MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three and nine month periods ended September 30, 2015

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, 2015 is dated November 13, 2015. This MD&A should be read in conjunction with the Company's unaudited condensed interim consolidated financial statements and notes thereto for the three and nine month periods ended September 30, 2015 and with the audited consolidated financial statements and notes thereto for the year ended December 31, 2014. 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 approximately 3.6 billion barrels of best estimate contingent resources, 436 million barrels of proved plus probable ("2P") reserves and 602 million barrels of proved plus probable plus possible ("3P"). The Company has 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") after completion of Phase 1 and Phase 2. Phase 1 is designed for 5,000 barrels per day while Phase 2 will add an additional 5,000 barrels per day.

As at September 30, 2015, the Company had invested approximately $1.2 billion in oil sands leases, drilling operations, project engineering, procurement and construction, regulatory application processing and other assets. As at September 30, 2015, the Company had $21.9 million in cash and $13.9 million in restricted cash.

Overview (continued)

The Company relies on its ability to obtain various forms of financing to fund administration expenses and future exploration and development cost 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 performance of West Ells and completion of one or more financings, farmouts or monetizing assets. There is no certainty that these and other financing activities will be successful.

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 September 30, 2015, no activity has occurred in Boxian. The purpose of Boxian is to pursue new investment opportunities.

On September 30, 2015, the Company completed a voluntary delisting from the TSX.

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. Following the August 2014 debt closing, Sunshine terminated its strategic alternatives review process and refocused on achieving completion of Phase 1, the first 5,000 barrels per day of production from the West Ells Project. For the quarter ended September 30, 2015, the Company achieved progress in the following areas:

- Achieved first steam injection in two well pairs on September 22, 2015;
- Substantially completed construction activities on site;
- Substantially commissioned systems for central processing plant and well pad;
- Completed all down hole equipment, installation and surface tie ins; and
- Commenced start-up of plant and well pad operations.

Sunshine currently expects first oil in December 2015.

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 2015.

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, regulatory applications will be made and development planning for significant commercial expansions in both areas will commence.

Muskwa and Godin Clastics Operations (Non-Operated 50% working interest)

Sunshine is continuing with thermal technology evaluation for potential use in the Muskwa and Godin areas. The first thermal single well pilot project application was submitted in July, 2014, and approved on January 26, 2015. During the final quarter of 2014 Muskwa cold production wells were suspended due to low oil prices.

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. The MD&A also includes disclosure required under the Hong Kong Listing Rules, such as debt to asset ratio. 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

Non-IFRS Financial Measures (continued)

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 used in 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. The non-IFRS measure of cash flow from operations can be reconciled to net cash used in operating activities, as determined 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 (deficiency).

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	**2015**	**2014**	**2015**	**2014**
Other income	$ 1,023	$ 10,143	$ 869	$ 16,791
Finance costs	10,641	2,031	29,686	7,181
Net loss	30,413	1,338	80,374	14,487
Basic and diluted loss per share	0.01	0.00	0.02	0.00
Payments for property, plant and equipment	30,508	31,402	125,309	114,901

For the three and nine month periods ended September 30, 2015, the Company had a net loss of $30.4 million and $80.4 million compared to $1.3 million and $14.5 million in 2014, respectively. The net loss for the respective three and nine month periods ended September 30, 2015 was primarily affected by a foreign exchange loss of $15.0 million and $28.3 million, finance costs of $10.6 million and $29.7 million, general administration costs of $5.4 million and $14.9 million, $0.3 million and $1.3 million for share-based payment expense and offset by a gain of $1.0 million and $0.2 million on the fair value adjustment on share purchase warrants. For the three and nine month periods ended September 30, 2014, the net loss was primarily attributed to general administration costs of $3.4 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, and $1.2 million and $5.2 million of suspension costs, 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.

	September 30, 2015	**December 31, 2014**
Cash	$ 21,870	$ 136,097
Current restricted cash and cash equivalents	13,925	23,467
Non-current restricted cash and cash equivalents	-	11,601
Working capital (deficiency)	(240,191)	138,249
Total assets	1,253,525	1,260,060
Total liabilities	336,415	288,044

Operational and Financial Highlights (continued)

At September 30, 2015, the Company had a cash balance of $35.8 million, including restricted cash, compared to $171.2 million at December 31, 2014. The decrease of $135.4 million in the cash balance can be primarily attributed to payments of $125.3 million in property, plant and equipment and $16.4 million used in corporate operating activities, $23.7 million for finance costs offset by a gain of $7.1 million on unrealized foreign exchange gain on cash held in foreign currencies and $23.2 million from issuance of common shares. At September 30, 2015, the Company's working capital (deficiency) was $(240.2) million including the $253.7 million current portion of senior secured notes, compared to a $138.2 million working capital at December 31, 2014. The following conditions required to extend the maturity date on long term debt to August 1, 2017 have not yet been met.

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 at August 1, 2017, there will be an exit premium paid of 7.298% on the aggregate principal amount of the Notes outstanding.

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,	
	2015	**2014**	**2015**	**2014**
Net loss	$ (30,413)	$ (1,338)	$ (80,374)	$ (14,487)
Finance costs	10,641	2,031	29,686	7,181
Unrealized foreign exchange loss	14,374	3,602	26,541	3,938
Contract provision expense	-	-	6,600	-
Interest income	(36)	(275)	(446)	(347)
Gain on sale of assets	-	(13,265)	(174)	(13,265)
Fair value adjustment on share purchase warrants	(987)	3,397	(249)	(3,179)
Depreciation	157	192	434	540
Share-based payment expense	322	976	1,276	1,821
Employee share savings plan	89	97	356	298
Cash flow used in operations	$ (5,853)	$ (4,583)	$ (16,350)	$ (17,500)

Non-IFRS measurements are 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. 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, add back 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, 2015 totalled $5.9 million and $16.4 million compared to $4.6 million and $17.5 million for the same period in 2014. For the three month period ended September 30, 2015, the increase of $1.3 million compared to the same period in 2014, is primarily due to an a increase in legal and audit expenses of $0.6 million, a $1.1 million increase in salaries, consulting and benefits, $0.8 million in realized foreign exchange losses and a decrease in suspension costs, related to the West Ells project, of $1.2 million. For the nine month period ended September 30, 2015, the decrease in cash flow used in operations of $1.2 million is primarily due to an increase in salaries, consulting and benefits of $2.8 million, an increase in realized foreign exchange

Operational and Financial Highlights (continued)

losses of $1.6 million, offset by $0.5 million decrease in legal and audit costs, and a decrease in suspension costs, related to the West Ells project, of $5.2 million. After the construction on the West Ells project recommenced in Q3, 2014, staff levels increased and suspension costs decreased as suspension ended. In an effort to reduce general and administrative costs, staff reductions occurred in Q3, 2015, which resulted in a temporary increase to salaries in the short term due to severance payments.

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 2015	Q2 2015	Q1 2015	Q4 2014	Q3 2014	Q2 2014	Q1 2014	Q4 2013
Other income	1,023	(840)	686	5,464	10,143	2,864	3,784	761
Finance costs	10,641	9,891	9,154	8,735	2,031	3,279	1,871	743
Net loss for the period	30,413	19,122	30,839	12,280	1,338	8,897	4,253	7,515
Loss per share	0.01	0.00	0.01	0.00	0.00	0.00	0.00	0.00
Capital investments	31,100	51,422	44,018	27,510	31,987	54,509	32,204	42,701

Results of Operations

Finance Expense

	For the three months ended September 30, 2015	2014	For the nine months ended September 30, 2015	2014
Interest expense on senior notes	$ 6,547	$ 3,231	$ 18,899	$ 3,231
Amortization of financing transaction costs and discount	3,781	1,648	10,006	1,648
Financing related costs/(recovery)	34	130	(11)	1,720
Other interest expense	1	(3,178)	1	22
Unwinding of discounts on provisions	278	200	791	560
	$ 10,641	$ 2,031	$ 29,686	$ 7,181

For the three month period ended September 30, 2015, finance expense increased by $8.6 million primarily as a result of $3.3 million interest expense increase on the US$200 million senior secured notes (the "Notes"), a $2.1 million increase on amortization of financing transaction costs on the Notes, an increase of $3.2 million in other interest expense costs related solely to a reduction to interest due on vendor accounts in the three month period ended September 30, 2014, and an increase of $0.1 million on unwinding of discounts on provisions compared to the same period in 2014 offset by a decrease of $0.1 million in finance related costs. Finance expense for the nine month period ended September 30, 2015, increased by $22.5 million primarily as a result of $15.7 million interest expense on the Notes, as they were only outstanding for a portion of the comparative year as opposed to the full 9 months in 2015, an $8.4 million increase on amortization of financing transaction costs on the Notes, an increase of $0.2 million on unwinding of discounts on provisions compared to the same period in 2014, offset by a decrease of $1.7 million in finance related costs as the financing costs were associated with the prior year's strategic planning and initiatives.

General and Administrative Costs

	For the three months ended September 30, 2015			2014		
	Total	Capitalized	Expensed	Total	Capitalized	Expensed
Salaries, consulting and benefits	$ 4,498	1,370	3,128	$ 3,832	1,824	2,008
Rent	612	231	381	600	289	311
Legal and audit	803	-	803	183	-	183
Other	1,089	35	1,054	923	43	880
	$ 7,002	1,636	5,366	$ 5,538	2,156	3,382

	For the nine months ended September 30, 2015			2014		
	Total	Capitalized	Expensed	Total	Capitalized	Expensed
Salaries, consulting and benefits	$ 12,181	4,116	8,065	$ 10,137	4,836	5,301
Rent	1,769	697	1,072	1,735	802	933
Legal and audit	1,752	-	1,752	2,243	-	2,243
Other	4,156	105	4,051	4,120	152	3,968
	$ 19,858	4,918	14,940	$ 18,235	5,790	12,445

General and administrative expense, which include salaries, consulting and benefits, rent, legal and audit, and other general administrative costs, for the three month period ended September 30, 2015 increased by $2.0 million to $5.4 million compared to $3.4 million for the same period in 2014. The increase is primarily a result of an increase in salaries, which includes severance, consulting and benefits of $1.1 million, compared to the same period in 2014, increases in other costs of $0.2 million, legal and audit costs of $0.6 million and rent of $0.1 million. For the nine month period ended September 30, 2015, general and administrative expense increased by $2.4 million to $14.9 million compared to $12.5 million for the same period in 2014. The increase is primarily a result of an increase in salaries, consulting and benefits of $2.8 million, compared to the same period in 2014 and an increase of rent by $0.1 million, offset by a decrease in legal and audit costs of $0.5 million. During the three and nine month periods ended September 30, 2015, the Company capitalized salaries, consulting and benefits, rent and other general administrative costs related to capital investment of $1.6 million and $4.9 million compared to $2.2 million and $5.8 million for the same period in 2014, respectively.

Contract provision

During the nine month period ended September 30, 2015, the Company recognized a full liability provision related to obligations under a drilling rig contract of $6.6 million (December 31, 2014 - $ Nil). The provision represents the maximum payments required if the drilling rig is not utilized over the remaining term of the contract, which ends in the fourth quarter of 2016. 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. The drilling rig was not utilized during the three months ended September 30, 2015 and no adjustment has been made to the provision.

Share-based payments

	For the three months ended September 30,					
	2015			2014		
	Total amount	Capitalized portion	Expensed	Total amount	Capitalized portion	Expensed
Share-based payments expense	349	27	322	1,754	778	976

	For the nine months ended September 30,					
	2015			2014		
	Total amount	Capitalized portion	Expensed	Total amount	Capitalized portion	Expensed
Share-based payments expense	1,938	662	1,276	2,456	635	1,821

Share-based compensation expense for the three and nine month periods ended September 30, 2015 was $0.3 million and $1.3 million compared to $1.0 million and $1.8 million for the same period in 2014, respectively. The fair value of share-based payments associated with the granting of stock options 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, 2015, the Company capitalized $Nil million and $0.7 million, compared to $0.8 million and $0.6 million of share-based payments for the same period in 2014.

Other Income

	For the three months ended September 30,				For the nine months ended September 30,			
		2015		2014		2015		2014
Interest income	$	36	$	275	$	446	$	347
Gain on sale of assets		-		13,265		174		13,265
Fair value adjustment on share purchase warrants gain/(loss)		987		(3,397)		249		3,179
	$	1,023	$	10,143	$	869	$	16,791

Other income for the three month period ended September 30, 2015 decreased by $9.1 million to $1.0 million from $10.1 million and for the nine month period ended September 30, 2015 decreased by $15.9 million to $0.9 million from $16.8 million for the same period in 2014. The change was primarily due to a gain on sale of assets of $Nil million and $0.2 million compared to $13.3 million and $13.3 million and interest income of $Nil million and $0.4 million compared to $0.3 million and $0.3 million for the same three and nine month period in 2014 offset by a fair value adjustment on share purchase warrants of $1.0 million and $0.2 million compared to $(3.4) million and $3.2 million for the same periods in 2014. The change in fair value gain on share purchase warrants for the three and nine month periods ended September 30, 2015 versus the same periods in 2014 are due to the decrease in the Company’s stock price and a reduction in time to expiry since the warrants were issued.

Depreciation

Depreciation expense was $0.2 million for the three month period ended September 30, 2015 compared to $0.2 million for the same period in 2014. For the nine month period ended September 30, 2015, depreciation expense was $0.4 million compared to $0.5 million for the same period in 2014. 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, 2015 and December 31, 2014. 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, 2015, the Company had total available tax deductions of approximately $1.3 billion, with unrecognized tax losses that expire between 2028 and 2034.

Liquidity and Capital Resources

		September 30, 2015		December 31, 2014
Working capital deficit (surplus)[1]	$	240,191	$	(138,249)
Senior secured notes[2]		-		210,050
Shareholders' equity		917,110		972,016
	$	1,157,301	$	1,043,817

1. Included in working capital deficit/(surplus) at September 30, 2015, is restricted cash of $13.9 million (December 31, 2014, $35.1 million). Refer to Note 4 "cash and cash equivalents" in the condensed interim consolidated financial statements for additional disclosure on restricted cash.
2. Senior secured notes are considered current as at September 30, 2015 and have been included in the working capital deficit as the conditions to extend the maturity date to August 1, 2017 have not yet been met.

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.

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 in escrow, 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 at August 1, 2017, there will be an exit premium paid of 7.298% on the aggregate principal amount of the Notes outstanding.

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 nine months ended September 30, 2015, 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. Prior to August 1, 2015, Notes are redeemable at par plus applicable premium payment calculated to August 1, 2015. Thereafter, the Notes are redeemable 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, 2015.

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, 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. The Company is in compliance with all covenants under the Notes as at September 30, 2015.

As at September 30, 2015, US$10 million of proceeds from the Notes are held in a separate escrow account with a trustee. These funds are restricted to cover the third interest payment. Interest payments are payable semi-annually on February 1 and August 1 of each year.

Liquidity and Capital Resources (continued)

Working capital deficiency as at September 30, 2015 of $240.2 million is comprised of $35.8 million of cash, including restricted cash, offset by the current portion of long term debt of $253.7 million and other net current liabilities of $22.3 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 (deficiency) levels. The Company's liquidity may be adversely affected if the Company's access to the capital markets is hindered, either 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 financing or monetizing assets. There is no certainty that these and other strategies will be successful.

For the three and nine month periods ended September 30, 2015, the Company reported a net loss of $30.4 million and $80.4 million, respectively. At September 30, 2015, the Company had working capital (deficiency) of $240.2 million including the current portion of long term debt of $253.7 million and an accumulated deficit of $308.0 million.

The Company's debt-to-asset ratio, measured on the basis of total liabilities divided by total assets was 27% as at September 30, 2015, compared to 20% as at September 30, 2014.

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 is denominated in US dollars.

For the three and nine month periods ended September 30, 2015, the Company had a foreign exchange loss of $15.0 million and $28.3 million compared to $3.7 million and $4.1 million loss in the same period in 2014. The change in foreign exchange for the three month period ended September 30, 2015, was primarily due to $17.3 million unrealized loss on translation of the US denominated senior secured notes offset by $2.9 million unrealized gain on US and HKD denominated cash balances. The increase in foreign exchange loss for the nine month period ended September 30, 2015, was primarily due to $33.6 million unrealized loss on translation of the US denominated senior secured notes offset by $7.1 million unrealized gain on US and HKD denominated cash balances.

The Company manages foreign exchange 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 nine month periods ended September 30, 2015. 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 held at September 30, 2015 would have been impacted by approximately $0.2 million. At September 30, 2015, the Company held approximately US$ 10.4 million of restricted cash and US$ 5.0 of cash or $13.9 million of restricted cash and $6.7 million of cash respectively, using the September 30, 2015 exchange rate of 1.3394, as cash in the Company's US bank account.

If exchange rates to convert from HKD dollars to Canadian dollars had been one percent higher or lower with all other variables held constant, foreign cash held at September 30, 2015 would have been impacted by approximately $0.1 million. At September 30, 2015, the Company held after recent equity closings, approximately HKD$66.9 million or $11.6 million using the September 30, 2015 exchange rate of 5.7863, as cash, restricted cash and cash equivalents in the Company's HKD bank account.

The Company's $21.9 million in unrestricted cash as at September 30, 2015, 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

Liquidity and Capital Resources (continued)

counsel, within a trust account established by the Company for general corporate matters. 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 law partnership fail or are subject to other adverse conditions in the financial markets. The Company had $13.9 million in restricted cash as at September 30, 2015, held in one treasury note. The Company also had $4.8 million classified as a deposit, with the Alberta Energy Regulator for the License Liability Rating Program.

Cash Flows Summary

	For the three months ended September 30,		For the nine months ended September 30,	
	2015	2014	2015	2014
Cash used in operating activities	$ (6,991)	$ (7,042)	$ (16,352)	$ (29,784)
Cash used in investing activities	(19,555)	(66,914)	(104,951)	(153,555)
Cash generated/(used) by financing activities	10,335	211,305	(60)	329,779
Effect of exchange rate changes on cash and cash held in foreign currency	2,882	2,293	7,136	1,784
Net (decrease) / increase in cash	(13,309)	139,642	(114,227)	148,224
Cash, beginning of period	35,179	24,436	136,097	15,854
Cash, end of period	$ 21,870	$ 164,078	$ 21,870	$ 164,078

Operating Activities

Net cash used for operating activities for the three and nine month periods ended September 30, 2015 was $7.0 million and $16.4 million compared to cash used of $7.0 million and $29.8 million in 2014, a change of $Nil million and $13.4 million, respectively. Net cash used for operating activities includes movement in working capital (deficiency) of $1.1 million and $Nil million for the three and nine month periods ended September 30, 2015 compared to movement of $2.5 million and $12.3 million for the same period in 2014.

Investing Activities

Net cash used for investing activities for the three month period ended September 30, 2015 decreased by $47.3 million to $19.6 million compared to $66.9 million for the three month ended September 30, 2014. For the nine month period ended September 30, 2015 net cash used for investing activities decreased by $48.6 million to $105.0 million compared to $153.6 million for the nine month period in 2014. The decrease was primarily due to movements in restricted cash for the three month ended September 30, 2015 of $11.5 million, related to the senior secured notes, a decrease of $46.7 million from the same period in 2014 due to the second interest payment on the notes. The decrease was primarily due to movement in restricted cash of $21.4 million related to two interest payments on the Notes, partially offset by payments for property, plant and equipment for the nine month ended September 30, 2015 of $125.3 million, related to the West Ells project, an increase of $10.4 million from the same period in 2014.

Financing Activities

Net cash generated for financing activities for the three month periods ended September 30, 2015 totalled $10.4 million, which consisted of proceeds from issue of common shares of $22.9 million offset by payment for finance costs of $12.5 million. Financing activities for the nine month periods ended September 30, 2015 used $Nil million, which consisted of payment for finance costs, largely related to the senior secured notes interest and amortization, of $23.7 million, offset by proceeds from issue of common shares of $23.2 million and proceeds from sale of assets of $0.5 million. Financing activities for the three and nine month periods ended September 30, 2014 generated cash of $211.3 million and $329.8 million, which consisted of proceeds received from long term debt completed of $194.4 million and $194.4

Financing Activities (continued)

million and proceeds from sale of assets of $20.0 million and $20.0 million offset by $3.2 million and $4.1 million of share issue and finance related costs paid in the period.

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, 2015, the Company's estimated commitments are as follows:

	Total	2015	2016	2017	2018	2019	There after
Repayment of long-term debt[1]	$ 267,880	$ -	$ 267,880	$ -	$ -	$ -	$ -
Interest payments on long-term debt[2]	26,788	-	26,788	-	-	-	-
Drilling, other equipment and contracts	10,592	3,858	6,437	214	83	-	-
Lease rentals[3]	9,064	220	1,194	1,176	1,176	1,169	4,129
Office leases	10,018	767	3,069	2,927	2,604	651	-
	$ 324,342	$ 4,845	$ 305,368	$ 4,317	$ 3,863	$ 1,820	$ 4,129

1. Principal amount of Notes based on the period end exchange rate of $1 US = 1.3394 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 = 1.3394 CDN.
3. The Company has an annual obligation for oil sands mineral lease rentals and surface lease rentals.

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 accrued liabilities.

During 2014, the Company raised equity funds and completed additional financing, through the $20 million sale of assets and the issuance of US$200 million Senior Secured notes, to enable it to meet these obligations and clear up these issues and continue developing its business. The Company obtained discharge of outstanding liens by October 7, 2014, thus satisfying the condition in the Notes. From time to time, the Company receives liens or claims on accounts payable balances. Currently there are no liens or claims on significant balances for overdue accounts payable. Sunshine continues to work toward resolution of any 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 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. Management considers the Action to be unfounded. No amounts have been accrued in the consolidated financial statements for the nine month period ended September 30, 2015 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. There were no other transactions between the Company and related parties for the nine month period ended September 30, 2015.

During the year ended December 31, 2014 the Company had transactions, totaling $1.5 million, with a law firm in which Mr. Turnbull, a former director of the Company, is a partner. Mr. Turnbull was a director until the time of his resignation on November 28, 2014. On this date the law firm ceased to be a related party of the Company. The legal costs incurred were in the normal course of operations and were based on the exchange value of the services provided, which approximates those amounts of consideration with third parties.

Off-balance sheet arrangements

The Company has certain lease agreements which are reflected in the table above under the heading “Commitments and contingences”. No asset or liability value was assigned to these agreements on the Company’s balance sheet. As at September 30, 2015, the Company did not have any other off-balance sheet arrangements.

Subsequent events

On November 2, 2015, the Board of Directors consented to a further extension of the closing date for the remaining 413,520,000 shares (HK$ 310,140,000 or approximately CDN$ 53.5 million) subscribed for by Prime Union to December 2, 2015 from November 2, 2015. The remaining subscribed shares can be closed in one or more tranches with the last tranche closing no later than December 2, 2015.

On November 10, 2015, the Company announced a private placement of 36,912,000 Class “A” common shares under the Company’s general mandate to issue shares. The share price is HK$ 0.63 per common share for a total of HK$ 23,254,560 or CDN$ 3,982,286 at the date of the subscription. The Company expects to close the placement on November 19, 2015.

On November 13, 2015, the Company announced a private placement of 78,125,000 Class “A” common shares under the Company’s general mandate to issue shares. The share price is HK$ 0.64 per common share for a total of HK$ 50,000,000 or CDN$ 8,585,017 at the date of the subscription. The Company expects to close the placement on November 26, 2015.

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 ("IAS"), International Financial Reporting Standards ("IFRS"), amendments and related Interpretations ("IFRIC") (hereinafter collectively referred to as the "New IFRSs"), which are effective for the Company's financial period beginning on January 1, 2018. 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.

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

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.

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 reserve 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 Exploration and Evaluation costs ("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 ("CGU") 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.

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

Recoverability of exploration and evaluation costs

E&E are capitalized as exploration and evaluation assets by 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.

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. Compensation expense is based on the estimated fair value of each option 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, future forfeiture 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, 2014, which is available at www.sedar.com. The 2014 annual report of the Company is available at the Company's website,

Risk Factors (continued)

www.sunshineoilsands.com, and the website of the HKEX, www.hkexnews.hk. The Company's 2014 Annual Information Form is available at www.sedar.com.

Disclosure Controls and Procedures

Hong Luo, Executive Director of the Board and Chief Executive Officer, 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 CEO 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

Hong Luo, Executive Director of the Board and Chief Executive Officer, and Qiping Men, Interim Chief Financial Officer, have designed, or caused to be designed under their supervision, internal controls over financial reporting ("ICFR") 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. Furthermore, the Company used the criteria established in "Internal Control – Integrated Framework" published by the Committee of Sponsoring Organizations of the Treadway Commission (2013 Framework).

No material changes in the Company's ICFR were identified during the three and nine month periods ended September 30, 2015 that have materially affected, or is reasonably likely to materially affect, the Company's ICFR. 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, as set out in Appendix 14 to the Rules Governing the Listing of Securities on the HKEX (the "Hong Kong Listing Rules"), has been 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 by the shareholders of the Company at each annual general meeting, which is consistent with the 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, as set out in Appendix 10 to the Hong Kong Listing Rules, following its public listing. Having made specific enquiry with all directors, the directors have confirmed and 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, 2015, the Company issued 111,214,210 Class "A" common shares through a partial closing of a private placement under a specific mandate approved by independent shareholders at a special general meeting of shareholders (the "SGM") held on July 20, 2015. On August 20, 2015, the 111,214,210 Class "A" common shares were issued at a price of HK$0.75 per share (approximately CDN$0.13 per share) for gross proceeds of HK$ 83.4 million or approximately CDN$ 14.1 million. The remaining 413,520,000 shares (HK$ 310.1 million or approximately CDN$ 53.5 million at September 30, 2015) approved under the specific mandate are to be closed in one or more tranches with the last tranche closing no later than December 2, 2015.

The remaining 413,520,000 shares were subscribed by Prime Union Enterprises Limited ("Prime Union"). 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 September 30, 2015, the Company issued 100,000,000 Class "A" common shares under a general mandate through a private placement at a price of HK$0.50 per share (approximately CDN$0.09 per share) for gross proceeds of HK$ 50 million or approximately CDN$ 8.6 million.

During the three and nine month periods ended September 30, 2015, the Company issued 1,712,697 and 6,834,537 Class "A" common shares, from the Company's employee share savings plan for gross proceeds of $0.2 million and $0.7 million. The employee share savings plan was discontinued by the Company on August 31, 2015.

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 then 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 nine month period ended

September 30, 2015, no shares were issued in lieu of cash. The Director Share Compensation Arrangement expired June 23, 2015 and was not renewed. During the nine month period ended September 30, 2015, neither the Company, nor any of its subsidiaries re-purchased, sold or redeemed any of the listed shares of the Company.

Post-IPO Stock Option Plan

For the three and nine month periods ended September 30, 2015, the Company granted Nil and 9,065,387 Post-IPO stock options. During the three and nine month periods ended September 30, 2015, there were 14,400,069 and 41,495,919 forfeitures of stock options. During the three and nine month periods ended September 30, 2015, there were 686,833 and 1,075,166 stock options exercised.

Shares Outstanding

As at November 12, 2015, the Company had the following shares issued and outstanding:

Class "A" common shares	4,115,227,104

Summary of Financial Statements and Notes

The Board of Directors of the Company announces the results of the Company and its wholly owned subsidiaries, for the three and nine month periods ended September 30, 2015, together with comparative figures for the corresponding periods in 2014 as follows:

Consolidated Statements of Financial Position

		September 30, 2015		December 31, 2014
Assets				
Current assets				
Cash	$	21,870	$	136,097
Restricted cash and cash equivalents		13,925		23,467
Trade and other receivables		2,002		1,913
Prepaid expenses and deposits		7,701		5,843
		45,498		167,320
Non-current assets				
Restricted cash and cash equivalents		-		11,601
Exploration and evaluation		380,784		379,403
Property, plant and equipment		827,243		701,736
		1,208,027		1,092,740
	$	1,253,525	$	1,260,060
Liabilities and Shareholders' Equity				
Current liabilities				
Trade and accrued liabilities	$	24,700	$	28,128
Provisions		7,163		834
Share purchase warrants		133		109
Current portion of long-term debt		253,693		-
		285,689		29,071
Non-current liabilities				
Long-term debt		-		210,050
Provisions		50,726		48,650
Share purchase warrants		-		273
		336,415		288,044
Net current assets		(240,191)		138,249
Total assets less current liabilities		967,836		1,230,989
Shareholders' Equity				
Share capital		1,162,607		1,139,022
Reserve for share-based compensation		62,541		60,658
Deficit		(308,038)		(227,664)
		917,110		972,016
	$	1,253,525	$	1,260,060

Consolidated Statements of Operations and Comprehensive Loss

	For the three months ended September 30,		For the nine months ended September 30,	
	2015	**2014**	**2015**	**2014**
Other income				
Interest income	$ 36	$ 275	$ 446	$ 347
Gain on sale of assets	-	13,265	174	13,265
Fair value adjustment on share purchase warrants gains / (losses)	987	(3,397)	249	3,179
	1,023	10,143	869	16,791
Expenses				
Salaries, consulting and benefits	3,128	2,008	8,065	5,301
Rent	381	311	1,072	933
Legal and audit	803	183	1,752	2,243
Depreciation	157	192	434	540
Share-based payments	322	976	1,276	1,821
Suspension and preservation costs	-	1,222	-	5,192
Finance costs	10,641	2,031	29,686	7,181
Foreign exchange losses	14,950	3,678	28,307	4,099
Contract provision expense	-	-	6,600	-
Other	1,054	880	4,051	3,968
	$ 31,436	$ 11,481	$ 81,243	$ 31,278
Loss before income taxes	30,413	1,338	80,374	14,487
Income taxes	-	-	-	-
Net loss and comprehensive loss for the period attributable to equity holders of the Company	$ 30,413	$ 1,338	$ 80,374	$ 14,487
Basic and diluted loss per share	$ 0.01	$ 0.00	$ 0.02	$ 0.00

Notes

1. Basis of preparation

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

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"). 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. On July 14, 2015, Boxian was incorporated in the British Virgin Islands and is a wholly-owned subsidiary of the Company. No activity has yet occurred in Boxian at the date of this MD&A.

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, 2015	December 31, 2014
Trade	$ 1,201	$ 1,035
Accruals and other receivables	44	22
Goods and services taxes receivable	757	856
	$ 2,002	$ 1,913

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, 2015	December 31, 2014
0 - 30 days	$ 167	$ 74
31 - 60 days	5	12
61 - 90 days	2	11
>90 days	1,027	938
	$ 1,201	$ 1,035

As at September 30, 2015, included in the Company's trade receivables were debtors with an aggregate carrying amount of $1.0 million (December 31, 2014 - $1.0 million), which was past due as at the reporting date. The Company does not hold any collateral over these balances. Management believes the past due amounts will be collected.

4. Trade Payables

Trade payables and accrued liabilities mainly represent payables to subcontractors for development, engineering, procurement and construction services. The Company has financial risk management policies in place to ensure that payables are generally paid within pre-agreed credit terms. The following is an aged analysis of trade payables based on dates of invoices at the end of the reporting periods:

	September 30, 2015	December 31, 2014
Trade		
0 - 30 days	$ 8,374	$ 3,007
31 - 60 days	424	180
61 - 90 days	76	172
> 91 days	1,130	662
	10,004	4,021
Accrued liabilities	14,696	24,107
	$ 24,700	$ 28,128

5. Dividends

The Company has not declared or paid any dividends in respect of the three and nine month periods ended September 30, 2015 (three and nine month periods ended September 30, 2014 - $Nil).

6. Income Taxes

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

		September 30, 2015		December 31, 2014
Deferred tax assets (liabilities)				
Exploration and evaluation assets and property, plant and equipment	$	(166,232)	$	(137,644)
Decommissioning liabilities		13,848		12,371
Share issue costs		8,169		10,159
Non-capital losses		179,641		130,061
Deferred tax benefits not recognized		(35,426)		(14,947)
	$	-	$	-

The Company's non-capital losses of $665,335 (December 31, 2014 - $520,247), expire between 2028 and 2034.

The Company is subject to Canadian federal and provincial tax for the estimated assessable profit at a rate of 27.0%. The Company had no assessable profit in Canada for the three and nine month periods ended September 30, 2015. 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 $1.3 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, 2015.

Review of interim results

The condensed interim consolidated financial statements for the Company for the three and nine month periods ended September 30, 2015, 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.