

**SUNSHINE OILSANDS LTD.**

**TERMS OF REFERENCE OF THE CORPORATE GOVERNANCE COMMITTEE**

**The Board of Directors' Mandate for the Corporate Governance Committee**

**A Role and Objective**

The purpose of the Corporate Governance Committee (the “**Committee**”) is to assist the board of directors (the “**Board**”) of Sunshine Oilsands Ltd. (the “**Corporation**”) in fulfilling its responsibilities under the Business Corporations Act (Alberta) by, inter alia, reviewing matters relating to the appointment of new directors, assessing the performance of the Board, its committees and its directors and responding to and implementing the corporate governance guidelines set forth by applicable regulatory authorities.

**B Membership of the Committee**

1. Unless otherwise determined by the Board, the Committee shall be comprised of a majority of such independent non-executive members of the Board as the Board may, from time to time, designate. Where appropriate, independent directors must be “independent” in accordance with the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).
2. Unless otherwise designated by the Board, the members of the Committee shall elect a Chairperson (the “**Chair**”) from among the independent non-executive directors present and the Chair shall preside at all meetings of the Committee.

**C Mandate and Responsibilities of the Committee**

The Committee’s primary responsibilities are twofold. First, the Committee is responsible for proposing to the Board new nominees to the Board and for assessing the performance of the Board, its committee and its directors on an ongoing basis. Second, the Committee is responsible for the Corporation’s response to and implementation of the guidelines set forth from time to time by any applicable regulatory authorities (the “**Guidelines**”). The specific functions of the Committee in carrying out these two areas of responsibility are:

**Nominating and Assessment:**

- (a) To review the structure, size and composition (including skills, knowledge and experience) of the Board at least annually and make recommendations on any proposed changes to the Board to complement the Corporation’s corporate strategy;
- (b) to consider and recommend candidates to fill new positions on the Board created by either expansion or vacancies that occur by resignation, retirement or for any other reason;
- (c) to review candidates recommended by shareholders;
- (d) to conduct inquiries into the backgrounds and qualifications of possible candidates;
- (e) to recommend the director nominees for approval by the Board and the shareholders;
- (f) to consider questions of possible conflicts of interest of Board members;
- (f) to recommend members and Chairs of the Audit Committee, Reserves Committee and Compensation Committee;

- (g) to review the performance of the Board, its committees and its directors;
- (h) to establish and implement an orientation and education program for new members of the Board;
- (i) assess the independence of independent non-executive directors; and
- (j) make recommendations to the Board on the appointment or re-appointment of directors and succession planning for directors in particular the chairman and the chief executive officer.

**Corporate Governance:**

- (a) to consider and review the Corporation's corporate governance principles, practices and processes and to compare the same to the Guidelines and make recommendations to the Board;
- (b) to propose changes to the Board necessary to respond to or comply with the Guidelines;
- (c) to review the Corporation's disclosure of its corporate governance program and compliance with the Guidelines in the management proxy circular for each annual general meeting;
- (d) to review and monitor the Corporation's policies and practices on compliance with legal and regulatory requirements;
- (e) to review internal corporate policies annually;
- (f) to review and monitor the training and continuous professional development of directors and senior management;
- (g) to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and directors; and
- (h) to review the Corporation's compliance with the Code on Corporate Governance as set out from time to time in the Listing Rules and disclosure in the corporate governance report section of its financial statements.

**D Meeting and Administrative Matters**

1. At all meetings of the Committee every question shall be decided by a majority of the votes cast, with each member of the Committee, including the Chair, having one vote, and with the Chair having no tie breaker vote.
2. The Chair shall preside at all meetings of the Committee, unless the Chair is not present, in which case the members of the Committee present shall designate from among the independent non-executive present the Chair for purposes of the meeting.
3. A quorum for meetings of the Committee shall be a majority of its members, and the rules for calling, holding, conducting and adjourning meetings of the Committee shall be the same as those governing the Board unless otherwise determined by the Committee or the Board.
4. Meetings of the Committee should be scheduled to take place at least once per year and at such other times as the Chair of the Committee may determine.

5. A member or members of the Committee may participate in a meeting of the Committee by means of such telephonic, electronic or other communication facilities as permit all persons participating in the meeting to communicate adequately with each other, and a member participating in such a meeting by any such means is deemed to be present at that meeting.
6. Committee meeting agendas shall be the responsibility of the Chair in collaboration with Committee members, and, where appropriate, senior management.
7. The Committee may invite such officers, directors and employees of the Corporation as it may see fit from time to time to attend at meetings of the Committee and assist thereat in the discussion and consideration of the matters being considered by the Committee.
8. A member of the Committee or an officer of the Corporation, or any other person selected by the Committee, shall be appointed at each meeting to act as secretary for the purposes of recording the minutes of each meeting.
9. Minutes of the Committee will be maintained and made available at a subsequent meeting of the Committee and upon request of the Board.
10. The Committee may retain persons having special expertise and/or obtain independent professional advice to assist in fulfilling its responsibilities at the expense of the Corporation.
11. Any members of the Committee may be removed or replaced at any time by the Board and shall cease to be a member of the Committee as soon as such member ceases to be a director.

**February 6, 2012**