



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)

Procedures for Election of Directors

All of the following disclosure is qualified by, and subject to, the full text of the relevant provisions of the Business Corporations Act (Alberta) RSA 2000, c B-9. and does not constitute legal advice.

ELECTION AND QUALIFICATIONS OF DIRECTORS – GENERALLY

Directors of Sunshine Oilsands Ltd. (the “**Corporation**”) are generally elected by shareholders (carrying a voting right) at each annual general meeting (“**AGM**”) of the Corporation by way of an ordinary resolution. The elected directors hold office for a term expiring no later than the close of the next AGM.

The following persons are disqualified from acting as a director of the Corporation:

- (a) anyone who is less than 18 years of age;
- (b) anyone who is a represented adult or is the subject of a certificate of incapacity that is in effect under applicable legislation;
- (c) anyone who is a formal patient as defined under applicable legislation;
- (d) anyone who is found to be a person of unsound mind;
- (e) anyone who is not an individual; and
- (f) anyone who has the status of bankrupt.¹

A director of the Corporation must satisfy The Stock Exchange of Hong Kong Limited that he has the character, experience and integrity and is able to demonstrate a standard of competence commensurate with his position as a director of a listed company.

¹ See section 105(1) of the *Business Corporations Act* (Alberta), RSA 2000, c B-9.

APPOINTMENT OF DIRECTORS BETWEEN ANNUAL GENERAL MEETINGS

The existing directors of the Corporation may, between annual general meetings, appoint one or more additional directors to serve until the next annual general meeting, provided the number of additional directors does not exceed 1/3 of the number of directors who held office at the expiration of the last AGM.

ELECTION OF DIRECTORS – NOMINATION AT A MEETING

Shareholder(s) (carrying a voting right) are entitled to nominate at a meeting of shareholders, alternative directors from those nominated by management. However, in order for such alternative nomination to be successful at the meeting, the shareholder(s) should have the requisite number of votes, or have the support from other shareholders of the Corporation with the requisite number of votes.

ELECTION OF DIRECTORS – NOMINATION BY WAY OF SHAREHOLDER PROPOSAL

Shareholder(s) (carrying a voting right) can submit shareholder's proposals to the Corporation. A shareholder's proposal may include nominations for the election of directors, in which case, the shareholder's proposal must be signed by one or more registered holders of shares, representing in the aggregate of not less than five per cent (5%) of the shares, or five per cent (5%) of the shares of a class of shares of the Corporation entitled to vote at the meeting. The shareholder's proposal should contain information as required under Rule 13.51(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited in relation to the nominated candidate.

To be eligible to make a shareholder's proposal, a person must:

- (a) be a registered holder or beneficial owner of the prescribed number of shares² for the prescribed period³;
- (b) have the prescribed level of support of other registered holders or beneficial owners of shares⁴;
- (c) provide his or her name and address to the corporation, along with the names and addresses of the registered or beneficial share owners who support the proposal; and
- (d) continue to hold or own the prescribed number of shares up to and including the day of the meeting at which the proposal shall be made.

The Corporation is under no obligation to circulate or attach a shareholder's proposal or a shareholder's statement (which should be no more than 200 words) in support of the proposal, unless the Corporation solicits proxies through a management information circular ("**Proxy Circular**").

² "**Prescribed number of shares**" is the number of voting shares that is equal to one per cent (1%) of all issued and outstanding shares of the Corporation as of the day on which the registered holder or beneficial owner of the shares submits a proposal, or whose fair market value as determined at close of business on the day before the registered holder or beneficial owner of the shares submits the proposal is at least CAD\$2,000.

³ "**Prescribed period**" means the six (6) months period immediately before the day on which the registered holder or beneficial owner of the shares submits the proposal.

⁴ "**Prescribed level of support of other registered holders or beneficial owners of shares**" includes support of at least five per cent (5%) of the issued voting shares of the Corporation.

The Corporation is not obligated to circulate a shareholder's proposal or a shareholder's statement with its Proxy Circular, if any of the following circumstances exists:

- (a) the proposal is submitted less than 90 days before the anniversary date of the previous AGM;
- (b) the proposal is submitted primarily to enforce a personal claim, to redress a personal grievance against the corporation, its directors, officers or security holders, or to promote general economic, political, racial, religious, social, or similar causes;
- (c) the proposing shareholder had a proposal included in a Proxy Circular at some time within the two-year period prior to the receipt of the current proposal, but failed to present that earlier proposal, in person or by proxy, at the meeting;
- (d) substantially the same proposal was submitted in a management or dissident's proxy circular relating to a meeting held within the previous two years and was defeated at the meeting; or
- (e) the shareholder's proposal is being abused to secure publicity.

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**For identification purposes only*