CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three and six month period ended June 30, 2016

(Unaudited)

NOTICE OF NO AUDITOR REVIEW OF
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3 (3) (b), if an auditor has not performed a review of the condensed consolidated interim financial statements, they must be accompanied by a notice indicating that an auditor has not reviewed the financial statements.

The Company's independent auditor commenced the interim review of these financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor. The interim review report was not issued as the independent auditor was not able to complete all of their outstanding procedures prior to the release of these interim financial statements.

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SUNSHINE OILSANDS LTD.

Consolidated Statements of Financial Position
(Expressed in thousands of Canadian dollars)
(Unaudited)

	Notes		June 30, 2016		December 31, 2015
Assets					
Current assets					
Cash	4	$	4,506	$	6,545
Restricted cash and cash equivalents	4		-		14,389
Trade and other receivables	5		1,418		2,253
Prepaid expenses and deposits	6		6,352		8,119
			12,276		31,306
Non-current assets					
Exploration and evaluation	7		292,427		290,945
Property, plant and equipment	8		670,178		650,930
			962,605		941,875
		$	974,881	$	973,181
Liabilities and Shareholders' Equity					
Current liabilities					
Trade and accrued liabilities	9	$	54,096	$	47,611
Provisions	11		3,566		3,492
Share purchase warrants	13.2		-		3
Current portion of long-term debt	10		258,697		266,321
Shareholder loan	18.1		6,941		-
			323,300		317,427
Non-current liabilities					
Provisions	11		56,295		51,656
			379,595		369,083
Shareholders' Equity					
Share capital	13.1		1,189,708		1,174,987
Reserve for share-based compensation			62,886		62,910
Deficit			(657,308)		(633,799)
			595,286		604,098
		$	974,881	$	973,181

Going concern (Note 2)
Commitments and contingencies (Note 20)
Subsequent events (Note 22)

Approved by the Board

"Gerry Stevenson"
Director

"Kwok Ping Sun"
Executive Chairman

See accompanying notes to the condensed interim consolidated financial statements.

SUNSHINE OILSANDS LTD.

Consolidated Statements of Operations and Comprehensive Loss
(Expressed in thousands of Canadian dollars, except for per share amounts)
(Unaudited)

	Notes	For the three months ended June 30, 2016	For the three months ended June 30, 2015	For the six months ended June 30, 2016	For the six months ended June 30, 2015
Other income					
Interest income		$ 10	$ 100	$ 23	$ 410
Gain on sale of assets		-	174	2	174
Fair value adjustment on share purchase warrants (losses)/gains	13.2	-	(1,114)	3	(738)
		10	(840)	28	(154)
Expenses					
Salaries, consulting and benefits		1,608	2,187	3,542	4,937
Rent		344	345	693	691
Legal and audit		419	591	1,135	949
Depreciation	8	141	136	292	277
Share-based payments	14.2	(318)	528	(157)	954
Finance costs	15	15,415	9,891	30,013	19,045
Foreign exchange (gains)/losses	17.6	2,038	(3,150)	(14,050)	13,357
Contract provision expense	11.2	-	6,600	142	6,600
Other		1,099	1,154	1,927	2,997
		$ 20,746	$ 18,282	$ 23,537	$ 49,807
Loss before income taxes		20,736	19,122	23,509	49,961
Income taxes	12	-	-	-	-
Net loss and comprehensive loss for the period attributable to equity holders of the Company		$ 20,736	$ 19,122	$ 23,509	$ 49,961
Basic and diluted loss per share	16	$ 0.00	$ 0.00	$ 0.01	$ 0.01

See accompanying notes to the condensed interim consolidated financial statements.

Consolidated Statements of Changes in Shareholders' Equity
(Expressed in thousands of Canadian dollars)
(Unaudited)

	Notes		Reserve for share based compensation		Share capital		Deficit		Total
Balance, December 31, 2015		$	62,910	$	1,174,987	$	(633,799)	$	604,098
Net loss and comprehensive loss for the period			-		-		(23,509)		(23,509)
Issue of common shares	13.1		-		14,818		-		14,818
Recovery of share-based compensation	14.2		(24)		-		-		(24)
Share Issue costs, net of deferred tax($Nil)	13.1		-		(97)		-		(97)
Balance, June 30, 2016		$	62,886	$	1,189,708	$	(657,308)	$	595,286
Balance, December 31, 2014		$	60,658	$	1,139,022	$	(227,664)	$	972,016
Net loss and comprehensive loss for the period			-		-		(49,961)		(49,961)
Issue of shares under employee share savings plan	13.1		-		535		-		535
Recognition of share-based payments	14.2		1,589		-		-		1,589
Issue of shares upon exercise of share options	13.1		-		40		-		40
Reserve transferred on exercise of share options			(20)		20		-		-
Balance, June 30, 2015		$	62,227	$	1,139,617	$	(277,625)	$	924,219

See accompanying notes to the condensed interim consolidated financial statements.

Consolidated Statements of Cash Flows
(Expressed in thousands of Canadian dollars)
(Unaudited)

	Notes	For the three months ended June 30, 2016	2015	For the six months ended June 30, 2016	2015
Cash flows from operating activities					
Net loss		$ (20,736)	$ (19,122)	$ (23,509)	$ (49,961)
Finance costs	15	15,415	9,891	30,013	19,045
Unrealized foreign exchange losses/(gains)	17.6	2,044	(3,160)	(14,607)	12,167
Contract provision expense	11.2	-	6,600	75	6,600
Interest income		(10)	(100)	(23)	(410)
Gain on sale of assets		-	(174)	(2)	(174)
Fair value adjustment on share purchase warrants	13.2	-	1,114	(3)	738
Depreciation	8	141	136	292	277
Share-based payment expense	14.2	(318)	528	(157)	954
Employee share savings plan		-	135	-	267
Movement in non-cash working capital	21	5,032	322	3,433	1,136
Net cash provided by (used in) operating activities		1,568	(3,830)	(4,488)	(9,361)
Cash flows from investing activities					
Interest received		10	100	23	410
Payments for exploration and evaluation assets	7	(502)	(439)	(809)	(639)
Proceeds from sale of assets	8	-	447	2	447
Payments for property, plant and equipment	8	(6,437)	(38,893)	(15,952)	(88,176)
Release of restricted cash to fund long-term debt interest payments	4	564	559	14,389	9,634
Movement in non-cash working capital	21	(4,089)	(12,090)	4,564	(6,625)
Net cash provided by (used in) investing activities		(10,454)	(50,316)	2,217	(84,949)
Cash flows from financing activities					
Proceeds from issue of common shares	13.1	14,818	176	14,818	308
Payment for share issue costs	13.1	(97)	-	(97)	-
Payment for finance costs	15	(11,746)	(6,099)	(22,419)	(12,307)
Shareholder's loan received	18.1	1,150	-	6,941	-
Movement in non-cash working capital	21	7,845	6,147	1,090	1,137
Net cash provided by (used in) financing activities		11,970	224	333	(10,862)
Effect of exchange rate changes on cash held in foreign currency	17.6	(138)	(758)	(101)	4,254
Net (decrease) / increase in cash		2,946	(54,680)	(2,039)	(100,918)
Cash and cash equivalents, beginning of period		1,560	89,859	6,545	136,097
Cash and cash equivalents , end of period		$ 4,506	$ 35,179	$ 4,506	$ 35,179

See accompanying notes to the condensed interim consolidated financial statements.

Notes to the Condensed Interim Consolidated Financial Statements
For the three and six month period ended June 30, 2016
(Expressed in thousands of Canadian dollars, unless otherwise indicated)
(Unaudited)

1. Company information

Sunshine Oilsands Ltd. (the "Company") was incorporated under the laws of the Province of Alberta on February 22, 2007. The address of its principal place of business is 1020, 903 – 8th Avenue S.W., Calgary, Alberta, Canada T2P 0P7. The Company's shares were listed on the Stock Exchange of Hong Kong Limited ("SEHK") on March 1, 2012 pursuant to an initial public offering ("IPO") and trades under the stock code symbol of "2012". On November 16, 2012, the Company completed a listing of its common shares on the Toronto Stock Exchange ("TSX") and traded under the symbol of "SUO". On September 30, 2015, the Company completed a voluntary delisting from the TSX. The Company continues to be a reporting issuer in Canada.

On May 4, 2012, Sunshine Oilsands (Hong Kong) Limited ("Sunshine Hong Kong") was incorporated in Hong Kong and is a wholly-owned subsidiary of the Company. The address of the principal place of business for Sunshine Hong Kong is Unit 8504A, 85/F, International Commerce Centre 1 Austin Road West, Kowloon.

On July 14, 2015, Boxian Investments Limited ("Boxian") was incorporated in the British Virgin Islands and is a wholly-owned subsidiary of the Company. The address of the principal place of business for Boxian is P.O. Box 957, Offshore Incorporation Centre, Road Town, Tortola, British Virgin Islands. As of June 30, 2016, no activity has occurred in Boxian. The purpose of Boxian is to pursue new investment opportunities.

The Company is engaged in the evaluation and the development of oil properties for the future production of bitumen in the Athabasca oilsands region in Alberta, Canada. The Company is a development stage company. The continued existence of the Company is dependent on its ability to maintain capital funding for further development and to meet obligations. In the event that such capital is not available to the Company, it will be necessary to prioritize activities, which may result in delaying and potentially losing business opportunities and cause potential impairment to recorded assets.

2. Basis of preparation

Going Concern

These condensed interim consolidated financial statements have been prepared on a going concern basis. The going concern basis of presentation assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business. For the six month period ended June 30, 2016, the Company reported a net loss of $23.5 million. At June 30, 2016, the Company had negative working capital of $311.0 million including the $258.7 million current portion of the senior secured notes (Note 10) and an accumulated shareholders' deficit of $657.3 million. The Company's trade payables total $23.8 million at June 30, 2016. Included in trade payables are $20.5 million of payables that are greater than 60 days. Subsequent to June 30, 2016, the Company raised gross equity proceeds of $31.4 million and entered into a forbearance agreement (Note 22).

The Company's ability to continue as a going concern is dependent on achieving profitable operations and the ability to refinance current debt and access immediate additional financing. There can be no assurance that the steps management will take will be successful. As such there is significant doubt and there can be no assurance the Company will be able to continue as a going concern.

2.1 Statement of compliance

The condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and in accordance with International Accounting Standard ("IAS") 34, "Interim Financial Reporting" as issued by the International Accounting Standards Board ("IASB"). The condensed interim consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair value (Note 17.3). The financial statements have been prepared on the same basis and using the same accounting policies and methods as those used in the annual consolidated financial statements for the year ended December 31, 2015. The condensed interim consolidated financial statements are presented in Canadian Dollars ("$"), which is the functional currency of the Company.

3. Changes in accounting policies

For the three and six month period ended June 30, 2016 there has been no change in accounting policy from the policies adopted by the Company in the Consolidated Financial Statements for the year ended December 31, 2015.

4. Cash and cash equivalents

		June 30, 2016		December 31, 2015
Current asset				
Cash[1]	$	4,506	$	6,545
Current restricted cash and cash equivalents[2]		-		14,389
	$	4,506	$	20,934

1. The Company's cash consists of cash held in bank accounts that earn interest at varying interest rates of between 0.1% and 1.55%.
2. The US$200 million senior secured notes issued in August 2014 required US$30 million of proceeds to be held in a restricted escrow account to cover the first three semi-annual interest payments on the senior secured notes. On February 1, 2016, the third interest payment of US$10 million was paid from the restricted escrow account. There is Nil remaining in the restricted escrow account.

5. Trade and other receivables

		June 30, 2016		December 31, 2015
Trade	$	1,357	$	1,184
Accruals and other receivables		5		56
Goods and Services Taxes receivable		56		1,013
	$	1,418	$	2,253

As at June 30, 2016, included in the Company's trade receivables was an aggregate carrying amount of $1.4 million (December 31, 2015 - $1.2 million), which was past due as at the reporting date. The Company does not hold any collateral over these balances.

6. Prepaid expenses and deposits

		June 30, 2016		December 31, 2015
Prepaid expenses	$	500	$	518
Deposits		5,852		7,601
	$	6,352	$	8,119

As at June 30, 2016, the deposits include $5.1 million held with the Alberta Energy Regulator for the Licensee Liability Rating Program. The remaining deposits include ordinary business deposits of $0.8 million.

7. Exploration and evaluation

Balance, December 31, 2014	$	379,403
Capital expenditures		1,375
Non-cash expenditures[1]		167
Impairment		(90,000)
Balance, December 31, 2015	$	290,945
Capital expenditures		809
Non-cash expenditures[1]		673
Balance, June 30, 2016	$	292,427

1. Non-cash expenditures include capitalized share-based compensation and decommissioning obligations.

The Company is a development stage entity and, as a result, no depletion expense has been recorded for exploration and evaluation ("E&E") assets for any period. As at June 30, 2016, the Company did not identify any indicators of further impairment (or reversal of the original impairment recorded at December 31, 2015) of the E&E Assets.

Exploration and evaluation costs (net of impairment) are comprised of the following:

		June 30, 2016		December 31, 2015
Intangibles	$	181,829	$	182,278
Tangibles		19,584		18,683
Land and lease costs		91,014		89,984
	$	292,427	$	290,945

8. Property, plant and equipment

		Crude oil assets		Corporate assets		Total
Cost						
Balance, December 31, 2014	$	699,948	$	3,748	$	703,696
Capital expenditures		152,207		1,160		153,367
Disposal of asset		-		(446)		(446)
Non-cash expenditures[1]		1,693		-		1,693
Balance, December 31, 2015	$	853,848	$	4,462	$	858,310
Capital expenditures		15,953		(1)		15,952
Non-cash expenditures[1]		3,588		-		3,588
Balance, June 30, 2016	$	873,389	$	4,461	$	877,850

1. Non-cash expenditures include capitalized share-based compensation and decommissioning obligations.

		Crude oil assets		Corporate assets		Total
Accumulated depreciation and impairment						
Balance, December 31, 2014	$	-	$	1,960	$	1,960
Disposal		-		(173)		(173)
Depreciation expense		-		593		593
Impairment		205,000		-		205,000
Balance, December 31, 2015	$	205,000	$	2,380	$	207,380
Depreciation expense		-		292		292
Balance, June 30, 2016	$	205,000	$	2,672	$	207,672
Carrying value, December 31, 2015	$	648,848	$	2,082	$	650,930
Carrying value, June 30, 2016	$	668,389	$	1,789	$	670,178

At June 30, 2016, the crude oil assets included in the above property, plant and equipment were not subject to depletion since they are not ready for use in the manner intended by management. As at June 30, 2016, the Company did not identify any indicators of further impairment (or reversal of the original impairment recorded at December 31, 2015) of the West Ells CGU.

During the six month period ended June 30, 2016, the Company capitalized directly attributable costs including $0.1 million for share-based compensation and $1.8 million for general and administrative costs.

9. Trade and accrued liabilities

		June 30, 2016		December 31, 2015
Trade	$	23,841	$	22,718
Accrued liabilities		30,255		24,893
	$	54,096	$	47,611

10. Long-term debt

		June 30, 2016		December 31, 2015
Senior secured notes (US$200,000,000)	$	260,180	$	276,800
Discount on notes		(16,129)		(17,159)
Financing transaction costs on notes		(11,846)		(11,846)
Amortization of financing transaction costs and discount		26,492		18,526
Balance, end of period	$	258,697	$	266,321

On August 8, 2014, the Company completed an offering of US$200 million senior secured notes (the "Notes") at an offering price of US$938.01 per US$1,000 principal amount. The Notes bear interest at a rate of 10% per annum and have a potential maturity date of August 1, 2017, if certain conditions are met as explained below. Interest payments are payable semi-annually on February 1 and August 1 of each year.

If by February 1, 2016, the Company had not: (1) received at least US$50 million of net cash proceeds from one or more equity offerings; and (2) deposited, or caused to be deposited, cash in an amount sufficient to pay: (a) one year of interest payments on the aggregate principal amount of Notes outstanding on February 1, 2016; and (b) the yield

10. Long-term debt (Continued)

premium, then the final maturity date of the Notes shall be August 1, 2016. The Company did not meet the requirements listed above by February 1, 2016, and as a result the final maturity date of the Notes will be August 1, 2016. The Company has presented the Notes as a current liability on the Condensed Interim Consolidated Statements of Financial Position as at June 30, 2016.

The Company entered into a forbearance agreement with all of the Noteholders of the Notes (the “Noteholders”) maturing on August 1, 2016. On August 11, 2016, the Company had entered into a further forbearance agreement (the “Second Forbearance Agreement”) with all of Noteholders. Pursuant to the Second Forbearance Agreement, each of the Noteholders has agreed not to enforce its rights in respect of the Notes prior to 2:00 p.m. (New York time) on August 15, 2016, subject to certain restrictions, in order to provide the Corporation and the Noteholders with additional time to finalize definitive documentation effecting, among other things, entering into a term loan facility that extends the maturity date of the indebtedness owed to the Noteholders to August 1, 2017. There can be no assurance provided that the Notes will be extended as described above. Pursuant to the Second Forbearance Agreement, Sunshine had paid to the Noteholders all installment of interest due on the Notes on August 1, 2016 in the amount of US$10 million.

The Company is required to pay to the holders 10% interest on the outstanding Notes on August 1, 2016, and a yield maintenance premium of 7.298% of the aggregate principal amount of Notes. The Company may redeem the Notes at any time before August 1, 2016, under the optional redemption section of the Note Indenture. The optional redemption schedule requires the Company to pay a percentage of the principal amount of the Note. The percentage ranges from 100.000% at August 31, 2015 and increases monthly to July 31, 2016, at which point the percentage is 106.615%. If the Company does not redeem before the maturity date of August 1, 2016, the Company upon maturity will only pay the 7.298% yield maintenance premium. At June 30, 2016, the optional redemption percentage, which is effectively an accrued yield maintenance premium, was 105.952% and accordingly the Company has recorded a yield maintenance premium based on this percentage. The total accrued liability for this premium is $15.5 million as at June 30, 2016 (December 31, 2015 - $6.2 million) and $9.3 million is recorded in the Condensed Interim Consolidated Statements of Operations and Comprehensive Loss for the six month period ended June 30, 2016 (year ended December 31, 2015 - $6.2 million).

The Notes contain various non-financial covenants which, among other things, restrict the Company with respect to certain capital expenditures and payments, making investments and loans, incurrence of additional debt and issuance of certain preferred stock, paying dividends, altering the nature of the business and undertaking certain corporate transactions. A reporting covenant also exists which requires standard reporting in line with a reporting issuer under Canadian Securities Legislation and includes timely reporting of material changes.

At June 30, 2016, the Company had incurred $8.8 million (US$6.8 million equivalent using the period end exchange rate) in liens during the ordinary course of business. There is a basket for permitted liens not to exceed US$5.0 million, but the Company was in excess of this US$5.0 million limit as at June 30, 2016. The Note Indenture also permits liens incurred in the ordinary course of business that are imposed by law. It is possible that the US$6.8 million in liens existing as at June 30, 2016 may be sheltered by one or both of these exceptions, but there is also a possibility that the Company is not in compliance with these exceptions as at June 30, 2016. In any event, no Event of Default (as defined in the Note Indenture) has occurred. From time to time, the Company receives liens or claims on accounts payable balances. The Company continues to work toward resolution of any liens or claims.

The Note Indenture allows the Company to incur additional indebtedness in an aggregate principal amount not to exceed US$5.0 million (the “Permitted Debt”). The Company had asked for consent from a majority note holders, effective as of April 14, 2016, to amend the Note Indenture to increase the amount of Permitted Debt from US$5.0 million to US$15.0 million. A majority of the Note holders agreed to this amendment as of May 11, 2016. As of June 30, 2016, the Company had incurred unsecured debt for a total of US$5.3 million (CDN$6.9 million equivalent) which is considered Permitted Debt.

The Notes are translated into Canadian dollars at the period end exchange rate of $1US = 1.3009CDN.

11. Provisions

		June 30, 2016		December 31, 2015
Decommissioning obligations (Note 11.1)	$	56,295	$	51,656
Contract provision (Note 11.2)		3,566		3,492
	$	59,861	$	55,148
Presented as:				
Provisions (current)	$	3,566	$	3,492
Provisions (non-current)	$	56,295	$	51,656

11.1 Decommissioning obligations

As at June 30, 2016, the Company's share of the estimated total undiscounted cash flows required to settle asset decommissioning obligations was $80.1 million (December 31, 2015 - $81.8 million). Expenditures to settle asset decommissioning obligations are estimated to be incurred up to 2112. Decommissioning costs are based on estimated costs to reclaim and abandon crude oil properties and the estimated timing of the costs to be incurred in future years, discounted using an annual risk-free rate between 0.53% to 1.86% per annum and inflated using an inflation rate of 2.0% per annum.

		June 30, 2016		December 31, 2015
Balance, beginning of period	$	51,656	$	49,484
Effect of changes in discount rate		4,129		1,117
Unwinding of discount rate		510		1,055
	$	56,295	$	51,656
Current portion		-		-
Balance, end of period	$	56,295	$	51,656

11.2 Contract provision

As at June 30, 2016, the Company had fully recognized a liability provision related to obligations under a drilling rig contract of $6.8 million (December 31, 2015 - $6.6 million). The $6.8 million represents the maximum obligation required if the drilling rig is not utilized over the remaining term of the contract, which ends in the fourth quarter of 2016. At June 30, 2016, this obligation is broken into a $2.6 million payable and a $3.6 million provision (December 31, 2015 - $3.1 million payable and $3.5 million provision). For the three and six month period ended June 30, 2016, the Company paid $0.6 million against the obligation. Based on current market conditions and low utilization rates for drilling rigs, management concluded the future benefits of the contract are not currently quantifiable to offset its obligations under the contract. In future periods, if the drilling rig is utilized the provision will be adjusted accordingly.

12. Income taxes

12.1 Deferred tax balances

The components of the net deferred income tax asset are as follows:

		June 30, 2016		December 31, 2015
Deferred tax assets (liabilities)				
Exploration and evaluation assets and property, plant and equipment	$	(110,792)	$	(94,478)
Decommissioning liabilities		15,200		13,947
Share issue costs		4,306		6,790
Non-capital losses		219,771		194,902
Deferred tax benefits not recognized		(128,485)		(121,161)
	$	-	$	-

12.2 Tax pools

The following is a summary of the Company's estimated tax pools:

		June 30, 2016		December 31, 2015
Canadian development expense	$	38,687	$	42,888
Canadian exploration expense		230,913		230,899
Undepreciated capital cost		282,665		318,168
Non-capital losses		813,968		721,858
Share issue costs		15,949		25,149
	$	1,382,182	$	1,338,962

The Company's non-capital losses of $813,968 (December 31, 2015 - $721,858), expire between 2028 and 2036.

13. Share capital

The Company's authorized share capital is as follows:

- an unlimited number of Class "A" and Class "B" voting common shares without par value; and,
- an unlimited number of Class "C", Class "D", Class "E" and Class "F" non-voting common shares without par value; and,
- an unlimited number of Class "G" and Class "H" non-voting preferred shares.

Issued Capital

		June 30, 2016		December 31, 2015
Common shares	$	1,189,708	$	1,174,987

13.1 Common shares

	June 30, 2016		December 31, 2015	
	Number of shares	$	Number of shares	$
Balance, beginning of period	4,230,264,104	1,174,987	3,896,103,191	1,139,022
Private placements – general mandate	147,105,000	8,194	215,037,000	21,214
Private placements – specific mandate	53,333,333	6,624	111,214,210	14,073
Issue of shares under employee share savings plan	-	-	6,834,537	711
Issue of shares under share option plan	-	-	1,075,166	108
Share option reserve transferred on exercise of stock options	-	-	-	55
Share issue costs, net of deferred tax ($Nil)	-	(97)	-	(196)
Balance, end of period	4,430,702,437	1,189,708	4,230,264,104	1,174,987

Common shares consist of fully paid Class "A" and Class "B" common shares, which have no par value, carry one vote per share and carry a right to dividends.

General mandate

On March 15, 2016, the Company entered into a subscription agreement (the "Subscription Agreement") with Bright Hope Global Investments Limited ("Bright Hope Global") under which Bright Hope Global agreed to subscribe for a total of 558,823,500 Class "A" Common Voting Shares of the Company ("Common Shares") at a price of HK$0.34 per Common Share or approximately CDN$0.055 per Common Share, which in the aggregate amounts to gross proceeds of HK$189,999,990 (approximately CDN$30,902,347) (the "Placement").

Completion of the Placement is subject to the fulfillment (or waiver) of certain regulatory conditions, which have been met.

Completion of the Placement would have to take place on or before May 14, 2016 (or such other date as the Company may choose) (the "Closing Date"). In the event that (i) the Company suffers a material adverse change in the management, business, properties, financial condition, prospects, shareholders' equity or results of operation of the Company shall have occurred or been announced since the date of the Subscription Agreement; or (ii) any adverse change in the oil price and/or general market conditions and/or the share price of the Company takes place after the date of the Subscription Agreement, the Subscription Agreement may be terminated by the Subscriber by written notice, and in which case, the obligations of the Company and the Subscriber under the Subscription Agreement shall immediately and unconditionally cease and be null and void. There can be no assurance that the Placement will close as described.

On April 27, 2016, the Company completed the closing of 88,234,000 Common Shares at a price of HK$0.34 per Common Share (approximately CDN$0.055 per Common Share). Upon the Partial Closing, the Company received total gross proceeds of HK$29,999,560 (approximately CDN$4.9 million). In addition, an introduction fee of HK$599,991 (approximately CDN$0.1 million) being 2% of the gross proceeds of the Partial Closing, has been incurred in relation to the Partial Closing. The remaining 470,589,500 Common Shares (HK$160,000,430 or CDN$26.0 million) subscribed for by Bright Hope Global Investments Limited to be closed in one or more remaining tranches, with the last tranche closing no later than May 14, 2016.

13. Share capital (Continued)

On May 16, 2016, the Company announced an extension of the remaining 470,589,500 Common Shares (HK$160,000,430 or CDN$26.0 million) subscribed for by Bright Hope Global Investments Limited to be closed in one or more remaining tranches, with the last tranche closing no later than June 30, 2016.

On June 22, 2016, the Company completed the closing of 58,871,000 Common Shares at a price of HK$0.34 per Common Share (approximately CDN$0.056 per Common Share). Upon the Partial Closing, the Company received total gross proceeds of HK$20,016,140 (approximately CDN$3.3 million). In addition, an introduction fee of HK$400,323 (approximately CDN$0.1 million) being 2% of the gross proceeds of the Partial Closing, has been incurred in relation to the Partial Closing. The remaining 411,718,500 Common Shares (HK$139,984,290 or CDN$23.1 million) subscribed for by Bright Hope Global Investments Limited to be closed in one or more remaining tranches, with the last tranche closing no later than June 30, 2016.

On July 4, 2016, the Company announced an extension of the remaining 411,718,500 Common shares (HK$139,984,290 or CDN$23.1 million) subscribed for by Bright Hope Global Investments Limited to be closed in one or more remaining tranches, with the last tranche closing no later than August 31, 2016.

Specific mandate

On May 2, 2016, the Board of Directors, having taken into account the current market conditions, consented to a further extension of the closing date for the remaining 413,520,000 Common Shares (HK$310,140,000 or approximately CDN$53.5 million) subscribed by Prime Union (original subscription agreement was May 31, 2015) to August 2,2016 from May 2, 2016. The remaining subscribed Common Shares can be closed in one or more tranches with the last tranche closing no later than August 2, 2016. Prime Union is a company directly wholly owned by Mr. Kwok Ping Sun who is a substantial shareholder and the Executive Chairman of the Company.

On June 3, 2016, the Company completed the closing of 13,333,333 Common Shares at a price of HK$0.75 per Common Share (approximately CDN$0.126 per Common Share). Upon the Partial Closing, the Company received total gross proceeds of HK$10,000,000 (approximately CDN$1.68 million). The remaining 400,186,667 Common Shares (HK$300,140,000 or CDN $50.5 million) subscribed for by Prime Union will be closed in one or more tranches with the last tranche closing no later than August 2, 2016.

On June 23, 2016, the Company completed the closing of 40,000,000 Common Shares at a price of HK$0.75 per Common Share (approximately CDN$0.124 per Common Share). Upon the Partial Closing, the Company received total gross proceeds of HK$30,000,000 (approximately CDN$4.96 million). The remaining 360,186,667 Common Shares (HK$270,140,000 or approximately CDN $44.6 million) subscribed for by Prime Union, which will be closed in one or more tranches with the last tranche closing no later than August 2, 2016.

On August 3, 2016, the Company announced an extension of the remaining 111,786,667 Common shares (HK$83,840,000 or CDN$14.1 million) subscribed for by Prime Union Limited to be closed in one or more remaining tranches, with the last tranche closing no later than December 1, 2016. Prime Union had advised Sunshine that it has been working diligently to obtain the regulatory approvals but requires additional time due to the complexity of applicable regulatory requirements. Prime Union had also confirmed to Sunshine that it has the funds necessary to complete the subscription.

Post-IPO stock option plan

The Company did not have any stock options exercised for the six month period ended June 30, 2016. During the year ended December 31, 2015, the Company issued 1,075,166 Class “A” common shares, from the exercise of 1,075,166 stock options at a weighted average price of $0.10 per share for cash proceeds of $0.1 million.

13.2 Share purchase warrants

	June 30, 2016		December 31, 2015	
	Number of warrants	Weighted average exercise price $	Number of warrants	Weighted average exercise price $
Balance, beginning of period	132,910,941	0.34	211,230,941	0.28
Expired	(132,910,941)	0.34	(78,320,000)	0.34
Balance, end of period	-	-	132,910,941	0.34
Exercisable, end of period	-	-	132,910,941	0.34

During the six month period ended June 30, 2016, 132,910,941 remaining share purchase warrants expired. As at June 30, 2016, the share purchase warrants outstanding had a weighted average remaining contractual life of Nil years (December 31, 2015 – 0.12 years).

The table below details the fair value of warrants during the periods noted:

	June 30, 2016	December 31, 2015
Balance, beginning of period	$ 3	$ 382
Fair value adjustment	(3)	(379)
Balance, end of period	$ -	$ 3

14. Share-based compensation

14.1 Movements in stock options

The following reconciles the stock options outstanding at the beginning and end of each period:

	Six months ended June 30, 2016		Year ended December 31, 2015	
	Number of options	Weighted average exercise price $	Number of options	Weighted average exercise price $
Balance, beginning of period	95,554,786	0.31	135,727,289	0.30
Granted	2,476,232	0.06	9,065,387	0.12
Exercised	-	-	(1,075,166)	0.10
Forfeited	(5,165,145)	0.28	(20,121,953)	0.20
Expired	(5,562,792)	0.34	(28,040,771)	0.28
Balance, end of period	87,303,081	0.30	95,554,786	0.31
Exercisable, end of period	67,858,662	0.35	71,686,715	0.35

As at June 30, 2016, stock options outstanding had a weighted average remaining contractual life of 2.5 years (December 31, 2015 – 2.9 years).

The table below details the input variables used in the Black-Scholes model to determine the fair value of options granted in the year for share-based compensation:

Input Variables	Six months ended June 30,2016	Year Ended December 31, 2015
Grant date share price ($)	0.064	0.10-0.14
Exercise Price ($)	0.064	0.10-0.14
Expected volatility (%)	66.36	67.01-73.99
Option life (years)	4.07	4.10-4.11
Dividend yield (%)	-	-
Risk-free interest rate (%)	0.70	0.68-0.90
Expected forfeitures (%)	13.39	11.01-11.51

14.2 Share-based compensation

Share-based compensation has been recorded in the condensed interim consolidated financial statements for the periods presented as follows:

	Three months ended June 30, 2016			Three months ended June 30, 2015		
	Expensed	Capitalized	Total	Expensed	Capitalized	Total
Stock options	$ (318)	$ 42	$ (276)	$ 528	$ 372	$ 900

	Six months ended June 30, 2016			Six months ended June 30, 2015		
	Expensed	Capitalized	Total	Expensed	Capitalized	Total
Stock options	$ (157)	$ 133	$ (24)	$ 954	$ 635	$ 1,589

15. Finance costs

	For the three months ended June 30,		For the six months ended June 30,	
	2016	2015	2016	2015
Interest expense on senior notes	$ 6,374	$ 6,147	$ 12,614	$ 12,352
Interest expense on shareholder's loan	99	-	136	-
Amortization of financing transaction costs and discount	3,419	3,549	7,084	6,225
Redemption/yield maintenance premium	4,894	(45)	9,241	(45)
Financing related costs/(recovery)	379	(3)	428	-
Unwinding of discounts on provisions	250	243	510	513
	$ 15,415	$ 9,891	$ 30,013	$ 19,045

16. Loss per share

The weighted average number for basic Class "A" common shares for the periods presented is in the following table. Other than Class "A" common shares, all equity instruments have been excluded in calculating the diluted loss per share as they were anti-dilutive, considering the Company was in a loss position for the periods presented.

	For the three months ended June 30,		For the six months ended June 30,	
	2016	2015	2016	2015
Basic and Diluted – Class "A" common shares	4,305,613,719	3,900,059,091	4,267,938,912	3,898,550,986

17. Financial instruments

17.1 Capital risk management

The Company can be exposed to financial risks on its financial instruments and in the way that it finances its capital requirements. The Company manages these financial and capital structure risks by operating in a manner that minimizes its exposure to volatility.

The Company's strategy is to access sufficient capital, through equity issuances, joint ventures and the utilization of debt, in order to maintain a capital base for the objectives of maintaining financial flexibility and to sustain the future development of the business. The Company manages its capital structure in order to continue as a going concern and makes adjustments relative to changes in economic conditions and the Company's risk profile. In order to manage risk, the Company may from time to time issue shares and adjust its capital spending to manage current working capital

17.1 Capital risk management (Continued)

levels. The Company expects its current capital resources will not be sufficient to complete its development plans through the next twelve months and will be required to raise additional funds through future equity or debt financings, a joint venture or a sale of assets. The Company's ability to continue as a going concern is dependent on achieving profitable operations and the ability to refinance current debt and access immediate additional financing.

The Company's capital structure currently includes shareholders' equity and working capital deficiency as follows:

		June 30, 2016		December 31, 2015
Working capital deficiency	$	311,024	$	286,121
Shareholders' equity		595,286		604,098
	$	906,310	$	890,219

The working capital deficiency of $311.0 million at June 30, 2016 (December 31, 2015 – $286.1 million), includes the $258.7 million (December 31, 2015 - $266.3 million) current portion of the Notes and $6.9 million (December 31, 2015-Nil) director's loan. There was no change in the Company's objectives and strategies of capital management for the six month period ended June 30, 2016.

17.2 Categories of financial instruments

	June 30, 2016		December 31, 2015	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Cash, restricted cash and cash equivalents, deposits and other receivables	$ 11,776	$ 11,776	$ 30,788	$ 30,788
Financial liabilities				
Other liabilities	54,096	54,096	47,611	47,611
Share purchase warrants (Note 13.2)	-	-	3	3
Long-term debt (current portion)	258,697	252,931	266,321	228,025
Shareholder Loan (Note 18.1)	6,941	6,941	-	-

17.3 Fair value of financial instruments

Level 1 fair value measurements are based on quoted prices in active markets. Level 2 fair value measurements are based on valuation models and techniques where the significant inputs are derived from quoted prices or indices. Level 3 fair value measurements are based on unobservable information.

The fair value of cash, restricted cash and cash equivalents, deposits, trade and other receivables, trade and accrued liabilities and the shareholder loan approximate their carrying values due to their short term maturity and were assessed on a level 1 fair value measurement.

The fair value of share purchase warrants and long term debt have been assessed on a level 2 fair value measurement.

17.4 Financial risk management

Financial risks include market risk (including currency risk, interest rate risk, and price risk), credit risk, liquidity risk and cash flow interest rate risk. The Company does not use any derivative financial instruments to mitigate these risk exposures. The Company does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

17.5 Market risk

Market risk is the risk that changes in market prices will affect the Company's net loss. The objective of market risk management is to manage and control market risk exposures within acceptable limits. There have been no changes over the prior year to the Company's objectives, policies or processes to manage market risks.

17.5 Market risk (Continued)

Commodity price risk is the risk that the value of future cash flows will fluctuate as a result of changes in commodity prices. Commodity prices for petroleum are impacted by world economic events that dictate the levels of supply and demand. The Company has not attempted to mitigate commodity price risk through the use of various financial derivative or physical delivery sales contracts.

17.6 Currency risk

The Company is exposed to risks arising from fluctuations in foreign currency exchange rates. Thus, exchange rate fluctuations can affect the fair value of future cash flows. This exposure primarily relates to certain expenditure commitments, deposits, accounts payable and long term debt which are denominated in US dollars and/or HK dollars. The Company manages this risk by monitoring foreign exchange rates and evaluating their effects on using Canadian or U.S. vendors as well as timing of transactions. The Company had no forward exchange rate contracts in place as at or during the three and six month periods ended June 30, 2016. If exchange rates to convert from US dollars to Canadian dollars had been one percent higher or lower with all other variables held constant, foreign cash and restricted cash held at June 30, 2016 would have been impacted by $Nil and the carrying value of the long term debt at June 30, 2016 would have been impacted by approximately $2.5 million. At June 30, 2016, the Company held approximately US $Nil of restricted cash and US$0.1 million or $0.2 million of cash, using the June 30, 2016 exchange rate of 1.3009, as cash, restricted cash and cash equivalents in the Company's US bank account.

For Hong Kong dollar amounts, exchange rates to convert from HK dollars to Canadian dollars had been one percent higher or lower with all other variables held constant, foreign cash held at June 30, 2016 would have been impacted by HK$0.1 million. At June 30, 2016, the Company held approximately HK$11.1million or $1.8 million using the June 30, 2016 exchange rate of 5.9645, as cash in the Company's HK$ bank account.

The following table summarizes the components of the Company's foreign exchange (gains)/losses:

	For the three months ended June 30,		For the six months ended June 30,	
	2016	**2015**	**2016**	**2015**
Unrealized foreign exchange loss (gain) on translation of:				
U.S. denominated senior secured notes	$ 1,733	$ (3,920)	$ (14,569)	$ 16,378
H.K. denominated shareholder loan	39	-	(335)	-
Foreign currency denominated cash balances	138	758	101	(4,254)
Foreign currency denominated accounts payable balances	134	2	196	43
	2,044	(3,160)	(14,607)	12,167
Realized foreign exchange loss (gain)	(6)	10	557	1,190
Total foreign exchange loss (gain)	$ 2,038	$ (3,150)	$ (14,050)	$ 13,357

17.7 Interest rate risk management

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. As at June 30, 2016, the Company does not have any floating rate debt.

The Company's cash consists of cash held in bank accounts that earn interest at varying interest rates. Future cash flows from interest income on cash will be affected by interest rate fluctuations. Due to the short-term nature of these financial instruments, fluctuations in market rates do not have a significant impact on estimated fair values or result in material interest rate risk. The Company manages interest rate risk by maintaining an investment policy that focuses primarily on preservation of capital and liquidity. For the three and six month periods ended June 30, 2016, the interest rate earned on cash was between 0.1% and 1.55%.

17.8 Credit risk management

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's cash, deposits and receivables and GST receivables. As at June 30, 2016, the Company's receivables consisted of 4% from Goods and Services Tax receivable, 76% joint interest billing receivable and 20% from other receivables (December 31, 2015 – 45% from Goods and Services Tax receivable, 39% from joint interest billing receivable and 16% from other receivables).

The Company's unrestricted cash as at June 30, 2016, is held in accounts with third party financial institutions and consists of invested cash and cash in the Company's operating accounts.

At June 30, 2016, there was no allowance for doubtful accounts receivable and the Company did not provide for any doubtful accounts nor was it required to write-off any receivables, as no receivables were considered impaired (December 31, 2015 - $Nil). The Company considers any amounts outstanding in excess of 30 days past due.

17.9 Liquidity risk management

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's approach to managing liquidity risk is to plan that it will have sufficient liquidity to meet its liabilities when due, using either equity or debt proceeds. At June 30, 2016, the Company had negative working capital of $311.0 million and an accumulated deficit of $657.3 million. The Company's ability to continue as a going concern is dependent on achieving profitable operations and the ability to refinance current debt and access additional financing.

The Company utilizes authorizations for expenditures to manage its planned capital expenditures and actual expenditures are regularly monitored and modified as considered necessary.

The timing of cash outflows (excluding interest) relating to financial liabilities as at June 30, 2016, are as follows:

	Total	Less than 90 days	Less than 1 year
Trade and accrued liabilities	$ 54,096	$ 54,096	$ -
Shareholder Loan	6,941	6,941	-
Debt[1]	258,697	258,697	-
	$ 319,734	$ 319,734	$ -

1. Principal amount of Notes based on the period end exchange rate of $1 US = 1.3009CDN

18. Related party transactions

Balances and transactions between the Company and its subsidiaries, who are related parties, have been eliminated on consolidation.

18.1 Trading transactions

The Company's Executive Chairman, Mr. Kwok Ping Sun, has purchased securities of the Company (Note 13.1), and he has also loaned the Company funds on an unsecured basis.

On January 19, 2016 the Company signed an unsecured loan agreement (the "Loan") with Tai Feng Investments Limited ("Tai Feng"). Tai Feng is 100% owned by Mr. Kwok Ping Sun, the Company's Executive Chairman. The Loan is considered Permitted Debt under the Company's Notes as long as it does not exceed US$5.0 million. The Loan has an interest rate of 6.0% per annum, can be drawn up to HK$38.0 million and requires repayment in full within six months from the date of the receipt of the Loan. The first loan balance at June 30, 2016 is HK$38.0 million (approximately $6.37 million).

A second loan agreement ("Second Loan") was signed effective April 14, 2016 with Tai Feng. This Second Loan has the same interest rate and repayment terms as the Loan, except it requires repayment in full within three months from the date of the receipt of the Loan. The Second Loan balance at June 30, 2016 is HK$3.4 million (approximately $0.57 million).

18.2 Compensation of key management personnel and directors

The remuneration of the directors and key management executives is determined by the Compensation Committee and consists of the following amounts:

	For the three months ended June 30, 2016	2015	For the six months ended June 30, 2016	2015
Directors' fees[1]	$ 166	$ (17)	$ 341	$ 163
Salaries and allowances	482	472	1,620	1,354
Share-based payments	21	245	100	480
	$ 669	$ 700	$ 2,061	$ 1,997

1. Refer to appendix A2 for additional director fees disclosure.

19. Operating lease arrangements

Payments recognised as an expense

	For the three months ended June 30, 2016	2015	For the six months ended June 30, 2016	2015
Minimum lease payments	$ 504	$ 383	$ 1,040	$ 950

20. Commitments and contingencies

As at June 30, 2016, the Company's commitments are as follows:

	Total	2016	2017	2018	2019	Thereafter
Repayment of long-term debt[1]	$ 260,180	260,180	-	-	-	-
Interest payments on long-term debt[2]	13,009	13,009	-	-	-	-
Redemption premium[3]	18,988	18,988	-	-	-	-
Shareholder loan	6,941	6,941	-	-	-	-
Drilling, other equipment and contracts	6,646	6,340	224	82	-	-
Lease rentals[4]	8,793	695	1,250	1,250	1,243	4,355
Office leases	7,634	1,516	2,893	2,580	645	-
	$ 322,191	307,669	4,367	3,912	1,888	4,355

1. Principal amount of Notes based on the period end exchange rate of $1US=1.3009CDN and a maturity date of August 1, 2016, as the conditions to extend to August 1, 2017, have not been satisfied.
2. Based on 10% per annum and a maturity date of August 1, 2016, at the period end exchange rate of $1US=1.3009CDN.
3. The redemption premium is based on the maximum premium paid if the Notes mature on August 1, 2016. This premium (Yield Maintenance Premium) percentage is 7.298% of the aggregate principal amount of the Notes outstanding on August 1, 2016. Using the period end exchange rate of $1US=1.3009 CDN this premium amounts to $18,988. At June 30, 2016, the Company had the option to redeem the Notes at 5.952% of the aggregate principal amount of the Notes outstanding which amounts to $15,486 using the period end exchange rate. The Company can redeem the Notes at any time up to the August 1, 2016 maturity date, following the optional redemption schedule set out in the Notes indenture.
4. The Company has an annual obligation for oil sands mineral lease rentals and surface lease rentals.

The Company has been named as a Defendant in Court of Queen's Bench of Alberta Judicial District of Calgary, commenced by a shareholder of the Company (the "Claimant") by Statement of Claim (the "Action") filed January 2, 2014. The Claimant alleges that, pursuant to a share subscription agreement entered into in January 2011, it is entitled to require the Company to repurchase 4,132,232 shares (prior to the 20:1 share split that occurred prior to the Company's IPO) of the Company that the Claimant acquired pursuant to the Share Subscription Agreement. This constitutes a claim for $40 million plus interest at 15% per annum since the date of the share subscription agreement. The Company's Statement of Defence was filed on April 2, 2014. The Claimant's application for summary judgment was heard on February 2 and 3, 2016. The summary judgment application was dismissed on February 3, 2016. No amounts have been accrued in the consolidated financial statements for the three month period ended June 30, 2016 as the ultimate resolution is undeterminable at this time. The Company will record a provision if it believes that the outcome of the contingency becomes probable and can be reasonably estimated.

In the normal conduct of operations, there are other pending claims by and against the Company. Litigation is subject to many uncertainties, and the outcome of individual matters is not predictable with assurance.

21. Supplemental cash flow disclosures

Non-cash transactions

For the three and six month periods ended June 30, 2016 and June 30, 2015, the Company had the following non-cash transactions:

- capitalized general and administrative costs including share-based compensation and finance costs (Notes 7 and 8).

	For the three months ended	June 30,	For the six months ended	June 30,
	2016	2015	2016	2015
Cash provided by (used in):				
Trade and other receivables	$ 177	$ 40	$ 835	$ (894)
Prepaid expenses and deposits	589	199	1,767	126
Trade and other payables	8,022	(5,860)	6,485	(3,584)
	$ 8,788	$ (5,621)	$ 9,087	$ (4,352)
Changes in non-cash working capital relating to:				
Operating activities				
Trade and other receivables	$ (46)	$ (27)	$ 70	$ (248)
Prepaid expenses and deposits	589	199	1,767	126
Trade and other payables	4,489	150	1,596	1,258
	$ 5,032	$ 322	$ 3,433	$ 1,136
Investing activities				
Exploration and evaluation	$ -	$ -	$ -	$ -
Property, plant and equipment	(4,089)	(12,090)	4,564	(6,625)
	$ (4,089)	$ (12,090)	$ 4,564	$ (6,625)
Financing activities				
Share issue costs and finance costs	$ 7,845	$ 6,147	$ 1,090	$ 1,137
	$ 8,788	$ (5,621)	$ 9,087	$ (4,352)

22. Subsequent events

On July 4, 2016, the Company announced an extension of the remaining 411,718,500 Common Shares (HK$139,984,290 or CDN$23.1 million) subscribed for by Bright Hope Global Investments Limited to be closed in one or more remaining tranches, with the last tranche closing no later than August 31, 2016.

On July 21, 2016, the Company completed the closing of 96,400,000 Common Shares (the "Partial Closing") at a price of HK$0.75 per Common Share (approximately CDN$0.126 per Common Share). Upon the Partial Closing, the Company has received total gross proceeds of HK$72,300,000 (approximately CDN$12.2 million). The HK$72.3 million was comprised of HK$30.0 million in cash and HK$42.3 million in repayment of the Loan and the Second Loan plus interest due at July 19, 2016.

On July 31, 2016, the Company completed the closing of 152,000,000 Common Shares (the "Second Partial Closing") at a price of HK$0.75 per Common Share (approximately CDN$0.126 per Common Share). Upon the Second Partial Closing, the Company has received total gross proceeds of HK$114,000,000 (approximately CDN$19.2 million). The remaining 111,786,667 Common Shares (HK$83,840,000 or CDN$14.09 million) subscribed for by Prime Union will be closed in one or more tranches.

On August 3, 2016, the Company announced an extension past August 2, 2016, for the remaining 111,786,667 Common shares (HK$83,840,000 or CDN$14.1 million) subscribed for by Prime Union Limited to be closed in one or more remaining tranches, with the last tranche closing no later than December 1, 2016. Prime Union had advised Sunshine that it has been working diligently to obtain the regulatory approvals but requires additional time due to the complexity

22. Subsequent events (Continued)

of applicable regulatory requirements. Prime Union had also confirmed to Sunshine that it has the funds necessary to complete the subscription.

The Company entered into a forbearance agreement with all of the Noteholders of the Notes (the "Noteholders") maturing on August 1, 2016. On August 11, 2016, the Company had entered into a further forbearance agreement (the "Second Forbearance Agreement") with all of Noteholders. Pursuant to the Second Forbearance Agreement, each of the Noteholders has agreed not to enforce its rights in respect of the Notes prior to 2:00 p.m. (New York time) on August 15, 2016, subject to certain restrictions, in order to provide the Corporation and the Noteholders with additional time to finalize definitive documentation effecting, among other things, entering into a term loan facility that extends the maturity date of the indebtedness owed to the Noteholders to August 1, 2017. There can be no assurance provided that the Notes will be extended as described above. Pursuant to the Second Forbearance Agreement, Sunshine has paid to the Noteholders all installment of interest due on the Notes on August 1, 2016 in the amount of US$10 million.

23. Approval of consolidated financial statements

The condensed interim consolidated financial statements were approved by the Board of Directors and authorized for issue on August 11, 2016.

Appendix to the condensed interim consolidated financial statements (Unaudited)

Additional Stock Exchange Information

Additional information required by the SEHK and not shown elsewhere in these condensed interim consolidated financial statements is as follows:

A1. Sunshine Oilsands Ltd. Non-Consolidated Statement of Financial Position

The Company's statement of financial position is on a non-consolidated basis which excludes the Company's wholly owned subsidiaries Sunshine Hong Kong and Boxian.

	June 30, 2016	December 31, 2015
Non-current assets		
Property, plant and equipment	$ 670,178	$ 650,929
Exploration and evaluation assets	292,427	290,945
Amounts due from subsidiary	3,762	3,650
	966,367	945,524
Current assets		
Trade and other receivables	1,418	2,253
Prepaid expenses and deposits	6,352	8,119
Cash	4,253	5,559
Restricted cash and cash equivalents	-	14,389
	12,023	30,320
Current liabilities		
Trade and other payables	54,079	47,575
Provisions	3,566	3,492
Share purchase warrants	-	3
Amount due to subsidiary	3,031	2,692
Debt	258,697	266,321
Shareholder loan	6,941	-
	326,314	320,083
Net current assets	(314,291)	(289,763)
Total assets less current liabilities	652,076	655,761
Non-current liabilities		
Provisions	56,295	51,656
Net assets	$ 595,781	$ 604,105
Capital and reserves		
Share capital	$ 1,189,708	$ 1,174,987
Reserve for share-based compensation	62,886	62,910
Deficit	(656,813)	(633,792)
	$ 595,781	$ 604,105

A2. Directors' emoluments and other staff costs

The Directors' emoluments and other staff costs are broken down as follows:

	For the three months ended June 30, 2016	For the three months ended June 30, 2015	For the six months ended June 30, 2016	For the six months ended June 30, 2015
Directors' emoluments				
Directors' fees	$ 166	$ (17)	$ 341	$ 163
Salaries and allowances	540	236	1,455	875
Share-based payments	21	176	85	346
	727	395	1,881	1,384
Other staff costs				
Salaries and other benefits	1,493	3,258	2,955	6,393
Contribution to retirement benefit scheme	35	60	193	252
Share-based payments	(298)	724	(110)	1,243
	1,230	4,042	3,038	7,888
Total staff costs, including directors' emoluments	1,957	4,437	4,919	9,272
Less: staff costs capitalized to qualifying assets	667	1,722	1,534	3,381
	$ 1,290	$ 2,715	$ 3,385	$ 5,891

A3. Directors' emoluments

Details of the Directors' emoluments are as follows:

For the three months ended June 30, 2016						
Name of Director	Directors' fees	Salaries and allowances	Contribution to retirement benefits scheme	Share-based compensation	Performance related incentive payments	Total
Kwok Ping Sun	$ 20	$ -	$ -	$ -	$ -	$ 20
Michael Hibberd	20	-	-	30	-	50
Hong Luo	13	132		6		151
Qi Jiang	13	144		21		178
Qiping Men	-	126		8		134
Tseung Hok Ming	14			(28)		(14)
Jianzong Chen	10	-	-	-	-	10
Jimmy Hu	11	-	-	-	-	11
Zhefei Song	15	-	-	-	-	15
Robert Herdman	19	-	-	(28)	-	(9)
Gerald Stevenson	15	-	-	2	-	17
Raymond Fong	16	-	-	2	-	18
Yi He	-	-	-	-	-	-
Joanne Yan	-	-	-	-	-	-
Xijuan Jiang	-	-	-	-	-	-
	$ 166	402	$ -	$ 13	$ -	$ 581

1. For the period ended June 30, 2016, no options have been granted to Directors.

A3. Directors' emoluments (Continued)

For the three months ended June 30, 2015						
Name of Director	Directors' fees	Salaries and allowances	Contribution to retirement benefits scheme	Share-based compensation	Performance related incentive payments	Total
Michael Hibberd	$ 25	$ 111	$ -	$ 77	$ -	$ 213
Tseung Hok Ming	15	-	-	6	-	21
Tingan Liu[1]	(197)	-	-	-	-	(197)
Haotian Li	12	-	-	6	-	18
Raymond Fong	17	-	-	6	-	23
Robert Herdman	21	-	-	6	-	27
Gerald Stevenson	22	-	-	6	-	28
Jimmy Hu	11	-	-	-	-	11
Zhefei Song	17	-	-	-	-	17
Hong Luo	17	-	-	16	-	33
Qi Jiang	17	126	-	53	-	196
Kwok Ping Sun	6	-	-	-	-	6
	$ (17)	$ 237	$ -	$ 176	$ -	$ 396

For the six months ended June 30, 2016						
Name of Director	Directors' fees	Salaries and allowances	Contribution to retirement benefits scheme	Share-based compensation	Performance related incentive payments	Total
Kwok Ping Sun	$ 38	$ -	$ -	$ -	$ -	$ 38
Michael Hibberd	40	-	-	59	-	99
Hong Luo	26	268	-	13	-	307
Qi Jiang	31	923	-	41	-	995
Qiping Men	-	264	-	16	-	280
Tseung Hok Ming	26	-	-	(26)	-	-
Jianzong Chen	20	-	-	-	-	20
Jimmy Hu	22	-	-	-	-	22
Zhefei Song	30	-	-	-	-	30
Robert Herdman	38	-	-	(26)	-	12
Gerald Stevenson	35	-	-	4	-	39
Raymond Fong	35	-	-	4	-	39
Yi He	-	-	-	-	-	-
Joanne Yan	-	-	-	-	-	-
Xijuan Jiang	-	-	-	-	-	-
	$ 341	$ 1,455	$ -	$ 85	$ -	$ 1,881

A3. Directors' emoluments (Continued)

For the six months ended June 30, 2015						
Name of Director	Directors' fees	Salaries and allowances	Contribution to retirement benefits scheme	Share-based compensation	Performance related incentive payments	Total
Michael Hibberd	$ 45	$ 223	$ -	$ 152	$ -	$ 420
Tseung Hok Ming	30	-	-	12	-	42
Tingan Liu[1]	(178)	-	-	-	-	(178)
Haotian Li	24	-	-	12	-	36
Raymond Fong	36	-	-	12	-	48
Robert Herdman	41	-	-	12	-	53
Gerald Stevenson	41	-	-	12	-	53
Jimmy Hu	24	-	-	-	-	24
Zhefei Song	31	-	-	-	-	31
Hong Luo	30	-	-	31	-	61
Qi Jiang	33	652	-	103	-	788
Kwok Ping Sun	6	-	-	-	-	6
	$ 163	$ 875	$ -	$ 346	$ -	$ 1,384

1. Upon receipt of a waiver from Mr. Liu, all prior period director entitlement accruals were reversed.

A4. Five highest paid individuals

The five highest paid individuals were within the following emolument bands:

	For the three months ended June 30,		For the six months ended June 30,	
	2016	2015	2016	2015
HK$ nil to HK$1,000,000	4	3	1	-
HK$1,000,001 to HK$1,500,000	1	2	1	3
HK$1,500,001 to HK$2,000,000	-	-	2	-
HK$2,000,001 to HK$2,500,000	-	-	-	-
HK$2,500,001 to HK$3,000,000	-	-	-	1
HK$3,000,001 to HK$3,500,000	-	-	-	-
HK$3,500,001 to HK$4,000,000	-	-	-	-
HK$4,000,001 to HK$4,500,000	-	-	-	-
HK$4,500,001 to HK$5,000,000	-	-	-	1
HK$5,000,001 to HK$5,500,000	-	-	-	-
HK$5,500,001 to HK$6,000,000	-	-	1	-
HK$6,000,001 to HK$6,500,000	-	-	-	-
HK$6,500,001 to HK$7,000,000	-	-	-	-
> HK$7,000,000	-	-	-	-

For the three and six month periods ended June 30, 2016, respectively, the conversion factor used in the above table is 1C$ = 6.02 HK$ and 1C$ = 5.84 HK$ (three and six month periods ended June 30, 2015 – 1C$ = 6.31 HK$ and 1C$ = 6.28 HK$, respectively)

A4. Five highest paid individuals (Continued)

The five highest paid individuals includes four directors of the Company and one key management executives of the Company for the three and six month periods ended June 30, 2016 (three and six month periods ended June 30, 2015– two directors and three officers). Since the directors' emoluments are disclosed above, the compensation of the one key management executives for the Company is as follows:

	For the three months ended June 30, 2016	For the three months ended June 30, 2015	For the six months ended June 30, 2016	For the six months ended June 30, 2015
Salaries and other benefits	$ 80	$ 236	$ 165	$ 474
Contributions to retirement benefits scheme	-	-	-	5
Share-based payments	8	69	15	134
	$ 88	$ 305	$ 180	$ 613

A5. Senior management remuneration by band

The emoluments fell within the following bands:

	For the three months ended June 30, 2016	For the three months ended June 30, 2015	For the six months ended June 30, 2016	For the six months ended June 30, 2015
HK$ nil to HK$1,000,000	4	6	1	3
HK$1,000,001 to HK$1,500,000	1	2	1	3
HK$1,500,001 to HK$2,000,000	-	-	2	-
HK$2,000,001 to HK$2,500,000	-	-	-	-
HK$2,500,001 to HK$3,000,000	-	-	-	1
HK$3,000,001 to HK$3,500,000	-	-	-	-
HK$3,500,001 to HK$4,000,000	-	-	-	-
HK$4,000,001 to HK$4,500,000	-	-	-	-
HK$4,500,001 to HK$5,000,000	-	-	-	-
HK$5,000,001 to HK$5,500,000	-	-	-	-
HK$5,500,001 to HK$6,000,000	-	-	1	-
HK$6,000,001 to HK$6,500,000	-	-	-	-
HK$6,500,001 to HK$7,000,000	-	-	-	-
> HK$7,000,000	-	-	-	-

The table above includes the remuneration for the executive directors and executive officers of the Company. As at June 30, 2016, $0.7 million (2015 - $0.6 million) was the total payable to five members (2015- five members) of senior management and included in trade and accrued liabilities.