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阳光油砂
SUNSHINE OILSANDS LTD.

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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)

(HKEX: 2012)

GRANT OF SHARE OPTIONS

This announcement is made pursuant to Rule 17.06A of the Rules (the “**Listing Rules**”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

The board of directors (the “**Board**”) of Sunshine Oilsands Ltd. (the “**Corporation**”) announces that share options (the “**Options**”) to acquire Class “A” common shares in the capital of the Corporation (the “**Shares**”) were granted by the Corporation, to certain directors of the Corporation (the “**Grantees**”), under its share option scheme adopted on January 26, 2012, as amended on May 7, 2013 and June 13, 2013 (the “**Share Option Scheme**”), subject to acceptance by the Grantees, approval by the shareholders of the Corporation and compliance with applicable laws and regulations. If any grant of the Options as detailed below has not been accepted by the Grantees, has not been approved by the shareholders or is not otherwise in compliance with the applicable laws and regulations, such grant would not proceed or be effective for legal and regulatory purposes. The following are the details of the Options granted:

Date of grant	: July 5, 2018 (Hong Kong)
Number of Options granted	: An aggregate of 315,000,000 Options in respect of 315,000,000 Shares ⁽¹⁾
Exercise price of Options granted ⁽²⁾	: HK\$0.236 (CDN\$0.040 equivalent) ⁽²⁾ per Share
Closing price of the Shares on the date of grant	: HK\$0.230
Validity period of the Options	: Five (5) years

Note:

1. *The Options were granted conditionally subject to the Shareholders approval of such grant at the next general meeting of the Shareholders of the Corporation.*
2. *The Options were priced in Canadian dollars and the Hong Kong dollar price is based on the Bank of Canada noon exchange rate on the date of grant. Each Option shall entitle each of the Grantees to subscribe for one Share upon exercise of such Option at an exercise price of HK\$0.236 (CDN\$0.040 equivalent) per Share, which is higher than (i) the closing price of HK\$0.230 (CDN\$0.039 equivalent) per Share as quoted on the Stock Exchange on the date of grant of the Options; and (ii) the average closing price of HK\$0.236 (CDN\$0.040 equivalent) per Share as quoted on the Stock Exchange for the 5 trading days immediately preceding the date of grant of the Options.*

As at the date of this announcement, there were 189,946,356 Shares underlying options under the Share Option Scheme (representing approximately 3.18% of the issued share capital of the Corporation as at the date hereof). The aggregate number of Shares that may be issued under the Share Option Scheme (together with Shares underlying options granted under any other share option scheme) is 389,998,689, representing 10% of Shares outstanding when the scheme mandate limit was last refreshed on June 23, 2015 (and representing approximately 6.52% of the issued shares of the Corporation as at the date hereof).

The Corporation will seek shareholders' approval on increasing the threshold 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 Share Option Scheme and any other share option scheme prior to such date).

Options were granted to the following Directors of the Corporation:

Name	Number of Options Granted
Kwok Ping Sun	300,000,000
Gloria Pui Yun Ho	15,000,000

Mr. Kwok Ping Sun ("**Mr. Sun**") is the Executive Chairman of the Corporation. Given Mr. Sun's strong technical background, relevant expertise and management skills, the Board considered that Mr. Sun's experience and leadership will benefit the development of the future projects development of the Corporation, including but not limited to the development of its West Ells Project. The grant of Options serves to further align the interests of Mr. Sun with the interests of the Corporation and its Shareholders, to recognize Sun's past contributions to the Group, and to provide incentive to Sun's continued commitment and contribution to the Group in the future.

The Options granted to Mr. Sun represents approximately 5.02% of the total issued share capital of the Corporation as the date of this announcement. Mr. Sun has irrevocably undertaken to the Corporation that he will not trigger a mandatory offer obligation under Rule 26 of Takeovers Code when exercising the Options granted under the Share Option Scheme.

Pursuant to Rule 17.03(4) of the Listing Rules and the Share Option Scheme, where the Shares issued and to be issued upon exercise of the options granted to a person (including exercised and outstanding options) in any 12-month period exceed 1% of the relevant class of Shares in issue, such grant must be approved by independent shareholders in general meeting.

In addition, pursuant to Rule 17.04(1) of the Listing Rules and the Share Option Scheme, any grant of Options to a substantial shareholder or an independent non-executive Director, or any of their respective associates, which would result in the shares issued and to be issued upon exercise of all Options already granted and to be granted (including options exercised, cancelled and outstanding) under the Share Option Scheme or any other schemes of the Corporation to such person in the 12-month period up to and including the date of such grant (i) representing in aggregate over 0.1% of the Shares of the Corporation in issue and (ii) having an aggregate value, based on the closing price of the Shares of the Corporation at the date of each grant, in excess of HK\$5 million, such further grant of options must be approved by independent shareholders in general meeting.

As the total number of Shares issued and to be issued upon exercise of the Options granted to Kwok Ping Sun, being the Executive Chairman and Executive Director and a substantial shareholder of the Corporation, would in a 12-month period exceed 1% of the Shares in issue, the grant of Options to and acceptance thereof by Mr. Sun is conditional upon the approval by the independent shareholders of the Corporation in general meeting with Kwok Ping Sun and his associate(s) (as ascribed thereto under Rule 1.01 of the Listing Rules), if any, abstaining from voting and such grant shall not take effect or be exercisable until such approval is obtained. A relevant resolution will be proposed at the next general meeting to be convened by the Corporation.

A circular containing, among other things, the refreshment of scheme mandate limit, the grant of the Options and the notice of special general meeting, will be dispatched to the Shareholders in due course.

The grant of Options to the Grantees has been approved by the independent non-executive Directors of the Corporation and by the Board of Directors of the Corporation as a whole, in accordance with Rule 17.04(1) of the Listing Rules.

Other than listed above, none of the Grantees is a substantial shareholder, chief executive or director of the Corporation, or an associate (as defined under the Listing Rules) of any of them.

By Order of the Board of Sunshine Oilsands Ltd.
Kwok Ping Sun
Executive Chairman

Hong Kong, July 5, 2018
Calgary, July 5, 2018

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

**For identification purposes only*