



“Light On The Horizon” Newsletter

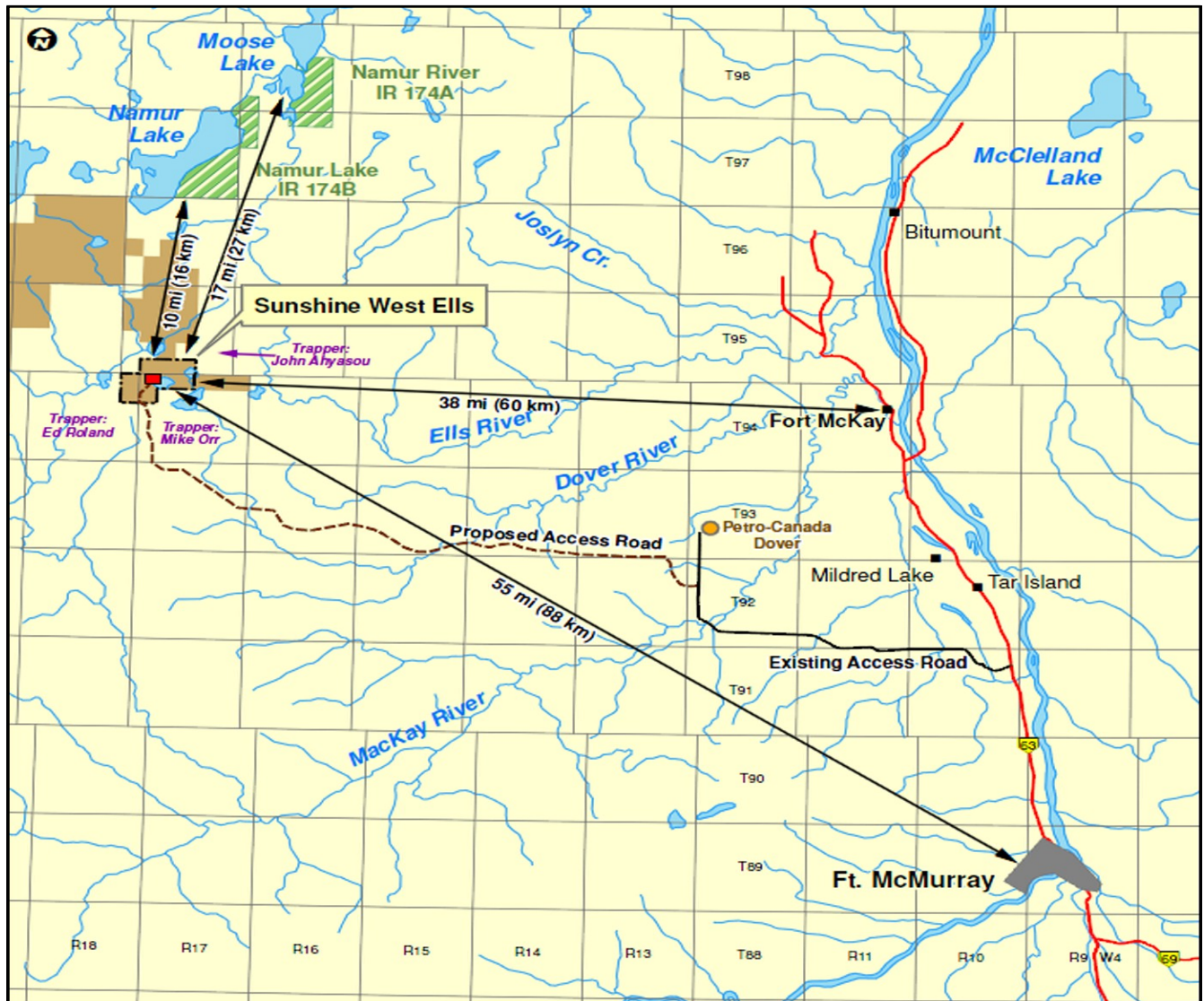
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Spring 2010

West Ells SAGD Project Update

Sunshine Oilsands Ltd. (“Sunshine”) will be applying to the Alberta Energy Resources Conservation Board (“ERCB”) and Alberta Environment (“AENV”) with an integrated application (the “Application”) for regulatory approval for the construction, operation, reclamation and related water use for the West Ells Steam Assisted Gravity Drainage (“SAGD”) in-situ bitumen recovery project. Although the Project will proceed in two phases of 5,000 barrels per day (bpd) each, approval is being sought for the entire Project of up to 10,000 bpd. This integrated Application contains information required in accordance with the *Oil Sands Conservation Act* (“OSCA”), the *Environmental Protection and Enhancement Act* (“EPEA”), the *Pipeline Act* and the *Water Act*.

The West Ells Project is located in Township 94, Ranges 17 and 18 W4 Meridian, as shown on the map below, will be capable of producing up to 1600 m³/day (10,000 bpd) of bitumen from the Wabiskaw Zone over a period of 25 years. Multiple well pairs will be drilled from individual well pads to reduce surface disturbance. Sunshine anticipates that over the course of the Project, approximately 80 well pairs will be drilled from up to 9 well pads. For reference purposes, site specific details are outlined on page 2 and the projected timeline for construction and operational activities is located on page 3.



Phased Development and Benefits

Central Plant Facility and Access Road (Phase 1) - As shown in blue and brown in the diagram below, the Project will require an all weather access road and Central Plant Facility (CPF) to be constructed which will allow for processing and transportation of bitumen to market. Produced bitumen from the SAGD well pairs, as outlined below, will be transported via infield pipelines to the CPF in preparation for transportation to market via truck. At this time there are no plans for onsite upgrading facilities to be associated with this project.

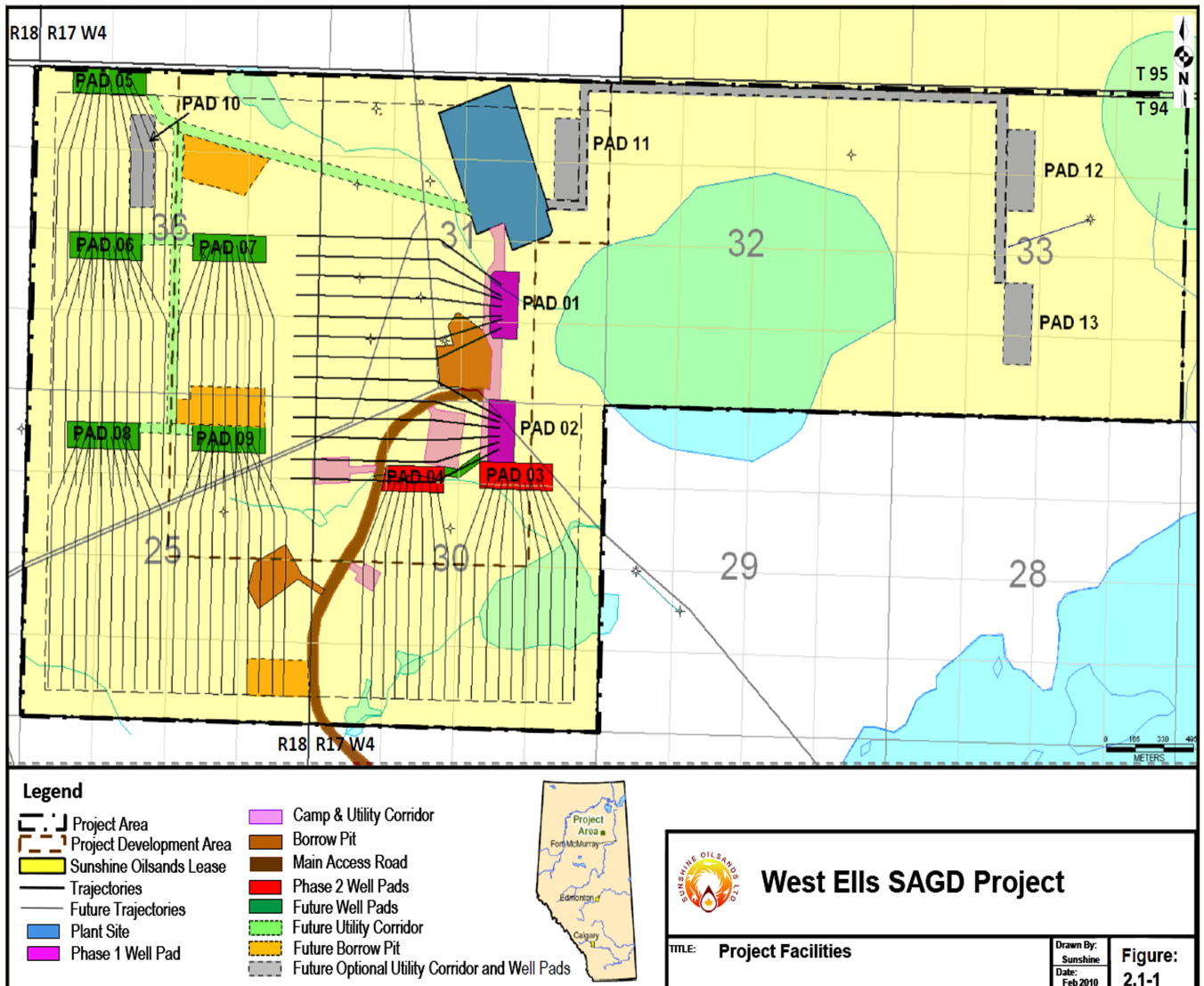
SAGD Well Pads 1 and 2 (Phase 1) - The pads and access shown in purple below, will be constructed and developed first in this phased approach. Up to 13 SAGD well pairs will be drilled from these pads. Anticipated production from pads 1 and 2 is 2,000 to 5,000 bpd of bitumen, depending on individual well performance.

SAGD Well Pads 3 and 4 (Phase 2) - In order to bring the project up to the full 10,000 bpd production level, an additional 2 well pairs, as shown in red below, will be required to be constructed. It is anticipated that up to 18 SAGD well pairs will be drilled from these pads.

SAGD Well Pads 5 thru 9 (Infill Pads) - The pads and access as shown in green and grey below, will be required in the future to maintain the 10,000 bpd production level of the Project for its projected 25 year life span. The required number of these infill pads and SAGD well pairs will depend on the well performance experienced during Phases 1 and 2. The total number of SAGD well pairs that will be required to sustain the 10,000 bpd Project for 25 years is approximately 80.

Specific benefits of the West Ells Project will include the following:

- The Project will employ an operating workforce of approximately 30-40 people for the Project's first and second phases;
- during construction, the Project is expected to employ an average work force of approximately 150 people, peaking at 250 people;
- for 25 years, there will be sustained on-site activity in the West Ells area and significant opportunities for local training and employment will exist throughout the life of the project.

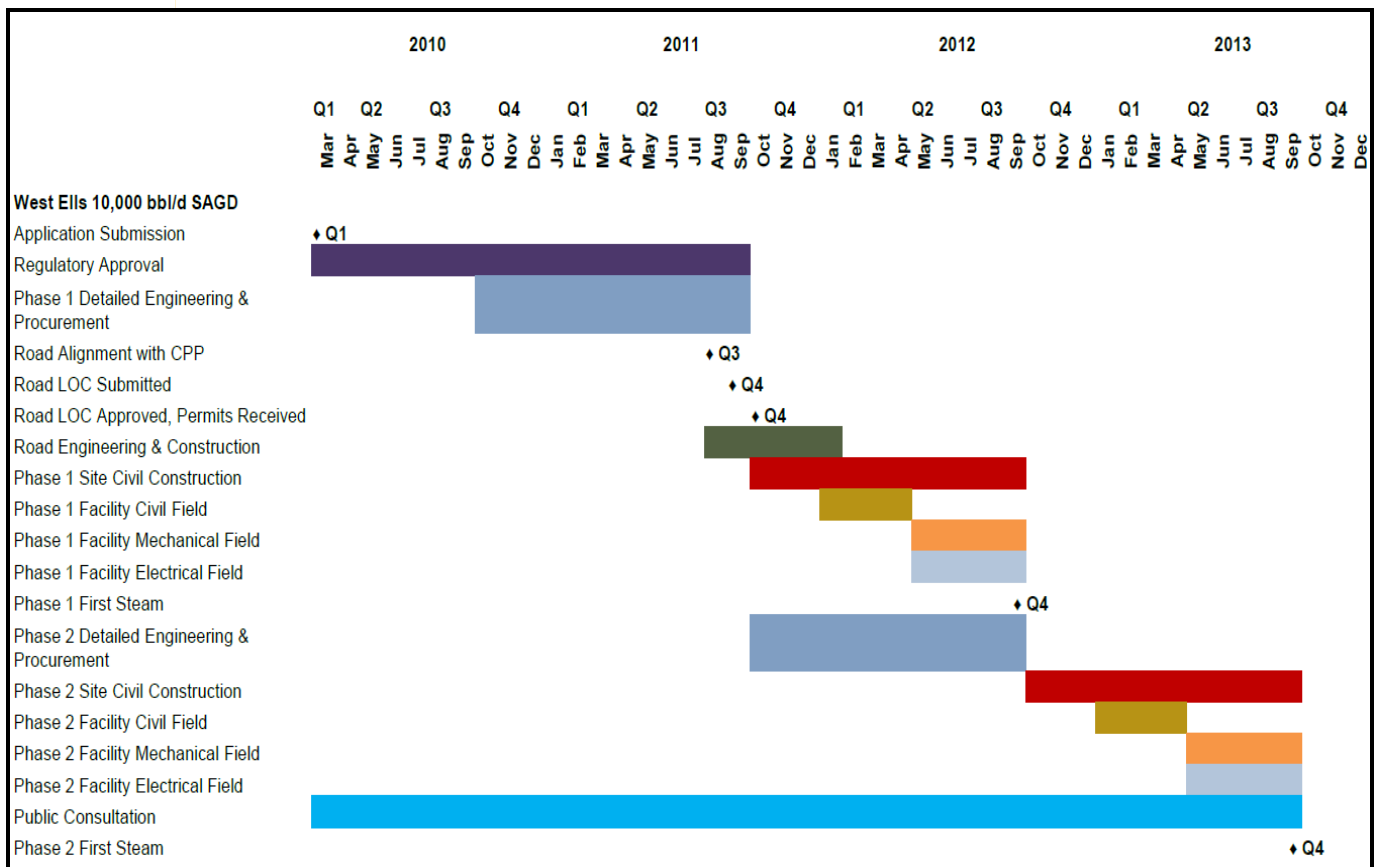


Sunshine’s consultation objectives are as follows:

- Facilitate open and effective communication with all stakeholders, including but not limited to, members of the public, regulatory bodies and industry who are, or may be, affected by the proposed exploration and/or development activities;
- Provide aboriginal communities and stakeholders with clear and timely information;
- Ensure that a transparent, respectful relationship is built and maintained with neighbours and stakeholders throughout the Project area;
- Seek input into the design of the consultation process at the onset to ensure that communication and consultation needs are met; and
- Establish a high level of inclusiveness when indentifying those who may have an interest or be potentially impacted by Sunshine’s activities or proposed activities.

Sunshine believes that consultation works best when proactive community and stakeholder engagement occurs and as such we look forward to continue building relationships with our stakeholders throughout the area.

Please reference the chart below for the anticipated West Ells SAGD Project approval and construction timeline.



Contact Information

For more information on our company or our West Ells SAGD project application, please contact:

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