other Compensation" consists of \$66,000 in director's fees (which fees were the only amounts earned relating to his role as a director of the Corporation) and \$6,979 in Benefits.
- (4) Dr. Songbo Cong resigned as Senior Vice President, Engineering on September 3, 2015. For Dr. Cong, "All Other Compensation" consists of \$312,000 in severance, \$10,000 in employer ESSP contributions and \$5,061 in Benefits.
- (5) Mr. Dong Liu was appointed Senior Vice President, Hong Kong and Canada on May 17, 2012. For Mr. Liu, "All Other Compensation" consists of \$3,011 in Benefits.

- (6) Mr. Hibberd was Co-Chief Executive Officer from August 2007 to October 5, 2008 and an Executive Co-Chairman from October 6, 2008 to June 25, 2014, Executive Chairman from June 25, 2014 to November 28, 2014, Executive Vice-Chairman from November 28, 2014 to June 28, 2015 and Non-Executive Vice-Chairman since June 28, 2015. Mr. Hibberd performed the functions of the Chief Executive Officer from September 1, 2014 to July 17, 2015. For Mr. Hibberd, "All Other Compensation" in 2015 consists of employment amounts of \$279,435 and director's fees of \$88,000 (which fees were the only amounts earned relating to his role as a director of the Corporation).
- (7) 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.

### 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 Corporation did not make any downward pricing adjustment of stock options during the fiscal period ended December 31, 2015.

### 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, 2015. There were no share-based awards outstanding as at December 31, 2015. The number of securities to be issued on the exercise of unexercised options has been adjusted to reflect the 20 for 1 share split made effective on February 10, 2012. As a result, the option exercise price has been divided by 20 and rounded to the nearest \$0.01.

Name	Option-based Awards <sup>(1)</sup>			Value of Unexercised in-the-money Options (\$) <sup>(1)</sup>
	Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	
<b>Hong Luo</b> <i>Chief Executive Officer</i>	3,000,000	0.09	Dec 17, 2019	66,000
<b>Qiping Men</b> <i>Chief Financial Officer</i>	2,555,556	0.135	Sep 4, 2019	-
<b>Qi Jiang</b> <i>President and Chief Operating Officer</i>	10,000,000	0.09	Dec 17, 2019	220,000
<b>Songbo Cong</b> <i>Senior Vice President, Engineering</i>	2,555,556	0.135	Sep 4, 2019	-
	278,200	0.64	Jul 10, 2017	
	280,000	0.38	Dec 10, 2017	
	100,000	0.48	Sep 25, 2016	
<b>Dong Liu</b> <i>Senior Vice President, Hong Kong and Canada</i>	2,322,736	0.135	Sep 4, 2019	-
	500,000	0.38	Dec 10, 2017	
	675,000	0.64	May 17, 2017	
<b>Michael J. Hibberd</b> <i>Non-Executive Vice-Chairman</i>	7,150,000	0.64	Jul 10, 2017	-
	1,620,000	0.38	Dec 10, 2017	
	2,990,000	0.80	Dec 10, 2017	

#### Note:

- (1) The value of both the vested and unvested unexercised in-the-money options at December 31, 2015 is based on a closing price of HK\$0.63 on the SEHK at December 31, 2015, which is equivalent to approximately \$0.112 based on the Bank of Canada December 31, 2015 exchange rate of HK\$5.6003 per \$1.00.

***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, 2015.

Name	Option based awards – Value vested during the year (\$) <sup>(1)</sup>	Share based awards – Value vested during the year (\$)	Non-equity incentive plan compensation – Value earned during the year (\$)
Hong Luo	44,000	Nil	Nil
Qiping Men	Nil	Nil	Nil
Qi Jiang	146,667	Nil	800,000
Songbo Cong	Nil	Nil	47,500
Dong Liu	Nil	Nil	Nil
Michael J. Hibberd	Nil	Nil	Nil

**Note:**

(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. This vesting date in both cases above was December 17, 2015. The closing price on that date was HK\$0.62 on the SEHK, which is equivalent to approximately \$0.112 based on the Bank of Canada December 17, 2015 exchange rate of HK\$5.5495 per \$1.00.

**Pension Plan Benefits**

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

**Termination and Change of Control Benefits**

The Corporation has entered into executive employment agreements (the “**Executive Agreements**”) with each of Mr. Hong Luo, Dr. Qi Jiang and Mr. Qiping Men (the “**Executives**”). The Corporation does not have any formal employment agreements with any of the other Named Executive Officers as at December 31, 2015. 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 Mr. Luo and Dr. Jiang upon termination in addition to base salary earned as of the termination date and unused vacation pay, assuming a termination date of December 31, 2015.

Type of Termination	Cash payments (S)	Benefits (S)	Post IPO Share Option Scheme (S)
Resignation <sup>(1)</sup>	None	None	Treated in accordance with the terms of the Post IPO Plan.
Termination (involuntary without just cause) <sup>(2)</sup>	Lump sum of twelve months base salary and the average of the yearly bonuses paid in the past two years.	Directors’ and officers’ insurance policy covering claims made within two years of termination. \$1,000 per month for twelve months to cover benefits.	Treated in accordance with the terms of the Post IPO Share Option Scheme.

<b>Type of Termination</b>	<b>Cash payments (\$)</b>	<b>Benefits (\$)</b>	<b>Post IPO Share Option Scheme (\$)</b>
<b>Termination (on change of control and for good reason)<sup>(2)(3)</sup></b>	Lump sum of twelve months base salary and the average of the yearly bonuses paid in the past two years.	Directors' and officers' insurance policy covering claims made within two years of termination. \$1,000 per month for twelve months to cover benefits.	Treated in accordance with the terms of the Post IPO Share Option Scheme.
<b>Termination (for just cause)</b>	None	None	Treated in accordance with the terms of the Post IPO Share Option Scheme.
<b>Death</b>	None	None	Vested options can be exercised the earlier of one year after the date of death or the scheduled expiry time.

**Notes:**

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

The table below lists the compensation that would be paid to Mr. Men upon termination in addition to base salary earned as of the termination date and unused vacation pay, assuming a termination date of December 31, 2015.

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

**Note:**

- (1) Assuming the resignation is accepted and the Executive continues employment with the Corporation 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, 2015.

<b>Type of Termination</b>	<b>Cash payments (S)</b>	<b>Benefits (S)</b>	<b>Post IPO Share Option Scheme (S)</b>	<b>Total Payout (S)</b>
<b>Resignation<sup>(1)</sup></b>				
Hong Luo	-	-	44,000	44,000
Qiping Men	-	-	-	-
Qi Jiang	-	-	146,667	146,667
<b>Termination (involuntary without just cause)<sup>(2)</sup></b>				
Hong Luo	470,000	12,000	44,000	526,000
Qiping Men	500,000	-	-	500,000
Qi Jiang	500,000	12,000	146,667	658,667
<b>Termination (on change of control and for good reason)<sup>(3)</sup></b>				
Hong Luo	470,000	12,000	66,000	548,000
Qiping Men	500,000	-	-	500,000
Qi Jiang	500,000	12,000	220,000	732,000
<b>Termination (for just cause)<sup>(2)</sup></b>				
Hong Luo	-	-	44,000	44,000
Qiping Men	-	-	-	-
Qi Jiang	-	-	146,667	146,667
<b>Death<sup>(2)</sup></b>				
Hong Luo	-	-	44,000	44,000
Qiping Men	-	-	-	-
Qi Jiang	-	-	146,667	146,667

**Notes:**

- (1) Assuming the Executive's resignation is accepted and he continues employment with the Corporation during the eight week notice period for such resignation.
- (2) For the purposes of the table above, the estimated value of the options and Shares at December 31, 2015 is equivalent to the amount of vested options and Shares outstanding at December 31, 2015 multiplied by the SEHK closing price on December 31, 2015 (being \$0.63, which is equivalent to approximately \$0.112 based on the Bank of Canada December 31, 2015 exchange rate of HK\$5.6003 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, 2015 is equivalent to the total amount of vested and unvested options and Shares outstanding at December 31, 2015 multiplied by the SEHK closing price on December 31, 2015 (being \$0.63, which is equivalent to approximately \$0.112 based on the Bank of Canada December 31, 2015 exchange rate of HK\$5.6003 per \$1.00) less the cost of the options and Shares.

### ***Songbo Cong***

Dr. Songbo Cong resigned as Sunshine's Senior Vice President, Engineering on September 3, 2015. In transitioning from his office, Mr. Cong was paid his accrued vacation pay up to his termination date, being \$15,577 and a termination payment of \$312,000.

## Director Compensation for 2015

### Director Compensation Table

Name <sup>(1)</sup>	Fees Earned (\$)	Share Based Awards <sup>(2)</sup> (\$)	Option Based Awards <sup>(2)</sup> (\$)	Non-Equity Incentive Plan Compensation (\$)	Pension Value (\$)	All Other Compensation (\$)	Total(\$)
<b>Kwok Ping Sun</b> <sup>(3)</sup>	47,121	-	-	-	-	-	47,121
<b>Hok Ming Tseung</b>	58,000	-	-	-	-	-	58,000
<b>Tingan Liu</b> <sup>(4)</sup>	-	-	-	-	-	-	-
<b>Haotian Li</b> <sup>(5)</sup>	38,174	-	-	-	-	-	38,174
<b>Raymond S. Fong</b>	71,000	-	-	-	-	-	71,000
<b>Robert J. Herdman</b>	81,000	-	-	-	-	-	81,000
<b>Gerald F. Stevenson</b>	79,000	-	-	-	-	-	79,000
<b>Bill Song</b>	66,000	-	-	-	-	-	66,000
<b>Jimmy Hu</b>	47,000	-	-	-	-	-	47,000
<b>Jianzhong Chen</b> <sup>(6)</sup>	8,935	-	-	-	-	-	8,935

#### Notes:

- (1) Compensation for Messrs. Luo, Jiang and Hibberd is disclosed under the Summary Compensation Table above.
- (2) Share based and option based awards are valued at the "call option value" using the Black Scholes model. All values are calculated based on International Financial Reporting Standards.
- (3) Mr. Sun was appointed Executive Chairman on June 28, 2015.
- (4) Mr. Liu resigned as a director on June 24, 2015.
- (5) Mr. Li resigned as a director on October 22, 2015.
- (6) Mr. Chen was appointed a director on October 22, 2015.

### Narrative Discussion of Director Compensation

The Corporation's non-executive directors do not have service contracts with respect to their roles as directors. All directors are reimbursed for reasonable expenses incurred by them in their capacity as directors, including travel and other out of pocket expenses incurred in connection with meetings of the Board or its committees. The Corporation pays its directors \$40,000 per year as an annual retainer and a \$1,000 per meeting fee. An additional \$20,000 retainer is payable to the Chairman and the Vice-Chairman of the Board annually, and \$10,000 is paid to the chair of the Audit Committee and \$5,000 is paid to chairs of all other committees of the Board on an annual basis. The Corporation has not in the past incurred any large amounts in this area. In addition, the directors are entitled to participate in the Post IPO Share Option Scheme. Director compensation has been reviewed during 2015.

### *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, 2015. There were no share-based awards outstanding as at December 31, 2015. For options issued under the Corporation'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 <sup>(1)</sup>			
	Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Value of Unexercised in-the-money Options (\$) <sup>(1)</sup>
<b>Kwok Ping Sun</b>	-	-	-	-
<b>Hok Ming Tseung</b>	150,000	0.64	Jul 10, 2017	-
	120,000	0.38	Dec 10, 2017	-
	240,000	0.80	Dec 10, 2017	-
<b>Tingan Liu</b>	-	-	-	-
<b>Haotian Li</b>	-	-	-	-
<b>Raymond S. Fong</b>	150,000	0.64	Jul 10, 2017	-
	120,000	0.38	Dec 10, 2017	-
	240,000	0.80	Dec 10, 2017	-
<b>Robert J. Herdman</b>	150,000	0.64	Jul 10, 2017	-
	120,000	0.38	Dec 10, 2017	-
	240,000	0.80	Dec 10, 2017	-
	1,000,000	0.48	Jul 14, 2016	-
<b>Gerald F. Stevenson</b>	150,000	0.64	Jul 10, 2017	-
	120,000	0.38	Dec 10, 2017	-
	240,000	0.80	Dec 10, 2017	-
	1,000,000	0.48	Jul 14, 2016	-
<b>Bill Song</b>	-	-	-	-
<b>Jimmy Hu</b>	-	-	-	-
<b>Jianzhong Chen</b>	-	-	-	-

**Note:**

(1) The value of both the vested and unvested unexercised in-the-money options at December 31, 2015 is based on a closing price of HK\$0.63 on the SEHK at December 31, 2015, which is equivalent to approximately \$0.112 based on the Bank of Canada December 31, 2015 exchange rate of HK\$5.6003 per \$1.00.

***Incentive Plan Awards – Value Vested or Earned During the Year***

During the year ended December 31, 2015, 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, 2015, 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.

Plan Category	Number of Shares to be Issued Upon Exercise of Outstanding Options	Weighted Average Exercise Price of Outstanding Options	Number of Shares Remaining Available for Future Issuance Under Equity Compensation Plans
Equity compensation plans approved by Shareholders	95,554,786 <sup>(1) (2)</sup>	\$0.31	292,090,913
Equity compensation plans not approved by Shareholders	-	-	-
<b>Total</b>	<b>95,554,786<sup>(1) (2)</sup></b>	<b>\$0.31</b>	<b>292,090,913</b>

**Notes:**

- (1) The total number of Shares issuable on December 31, 2015 was 2.26% 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 94,102,158 (representing 2.18% of the issued and outstanding shares as at that date), being comprised of 90,025,078 Shares underlying options granted pursuant to the Post IPO Share Option Scheme (representing 2.09% of the issued and outstanding Shares as at the Latest Practicable Date) and 4,077,080 Shares underlying options granted pursuant to the Pre IPO Plan (representing 0.09% of the issued and outstanding Shares as at the Latest Practicable Date).

**Narrative Discussion of Equity Compensation Plan Information**

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

**INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS**

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

**INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS**

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

In May 2015, the Corporation and Prime Union Enterprises Limited ("**Prime Union**") entered into a subscription agreement in connection with a non-brokered private placement to certain connected persons of the Corporation (the "**Connected Persons Financing**"). Prime Union is 100% owned by Mr. Kwok Ping Sun, the Executive Chairman of the Corporation. The disinterested Shareholders approved the Connected Persons Financing at a special meeting of the Shareholders held on July 21, 2015 (Hong Kong time) and July 20, 2015 (Calgary time). In August 2015, the Corporation completed a partial closing of the Connected Persons Financing, which included the issuance of 103,380,000 Shares to Prime Union. The closing date for the remaining 413,520,000 Shares under the Connected Persons Financing subscribed for by Prime Union has been extended to August 2, 2016.

On January 19, 2016, the Corporation signed an unsecured loan agreement (the "**First Unsecured Loan**") with Tai Feng Investments Limited ("**Tai Feng**"). On April 14, 2016, the Corporation signed an unsecured loan agreement (the "**Second Unsecured Loan**", together the "**Unsecured Loans**") with Tai

Feng. Tai Feng is 100% owned by Mr. Kwok Ping Sun, the Executive Chairman of the Corporation. The Unsecured Loans are considered permitted debt under the Notes provided they do not exceed US\$15.0 million in the aggregate. The First Unsecured Loan has an interest rate of 6.0% per annum, can be drawn up to HK\$38.0 million and requires repayment in full within six months from the date of the receipt of the First Unsecured Loan. The Second Unsecured Loan has an interest rate of 6.0% per annum, can be drawn up to HK\$3.4 million and requires repayment in full within three months from the date of the receipt of the Second Unsecured Loan. The Corporation made several advances on the First Unsecured Loan from January 27, 2016 to April 14, 2016, which loan is now drawn in full at HK\$38.0 million (approximately \$6.3 million). The Corporation made two advances on the Second Unsecured Loan from April 14, 2016 to April 19, 2016, which loan is now drawn in full at HK\$3.4 million (approximately \$0.6 million).

### CORPORATE GOVERNANCE DISCLOSURE

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

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

#### Independence of Members of the Board

NI 58-101 and NP 58-201 emphasize the importance of the constitution and independence of corporate boards. An “independent” director, under these instruments and policies, is a director who has no direct or indirect material relationship with the Corporation. For these purposes, a material relationship means a relationship which could, in the view of the Board, reasonably interfere with the exercise of a member’s independent judgement. Notwithstanding the foregoing, certain individuals are deemed by the applicable legislation to be considered to have a material relationship with the Corporation. 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 Corporation’s eleven 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>
<b>Sun Kwok Ping</b>		✓	Mr. Sun is the Executive Chairman of the Board.
<b>Michael J. Hibberd</b>		✓	Mr. Hibberd was the Executive Vice-Chairman of the Corporation until June 2015.
<b>Hong Luo</b>		✓	Mr. Luo is the Chief Executive Officer of the Corporation
<b>Qi Jiang</b>		✓	Dr. Jiang is President and Chief Operating Officer of the Corporation.

<u>Name of Director</u>	<u>Independent</u>	<u>Not Independent</u>	<u>Reason For Non-Independent Status</u>
<b>Hok Ming Tseung</b>		✓	Mr. Tseung directly owns a substantial number of Shares of the Corporation. Mr. Tseung directly and indirectly holds an 82% interest in Orient International Resources Group Limited, which itself directly owns 266,666,640 Shares. In addition, Mr. Tseung directly holds a 100% interest in Orient Financial Holdings Limited, which itself directly owns 13,566,395 Shares.
<b>Jimmy Hu</b>		✓	Mr. Hu was Senior Vice President, Corporate Strategies of the Corporation until June 2015.
<b>Chen Jianzhong<sup>(1)</sup></b>	✓		
<b>Raymond S. Fong</b>	✓		
<b>Robert J. Herdman</b>	✓		
<b>Gerald F. Stevenson</b>	✓		
<b>Bill Song</b>	✓		

**Note:**

(1) Under the Listing Rules, Mr. Chen is not considered to be independent, however, the Board considers Mr. Chen to be independent, as such term is defined under applicable Canadian securities laws.

**Participation of Directors in Other Reporting Issuers**

<u>Name of Director</u>	<u>Name of Other Reporting Issuer</u>	<u>Listing</u>
<b>Michael J. Hibberd</b>	Canacol Energy Ltd. Greenfields Petroleum Corporation Montana Exploration Corp. Pan Orient Energy Corp. PetroFrontier Corp.	TSX, Colombia Stock Exchange TSX Venture Exchange TSX Venture Exchange TSX Venture Exchange TSX Venture Exchange
<b>Robert J. Herdman</b>	Black Diamond Limited Chinook Energy Inc. Blackline Safety Corp.	TSX TSX TSX Venture Exchange
<b>Hok Ming Tseung</b>	Dongwu Cement International Ltd. Jiangsu Xinmin Textile Science & Technology Co., Ltd.	SEHK Shenzhen Stock Exchange

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

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

### Board and Committee Meetings and Meeting Attendance

The following is a summary of attendance of the directors at meetings of the Board and its committees for the year ended December 31, 2015:

Name of Director	Board of Directors	Audit Committee	Corporate Governance Committee	Compensation Committee	Reserves Committee
Kwok Ping Sun <sup>(1)</sup>	13/14	-	-	-	-
Michael J. Hibberd <sup>(2)</sup>	20/20	-	2/2	-	-
Hong Luo <sup>(3)</sup>	20/20	-	-	-	-
Qi Jiang	20/20	-	-	-	5/5
Hok Ming Tseung	15/20	-	-	1/1	-
Jianzhong Chen <sup>(4)</sup>	1/3	-	-	-	-
Jin (Jimmy) Hu <sup>(5)</sup>	7/20	-	-	0/1	-
Raymond S. Fong	18/20	7/7	-	1/1	5/5
Robert J. Herdman	17/20	7/7	-	1/1	-
Gerald F. Stevenson	20/20	7/7	-	-	5/5
Zhefei (Bill) Song	20/20	6/7	-	-	-
Tingan Liu <sup>(6)</sup>	9/11	-	2/2	-	-
Haotian Li <sup>(7)</sup>	5/17	-	1/2	-	-

**Notes:**

- (1) Mr. Sun commence as non-executive director on May 27, 2015 and was subsequently re-designated and appointed as executive chairman and executive director on June 28, 2015.
- (2) Mr. Hibberd was executive director and vice-chairman until he was re-designed and appointed as non-executive director and vice-chairman on June 28, 2015.
- (3) Mr. Luo was non-executive director until he was re-designated and appointed as executive on July 17, 2015.
- (4) Mr. Chen commenced as a non-executive director on October 20, 2015.
- (5) Mr. Hu was an executive director until he was re-designated and appointed as non-executive director on June 28, 2015.
- (6) Mr. Liu was non-executive director until his resignation on June 24, 2015.
- (7) Mr. Li was non-executive director until his resignation on October 20, 2015.

### Board Mandate

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

Board fulfils its responsibilities through regular meetings. It meets a minimum of four (4) times per year. In addition, the Board meets at such other times as may be required.

### **Position Descriptions**

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

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

### **Orientation and Continuing Education**

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

### **Ethical Business Conduct**

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

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

### **Nomination of Directors**

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

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

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

The Corporate Governance Committee has adopted a written terms of reference which describes the committee's responsibilities, powers and operations. The Corporate Governance Committee is composed of four directors: Mr. Sun, who is the chairman, and Messrs. Hibberd, Tseung and Fong. While the Corporate Governance Committee is not composed entirely of independent directors, the Corporation 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 Corporation. The Board will endeavour to return the composition of the Corporate Governance Committee to a majority of independent directors within a reasonable time after the 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, three of whom are independent directors. The Board believes that having an independent 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 Corporation's directors and officers and the responsibilities, powers and operation of the Compensation Committee, please see the heading "*Compensation Discussion & Analysis*" above.

### **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 Corporation has not adopted term limits for the directors on its Board or other mechanisms of Board renewal. The Corporation 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 Corporation 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 Corporation. The Corporation believes that annual 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 Corporation focuses on attracting and retaining experienced and highly skilled individuals that can add value to its business. While the Corporation 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 Corporation considers all candidates based on their merit and qualifications relevant to the specific role.

The Corporation 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 Corporation's executive management team. The Board does not believe it is in the Corporation's best interests to implement such targets at this time.

There are presently no women on the Board and there are no women serving in executive officer positions. Two of the nominees for election to the Board are women.

### **Committees of the Corporation**

#### ***Corporate Governance Committee***

The Corporation 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 Corporation's website at [www.sunshineoilsands.com/about/committee-charters.html](http://www.sunshineoilsands.com/about/committee-charters.html).

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

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



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

- (a) to consider and review the Corporation's corporate governance principles, practices and processes and to make recommendations to the Board;
- (b) to review and monitor the training and continuous professional development of directors and senior management;
- (c) to review and monitor the Corporation's policies and practices on compliance with legal and regulatory requirements;
- (d) to review and monitor the code of conduct and compliance manual applicable to employees and directors; and
- (e) to review the Corporation's compliance with the Code on Corporate Governance.

The Corporate Governance Committee meets at least once annually.

The current members of the Corporate Governance Committee are Mr. Sun, who is the chairman, and Messrs. Hibberd, Tseung and Fong.

#### ***Compensation Committee***

The Corporation has established a remuneration committee (the "**Compensation Committee**") with written terms of reference. These terms of reference can be accessed at the Corporation's website at [www.sunshineoilsands.com/about/committee-charters.html](http://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 Corporation. The Compensation Committee also reviews compensation and other human resource philosophies and policies and undertakes the review of bonuses, annual stock option awards and share purchase plan(s) (if any). Further, the Compensation Committee submits an annual report for inclusion in the Corporation's relevant public documents. The Compensation Committee meets at least once annually.

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

#### ***Reserves Committee***

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

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

- (a) reviewing and approving management's recommendations for the appointment 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 annually. The Reserves Committee is currently comprised of Mr. Stevenson, who is the chairman, and Mr. Fong and Dr. Jiang.

#### *Audit Committee*

The Corporation has established an audit committee (the "**Audit Committee**") with written terms of reference. These terms of reference can be accessed at the Corporation's website at [www.sunshineoilsands.com/about/committee-charters.html](http://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, internal control and legal compliance functions of the Corporation. The Audit Committee has a defined mandate and is responsible for reviewing and overseeing the external audit function, recommending the external auditor and the terms of such appointment or discharge, reviewing external auditor reports and significant findings and reviewing and recommending for approval to the Board all public financial disclosure information such as financial statements, management's discussion and analysis, annual 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 annually with the Corporation's external auditors without management present and at least quarterly with management present. Sunshine does not have internal auditors and, given the size of the Corporation, Sunshine considers this to be practical and appropriate. The Audit Committee convenes at least quarterly with the Corporation's auditors and management and as circumstances otherwise warrant. The current members of the Audit Committee are Mr. Herdman, who is the chairman, and Messrs. Stevenson, Fong and Song.

Further information with respect to the Corporation's Audit Committee is set forth in the Corporation's annual information form for the year ended December 31, 2015 dated March 29, 2016.

#### **RECOMMENDATION**

The directors consider that 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 Corporation and its Shareholders as a whole. Accordingly, the directors recommend all Shareholders to vote in favour of all the resolutions to be proposed at the Meeting.

### ADDITIONAL INFORMATION

Additional financial information is provided for in our financial statements and management's discussion and analysis for the year ended December 31, 2015. A copy of these documents may be obtained by contacting the Corporation's Chief Financial Officer at 1020, 903 – 8th Avenue S.W., Calgary, Alberta, Canada, T2P 0P7. Copies of these documents as well as additional information relating to the Corporation contained in documents filed by the Corporation with the Canadian securities regulatory authorities may also be accessed through the SEDAR website at [www.sedar.com](http://www.sedar.com).

Documents affecting the rights of security holders, along with other information relating to the Corporation, may be found on the Corporation's website at [www.sunshineoilsands.com](http://www.sunshineoilsands.com).

### RESPONSIBILITY STATEMENT

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

### DIRECTORS' APPROVAL

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

(signed) "*Kwok Ping Sun*"

**Kwok Ping Sun**  
**Executive Chairman**

(signed) "*Michael John Hibberd*"

**Michael J. Hibberd**  
**Non-Executive Vice-Chairman**

DATED at Calgary, Alberta, this 31<sup>st</sup> day of May, 2016.

**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 Corporation is empowered to repurchase its own shares, subject to the requirements of the ABCA.

**SHARE CAPITAL**

As at the Latest Practicable Date, the issued and outstanding Shares of the Corporation numbered 4,318,498,104. Subject to the passing of the repurchase resolution and on the basis that no further shares are issued or repurchased prior to the Meeting, the Corporation would be allowed to repurchase up to a maximum of 431,849,810 Shares under the Share Repurchase Mandate during the Relevant Period, representing 10% of the issued and outstanding share capital of the Corporation as at the Latest Practicable Date.

**REASONS FOR THE REPURCHASES**

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

**FUNDING OF REPURCHASES**

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

**IMPACT ON THE WORKING CAPITAL OR GEARING POSITION**

If the Share Repurchase Mandate is exercised in full at any time during the Relevant Period, there may be a material adverse effect on the working capital levels of the Corporation or its gearing levels, as compared with the position disclosed in the Corporation's audited financial statements for the year ended December 31, 2015 (the most recent published audited financial statements). However, the Board does not propose to exercise such mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements or the gearing levels of the Corporation at the time of the relevant repurchases unless the Board determines that such repurchases are, taking into account of all relevant factors, in the best interests of the Corporation.

## SHARE PRICES

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

### SEHK Trading Prices

	<b>Per Share Highest</b>	<b>Lowest</b>
	HK\$	HK\$
<b>2015</b>		
May 1 – May 31	0.93	0.66
June 1 – June 30	1.05	0.82
July 1 – July 31	0.83	0.45
August 1 – August 31	0.68	0.51
September 1 – September 30	0.66	0.51
October 1 – October 31	0.78	0.69
November 1 – November 30	0.82	0.69
December 1 – December 31	0.75	0.62
<b>2016</b>		
January 1 – January 31	0.620	0.455
February 1 – February 28	0.485	0.415
March 1 – March 31	0.470	0.345
April 1 – April 30	0.370	0.310
May 1 – May 26	0.385	0.310

### TSX Trading Prices

	<b>Per Share Highest</b>	<b>Lowest</b>
	CAD\$	CAD\$
<b>2015</b>		
May 1 – May 31	0.150	0.100
June 1 – June 30	0.160	0.125
July 1 – July 31	0.130	0.080
August 1 – August 31	0.110	0.080
September 1 – September 30 <sup>(1)</sup>	0.110	0.085

**Note:**

(1) The Shares were voluntarily delisted from the TSX on September 30, 2015.

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

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

#### **DIRECTORS, THEIR 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 Corporation in the event that the Share Repurchase Mandate is approved by the Shareholders.

The Corporation 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 Corporation or has undertaken not to sell Shares held by him to the Corporation in the event that the Share Repurchase Mandate is approved by the Shareholders.

#### **UNDERTAKING OF DIRECTORS**

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

#### **SHARE PURCHASE MADE BY THE CORPORATION**

The Corporation did not purchase any of the Corporation’s Shares during the six months prior to the Last Practicable Date.

**SCHEDULE B  
POST IPO SHARE OPTION SCHEME DESCRIPTION**

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

As at the Latest Practicable Date, there were 90,025,078 Shares underlying options granted under the Scheme (representing 2.09% of the issued and outstanding Shares as at that date).

**Present Terms of the Scheme**

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

*Participants*

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

*Option Issuance Thresholds*

The aggregate number of Shares that may be issued under the Scheme (together with Shares underlying options granted under any other share option scheme) is 389,998,689, representing 10% of Shares outstanding when the Scheme Mandate Limit was last refreshed on June 23, 2015 (and representing approximately 9.03% of the Shares outstanding as at the Latest Practicable Date). This threshold may be increased at a later date with the approval of Shareholders provided that the new limit may not exceed 10% of Shares issued and outstanding as at such date (excluding Shares underlying options granted under the Scheme and any other share option scheme prior to such date). The Corporation may exceed this limit where shareholder approval has been sought and obtained in accordance with the provisions of the Scheme.

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

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

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

#### *Exercise Price*

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

#### *Other Terms of Options Granted*

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

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

#### *Expiry*

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



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

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

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

#### *Amendment of the Scheme*

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

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

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

#### *Amendments made by the Board in 2013*

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

**Display of Scheme Document**

The scheme document in respect of the Post IPO Share Option Scheme may be inspected from June 1, 2016 to June 29, 2016 at the Corporation's Hong Kong office at Unit 8504A, 85/F, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong, People's Republic of China.

**SCHEDULE C  
ESSP DESCRIPTION**

The Corporation adopted the ESSP on May 7, 2013 and cancelled the ESSP on August 31, 2015. The purpose of the ESSP was to encourage employees of the Corporation to invest in Shares through payroll deductions and matching cash contributions made by the Corporation to provide an incentive to employees.

*Participants*

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

*Administration*

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

*Contributions*

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

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

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

### *Issuance Thresholds*

The number of Shares that may be purchased under the ESSP, together with all Shares reserved and allotted for issuance under any other security based compensation arrangements of Sunshine (including the Pre IPO Plan and Post IPO Share Option Scheme), could not exceed 10% of the total issued and outstanding Shares of the Corporation from time to time on a non-diluted basis, nor could the total number of Shares that may be purchased under the ESSP exceed the number of Shares in any shareholder mandate passed in respect of the ESSP. The current Shareholder mandate, passed June 24, 2015, set this threshold at 38,999,869, being 1% of the total issued and outstanding Shares as at May 19, 2015. Additionally, no one individual could purchase a number of Shares in excess of 1% of the total issued and outstanding Shares of the Corporation under the ESSP in any 12 month period.

The number of Shares issuable to insiders of Sunshine under the ESSP, together with any other security based compensation arrangements of Sunshine, at any time cannot exceed 10% of the issued and outstanding Shares of the Corporation on a non-diluted basis, nor can the total number of Shares that may be issuable to insiders exceed the number of Shares set out in any Shareholder mandate passed in respect of the ESSP. The total number of Shares issued to insiders, as a group within a one-year period, under the ESSP, together with all Shares reserved and allotted for issuance under any other security based compensation arrangements of Sunshine (including the Pre IPO Plan and Post IPO Share Option Scheme), cannot exceed 10% of the total number of issued and outstanding Shares as at the end of such one year period (which period is determined with reference to the relevant dates of issuances to insiders). No one individual may purchase a number of Shares in excess of 1% of the total issued and outstanding Shares pursuant to the ESSP in any 12 month period.

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

### *Dividends*

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

### *Withdrawals*

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

### *Trades*

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

### *Suspension and Cancellation*

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

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

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

*Amendment of the ESSP*

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