阳光油砂
SUNSHINE OILSANDS LTD.

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three and twelve months ended December 31, 2020 and 2021

*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 twelve months ended December 31, 2021 is dated March 25, 2022, and approved by the Company's Board of Directors. This MD&A should be read in conjunction with the Company's audited consolidated financial statements and notes thereto for the year ended December 31, 2021. All amounts and tabular amounts are stated in thousands of Canadian dollars unless indicated otherwise.*

Overview

Sunshine is a holder and a developer of Athabasca region oil sands resources with approximately 0.95 billion barrels of risked best estimate contingent resources. The Company's un-risked best estimate contingent resources at December 31, 2021 was approximately 1.63 billion barrels. With approximately 1 million acres of oil sands and petroleum and natural gas leases, the Company has significant commercial development potential. Phase I (5,000 barrels) of the West Ells 10,000 barrels thermal commercial project is in production. 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. Canadian oil sands represent the largest single source of supply of oil imported into the United States. The Company has one business and geographical segment. Accordingly, no business and geographical segment information is presented.

The Company's focus is on evaluating and developing its oil sands assets with the completion and operation of the 5,000 bbls/day Phase I commercial West Ells (the "Project"). When financing is available, the Company plans to add an additional 5,000 barrels per day of production capacity at Phase II to the Project. On March 1, 2017, the West Ells Phase I commenced commercial production.

As at December 31, 2021, the Company had invested approximately $1.29 billion in oil sands leases, drilling operations, project engineering, procurement and construction, operation start-up, regulatory application processing and other assets. As at December 31, 2021, the Company had $0.31 million in cash.

The Company relies on its ability to obtain various forms of financing and cash flow from operations to fund administration expenses and future exploration and development cost of its projects. The Company's ability to continue as a going concern is dependent on continuing operations and development in West Ells, marketing bitumen blends at favorable prices, achieving profitable operations and the ability to refinance current debt and access immediate additional financing. There can be no assurance that the steps management takes will be successful. As such, there is significant doubt and there can be no assurance that the Company will be able to continue as a going concern.

Operational Update

West Ells

On March 1, 2017, the Company achieved a key milestone. The Project commenced commercial production. Hence, effective March 1, 2017, the Company started recording revenue, royalties, expenses and depletion of the West Ells Project.

For three and twelve months ended December 31, 2021, the Company's average bitumen production was zero bbls/day. The bitumen is blended with diluent as part of the production process to create the marketable "Dilbit" blend product. For the twelve months ended December 31, 2021, no diluent blending was made due to temporary suspension of production, whereas diluent was blended at 19.6% volumetric rate for the twelve months ended December 31, 2020 reflecting the blending ratio in 1Q20. The average Dilbit sales volume was 0 bbls/day and 6.7 bbls/day for the three and twelve months ended December 31, 2021

Thickwood and Legend

The Thickwood and Legend projects are each planned for initial phase one production of 10,000 barrels per day. Regulatory approval for Thickwood was received in the third quarter of 2013 while Legend approval is pedning. Once the Thickwood and Legend Lake's projects are sanctioned for development and construction, significant additional financing will need to be secured to proceed.

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

As at the date of this report, Muskwa has no production. Development of Muskwa area is expected to be reactivated in 2022 under new ownership of Renergy, at no cost to Sunshine.

Summary of Quarterly Results

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

($ thousands except per share & bbl/d)	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020
Bitumen sales (bbl/d)	-	-	-	22	-	-	-	871
Petroleum sales	-	-	-	144	78	266	-	3,840
Royalties	-	-	-	-	-	-	-	5
Diluent	-	-	-	-	-	560	46	1,236
Transportation	-	2	-	43	-	151	(4)	2,379
Operating costs	2,456	1,841	1,602	1,825	1,518	1,584	1,940	4,679
Finance cost	9,392	12,300	11,712	13,422	11,304	13,998	(6,501)	6,149
Net loss/(profit)	707	(27,306)	22,789	2,688	(41,131)	12,083	(14,518)	41,770
Net loss/(profit) attributable to equity holders	632	(27,514)	22,787	2,629	(41,190)	12,028	(14,591)	41,771
Per share - basic and diluted	0.00	(0.11)	0.12	0.02	(0.02)	0.09	(0.16)	0.32
Capital expenditures[1]	1,428	460	486	428	450	294	431	299
Total assets	755,724	762,847	753,425	756,209	761,660	766,750	771,561	773,605
Working capital deficiency[2]	93,005	97,147	535,469	513,103	509,044	538,179	260,532	262,004
Shareholders' equity	176,367	176,125	148,756	162,509	165,420	141,463	153,514	134,418

1. Includes payments for exploration and evaluation, property, plant and equipment.
2. The working capital deficiency includes the USD current portion of the Notes converted to CAD at each period end exchange rate.

Results of Operations

Operating Netback

($ thousands, except $/bbl)	For the three months ended December 31, 2021	For the three months ended December 31, 2020	For the twelve months ended December 31, 2021	For the twelve months ended December 31, 2020
Realized bitumen revenue	$ -	$ 78	$ 144	$ 2,340
Transportation	-	-	(45)	(2,527)
Royalties	-	-	(1)	(5)
Net bitumen revenues	$ -	$ 78	$ 98	$ (192)
Operating costs	(2,456)	(1,518)	(7,724)	(9,722)
Operating cash flow[1]	$ (2,456)	$ (1,440)	$ (7,626)	$ (9,913)
Operating netback ($ / bbl)	-	-	(3,119.41)	(115.01)

1. Operating cash flow is a non-GAAP measure which is defined in the Advisory section of this MD&A.

The Operating cash flow for the three months ended December 31, 2021 was a net loss of $2.5 million compared to a net loss of $1.4 million for the three months ended December 31, 2020. There was no disclosure on operating netback per barrel for 4Q21 as there was zero dilbit sales for 4Q21 after the temporary suspension of production since March 31, 2020.

The operating cash flow for the twelve months ended December 31, 2021 was a net loss of $7.6 million compared to a net loss of $9.9 million for the twelve months ended December 31, 2020. Operating netback loss per barrel basis increased by $3,004.40/bbl to a loss of $3,119.41/bbl from a loss of $115.01/bbl for the year ended December 31, 2021. The increase in the loss of operating cash flow per barrel is primarily due to significant decrease in dilbit sales volume.

Bitumen Production

	For the three months ended December 31 ,		For the twelve months ended December 31,	
(Barrels/day)	2021	2020	2021	2020
Bitumen production	-	-	-	247

Bitumen production at West Ells for the three and twelve months ended December 31, 2021 averaged 0 Bbls/day compared to 0 Bbls/day and 247 Bbls/day for the three and twelve months ended December 31, 2020, respectively. Bitumen production decreased by 0 Bbls/day and 247 Bbls/day for the three and twelve months ended December 31, 2021 compared to the same periods in 2020 due to temporary production suspension since March 31, 2020. The Company will continue to monitor the international oil market and the development of Covid-19 pandemic in North America closely.

On March 8, 2022, the Company announced that it has completed the preliminary preparatory work for resumption of production in the West Ells project. It is now in the steaming stage for pre-heating of the ground. The project is expected to resume production in due course.

Bitumen Sales

	For the three months ended December 31,		For the twelve months ended December 31,	
(Barrels/day)	2021	2020	2021	2020
Bitumen Sales	-	-	7	236

Bitumen sales at West Ells for the three and twelve months ended December 31, 2021 averaged 0 Bbls/day and 7 Bbls/day compared to 0 Bbls/day and 236 Bbls/day for the three and twelve months ended December 31, 2020, respectively. For the twelve months ended December 31, 2021, bitumen sales decreased by 229 Bbls/day compared to the same period of 2020 due to temporary suspension of production since March 31, 2020.

Petroleum Sales, net of royalties

	For the three months ended December 31 ,		For the twelve months ended December 31,	
($ thousands, except $/bbl)	2021	2020	2021	2020
Petroleum sales	$ -	$ 78	$ 144	$ 4,184
Royalties	-	-	(1)	(5)
Balance, end of period	$ -	$ 78	$ 143	$ 4,179
$ / bbl	-	-	58.75	48.45

Petroleum sales are from the sales of Dilbit. Petroleum sales, net of royalties for the three months ended December 31, 2021 decreased by $78,000 to $0 million from $78,000 for the same period of 2020. The decrease of $78,000 sales (net of royalties) is mainly due to temporary suspension of production since March 31, 2020. No sales occured in Q4 2021.

Petroleum sales, net of royalties for the twelve months ended December 31, 2021 decreased by $4.1 million to $0.1 million from $4.2 million for the twelve months ended December 31, 2020. Petroleum sales per barrel, net of royalties increased by $10.30/bbl to $58.75/bbl from $48.45/bbl for the same period of 2020. Petroleum sales net of royalties decreased by $4.1 million primarily due to temporary suspension of production since March 31, 2020.

The royalty rate applicable to pre-payout oil sands operations starts at 1% of bitumen sales and increases for every dollar that the WTI crude oil price in Canadian dollars is priced above $55 per barrel, to a maximum of 9% when the WTI crude oil price is $120 per barrel or higher. The West Ells project is currently in pre-payout. Royalties for the three and twelve months ended December 31, 2021 decreased by $0 and $4 thousand compared to the same period of 2020. The decreases in 2021 are mainly due to significant decrease of Dilbit sales resulting from temporary suspension of production since March 31,2020.

Bitumen Realization

($ thousands, except $/bbl)	For the three months ended December 31 , 2021	2020	For the twelve months ended December 31, 2021	2020
Dilbit revenue	$ -	$ 78	$ 144	$ 4,184
Diluent blended	-	-	-	(1,842)
Realized bitumen revenue[1]	$ -	$ 78	$ 144	$ 2,342
($ / bbl)	-	-	58.75	27.14

1. Realized bitumen revenue is used to calculate operating netbacks.

Bitumen realization represents the Company's realized petroleum revenue ("Dilbit revenue"), net of diluent expenses. Dilbit revenue represents the Company's revenue from its bitumen produced at West Ells project blended with purchased diluent. The cost of blending is impacted by the amount of diluent required and the Company's cost of purchasing and transporting the diluent. A portion of the diluent expense is effectively recovered in the sales price of the blended product.

During the three months ended December 31, 2021, the Company's bitumen realization revenue decreased by $0.078 million to $0 million from $0.078 million for the three months ended December 31, 2020. The decrease in bitumen realization revenue was primarily due to temporary suspension of production since March 31, 2020. No sales occured in 4Q2021.

During the twelve months ended December 31, 2021, the Company's bitumen realization revenue decreased by $2.2 million to $0.1 million from $2.3 million for the same period in 2020. The bitumen realized price per barrel increased by $31.61/bbl to $58.75 /bbl from $27.14 /bbl.

Diluent Costs

($ thousands, except $/bbl and blend ratio)	For the three months ended December 31, 2021	2020	For the twelve months ended December 31, 2021	2020
Diluent	$ -	$ -	$ -	$ 1,842
$/bbl	-	-	-	21.38
Blend ratio	-	-	-	19.6%

At West Ells, diluent is blended with the bitumen as part of the production process to create a marketable Dilbit blend product at West Ells. Diluent expense is mainly impacted by the required amount, cost of purchasing and transporting diluent, Canadian and U.S. benchmark pricing, the timing of diluent inventory purchases and changes in value of the Canadian dollar relative to the U.S. dollar.

Diluent costs per barrel for the twelve months ended December 31, 2021 was $0/bbl compared to $21.38/bbl for the twelve months ended December 31, 2020. Diluent costs decreased by $0 million and $1.8 million for the three and twelve months ended December 31, 2021 and 2020 respectively were mainly due to temporary suspension of production since March 31, 2020.

Transportation

($ thousands, except $/bbl)	For the three months ended December 31, 2021	2020	For the twelve months ended December 31, 2021	2020
Transportation	$ -	$ -	$ 45	$ 2,526
$ / bbl	-	-	18.37	29.31

Transportation costs consist of trucking costs for Dilbit and pipeline terminals fees. The transportation expense per barrel for the three months ended December 31, 2021 was $0/bbl compared to $0/bbl for the three months ended December 31, 2020. The zero transportation cost per barrel for the three months ended December 31, 2021 and 2020 was due to temporary suspension of production since 31 March 2020. The transportation expense per barrel for the twelve months ended December 31, 2021 was $18.37/bbl compared to $29.31/bbl for the twelve months ended December 31, 2020. The decrease in the transportation cost per barrel for the twelve months ended December 31, 2021 and 2020 was mainly due to decreased rates charged by the third party trucking.

Operating Costs

($ thousands, except $/bbl)	For the three months ended December 31, 2021	2020	For the twelve months ended December 31, 2021	2020
Energy operating costs	$ 781	$ 364	$ 2,551	$ 2,268
Non-energy operating costs	1,675	1,155	5,173	7,453
Operating costs	$ 2,456	$ 1,519	$ 7,724	$ 9,721
$ / bbl	-	-	3,159.29	112.77

Operating costs are comprised of the sum of non-energy operating costs and energy costs. Non-energy operating costs represent production-related operating activities, excluding energy operating costs. Energy operating costs represent the cost of natural gas for the production of steam and power at the West Ells facilities.

The operating expense per barrel for the twelve months ended December 31, 2021 was $3,159.29/bbl compared to $112.77/bbl for the twelve months ended December 31, 2020. For the twelve months ended December 31, 2021, the operating costs per barrel increase by $3,046.52/bbl compared to the same period in 2020 primarily due to no production since March 31, 2020. Since the majority of the operating costs at West Ells are fixed in nature, the operating costs per barrel of production is expected to reduce as production resumes at West Ells.

General and Administrative Costs

	For the three months ended December 31 , 2021			2020		
($ thousands)	**Total**	**Capitalized**	**Expensed**	**Total**	**Capitalized**	**Expensed**
Salaries, consulting and benefits	$ 897	$ -	897	$ 1,092	$ -	1,092
Rent	41	-	41	142	-	142
Legal and audit	306	-	306	136	-	136
Other	2,907	-	2,907	1,242	-	1,242
Total	$ 4,151	$ -	4,151	$ 2,612	$ -	2,612

	For the twelve months ended December 31, 2021			2020		
($ thousands)	**Total**	**Capitalized**	**Expensed**	**Total**	**Capitalized**	**Expensed**
Salaries, consulting and benefits	$ 4,315	$ -	4,315	$ 5,044	$ -	5,044
Rent	234	-	234	169	-	169
Legal and audit	630	-	630	455	-	455
Other	3,933	-	3,933	2,641	-	2,641
Total	$ 9,112	$ -	9,112	$ 8,309	$ -	8,309

The Company's general and administrative costs were $4.2 million and $9.1 million for the three and twelve months ended December 31, 2021 compared to $2.6 million and $8.3 million for the three and twelve months ended December 31, 2020. General and administrative costs increased by $1.6 million for the three and increased by $0.8 million for the twelve months ended December 31, 2021 compared to the same periods in 2020 mainly due to increase in municipal charges.

Finance Costs

($ thousands)	For the three months ended December 31, 2021	2020	For the twelve months ended December 31, 2021	2020
Interest expense on senior notes, including yield maintenance premium ("YMP")	$ 10,430	$ 13,407	$ 41,130	$ 20,084
Interest expense on other loans	(2,288)	(825)	979	3,039
Loan from related companies	958	(127)	3,718	1,143
Other interest expense –lease	47	67	123	182
Unwinding of discounts on provisions	245	(1,218)	876	502
Finance costs	$ 9,392	$ 11,304	$ 46,826	$ 24,950

The Company's finance costs were $9.4 million and $46.8 million for the three and twelve months ended December 31, 2021 compared to $11.3 million and $25.0 million for the three and twelve months ended December 31, 2020. For the three months ended December 31, 2021, finance costs decreased by $1.9 million compared to the same period in 2020 was mainly attributed to interest adjustment. For the twelve months ended December 31, 2021, finance costs increased by $21.8 million compared to the same period in 2020 was mainly due to prior year's interest adjustment on senior notes including YMP in 3Q20.

Share-based Compensation

	For the three months ended December 31 , 2021			2020		
($ thousands)	**Total**	**Capitalized**	**Expensed**	**Total**	**Capitalized**	**Expensed**
Share-based compensation	$ 1	-	1	$ 253	-	253

	For the twelve months ended December 31, 2021			2020		
($ thousands)	**Total**	**Capitalized**	**Expensed**	**Total**	**Capitalized**	**Expensed**
Share-based compensation	$ 5	-	5	$ 507	-	507

Share-based compensation expense for the three and twelve months ended December 31, 2021 was $0 thouand and $0 thousand compared to $300 thousand and $500 thousand for the same periods in 2020. The fair value of share-based compensation associated with the granting of stock options is recognized by the Company in its audited consolidated financial statements . Fair value is determined using the Black-Scholes option pricing model.

Depletion, Depreciation and Impairment

($ thousands, except $/bbl)	For the three months ended December 31, 2021	2020	For the twelve months ended December 31, 2021	2020
Depletion	$ -	$ 62	$ -	$ 2,120
Depreciation	379	297	1,283	1,434
Impairment	-	-	-	-
Depletion and depreciation	$ 379	$ 359	$ 1,283	$ 3,554
Depletion ($ / bbl)	-	-	-	24.89

The Company commenced commercial production at West Ells Project I on March 1, 2017. As at that time, the Company started recording depletion of West Ells Project I assets in the statement of comprehensive income (loss) for the three months ended March 31, 2017. The depletion rate is based on unit-of-production.

Depletion and depreciation expense was $0.4 million and $1.3 million for the three and twelve months ended December 31, 2021 compared to $0.4 million and $3.6 million for the three and twelve months ended December 31, 2020, respectively. Depletion and depreciation expense decreased by $0 and $2.3 million for the three and twelve months ended December 31, 2021 compared to the same periods in 2020 mainly due to no depletion in 2021 resulting from temporary suspension of production and no impairment in 2021.

As of December 31, 2021, the company did not identify any indicators of further impairment of the E&E Assets or the West Ells CGU.

Exploration & Evaluation ("E&E") Asset Impairment E&E assets are assessed for the indicators of impairment at the end of each reporting period. The assessment for impairment is completed on a CGU basis. After impairment is assessed, any carrying amounts which exceed recoverable amounts, by CGU, on the E&E assets are written down to the recoverable amount through the consolidated statement of profit or loss and other comprehensive income.

For the years ended December 31, 2021 and 2020, the Group assessed E&E assets for any indicators of impairment due to industry pricing fundamentals. Based on recent crude oil prices forecast, there were no impairment recognised for the years ended December 31, 2021 and 2020.

Property, Plant & Equipment ("PP&E") Asset Impairment

Recoverable amounts for each CGU were estimated based on FVLCD methodology which is calculated using the present value of the CGUs' expected future cash flows (after-tax). The cash flow information was derived from a report on the Group's oil and gas reserves which was prepared by an independent qualified reserve evaluator, GLJ Petroleum Consultants ("GLJ"). The projected cash flows used in the FVLCD calculation reflect market assessments of key assumptions, including long-term forecasts of commodity prices, inflation rates, and foreign exchange rates (Level 3 fair value inputs). Cash flow forecasts are also based on GLJ's evaluation of the Group's reserves and resources to determine production profiles and volumes, operating costs, maintenance and future development capital expenditures. Future cash flow estimates are discounted using after-tax risk-adjusted discount rates. The pretax discount rates applied in the impairment calculation as at December 31, 2021 was 10% (2020: 10%) based on the specific risk to the assets.

For the year ended December 31, 2021 and 2020, the Group did not recognize an impairment loss based on its assessment that the estimated recoverable amount exceeded the carrying value.

Year	Oilfield Costs Inflation %	Exchange 1 CAD = x USD	WTI @Cushing $US/bbl	WCS @ Hardisty $/bbl	Heavy Oil 12 API @Hardisty $/bbl	AECO Spot ($/MMbtu)
2022	0	0.79	73.00	75.63	69.41	3.40
2023	3	0.79	69.01	70.90	65.34	3.10
2024	2	0.79	67.24	68.32	62.66	3.15
2025	2	0.79	68.58	69.68	63.94	3.21
2026	2	0.79	69.96	71.09	65.25	3.28
2027	2	0.79	71.35	72.49	66.56	3.34
2028	2	0.79	72.78	73.95	67.91	3.41
2029	2	0.79	74.24	75.43	69.30	3.48
2030	2	0.79	75.72	76.22	69.76	3.55
2031	2	0.79	77.24	77.75	71.18	3.62
2031+	escalate oil, gas and product prices at 2% per year thereafter					

Income Taxes

The Company did not recognize any deferred income tax assets, which relate primarily to unrecognized tax losses, for the three and twelve months ended December 31, 2021 and 2020. 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 December 31, 2021, the Company had total available tax deductions of approximately $1.66 billion, with unrecognized tax losses that expire between 2030 and 2041.

Liquidity and Capital Resources

		December 31, 2021		December 31, 2020
Working capital deficiency	$	93,005	$	509,044
Shareholders' equity		176,367		165,420
	$	269,372	$	674,464

On August 8, 2014, the Company completed an offering of USD 200 million senior secured notes (the "Notes") at an offering price of USD 938.01 per USD 1,000 principal amount. The Notes bear interest at a rate of 10% per annum and had a potential maturity date of August 1, 2017, if certain conditions were met as explained below.

The conditions were if by February 1, 2016, the Company had not: (1) received at least USD 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 premium, then the final maturity date of the Notes would have been August 1, 2016. The Company did not meet these conditions by February 1, 2016, and as a result the final maturity date of the Notes was August 1, 2016 at which time the Company was negotiating forbearance with the noteholders.

On September 9, 2016, the Company and noteholders representing 96% of the outstanding Notes (the "Forbearing Holders") entered into a long-term forbearance agreement in respect of the Notes (the "Agreement"). The principal terms of the Agreement included: (a) payment on October 17, 2016 of the yield maintenance premium payment of USD 19.1 million due on August 1, 2016; (b) payment of the coupon interest accruing on the Notes and repurchase of USD 22.5 million in principal amount of the Notes on February 1, 2017; (c) payment of the principal of the Notes and the coupon interest on the Notes on August 1, 2017; (d) payment of forbearance fees accruing at 2.50% on the principal amount of the Notes held by the Forbearing Holders; (e) payment of a fee equal to 7.298% of the outstanding principal amount of the Notes held by the Forbearing Holders on August 1, 2017 and proportionately smaller fees if the Notes are repurchased or redeemed prior to that date; (f) covenants relating to minimum liquidity to be maintained by the Company for specified periods; (g) board of director observation rights for certain significant noteholders; (h) use of proceeds restrictions for the proceeds of any asset sales completed by the Company; (i) budget approval rights; and (j) requirements that the Company raise additional capital and provide additional security for the Notes.

On March 21, 2017, the Company entered into the Forbearance Reinstatement Agreement ("FRA") and a Note Exchange Agreement (the "NEA") with the Forbearing Holders. The Forbearing Holders agreed to waive the liability of the Company in relation to previous violations listed above and fully reinstate the Forbearance Agreement, provided that Sunshine made the following payments on or before March 27, 2017:

- Payment of USD 2.8 million representing 20% of the YMP originally due on August 1, 2016;
- Payment of USD 2.4 million representing 20% accrued interest and forbearance fee originally due on February 1, 2017. As of March 27, 2017, all the above cash commitment USD 5.2 million was paid;
- Sunshine agreed to repurchase and the Forbearing Holders agreed to sell up to USD 11.2 million of Senior Notes in exchange for Common Shares of Sunshine, pending on conditions.

Other payments contemplated in the FRA included:

- Payment of all legal professional fees by March 21, 2017, which was paid on March 21, 2017;
- 80% of the YMP to be repaid on August 1, 2017 in cash;
- 80% of the accrued interest and forbearance fee of USD 9.6 million to be repaid on August 1, 2017 in cash;
- Make principal repayments to the Forbearing Holders of USD 5.0 million on April 30, 2017, USD 10.0 million on June 30, 2017 and the remaining amount on or before the maturity date of the bond on August 1, 2017.

On September 26, 2017, the Company and the Forbearing Holders confirmed the signing of the Amended and Restated Forbearance Agreement (the "Amended FA"). The principal terms of the Amended FA include:

- The Forbearance would be extended to August 1, 2018 (New York time), provided that;
- Repayment of USD 0.2 million upon signing the Amended FA, which was paid on September 26, 2017;
- Repayment of USD 1.8 million by October 30, 2017;
- Repayment of USD 5.0 million and USD 15.0 million on February 1, 2018 and May 1, 2018 respectively, if repayment is made prior to December 31, 2017, all accrued and unpaid interests incurred on the corresponding amount will be waived;
- The Company was to obtain financing of USD 5.0 million within 45 days after signing the Amended FA;
- The Company was to obtain financing of USD 5.0 million every quarter.

Some of the Company's loan agreements are subjected to covenant clauses, whereby the Company is required to meet certain criteria. The Company did not fulfil the minimum liquidity, quarterly financings and capital raise covenants as required in the Amended and Restated Forbearance Agreement. Furthermore, Sunshine did not fulfill repayment requirements of USD 1.8 million on October 30, 2017, USD 5.0 million on February 1, 2018 and USD 15.0 million on May 1, 2018.

On August 1, 2018, the Company was required, amongst other matters, repay notes principal, and any previous outstanding payment commitments. Sunshine did not fulfill the repayment requirements. On October 31, 2018 (Calgary time), the Company and the Noteholders signed a Reinstatement and Amending Agreement (the "FRAA"). The principal terms of the FRAA include:

- The Forbearance was extended to August 1, 2019 (New York time);
- An interest of 10% per annum is incurred from the date hereof until August 1, 2019 (New York time);
- The Company is to obtain financing of at least USD 5.0 million by April 30, 2019 to maintain sufficient liquidity.

On April 24, 2020, the Company and the Forbearing Holders confirmed the signing of the Forbearance Reinstatement and Amending Agreement (the "**FRAA**"). The principal terms of the FRAA include:

- The FRAA covers the period from December 31, 2019 to August 31, 2021 ("Period of Forbearance);
- Same as the Forbearance Reinstatement and Amending Agreement executed on November 1, 2018, all outstanding amounts (principal and interests) will continue to be accrued at an interest of 10% per annum until August 31, 2021, and during the Period of Forbearance, there will not be any forbearance fee and yield maintenance premium based on the initial Forbearance Agreement executed on September 12, 2016.

On February 5, 2021 (Calgary time), the Company and the Forbearing Holder entered into an interest waiver agreement (the "Interest Waiver Agreement I") pursuant to which the Forbearing Holder agree to unconditionally and irrevocably waive the interest accrued between January 1, 2020 to December 31, 2020 at 10.0% per annum on the outstanding amounts (principal and interests) under the FRAA dated April 24, 2020 (the "Waiver of Interest") which amounted to US$31.5 million. Save as the Waiver of Interest, all other terms and conditions as stipulated in the FRAA remain unchanged.

During the year ended December 31, 2021, the independent note holders ("Transferee Holders") entered into note assignment and transfer agreements with the ultimate controlling party, Mr. Sun (the "Note transferee"), and agreed to assign the initial nominal principal amount of notes from the transferee Holders of approximately US$188,658,000 (equivalent to approximately CAD$240,200,000) to the Note transferee.

On August 8, 2021, the Company and the Forbearing Holder confirmed the signing of the Forbearance Reinstatement and Amending Agreement (the "**FRAA**"). The principal terms of the FRAA include:

- The FRAA covers the period from September 1, 2021 to August 31, 2023 ("Period of Forbearance);
- Same as the Forbearance Reinstatement and Amending Agreement executed on April 24, 2020, all outstanding amounts (principal and interests) will continue to be accrued at an interest of 10% per annum until August 31, 2023, and during the Period of Forbearance, there will not be any forbearance fee and yield maintenance premium based on the initial Forbearance Agreement executed on September 12, 2016.

On September 28, 2021 (Calgary time), the Company and the Forbearing Holder entered into another interest waiver agreement (the "Interest Waiver Agreement II") pursuant to which the Forbearing Holder agree to unconditionally and irrevocably waive the interest accrued between January 1, 2021 to December 31, 2021 at 10.0% per annum on the outstanding amounts (principal and interests) under the FRAA dated April 24, 2020 (the "Waiver of Interest") which amounted to US$31.5 million. Save as the Waiver of Interest, all other terms and conditions as stipulated in the FRAA remain unchanged.

The Board believes the entering into of the FRAA is in the interests of the Company and its shareholders as a whole in view that the FRAA will provide the Company with additional time to repay or refinance the indebtedness owned by the Company to the Noteholders under the Notes, whilst at the same time the financing cost has been substantially lowered to reasonable market level.

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, reporting status and undertaking certain corporate transactions.

The Note Indenture allows the Company to incur additional indebtedness in an aggregate principal amount not to exceed USD 5.0 million (the "Permitted Debt"). The Company had asked for consent from a majority note holders, effective as of April 14, 2016, to amend the Note Indenture to increase the amount of Permitted Debt from USD 5.0 million to USD 15.0 million. A majority of the Note holders agreed to this amendment as of May 11, 2016. As of December 31, 2021, the Company had incurred unsecured third party debt for a total of USD 32.9 million (CDN 41.7 million equivalent). (Permitted Debt limit is USD 15.0 million.)

The Group has presented the Notes and Loans as a non-current liability on the Audited consolidated financial statements of Financial Position as at December 31, 2021.

The Group received a demand notice from the Regional Municipality of Wood Buffalo ("RMWB") in relation to the 2016-2021 municipal property taxes of CAD 12.37 million. The Group was also charged with overdue penalties of CAD 7.97 million. Since then the Group was in active negotiation with RMWB for a settlement plan with proposals to waive overdue penalties. As at the date of this report, the Group believes that notices issued by RMWB relating to property taxes did not comply with relevant legislation and the Company has sought judicial review to determine the effect of non-compliant tax notices on RMWB's property tax claim.

The Company is involved in various claims including claims described above and actions arising in the course of operations and is subject to various legal actions, pending claims and exposures. Litigation is subject to many uncertainties, and the outcome of individual matters is not predictable with assurance. Unfavorable outcome were to occur against such claims or pending claims, there exists the possibility of a material adverse impact on the Company's consolidated net income or loss in the period in which the outc ome is determined. Accruals for litigation, claims and assessments are recognized if the Company determines that the loss is probable and the amount can be reasonably estimated. The Company believes it has made adequate provision for such claims. While fully supportable in the Company's view, some of these positions, if challenged may not be fully sustained on review. From time to time, the Company receives liens or claims on accounts payable balances, and the Company continues to work toward resolution of any liens or claims. At December 31, 2021, the Company had incurred $0.82 million (USD $1.02 million equivalent using the period end exchange rate) in Builders' liens (not related mineral leases) against them during the ordinary course of business.

The Notes are translated into Canadian dollars at the year end exchange rate of $1USD = $1.2678 CAD.

The Group'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 Group manages its capital structure in order to continue as a going concern and makes adjustments relative to changes in economic conditions and the Group's risk profile. In order to manage risk, the Group may from time to time issue shares and adjust its capital spending to manage current working capital deficiency levels. The Group's liquidity may be adversely affected if the Group's access to the capital markets is hindered because of financial market conditions generally, or as a result of conditions specific to the Group.

For the twelve months ended December 31, 2021, the Company reported a net gain attributable to equity holders of $1.5 million. At December 31, 2021, the Company had a working capital deficiency of $93.0 million

The Group's debt-to-asset ratio, measured on the basis of total liabilities divided by total assets was 77% as at December 31, 2021, compared to 78% as at December 31, 2020 .

The Group is exposed to currency risks primarily through loan receivables, loans from related companies, other loans, senior notes and convertible bonds and bank balances that are denominated in a foreign currency, i.e. a currency other than the functional currency of the operations to which the transactions relate. The foreign currencies giving rise to this risk are primarily Hong Kong dollar ("HK$"), United States dollar ("US$") and Renminbi ("RMB").

The following table details the Group's exposure as at the reporting date to currency risk arising from recognised assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate.

	2021			2020		
	HK$ CAD'000	US$ CAD'000	RMB CAD'000	HK$ CAD'000	US$ CAD'000	RMB CAD'000
Asset						
Bank balances and cash	181	1	11	440	1	379
Loan receivables	12,286	-	-	12,882	-	-
Liabilities						
Convertible bonds	-	-	-	(9,306)	-	-
Loan from related companies	(20,533)	-	(21,089)	(16,764)	-	(16,148)
Other loans	(13,564)	-	-	(13,204)	-	-
Senior notes	-	(251,838)	-	-	(252,911)	-
	(21,630)	(251,837)	(21,078)	(25,952)	(252,910)	(15,769)

The Group currently does not have a foreign currency hedging policy. However, management monitors foreign exchange exposure and will consider hedging of significant foreign currency exposure should the need arise.

Royalty Agreement

On August 31, 2021 (Calgary time), the Company entered into a Royalty Agreement (together with its ancillary documents, the "Royalty Agreement") with Burgess Energy Holdings, L.L.C. ("BEH"), pursuant to which, the Corporation has granted to BEH a royalty interest in the bitumen within, upon, under or produced from the royalty lands owned by the Corporation and/or its affiliates, free and clear of any and all encumbrances for an aggregate consideration of CAD 20,000,000 (the "Aggregate Consideration"), subject to the terms and conditions stipulated therein. The arrangement under the Royalty Agreement is perpetual.

Commitments and Contingencies

Management estimated the contractual maturities of the Group's obligations. These estimated maturities may differ significantly from the actual maturities of these obligations. For a detailed discussion regarding to the Group's commitments and contingencies, please refer to the Group's Audited Consolidated Financial Statements and notes thereto for the three and twelve months period ended December 31, 2021 and with the Audited Consolidated Financial Statements and notes thereto for the year ended December 31, 2020.

Transactions with Related Parties

For the twelve months ended December 31, 2021, a consulting Group, to which a director of Sunshine is related, charged the Group CAD 0.5 million (December 31, 2020 – CAD 0.5 million) for management and advisory services.

As at December 31, 2021, Mr. Kwok Ping Sun, the Company's Executive Chairman, has beneficial ownership of, or control or direction of 150,232,591 common shares of the Company, which represents approximately 61.70% of the Company's outstanding common shares.

On March 25, 2019, the Group signed a supplementary agreement with Renergy Petroleum (Canada) Co., Ltd, owned by Mr. Kwok Ping Sun, regarding the proposed Amendment of the Joint Operating Agreements on Muskwa and Godin area oil sands leases.

On April 1, 2020, the Company and a company wholly owned by Mr. Kwok Ping Sun entered into a Subscription Agreement for convertible bonds ("CB") in an aggregate principal amount of HK$ 72,000,000. With an initial conversion price of HK$ 0.632 per share, a maximum of 113,924,051 new Class "A" common shares will be allotted and issued upon the full conversion of the CB. The CB interest rate is 8% per annum and matures in two years. The Subscription has been approved by the independent shareholders at the Special General Meeting on May 25, 2020. The subscription was completed on June 15, 2020. The entire proceeds was used for financing general working capital and repayment of debts. On October 1, 2020, the Company has received notice for conversion from the Subscriber. The Whitewash Waiver has been conditionally granted by HKSFC on March 4, 2021. The Conversion and the Whitewash Waiver has been approved by the independent shareholders at the Special General Meeting on March 5, 2021. On April 7, 2021, the Conversion was completed and 113,924,051 new shares were duly allotted and issued to the Subscriber

As at December 31, 2021, the Company had loans from related companies which are unsecured, interest bearing at 10% per annum, and of which approximately CAD 41,717,000 can be roll over for a period of 2 to 3 years.

Off-balance Sheet Arrangements

As at December 31, 2021, the Group did not have any other off-balance sheet arrangements.

Subsequest Event

On March 8, 2022, the Company has completed the preliminary preparatory work for resumption of production in the West Ells project which is in the steaming stage for pre-heating of the ground. The project is expected to resume production in due course.

Critical Accounting Policies and Estimates

The Group's critical accounting estimates are those estimates having a significant impact on the Group's financial position and operations and that require management to make judgments, assumptions and estimates in the application of IFRS. Judgements, assumptions and estimates are based on historical experience and other factors that management believes to be reasonable under current conditions. As events occur and additional information is obtained, these judgements, assumptions and estimates may be subject to change.

For a detailed discussion regarding to the Group's critical accounting policies and estimates, please refer to Note 5 to the consolidated annual financial statements for the year ended December 31, 2021

Risk Factors

The business of resource exploration, development and extraction involves a high degree of risk. Material risks and uncertainties affecting the Group, their potential impact and the Group's principal risk management strategies are substantially unchanged from those disclosed in the Group's MD&A for the year ended December 31, 2021. The 2021 annual report of the Group will be available at the Group's website at www.sunshineoilsands.com, and the website of the SEHK, www.hkexnews.hk.

Disclosure Controls and Procedures

Gloria Ho, Executive Director of the Board and Chief Financial Officer and Mr. Frank Ng, who temporarily assumes direct responsibility for all CEO tasks and functions, have designed, or caused to be designed under their supervision, disclosure controls and procedures ("DC&P") to provide reasonable assurance that: (i) material information relating to the Group is made known to the Group's CFO by others, particularly during the period in which the annual and quarterly filings are being prepared; and (ii) information required to be disclosed by the Group 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. As at December 31, 2021, the Chief Financial Officer and the interim Chief Executive Officer evaluated the design and operation of the Group's DC&P. Based on that evaluation, the Executive Director of the Board and the Chief Financial Officer and the interim Chief Executive Officer concluded that the Group's DC&P were effective as at December 31, 2021.

Internal Controls over Financial Reporting

Gloria Ho, Executive Director of the Board and Chief Financial Officer and Mr. Frank Ng, who temporarily assumes direct responsibility for all CEO tasks and functions, 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 Group's financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. Furthermore, the Group used the criteria established in "Internal Control – Integrated Framework" published by the Committee of Sponsoring Organizations of the Treadway Commission (2013 Framework); they have evaluated, or caused to be evaluated under their supervision, the effectiveness of the Group's ICFR at December 31, 2021, and concluded that the Group's ICFR are effective at December 31, 2021 for the foregoing purpose.

No material changes in the Group's ICFR were identified during the three months and year ended December 31, 2021 that have materially affected, or are reasonably likely to materially affect, the Group's ICFR. It should be noted that a control system, including the Group'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.

ADVISORY SECTION

Non-GAAP Measures

This MD&A includes references to certain measures which do not have a standardized meaning as prescribed by IFRS, such as "operating netbacks" and "Cash flow used in operations", and therefore are considered non-GAAP measures. These non-GAAP measures are commonly used in the oil and gas industry and the Group believes including such measures is useful to investors. Investors are cautioned that these non-GAAP measures should not be construed as an alternative to measures calculated in accordance with IFRS as, given the non-standardized meanings, these measures may not be comparable to similar measures presented by other issuers.

Cash Flow Used in Operations

Cash flow used in operations is non-GAAP measure utilized by the Group to analyze operating performance and liquidity. Cash flow used in operations excludes the net change in non-cash operating working capital and decommissioning expenditures while the IFRS measurement "Net cash used in operating activities" includes these items. Cash flow used in operations is reconciled to Net cash used in operating activities in the table below:

	For the three months ended December 31,		For the twelve months ended December 31,	
($ thousands)	2021	2020	2021	2020
Net cash used in operating activities	$ (12,070)	$ 2,299	$ (9,893)	$ (11,341)
Add Net change in non-cash operating working capital items	7,037	(5,452)	(5,266)	(5,265)
Cash flow used in operations	$ (5,033)	$ (3,153)	$ (15,159)	$ (16,606)

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 Group hereby cautions investors about important factors that could cause the Group'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 Group'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 Group 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 Group 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.

Additional Stock Exchange Information

Additional information required by the SEHK and not shown elsewhere in this report is as follows:

Code of Corporate Governance Practice (the "Code")

The Group is committed to maintaining high standards of corporate governance. The Group recognizes that corporate governance practices are fundamental to the effective and transparent operation of a Group 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 SEHK (the "Hong Kong Listing Rules"), has been complied with following its public listing, save that

(i) 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. Nevertheless, 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.

(ii) The Company is in course of identifying suitable insurers for appropriate insurance coverage for legal actions against the Company's Directors.

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

The Group 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 enquiries 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.

Movements in Stock Options

The table below presents the movements in stock options for Directors, the chief executive and other executive management of the Group during the year ended December 31, 2021.

Name	December 31, 2020	Granted	Exercised	Forfeited	Expired	December 31, 2021
Kwok Ping Sun	6,933,580	-	-	-	(933,580)	6,000,000
Michael Hibberd	933,580	-	-	-	(933,580)	-
Gloria Ho	400,000	-	-	-	(100,000)	300,000
Yi He	150,000	-	-	-	(20,000)	130,000
Xijuan Jiang	20,000	-	-	-	(20,000)	-
Guangzhong Xing	100,000	-	-	-	-	100,000
Sub-total for Directors	8,537,160	-	-	-	(2,007,160)	6,530,000
Sub-total for other share option holders	518,841	-	-	-	(468,841)	50,000
Total	9,056,001	-	-	-	(2,476,001)	6,580,000

Please refer to our consolidated financial statements included in the 2021 Annual Report for additional details on our stock option plans and movements for the year ended December 31, 2021.

Fair Value of Share Options Granted

The weighted average fair value of the share options in previous years was CAD 0.012 (2020 – CAD 0.6). Options were valued using the Black-Scholes model. Where relevant, the expected life used in the model has been adjusted based on management's best estimate for the effects of non- transferability, exercise restrictions (including the probability of meeting market conditions attached to the option), and behavioral considerations. Expected volatility is based on the historical share price volatility of the Group during 2021 and 2020.

The table below details the input variables used in the Black-Scholes model to determine the fair value of options granted in previous years.

Input variables	2021	2020
Grant date share price ($)	0.012-0.04	0.60-2.00
Exercise price ($)	0.012-0.04	0.60-2.00
Expected volatility (%)	61.88-63.91	61.88-63.91
Option life (years)	2.50-2.68	1.32-2.50
Risk-free interest rate (%)	0.93-1.95	1.48-1.95
Expected forfeitures (%)	14.76-15.39	15.39-15.39

Purchase, Sale or Redemption of Sunshine's Listed Securities

Class "A" Common Shares

General mandate

2021 activity

In relation to the "Chairman CB" issued on June 15, 2020 (see "2020 activity" for details), Mr. Kwok Ping Sun has made application to the Securities & Futures Commission of Hong Kong ("HKSFC") for a Whitewash Waiver. The Whitewash Waiver was conditionally granted by HKSFC on March 4, 2021. The Conversion and the Whitewash Waiver has been approved by the independent shareholders at the Special General Meeting on March 5, 2021. On April 7, 2021, the Conversion was completed and 113,924,051 new shares were duly allotted and issued to the Subscriber.

2020

On January 3, 2020, the Board proposed to implement a Share Consolidation on the basis that every fifty (50) Existing Shares will be consolidated into one (1) Consolidated Share. The total number of Consolidated Shares in the issued share capital of the Company immediately following the Share Consolidation was rounded down to a whole number by cancelling any fractional Shares of the Company arising from the Share Consolidation. The Share Consolidation was conditional upon, among other things, the approval of the Shareholders at the SGM. The Board proposed to change the board lot size for trading on the Stock Exchange from 500 Existing Shares to 1,000 Consolidated Shares conditional upon the Share Consolidation becoming effective.

On February 24, 2020, a Special General Meeting approved the Share Consolidation and the Change in Board Lot Size became effective on February 26, 2020.

On February 27, 2020, the Company entered into a settlement agreement for a total of 1,443,000 consolidated Class "A" common shares at a price of HK$ 1.31 per share (post-consolidation) for gross proceeds of HK$ 1,896,000 (CDN 324,000). On March 5, 2020, the Company completed the closing of this settlement agreement. This settlement agreement was entered into for settlement of trade payables with an independent third party.

On April 1, 2020, the Company and a company wholly owned by Mr. Kwok Ping Sun entered into a Subscription Agreement for convertible bonds ("CB") in an aggregate principal amount of HK$ 72,000,000. With an initial conversion price of HK$ 0.632 per share, a maximum of 113,924,051 new Class "A" common shares will be allotted and issued upon the full conversion of the CB. The CB interest rate is 8% per annum and matures in two years. The Subscription has been approved by the independent shareholders at the Special General Meeting on May 25, 2020. The subscription was completed on June 15, 2020. The entire proceeds will be used for financing general working capital and repayment of debts.

Shares Outstanding

As at December 31, 2021 the Group has 243,478,681 Class "A" common shares issued and outstanding.

Employees

As at December 31, 2021, the Group has 24 full-time employees. For the three and twelve months ended December 31, 2021, total staff costs amounted to $1 million and $4 million, respectively.

Dividends

The Group has not declared or paid any dividends in respect of the year ended December 31, 2021 (year ended December 31, 2020 - $Nil).

Review of Annual Results

The audited consolidated financial statements for the Group for the three and twelve months ended December 31, 2021, were reviewed by the Audit Committee of the Group and approved by the Board.

Publication of Information

This annual results report is published on the websites of the SEHK (www.hkexnews.hk) and the Group's website at www.sunshineoilsands.com.

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

Outlook

Sunshine will continue to focus on cost controls and carefully monitor developments in crude oil markets as well as the development of COVID-19 pandemic in North America. As at the date hereof, the Corporation's production resumption is on track. The Corporation is working with its joint venture partner for re-activation of the Muskwa and Godin Area activities.