



January 26, 2012

Dear Shareholders,

**Re: Triggering of capital gains for purposes of the \$750,000 lifetime capital gains exemption**

This letter is addressed to shareholders of Sunshine Oilsands Ltd. (the "Company") who are resident in Canada for purposes of the *Income Tax Act* (Canada) (the "ITA") and who would be entitled to the benefit of the \$750,000 lifetime capital gains exemption on the disposition of certain qualifying properties as provided for in the ITA.

In connection with the proposed listing (the "Proposed Listing") of the Class "A" Common Shares ("Class A Shares") in the capital of the Company on the Hong Kong Stock Exchange ("HKSE"), the Company's ability to qualify as a "small business corporation" for purposes of the ITA will cease. This means that qualification of the Class A Shares as "qualifying small business corporation shares" for the purposes of the \$750,000 lifetime capital gains exemption pursuant to the ITA will also cease. While we cannot provide any assurances that your shares will qualify for the exemption and in this regard we refer you to the disclosure in the Circular (defined herein), for those shareholders who have decided to access their \$750,000 lifetime capital gains exemption in respect of the Class A Shares, it is our recommendation that you undertake a disposition transaction at least 2 days prior to the listing date for the Class A Shares on the HKSE as the best method of qualifying for exemption at the time the capital gain is triggered. Currently, the proposed listing date is February 21, 2012. A disposition transaction undertaken on or after the listing of the Class A Shares will not qualify for the lifetime capital gains exemption.

Information on the issue price per Class A Share will not be available until approximately mid-February 2012.

Typically, a disposition transaction may entail the transfer of the Class A Shares by the individual shareholder to a wholly-owned corporation in exchange for:

- (a) shares in the capital of the wholly-owned corporation; or
- (b) debt of the wholly-owned corporation,

to enable the shareholder to trigger a capital gain.

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There are numerous methods of triggering a capital gain for this purpose; such as transferring the Class A Shares to a partnership, a trust or a spouse, however, shareholders should carefully consider these alternative with your tax advisors. Each of the methods gives rise to different tax considerations and as such you are urged to consult with your own tax advisors with respect to whether your Class A Shares qualify for the lifetime capital gains exemption, what if any portion of the \$750,000 exemption room you may have available for this purpose and the manner in which you may wish to undertake a disposition transaction, taking into account your personal circumstances.

**If you choose to undertake a disposition transaction, you are asked to enter into transactions which transfer beneficial ownership of the Class A Shares but not legal title so as to eliminate the need to re-register the legal title to the shares and issue new share certificates, until after the listing of the Class A Shares. A contemporaneous re-registration of legal title is not required for purposes of triggering a disposition for tax purposes. Please be advised that only registered holders of the shares will be entitled to vote the shares.**

For further information in respect of this matter please see the disclosure set out in the Management Information Circular (the "Circular") dated December 30, 2011 in respect of the Annual General and Special Meeting of Shareholders held on January 26, 2012 under the heading "Canadian Federal Income Tax Considerations".

The foregoing should not be considered to be and is not intended to be relied upon as legal or tax advice or representations to any particular shareholder and shareholders are urged to consult their own tax advisors regarding whether a disposition transaction is appropriate in their circumstances and the tax consequences thereof. In addition, this letter should not be construed as an offering of securities of the Company.

Best regards,

Michael J. Hibberd  
Co-Chairman

Songning Shen  
Co-Chairman

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