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

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

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SUNSHINE OILSANDS LTD.

陽光油砂有限公司*

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

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

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

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

**PROPOSED REFRESHMENT OF GENERAL MANDATE AND NOTICE OF
SPECIAL MEETING OF SHAREHOLDERS**

**Meeting Date: April 15, 2014 at 8:00 a.m. (Hong Kong Time)
(April 14, 2014 at 6:00 p.m. (Calgary Time))**

March 17, 2014

Independent Financial Adviser to the Independent Committee and Independent Shareholders



*For identification purposes only

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DEFINITIONS

In this circular, unless the context otherwise requires, capitalised terms used shall have the following meanings:

“associate(s)”	has the meaning ascribed thereto in the Listing Rules
“Board”	the board of Directors
“Corporation”	Sunshine Oilsands Ltd., a corporation incorporated under the Business Corporations Act of the Province of Alberta, Canada with limited liability
“Director(s)”	director(s) of the Corporation
“Existing General Mandate”	the general mandate to issue up to 575,161,232 new Shares granted by the Shareholders to the Directors at the annual general meeting of the Corporation held on May 7, 2013
“Group”	the Corporation and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Committee”	the independent board committee comprises Mr. Wazir Chand Seth, Mr. Robert John Herdman and Mr. Gerald Franklin Stevenson, each being an independent non-executive directors to advise the Independent Shareholders in respect of the Refreshment of General Mandate
“Independent Financial Adviser”	Investec Capital Asia Limited, a licensed corporation to carry out type 1 (dealing in securities), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities as defined under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and the independent financial adviser to the Independent Committee and the Independent Shareholders in respect of the Refreshment of General Mandate
“Independent Shareholders”	any Shareholders other than the controlling Shareholders and their associates or, if there is no controlling Shareholder, the Directors (excluding independent non-executive Directors) and the chief executive of the Company and their respective associates
“Latest Practicable Date”	March 13, 2014, being the latest practicable date prior to the printing of this circular for ascertaining certain information referred to in this circular

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Meeting”	the special general meeting of the Company to be held on April 15, 2014 for the purpose of considering and, if thought fit, approving the Refreshment of General Mandate
“New General Mandate”	the new mandate proposed to be sought at the Meeting to authorise the Directors to allot, issue and deal with Shares not exceeding 20% of the aggregate issued and outstanding Share capital of the Corporation as at the date of the Meeting
“Refreshment of General Mandate”	the proposed refreshment of the Existing General Mandate and grant of the New General Mandate
“Share(s)”	Class “A” Common Voting Shares of the Corporation
“Shareholder(s)”	holder(s) of the Shares of the Corporation
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

In the event of any inconsistency, the English text of this circular shall prevail over the Chinese text.

NOTICE OF SPECIAL GENERAL MEETING OF SHAREHOLDERS

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SUNSHINE OILSANDS LTD.

陽光油砂有限公司*

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

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

NOTICE OF SPECIAL GENERAL MEETING OF SHAREHOLDERS

**TO BE HELD AT 8:00 A.M. ON APRIL 15, 2014 (HONG KONG TIME)
AND 6:00 P.M. ON APRIL 14, 2014 (CALGARY TIME)**

NOTICE IS HEREBY GIVEN that the special meeting (the “**Meeting**”) of the holders (the “**Shareholders**”) of Class “A” Common Voting Shares (the “**Shares**”) of Sunshine Oilsands Ltd. (“**Sunshine**” or the “**Corporation**”) will be held in the Regus Conference Centre, PLAZA meeting room, 35/F, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong on April 15, 2014 at 8:00 a.m. (Hong Kong time), for the purpose of considering and, if thought fit, passing the following resolutions with or without amendments, as an ordinary resolution giving the Board a general and unconditional mandate to allot, issue or otherwise deal with unissued Shares up to a maximum of twenty percent (20%) of the aggregate issued and outstanding share capital of the Corporation until the next annual meeting.

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

“BE IT RESOLVED THAT:

1. Subject to paragraph (3) of this resolution, the exercise by the board of directors (the “**Board**”) of the Sunshine Oilsands Ltd. (the “**Corporation**”) during the Relevant Period (as hereinafter defined) to allot, issue and otherwise deal with additional shares in the share capital of the Corporation or securities convertible into such shares or options, warrants, or similar rights to subscribe for any such

*For identification purposes only

shares or such convertible securities and to make or grant offers, agreements and options which would or might require the exercise of such powers, subject to and in accordance with all applicable laws, be and is hereby generally and unconditionally approved.

2. The approval of paragraph (1) of this resolution shall authorize the Board during the Relevant Period to cause the Corporation to make or grant offers, agreements and options which would or might require the exercise of such powers at any time during or after the end of the Relevant Period.
3. The aggregate share capital of the Corporation which may be allotted or conditionally or unconditionally agreed to be allotted (whether pursuant to an option or otherwise), issued or otherwise dealt with by the Board pursuant to the approval in paragraph (1) of this resolution, otherwise than pursuant to (i) a Rights Issue (as hereinafter defined) or (ii) the exercise of the subscription or conversion rights attaching to any securities or warrants which may be issued by the Corporation or any securities which are convertible into common shares of the Corporation from time to time or (iii) the exercise of options granted under the stock option plan of the Corporation or similar arrangements from the time being adopted for the grant or issue to officers and/or employees of the Corporation and/or any of its subsidiaries of common shares or rights to acquire common shares of the Corporation, or (iv) any issues of shares in lieu of the whole or part of a dividend on shares in accordance with the Articles of Incorporation in force from time to time, shall not exceed twenty percent (20%) of the aggregate issued and outstanding share capital of the Corporation as at the date of passing of this resolution.
4. For the purpose of this resolution:

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

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

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

regulatory body or any stock exchange in, any territory applicable to the Corporation).

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.”

Time and venue of the Meeting

The Meeting will be held at 8:00 a.m. on April 15, 2014 (Hong Kong time) in the Regus Conference Centre, PLAZA meeting room, 35/F, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong.

Registered Shareholders

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

Beneficial Shareholders

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

Record Date

All Registered Shareholders as at 4:30 p.m. on April 10, 2014 (Hong Kong Time) or 4:30 p.m. on April 10, 2014 (Calgary time), as the case may be (the “**Record Date**”), may vote in person at the Meeting or any adjournments thereof, or they (including a Beneficial Shareholder) may appoint another person (who need not be a Shareholder) as their proxy to attend and vote in their place.

Delivery of Proxy

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

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

In order to be valid, all proxies must be received by Computershare Hong Kong Investor Services Limited or Alliance Trust Company as applicable, by at least 48 hours, excluding Saturdays, Sundays and public holidays in Calgary and Hong Kong (i.e. 4:30 p.m. on April 10, 2014 (Calgary time) and 4:30 p.m. on April 10, 2014 (Hong Kong time), as the case may be) before the Meeting, or any adjournment thereof, or deposited with the Chairman of the Meeting on the day of the Meeting prior to the commencement of the Meeting.

Results of the Meeting

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

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

(signed) “*Songning Shen*”

**Songning Shen
Co-Chairman**

(signed) “*Michael John Hibberd*”

**Michael John Hibberd
Co-Chairman**

Calgary, Alberta, March 17, 2014.

Registered office:

Suite 4000, 421 Seventh Avenue SW, Calgary,
Alberta, T2P 4K9, Canada

Principal place of business in Hong Kong:

Unit 8504A, 85/F., International Commerce Centre,
1 Austin Road West, Kowloon

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

LETTER FROM THE BOARD



SUNSHINE OILSANDS LTD.

1020, 903 – 8th Avenue S.W.

Calgary, Alberta, Canada

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Telephone: 1-403-984-1450

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

**PROPOSED REFRESHMENT OF GENERAL MANDATE AND NOTICE OF SPECIAL
GENERAL MEETING**

March 17, 2014

To the Shareholders

Dear Sirs/Mesdames,

At the forthcoming special general meeting of Shareholders to be held in the Regus Conference Centre, PLAZA meeting room, 35/F, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong on April 15, 2014 at 8:00 a.m. (Hong Kong time), an ordinary resolution will be proposed to approve the grant to the Directors of the Refreshment of the General Mandate to allot, issue and deal with new Shares not exceeding 20% of the aggregate issued and outstanding share capital of the Corporation as at the date of the Meeting. The purpose of this circular is to provide you with (i) details of the Refreshment of General Mandate; (ii) the recommendation of the Independent Committee to the Independent Shareholders in respect of the Refreshment of General Mandate; (iii) a letter of advice from the Independent Financial Adviser setting out, among other things, its recommendation to the Independent Committee and the Independent Shareholders in respect of the Refreshment of General Mandate; and (iv) the notice of special general meeting of Shareholders to be convened and held for the purpose of considering and, if thought fit, approving the resolution to implement the proposal for the Refreshment of General Mandate.

PARTICULARS OF MATTERS TO BE ACTED UPON AT THE MEETING

1. Refreshment of General Mandate to Issue Shares

Background of Refreshment of General Mandate

At the annual general and special meeting of the Corporation held on May 7, 2013, Shareholders approved, among other things, an ordinary resolution giving the Board a general and unconditional mandate to allot, issue or otherwise deal with up to 575,161,232 Shares (representing 20% of the

aggregate issued and outstanding share capital of the Corporation as at May 7, 2013) until the next annual meeting (the “**Existing General Mandate**”).

As at the Latest Practicable Date, the Existing General Mandate had been utilised as to approximately 17.36%.

Fundraising Activities in the Past Twelve Months

Date of Announcement	Event	Estimated Net Proceeds	Intended Use of Proceeds	Actual Use of Proceeds as at Latest Practicable Date
December 3, 2013, December 10, 2013, January 10, 2014, January 24, 2014	Placing of 197,388,235 Common Shares and 144,751,372 Warrants	HK\$327,788,200	To address its short term capital requirements, corporate objectives and for general corporate purposes	Approximately HK\$327,788,200 (CAD\$45,635,461) used as intended
January 16, 2013, January 24, 2013, February 7, 2014	Placing of 45,000,000 Common Shares and 33,000,000 Warrants	HK\$74,205,000	To address its short term capital requirements, corporate objectives and for general corporate purposes	Approximately HK\$74,205,000 (CAD\$10,497,272) used as intended
January 24, 2013 and February 28, 2014	Placing of 45,653,958 Common Shares and 33,479,569 Warrants	HK\$77,611,729	To address its short term capital requirements, corporate objectives and for general corporate purposes	Approximately HK\$77,611,729 (CAD\$11,140,000) will be used as intended

The unutilized amount of the net proceeds from the previous fundraising activities amounts to HK\$77,611,729, which will be used to address the Corporation’s short term capital requirements, corporate objectives and for general corporate purposes.

In regards to the announcements made by the Corporation of January 24, 2014 and January 27, 2014 in relation to the private placement of 84,000,000 units, as at the Latest Practicable Date, only 45,653,958 units have so far been placed to Pyramid Valley Limited resulting in the placing of 45,653,958 Common Shares and 33,479,569 Warrants identified in the bottom row of the above table. The Corporation expects to be able to complete the remaining 38,346,042 units in the coming weeks, however, there is no definitive time for such completion.

Reasons for the Refreshment of General Mandate

The Board would like to provide flexibility for the Corporation to raise funds to pay down trade payables and accrued liabilities, for its future business development and for general corporate purposes through equity financing. The amount of trade payables and accrued liabilities to be paid down with the funds

raised approximately amount to C\$48 million. In regards to future business development, the focus of the Corporation is the recommencement of construction activities at its West Ells Project area in 2014. These activities relate to the current preservation of the project site and planning the recommencement work, quality assurance and inspection of site equipment on site, and being fabricated, to complete West Ells phase one engineering and construction to achieve first steam this year. The Corporation expects to hold its Annual General Meeting in late June this year and so the Corporation does expect to have a funding need for the above stated purposes.

Given that equity financing: (i) does not incur any interest paying obligations on the Corporation as compared with bank financing or debt offerings; (ii) is less costly and time-consuming than raising funds by way of a rights offering and may not provide as steep a discount to the market price of the Shares as a rights offering would; and (iii) provides the Corporation with the capability to capture any capital raising and/or prospective investment opportunity as and when it arises; the Board proposes the refreshment of Existing General Mandate for the Board 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 as at the date of the Meeting until the next annual meeting (the “**New General Mandate**”). The New General Mandate is proposed to the Shareholders prior to the Corporation’s next annual general meeting and therefore, under Rule 13.36(4) of the Listing Rules, the Refreshment will be subject to the approval of the Independent Shareholders at the Meeting. For these purposes, “**Independent Shareholders**” means any Shareholders other than the controlling Shareholders and their associates or, if there is no controlling Shareholder, the Corporation’s directors (excluding independent non-executive directors) and the chief executive of the Corporation and their respective associates.

As at the Latest Practicable Date, a total of 3,249,089,233 Shares were in issue. Subject to the passing of the proposed resolution for the Refreshment and on the basis that no Share would be issued or repurchased by the Corporation and no share options and warrants of the Corporation would be exercised from the Latest Practicable Date up to the date of the Meeting, the Corporation would be allowed under the New General Mandate to issue a maximum of 649,817,846 Shares.

An independent committee of the Board (the “**Independent Committee**”), comprising Mr. Wazir Chand Seth, Mr. Robert John Herdman and Mr. Gerald Franklin Stevenson, each being an independent non-executive directors, has been formed to consider the Refreshment. Investec Capital Asia Limited has been appointed as the Independent Financial Adviser to advise the Independent Committee and the Independent Shareholders in this regard.

Pursuant to Rule 13.36(4)(a) of the Listing Rules, any controlling Shareholders and their associates, or where there is no controlling Shareholder, the directors (excluding independent non-executive directors) and the chief executive of the Corporation and their respective associates, shall abstain from voting in favour of the relevant resolution to approve the Refreshment at the Meeting. As there is no controlling Shareholder, the Corporation’s directors (excluding independent non-executive directors) and the chief executive of the Corporation and their respective associates will abstain from voting in favour of the relevant resolution to approve the Refreshment. The following table sets forth, as at the Latest Practicable Date, the respective Share holdings of the directors (excluding the independent non-executive directors) and the respective approximate percentages such holdings represent of the total issued share capital of the Corporation:

<u>Name</u>	<u>Position</u>	<u>Number of Shares Held</u>	<u>Approx. Percentage of Total Issued Shares</u>
Mr. Michael John Hibberd	Co-Chairman (executive non-independent)	80,740,000	2.49%

Mr. Songning Shen	Co-Chairman (executive non-independent)	80,119,660	2.47%
Mr. Hok Ming Tseung	Director (non-independent)	295,233,035	9.09%
Mr. Tingan Liu	Director (non-independent)	-	-%
Mr. Haotian Li	Director (non-independent)	-	-%
Mr. Gregory George Turnbull	Director (non-independent)	12,800,000	0.39%
Mr. David Owen Sealock	Chief Executive Officer	2,735,753	0.08%

The directors and chief executive named above and their respective associates (if any) will abstain from voting in favour of the relevant resolution to approve the Refreshment of General Mandate. All the other directors of the Corporation are not required to abstain from voting in favour of the relevant resolution to approve the Refreshment of General Mandate.

Period During Which the New General Mandate Will Remain Effective

The New General Mandate will, if granted, remain effective until the earliest of: (i) the conclusion of the next annual general meeting of the Corporation; (ii) the date by which the next annual general meeting is required to be held; and (iii) the date upon which such authority is revoked or varied by an ordinary resolution of the Shareholders.

Recommendation of Independent Committee

The recommendation of the Independent Committee to the Independent Shareholders in respect of the Refreshment is set forth on page 20 of this circular.

Recommendation of Investec Capital Asia Limited as Independent Financial Advisor

The recommendation of Investec Capital Asia Limited as independent financial advisor to the Independent Committee in respect of the Refreshment of General Mandate is set forth on pages 21 to 25 of this circular.

Resolution

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

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

“BE IT RESOLVED THAT:

1. Subject to paragraph (3) of this resolution, the exercise by the board of directors (the “**Board**”) of the Sunshine Oilsands Ltd. (the “**Corporation**”) during the Relevant Period (as hereinafter defined) to allot, issue and otherwise deal with additional shares in the share capital of the Corporation or securities convertible

into such shares or options, warrants, or similar rights to subscribe for any such shares or such convertible securities and to make or grant offers, agreements and options which would or might require the exercise of such powers, subject to and in accordance with all applicable laws, be and is hereby generally and unconditionally approved.

2. The approval of paragraph (1) of this resolution shall authorize the Board during the Relevant Period to cause the Corporation to make or grant offers, agreements and options which would or might require the exercise of such powers at any time during or after the end of the Relevant Period.
3. The aggregate share capital of the Corporation which may be allotted or conditionally or unconditionally agreed to be allotted (whether pursuant to an option or otherwise), issued or otherwise dealt with by the Board pursuant to the approval in paragraph (1) of this resolution, otherwise than pursuant to (i) a Rights Issue (as hereinafter defined) or (ii) the exercise of the subscription or conversion rights attaching to any securities or warrants which may be issued by the Corporation or any securities which are convertible into common shares of the Corporation from time to time or (iii) the exercise of options granted under the stock option plan of the Corporation or similar arrangements from the time being adopted for the grant or issue to officers and/or employees of the Corporation and/or any of its subsidiaries of common shares or rights to acquire common shares of the Corporation, or (iv) any issues of shares in lieu of the whole or part of a dividend on shares in accordance with the Articles of Incorporation in force from time to time, shall not exceed twenty percent (20%) of the aggregate issued and outstanding share capital of the Corporation as at the date of passing of this resolution.
4. For the purpose of this resolution:

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

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

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

regulatory body or any stock exchange in, any territory applicable to the Corporation).

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

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

RECOMMENDATION OF THE BOARD

The Directors consider that the proposed Refreshment of General Mandate is in the best interests of the Corporation and its Shareholders as a whole. Accordingly, the Directors recommend that all Shareholders vote in favour of all the resolutions to be proposed at the Meeting.

GENERAL PROXY INFORMATION

Solicitation of Proxies

This management information circular (the “**Circular**”) is furnished in connection with the solicitation of proxies by or on behalf of the management of the Corporation for use at the Meeting of the Shareholders or any adjournments thereof, to be held in the Regus Conference Centre, PLAZA meeting room, 35/F, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong on April 15, 2014 at 8:00 a.m. (Hong Kong time) for the purposes set forth in the notice accompanying this Circular.

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

Voting at the Meeting

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

PROXY INFORMATION FOR REGISTERED SHAREHOLDERS

Appointment of Proxy Holder

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

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

If you wish to vote for a resolution, tick in the relevant box in the Proxy marked “FOR”. If you wish to vote against a particular resolution, tick in the relevant box in the Proxy marked “AGAINST”. The persons named in the Proxy will vote 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. Failure to tick a box in the Proxy will entitle your proxy to cast your vote at his/her discretion. Your proxy will also be entitled to vote at his/her discretion on any resolution properly put to the meeting other than those referred to in the notice convening the Meeting.

Voting by Proxy Holder

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

Registered Shareholders who received this Circular and other accompanying Meeting materials from the Corporation’s branch registrar in Hong Kong, and who elect to submit a proxy may do so by completing, dating and signing the accompanying Proxy and returning it to the Corporation’s branch share registrar in Hong Kong, being Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen’s Road East Wan Chai, Hong Kong, People’s Republic of China, ensuring that the Proxy is received at least 48 hours, excluding Saturdays, Sundays and public holidays in Hong Kong (i.e. 4:30 p.m. on April 10, 2014 (Hong Kong time)) before the Meeting, or any adjournment thereof, at which the Proxy is to be used.

Registered Shareholders who received this Circular and other accompanying Meeting materials from the Corporation’s principal share registrar in Canada, and who elect to submit a proxy may do so by completing, dating and signing the accompanying Proxy and returning it to the Corporation’s principal share registrar in Canada, being Alliance Trust Company at Suite 1010, 407 – 2nd Street SW, Calgary, Alberta, Canada T2P 2Y3 ensuring that the Proxy is received at least 48 hours, excluding Saturdays, Sundays and public holidays in Calgary (i.e. 4:30 p.m. on April 10, 2014 (Calgary time)) before the Meeting, or any adjournment thereof, at which the Proxy is to be used.

PROXY INFORMATION FOR BENEFICIAL SHAREHOLDERS

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

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

Limited) of which the Intermediary is a participant. In accordance with applicable securities law requirements, the Corporation will have distributed copies of the notice, the Circular, and form of proxy (collectively, the “**Meeting Materials**”) to the clearing agencies and Intermediaries for distribution to Beneficial Shareholders.

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

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

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

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

REVOCATION OF PROXY

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

- (a) executing a proxy bearing a later date or by executing a valid notice of revocation, either of the foregoing to be executed by the Shareholder or such person's authorized attorney in writing or, if such person is a corporation, under its corporate seal by an officer or attorney duly authorized, and by delivering the proxy bearing a later date to the Corporation's principal share registrar in Canada, being Alliance Trust Company at Suite 1010, 407 – 2nd Street SW, Calgary, Alberta, Canada T2P 2Y3, or the Corporation's branch share registrar in Hong Kong, being Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East Wan Chai, Hong Kong, People's Republic of China, as applicable, or at the address of the registered office of the Corporation at 4000, 421 – 7th Avenue S.W., Calgary, Alberta, T2P 4K9, at least 48 hours, excluding Saturdays, Sundays and public holidays in Calgary (i.e. 4:30 p.m. on April 10, 2014 (Calgary time) or 4:30 p.m. on April 10, 2014 (Hong Kong time), as the case may be) before the Meeting, or any adjournment thereof, at which the proxy is to be used, or to the chairman of the Meeting on the day of the Meeting or any reconvening thereof, or in any other manner provided by law; or
- (b) personally attending the Meeting and voting the such person's Shares at the Meeting.

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

VOTING BY POLL

Pursuant to Rule 13.39(4) of the 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 executive officer or anyone who has held office as such since the beginning of the Corporation's last financial year or of any associate or affiliate of any of the foregoing in any matter to be acted on at the Meeting.

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

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

As of March 13, 2014 (the “**Latest Practicable Date**”) there were 3,249,089,233 Shares 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 Class “C” Common Non-Voting Shares, Class “D” Common Non-Voting Shares, Class “E” Common Non-Voting Shares, Class “F” Common Non-Voting Shares, Class “G” Preferred Non-Voting Shares and Class “H” Preferred Non-Voting Shares do not carry the right to vote at any meeting of the shareholders of the Corporation (subject to the provisions of the *Business Corporations Act* (Alberta) (“**ABCA**”)).

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

To the best of the knowledge of the directors and officers of the Corporation and as of the Latest Practicable Date, the only person, firm, or corporation, owning of record or beneficially, controlling or directing, directly or indirectly, 10% or more of the issued and outstanding Shares is HKSCC Nominees Limited, which holds 2,536,720,347 Shares, representing 78.07% of the Shares.

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

RECORD DATE

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

DIRECTORS

As at the date of this Circular, the Corporation’s Board consists of Mr. Michael John Hibberd and Mr. Songning Shen as executive directors and Mr. Hok Ming Tseung, Mr. Tingan Liu and Mr. Haotian Li, Mr. Gregory George Turnbull as non-executive directors and Mr. Raymond Shengti Fong, Mr. Wazir

Chand Seth, Mr. Robert John Herdman and Mr. Gerald Franklin Stevenson as independent non-executive directors.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

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

AUDITOR

The auditor of the Corporation is Deloitte LLP. Deloitte LLP has acted as the auditors of the Corporation since February 28, 2008.

ADDITIONAL INFORMATION

Additional information relating to the Corporation is available on the System for Electronic Document Analysis and Retrieval at www.sedar.com.

Financial information is provided for in our financial statements and management's discussion and analysis for the year ended December 31, 2012. Documents affecting the rights of security holders, along with other information relating to the Corporation, may be found on the Corporation's website at www.sunshineoilsands.com.

RESPONSIBILITY STATEMENT

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

DIRECTORS' APPROVAL

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

(signed) "*Songning Shen*"

Songning Shen
Co-Chairman

(signed) "*Michael John Hibberd*"

Michael J. Hibberd
Co-Chairman

DATED at Calgary, Alberta, this 17th day of March, 2014.

LETTER FROM THE INDEPENDENT COMMITTEE



SUNSHINE OILSANDS LTD.
1020, 903 – 8th Avenue S.W.
Calgary, Alberta, Canada
T2P 0P7
Telephone: 1-403-984-1450
Fax: 1-403-455-7674
(HK Stock code: 2012) (TSX symbol: SUO)

March 17, 2014

To the Independent Shareholders

Dear Sirs/Mesdames,

RE: PROPOSED REFRESHMENT OF GENERAL MANDATE

We refer to the circular of the Corporation dated March 17, 2014 (the “**Circular**”), of which this letter forms part. Terms defined in the Circular shall have the same meanings when used herein unless the context otherwise requires.

We have been appointed to advise the Independent Shareholders in connection with the Refreshment and the terms of the New General Mandate. Investec Capital Asia Limited has been appointed as the Independent Financial Advisor to advise the Independent Committee and the Independent Shareholders in this respect.

We wish to draw your attention on the letter of advice from the Independent Financial Advisor as set out on pages 21 to 25 of the Circular and the letter from the Board as set out on pages 9 to 19 of the Circular. Having considered, among other things, the factors and reasons considered by, and the opinion of the Independent Financial Advisor as stated in its letter of advice we are of the opinion that the terms of the New General Mandate are fair and reasonable so far as the Independent Shareholders are concerned, and that the Refreshment is in the interests of the Corporation and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders vote in favour of the resolution to be proposed at the Meeting to approve the Refreshment.

Yours faithfully,
Independent Committee

Mr. Robert John Herdman Mr. Gerald Franklin Stevenson Mr. Wazir Chand Seth
Independent Non-Executive Directors

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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



Investec Capital Asia Ltd
Room 3609, 36/F, Two International Finance Centre
8 Finance Street, Central, Hong Kong
香港中環金融街8號國際金融中心二期36樓3609室
Tel/電話: (852) 3187 5000
Fax/傳真: (852) 2501 0171
www.investec.com

March 17, 2014

*To the Independent Committee and
the Independent Shareholders of Sunshine Oilsands Limited*

Dear Sirs,

PROPOSED REFRESHMENT OF GENERAL MANDATE

INTRODUCTION

We refer to our engagement as the independent financial adviser to advise the Independent Committee and the Independent Shareholders in relation to the Refreshment of General Mandate, details of which are set out in the letter from the Board (the “**Letter from the Board**”) contained in the circular of the Corporation dated March 17, 2014 to the Shareholders (the “**Circular**”), of which this letter forms part. Terms used in this letter have the same meanings as defined elsewhere in the Circular unless the context requires otherwise.

At the Meeting, ordinary resolution will be proposed to the Independent Shareholders for approving the grant of the New General Mandate to authorise the Directors to allot, issue and deal with Shares not exceeding 20% of the issued share capital of the Corporation as at the date of the Meeting. The New General Mandate will continue in force until whichever is the earliest of (i) the conclusion of the next annual meeting of the Corporation; (ii) the expiration of the period within which the next annual meeting of the Corporation is required to be held under any applicable laws or under the Articles of Incorporation of the Corporation; and (iii) the time of the passing of an ordinary resolution of the Corporation in a general meeting revoking or varying the authority set out in this resolution.

On the basis of a total of 3,249,089,233 Shares in issue as at the Latest Practicable Date and assuming that no Share would be issued or repurchased by the Corporation and no share options and warrants of the Corporation would be exercised from the Latest Practicable Date up to the date of the Meeting, the New General Mandate (if granted) will empower the Directors to allot, issue and deal in up to a maximum of 649,817,846 new Shares, being 20% of the Shares in issue as at the Latest Practicable Date.

Pursuant to Rule 13.36(4)(a) of the Listing Rules, any refreshment of the existing general mandate before the next annual general meeting shall be subject to the Independent Shareholders' approval at a general meeting of the Corporation. Any controlling Shareholder and its associates, or where there is no controlling Shareholder, the directors (excluding independent non-executive directors) and the chief executive of the Corporation and their respective associates shall abstain from voting in favour of the resolution in connection with the New General Mandate. As there is no controlling Shareholder, the Corporation's directors (excluding independent non-executive directors) and the chief executive of the Corporation and their respective associates will abstain from voting in favour of the relevant resolution to approve the Refreshment of General Mandate.

As set out in the Letter from the Board, the following directors and chief executive of the Corporation and their respective associates (if any) will abstain from voting in favour of the relevant resolution to approve the Refreshment of General Mandate:

<u>Name</u>	<u>Position</u>	<u>Number of Shares held as at the Latest Practicable Date</u>	<u>Approximate percentage of total issued Shares</u>
Mr. Michael John Hibberd	Co-Chairman (executive non-independent)	80,740,000	2.49%
Mr. Songning Shen	Co-Chairman (executive non-independent)	80,119,660	2.47%
Mr. Hok Ming Tseung	Director (non-independent)	295,233,035	9.09%
Mr. Tingan Liu	Director (non-independent)	-	-
Mr. Haotian Li	Director (non-independent)	-	-
Mr. Gregory George Turnbull	Director (non-independent)	12,800,000	0.39%
Mr. David Owen Sealock	Chief Executive Officer	2,735,753	0.08%

Except for the aforesaid, all the other Directors are not required to abstain from voting in favour of the relevant resolution to approve the Refreshment of General Mandate.

The Independent Committee (comprising Mr. Wazir Chand Seth, Mr. Robert John Herdman and Mr. Gerald Franklin Stevenson, each being an independent non-executive director) has been formed to consider the Refreshment of General Mandate.

BASIS OF OUR OPINION

In formulating our advice, we have relied solely on the statements, information, opinions and representations contained in the Circular and the information and representations provided to us by the Corporation and/or its senior management staff (the "Management") and/or the Directors. We have assumed that all such statements, information, opinions and representations contained or referred to in the

Circular or otherwise provided or made or given by the Corporation and/or the Management and/or the Directors and for which it is/they are solely responsible were true and accurate and valid at the time they were made and given and continue to be true and valid as at the date of the Circular.

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

We consider that we have reviewed all currently available information and documents which are made available to us to enable us to reach an informed view and to justify our reliance on the information provided so as to provide a reasonable basis for our opinion. We have no reason to doubt the truth, accuracy and completeness of the statements, information, opinions and representations provided to us by the Corporation and/or the Management and/or the Directors and their respective advisers or to believe that material information has been withheld or omitted from the information provided to us or referred to in the aforesaid documents. We have not, however, carried out any independent verification of the information provided, nor have we conducted any independent investigation into the business and affairs of the Corporation or any of its subsidiaries.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our opinion regarding the Refreshment of General Mandate, we have taken into consideration the following principal factors and reasons:

A. Background to and reasons for the New General Mandate

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

At the annual general meeting of the Corporation held on 7 May 2013 (the “**2013 AGM**”), the Shareholders approved, among other things, an ordinary resolution giving the Board a general and unconditional mandate to allot, issue or otherwise deal with up to 575,161,232 Shares (representing 20% of the aggregate issued and outstanding share capital of the Corporation as at 7 May 2013) until the next annual meeting.

As at the Latest Practicable Date, the Existing General Mandate had been utilised as to approximately 17.36% and a total of 288,042,193 Common Shares and 211,230,941 Warrants have been placed since the 2013 AGM, raising approximately a total of HK\$479.6 million estimated net proceeds to address its short term capital requirements, corporate objectives and for general corporate purpose of which approximately HK\$402.0 million proceeds have been actually used. Therefore, only 75,888,098 Shares could be further issued under the Existing General Mandate. Subject to the passing of the ordinary resolution for the approval of the New General Mandate and assuming that no Shares are issued and/or repurchased by the Corporation between the Latest Practicable Date and the date of the Meeting, the Corporation would be allowed to issue up to 649,817,846 Shares under the New General Mandate, representing approximately 20% of the issued share capital of the Corporation of 3,249,089,233 Shares as at the Latest Practicable Date.

As set out in the Letter from the Board, it would like to provide flexibility for the Corporation to raise funds to pay down trade payables and accrued liabilities, for its future business development and for general corporate purposes through equity financing. In particular, the amount of trade payables and

accrued liabilities to be paid down with the funds raised amount to approximately C\$48 million. In regards to future business development, the focus of the Corporation is the recommencement of construction activities at its West Ells Project area in 2014.

Given that equity financing: (i) does not incur any interest paying obligations on the Corporation as compared with bank financing or debt offerings; (ii) is less costly and time-consuming than raising funds by way of a rights offering and may not provide as steep a discount to the market price of the Shares as a rights offering would; and (iii) provides the Corporation with the capability to capture any capital raising and/or prospective investment opportunity as and when it arises, the Board proposes the refreshment of Existing General Mandate for the Board 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 as at the date of the Meeting until the next annual meeting. As discussed with the Directors, we understand that the Corporation expects to hold its upcoming annual general meeting in late June this year. In order to have the flexibility to raise equity financing as soon as possible to meet the Corporation's funding need as mentioned above, the Board considers the Refreshment of General Mandate before the annual general meeting is necessary and appropriate given the current circumstances. In the absence of the New General Mandate, the Corporation might only be allowed to issue up to 75,888,098 Shares under the Existing General Mandate, and it would have to wait until the annual general meeting in late June to seek for the Shareholders' approval of the refreshment. Given that funding or investment decisions may have to be made within a short period of time, we are also of the view that seeking for the Refreshment of General Mandate before the annual general meeting is fair and reasonable even though the New General Mandate, if approved, would only be valid until the upcoming annual general meeting.

We note that the Group is operated on an asset heavy, capital intensive mode due to the business nature. Accordingly to the unaudited consolidated account of the Group for the six months ended 30 June 2013, the Group had approximately 90% and 71% of the total assets (unaudited consolidated) as non-current assets as per 30 June 2013 and 31 December 2012, respectively. Furthermore, approximately 84% and 89% of the total assets were funded by equity capital as per 30 June 2013 and 31 December 2012, respectively.

As stated in the Letter from the Board, the New General Mandate will empower the Directors to issue new Shares under the refreshed limit speedily as and when necessary, and without the need to seek further approval from the Shareholders. This could provide the Corporation with flexibility and ability to capture any appropriate capital raising or investment or business opportunities when they arise. The Corporation will explore appropriate equity fund raising opportunities and/or investment opportunities which may or may not require the use of the New General Mandate. As at the Latest Practicable Date, the Corporation did not have any definite plan which may utilize any part of the New General Mandate.

If the Corporation proposes to issue any new Shares for business acquisitions or equity fund raising using the New General Mandate, it will make further announcement(s) as and when required. We concur with the Management that funding requirements or appropriate investment opportunities may arise at any time and such funding or investment decisions may have to be made within a short period of time. Should the issuance of new Shares be required and a specific mandate be sought, the Directors are uncertain as to whether the requisite approval from Shareholders or Independent Shareholders, as the case may be, could be obtained in a timely manner. Accordingly, the New General Mandate will provide the Group with the flexibility of issuing new Shares to raise capital within a short period of time.

We understand from the Management that apart from equity financing, the Directors will also consider other financing alternatives such as debt financing as possible fund raising method for the Group to meet its financial requirements, depending on the then financial position, capital structure and cost of funding of the Group as well as the then market condition. However, additional debt financing shall

inevitably increase the interest burden to the Group and it may be subject to lengthy due diligence and negotiations between the Group and any potential financiers.

In view of the above and having considered that the approval of the New General Mandate shall (i) provide the Corporation with the flexibility to raise additional fund to pay down trade payables and accrued liabilities, for its future business development and for general corporate purposes through equity financing; (ii) provide the Directors with greater autonomy and more flexibility in their decision making process in responding to the rapidly changing capital market in a timely manner; and (iii) offer the Group an opportunity to finance its long-term growth with long-term funding in the form of equity, which will strengthen the Group's capital structure and will not have refinancing risk and interest burden, we concur with the Directors' view that the New General Mandate will provide the Corporation with an additional alternative and it is reasonable for the Corporation to have the flexibility in deciding the financing methods for its future business development and/or possible investment opportunities should they arise. Accordingly, we consider that the Refreshment of General Mandate is in the interests of the Corporation and the Shareholders as a whole.

B. Potential dilution to shareholdings of the Independent Shareholders

Assuming full utilization of the New General Mandate and no Share would be issued or repurchased by the Corporation and no share options and warrants of the Corporation would be exercised from the Latest Practicable Date up to the date of the Meeting, 649,817,846 new Shares will be issued. Upon full utilization of the New General Mandate to independent third parties, the new shareholders would own approximately 17% of the new total amount of shares of 3,898,907,080 and the current shareholders would own approximately 83%.

Taking into account the benefits of the New General Mandate mentioned in the section headed "Background to and reasons for the New General Mandate" above and the fact that the shareholdings of all Shareholders will be diluted to the same extent as long as no new Shares under the New General Mandate are issued to existing Shareholders, we consider the potential dilution of shareholdings to be acceptable.

RECOMMENDATION

Having considered the principal factors and reasons set out in this letter, we concur with the view of the Board that the Refreshment of General Mandate is fair and reasonable so far as the Independent Shareholders are concerned and is in the interests of the Corporation and the Shareholders as a whole. Accordingly, we recommend the Independent Committee to advise the Independent Shareholders to vote in favour of the resolution to approve the New General Mandate.

Yours faithfully
For and on behalf of
Investec Capital Asia Limited

Alexander Tai
Managing Director