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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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阳光油砂
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)

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- (1) **PROPOSED SHARE CONSOLIDATION**
- (2) **PROPOSED CHANGE IN BOARD LOT SIZE**
- AND**
- (3) **NOTICE OF SPECIAL GENERAL MEETING**

Meeting Date: Monday, February 24, 2020 at 9:00 a.m. (Hong Kong time) /

(Sunday, February 23, 2020 at 6:00 p.m. (Calgary time))

January 22, 2020

** for identification purpose only*

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DEFINITIONS

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

“Board”	the board of Directors
“Business Day(s)”	a day (other than a Saturday, Sunday or public holiday) on which commercial banks are open for general business in Hong Kong
“CCASS”	the Central Clearing and Settlement System established and operated by the HKSCC
“Change in Board Lot Size”	the change in board lot size of the Shares for trading on the Stock Exchange from 500 Existing Shares to 1,000 Consolidated Shares
“Corporation”	Sunshine Oilsands Ltd., a corporation incorporated under the Business Corporations Act of the Province of Alberta, Canada with limited liability
“Consolidated Share(s)”	the Class “A” Common Voting Shares in the share capital of the Corporation immediately after the Share Consolidation becoming effective
"Convertible Bonds"	the fixed rate convertible bonds in an aggregate principal amount of USD 10,450,000, further particulars of which are set out in the announcements of the Corporation dated June 16, 2019 and June 17, 2019 (all are in Hong Kong time)
"CDN\$"	Canadian dollars, the lawful currency of Canada
“Director(s)”	the director(s) of the Corporation
“Existing Share(s)”	the Class "A" Common Voting Share(s) of the Corporation prior to the Share Consolidation being effective
“Existing Share Options” or “Options”	the share options granted to certain eligible participants under the Post IPO Share Option Scheme of the Corporation adopted on January 26, 2012 and subsequently amended by (i) a resolution passed at the Corporation's annual meeting and special meeting of Shareholders held on May 7, 2013; and (ii) a resolution of the Board on June 13, 2013, conferring the holders thereof the rights to subscribe for up to 458,284,442 Existing Shares as at the Latest Practicable Date

“Effective Date”	the date on which the Share Consolidation shall become effective, being a clear business day after the day immediately following the passing of the special resolution approving the Share Consolidation at the SGM
“Existing Share(s)”	the Class “A” Common Voting Shares in the share capital of the Corporation before the Share Consolidation becomes effective
"Group"	the Corporation and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
"HKSCC"	Hong Kong Securities Clearing Company Limited
"Latest Practicable Date"	January 15, 2020, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Share Consolidation”	the proposed share consolidation of every fifty (50) issued Existing Shares into one (1) Consolidated Share and the proposed rounded down of the total number of Consolidated Shares to a whole number by cancelling any fraction in the capital of the Corporation arising from the Share Consolidation
“SGM”	a special general meeting of the Corporation to be convened and held on Monday, February 24, 2020 (Hong Kong time) for the Shareholders to consider and, if thought fit, approve the Share Consolidation, the notice of which is set out on pages 3 to 5 of this circular
“Share(s)”	Class "A" Common Voting Share(s) of the Corporation
“Shareholders”	holder 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.

EXPECTED TIME-TABLE

The expected timetable for implementation of the Share Consolidation is as follows:

Event	Hong Kong Time and Date
Record Date for ascertaining Shareholders who are qualified for attending and voting at the SGM	Friday, January 17, 2020
Latest time and date for lodging the proxy forms for the SGM	9:00 a.m. on Saturday, February 22, 2020
Date and Time of the SGM	9:00 a.m. on Monday, February 24, 2020
Publication of announcement of voting results of the SGM	Monday, February 24, 2020

The following events are conditional on the fulfillment of the conditions for the implementation of the Share Consolidation:

Effective date of the Share Consolidation	Wednesday, February 26, 2020
Dealing in the Consolidated Shares commences	9:00 a.m. on Wednesday, February 26, 2020
First day for free exchange of Existing Share certificates for new share certificates for the Consolidated Shares	Wednesday, February 26, 2020
Original counter for trading in the Existing Shares in board lots of 500 Existing Shares (in form of Existing Share certificates) temporarily closes	9:00 a.m. on Wednesday, February 26, 2020
Temporary counter for trading in the Consolidated Shares in board lots of 10 Consolidated Shares (in the form of Existing Share certificates) opens	9:00 a.m. on Wednesday, February 26, 2020

Original counter for trading in the Consolidated Shares in new board lots of 1,000 Consolidated Shares (in the form of new share certificates) re-opens		9:00 a.m. on Wednesday, March 11, 2020
Parallel trading in the Consolidated Shares (in form of new share certificates and Existing Share certificates) commences		9:00 a.m. on Wednesday, March 11, 2020
Designated broker starts to stand in the market to provide matching services for odd lots of the Consolidated Shares		9:00 a.m. on Wednesday, March 11, 2020
Temporary counter for trading in the Consolidated Shares in board lots of 10 Consolidated Shares (in the form of Existing Share certificates) closes		4:10 p.m. on Tuesday, March 31, 2020
Parallel trading in the Consolidated Shares (in form of new share certificates and Existing Share certificates) ends		4:10 p.m. on Tuesday, March 31, 2020
Designated broker ceases to stand in the market to provide matching services for odd lots of the Consolidated Shares		4:10 p.m. on Tuesday, March 31, 2020
Last day for free exchange of existing share certificates for new share certificates for the Consolidated Shares		4:10 p.m. on Thursday, April 2, 2020

All times and dates in this circular refer to Hong Kong local times and dates. Shareholders should note that the dates and deadlines specified in this circular for events in the timetable for the Share Consolidation and Change in Board Lot Size are subject to the satisfaction of all the conditions of the Share Consolidation, including without limitation, the approval of the Share Consolidation by the Shareholders at the SGM, and are therefore for indicative purpose only.

In the event that any special circumstances arise, the Board may extend, or make adjustments to, the timetable if it considers appropriate. Any extension or adjustment to the expected timetable will be published or notified to the Shareholders and the Stock Exchange as and when appropriate.

NOTICE OF SPECIAL GENERAL MEETING

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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)

(HK Stock Code: 2012)

NOTICE OF SPECIAL GENERAL MEETING

**TO BE HELD AT 9:00 A.M. ON FEBRUARY 24, 2020 (HONG KONG TIME)
AND 6:00 P.M. ON FEBRUARY 23, 2020 (CALGARY TIME)**

NOTICE IS HEREBY GIVEN that a special general meeting (the “SGM” or the “Special General 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 20/F, Two Chinachem Central, No. 26 Des Voeux Road Central, Central, Hong Kong on Monday, February 24, 2020 at 9:00 a.m. (Hong Kong Time) / Sunday, February 23, 2020 at 6:00 p.m. (Calgary Time), for the purpose of considering and, if thought fit, passing the following resolution with or without amendments, as special resolution of the Corporation :

SPECIAL RESOLUTION

1. **“THAT** subject to and conditional upon: (i) the compliance with the relevant procedures and requirements under the Business Corporations Act (Alberta) to effect the Share Consolidation (as defined below); and (ii) The Stock Exchange of Hong Kong Limited granting the listing of, and permission to deal in, the Consolidated Shares (as defined below) arising from the Share Consolidation (as defined below), with effect from 9:00 a.m. (Hong Kong time) on the day after one clear business day following the date on which this resolution is passed or the above conditions are fulfilled (whichever is the later):
 - (a) every fifty (50) Class “A” Common Voting Shares of the Corporation be consolidated (the “Share Consolidation”) into one (1) share (each a “Consolidated Share”), such Consolidated Share(s) shall rank *pari passu* in all respects with each other and have the rights and privileges and be

subject to the restrictions in respect of the shares contained in the constitutional documents of the Corporation; and the total number of the Consolidated Shares in the capital of the Corporation immediately following the Share Consolidation be rounded down to a whole number by cancelling any fraction in the capital of the Corporation arising from the Share Consolidation; and

- (b) the directors of the Corporation (“**Directors**”) or a committee thereof be and are hereby authorized to do all such acts and things and execute all such documents on behalf of the Corporation, including under seal where applicable, as they may consider necessary or expedient to give effect to the Share Consolidation and to aggregate all fractional Consolidated Shares and sell them for the benefit of the Corporation.”

Registered Shareholders

If you hold Shares in your own name, you are a registered shareholder of the Corporation (“**Registered Shareholder**”). As a Registered Shareholder, if you are unable to attend the Special General Meeting in person and wish to ensure that your Shares are voted at the Special General Meeting, you must complete, date and sign the enclosed form of proxy and deliver it in accordance with the instructions set out in the form of proxy and in the Circular. Such form of proxy is also published on the 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 Special General Meeting.

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

(signed) “Kwok Ping Sun”

Kwok Ping Sun

Executive Chairman

Calgary, Alberta, January 22, 2020

Hong Kong, January 22, 2020

Notes:

- 1. Any shareholder entitled to attend and vote at the SGM is entitled to appoint another person as his/her/its proxy to attend and vote instead of his/her/it. A shareholder who is the holder of two or more Shares may appoint more than one proxy to attend on the same occasion. A proxy need not be a Shareholder of the Corporation but must be present in person at the meeting to represent the Shareholder. Completion and return of the form of Proxy will not preclude a Shareholder from attending the SGM and voting in person. In such event, his/her/its form of Proxy will be deemed to have been revoked.*
- 2. Where there are joint holders of any Share, any one of such joint holders may vote at the SGM, either personally or by proxy, in respect of such Share as if he/she/it was solely entitled thereto, but if more than one of such joint holders be present at the SGM, that one of the said persons so present whose name stands first on the register of members of the Corporation in respect of such Share shall alone be entitled to vote in respect thereof.*
- 3. In order to be valid, the instrument appointing a proxy together with the power of attorney or other authority, if any, under which it is signed, or a notarial certified copy of that power or authority must be deposited: (i) at the Corporation's principal share registrar in Canada, being Alliance Trust Company, at Suite 1010, 407 — 2nd Street SW, Calgary, Alberta, Canada T2P 2Y3; (ii) at 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, Wanchai, Hong Kong at least 48 hours before the SGM, or any adjournment thereof, at which the proxy is to be used; or (iii) to the chairman of the SGM on the date of the SGM or any reconvening thereof, or in any other manner provided by law.*
- 4. Under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, no Shareholders are required to abstain from voting on the above special resolution.*
- 5. The special resolution as set out above will be determined by way of a poll.*

As at the date of this notice, the Board consists of Mr. Kwok Ping Sun and Ms. Gloria Pui Yun Ho as executive directors; Mr. Michael John Hibberd, Ms. Linna Liu and Ms. Xijuan Jiang as non-executive directors; and Mr. Yi He, Mr. Alfa Li and Mr. Guangzhong Xing as independent non-executive directors.

LETTER FROM THE BOARD



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*To the Shareholders
and the holders of securities of the Corporation*

Dear Sir / Madam,

- (i) PROPOSED SHARE CONSOLIDATION**
- (ii) PROPOSED CHANGE IN BOARD LOT SIZE**
- AND**
- (iii) NOTICE OF SPECIAL GENERAL MEETING**

INTRODUCTION

Reference is made to the Announcement dated January 3, 2020 issued by the Corporation in relation to, among other matters, (i) the implementation of the Share Consolidation on the basis that every fifty (50) Existing Shares be consolidated into one (1) Consolidated Share in the Class "A" Common Voting Shares of the Corporation and the total number of the Consolidated Shares immediately following in the Share Consolidation will be rounded down to a whole number by cancelling any fraction in the capital of the Corporation arising from the Share Consolidation; (ii) the change in Board Lot Size for trading in the Shares on the Stock Exchange from 500 Existing Shares to 1,000 Consolidated Shares after the Share Consolidation being effective.

The purpose of this circular is (i) to provide the Shareholders with further information on, among other things, the Share Consolidation and Change of Board Lot Size and (ii) to give Shareholders the Notice of the SGM

PROPOSED SHARE CONSOLIDATION

As disclosed in the announcement of the Corporation dated January 3, 2020, the Board proposes that every fifty (50) issued Class “A” Common Voting Shares in the capital of the Corporation be consolidated into one Consolidated Share and the total number of Consolidated Shares immediately following the Share Consolidation will be rounded down to a whole number by cancelling any fraction arising therefrom.

Effects of the Share Consolidation

The authorised and issued share capital of the Corporation as at the Latest Practicable Date:

<i>Issued and fully paid Shares:</i>	<i>CDN\$</i>
6,405,581,506	\$51,654,609.26

All the issued Shares of the Corporation rank *pari passu* with each other in all respects including the rights as to vote, dividends and return of capital. Upon the Share Consolidation becoming effective and assuming that no new Shares are issued or repurchased from the date hereof until the Effective Date, not less than 128,111,630 Consolidated Shares will be in issue.

No part of the share capital or any other securities of the Corporation is listed or dealt on any stock exchange other than the Hong Kong Stock Exchange and no application is being made or is currently proposed or sought for the Shares or any other securities of the Corporation to be listed or dealt in on any other stock exchange.

Upon the Share Consolidation becoming effective, the Consolidated Shares shall rank *pari passu* in all respects with each other in accordance with the Corporation’s Articles of Incorporation and By-laws. Each Share carries the right to one vote at any meeting of the Shareholders. As at the Latest Practicable Date, there are no classes of shares of the Corporation, other than the Shares, entitled to vote at the SGM.

Other than the expenses to be incurred in relation to the Share Consolidation and the Change in Board Lot Size, the implementation thereof will not alter the underlying assets, business operations, management or financial position of the Corporation or the proportionate interests or rights of the Shareholders, save for any fractional Consolidated Shares to which the Shareholders may be entitled.

Conditions of the proposed Share Consolidation

The Share Consolidation is conditional upon:

- (i) the passing of the necessary special resolution to approve the Share Consolidation by Shareholders at the SGM;

- (ii) the Listing Committee of the Stock Exchange granting the approval for the listing of, and permission to deal in, the Consolidated Shares arising from the Share Consolidation and the Consolidated Shares which may fall to be allotted and issued upon exercise of each of the Existing Share Options and the Convertible Bonds upon the Share Consolidation becoming effective;
- (iii) the compliance with the relevant procedures and requirements under the laws of the *Business Corporations Act (Alberta)* and the Listing Rules (where applicable) to effect the Share Consolidation; and
- (iv) the obtaining of all necessary approvals from the regulatory authorities or otherwise as may be required in respect of the Share Consolidation.

As at the Latest Practicable Date, none of the above conditions has been fulfilled.

Assuming the above conditions are fulfilled on or before the date of the SGM, the Share Consolidation is expected to become effective on the Effective Date.

Listing application

An application will be made by the Corporation to the Listing Committee of the Stock Exchange for the listing of, and the permission to deal in, the Consolidated Shares arising from the Share Consolidation and the Consolidation Shares which may fall to be allotted and issued upon exercise of each of the Existing Share Options and the Convertible Bonds upon the Share Consolidation becoming effective.

Subject to the granting of listing of, and permission to deal in, the Consolidated Shares on the Stock Exchange upon the Share Consolidation becoming effective, as well as compliance with the stock admission requirements of the HKSCC, the Consolidated Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Consolidated Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second settlement day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. All necessary arrangements will be made for the Consolidated Shares to be admitted into CCASS established and operated by HKSCC.

None of the Existing Shares are listed or dealt in on any other stock exchanges other than the Stock Exchange, and at the time when the Share Consolidation becoming effective, the Consolidated Shares in issue will not be listed or dealt in on any stock exchange other than the Stock Exchange, and no such listing or permission to deal is being or is proposed to be sought.

Fractional entitlement to Consolidated Shares

Fractional Consolidated Shares arising from the Share Consolidation, if any, will be disregarded and will not be issued to the Shareholders but all such fractional Consolidated Shares will be aggregated and, if possible, sold for the

benefit of the Corporation. Fractional Consolidated Shares will only arise in respect of the entire shareholding of a holder of the Existing Shares regardless of the number of share certificates held by such holder.

PROPOSED CHANGE IN BOARD LOT SIZE

As at the Latest Practicable Date, the Existing Shares are traded on the Stock Exchange in the board lot size of 500 Existing Shares. The Board proposes to change the board lot size for trading on the Stock Exchange from 500 Existing Shares to 1,000 Consolidated Shares conditional upon the Share Consolidation becoming effective.

Based on the closing price of HK\$0.048 per Existing Share (equivalent to the theoretical closing price of HK\$2.4 per Consolidated Share) as at the Latest Practicable Date, (i) the value of each existing board lot of Existing Shares is HK\$24; (ii) the value of each board lot of 500 Consolidated Shares would be HK\$1,200 assuming the Share Consolidation becoming effective; and (iii) the estimated value per board lot of 1,000 Consolidated Shares would be HK\$2,400 assuming that the Change in Board Lot Size had also been effective.

The Change in Board Lot Size will not result in change in the relative rights of the Shareholders.

REASONS FOR THE PROPOSED SHARE CONSOLIDATION AND THE CHANGE IN BOARD LOT SIZE

According to the rule 13.64 of the Listing Rules, where the market price of the securities of the issuer approaches the extremities of HK\$0.01 or HK\$9,995.00, the Stock Exchange reserves the right to require the issuer either to change the trading method or to proceed with a consolidation or splitting of its securities.

The Board considers that the proposed Share Consolidation, resulting in HK\$2.4 per Consolidated Share (based on the current closing price of HK\$0.048 per Existing Share as at the Latest Practicable Date), would enable the Corporation to comply with the trading requirements under the Listing Rules. Also, the Board believes that trading price per Share above HK\$1.00 will enhance the corporate image of the Corporation.

It is expected that the Share Consolidation and Change in Board Lot Size will bring about a corresponding upward adjustment in the trading price per Consolidated Share on the Stock Exchange. With a higher trading price of the Consolidated Shares and reduction in the transaction and handling costs as a proportion of the market value of each board lot, the Board believes that it will make investing in the Shares more attractive to a broader range of investors, in particular to institutional investors whose house rules might otherwise prohibit or restrict trading in securities that are priced below a prescribed floor, and thus further broaden the shareholder base of the Corporation.

In view of the above reasons, the Corporation considers the proposed Share Consolidation and Change in Board Lot Size is justifiable notwithstanding of

the potential costs and impact arising from creation of odd lots to Shareholders. Accordingly, the Board is of the view that the Share Consolidation and Change in Board Lot Size is beneficial to and in the interests of the Corporation and the Shareholders as a whole.

OTHER ARRANGEMENTS

Arrangement on odd lot trading

In order to alleviate the difficulties arising from the existence of odd lots of Shares as a result of the Share Consolidation and/or the Change of Board Lot Size, the Corporation has appointed One China Securities Limited to provide matching service, on a best effort basis, to those Shareholders who wish to acquire odd lots of the Consolidated Shares to make up a full board lot, or to dispose of their holding of odd lots of the Consolidated Shares during the period from 9:00 a.m. on Wednesday, February 26, 2020 to 4:10 p.m. on Tuesday, March 31, 2020 (both days inclusive). Shareholders who wish to utilize such matching services should contact Ms. Carmen Wong at 2/F, Cheong K. Building, 86 Des Voeux Road Central, Central, Hong Kong or at telephone number (852) 3188 2676 during office hours (i.e. Monday to Friday, 9:00 a.m. to 4:00 p.m.) of such period.

Holders of odd lots of the Consolidated Shares should note that the matching of the sale and purchase of odd lots of the Consolidated Shares is not guaranteed.

Holder of scrip certificate is not entitled to exercise voting rights or to receive a dividend in respect of the scrip certificate.

Shareholders who are in any doubt about the odd lots matching arrangement are recommended to consult their own professional advisers.

Exchange of share certificates

Subject to the Share Consolidation becoming effective, which is currently expected to be on Wednesday, February 26, 2020, being a clear business day after the day immediately following the SGM, the Shareholders may during the period from Wednesday, February 26, 2020 to Thursday, April 2, 2020 (both days inclusive) submit existing share certificates for the Existing Shares (in the colour of orange) to the Corporation's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, to exchange for new share certificates for the Consolidated Shares (in the colour of purple) at the expense of the Corporation.

Thereafter, share certificates for the Existing Shares will be accepted for exchange only on payment by the Shareholder of a fee of HK\$2.50 (or such other amount as may from time to time be specified by the Stock Exchange) for each share certificate for the Existing Shares submitted for cancellation or HK\$2.5 for each new share certificate issued for the Consolidated Shares, whichever the total fee is higher.

After 4:10 p.m. on Tuesday, March 31, 2020, trading will only be in Consolidated Shares. Share certificates for the Existing Shares will remain effective as documents of title and may be exchanged for share certificates for the Consolidated Shares at any time but will not be accepted for delivery, trading and settlement purposes.

Adjustments in relation to the other securities of the Corporation

As at the date of Latest Practicable Date, the Corporation has outstanding convertible bonds in the principal amount of US\$10,450,000 (the “Convertible Bonds”), which are convertible into 990,347,263 Existing Shares at the conversion price of HK\$0.0822 per Share. The proposed Share Consolidation may lead to adjustment to the conversion price of the Convertible Bonds and the number of Consolidated Shares which may fall to be issued upon exercise of the conversion rights attaching to the Convertible Bonds, such adjustment to be made in accordance with the terms and conditions of the Convertible Bonds. The Corporation will make further announcement(s) on such adjustment(s) as and when appropriate.

As at the date of Latest Practicable Date, there are outstanding Options for subscription of 458,284,442 Existing Shares under the Post IPO Share Option Scheme (the “Scheme”). The proposed Share Consolidation may lead to adjustment to the exercise price of the Options and the number of Consolidated Shares which may fall to be issued upon exercise of the subscription rights attaching to the Options, such adjustment to be made in accordance with the terms and conditions of the Scheme and the Listing Rules. The Corporation will make further announcement(s) on such adjustment(s) as and when appropriate.

Save as disclosed above, as at the Latest Practicable Date, the Corporation has no other outstanding options, warrants or other securities in issue which are convertible into or giving rights to subscribe for, convert or exchange into, any Existing Shares or Consolidated Shares, as the case may be.

Special General Meeting

The SGM will be held at 20/F, Two Chinachem Central, No.26 Des Voeux Road Central, Central, Hong Kong at 9:00 a.m. on Monday, February 24, 2020 (Hong Kong time), the notice of which is set out on pages 3 to 5 of this circular, for the Shareholders to consider and, if thought fit, approve the Share Consolidation. In compliance with the Listing Rules, the special resolution to approve the Share Consolidation will be voted on by way of a poll at the SGM. To the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, no Shareholder has a material interest in the Share Consolidation. As such, no Shareholder is required to abstain from voting on the special resolution to be proposed at the SGM.

Whether or not you are able to attend the SGM, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon as soon as possible and in any event by 9:00 a.m. on Saturday, February 22, 2020 (Hong Kong time) or not less than 48 hours before the time appointed for holding of any adjournment thereof to either :

- (i) **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
- (ii) **the Corporation's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited** at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

Completion and return of the form of proxy will not preclude you from attending and voting at the SGM (or any adjournment thereof) in person should you so wish, and in such event, the form of proxy previously submitted shall be deemed to be revoked.

Shareholders and potential investors should note that the Share Consolidation is conditional upon satisfaction of the conditions as set out in the paragraphs headed "Conditions of the proposed Share Consolidation" above in this announcement. Accordingly, the Share Consolidation may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares. If they are in any doubt, they should consult their professional advisers.

GENERAL PROXY INFORMATION

(a) Solicitation of Proxies

This circular is furnished in connection with the solicitation of proxies by or on behalf of the management of the Corporation for use at the SGM or any adjournments thereof for the purpose set out in the notice of SGM 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 the Directors, officers and regular employees of the Corporation.

(b) Voting at the SGM

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

(c) Proxy Information for 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 SGM 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 this 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.

Appointment of Proxy Holder

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

- (i) each matter or group of matters identified therein for which a choice is not specified;
- (ii) any amendment to or variation of any matter identified therein; and
- (iii) any other matter that properly comes before the SGM.

In respect of a matter for which a choice is not specified in the Proxy, 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 Special General 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, Wanchai, Hong Kong, ensuring that the Proxy is received at least 48 hours before the Special General Meeting (i.e. 9:00 a.m. on February 22, 2020 (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 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 Corporation at Suite 1010, 407 – 2nd Street SW, Calgary, Alberta, Canada T2P 2Y3 ensuring that the Proxy is received at least 48 hours before the Special General Meeting or any adjournment thereof, at which the Proxy is to be used.

(d) Proxy Information for 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 SGM.

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 Special General 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 Corporation 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 SGM. 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 Special General 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 Special General Meeting. To exercise this right, you should insert the name of the desired representative in the blank space provided in the voting instruction form. The completed voting instruction form must then be returned to Broadridge by mail or facsimile or given to Broadridge by phone or over the internet, in accordance with Broadridge's instructions. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of Shares to be represented at the Special Meeting. If you receive a voting instruction form from Broadridge, you cannot use it to vote Shares directly at the Special General Meeting. The voting instruction form must be completed and returned to Broadridge, in accordance with its instructions, well in advance of the Special General Meeting in order to have the Shares voted.

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

(e) 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 Corporation 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, Wanchai, Hong Kong, as applicable, or at the address of the registered office of the Corporation at Suite 1100, 700-6th Ave SW, Calgary, AB, T2P 0T8, at least 48 hours before the Special General Meeting (i.e. 9:00 a.m. on February 22, 2020 (Hong Kong time)) or any adjournment thereof, at which the proxy is to be used, or to the chairman of the Special General Meeting on the day of the Meeting or any reconvening thereof, or in any other manner provided by law; or
- b. personally attending the Special General Meeting and voting such person's Shares at that meeting.

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

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 any "informed person" of the Corporation (as defined under applicable Canadian securities laws) or of any associate or affiliate of any of the foregoing in any matter to be acted on at the SGM.

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.

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 the financial statements and management's discussion and analysis for the year ended December 31, 2018. 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.

DIRECTORS

As at the date of this Circular, the Board consists of Mr. Kwok Ping Sun and Ms. Gloria Pui Yun Ho as executive directors; Mr. Michael John Hibberd, Ms. Linna Liu and Ms. Xijuan Jiang as non-executive directors; and Mr. Yi He, Mr. Alfa Li and Mr. Guangzhong Xing as independent non-executive directors.

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.

RECOMMENDATION

The Board considers that the Share Consolidation and the Change in Board Lot Size are in the best interests of the Corporation and its Shareholders as a whole and therefore recommends that the Shareholders vote in favour of the relevant resolution to be proposed at the SGM.

DIRECTORS' APPROVAL

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

BY ORDER OF THE BOARD OF DIRECTORS

SUNSHINE OILSANDS LTD.

(signed) "Kwok Ping Sun"

Kwok Ping Sun

Executive Chairman

Calgary, Alberta, January 22, 2020

Hong Kong, January 22, 2020