Management's Discussion and Analysis

This Management's Discussion and Analysis ("MD&A") of the financial condition and performance of Sunshine Oilsands Ltd. ("Sunshine" or the "Company"*) for the three and nine month periods ended September 30, 2014 is dated* November 13, 2014*. This MD&A should be read in conjunction with the Company's unaudited condensed interim consolidated financial statements and notes thereto for the period ended September 30, 2014 and with the audited consolidated financial statements and notes thereto for the year ended December 31, 2013. All amounts and tabular amounts are stated in thousands of Canadian dollars unless indicated otherwise.*

Forward-Looking Information

Certain statements in this MD&A are forward-looking statements that are, by their nature, subject to significant risks and uncertainties and the Company hereby cautions investors about important factors that could cause the Company's actual results to differ materially from those projected in a forward-looking statement. Any statements that express, or involve discussions as to expectations, beliefs, plans, objectives, assumptions or future events or performance (often, but not always, through the use of words or phrases such as "will", "expect", "anticipate", "estimate", "believe", "going forward", "ought to", "may", "seek", "should", "intend", "plan", "projection", "could", "vision", "goals", "objective", "target", "schedules" and "outlook") are not historical facts, are forward-looking and may involve estimates and assumptions and are subject to risks (including the risk factors detailed in this MD&A), uncertainties and other factors some of which are beyond the Company's control and which are difficult to predict. Accordingly, these factors could cause actual results or outcomes to differ materially from those expressed in the forward-looking statements.

Since actual results or outcomes could differ materially from those expressed in any forward-looking statements, the Company strongly cautions investors against placing undue reliance on any such forward-looking statements. Statements relating to "reserves" or "resources" are deemed to be forward-looking statements, as they involve the implied assessment, based on estimates and assumptions that the resources and reserves described can be profitably produced in the future. Further, any forward-looking statement speaks only as of the date on which such statement is made and the Company undertakes no obligation to update any forward-looking statement or statements to reflect events or circumstances after the date on which such statement is made or to reflect the occurrence of unanticipated events.

All forward-looking statements in this MD&A are expressly qualified by reference to this cautionary statement.

Overview

Sunshine is a major holder and a developer of Athabasca region oil sands resources with significant commercial development potential. The Athabasca region is the most prolific oil sands region in the Province of Alberta, Canada. Canada's oil sands represent the largest oil resource found in a stable political environment located in the western hemisphere and the third largest oil resource in the world, with an estimated 169 billion barrels of recoverable resource. Canadian oil sands represent the largest single source of supply of oil imported into the United States.

The Company's focus is on evaluating and developing its oil sands assets with the first significant project targeting an initial production rate of 10,000 barrels per day at West Ells (the "Project"). Phase 1 of West Ells is designed for 5,000 barrels per day while Phase 2 will add an additional 5,000 barrels per day. Substantial engineering, procurement and construction activity occurred for West Ells during 2012 and in the first half of 2013. Construction activities were suspended in August 2013 pending receipt of additional financing and re-commenced after closing of an issuance of US$200 million of senior secured notes in August of 2014. Sunshine maintained staff at site during the suspension to continue with reduced work activities and to ensure safety of the worksite.

On August 6, 2013, the Company announced that the Board of Directors had directed management of the Company to commence a strategic review process to identify, examine and consider a range of strategic alternatives available to Sunshine, in order to progress its oil sands development strategy and to preserve and maximize shareholder value. This process has been completed and the following transactions were closed:

Overview (continued)

- From December, 2013, to February, 2014 the Company closed private placement Unit offerings totaling 288,042,193 Units at a price of HK$ 1.70 per Unit (approximately C$0.24/Unit) for total gross proceeds of HK$ 489,671,728 (approximately C$ 68.7 million). Each Unit consisted of one Class “A” common share and one-third of one share purchase warrant. This resulted in an issuance of 288,042,193 Class “A” common shares and 211,230,941 share purchase warrants.

- The Company closed a private placement offering of Class “A” common share in June, 2014, for a total of 640,000,000 Class “A” common shares at a price of HK$ 0.85 per share (approximately C$0.12 per share) for gross proceeds of HK$ 544.0 million or approximately C$75.4 million.

- On July 17, 2014, the Company entered into a petroleum, natural gas and general conveyance agreement for the sale of certain non-core oilsands assets which relate to, among other things, lands and petroleum and natural gas rights to a third party for total consideration of $20.0 million. The disposal was conducted between the parties on an arm’s length basis. The sale was completed on July 21, 2014.

- 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 final maturity date of August 1, 2017. The Notes are senior secured obligations over the Company’s assets.

After the transactions were completed by the Company, construction of the West Ells SAGD project re-commenced.

As at September 30, 2014, the Company had invested approximately $1.0 billion in oil sands leases, drilling operations, project engineering, procurement and construction, regulatory application processing and other assets. As at September 30, 2014, the Company had $164.1 million in cash and $35.2 million in restricted cash.

The Company relies on its ability to obtain various forms of financing to fund administration expenses and future exploration and development of its projects. The ability of the Company to continue as a going concern and to realize the carrying value of its assets and to discharge its liabilities when due is dependent on the successful completion of West Ells construction and completion of one or more financings, farmouts or monetizations of assets. There is no certainty that these and other financing activities will be successful.

Operational Update

West Ells

Construction of Phase 1 and 2 of Sunshine’s West Ells steam assisted gravity drainage (“SAGD”) 10,000 barrel per day project was suspended in August 2013. Since December of 2013 Sunshine has made significant progress in securing funds through equity issuances, a $20 million property sale and the closing of an issuance of US$200 million of senior secured notes. Following the August 2014 debt closing, Sunshine terminated its strategic alternatives review process and refocused on achieving completion of the first 5,000 barrels per day phase of our West Ells Project. The three month period ended September 30, 2014, achieved progress in the following areas:

- Expanded the Project Management Team, the most important new hire being a new Senior Project Manager for Facilities Engineering with extensive SAGD operator and engineering procurement and construction (“EPC”) experience;
- Resumed civil earthworks on August 13, 2014;
- Substantially completed investigational analysis of work done to date and formalized plans to complete Phase 1 construction;
- Substantially completed quality assurance and quality control inspections at fabrication shops;
- Engaged major contractors (mechanical, electrical and civil) to support project execution; and
- Restarted our 250 man construction camp at West Ells to support full operational capability.

West Ells (continued)

In Sunshine's results for the six month period ended June 30, 2014, the following milestones were outlined for recommencement of West Ells construction, for initiation of first steam in the first quarter of 2015 and for production in the third quarter of 2015:

- Approximately eight weeks for completing all preparations for construction recommencement after quality assurance activities are completed:
  - As at September 30, this was on schedule and was substantially completed in October, 2014, with quality assurance confirmations ongoing at the West Ells site;
- Approximately sixteen weeks for completion of construction, assuming no interruptions or delays;
- Approximately four weeks for site commissioning and startup of steam injection operations; and
- Approximately sixteen weeks of steam injection until first oil production is achieved.

We have now commenced the construction phase and we remain on-track for first steam at the end of the first quarter of 2015. We are also on-schedule for our estimated timing for an anticipated first production date the third quarter of 2015. Although adverse winter weather conditions could cause minor delays in our schedule, we currently expect to remain on schedule.

Thickwood and Legend

The Thickwood and Legend projects are each planned for first phase delivery of 10,000 barrels per day of production. Regulatory approval for Thickwood was received in the third quarter of 2013 while Legend approval is expected in 2014.

Once the Thickwood and Legend projects are sanctioned for development and construction, and additional financing is secured, fieldwork for additional environmental analysis will be completed and regulatory applications will be made for significant commercial expansions in both areas.

Muskwa and Godin Operations

On October 20, 2013, Sunshine signed a joint operating agreement ("JOA") with Renergy Petroleum (Canada) Co., Ltd., ("Renergy") an affiliate of Changjiang Investment Group Co., Ltd. ("Changjiang") with respect to the Company's Muskwa and Godin area oil sands leases ("Leases"). Excluded from the JOA are all of Sunshine's oil sands rights within the carbonate formations contained within the Leases, which remain 100% owned by the Company.

Renergy is the operator of the assets under the JOA. In return for a 50% working interest, Renergy has agreed to fund 100% of the initial joint operations conducted on the lands up to a maximum of $250 million (the "Commitment Cap"), which funding shall be deployed at the discretion of Renergy, as Operator, until the earlier of the point when (i) the sum contributed equals the Commitment Cap or (ii) average daily production from the lands over any 20 consecutive day period equals or exceeds 5,000 barrels per day (the "Production Target"). If neither of the spending or production targets are met by three years after project regulatory approval, but in any event no later than October 20, 2019, the new partner's working interest is reduced in proportion to the higher of the percentage of the spending and the production target amounts achieved. The working interest transfer did not result in any accounting gain or loss.

Sunshine continues to work with Renergy on short term and long term planning and thermal technology evaluation for potential use in the Muskwa and Godin areas. The first thermal pilot project application was submitted in July, 2014.

Non-IFRS Financial Measures

This MD&A includes references to financial measures commonly used in the oil and natural gas industry, such as cash flow from operations. These financial measures are not defined by International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board and, therefore, are referred to as non-IFRS measures. The non-IFRS measures used by the Company may not be comparable to similar measures presented by other companies. The Company uses these non IFRS measures to help evaluate its performance. Management uses cash flow from operations to measure the Company's ability to generate funds to finance capital expenditures and repay debt.

These non-IFRS measures should not be considered as an alternative to or more meaningful than net income or net cash provided by operating activities, as determined in accordance with IFRS. The data is intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. Cash flow used in operations is a non-GAAP measure that adjusts a GAAP measure (net cash used in operating activities) for changes in non-cash working capital.

Operational and Financial Highlights

The following table summarizes selected financial information of the Company for the periods presented:

	For the three months ended September 30,		For the nine months ended, September 30	
Financial Highlights	**2014**	**2013**	**2014**	**2013**
Other income	$ 6,465	$ 118	$ 12,692	$ 1,559
Finance costs	2,031	1,475	7,181	4,032
Net loss	1,338	8,681	14,487	25,265
Basic and diluted loss per share	0.00	0.00	0.00	0.00
Payments for exploration and evaluation assets	585	(23,370)	3,799	(84,589)
Payments for property, plant and equipment	31,402	76,694	114,901	325,143

For the three and nine month periods ended September 30, 2014, the Company had a net loss of $1.3 million and $14.5 million compared to $8.7 million and $25.3 million in 2013, respectively. The net loss for the respective three and nine month periods ended September 30, 2014 was primarily attributable to general administration costs of $3.4 million and $12.4 million, $1.0 million and $1.8 million for share-based payment expense, finance costs of $2.0 million and $7.2 million, suspension costs of $1.2 million and $5.2 million, and a loss/(gain) of $3.4 million and $(3.2) million on the fair value adjustment on share purchase warrants offset by a gain of $13.3 million and $13.3 million on the sale of assets. For the three and nine month periods ended September, 2013, the net loss was primarily attributed to general administration costs of $4.9 million and $12.1 million, $2.4 million and $7.2 million for share-based payment expense and finance costs of $1.5 million and $4.0 million, respectively.

	September 30, 2014	December 31, 2013
Cash and cash equivalents	$ 164,078	$ 15,854
Current restricted cash and cash equivalents	23,994	-
Non-current restricted cash and cash equivalents	11,208	-
Working capital surplus / (deficiency)	178,059	(103,182)
Total assets	1,236,142	1,029,388
Total liabilities	253,099	148,415

Operational and Financial Highlights (continued)

At September 30, 2014, the Company had a cash balance of $199.3 million, including restricted cash, compared to $15.9 million at December 31, 2013. The increase of $183.4 million in the cash balance can be primarily attributed to net cash provided from financing activities of $329.8 million offset by payments of $3.8 million in exploration and evaluation assets, payments of $114.9 million for property, plant and equipment, primarily through payment to vendors on prior year activities, and $29.8 million used in corporate operating activities. At September 30, 2014, the Company's working capital surplus was $178.1 million, a significant change from $103.2 million working capital deficiency at December 31, 2013.

The following table summarizes the Company's cash flow used in operations:

	For the three months ended September 30,		For the nine months ended September 30,	
	2014	**2013**	**2014**	**2013**
Net loss	$ (1,338)	$ (8,681)	$ (14,487)	$ (25,265)
Finance costs	2,031	1,475	7,181	4,032
Unrealized foreign exchange loss/(gain)	3,602	42	3,938	(150)
Interest income	(275)	(160)	(347)	(1,409)
Gain on sale of assets	(13,265)	-	(13,265)	-
Fair value adjustment on share purchase warrants	3,397	-	(3,179)	-
Depreciation	192	119	540	330
Share-based payment expense	976	2,357	1,821	7,223
Employee share savings plan	97	174	298	226
Cash flow used in operations	(4,583)	(4,674)	(17,500)	(15,013)

This non-IFRS measurement is intended to provide additional information and should not be considered in isolation or as substitute for measures of performances prepared in accordance with IFRS. The above table reconciles the non-IFRS measurements "Cash flow used in operations" from "Net loss for the period", the nearest IFRS measure. Cash flow used in operations is defined as net loss as reported, addback or deduct non-cash items including finance costs, share-based payments, unrealized portion of foreign exchange adjustments, depreciation, interest income, fair value adjustment on share purchase warrants and employee share savings plan.

Cash flow used in operations in the three and nine month periods ended September 30, 2014, totalled $4.6 million and $17.5 million compared to $4.7 million and $15.0 million for the same period in 2013. For the three month period ended September 30, 2014, the decrease in cash flow used in operations of $0.1 million is primarily due to $1.2 million of suspension costs related to the West Ells project, partially offset by a decrease of $0.3 million of professional fees and a decrease in salaries, consulting and benefits of $0.9 million. For the nine month period ended September 30, 2014, the increase in cash flow used in operations of $2.5 million is primarily due to $5.2 million of suspension costs related to the West Ells project, an increase of $1.3 million of professional fees and an increase in other expenses of $0.5 million, partially offset by a decrease in salaries, consulting and benefits of $4.8 million.

Summary of Quarterly Results

The following table summarizes selected unaudited financial information for the Company for the last eight quarters:

('000s except for per share amounts)	Q3 2014	Q2 2014	Q1 2014	Q4 2013	Q3 2013	Q2 2013	Q1 2013	Q4 2012
Other income	6,465	2,393	3,834	661	118	622	818	1,032
Finance costs	2,031	3,279	1,871	743	1,475	816	1,741	2,859
Net loss for the period	1,338	8,897	4,253	7,515	8,681	8,327	8,257	9,196
Loss per share	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Capital investments	31,987	54,509	32,204	42,701	53,324	101,336	85,892	65,098

Results of Operations

Finance Expense

	For the three months ended September 30,		For the nine months ended September 30,	
	2014	2013	2014	2013
Interest expense on notes	$ 3,231	$ -	$ 3,231	$ -
Amortization of financing transaction costs	1,648	-	1,648	-
Finance costs on credit facility	-	505	-	1,541
Financing related costs	130	230	1,720	830
Other Interest expense	(3,178)	641	22	641
Unwinding of discounts on provisions	200	99	560	1,020
	$ 2,031	$ 1,475	$ 7,181	$ 4,032

For the three month period ended September 30, 2014, finance expense increased by $0.6 million primarily as a result of $3.2 million interest expense on the Notes, $1.6 million of amortization of financing transaction costs on the Notes, an increase of $0.1 million on unwinding of discounts on provisions compared to the same period in 2013 offset by a decrease of $3.8 million in other interest expense costs related to vendor accounts, and a reduction of $0.5 million in standby costs on the credit facility cancelled in 2013. Other interest expense was a recovery in the three month period ended September 30, 2014, as a result of the interest expense related to past due invoices being less than previous period accrual estimates. Finance expense for the nine month period ended September 30, 2014 increased by $3.2 million primarily as a result of $3.2 million interest expense on the Notes, $1.6 million of amortization of financing transaction costs on the Notes, $0.9 million increase in financing related costs offset by a reduction of $1.5 million in standby costs on the Credit Facility cancelled in 2013, $0.6 million decrease in other interest expense and a decrease of $0.5 million on unwinding of discounts on provisions compared to the same period in 2013.

General and Administrative Costs

	For the three months ended September 30, 2014			2013		
	Total	Capitalized	Expensed	Total	Capitalized	Expensed
Salaries, consulting and benefits	3,832	1,824	2,008	5,201	2,261	2,940
Rent	600	289	311	555	281	274
Legal and audit	183	-	183	491	-	491
Other	923	43	880	1,218	75	1,143
	5,538	2,156	3,382	7,465	2,617	4,848

General and Administrative Costs (continued)

	For the nine months ended September 30, 2014			2013		
	Total	Capitalized	Expensed	Total	Capitalized	Expensed
Salaries, consulting and benefits	10,137	4,836	5,301	17,051	6,964	10,087
Rent	1,735	802	933	1,642	920	722
Legal and audit	2,243	-	2,243	919	-	919
Other	4,120	152	3,968	3,924	413	3,511
	18,235	5,790	12,445	23,536	8,297	15,239

General and administrative costs, which include salaries, consulting and benefits, rent, legal and audit, and other general administrative costs, for the three month period ended September 30, 2014 decreased by $1.5 million to $3.4 million compared to $4.8 million for the same period in 2013. For the nine month period ended September 30, 2014, general and administrative expense decreased by $2.8 million to $12.4 million compared to $15.2 million for the same period in 2013 respectively. The decrease in expense was primarily attributed to reduced salaries and benefits as a result of the suspension of the West Ells project offset by higher other general administrative costs. During the three and nine month periods ended September 30, 2014, the Company capitalized salaries, consulting and benefits, rent and other general administrative costs related to capital investment of $2.2 million and $5.8 million compared to $2.6 million and $8.3 million for the same period in 2013 respectively.

Share-based payments

	For the three months ended September 30, 2014			2013		
	Total amount	Capitalized portion	Expensed	Total amount	Capitalized portion	Expensed
Share-based payments expense	1,754	778	976	3,215	858	2,357

	For the nine months ended September 30, 2014			2013		
	Total amount	Capitalized portion	Expensed	Total amount	Capitalized portion	Expensed
Share-based payments expense	2,456	635[1]	1,821	10,586	3,363	7,223

1. Reflects a reversal of share based payment expense previously recognized prior to the vesting date due to forfeitures of stock options in the period.

Share-based compensation expense for the three and nine month periods ended September 30, 2014 was $1.0 million and $1.8 million compared to $2.4 million and $7.2 million for the same period in 2013, respectively. The fair value of share-based payments associated with the granting of stock options and preferred shares is recognized by the Company in its consolidated financial statements. Fair value is determined using the Black-Scholes option pricing model.

The Company capitalizes a portion of the share based compensation expense using the same methodology associated with capitalized salaries and benefits. For the three and nine month periods ended September 30, 2014, the Company capitalized $0.8 million and $0.6 million, compared to $0.9 million and $3.4 million of share based payments for the same period in 2013.

Other Income

	For the three months ended September 30,		For the nine months ended September 30,	
	2014	**2013**	**2014**	**2013**
Foreign exchange (loss)/gain	(3,678)	(42)	(4,099)	150
Interest income	275	160	347	1,409
Gain on sale of assets	13,265	-	13,265	-
Fair value adjustment on share purchase warrants	(3,397)	-	3,179	-
	6,465	118	12,692	1,559

Other income for the three month period ended September 30, 2014 increased by $6.4 million to $6.5 million from $0.1 million for the same period in 2013. The change was primarily due to a gain on sale of assets of $13.3 million and an increase in interest income of $0.1 million offset by the revaluation of share purchase warrants liability which resulted in a loss of $3.4 million and a foreign exchange loss of $3.7 million. Other income for the nine month period ended September 30, 2014 increased by $11.1 million to $12.7 million from $1.6 million for the same period in 2013. The change was primarily due to a gain on sale of assets of $13.3 million and the revaluation of share purchase warrants liability which resulted in a gain of $3.2 million during the nine month period ended September 30, 2014, partially offset by a decrease of $1.1 million related to interest income as cash balances were invested in capital projects and operations and a foreign exchange loss of $4.1 million.

Depreciation

Depreciation expense was $0.2 million for the three month period ended September 30, 2014 compared to $0.1 million. For the nine month period ended September 30, 2014, depreciation expense was $0.5 million compared to $0.3 million for the same period in 2013. Since the Company is a development stage company, its oil assets are not yet ready for use and therefore, not subject to depletion and depreciation.

Income Taxes

The Company did not recognize any deferred income tax assets, which relate primarily to unrecognized tax losses, as at September 30, 2014 and December 31, 2013. Recognition of tax losses is based on the Company's consideration of its internal development plan for its asset base and the assumption as to whether or not these tax losses will be utilized before their expiry dates. At September 30, 2014, the Company had total available tax deductions of approximately $1.1 billion, with unrecognized tax losses that expire between 2028 and 2034.

Liquidity and Capital Resources

		September 30, 2014		**December 31, 2013**
Working capital (surplus) / deficiency	$	(178,059)	$	103,182
Shareholders' equity		983,043		880,973

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 final maturity date of August 1, 2017.

If by February 1, 2016, the Company has 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 maintenance premium, then the final maturity date of the notes shall be August 1, 2016. The Company is required to pay to the holders of any Notes outstanding on August 1, 2016 a yield maintenance premium of 7.298% of the aggregate principal amount of Notes. If the Notes are outstanding after August 1, 2016, there will be an exit premium paid of 7.298% on the aggregate principal amount of the Notes outstanding.

Liquidity and Capital Resources (continued)

The Notes are senior secured obligations over the Company's assets. Transaction costs in relation to the issuance of the Notes were $11.9 million. Transaction costs are capitalized against the long term debt and amortized using the effective interest rate method. The effective annualized interest rate for the three and nine months ended September 30, 2014, was 16.9% which includes interest and amortization of the applicable financing costs and discount. The Notes are redeemable by the Company at any time prior to maturity subject to the payment of principal amount plus the applicable call premiums to the holders of the Notes ranging from zero to 7%. Upon change of control of the Company, the Notes require the Company to make an offer of repayment in cash equal to 101% of the aggregate principal amount of the Notes outstanding plus the applicable accrued and unpaid interest. No value was ascribed to the repayment option as the fair value of this option was not significant at the date of issue and as at September 30, 2014.

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 on the TSX and includes timely reporting of material changes. The Company is in compliance with all covenants under the Notes as at September 30, 2014. The Notes also required the Company to remove builders' liens and Certificates of Lis Pendens ("CLPs") within 60 days of August 8, 2014. As of October 7, 2014, Sunshine succeeded in clearing all builders' liens and CLPs.

As at September 30, 2014, US$30 million of proceeds from the Notes are held is a separate escrow account with a trustee. These funds are restricted to cover the interest payments for the first three interest payments. Interest payments are payable semi-annually on February 1 and August 1 of each year.

Working capital surplus as at September 30, 2014 of $178.1 million is comprised of $188.1 million of cash including restricted cash, offset by a non-cash working capital deficiency of $10.0 million. The Company's strategy is to access sufficient capital, through equity issuances, monetization, joint ventures and the utilization of debt, in order to maintain a capital base that properly supports the objectives of maintaining financial flexibility and of sustaining 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 levels. The Company's liquidity may be adversely affected if the Company's access to the capital markets is hindered, whether as a result of financial market conditions generally or as a result of conditions specific to the Company. The ability of the Company to continue as a going concern and to realize the carrying value of its assets and discharge its liabilities when due is dependent on the successful completion of West Ells, successful completion of a financing or monetizing assets. There is no certainty that these and other strategies will be successful. For further discussion, refer to 'Commitments and contingencies'.

For the three and nine month periods ended September 30, 2014, the Company reported a net loss of $1.3 million and $14.5 million, respectively. At September 30, 2014, the Company had positive working capital of $178.1 million and an accumulated deficit of $215.4 million. Effective August 18, 2013, the Company suspended construction of its West Ells SAGD project, pending sourcing of additional financing. After securing proceeds from a US$200 million senior secured notes offering, which closed on August 8, 2014, Sunshine re-commenced activities required to complete construction, commissioning and steaming of the first 5,000 bbls/d phase of the West Ells project.

The Company is exposed to risks arising from fluctuations in foreign currency exchange rates and the volatility of those rates. This exposure primarily relates to certain expenditure commitments, deposits, accounts receivable and accounts payable 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. Thus, exchange rate fluctuations can affect the fair value of future cash flows.

Liquidity and Capital Resources (continued)

The Company had no forward exchange rate contracts in place as at or during the three and nine month periods ended September 30, 2014. If exchange rates to convert from HK dollars to Canadian dollars had been 1% higher or lower with all other variables held constant, foreign cash held at September 30, 2014 would have been impacted by approximately $1 thousand. At September 30, 2014, the Company held approximately HK$0.8 million or $0.1 million using the September 30, 2014 exchange rate of 6.9280, as cash in the Company's Hong Kong bank account.

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 held at September 30, 2014 would have been impacted by approximately $0.5 million. At September 30, 2014, the Company held approximately US$48.0 million or $53.8 million using the September 30, 2014 exchange rate of 1.1208, as cash and cash equivalents in the Company's US bank account.

The Company's $164.1 million in un-restricted cash as at September 30, 2014 is held in accounts with third party financial institutions consisting of cash in the Company's operating accounts. Cash is also held by the Company's legal counsel, within a trust account established by the Company. To date, the Company has experienced no loss or lack of access to its cash in operating accounts. However, the Company can provide no assurance that access to its invested cash will not be affected by adverse conditions in the financial markets or actions of creditors. While the Company monitors the cash balances in its operating and investment accounts and adjusts the cash balances as appropriate, these cash balances could be affected if the underlying financial institutions or corporations fail or are subject to other adverse conditions in the financial markets. The Company has $35.2 million in restricted cash as at September 30, 2014, held in a treasury bill, two treasury notes and $1.9 million of the restricted cash is held by the legal counsel of the Company for payments to lien holders.

Cash Flows Summary

	For the three months ended September 30,		For the nine months ended September 30,	
	2014	**2013**	**2014**	**2013**
Cash used in operating activities	$ (7,042)	$ (6,259)	$ (29,784)	$ (15,246)
Cash used in investing activities	(66,914)	(53,164)	(153,555)	(239,145)
Cash generated by/(used in) financing activities	211,305	(677)	329,779	6,197
Effect of exchange rate changes on cash and cash held in foreign currency	2,293	(42)	1,784	150
Increase/(decrease) in cash	139,642	(60,142)	148,224	(248,044)
Cash and cash equivalents, beginning of period	24,436	94,329	15,854	282,231
Cash and cash equivalents, end of period	$ 164,078	$ 34,187	$ 164,078	$ 34,187

Operating Activities

Net cash used for operating activities for the three and nine month periods ended September 30, 2014 was $7.0 million and $29.8 million compared to cash used of $6.3 million and $15.2 million in 2013, a change of $0.8 million and $14.5 million, respectively. Net cash used for operating activities includes movement in working capital of $(2.5) million and $(12.3) million for the three and nine month periods ended September 30, 2014 compared to movement of $(1.6) million and $(0.2) million for the same period in 2013.

Investing Activities

Net cash used for investing activities for the three month period ended September 30, 2014 increased by $13.8 million to $66.9 million compared to $53.2 million in the third quarter of 2013. For the nine month period ended September 30, 2014 net cash used for investing activities decreased by $85.5 million to $153.6 million compared to $239.1 million for the nine month period in 2013. The decrease was due to lower investment primarily due to the suspended construction of its West Ells SAGD project discussed below, partially offset by $35.2 million deposited in restricted cash and partially offset by a decrease of $1.1 million of interest income for the nine month period ended September 30, 2014. The Notes required US$30 million ($35.2 million Canadian equivalent) to be held in a restricted escrow account to cover the first three interest payments on the notes.

Capital investment for the 2013 development program focused on SAGD wellpair drilling and completion, construction, procurement of major equipment and related capital costs for Phase 1 and 2 of the West Ells project, the maintenance of the West Ells access road, and resource delineation and expenditures related to regulatory advancement of projects at Thickwood and Legend. Substantial engineering, procurement and construction activity occurred for West Ells during 2012 and during the first half of 2013; however, due to lack of sufficient funding to complete the Project, these activities were suspended on August 18, 2013 pending receipt of additional financing. Sunshine maintained staff at site to continue with reduced work activities and to ensure safety of the worksite and preservation of the West Ells asset. Salary costs related to staff at site are capitalized. Remaining costs directly related to the suspension, which totalled $1.2 million and $5.2 million for the three and nine month periods ended September 30, 2014 respectively, are recognized as suspension and preservation costs in the Consolidated Statements of Operations and Comprehensive Loss. After securing of debt funds in August 2014, Sunshine re-commenced activities required to progress the first 5,000 barrels per day phase of the West Ells project.

Financing Activities

Financing activities for the three and nine month periods ended September 30, 2014 generated cash of $211.3 million and $329.8 million, respectively, which consisted of proceeds received from long-term debt of $194.4 million and $194.4 million, proceeds from the sale of assets of $20.0 and $20.0, proceeds from issue of common shares of $0.1 million and $119.4 million, offset by $3.2 million and $4.1 million of share issue and finance related costs paid in the respective periods. Financing activities for the three and nine month periods ended September 30, 2013 used $0.7 million and generated $6.2 million, which consisted of proceeds received from stock option exercises of 0.2 million and 8.6 million, offset by $0.8 million and $2.4 million of finance related costs, respectively.

Commitments and contingencies

Information presented in the table below reflects management's estimate of the contractual maturities of the Company's obligations. These estimated maturities may differ significantly from the actual maturities of these obligations. As at September 30, 2014, the Company's estimated commitments are as follows:

		Total	Due within the next 12 months	Due in the next 2 to 5 years	Over 5 years
Repayment of long-term debt[1]	$	224,160	-	224,160	-
Interest payments on long-term debt[2]		44,832	22,416	22,416	-
Drilling, other equipment and contracts		6,900	6,512	388	-
Lease rentals[3]		10,462	1,202	4,724	4,536
Office leases		11,744	2,718	9,026	-
	$	298,098	32,848	260,714	4,536

1. Principal amount of Notes based on the period end exchange rate of $1 US = 1.1208 CDN and a maturity date of August 1, 2016, as the conditions to extend to August 1, 2017, have not yet been satisfied.
2. Based on 10% per annum and a maturity date of August 1, 2016, at the period exchange rate of $1 US = 1.1208 CDN.
3. The Company has an annual obligation for oil sands mineral lease rentals and surface lease rentals.

Commitments and contingencies (continued)

Following suspension of construction at the Company's West Ells SAGD project in August 2013, many suppliers, following normal practice in Canada, placed builders' liens on the West Ells property to secure past due and unpaid invoices. Through the normal course of business, the Company recorded the unpaid invoices in trade and other payables. On December 5, 2013, the Company reached forbearance agreements with all then current lien holders and litigants until February 28, 2014. On February 15, 2014, the Company reached a further forbearance agreement with all then current lien holders and litigants to extend the forbearance period to May 31, 2014. On June 27, 2014, the Company reached a further forbearance agreement with all then current lien holders and litigants to extend the forbearance period to July 31, 2014. The Company paid 25% of all past due and unpaid invoices in December, 2013, 20% payment of all past due and unpaid invoices in early March, 2014, 40% payment of all past due and unpaid invoices in late June to early July, 2014, in exchange for these three forbearance agreements. During 2014 the Company has raised equity funds and completed additional financing, through the sale of assets and a debt offering, to enable it to meet these obligations and clear up these issues and continue developing its business. As at September 30, 2014, the Company had fifteen outstanding liens with suppliers for unpaid invoices for a total aggregate value of $5.9 million. Subsequent to the end of the period the Company settled the remaining outstanding liens by October 7, 2014, thus satisfying the condition in the long-term debt deal. The aggregate value of the claims outstanding against Sunshine related to claiming payment for unpaid invoices was approximately $1.0 million as of November 12, 2014. Sunshine continues to work toward resolution of these claims.

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 Sunshine to repurchase four million one hundred thirty-two thousand two hundred thirty-two (4,132,232) shares (pre 20:1 share split) 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. Management considers the Action to be unfounded. No amounts have been accrued in the consolidated financial statements for the three and nine month periods ended September 30, 2014 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. In the opinion of management, based on the advice and information provided by its legal counsel, the final determination of these other litigations will not materially affect the Company's financial position or results of operations.

Transactions with related parties

Balances and transactions between the Company and its subsidiary, which is a related party, have been eliminated on consolidation. The Company had related party transactions with the following companies related by way of directors or shareholders in common:

- MJH Services Ltd. ("MJH Services") is a private company wholly owned by Sunshine's Chairman of the Board of Directors. MJH Services has provided overall operational services to the Company.
- 1226591 Alberta Inc. ("1226591 Inc.") is a private company wholly owned by one of Sunshine's former Co-Chairmen of the Board of Directors. 1226591 Inc. has provided overall operational services to the Company.
- McCarthy Tetrault LLP is a law firm in which a director of the Company is a partner. McCarthy's provides legal counsel to the Company.

Details of transactions between the Company and its related parties are disclosed below.

Transactions with related parties (continued)

The Company incurred or accrued consulting compensation expenses to MJH Services Ltd. and employment expenses to Michael Hibberd totalling $0.1 million and $0.3 million for the three and nine month periods ended September 30, 2014 compared to $0.1 million and $0.3 million for the same period in 2013. The Company incurred consulting compensation expenses to 1226591 Alberta Inc. totalling $(0.1) and $0.2 million for the three and nine month periods ended September 30, 2014 compared to $0.1 million and $0.3 million for the same period in 2013. The 1226591 Alberta Inc. consulting contract expired on June 25, 2014 and was not renewed.

The Company classified legal costs with McCarthy Tetrault LLP as follows:

	For the three months ended September 30,		For the nine months ended September 30,	
	2014	2013	2014	2013
Legal expense	436	524	1,259	640
Finance fees	7	70	187	235
Capitalized legal fee	-	165	-	165
Financing transaction costs on notes	82	-	82	
	525	759	1,528	1,040

The following balances were outstanding and included in trade and other (receivables) / payables for McCarthy Tetrault LLP at the end of the reporting period:

	September 30, 2014	December 31, 2013
Legal	(40)	887

The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received.

Off-balance sheet arrangements

The Company has certain lease agreements which are reflected in the table above under the heading “Commitments and contingencies”. No asset or liability value was assigned to these agreements on the Company’s balance sheet. At September 30, 2014, the Company did not have any other off-balance sheet arrangements.

New accounting pronouncements and changes in accounting policies

The International Accounting Standard Board (the "IASB") issued a number of new and revised International Accounting Standards ("IASs"), International Financial Reporting Standards ("IFRSs"), amendments and related Interpretations ("IFRICs") (hereinafter collectively referred to as the "New IFRSs") which are effective for the Company's financial period beginning on or after January 1, 2014. The Company has reviewed new and revised accounting pronouncements that have been issued. The impact of these standards are disclosed in Note 3, “new accounting pronouncements and changes in accounting policies” in the condensed interim consolidated financial statements.

Critical accounting judgments and key sources of estimation uncertainty

In the application of the Company’s accounting policies, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the critical judgments, apart from those involving estimations, that management has made in the process of applying the Company’s accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

Critical accounting judgments and key sources of estimation uncertainty (continued)

Going concern
The financial statements have been prepared in accordance with IFRS on a going concern basis, which assumes the realization of assets and discharge of liabilities in the normal course of business within the foreseeable future. Management uses judgment to assess the Company's ability to continue as a going concern and the existence of conditions that cast doubt upon the going concern assumption.

Joint Control
Judgment is required to determine when the Company has joint control over an arrangement, which requires an assessment of the capital and operating activities of the projects it undertakes with partners and when the decisions in relation to those activities require unanimous consent.

Oil and gas reserves
The process of estimating quantities of reserves is inherently uncertain and complex. It requires significant judgments and decisions based on available geological, geophysical, engineering and economic data. These estimates may change substantially as additional data from ongoing development activities and production performance becomes available and as economic conditions impacting oil and gas prices and costs change.

Reserve estimates are based on, among other things, forecasts of production, prices, cost estimates and economic conditions.

Reserve estimates are critical to many accounting estimates including:

- determining whether or not an exploratory well has found economically recoverable reserves. Such determinations involve the commitment of additional capital to develop the field based on current estimates of production forecasts, prices and other economic conditions;
- calculating unit-of-production depletion rates. Proved plus probable reserves are used to determine rates that are applied to each unit-of-production in calculating depletion expense; and
- assessing development and production assets for impairment. Estimated future net cash flows used to assess impairment of the Company's development and production assets are determined using proved plus probable reserves.

Independent qualified reserves evaluators prepare reserve estimates for each property at least annually and issue a report thereon. The reserve estimates are reviewed by the Company's engineers and operational management familiar with the property. Judgment is used in order to determine if a project classified as E&E is technically feasible and commercially viable and should be transferred from E&E to property, plant and equipment.

Impairment of non-financial assets
The recoverable amounts of cash generating units ("CGUs") and individual assets have been determined based on the higher of value-in-use calculations and fair value less costs to sell. These calculations require the use of estimates and assumptions. Oil and gas development and production properties are evaluated for impairment by reference to proved and probable reserves determined in accordance with the Society of Petroleum Engineers rules. It is possible that oil and gas price assumptions may change which may then impact the estimated life of fields and may then require a material adjustment to the carrying value of E&E assets and property, plant and equipment. The Company monitors internal and external indicators of impairment relating to its tangible and intangible assets.

Recoverability of exploration and evaluation costs
Exploration and Evaluation costs ("E&E") are capitalized as exploration and evaluation assets by cash generating unit ("CGU") and are assessed for impairment when circumstances suggest that the carrying amount may exceed recoverable value. This assessment involves judgment as to: (i) the likely future commerciality of the asset and when such commerciality should be determined; (ii) future revenues based on forecasted oil and gas prices; (iii) future development costs and production expenses; (iv) the discount rate to be applied to such revenues and costs for the purpose of deriving a recoverable value; and (v) potential value to future E&E activities of any geological and geophysical data acquired.

Critical accounting judgments and key sources of estimation uncertainty (continued)

Decommissioning costs
A provision is required to be recognised for the future retirement obligations associated with the Company's assets. The decommissioning provision is based on estimated costs, taking into account the anticipated method and extent of restoration consistent with legal, regulatory and construction requirements, technological advances and the possible use of the site. Since these estimates are specific to the sites involved, there are many individual assumptions underlying the amount provided. These individual assumptions can be subject to change based on actual experience and a change in one or more of these assumptions could result in a materially different amount.

Share purchase warrants
The Company recognises a liability for share purchase warrants with an exercise price in a currency other than the functional currency of the Company which is remeasured at each reporting date. The initial recognition and subsequent remeasurement of the share purchase warrants is based on the estimated fair value of each share purchase date at its grant date and each reporting date, the estimation of which requires management to make assumptions about future volatility of the Company's stock price, future interest rates and the timing with respect to exercise of the instruments. The effects of a change in one or more of these variables could result in a materially different fair value.

Share-based payments
The Company recognises compensation expense on options, preferred shares and stock appreciation rights ("SARs") granted. Compensation expense is based on the estimated fair value of each option, preferred share and stock appreciation right at its grant date, the estimation of which requires management to make assumptions about future volatility of the Company's stock price, future interest rates and the timing with respect to exercise of the instruments. The effects of a change in one or more of these variables could result in a materially different fair value.

Fair Value Measurement
The estimated fair value of financial instruments is reliant upon a number of estimated variables including foreign exchange rates and interest rates, volatility curves and risk of non-performance. A change in any one of these factors could result in a change to the overall estimated valuation of the instrument.

Deferred income taxes
The calculation of deferred income taxes is based on a number of assumptions, including estimating the future periods in which temporary differences, tax losses and other tax credits will reverse. Tax interpretations, regulations, and legislation in the various jurisdictions in which the Company and its subsidiaries operate are subject to change.

Risk Factors

The business of resource exploration, development and extraction involves a high degree of risk. Material risks and uncertainties affecting the Company, their potential impact and the Company's principal risk management strategies are substantially unchanged from those disclosed in the Company's MD&A for the year ended December 31, 2013, which is available at www.sedar.com. The 2013 annual report of the Company is available at the Company's website, www.sunshineoilsands.com, and the website of the HKEX, www.hkexnews.hk. The Company's 2013 Annual Information Form is available at www.sedar.com.

Disclosure Controls and Procedures

Michael Hibberd, Executive Chairman of the Board and Qiping Men, Interim Chief Financial Officer, have designed, or caused to be designed under their supervision, disclosure controls and procedures to provide reasonable assurance that: (i) material information relating to the Company is made known to the Company's Chairman and Interim CFO by others, particularly during the period in which the annual filings are being prepared; and (ii) information required to be disclosed by the Company in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time period specified in securities legislation.

Internal Controls Over Financial Reporting

Michael Hibberd, Executive Chairman of the Board and Qiping Men, Interim Chief Financial Officer, have designed, or caused to be designed under their supervision, internal controls over financial reporting to provide reasonable assurance regarding the reliability of the Company's financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

No material changes in the Company's internal controls over financial reporting were identified during the three and nine month periods ended September 30, 2014 that have materially affected, or are reasonably likely to materially affect, the Company's internal controls over financial reporting. It should be noted that a control system, including the Company's disclosure and internal controls and procedures, no matter how well conceived, can provide only reasonable, but not absolute, assurance that the objectives of the control system will be met and it should not be expected that the disclosure and internal controls and procedures will prevent all errors or fraud. In reaching a reasonable level of assurance, management necessarily is required to apply its judgment in evaluating the cost/benefit relationship of possible controls and procedures.

Additional Stock Exchange Information

Additional information required by the HKEX and not shown elsewhere in this announcement is as follows:

Code of Corporate Governance Practice (the “Code”)

The Company is committed to maintaining high standards of corporate governance. The Company recognizes that corporate governance practices are fundamental to the effective and transparent operation of a company and its ability to protect the rights of its shareholders and enhance shareholder value.

The Company confirms that the Code was complied with following its public listing, save that the Company has not entered into formal letters of appointment with its directors and therefore will deviate from Code Provision D.1.4 of the Code. The Company will deviate from Code Provision D.1.4 of the Code since each of the Directors will be appointed on an annual basis at each annual general meeting, which is consistent with market practice in Canada.

Compliance with the Model Code for Securities Transactions by Directors of Listed Companies (the “Model Code”)

The Company confirms that it has adopted the Model Code following its public listing. Having made specific enquiry of all directors, the directors have compiled with the required standard set out in the Model Code and its code of conduct regarding directors’ securities transactions.

Purchase, sale or redemption of Sunshine’s listed securities

Class “A” Common Shares
During the nine month period ended September 30, 2014, the Company issued 640,000,000 Class “A” common shares in private placements at a price of HK $0.85 per share (approximately C$0.12 per share) for gross proceeds of HK$544,000,000 or approximately C$75.4 million.

Class "A" Common Shares (continued)

During the nine month period ended September 30, 2014, the Company also completed closings of equity private placements, totalling 181,242,193 Units at a price of HK$1.70 per Unit (approximately C$0.24 per Unit) for gross proceeds of HK$308,111,728 or approximately C$43.8 million. Each Unit is comprised of one Class "A" common share and one-third of one share purchase warrant. Each whole warrant entitles the holder to acquire one common share at an exercise price of HK $1.88 per common share (approximately C$0.27 per common share) for a period of 24 months following the closing date. These warrants were valued at an average C$0.04 per warrant for a total of C$2.2 million. As part of a finder's fee, the Company issued two-fifths of a warrant for each purchased Unit. These finder's fee warrants were valued at C$0.04 per warrant for a total of C$2.59 million. Total value of warrants granted during the period ended September 30, 2014, was C$4.8 million.

During the three and nine month periods ended September 30, 2014, the Company issued 1,253,870 and 3,693,881 Class "A" common shares respectively, from the Company's employee share savings plan for gross proceeds of $0.2 million and $0.6 million respectively.

At the Annual and Special Meeting of Shareholders of the Company held on June 25, 2014, shareholders approved the option of payment of 50% of the directors' base retainer fees to the directors in shares in lieu of cash in respect of the period from October 1, 2013 to June 25, 2014 and future base retainer fees. Shareholders also approved the option of payment of 50% of the base fees payable to the co-chairmen in shares in lieu of cash in respect of the period from April 1, 2014 to June 25, 2014 and in relation to future base co-chairman fees. During the three and nine month periods ended September 30, 2014, the Company issued 1,616,072 Class "A" common shares in lieu of cash for $0.2 million of fees.

Neither the Company, nor its subsidiary re-purchased, sold or redeemed any of the listed shares of the Company during the three and nine month periods ended September 30, 2014. During the three and nine month periods ended September 30, 2013 neither the Company, nor any of its subsidiaries re-purchased, sold or redeemed any of the listed shares of the Company.

Pre-IPO Stock Option Plan

The Company no longer grants stock options under the Pre-IPO Plan. During the three and nine month periods ended September 30, 2014, there were Nil Pre-IPO stock options exercised. There were also 37,691,746 forfeitures of Pre-IPO stock options during the three and nine month periods ended September 30, 2014.

Post-IPO Stock Option Plan

For the three and nine month periods ended September 30, 2014, the Company granted 53,910,982 and 53,910,982 Post-IPO stock options. During the three and nine month periods ended September 30, 2014, there were 14,608,650 and 23,189,089 forfeitures of unvested Post-IPO stock options.

Shares Outstanding

As at November 13, 2014, the Company had the following shares issued and outstanding:

Class "A" common shares	3,894,317,454

Directors' and Chief Executive's Interest in Shares and Share Options as at September 30, 2014

Common shares

Name	Company	Nature of Interest	Number of common shares held	Approximate % interest in Common shares
Michael Hibberd	Sunshine Oilsands Ltd.	Direct/indirect	90,648,607	2.33%
Hok Ming Tseung	Sunshine Oilsands Ltd.	Direct/indirect	295,340,178	7.59%
Tingan Liu	Sunshine Oilsands Ltd.	Personal	-	0.00%
Haotian Li	Sunshine Oilsands Ltd.	Personal	-	0.00%
Raymond Fong	Sunshine Oilsands Ltd.	Personal	8,207,143	0.21%
Greg Turnbull	Sunshine Oilsands Ltd.	Direct/indirect	12,907,143	0.33%
Robert Herdman	Sunshine Oilsands Ltd.	Personal	107,143	0.00%
Gerald Stevenson	Sunshine Oilsands Ltd.	Personal	141,143	0.00%
Jin Hu[1]	Sunshine Oilsands Ltd.	Personal	-	0.00%
Zhefei Song[1]	Sunshine Oilsands Ltd.	Personal	-	0.00%

1. Commenced as director in June, 2014

Stock Options

Name	Company	Nature of Interest	Number of Stock options held	Approximate % interest in Stock options
Michael Hibberd	Sunshine Oilsands Ltd.	Direct/indirect	14,160,000	11.05%
Hok Ming Tseung	Sunshine Oilsands Ltd.	Direct/indirect	1,510,000	1.18%
Tingan Liu	Sunshine Oilsands Ltd.	Personal	-	0.00%
Haotian Li	Sunshine Oilsands Ltd.	Personal	1,510,000	1.18%
Raymond Fong	Sunshine Oilsands Ltd.	Personal	910,000	0.71%
Greg Turnbull	Sunshine Oilsands Ltd.	Direct/indirect	910,000	0.71%
Robert Herdman	Sunshine Oilsands Ltd.	Personal	1,510,000	1.18%
Gerald Stevenson	Sunshine Oilsands Ltd.	Personal	1,510,000	1.18%
Jin Hu	Sunshine Oilsands Ltd.	Personal	-	0.00%
Zhefei Song	Sunshine Oilsands Ltd.	Personal	-	0.00%

Movement in stock options

Name	Opening balance	Granted	Exercised	Forfeited	Expired	Ending balance
Michael Hibberd	16,140,000	-	-	-	(1,980,000)	14,160,000
Hok Ming Tseung	1,510,000	-	-	-	-	1,510,000
Tingan Liu	-	-	-	-	-	-
Haotian Li	1,510,000	-	-	-	-	1,510,000
Raymond Fong	910,000	-	-	-	-	910,000
Greg Turnbull	1,010,000	-	-	-	(100,000)	910,000
Robert Herdman	1,510,000	-	-	-	-	1,510,000
Gerald Stevenson	1,510,000	-	-	-	-	1,510,000
Jin Hu	-	-	-	-	-	-
Zhefei Song	-	-	-	-	-	-
Total	24,100,000	-	-	-	(2,080,000)	22,020,000

As at period end, the shareholding of the substantial shareholders were as follows:

Name of shareholder	Nature of Interest	Number of Common shares held	Approximate % interest in Common shares
Mr. Xie Bing[1]	Beneficial	460,000,000	11.81%
China Life Insurance	Beneficial	386,802,600	9.93%
Mr. Tseung Hok Ming	Beneficial	295,340,178	7.59%
Sinopec Century Bright Capital Investment Limited[2]	Beneficial	239,197,500	6.14%
China Investment Corporation	Beneficial	228,197,500	5.86%
Charter Globe Limited	Beneficial	206,611,560	5.31%

1. Mr Xie Bing holds 100% and 40% interest in Immediate Focus and Pyramid Valley Limited, respectively. Accordingly, Mr. Xie Bing is deemed to be interested in the aggregate number of Common Shares held by both Immediate Focus and Pyramid Valley Limited which represents approximately 11.81% of total issued Common Shares making Mr. Xie Bing a substantial shareholder of the Corporation at June 30, 2014.
2. Subsidiary of Sinopec Group

As at this MD&A date, the shareholding of the substantial shareholders were as follows:

Name of shareholder	Nature of Interest	Number of Common shares held	Approximate % interest in Common shares
Mr. Xie Bing	Beneficial	460,000,000	11.81%
China Life Insurance	Beneficial	386,802,600	9.93%
Mr. Tseung Hok Ming	Beneficial	295,340,178	7.58%
Sinopec Century Bright Capital Investment Limited	Beneficial	239,197,500	6.14%
China Investment Corporation	Beneficial	228,197,500	5.86%
Charter Globe Limited	Beneficial	206,611,560	5.31%

Summary of Financial Statements and Notes

The Board of Directors of the Company announces the results of the Company and its wholly owned subsidiary, for the three and nine month periods ended September 30, 2014 together with comparative figures for the corresponding periods in 2013 as follows:

Consolidated Statements of Financial Position

		September 30, 2014		December 31, 2013
Assets				
Current assets				
Cash and cash equivalents	$	164,078	$	15,854
Restricted cash and cash equivalents		23,994		-
Trade and other receivables		1,269		1,294
Prepaid expenses and deposits		5,973		656
		195,314		17,804
Non-current assets				
Restricted cash and cash equivalents		11,208		-
Exploration and evaluation		373,964		376,912
Property, plant and equipment		655,656		634,672
		1,040,828		1,011,584
	$	1,236,142	$	1,029,388
Liabilities and Shareholders' Equity				
Current liabilities				
Trade and other payables	$	16,270	$	120,114
Provisions for decommissioning obligations		985		872
		17,255		120,986
Non-current liabilities				
Long-term debt		200,071		-
Provisions for decommissioning obligations		30,369		23,597
Share purchase warrants		5,404		3,832
		253,099		148,415
Net current assets /(liabilities)		178,059		(103,182)
Total assets less current liabilities		1,218,887		908,402
Shareholders' Equity				
Share capital		1,138,748		1,024,423
Reserve for share-based compensation		59,679		57,447
Deficit		(215,384)		(200,897)
		983,043		880,973
	$	1,236,142	$	1,029,388

Consolidated Statements of Operations and Comprehensive Loss

	For the three months ended September 30,		For the nine months ended September 30,	
	2014	2013	2014	2013
Other income				
Foreign exchange (loss)/gain	$ (3,678)	$ (42)	$ (4,099)	$ 150
Interest income	275	160	347	1,409
Gain from sale of asset	13,265	-	13,265	-
Fair value adjustment on share purchase warrants	(3,397)	-	3,179	-
	6,465	118	12,692	1,559
Expenses				
Salaries, consulting and benefits	2,008	2,940	5,301	10,087
Rent	311	274	933	722
Legal and audit	183	491	2,243	919
Depreciation	192	119	540	330
Share-based payments	976	2,357	1,821	7,223
Suspension costs	1,222	-	5,192	-
Finance costs	2,031	1,475	7,181	4,032
Other	880	1,143	3,968	3,511
	7,803	8,799	27,179	26,824
Loss before income taxes	1,338	8,681	14,487	25,265
Income taxes	-	-	-	-
Net loss and comprehensive loss for the period attributable to equity holders of the Company	1,338	8,681	14,487	25,265
Basic and diluted loss per share	$ 0.00	$ 0.00	$ 0.00	$ 0.00

Notes

1. Basis of preparation

These condensed interim consolidated financial statements are prepared in accordance with International Financial Reporting Standards ("IFRSs") as issued by the International Accounting Board. The condensed interim consolidated financial statements also comply with the disclosure requirements of the Hong Kong Companies Ordinance and the applicable disclosure provisions of the Rules Governing the Listing of Securities on the HKEX.

The condensed interim consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, measured at fair value.

The condensed interim consolidated financial statements are presented in Canadian Dollars ("$"), which is the functional currency of the Company.

The condensed interim consolidated financial statements incorporate the financial statements of the Company and the Company's wholly owned subsidiary, Sunshine Oilsands (Hong Kong) Ltd. ("Sunshine Hong Kong"). The Company's wholly owned subsidiary, Fern Energy Ltd., was wound up during the year ended December 31, 2013. Control is achieved when the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The results of subsidiaries are included in the consolidated financial statements when control is achieved and until control is lost. All inter-company transactions, balances, revenues and expenses are eliminated in full on consolidation.

2. Segment Information

The Company has one business and geographical segment. Accordingly, no business and geographical segment information is presented.

3. Trade Receivables

The Company's trade and accruals and other receivables mainly arise from oil sales and goods and services tax receivables due from government taxation authorities. These are summarized as follows:

	September 30, 2014	December 31, 2013
Trade	$ 955	$ 558
Accruals and other receivables	36	137
Goods and Services Taxes receivable	278	599
	$ 1,269	$ 1,294

The Company allows an average credit period of 30 days to its trade customers. The following is an aged analysis of trade receivables at the end of the reporting periods:

	September 30, 2014	December 31, 2013
0 - 30 days	$ 140	$ 408
31 - 60 days	24	21
61 - 90 days	18	11
>90 days	773	118
	$ 955	$ 558

As at September 30, 2014, included in the Company's trade receivables were debtors with an aggregate carrying amount of $0.8 million (December 31, 2013 - $0.2 million), which was past due as at the reporting date and for which the Company had not provided for impairment loss. The Company does not hold any collateral over these balances.

4. Trade Payables

Trade payables and accrued liabilities mainly represent payables to subcontractors for development, engineering, procurement and construction services. While the Company has financial risk management policies in place to ensure that payables are generally paid within pre-agreed credit terms, the funding shortfalls which caused the Company to suspend construction at its West Ells project also caused it to defer payments to essentially all of its vendors for amounts owed prior to the August 18, 2013 suspension date. Services performed after the suspension date were paid fully in a timely manner. Numerous vendors filed liens against the Company's lands at West Ells. The Company settled the last outstanding liens by October 7, 2014. The following is an aged analysis of trade payables based on dates of invoices at the end of the reporting periods:

	September 30, 2014	December 31, 2013
Trade		
0 - 30 days	$ 847	$ 1,326
31 - 60 days	-	-
61 - 90 days	1,087	12,263
> 91 days	4,711	89,417
	6,645	103,006
Accrued liabilities	9,625	17,108
	$ 16,270	$ 120,114

5. Dividends

The Company has not declared or paid any dividends in respect of the three and nine month periods ended September 30, 2014 (three and nine month periods ended September 30, 2013 - $Nil).

6. Income Taxes

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

	September 30, 2014	December 31, 2013
Deferred tax assets (liabilities)		
Exploration and evaluation assets and property, plant and equipment	(113,515)	(92,947)
Decommissioning liabilities	7,839	6,117
Share issue costs	10,159	14,146
Non-capital losses	120,614	93,937
Deferred tax benefits not recognized	(25,097)	(21,253)
	$ -	$ -

The Company's non-capital losses of $482,455 (December 31, 2013 - $375,750), expire between 2028 and 2034.

The Company is subject to Canadian federal and provincial tax for the estimated assessable profit at a rate of 25.0%. The Company had no assessable profit in Canada for the three and nine month periods ended September 30, 2014. The Company files all required income tax returns and believes that it is in full compliance with the provisions, tax interpretations, regulations and legislation of the Income Tax Act (Canada) and all applicable provincial tax legislation. However, such returns are subject to reassessment by the applicable taxation authorities. In the event of a successful reassessment, such reassessment may have an impact on current and future taxes payable. The estimated tax deductions available to the Company in Canada are approximately $1.1 billion. The Company's tax losses will begin expiring in 2028.

The Company's subsidiary, Sunshine Hong Kong, is subject to Hong Kong profits tax at a rate of 16.5%. No Hong Kong profits tax was provided for as the Company had no assessable profit arising in or derived from Hong Kong for the three and nine month periods ended September 30, 2014.

Review of interim results

The condensed interim consolidated financial statements for the Company for the three and nine month periods ended September 30, 2014, were reviewed by the Audit Committee of the Company, the Company's external auditor and approved by the Board.

Publication of information

This quarterly results announcement is published on the websites of SEDAR (www.sedar.com), the HKEX (www.hkexnews.hk) and the Company's website at www.sunshineoilsands.com.

This announcement is prepared in both English and Chinese and in the event of inconsistency, the English text of this announcement shall prevail over the Chinese text.