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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)

(HKEX: 2012; TSX: SUO)

(1) AMENDMENT AND CANCELLATION OF THE PRIVATE PLACEMENT OF COMMON SHARES UNDER THE GENERAL MANDATE TO JIN QUAN LIMITED AND IMMEDIATE FOCUS INTERNATIONAL LIMITED AS ANNOUNCED ON MAY 19, 2014

(2) NEW PRIVATE PLACEMENT OF HK\$384.2 MILLION OF COMMON SHARES UNDER THE GENERAL MANDATE TO BIG VIEW DEVELOPMENT CORPORATION LIMITED, CHINA LIFE INSURANCE (OVERSEAS) COMPANY LIMITED, CITY LEGEND GROUP LIMITED, CRYSTAL TOUCH HOLDINGS LIMITED AND YARUI LIMITED

By Order of the Board of Sunshine Oilsands Ltd.

Michael John Hibberd
Co-Chairman

and

Songning Shen
Co-Chairman

Hong Kong, June 2, 2014

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

**For identification purposes only*

Calgary, Alberta (June 1, 2014) and **Hong Kong** (June 2, 2014) – Sunshine Oilsands Ltd. (the “**Corporation**” or “**Sunshine**”) (HKEX: 2012, TSX: SUO) is pleased to announce the following:

1. AMENDMENT AND CANCELLATION OF THE PRIVATE PLACEMENT OF COMMON SHARES TO JIN QUAN LIMITED AND IMMEDIATE FOCUS INTERNATIONAL LIMITED

The Placements

Reference is made to the announcement of the Corporation dated May 19, 2014 regarding the Placements (the “**Announcement**”). Unless the context otherwise require, terms used in this announcement shall have the same meanings as those defined in the Announcement.

On June 1, 2014 in Hong Kong (May 31, 2014 in Calgary), the Corporation received and accepted a revised irrevocable subscription agreement from Immediate Focus International Limited (“**Immediate Focus**”) which reduced the original subscription of 360,000,000 Class “A” Common Voting Shares of the Corporation (the “**Common Shares**”) under the Immediate Focus Subscription Agreement to 188,000,000 Common Share at the same Subscription Price of HK \$0.85 (approximately CDN \$0.12 per Common Share) (the “**Revised Placement**”). The aggregate gross proceeds to be raised under the Revised Placement amount to HK \$159,800,000 (approximately CDN \$22.4 million at current exchange rates).

The 188,000,000 Common Shares to be issued to Immediate Focus represent approximately 5.78% of the existing issued Common Shares as at the date of this announcement (being 3,250,344,631 Common Shares) and, immediately following the completion of the Revised Placement, approximately 4.83% of the then enlarged total issued Common Shares.

Save for the reduction in the number of Common Shares to be placed to Immediate Focus, all the other terms and conditions of the Revised Placement remain the same as the Immediate Focus Subscription Agreement.

Furthermore, in connection with the Placements, the Corporation and Jin Quan Limited (“**Jin Quan**”) have mutually agreed on June 1, 2014 in Hong Kong (May 31, 2014 in Calgary) to cancel the Jin Quan Subscription Agreement in relation to 280,000,000 Common shares (the “**Cancellation**”). In light of the Cancellation, the Corporation has received new subscription agreements for an aggregate 452,000,000 Common Shares from five new subscribers, details of which are set out below.

2. NEW PRIVATE PLACEMENT OF HK\$384.2 MILLION OF COMMON SHARES UNDER THE GENERAL MANDATE TO BIG VIEW DEVELOPMENT CORPORATION LIMITED, CHINA LIFE INSURANCE (OVERSEAS) COMPANY LIMITED, CITY LEGEND GROUP LIMITED, CRYSTAL TOUCH HOLDINGS LIMITED AND YARUI LIMITED

(a) *The Second Placements*

On June 1, 2014 in Hong Kong (May 31, 2014 in Calgary), the Corporation received and accepted irrevocable subscription agreements from each of the following five subscribers:

- (i) Big View Development Corporation Limited (“**Big View**”) for a total of 142,000,000 Common Shares at the subscription price of HK \$0.85 per Common Share (approximately CDN \$0.12 per Common Share) (the “**Second Subscription Price**”),

which in aggregate amounts to gross proceeds of HK \$120,700,000 (approximately CDN \$16.9 million at current exchange rates) (the “**Big View Subscription Agreement**”);

- (ii) China Life Insurance (Overseas) Company Limited (“**China Life**”) for a total of 128,000,000 Common Shares at the Second Subscription Price, which in aggregate amounts to gross proceeds of HK \$108,800,000 (approximately CDN \$15.3 million at current exchange rates) (the “**China Life Subscription Agreement**”);
- (iii) City Legend Group Limited (“**City Legend**”) for a total of 54,000,000 Common Shares at the Second Subscription Price, which in aggregate amounts to gross proceeds of HK \$45,900,000 (approximately CDN \$6.4 million at current exchange rates) (the “**City Legend Subscription Agreement**”);
- (iv) Crystal Touch Holdings Limited (“**Crystal Touch**”) for a total of 100,000,000 Common Shares at the Second Subscription Price, which in aggregate amounts to gross proceeds of HK \$85,000,000 (approximately CDN \$11.9 million at current exchange rates) (the “**Crystal Touch Subscription Agreement**”); and
- (v) Yarui Limited (“**Yarui**”) for a total of 28,000,000 Common Shares at the Second Subscription Price, which in aggregate amounts to gross proceeds of HK \$23,800,000 (approximately CDN \$3.3 million at current exchange rates) (the “**Yarui Subscription Agreement**”, and together with the Big View Subscription Agreement, China Life Subscription Agreement, City Legend Subscription Agreement and Crystal Touch Subscription Agreement, the “**Second Placements**”).

The total number of Common Shares to be issued to Big View, China Life, City Legend, Crystal Touch and Yarui amount to 452,000,000 Common Shares, which represent approximately 13.91% of the existing issued Common Shares as at the date of this announcement and, immediately following the completion of the Second Placements, approximately 11.62% of the then enlarged total issued Common Shares.

(b) Second Subscription Price

The Second Subscription Price represents:

- (i) a discount of approximately 6.6% to the average closing price of approximately HK \$0.91 per Common Share as quoted on the Hong Kong Stock Exchange for the last thirty (30) trading days up to and including May 30, 2014 (being the trading day immediately preceding the signing of the Second Placements);
- (ii) a discount of approximately 15.0% to the average closing price of approximately HK \$1.00 per Common Share as quoted on the Hong Kong Stock Exchange for the last five (5) trading days up to and including May 30, 2014 (being the trading day immediately preceding the signing of the Second Placements); and
- (iii) a discount of approximately 19.8% to the closing price of HK \$1.06 per Common Share as quoted on the Hong Kong Stock Exchange on May 30, 2014 (being the trading day immediately preceding the signing of the Second Placements).

The aggregate gross proceeds to be raised from the Second Placements will be HK \$384,200,000 (approximately CDN \$53.9 million at current exchange rates), which will fully

replenish the shortfall in aggregate gross proceeds to be raised between the Private Placements and the Revised Placements.

The Second Subscription Price was determined with reference to the prevailing market price of the Common Share and was negotiated on an arm's length basis by the Corporation with each of Big View, China Life, City Legend, Crystal Touch and Yarui, respectively. The Directors consider that the terms of the Second Placements are on normal commercial terms and are fair and reasonable based on the current market conditions and the Second Placements are in the interests of the Corporation and the shareholders of the Corporation (the "**Shareholders**") as a whole.

(c) Conditions to Completion of the Second Placements

Closing of the Second Placements is conditional upon the following conditions:

- (i) the closing of the Proposed Debt Offering;
- (ii) the Hong Kong Stock Exchange and the Toronto Stock Exchange approving the listing of the Common Shares to be issued pursuant to the Second Placements;
- (iii) compliance of the Second Placements with the requirements under the Hong Kong Listing Rules and the Hong Kong Code on Takeovers and Mergers (where applicable); and
- (iv) the receipt of all other required regulatory approvals.

(d) Completion of the Second Placements

After the fulfilment of conditions (ii), (iii) and (iv) above, completion of the Second Placements is expected to take place concurrently with the closing of the Proposed Debt Offering. A further announcement will be made by the Corporation upon completion of the Second Placements.

The certificates representing the Common Shares subscribed for under the Second Placements will bear certain legends, as required under applicable Canadian securities laws, including a legend stating that unless permitted under applicable Canadian securities legislation, the holder of the Common Shares must not trade the Common Shares before the date that is four months and a day after the closing date.

Completion of the Second Placements is subject to the satisfaction of certain conditions. As the Second Placements may or may not proceed, Shareholders and potential investors of the Corporation are advised to exercise caution when dealing in the securities of the Corporation.

(e) General Mandate to Issue Common Shares

The Second Placements do not require the approval of the Shareholders as the Common Shares under the Second Placements will be allotted and issued under the unused portion of the general mandate, which was granted to the Board at the SGM to issue up to 20% of its aggregate issued and outstanding share capital as at the date of the SGM until the next annual general meeting of the Corporation (the "**Refreshed General Mandate**"). The amount of the

Refreshed General Mandate is 649,889,185 Common Shares. Details of the Refreshed General Mandate are set out in the Corporation's circular dated March 17, 2014.

As at the date of this announcement, the Corporation has not issued any Common Shares under the General Mandate. The Common Shares when issued pursuant to the Second Placements will be credited as fully paid and rank *pari passu* in all respects with the other existing Common Shares.

(f) Background of Big View, China Life, City Legend, Crystal Touch and Yarui

Big View is an independent third party investment company based in Hong Kong.

China Life, a wholly-owned subsidiary of China Life Insurance (Group) Company, is a life insurance corporation that operates in Hong Kong and Macau. China Life is an existing shareholder of the Corporation and, as at the date of this announcement, holds 258,802,600 Common Shares, representing approximately 7.96% of the existing issued Common Shares.

City Legend, an independent third party investment company based in Hong Kong, is an existing shareholder of the Corporation and, as at the date of this announcement, holds 24,499,820 Common Shares, representing approximately 0.75% of the existing issued Common Shares.

Crystal Touch is an independent third party investment company based in Samoa.

Yarui, an independent third party investment company based in Hong Kong, is an existing shareholder of the Corporation and, as at the date of this announcement, holds 12,000,000 Common Shares, representing approximately 0.37% of the existing issued Common Shares.

To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, each of Big View, China Life, City Legend, Crystal Touch and Yarui, and, if applicable, their ultimate beneficial owner is/are third parties independent of and not connected with the Corporation and the connected persons of the Corporation.

An application will be made by the Corporation to the Hong Kong Stock Exchange for the listing of, and permission to deal in, the Common Shares to be issued to Big View, China Life, City Legend, Crystal Touch and Yarui pursuant to the Second Placements.

(g) Reasons for the Second Placements and Use of Proceeds from the Second Placements

The Directors consider that the Second Placements represent an opportunity to raise capital for the Corporation at an important time for the Corporation. The gross proceeds to be raised from the Second Placements will be HK \$384,200,000 (approximately CDN \$53.9 million at current exchange rates). Based on the estimated expenses of approximately HK \$356,000 (approximately CDN \$50,000 at current exchange rates), the net proceeds to be raised from the Second Placements will be approximately HK \$383,844,000 (approximately CDN \$53.8 million at current exchange rates). On this basis, the net price per Common Share under the Second Placements is approximately HK \$0.849.

The net proceeds to be raised from the Second Placements will be primarily used by the Corporation to settle outstanding accounts payable with a view to resuming the development

and construction of the Corporation's West Ells steam assisted gravity drainage ("SAGD") project and for general corporate purposes.

(h) Fund Raising Activities of the Corporation in the Past Twelve Months

Except for the Revised Placement and the equity fund raising activity mentioned below, the Corporation has not carried out any other equity fund raising activities during the past twelve months immediately prior to the date of this announcement:

Date of announcement	Event	Estimated net proceeds	Intended use of proceeds	Actual use of proceeds as at the date of this announcement
December 3, 2013, December 10, 2013, January 10, 2014 and January 24, 2014	Placements of 197,388,235 Common Shares and 144,751,372 Common Share purchase warrants	HK \$327,788,200 (CDN \$45,635,461)	To address short term capital requirements, corporate objectives and for general corporate purpose	HK \$327,788,200 (CDN \$45,635,461) used as intended
January 16, 2014, January 24, 2014 and February 7, 2014	Placements of 45,000,000 Common Shares and 33,000,000 Common Share purchase warrants	HK \$74,205,000 (CDN \$10,497,272)	To address short term capital requirements, corporate objectives and for general corporate purposes	HK \$74,205,000 (CDN \$10,497,272) used as intended
January 24, 2014 and February 28, 2014	Placements of 45,653,958 Common Shares and 33,479,569 Common Share purchase warrants	HK \$77,611,729 (CDN \$11,140,000)	To address short term capital requirements, corporate objectives and for general corporate purposes	HK \$77,611,729 (CDN \$11,140,000) used as intended
Total		HK \$479,604,929 (CDN \$67,272,733)		HK \$479,604,929 (CDN \$67,272,733)

(i) Effects on Shareholding Structure

The existing shareholding structure of the Corporation and the effect of the Revised Placement and the Second Placements on the shareholding structure of the Corporation immediately following the completion of the Revised Placement and the Second Placements is set out below.

Name of Shareholder	As at the date of this Announcement		Immediately after the completion of the Revised Placement and the Second Placements	
	Number of Common Shares	Approximate % of total issued Common Shares ⁽¹⁾	Number of Common Shares	Approximate % of total issued Common Shares ⁽¹⁾
Mr. Tseung Hok Ming	295,233,035	9.08	295,233,035	7.59
China Life	258,802,600	7.96	386,802,600	9.94
China Investment Corporation	239,197,500	7.36	239,197,500	6.15
Sinopec Century Bright Capital Investment Limited	239,197,500	7.36	239,197,500	6.15
Central Huijin Investment Ltd	206,611,560	6.36	206,611,560	5.31
Immediate Focus ⁽²⁾	112,000,000	3.45	300,000,000	7.71
Pyramid Valley Limited ⁽²⁾	160,000,000	4.92	160,000,000	4.11
Jin Quan	67,500,000	2.08	67,500,000	1.74
City Legend	24,499,820	0.75	78,499,820	2.02
Yarui	12,000,000	0.37	40,000,000	1.03
Big View	0	0.00	142,000,000	3.65
Crystal Touch	0	0.00	100,000,000	2.57
Other Shareholders	1,635,302,616	50.31	1,635,302,616	42.03
Total	3,250,344,631	100.00	3,890,344,631	100.00

Notes:

- (1) Certain percentage figures included in this table have been subject to rounding adjustments. Accordingly, figures shown as totals may not be an arithmetic aggregation of the figures preceding them.
- (2) Mr. Xie Bing holds a 100% and 40% interest in Immediate Focus and Pyramid Valley Limited, respectively. Accordingly, Mr. Xie Bing is deemed to be interested in the aggregate number of Common Shares held by both Immediate Focus and Pyramid Valley Limited, which represents: (i) approximately 8.37% of the total issued Common Shares as at the date of this announcement, and (ii) approximately 11.82% of the total issued Common Shares immediately following the completion of the Revised Placement and Second Placements.

3. FORWARD-LOOKING INFORMATION AND DISCLAIMER

This announcement contains forward-looking information relating to, among other things: (a) the future financial performance and objectives of Sunshine; and (b) the plans and expectations of the Corporation. Such forward-looking information is subject to various risks, uncertainties and other factors. All statements other than statements and information of historical fact are forward-looking statements. The use of words such as “estimate”, “forecast”, “expect”, “project”, “plan”, “target”, “vision”, “goal”, “outlook”, “may”, “will”, “should”, “believe”, “intend”, “anticipate”, “potential”, and similar expressions are intended to identify forward-looking statements. Forward-looking statements are based on Sunshine’s experience, current beliefs, assumptions, information and perception of historical trends available to Sunshine, and are subject to a variety of risks and uncertainties including, but not limited to those associated with resource definition and expected reserves and contingent and prospective resources estimates, unanticipated costs and expenses, regulatory approval, fluctuating oil and gas prices, expected future production, the ability to access sufficient capital to finance future development and credit risks, changes in Alberta’s regulatory framework, including changes to regulatory approval process and land-use designations, royalty, tax, environmental, greenhouse gas, carbon and other laws or regulations and the impact thereof and the costs associated with compliance. Although Sunshine believes that the expectations represented by such forward-looking statements are reasonable, there can be no assurance that such expectations will prove to be correct. Readers are cautioned that the assumptions and factors discussed in this announcement are not exhaustive and readers are not to place undue reliance on forward-looking statements as the Corporation’s actual results may differ materially from those expressed or implied. Sunshine disclaims any intention or obligation to update or revise any forward-looking statements as a result of new information, future events or otherwise, subsequent to the date of this announcement, except as required under applicable securities legislation. The forward-looking statements speak only as of the date of this announcement and are expressly qualified by these cautionary statements. Readers are cautioned that the foregoing lists are not exhaustive and are made as at the date hereof. For a full discussion of the Corporation’s material risk factors, see the Corporation’s annual information form for the year ended December 31, 2013 (the “AIF”) and risk factors described in other documents we file from time to time with securities regulatory authorities, all of which are available on the Hong Kong Stock Exchange at www.hkexnews.hk, on the SEDAR website at www.sedar.com or the Corporation’s website at www.sunshineoilsands.com.

In addition, information and statements in this announcement relating to “reserves” and “resources” are deemed to be forward-looking information, as they involve the implied assessment, based on certain estimates and assumptions, that the reserves and resources described exist in the quantities predicted or estimated, and that the reserves and resources described can be profitably produced in the future. The assumptions relating to Sunshine’s reserves and resources are contained in the reports of GLJ Petroleum Consultants Ltd. and DeGolyer and MacNaughton Canada Limited, each dated effective December 31, 2013. For additional information regarding the specific contingencies which prevent the classification of Sunshine’s contingent resources as reserves see “Statement of Reserves Data and Other Oil and Gas information” in the AIF. The estimates of reserves and future net revenue for individual properties in this announcement may not reflect the same confidence level as estimates of reserves and future net revenue for all properties, due to the effects of aggregation. “Contingent Resources” has the meaning given to that term in the AIF.

4. ABOUT SUNSHINE OILSANDS LTD.

The Corporation is a Calgary based public corporation, listed on the Hong Kong Stock Exchange since March 1, 2012 and the Toronto Stock Exchange since November 16, 2012. The Corporation is focused on the development of its significant holdings of oil sands leases in the Athabasca oil sands region. The Corporation owns interests in approximately one million acres of oil sands and P&NG leases in the Athabasca region. The Corporation is currently focused on executing milestone undertakings in the West Ells project area. West Ells has an initial production target rate of 5,000 barrels per day, which will be followed immediately by an approved expansion to a planned production capacity of 10,000 barrels per day. In addition to West Ells activities, the Corporation has received regulatory approval to the Thickwood 10,000 barrels per day SAGD project and has an additional 10,000 barrels per day application in regulatory review for Legend.

For further enquiries, please contact:

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