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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)

**SUNSHINE OILSANDS LTD. ANNOUNCES SUPPLEMENTAL REPORT ON RESERVES
DATA AND OTHER OIL AND GAS INFORMATION IN RESPECT OF ITS WEST ELLS
PROJECT AREA**

This announcement is made in accordance with the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and Rule 13.09(2)(a) of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited.

By Order of the Board of Sunshine Oilsands Ltd.

Michael John Hibberd
Co-Chairman

and

Songning Shen
Co-Chairman

Hong Kong, June 4, 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.

Calgary, Alberta (June 3, 2014) and Hong Kong (June 4, 2014)

SUPPLEMENTAL REPORT ON RESERVES DATA AND OTHER OIL AND GAS INFORMATION IN RESPECT OF WEST ELLS PROJECT AREA

Sunshine Oilsands Ltd. ("**Sunshine**" or the "**Corporation**") (HKEX: 2012, TSX: SUO) is pleased to announce that it has received a supplemental independent reserves evaluation report (the "**Supplemental Report**") in respect of those four sections of oil sands lands within its West Ells SAGD project area for which it has obtained initial regulatory approval (the "**West Ells Project Area**"). The West Ells Project Area is the portion of the larger West Ells development area in which Sunshine anticipates pursuing its core initial development activities.

The Supplemental Report was prepared by GLJ Petroleum Consultants Ltd. ("**GLJ**") in accordance with the requirements of the Canadian Oil and Gas Evaluation Handbook ("**COGE Handbook**") with an effective date of April 30, 2014 and updates and supplements the independent reserves evaluation report prepared by GLJ with an effective date of December 31, 2013 (the "**Year End Report**") summarized in the Corporation's annual information form for the year ended December 31, 2013 (the "**AIF**").

The Supplemental Report does not replace or supersede the Year End Report, but rather updates the Year End Report on the basis of a revised steam facility design and updated operating parameters for the initial 16 well pairs in the West Ells Project Area.

Sunshine updated its operating parameters following a review of peer operating parameters in the Athabasca oil sands region of Alberta subsequent to the Year End Report. Such updated operating parameters include anticipated increased steam capacity to over 37,000 barrels per day, injection pressure for the initial 16 well pairs in the West Ells Project Area and revised peak rate of these wells to 610 barrels per day. Additionally, the Supplemental Report was prepared on the basis of GLJ's updated benchmark pricing as at April 1, 2014 and effective April 30, 2014.

Although the Supplemental Report does not attribute any changes in the volumes of Proved Undeveloped or Proved Plus Probable Undeveloped reserves in respect of the Project Area, the Supplemental Report does provide increases in the net present value of future revenues, discounted at 10%, ("**NPV10**") for such reserves as compared to the reserves values for the West Ells development area disclosed in the Year End Report. The NPV10 value of Proved Undeveloped reserves reported in the Supplemental Report for the Project Area was CDN \$290 million compared to CDN \$249 million in the Year End Report for the West Ells development Area, an increase of approximately 16%. The NPV10 value of Proved Plus Probable Undeveloped reserves reported in the Supplemental Report for the Project Area was CDN \$449 million compared to CDN \$360 million in the Year End Report for the West Ells Development Area, an increase of approximately 25%.

Summary of Reserves and Values

The table below summarizes the Corporation's reserves including the value of future net revenue of the Corporation from (i) the West Ells Project Area reserves as at April 30, 2014, in the case of the Supplemental Report; and (ii) the West Ells development area as at December 31, 2013, in the case of the Year End Report; in each case, as evaluated by GLJ.

Please note that the reserve evaluations in the Supplemental Report and disclosed below do not consider all of Sunshine's reserves in the West Ells development area. Rather, the Supplemental Report focuses entirely on the West Ells Project Area.

The reserves data disclosed below in respect of the Year End Report does not consider all of Sunshine's reserves across all of its properties. Rather, the Year End Report values disclosed below are derived from the Year End Report solely with respect to the West Ells development area.

As such, the reserve values disclosed below in respect of the Supplemental Report and Year End Report do not reflect the total reserve values of Sunshine for all of its properties.

Reserves Category	Bitumen			
	Supplemental Report (Project Area) ⁽¹⁾		Year End Report (West Ells) ⁽²⁾	
	Gross (Mbbbl)	Net (Mbbbl)	Gross (Mbbbl)	Net (Mbbbl)
PROVED ⁽³⁾				
Producing	-	-	-	-
Developed Non-producing	-	-	-	-
Undeveloped	74,205	64,326	79,080	69,073
TOTAL PROVED	74,205	64,326	79,080	69,073
TOTAL PROBABLE	43,439	34,551	61,005	49,778
TOTAL PROVED PLUS PROBABLE	117,644	98,877	140,085	118,851

(1) The Supplemental Report only covers reserves evaluated for the West Ells Project Area. The reserves for the portion of West Ells evaluated did not change from the 2013 Year End report to the Supplemental Report.

(2) Values disclosed herein for the Year End Report are solely with respect to the West Ells development area.

(3) The Corporation has no developed proved producing reserves and no developed non-producing reserves. All of the Corporation's reserves are undeveloped reserves.

Reserves Category	Net Present Values of Future Net Revenue ⁽⁴⁾				
	Before Income Taxes Discounted At (% per year)				
	0% (MM\$)	5% (MM\$)	10% (MM\$)	15% (MM\$)	20% (MM\$)
Supplemental Report (Project Area)⁽¹⁾					
PROVED ⁽²⁾					
Producing	-	-	-	-	-
Developed Non-producing	-	-	-	-	-
Undeveloped	1,525	671	290	101	-
TOTAL PROVED	1,525	671	290	101	-
TOTAL PROBABLE	1,470	416	159	84	56
TOTAL PROVED PLUS PROBABLE	2,995	1,087	449	185	56

Reserves Category	Net Present Values of Future Net Revenue ⁽⁴⁾				
	Before Income Taxes Discounted At (% per year)				
	0% (MM\$)	5% (MM\$)	10% (MM\$)	15% (MM\$)	20% (MM\$)
Year End Report					
(West Ells)⁽³⁾					
PROVED⁽²⁾					
Producing	-	-	-	-	-
Developed Non-producing	-	-	-	-	-
Undeveloped	1,616	637	249	74	(14)
TOTAL PROVED	1,616	637	249	74	(14)
TOTAL PROBABLE	2,074	392	111	51	35
TOTAL PROVED PLUS PROBABLE	3,690	1,029	360	125	21

(1) The Supplemental Report only covers reserves evaluated for the West Ells Project Area. The reserves for the portion of West Ells evaluated did not change from the 2013 Year End report to the Supplemental Report.

(2) The Corporation has no developed proved producing reserves and no developed non-producing reserves. All of the Corporation's reserves are undeveloped reserves.

(3) Values disclosed herein for the Year End Report are solely with respect to the West Ells development area.

(4) Estimated values of net present value do not represent fair market value.

Total Future Net Revenue (Undiscounted)
Forecast Prices and Costs as of April 30, 2014
(for West Ells Project Area)

Reserves Category	Revenue (MM\$)	Royalties (MM\$)	Operating Costs (MM\$)	Capital Development Costs (MM\$)	Abandonment and Reclamation Costs (MM\$)	Future Net Revenue Before Income Taxes (MM\$)
Total Proved ⁽¹⁾	5,714	778	1,904	1,467	40	1,525
Total Proved Plus Probable ⁽¹⁾	10,189	1,667	3,087	2,639	71	2,995

(1) In respect of the West Ells Project Area. The Supplemental Report only covers reserves evaluated for the West Ells Project Area. The reserves for the portion of West Ells evaluated did not change from the 2013 Year End report to the Supplemental Report.

[illegible]

The price forecast used in the GLJ reserves assessment that formed the basis for the revenue projections and net present value estimates in the Year End Report was based on DeGolyer and McNaughton Canada Limited's January 1, 2014 pricing forecast with an effective date of December 31, 2013. A summary of this price forecast is set forth below.

[illegible]

For further information regarding Sunshine's reserves data (including Sunshine's total evaluated reserves), the Year End Report and other oil and gas information in respect of Sunshine, please see "*Statement of Reserves Data and Other Oil and Gas Information*" in the AIF and Schedules "A" and "B" to the AIF.

Please refer to the section headed "*About Sunshine Oilsands Ltd.*" below and the Corporation's 2013 Annual Report dated April 22, 2014 for further details about the West Ells SAGD project.

NOTICE REGARDING PRESENTATION OF RESERVES DATA AND TECHNICAL TERMS

Disclosure in this announcement of reserves data and other oil and gas information is presented in accordance with National Instrument 51-101 – *Standards of Disclosure for Oil and Gas Activities* ("**NI 51-101**") and the COGE Handbook. Certain terms describing reserves and other oil and natural gas information used herein are defined below. Certain other terms and abbreviations used in this announcement, but not defined or described, are defined in NI 51-101 or the COGE Handbook and, unless the context otherwise requires, shall have the same meanings herein as in NI 51-101 or the COGE Handbook.

In this announcement, the abbreviations set forth below have the following meanings:

Oil and Natural Gas Liquids		Natural Gas	
bbls	barrels	Mmbtu	million British Thermal Units
Mbbl	thousand bbls		
Mcf	thousand cubic feet		
Other			
WTI	West Texas Intermediate, a common reference grade of crude oil in the United States		

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.

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 AIF and risk factors described in other documents the Corporation files 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.

ABOUT SUNSHINE OILS ANDS 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 SAGD project area. West Ells has an initial production target rate of 5,000 barrels per day, which Sunshine expects 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 for the Thickwood 10,000 barrels per day SAGD project and has an additional 10,000 barrels per day application in regulatory review for Legend.

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