SUNSHINE OILSANDS LTD.

陽光油砂有限公司*****

(a corporation incorporated under the Business Corporations Act of the Province of Alberta, Canada with limited liability)

(HKEx: 2012; TSX: SUO)

Results for First Quarter 2013

Sunshine Oilsands Ltd. (the "Corporation" or "Sunshine") is pleased to announce its results for the three month period ended March 31, 2013. Please see the attached announcement for further information.

By Order of the Board of Sunshine Oilsands Ltd.
Michael John Hibberd
Co-Chairman
and
Songning Shen
Co-Chairman

Hong Kong, May 14, 2013

As at the date of this announcement, the Board consists of Mr. Michael John Hibberd and Mr. Songning Shen as executive directors, Mr. Hok Ming Tseung, Mr. Tingan Liu, Mr. Haotian Li and Mr. Gregory George Turnbull as non-executive directors and Mr. Raymond Fong, Mr. Wazir Chand Seth, Mr. Robert John Herdman and Mr. Gerald Franklin Stevenson as independent non-executive directors.

****For identification purposes only***

SUNSHINE OILSANDS LTD.
Announcement of results for the three month period ended March 31, 2013

HONG KONG - Sunshine (**HKEX: 2012; TSX: SUO**) today announced its financial results for the first quarter of 2013. The Corporation's consolidated financial statements, notes to the consolidated financial statements and Management's Discussion and Analysis have been filed on SEDAR (www.sedar.com), with the SEHK at (www.hkexnews.hk) and are available on the Corporation's website (www.sunshineoilsands.com). Sunshine's annual general meeting of shareholders was held on May 7, 2013 in Hong Kong (May 6, 2013 in Calgary). All figures are in Canadian dollars unless otherwise stated.

Highlights

- Sunshine continues to make significant progress in construction of the West Ells project. West Ells Phase 1 and Phase 2 are expected to produce 10,000 barrels per day.

- As part of ongoing analysis of cost control for the project, the Corporation reviewed and revised its West Ells cost estimate by approximately $28 million to $496 million from $468 million. The Corporation now expects Phase 1 first steam to be in the fourth quarter of this year.

- Milestones met at West Ells during the first three months of 2013 include: erection of the Phase 1 evaporator tower, completion of the drilling of the Phase 1 SAGD wellpairs completion and setting of approximately 80% of pilings for Phase 1. The Corporation has hired approximately 80% of the operations team.

- In relation to other core areas, Sunshine continues to advance through the regulatory process for Thickwood with approval expected in the first half of 2013 for an initial 10,000 barrels per day project.

- The Corporation is pleased that Mr. Mark Montemurro has joined the Sunshine team as Senior Vice President, Engineering and Geosciences.

Message to Shareholders

Sunshine Oilsands Ltd. (the “Corporation” or “Sunshine”) is pleased to report on the results and activities for the first three months of 2013. Sunshine is a Calgary based public company, listed on the SEHK since March 1, 2012 and the Toronto Stock Exchange since November 16, 2012. Sunshine is focused on the development of its significant holdings of oil sands leases in the Athabasca oil sands region. The Corporation is the largest land holder of non-partnered leases within the oil sands with approximately 1.1 million acres of oil sands leases. The Corporation’s independently prepared assessments of its reserves and resources, dated December 31, 2012, report total best estimate contingent resources at 5.1 billion barrels with an aggregate pre-tax PV10% value of $10.3 billion and proved plus probable reserves (2P) of 446 million barrels with an aggregate pre-tax PV10% value of $0.9 billion. “We believe in the significant opportunities these assets have to offer and the value these assets promise for our shareholders. There is significant potential to increase shareholder value”, said President and CEO, John Zahary. As one of the largest independent oil sands development companies based on total acreage position and Recoverable Resources, Sunshine’s resource base holds significant commercial development potential.

The Corporation is currently focused on constructing its West Ells Project, the first of three major project areas. West Ells Phase 1 has an initial production target rate of 5,000 barrels per day, which will be followed immediately by an approved Phase 2 expansion to a planned production capacity of 10,000 barrels per day in early 2014. In addition to West Ells activities, Sunshine is advancing regulatory approvals for two additional 10,000 barrels per day projects, one at Thickwood and one at Legend. Full commercial development from the Corporation’s initial three project areas has the potential to reach a production capacity of 300,000 barrels per day of bitumen. Sunshine’s growth is being led by an experienced team with strengths for operations, construction and capital markets. The Sunshine team is focused on gaining approvals and pursuing expansion applications to realize the full potential of these resources.

After a busy winter season, operational development for Phase 1 West Ells continues to make significant progress. The erection of the evaporator tower was completed in early January. The Phase 1 steam generator was delivered and the site office was installed. Drilling activities were busy in the first quarter of 2013 with the completion of eleven observation wells and six surface sections were drilled. After a detailed review of budgeted costs, Sunshine now projects the estimated capital cost on this 10,000 barrels per day project to be approximately $496 million, an increase of $28 million, approximately 6% compared to previous figures. The cost increase is primarily due to higher than expected construction costs, delays and scope changes. First steam was expected to be late in the third quarter of 2013 and Sunshine now anticipates first steam at site to occur in the fourth quarter of 2013. Drilling of the first eight well pairs for Phase 1 was completed after the end of the first quarter 2013. Completions on three of the eight well pairs is in progress while five well pairs were completed at March 31. For second quarter activities, Sunshine is moving ahead with the drilling of the second well pad in preparation for Phase 2 at West Ells.

For our management team, the recent cost increase at West Ells is disappointing. However, while the industry will continue to see challenges, the Corporation’s focus is on execution and achieving delivery of these projects, first and foremost, at West Ells, and quickly followed by others”.

Regulatory approval remains on track for the Sunshine’s other two core SAGD projects. Thickwood approval is expected in mid-2013 and the Corporation is currently waiting for the final statement of concern to be removed. The 10,000 barrel per day project planned at Legend has made progress with its supplementary information requests and responses are expected to be submitted in the second quarter. Expansion applications are being prepared that will see ultimate capacity at West Ells, Thickwood and Legend for 300,000 barrels per day.

Summary of Financial Figures

For the first quarter of 2013, the Corporation had a net loss of $8.3 million compared to $32.3 million for the same period in 2012 and net loss per share of $0.00 and $0.02, respectively, for each period.

As at period end, the Corporation notes the following selected balance sheet figures:

	March 31, 2013	**December 31, 2012**
	($000s)	**($000s)**
Cash and cash equivalents	199,151	282,231
Exploration and evaluation assets	380,664	366,668
Property and equipment	436,902	327,971
Total liabilities	148,995	108,650
Shareholders' equity	873,693	871,076
Working capital surplus	95,692	215,471

FORWARD-LOOKING INFORMATION AND DISCLAIMER

This presentation (the "Presentation") contains forward-looking information relating to, among other things: (a) the future financial performance and objectives of Sunshine Oilsands Ltd. ("Sunshine" or the "Corporation"); and (b) the plans and expectations of the Corporation. Such forward-looking information is subject to various risks, uncertainties and other factors. All statements other than statements and information of historical fact are forward-looking statements. The use of words such as "estimate", "forecast", "expect", "project", "plan", "target", "vision", "goal", "outlook", "may", "will", "should", "believe", "intend", "anticipate", "potential", and similar expressions are intended to identify forward-looking statements. Forward-looking statements are based on Sunshine's experience, current beliefs, assumptions, information and perception of historical trends available to Sunshine, and are subject to a variety of risks and uncertainties including, but not limited to those associated with resource definition and expected reserves and contingent and prospective resources estimates, unanticipated costs and expenses, regulatory approval, fluctuating oil and gas prices, expected future production, the ability to access sufficient capital to finance future development and credit risks, changes in Alberta's regulatory framework, including changes to regulatory approval process and land-use designations, royalty, tax, environmental, greenhouse gas, carbon and other laws or regulations and the impact thereof and the costs associated with compliance. Although Sunshine believes that the expectations represented by such forward-looking statements are reasonable, there can be no assurance that such expectations will prove to be correct. Readers are cautioned that the assumptions and factors discussed in this Presentation are not exhaustive and readers are not to place undue reliance on forward-looking statements as our actual results may differ materially from those expressed or implied. Sunshine disclaims any intention or obligation to update or revise any forward-looking statements as a result of new information, future events or otherwise, subsequent to the date of this Presentation, except as required under applicable securities legislation. The forward-looking statements speak only as of the date of this announcement and are expressly qualified by these cautionary statements. Readers are cautioned that the foregoing lists are not exhaustive and are made as at the date hereof. For a full discussion of our material risk factors, see "Risk Factors" in our most recent Annual Information Form, "Risk Management" in our current MD&A for the three months ended March 31, 2013 and risk factors described in other documents we file from time to time with securities regulatory authorities, all of which are available on the Hong Kong Stock Exchange at www.hkexnews.hk, on the SEDAR website at www.sedar.com or our website at www.sunshineoilsands.com.

About Sunshine Oilsands Ltd.

The Corporation is engaged in the evaluation and the development of oil properties for the future production of bitumen in the Athabasca oilsands region in Alberta, Canada. Sunshine trades on the SEHK under the symbol "2012" and on the TSX under the symbol "SUO".

For further enquiries, please contact:

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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 "Corporation") for the three month period ended March 31, 2013 is dated May 14, 2013. This MD&A should be read in conjunction with the Corporation's audited consolidated financial statements and notes thereto for the year ended December 31, 2012. 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 Corporation hereby cautions investors about important factors that could cause the Corporation'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 Corporation'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 Corporation 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 Corporation 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 developer of oil sands resources, with approximately 70 billion barrels of total Petroleum Initially In Place ("PIIP") where total PIIP is a sum of discovered and undiscovered PIIP components. With approximately 5.1 billion barrels of contingent resources and 446 million barrels of proved plus probable ("2P") reserves, the Corporation 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 169 billion barrels of recoverable resource. The Canadian oil sands comprises the largest single source of supply of oil imported into the United States.

The Corporation is focused on evaluating and developing these assets with the first phase of a 10,000 barrels per day project, currently under construction at West Ells, where first steam is expected in the fourth quarter of 2013.

Each of the Thickwood and Legend projects is planned for 10,000 barrels per day (total 20,000 barrels per day). The approval for Thickwood is anticipated in mid-2013 while Legend is expected later in 2013.

As at March 31, 2013 the Corporation had invested $817.6 million in oilsands leases, drilling operations, project planning, regulatory application processing and other assets. As at March 31, 2013, the Corporation had $199.2 million in cash and cash equivalents (high yield savings and term deposits) and no debt drawn on an available credit facility of up to $200.0 million. The Company continues to monitor markets to optimize its sources of funding.

Operational Update

West Ells

As at March 31, 2012, significant progress was achieved on Sunshine's SAGD project at West Ells. Sunshine plans to execute the West Ells project in two phases, Phase 1 and Phase 2, with Phase 1 providing the supporting infrastructure for Phase 2 major equipment. In the first quarter of 2013, Sunshine has completed:

- 50% of the fabrication of the main pipe rack modules;
- Foundation construction for the evaporator building;
- Erection of the evaporator tower;
- Civil construction of the Central Processing Facility except final grading which will occur in summer of 2013;
- Procurement of long lead equipment;
- Approximately 85% of facilities general engineering on Phase 1;
- Approximately 80% of pile installation on Phase 1; and
- Approximately 90% of the drilling operations on Phase 1.

Subsequent to period end of the first quarter, as at the date of this MD&A, Sunshine continues to achieve several West Ells milestones including completing drilling operations on Phase 1, assembly of Sunshine's communication tower and completions of five out of eight injector wells. Furthermore, for Phase 1, approximately 90% of all field pile driving, facilities general engineering, and procurement of facility equipment and material is now complete. An estimated 27% of field construction for Phase 1 is complete.

After a detailed review of budgeted costs, Sunshine now projects estimated capital cost on this 10,000 barrels per day (Phase 1 and Phase 2) project to be approximately $496 million, an increase of $28 million from previous estimates. The cost increase is primarily due to higher than expected construction costs, delays and scope changes. First steam was expected to be late in the third quarter of 2013 and Sunshine now anticipates first steam at site to occur in the fourth quarter of 2013.

For second quarter 2013 activities, Sunshine is moving ahead with the drilling of the second SAGD wellpad in preparation for Phase 2. West Ells Phase 1 is designed to produce 5,000 barrels per day of bitumen followed by an expansion for an additional 5,000 barrels per day from Phase 2, expected to be complete in 2014.

Thickwood and Legend

Sunshine has a 10,000 barrels per day SAGD project planned in its Thickwood area. Regulatory approval of the Thickwood project is expected in the first half of 2013.

The Legend 10,000 barrels per day SAGD project regulatory approval is ongoing with approval expected later in 2013. Sunshine is completing fieldwork for its environmental analysis. This work will support plans for significant commercial expansions in both areas.

Cold flow assets

During the first quarter of 2013, the Corporation undertook a strategic review of its cold flow assets in order to optimize the potential of these assets, particularly for Sunshine's Muskwa area. The Corporation is examining various joint venture or divesture strategies. Options continue to be reviewed and an update will be provided once a determination has been made. For the three months ended March 31, 2013, Muskwa remains in the resource definition stage. As such, the Corporation has capitalized all costs incurred to date, including operating costs net of revenues, for financial reporting purposes.

Alberta Government Initiatives

On August 22, 2012, the Government of Alberta approved the Lower Athabasca Regional Plan ("LARP") to conserve land for conservation, tourism and recreation. The implementation of, and compliance with the terms of, the LARP may adversely impact Sunshine's current properties in northern Alberta, as there is the potential for specific oil sands leases to be cancelled by the government.

The Corporation continues to evaluate options including ongoing discussions with the Government of Alberta for compensation of all expenditures incurred plus loss of future opportunities. The impact of LARP on the Corporation's land holdings and exploration plans is yet to be determined.

Non-IFRS Financial Measures

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

These non-IFRS measures should not be considered as an alternative to or more meaningful than net income or net cash provided by operating activities, as determined in accordance with IFRS. The data is intended to provide additional information and should not be considered in isolation or as 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 provided by operating activities, as determined in accordance with IFRS.

Operational and Financial Highlights

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

	For the three months ended March 31, 2013	2012
Financial Highlights		
Other income	$ 818	$ 7,061
Expensed portion of IPO costs	-	16,214
Finance costs	1,741	17,098
Net loss	8,257	32,331
Basic and diluted loss per share	0.00	0.02
Capital investments	85,892	42,477

For the three months ended March 31, 2013, the Corporation had a net loss of $8.3 million compared to $32.3 million in 2012. The net loss in the three months ended March 31, 2013 was primarily attributable to general administration costs of $4.6 million, $2.6 million for share-based payment expense and finance costs of $1.7 million. For the three months ended March 31, 2012, the net loss was due primarily to finance costs of $17.1 million, $16.2 million for IPO costs expensed, general administration costs of $3.8 million, and $2.2 million for share-based payment expense.

	March 31, 2013	December 31, 2012
Cash and cash equivalents	$ 199,151	$ 282,231
Total assets	1,022,688	979,726
Total liabilities	148,995	108,650

At March 31, 2013, the Corporation had a combined cash and short-term investment balance of $199.2 million compared to $282.2 million at December 31, 2012. The change of $83.1 million in the cash and cash equivalents balance for the first three months of 2013 can be attributed to investment in development for $85.1 million, primarily at Sunshine's West Ells project area, and $3.9 million used in corporate operating activities offset by net cash provided from financing activities of $5.9 million.

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

	For the three months ended March 31, 2013	2012
Net loss for period	$ (8,257)	$ (32,331)
Addback/Deduct		
Expense portion of IPO costs	-	10,863
Finance costs	1,741	17,098
Unrealized foreign exchange gain	(46)	(6,451)
Interest income	(772)	(81)
Depreciation	104	60
Share-based payment expense	2,640	2,218
Cash flow used in operations	$ (4,590)	$ (8,624)

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

Cash flow used in operations in the three months ended March 31, 2013 totaled $4.6 million compared to $8.6 million for the same period in 2012. The decrease of $4.0 million for the first quarter of 2013 is primarily due to $10.9 million for expensed IPO costs offset by $6.5 million of foreign exchange gains in 2012. Given the nature of its business and stage of development, cash flow used in operations is considered to be a small portion of the Corporation's total cash needs and expenditures.

Summary of Quarterly Results

The following table summarizes selected unaudited financial information for the Corporation for the eight preceding quarters:

($000 except for per share amounts)	Q1 2013	Q4 2012	Q3 2012	Q2 2012	Q1 2012	Q4 2011	Q3 2011	Q2 2011
Other income	$ 818	$ 1,032	$ 1,142	$ 2,992	$ 7,061	$ 257	$ 425	$ 516
Expense portion of IPO costs	-	-	-	44	16,213	1,852	1,695	-
Fair value adjustment on warrants	-	-	-	-	-	(11,791)	(2,440)	(2,255)
Finance costs	1,741	2,859	215	66	17,098	7,029	6,278	46,661
Net loss for the period	8,257	9,196	15,531	4,673	32,331	2,473	10,229	8,481
Loss per share	0.00	0.00	0.00	0.00	0.02	0.01	0.01	0.03
Capital investments	85,892	65,098	32,510	90,037	42,477	31,770	17,959	62,567

Results of Operations

Finance Expense

	For the three months ended March 31, 2013	2012
Finance cost on share repurchase obligation	$ -	$ 5,864
Expensed portion of share issue costs	-	13,012
Finance cost on related party loan	-	266
Finance costs on credit facility	496	-
Financing related costs	422	-
Unwinding of discounts on provisions	823	71
Less: Amounts capitalized in exploration and evaluation assets	-	(2,115)
	$ 1,741	$ 17,098

Finance expense for the three month period ended March 31, 2013 decreased by $15.4 million to $1.7 million from $17.1 million for the same period in 2012, primarily due to $13.0 million for share issue costs expensed and the extinguishment of the share repurchase obligation for $5.9 million.

Accretion for the decommissioning obligation was $0.8 million for the three months ended March 31, 2013 compared to $0.1 million in the same period in 2012.

In October 2012, the Corporation signed a credit facility agreement (the "Credit Facility") with a group of financial institutions with an amount available of up to $200 million. The Credit Facility is undrawn at March 31, 2013. For the quarter ended March 31, 2013, the Corporation incurred $0.5 million for standby fees. The amount available for draw under the facility depends on the value attributed to the Company's Proved reserves by its independent engineers, while drawdown is subject to, among other things, demonstrating sufficient funding (including draws under the Credit Facility) to complete the West Ells project to a defined stage.

In the first quarter of 2012, the Corporation drew and repaid $30.0 million under an available $100.0 million credit facility agreement (the "Loan Agreement") with a significant shareholder of the Corporation. Since the loan was classified as a financial liability and accounted for as other liabilities at amortized cost, the Corporation recorded non-cash finance costs of $0.3 million. Refer to Section: *"Transactions with related parties*" for terms and conditions of the Loan Agreement.

General and Administrative Costs

	Three months ended March 31, 2013			2012		
	General and Administrative Costs	Capitalized portion	Expensed	General and Administrative Costs	Capitalized portion	Expensed
Salaries, consulting and benefits	$ 5,504	$ 2,452	$ 3,052	$ 4,534	$ 2,082	$ 2,452
Rent	555	331	224	512	250	262
Other	1,337	200	1,137	1,133	256	877
	$ 7,396	$ 2,983	$ 4,413	$ 6,179	$ 2,588	$ 3,591

General and administrative expense, which includes salaries, consulting and benefits, rent, and other general administrative costs, for the three month period ended March 31, 2013 increased by $0.8 million to $4.4 million compared to $3.6 million for the same period in 2012. The increase in expense are primarily attributed to higher general administration costs as the Corporation continues to hire staff for its ongoing development. The Corporation's headcount (including employees and consultants) grew to 167 as of March 31, 2013 from 148 at March 31, 2012. During the three months ended March 31, 2013, the Corporation capitalized salaries, consulting and benefits, rent and other general administrative costs related to capital investment of $3.0 million compared to $2.6 million for the first quarter of 2012.

Share-based payments

	Three months ended March 31,					
	2013			2012		
	Total amount	Capitalized portion	Expensed	Total amount	Capitalized portion	Expensed
Share-based payment expense	$ 4,039	$ 1,399	$ 2,640	$ 3,657	$ 1,439	$ 2,218

Share-based compensation expense for the three months ended March 31, 2013 was $2.6 million compared to $2.2 million for the same period in 2012. The fair value of share-based payments associated with the granting of stock options and preferred shares is recognized by the Corporation in its consolidated financial statements. Fair value is determined using the Black-Scholes option pricing model.

The Corporation capitalizes a portion of the share-based compensation expense using the same methodology associated with capitalized salaries and benefits. For each of the three months ended March 31, 2013 and 2012, the Corporation capitalized $1.4 million of share-based payments.

Other Income

	Three months ended March 31,	
	2013	2012
Foreign exchange gain - realized	$ -	$ 6,451
Foreign exchange gain - unrealized	46	529
Interest income from term deposits	772	81
	$ 818	$ 7,061

Other income for the three months ended March 31, 2013 decreased by $6.2 million to $0.8 million from $7.1 million in the first quarter of 2012. The change quarter over quarter is due to foreign exchange gains of $7.0 million in 2012, offset by higher interest income of $0.7 million. Interest income will decline as cash balances are invested in capital projects.

Expensed portion of IPO costs

In the first quarter of 2012, the Corporation completed a public listing and initial public offering (“IPO”) on the SEHK. The IPO raised approximately $570.0 million (HK$4.5 billion) gross proceeds for the Corporation. In conjunction with this financing, $16.2 million of the IPO costs were expensed, which was comprised of $5.3 million for bonus payments and $10.9 million for IPO related costs such as legal and audit fees.

Depreciation

Depreciation expense was $0.1 million for the three month period ended March 31, 2013 compared to $0.06 million for the same period in 2011. Since the Corporation is a development stage company, its assets are not yet ready for use and as such, not subject to depletion and depreciation.

Income Taxes

The Corporation did not recognize any deferred income taxes, which relate primarily to unrecognized tax losses, for the three months ended March 31, 2013 and 2012. Recognition of tax losses is based on the Corporation’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 March 31, 2013, the Corporation had total available tax deductions of approximately $875 million, with unrecognized tax losses starting to expire in 2027.

Liquidity and Capital Resources[1]

	March 31, 2013	December 31, 2012
Working capital surplus	$ 95,692	$ 215,471
Shareholders' equity	873,693	871,076
	$ 778,001	$ 655,605

1. Excludes amounts available from $200 million Credit Facility

Working capital surplus of $95.7 million is comprised of $199.2 million of cash and cash equivalents, offset by a non-cash working capital deficiency of $103.5 million. The Corporation's strategy is to access sufficient capital, through equity issuances, joint ventures and the utilization of debt, in order to maintain a strong capital base for the objectives of maintaining financial flexibility and to sustain the future development of the business. The Corporation manages its capital structure and makes adjustments relative to changes in economic conditions and the Corporation's risk profile. In order to manage risk, the Corporation may from time to time issue shares and adjust its capital spending to manage current working capital levels.

In October 2012, the Corporation negotiated and signed a $200 million Credit Facility with a syndicate of financial institutions. The amount available for draw under the facility depends on the value attributed to the Company's Proved reserves by its independent engineers, while drawdown is subject to, among other things, demonstrating sufficient funding (including draws under the Credit Facility) to complete the West Ells project to a defined stage. Subsequent to period end, the Credit Facility was amended to defer the regular reporting of the sufficient funding test to the third quarter of 2013. The available amount under the Credit Facility is undrawn at March 31, 2013 and the available amount has been excluded from the capital structure.

The Corporation is exposed to risks arising from fluctuations in foreign currency exchange rates and the volatility of those rates. This exposure primarily relates to certain expenditure commitments, deposits, accounts receivable and accounts payable which are denominated in US dollars and/or HK dollars. The Corporation manages this risk by monitoring foreign exchange rates and evaluating their effects on using Canadian or U.S. vendors as well as timing of transactions. Thus, exchange rate fluctuations can affect the fair value of future cash flows.

The Corporation had no forward exchange rate contracts in place as at or during the three months ended March 31, 2013. If exchange rates to convert from HK dollars to Canadian dollars had been $0.10 higher or lower with all other variables held constant, foreign cash held at March 31, 2013 would have been impacted by approximately $10. At March 31, 2013, the Corporation held approximately HK$6.2 million or $0.8 million using the March 31, 2013 exchange rate of 7.6434, as cash in the Corporation's Hong Kong bank account.

The Corporation's $199.2 million in cash and cash equivalents as at March 31, 2013, are held in accounts with a diversified group of highly rated third party financial institutions and consist of invested cash and cash in the Corporation's operating accounts. The cash equivalents portion is invested in high yield savings and high grade liquid term deposits. To date, the Corporation has experienced no loss or lack of access to its cash in operating accounts, invested cash or cash equivalents. However, the Corporation can provide no assurance that access to its invested cash and cash equivalents will not be affected by adverse conditions in the financial markets. While the Corporation monitors the cash balances in its operating and investment accounts and adjusts the cash balances as appropriate, these cash balances could be affected if the underlying financial institutions or corporations fail or are subject to other adverse conditions in the financial markets.

Cash Flows Summary

	For the three months ended March 31, 2013	2012
Cash generated by/(used in) operating activities	$ (3,897)	$ (893)
Cash used in investing activities	(85,120)	(42,396)
Cash (used in)/generated by financing activities	5,891	480,999
Effect of exchange rate changes on cash and cash equivalents held in foreign currency	46	6,451
(Decrease)/increase in cash and cash equivalents	(83,080)	444,161
Cash and cash equivalents, beginning of period	282,231	84,957
Cash and cash equivalents, end of period	$ 199,151	$ 529,118

Operating Activities

Net cash used for operating activities for the three months ended March 31, 2013 was $3.9 million compared to $0.9 million in 2012, an increase of $3.0 million. Net cash used for operating activities is comprised of cash flow used in operations of $4.6 million and movements in working capital of $0.7 million for the three months ended March 31, 2013 compared to $8.6 million cash flow used in operations and movements in working capital of $7.7 million for the same period 2012.

Investing Activities

Net cash used for investing activities for the three months ended March 31, 2013 grew by $42.7 million to $85.1 million compared to $42.4 million for the same period in 2012. The increase was due to higher investment in evaluation assets and property and equipment, primarily for West Ells' development, by $85.9 million, offset by $0.8 million of interest income for the three months ended March 31, 2013 compared to $42.5 million invested and $0.1 million earned in the same period in 2012.

Capital investment for the development program for the first quarter of 2013 focused on SAGD wellpair drilling and completion, construction, procurement of major equipment and related capital costs for Phase 1 and 2 of the West Ells project, the maintenance of the West Ells access road, and resource delineation and expenditures related to regulatory advancement for projects at Thickwood and Legend.

Financing Activities

Financing activities for the three months ended March 31, 2013 were $5.9 million, which consisted of proceeds received from stock option exercises of $6.8 million, offset by $0.9 million of finance related costs compared to $481.0 million for the three months ended March 31, 2012, which consisted of gross proceeds received in connection with Sunshine's IPO on the SEHK for $569.8 million, offset by $68.9 million used to repurchase all warrants issued and outstanding and $19.9 million of share issue costs and an IPO advisory fee.

Contractual obligations and commitments

The information presented in the table below reflects management's estimate of the contractual maturities of the Corporation's obligations. These estimated maturities may differ significantly from the actual maturities of these obligations. As at March 31, 2013, the Corporation's estimated commitments are as follows:

	Due within the next 12 months	Due in the next 2 to 5 years	Over 5 years
Drilling, equipment and contracts	$ 108,677	$ -	$ -
Lease rentals	1,840	7,225	10,593
Office leases	2,155	8,494	2,278
	$ 112,672	$ 15,719	$ 12,871

Shares Outstanding

As at May 14, 2013, the Corporation had the following shares issued and outstanding:

Class "A" common shares	2,875,806,161
Class "G" preferred shares	58,890,000
Class "H" preferred shares	22,200,000

Transactions with related parties

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

- Orient International Resources Group Limited and its affiliated companies ("Orient Group") is a private group of companies controlled by Mr. Hok Ming Tseung, a significant shareholder and director of the Corporation. At March 31, 2013, Orient Group owned approximately 10% of the outstanding shares of the Corporation. In 2010 through to 2012, Orient Group provided a credit facility agreement to the Corporation and provided advisory services with respect to various IPO related matters and other strategic topics.
- MJH Services Ltd. ("MJH Services") is a private company wholly owned by one of Sunshine's Co-Chairmen of the Board of Directors and a Director. MJH Services provides overall operational services to the Corporation.
- 1226591 Alberta Inc. ("1226591 Inc.") is private company wholly owned by one of Sunshine's Co-Chairmen of the Board of Directors and a Director. 1226591 Inc. provides overall operational services to the Corporation.
- McCarthy Tetrault LLP is a law firm in which a director of the Corporation is a partner. McCarthy's provides legal counsel to the Corporation.

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

Advisory Fee Agreement (the "Agreement")

During 2010, the Corporation entered into the Agreement in which the Corporation has agreed to pay a fee for services to be rendered in connection with an initial filing of an IPO prospectus and listing. On March 1, 2012, the Corporation successfully closed its Qualifying IPO and listing on the SEHK. Pursuant to this event, the obligation was settled through the issuance of 13,566,395 common shares for $8.4 million and cash paid of $0.4 million. The service provider is a company which is controlled by a director who is a principal of a significant shareholder of the Corporation, and who also holds a senior management position with the service provider company.

Credit Facility Agreement (the "Credit Facility Agreement")

The Corporation had a Credit Facility Agreement with a non-arm's length lender in which a credit facility for general working capital purposes is available of up to a maximum of $100 million. During the three months ended March 31, 2012, the Corporation drew $30.0 million on the credit facility and subsequently repaid the balance prior to period end. The loan was a financial liability and was classified as other liabilities and recorded at amortized cost, using the effective interest method. For the three month period ended March 31, 2012, total finance costs were $0.3 million, of which $0.1 million was expensed and $0.2 million was capitalized as the funds are directly attributable to the development of the Corporation's qualifying assets. Upon repayment of the outstanding balance owing on this credit facility, $0.3 million was recorded to Other Reserve due to the related party nature of this transaction. In the fourth quarter of 2012, this Credit Facility Agreement was terminated.

The Corporation incurred consulting and director's fees and share-based compensation payments to MJH Services totaling $0.6 million for the three months ended March 31, 2013 compared to $0.4 million for the same period in 2012. The Corporation incurred consulting and director's fees and share-based compensation payments to 1226591 Inc. totaling $0.6 million for the three months ended March 31, 2013 compared to $0.4 million for the same period in 2012.

The Corporation entered into the following trading transactions with McCarthy Tetrault LLP:

	Three months ended March 31, 2013	2012
Share issue costs	$ -	$ 271
Legal expense	$ 47	$ 81
Finance fees	165	-
Expense portion of IPO costs	-	551
	$ 212	$ 632

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

	March 31, 2013	December 31, 2012
Legal	$ 89	$ 136

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

Off-balance sheet arrangements

At March 31, 2013, the Corporation did not have any off-balance sheet arrangements.

Recent accounting pronouncements issued but not yet adopted

The International Accounting Standard Board (the "IASB") issued a number of new and revised International Accounting Standards ("IASs"), International Financial Reporting Standards ("IFRSs"), amendments and related Interpretations ("IFRICs") (hereinafter collectively referred to as the "New IFRSs") which are effective for the Corporation's financial period beginning on January 1, 2013. The Corporation 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 consolidated financial statements.

Critical accounting judgments and key sources of estimation uncertainty

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

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

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

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, current production forecasts, prices, cost estimations 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 Corporation's development and production assets are determined using proved and probable reserves.

Independent qualified reserves evaluators prepare reserve estimates for each property at least annually and issue a report thereon. The reserve estimates are reviewed by the Corporation's engineers and operational management familiar with the property.

Bitumen Reserves

The estimation of reserves involves the exercise of judgment. Forecasts are based on engineering data, estimated future prices, expected future rates of production and the timing of future capital expenditures, all of which are subject to many uncertainties and interpretations. The Corporation expects that over time its reserves estimates will be revised either upward or downward based on updated information such as the results of future drilling, testing and production. Reserve estimates can have a significant impact on net earnings, as they are a key component in the calculation of depletion and depreciation and for determining potential asset impairment. For example, a revision to the proved reserves estimates would result in a higher or lower depletion and depreciation charge to net earnings. Downward revisions to reserve estimates may also result in an impairment of oil sands property, plant and equipment carrying amounts.

Recoverability of exploration and evaluation costs

Exploration and Evaluation costs ("E&E") are capitalized as exploration and evaluation assets and are assessed for impairment when circumstances suggest that the carrying amount may exceed its 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 geographical data acquired.

Decommissioning costs

A provision is required to be recognised for the future retirement obligations associated with the Corporation's exploration and valuation assets. The decommissioning provision is based on estimated costs, taking into account the anticipated method and extent of restoration consistent with legal, regulatory and constructive 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 repurchase obligation

The Corporation had a share repurchase obligation pursuant to the accounting treatment required under IAS 32. In order to calculate a value for the share repurchase obligation, the effective interest method was applied which is based on estimates and assumptions to determine the effective interest rate.

Share-based payments

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

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 Corporation and its subsidiary 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 Corporation, their potential impact and the Corporation's principal risk management strategies are substantially unchanged from those disclosed in the Corporation's MD&A for the year ended December 31, 2012, which is available at www.sedar.com. The 2012 annual report of the Corporation is available at the Company's website, www.sunshineoilsands.com, and the website of the SEHK, www.hkexnews.hk. The Corporation's 2012 Annual Information Form is available at www.sedar.com.

Disclosure Controls and Procedures
The Corporation's Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") 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 Corporation is made known to the Corporation's CEO and CFO by others, particularly during the period in which the annual filings are being prepared; and (ii) information required to be disclosed by the Corporation 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
The CEO and CFO have designed, or caused to be designed under their supervision, internal controls over financial reporting to provide reasonable assurance regarding the reliability of the Corporation's financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. Such officers have evaluated, or caused to be evaluated under their supervision, the effectiveness of the Corporation's internal controls over financial reporting at the financial year end of the company and concluded that the Corporation's internal controls over financial reporting are effective at the financial year end of the company for the foregoing purpose.

No material changes in the Corporation's internal controls over financial reporting were identified during the three months ended March 31, 2013 that have materially affected, or are reasonably likely to materially affect, the Corporation's internal controls over financial reporting. It should be noted that a control system, including the Corporation'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 SEHK and not shown elsewhere in this announcement is as follows:

Code of Corporate Governance Practice (the "Code")

The Corporation is committed to maintaining high standards of corporate governance. The Corporation 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 Corporation confirms that the Code was complied with following its public listing, save that the Corporation 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 Corporation will deviate from Code Provision D.1.4 of the Code since each of the Directors will be appointed on an annual basis at each annual general meeting, which is consistent with market practice in Canada.

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

The Corporation confirms that it complied with the Model Code following its public listing.

Purchase, sale or redemption of Sunshine's listed securities

Class "A" Common Shares

During the three months ended March 31, 2013, the Corporation issued 38,915,000 common shares for $6.8 million upon exercise of pre-IPO stock options. In connection with this issuance, $2.7 million was transferred from share option reserve to Class "A" common shares.

Class "G" Preferred Shares

During the three months ended March 31, 2013, 1,300,000 Class "G" Preferred Shares were converted to 710,000 Class "A" common shares for $650. There were 250,000 Class "G" Preferred Shares cancelled during the three months ended March 31, 2013.

Class "H" Preferred Shares

For the three months ended March 31, 2013, no Class "H" preferred shares were converted to Class "A" common shares.

Pre-IPO Stock Option Plan

For the three months ended March 31, 2013, the Corporation granted Nil Pre-IPO stock options. During the three months ended March 31, 2013, there were 38,915,000 Pre-IPO stock options exercised at a weighted average exercise price of $0.18 per stock option. There were also 877,894 forfeitures of Pre-IPO stock options during the three months ended March 31, 2013.

Post-IPO Stock Option Plan

For the three months ended March 31, 2013, the Corporation granted Nil Post-IPO stock options. During the three months ended March 31, 2013, there were Nil Post-IPO stock options exercised. There were also 953,333 forfeitures of Post-IPO stock options during the three months ended March 31, 2013.

Summary of Financial Statements and Notes

The Board of Directors of the Corporation is pleased to announce the results of the Corporation and its wholly-owned subsidiary for the three months ended March 31, 2013 together with comparative figures for the corresponding period in 2012 as follows:

Consolidated Statements of Financial Position

	March 31, 2013	December 31, 2012
Assets		
Current Assets		
Cash and cash equivalents	$ 199,151	$ 282,231
Trade and other receivables	4,618	2,155
Prepaid expenses and deposits	1,353	701
	205,122	285,087
Non-Current Assets		
Exploration and evaluation	380,664	366,668
Property and equipment	436,902	327,971
	817,566	694,639
	$ 1,022,688	$ 979,726
Liabilities and Shareholders' Equity		
Current Liabilities		
Trade and other payables	$ 108,267	$ 68,821
Provisions for decomissioning obligation	1,163	795
	109,430	69,616
Non-Current Liabilities		
Share repurchase obligation	-	-
Provisions for decomissioning obligation	39,565	39,034
	39,565	39,034
	148,995	108,650
Net current (liabilities)/assets	95,692	215,471
Total assets less current liabilities	913,258	910,110
Shareholders' Equity		
Share capital	1,001,321	991,798
Reserve for share based compensation	48,746	47,395
Deficit	(176,374)	(168,117)
	873,693	871,076
	$ 1,022,688	$ 979,726

Consolidated Statements of Operations and Comprehensive Loss

	Three months ended March 31, 2013	2012
Other income		
Foreign exchange gain	$ 46	$ 6,980
Interest income	772	81
	818	7,061
Expenses		
Salaries, consulting and benefits	3,052	2,452
Rent	224	262
Legal and audit	177	211
Depreciation	104	60
Share-based payment expense	2,640	2,218
Expense portion of IPO costs	-	16,214
Finance costs	1,741	17,098
Other general administration	1,137	877
	9,075	39,392
Loss before income taxes	8,257	32,331
Income taxes	-	-
Net loss and comprehensive loss for the period attributable to equity holders of the Corporation	$ 8,257	$ 32,331

Notes

1. Basis of preparation

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

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

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

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

2. Segment Information

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

3. Trade Receivables

The Corporation'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:

	March 31, 2013	December 31, 2012
Trade	$ 510	$ 297
Accruals and other	960	387
Goods and Services Taxes receivable	3,148	1,471
	$ 4,618	$ 2,155

The Corporation 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:

	March 31, 2013	December 31, 2012
0 - 30 days	$ 161	$ 46
31 - 60 days	256	250
61 - 90 days	93	1
	$ 510	$ 297

As at March 31, 2013, included in the Corporation's trade receivables were debtors with an aggregate carrying amount of $349 (December 31, 2012 - $251), which was past due as at the reporting date and for which the Corporation had not provided for impairment loss. The Corporation does not hold any collateral over these balances.

4. Trade Payables

Trade payables and accrued liabilities mainly represent payables to subcontractors for development, engineering, procurement and construction services. The Corporation has financial risk management policies in place to ensure that all payables are 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:

	March 31, 2013	December 31, 2012
Trade		
0 - 30 days	$ 7,605	$ 1,170
31 - 60 days	122	3,378
61 - 90 days	337	1,005
>91 days	142	1,262
	8,206	6,815
Accrued liabilities	100,061	62,006
	$ 108,267	$ 68,821

5. Dividends

The Corporation has not declared or paid any dividends in respect of the three months ended March 31, 2013 (December 31, 2012 - $Nil).

6. Income Taxes

	Three months ended March 31, 2013	2012
Income taxes comprises:		
Tax recovery in respect of the current year	$ -	$ -
Effect of changes in tax rates and laws	-	-
Total income taxes	$ -	$ -

March 31, 2013	Opening Balance	Recognised in loss	Recognised in other comprehen-sive loss	Recognised directly in equity	Reclassified from equity to loss	Acquisition/ Disposals	Other	Closing Balance
Temporary differences								
Exploration and evaluation	$ (56,087)	$ (18,490)	$ -	$ -	$ -	$ -	$ (9,627)	$ (84,204)
Property and equipment	129	226	-	-	-	-	-	355
Other financial liabilities	9,961	(206)	-	-	-	-	9,627	19,382
Share issue expenses	22,059	15,514	-	-	-	-	-	37,573
	$ (23,938)	$ (2,956)	$ -	$ -	$ -	$ -	$ -	$ (26,894)
Tax losses	23,938	2,956	-	-	-	-	-	26,894
Deferred tax assets (liabilities)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -

March 31, 2012	Opening Balance	Recognised in loss	Recognised in other comprehen-sive loss	Recognised directly in equity	Reclassified from equity to loss	Acquisition/ Disposals	Other	Closing Balance
Temporary differences								
Exploration and evaluation	$ (32,593)	$ (1,913)	$ -	$ -	$ -	$ -	$ (2,748)	$ (37,254)
Property and equipment	(32)	3	-	-	-	-	-	(29)
Other financial liabilities	755	(18)	-	-	-	-	2,748	3,485
Share issue expenses	872	(872)	-	-	-	-	-	-
	$ (30,998)	$ (2,800)	$ -	$ -	$ -	$ -	$ -	$ (33,798)
Unused tax losses and credits								
Tax losses	30,998	2,800	-	-	-	-	-	33,798
Deferred tax assets (liabilities)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -

The Corporation is subject to Canadian federal and provincial tax for the estimated assessable profit at a rate of 25.0%. The Corporation had no assessable profit in Canada for the three months ended March 31, 2013. The Corporation 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 Corporation's subsidiary, Sunshine Hong Kong, in 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 Corporation had no assessable profit arising in or derived from Hong Kong for the three months ended March 31, 2013.

The estimated tax deductions available to the Corporation in Canada are approximately $875 million. The tax losses will begin expiring in 2027.

Review of interim results

The unaudited condensed interim consolidated financial statements for the Corporation for the three months ended March 31, 2013, were reviewed by the Audit Committee of the Corporation and the Corporation's external auditor.

Publication of information

This first quarter results announcement is published on the websites of SEDAR (www.sedar.com), the SEHK (www.hkexnews.hk) and the Corporation's website at www.sunshineoilsands.com.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three month period ended March 31, 2013

(Unaudited)

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

	Notes	Three months ended March 31, 2013	2012
Other income			
Foreign exchange gain		$ 46	$ 6,980
Interest income		772	81
		818	7,061
Expenses			
Salaries, consulting and benefits		3,052	2,452
Rent		224	262
Legal and audit		177	211
Depreciation	8	104	60
Share-based payment expense	13	2,640	2,218
Expense portion of IPO costs		-	16,214
Finance costs	15	1,741	17,098
Other general administration		1,137	877
		9,075	39,392
Loss before income taxes		8,257	32,331
Income taxes	11	-	-
Net loss and comprehensive loss for the period attributable to equity holders of the Corporation		$ 8,257	$ 32,331
Loss per share			
Basic and diluted	16	$ 0.00	$ 0.02

See accompanying notes to the condensed interim consolidated financial statements.

Condensed Interim Consolidated Statements of Financial Position

(Expressed in thousands of Canadian dollars)
(Unaudited)

	Notes		March 31, 2013		December 31, 2012
Assets					
Current Assets					
Cash and cash equivalents	4	$	199,151	$	282,231
Trade and other receivables	5		4,618		2,155
Prepaid expenses and deposits	6		1,353		701
			205,122		285,087
Non-Current Assets					
Exploration and evaluation	7		380,664		366,668
Property and equipment	8		436,902		327,971
			817,566		694,639
		$	1,022,688	$	979,726
Liabilities and Shareholders' Equity					
Current Liabilities					
Trade and other payables	9	$	108,267	$	68,821
Provisions for decomissioning obligation	10		1,163		795
			109,430		69,616
Non-Current Liabilities					
Provisions for decomissioning obligation	10		39,565		39,034
			148,995		108,650
Shareholders' Equity					
Share capital	12		1,001,321		991,798
Reserve for share based compensation			48,746		47,395
Deficit			(176,374)		(168,117)
			873,693		871,076
		$	1,022,688	$	979,726

See accompanying notes to the condensed interim consolidated financial statements.

Condensed Interim Consolidated Statements of Changes in Shareholders' Equity

(Expressed in thousands of Canadian dollars)

(Unaudited)

		For the three month period ended March 31, 2013			
	Notes	Reserve for share based compensation**	Share capital	Deficit	Total
Balance at December 31, 2012		$ 47,395	$ 991,798	$ (168,117)	$ 871,076
Net loss and comprehensive loss for the period		-	-	(8,257)	(8,257)
Recognition of share-based payments	13	4,039	-	-	4,039
Issue of shares upon exercise of share options	12	-	6,835	-	6,835
Share option transferred on exercise of share options		(2,688)	2,688	-	-
Balance at March 31, 2013		$ 48,746	$ 1,001,321	$ (176,374)	$ 873,693

		For the three month period ended March 31, 2012			
	Notes	Reserve for share based compensation**	Share capital	Deficit	Total
Balance at December 31, 2011		$ 30,074	$ 219,174	$ (100,662)	$ 148,586
Net loss and comprehensive loss for the period		-	-	(32,331)	(32,331)
Recognition of share-based payments	13	3,657	-	-	3,657
Issue of common shares		-	569,880	-	569,880
Reclassification of share repurchase obligation		-	247,957	-	247,957
Issue of common shares for services	18.1	-	8,378	-	8,378
Repurchase and cancellation of warrants		-	-	(5,994)	(5,994)
Recognition of credit on credit facility	18.1	-	-	266	266
Share issue costs, net of deferred tax ($Nil)		-	(25,836)	-	(25,836)
Balance at March 31, 2012		$ 33,731	$ 1,019,553	$ (138,721)	$ 914,563

** Reserve for share based compensation includes recognition of share-based payments on stock options as well as share-based payments on fee warrants.

See accompanying notes to the condensed interim consolidated financial statements.

Condensed Interim Consolidated Statements of Cash Flows

(Expressed in thousands of Canadian dollars)
(Unaudited)

	Notes	Three months ended March 31, 2013	2012
Cash flows from operating activities			
Loss before income taxes		$ (8,257)	$ (32,331)
Finance costs		1,741	17,098
Expense portion of IPO costs		-	10,863
Unrealized foreign exchange gain		(46)	(6,451)
Interest income		(772)	(81)
Depreciation		104	60
Share-based payment expense		2,640	2,218
Movements in non-cash working capital	21	693	7,731
Net cash used in operating activities		(3,897)	(893)
Cash flows from investing activities			
Interest received		772	81
Capital investments	21	(85,892)	(42,477)
Net cash used in investing activities		(85,120)	(42,396)
Cash flows from financing activities			
Proceeds from issue of common shares	12	6,835	569,880
Payment for share issue costs		-	(19,577)
Payment for finance costs	21	(944)	-
Payment for advisory fee	18.1	-	(441)
Payment for warrant settlement		-	(68,863)
Net cash provided in financing activities		5,891	480,999
Effect of exchange rate changes on cash and cash equivalents held in foreign currency		46	6,451
Net (decrease)/increase in cash and cash equivalents		(83,080)	444,161
Cash and cash equivalents, beginning of period		282,231	84,957
Cash and cash equivalents, end of period		$ 199,151	$ 529,118

See accompanying notes to the condensed interim consolidated financial statements.

Notes to the Condensed Interim Consolidated Financial Statements
For the three months ended March 31, 2013
(Expressed in thousands of Canadian dollars, unless otherwise indicated)
(Unaudited)

1. General information

Sunshine Oilsands Ltd. (the "Corporation") was incorporated under the laws of the Province of Alberta on February 22, 2007. The address of its principal place of business is 1020, 903 - 8 Avenue S.W., Calgary, Alberta, T2P 0P7, Canada. The Corporation's shares were listed on the Stock Exchange of Hong Kong Limited ("SEHK") on March 1, 2012 pursuant to an initial public offering ("IPO") and trades under the stock code symbol of "2012". On January 26, 2012, shareholders of the Corporation authorized the Corporation to complete up to a 25:1 share split. The Board of Directors of the Corporation concluded that a 20:1 share split was appropriate, increasing the number of common shares, preferred shares and stock options to 20 times their previous outstanding amounts. All share and stock option information is therefore presented on a post split basis. On November 16, 2012, the Corporation completed a listing of its common shares on the Toronto Stock Exchange ("TSX") and trades under the symbol of "SUO".

On May 4, 2012, Sunshine Oilsands (Hong Kong) Limited ("Sunshine Hong Kong") was incorporated in Hong Kong under the Companies Ordinance (Chapter 32 of the Laws of Hong Kong) and is a wholly-owned subsidiary of the Corporation. The address of the principal place of business for Sunshine Hong Kong is Unit 8504A, 85/F, International Commerce Centre 1 Austin Road West, Kowloon.

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

2. Basis of Preparation

The condensed interim consolidated financial information included in this report has been prepared in accordance with IAS 34 'Interim Financial Reporting'. The results for the interim periods are unaudited and in the opinion of management include all adjustments necessary for a fair presentation of the results for the periods presented. All such adjustments are of a normal recurring nature. This report should be read in conjunction with the audited consolidated financial statements and related notes for the year ended December 31, 2012. The Corporation prepares its consolidated interim financial statements in compliance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34"). Accordingly, certain information and footnote disclosure normally included in annual financial statements prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), have been omitted or condensed. Accordingly, these consolidated interim financial statements should be read in conjunction with the Corporation's audited consolidated financial statements as at and for the year ended December 31, 2012.

3. New Accounting Pronouncements and Changes in Accounting Policies

The IASB issued a number of new and revised International Accounting Standards ("IASs"), International Financial Reporting Standards ("IFRSs"), amendments and related Interpretations ("IFRICs") (hereinafter collectively referred to as the "New IFRSs") which are effective for the Corporation's financial period beginning on January 1, 2013. The Corporation has reviewed new IFRSs and the impact of these standards is noted below.

IFRS 9, Financial Instruments
IFRS 9 was issued by the IASB in November 2009 and October 2010 and replaces IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is required to be applied for annual periods beginning on or after January 1, 2015.

IFRS 10, Consolidated Financial Statements
IFRS 10 replaces portions of IAS 27 Consolidated and Separate Financial Statements and interpretation SIC-12 Consolidation - Special Purpose Entities. The new standard requires consolidated financial statements to include all controlled entities under a single control model. On January 1, 2013, the Corporation determined that the adoption of IFRS 10 did not result in any change in the consolidation status of its wholly owned subsidiaries.

IFRS 11, Joint Arrangements
IFRS 11 applies to accounting for interests in joint arrangements where there is joint control. The standard requires the joint arrangements to be classified as either joint operations or joint ventures. The structure of the joint arrangement would no longer be the most significant factor when classifying the joint arrangement as either a joint operation or a joint venture. In addition, the option to account for joint ventures (previously called jointly controlled entities) using proportionate consolidation will be removed and replaced by equity accounting. On January 1, 2013, the Corporation determined that the adoption of IFRS 11 did not have any impact on any of its joint arrangements.

IFRS 12, Disclosure of Interests in Other Entities
IFRS 12 includes disclosure requirements about subsidiaries, joint ventures and associates, as well as unconsolidated structured entities and replaces existing disclosure requirements. Due to this new section, the Corporation will be required to disclose the following: judgments and assumptions made when deciding how to classify involvement with another entity, interests that non-controlling interests have in consolidated entities and the nature of the risks associated with interests in other entities. On January 1, 2013, the Corporation concluded that the adoption of IFRS 12 did not result in any changes in its disclosure of interests in other entities.

IFRS 13, Fair Value Measurement
IFRS 13 will converge the IFRS requirements for how to measure fair value and the related disclosures. IFRS 13 establishes a single source of guidance for fair value measurements, when fair value is required or permitted by IFRS. Upon adoption, the Corporation will provide a single framework for measuring fair value while requiring enhanced disclosures when fair value is applied. In addition, fair value will be defined as the “exit price” and concepts of “highest and best use” and “valuation premise” would be relevant only for non-financial assets and liabilities. On January 1, 2013, the Corporation adopted IFRS 13 on a prospective basis and the adoption of this standard did not have any impact on the Corporation’s consolidated financial statements.

4. Cash and cash equivalents

		March 31, 2013		December 31, 2012
Cash	$	5,181	$	13,966
Term deposits		193,970		268,265
Cash and cash equivalents	$	199,151	$	282,231

The Corporation’s cash equivalents is comprised of term deposits which have maturity range of less than one week to three months and an interest rate range of 0.5% to 1.35%.

5. Trade and other receivables

		March 31, 2013		December 31, 2012
Trade	$	510	$	297
Accruals and other		960		387
Goods and Services Taxes receivable		3,148		1,471
	$	4,618	$	2,155

6. Prepaid expenses and deposits

		March 31, 2013		December 31, 2012
Prepaid expenses	$	959	$	276
Deposits		394		425
	$	1,353	$	701

7. Exploration and evaluation assets

Balance, December 31, 2011	$	382,277
Capital expenditures		269,348
Non-cash expenditures[1]		41,845
Transferred to PPE		(326,802)
Balance, December 31, 2012		366,668
Capital expenditures		13,500
Non-cash expenditures[1]		496
Transferred to PPE		-
Balance, March 31, 2013	$	380,664

1. Non-cash expenditures include capitalized stock-based compensation, financing costs and decommissioning obligations.

The Corporation is a development stage entity and, as a result, no depletion expense has been recorded for exploration and evaluation assets for any period. During the three months ended March 31, 2013, the Corporation capitalized directly attributable costs including $0.2 million for share-based payment expense (March 31, 2012 - $1.4 million), $0.6 million of pre-production operating loss (March 31, 2012 - $0.1 million), $Nil million of finance costs (March 31, 2012 - $2.1 million) and $0.3 million of general and administrative costs (March 31, 2012 - $2.6 million).

Exploration and evaluation costs are comprised of the following:

		March 31, 2013		**December 31, 2012**
Intangibles	$	272,020	$	258,664
Tangibles		17,413		17,200
Land and lease costs		91,231		90,804
	$	380,664	$	366,668

8. Property and equipment

		Crude Oil Assets		**Corporate Assets**		**Total**
Cost						
Balance, December 31, 2011	$	-	$	1,208	$	1,208
Capital expenditures		-		740		740
Non-cash expenditures[1]		-		-		-
Transferred from E&E		326,802		-		326,802
Balance, December 31, 2012		326,802		1,948		328,750
Capital expenditures		104,700		449		105,149
Non-cash expenditures[1]		3,886		-		3,886
Transferred from E&E		-		-		-
Balance, March 31, 2013	$	435,388	$	2,397	$	437,785
Accumulated Depreciation						
Balance, December 31, 2011	$	-	$	489	$	489
Depreciation expense		-		290		290
Balance, December 31, 2012		-		779		779
Depreciation expense		-		104		104
Balance, March 31, 2013	$	-	$	883	$	883
Carrying value, March 31, 2013	$	435,388	$	1,514	$	436,902
Carrying value, December 31, 2012	$	326,802	$	1,169	$	327,971

1. Non-cash expenditures include capitalized stock-based compensation, financing costs and decommissioning obligations.

At March 31, 2013, the crude oil assets included in the above property and equipment, were not subject to depletion since they are not ready for use in the manner intended by management.

During the three months ended March 31, 2013, the Corporation capitalized directly attributable costs including $1.2 million for share-based payment expense (March 31, 2012 - $Nil) and $2.7 million of general and administrative costs (March 31, 2012 - $Nil).

9. Trade and other payables

	March 31, 2013	December 31, 2012
Trade	$ 8,206	$ 6,815
Accrued liabilities	100,061	62,006
	$ 108,267	$ 68,821

10. Provisions for decommissioning obligations

At March 31, 2013, the estimated total undiscounted cash flows required to settle asset decommissioning obligations was $76.9 million (December 31, 2012 - $73.4 million). Expenditures to settle asset decommissioning obligations are estimated to be incurred up to 2112. Decommissioning costs are based on estimated costs to reclaim and abandon crude oil properties and the estimated timing of the costs to be incurred in future years, discounted using an annual risk-free interest rate between 1.02% to 2.35% per annum and inflated using an inflation rate of 2.0% per annum.

	March 31, 2013	December 31, 2012
Balance, beginning of period	$ 39,829	$ 6,400
Additional provisions recognised	3,194	32,346
Effect of changes in the discount rate	(3,118)	322
Unwinding of discount rate and effect	823	761
	40,728	39,829
Current portion	(1,163)	(795)
Balance, end of period	$ 39,565	$ 39,034

11. Income taxes

11.1 Income tax recognised in the Statement of Operations

	Three months ended March 31, 2013	2012
Income taxes comprises:		
Tax recovery in respect of the current year	$ -	$ -
Effect of changes in tax rates and laws	-	-
Total income taxes	$ -	$ -

11.2 Deferred tax balances

March 31, 2013	Opening Balance	Recognised in loss	Recognised in other comprehensive loss	Recognised directly in equity	Reclassified from equity to loss	Acquisition/ Disposals	Other	Closing Balance
Temporary differences								
Exploration and evaluation	$ (56,087)	$ (18,490)	$ -	$ -	$ -	$ -	$ (9,627)	$ (84,204)
Property and equipment	129	226	-	-	-	-	-	355
Other financial liabilities	9,961	(206)	-	-	-	-	9,627	19,382
Share issue expenses	22,059	15,514	-	-	-	-	-	37,573
	$ (23,938)	$ (2,956)	$ -	$ -	$ -	$ -	$ -	$ (26,894)
Tax losses	23,938	2,956	-	-	-	-	-	26,894
Deferred tax assets (liabilities)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -

The Corporation has not recognized any deferred tax asset for the periods presented.

11.2 Deferred tax balances

March 31, 2012	Opening Balance	Recognised in loss	Recognised in other comprehen-sive loss	Recognised directly in equity	Reclassified from equity to loss	Acquisition/ Disposals	Other	Closing Balance
Temporary differences								
Exploration and evaluation	$ (32,593)	$ (1,913)	$ -	$ -	$ -	$ -	$ (2,748)	$ (37,254)
Property and equipment	(32)	3	-	-	-	-	-	(29)
Other financial liabilities	755	(18)	-	-	-	-	2,748	3,485
Share issue expenses	872	(872)	-	-	-	-	-	-
	$ (30,998)	$ (2,800)	$ -	$ -	$ -	$ -	$ -	$ (33,798)
Unused tax losses and credits								
Tax losses	30,998	2,800	-	-	-	-	-	33,798
Deferred tax assets (liabilities)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -

12. Share capital

The Corporation's authorized share capital is as follows:

- an unlimited number of Class "A" and Class "B" voting common shares without par value; and
- an unlimited number of Class "C", Class "D", Class "E" and Class "F" non-voting common shares without par value; and
- an unlimited number of Class "G" non-voting preferred shares, which shall not exceed 10% of the issued and outstanding number of common shares including any common shares that have been authorized for issuance. The authorized number of preferred shares shall not be considered a rolling 10% available number and any preferred shares that are redeemed or converted in accordance with their terms shall permanently reduce the number available; and
- an unlimited number of Class "H" non-voting preferred shares.

Issued capital	As at March 31, 2013	As at December 31, 2012
Common shares	$ 1,001,282	$ 991,758
Class "G" preferred shares	28	29
Class "H" preferred shares	11	11
Issued capital	$ 1,001,321	$ 991,798

12.1 Class "A" common shares	As at March 31, 2013 Number of shares	As at March 31, 2013 $	As at December 31, 2012 Number of shares	As at December 31, 2012 $
Balance, beginning of period	2,831,713,161	$ 991,758	1,470,171,240	$ 216,761
Issued for cash	-	-	923,299,500	569,880
Issued for services	-	-	13,566,395	8,378
Reclassification of share repurchase obligation	-	-	433,884,300	247,957
Repurchase of common shares	-	-	(85,091,500)	(38,731)
Repurchase of purchase warrants	-	-	-	2,371
Conversion of preferred shares	710,000	1	1,450,800	2
Issue of shares upon exercise of share options	38,915,000	6,835	74,432,426	8,052
Share option reserve transferred on exercise of stock options	-	2,688	-	3,124
Share issue costs	-	-	-	(26,036)
Balance, end of period	2,871,338,161	1,001,282	2,831,713,161	991,758

12.2 Class "G" preferred shares

The Corporation's Board of Directors authorized for issuance a maximum of 65,000,000 Class "G" preferred shares. The Class "G" preferred shares are entitled to one vote per share and were issued at $0.0005 per Class "G" preferred share and are convertible into Class "A" common shares at the option of the holder at any time in accordance with the conversion schedule outlined below.

	As at March 31, 2013			As at December 31, 2012		
	Class "G" preferred shares	$	Weighted average price	Class "G" preferred shares	$	Weighted average price
Balance, beginning of period	60,440,000	$ 29	$ 0.33	63,310,000	$ 31	$ 0.33
Issued	-	-	-	830,000	-	0.48
Converted	(1,300,000)	(1)	-	(3,700,000)	(2)	0.39
Cancelled	(250,000)	-	-	-	-	-
Balance, end of period	58,890,000	$ 28	$ 0.33	60,440,000	$ 29	$ 0.33
Convertible, end of period	36,511,800	$ 18	$ 0.33	27,802,400	$ 14	$ 0.33

The fair value of the Class "G" preferred shares issued in 2012 was estimated to be $0.48 per Class "G" preferred share, using the Black Scholes pricing model with the following assumptions:

	Three months ended March 31, 2013	2012
Weighted average expected volatility (%)	-	75.00%
Risk-free rate of return (%)	-	1%
Expected life (years)	-	1.89 - 1.99
Expected forfeitures	-	Nil
Dividends	-	Nil

12.3 Class "H" preferred shares

The Corporation's Board of Directors authorized for issuance a maximum of 25,000,000 Class "H" preferred shares. The Class "H" preferred shares are entitled to one vote per share and were issued at $0.0005 per Class "H" preferred share and are convertible into Class "A" common shares at the option of the holder at any time in accordance with the conversion schedule outlined below.

	As at March 31, 2013			As at December 31, 2012		
	Class "H" preferred shares	$	Weighted average price	Class "H" preferred shares	$	Weighted average price
Balance, beginning of period	22,200,000	$ 11	$ 0.42	22,200,000	$ 11	$ 0.42
Issued	-	-	-	-	-	-
Balance, end of period	22,200,000	$ 11	$ 0.42	22,200,000	$ 11	$ 0.42
Convertible, end of period	13,764,000	$ 7	$ 0.42	10,212,000	$ 5	$ -

13. Share-based payments

13.1 Movements in stock options during the period

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

	Three months ended March 31, 2013		Year ended December 31, 2012	
	Number of Options	Weighted Average Exercise Price ($)	Number of Options	Weighted Average Exercise Price ($)
Balance, beginning of period	192,505,688	0.37	202,958,540	0.22
Granted	-	-	70,194,338	0.55
Exercised	(38,915,000)	0.18	(74,432,426)	0.11
Forfeited	(1,831,227)	0.49	(6,214,764)	0.51
Balance, end of period	151,759,461	0.42	192,505,688	0.37
Exercisable, end of period	92,114,023	0.34	129,172,529	0.29

The stock options outstanding as at March 31, 2013, had a weighted average remaining contractual life of 3.0 years (December 31, 2012 – 2.6 years).

13.2 Share-based compensation

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

Three months ended March 31, 2013

		Expensed		Capitalized		Total
Stock options	$	1,042	$	529	$	1,571
Preferred shares		1,598		870		2,468
	$	2,640	$	1,399	$	4,039

Three months ended March 31, 2012

		Expensed		Capitalized		Total
Stock options	$	557	$	497	$	1,054
Preferred shares		1,661		942		2,603
	$	2,218	$	1,439	$	3,657

14. Credit facility

In October 2012, the Corporation signed a Credit Facility with a syndicate of financial institutions. The amount available under the Credit Facility is up to $200 million. The Credit Facility matures on October 10, 2013 and is extendable at the lenders' discretion. The Credit Facility bears interest at a floating rate based on Canadian dollar prime rate, US dollar base rate, bankers' acceptances or LIBOR plus a credit spread above the reference rate. Undrawn amounts are subject to a standby fee of 100 basis points per annum. The Credit Facility is secured by all assets of the Corporation. The Credit Facility is subject to various financial and non-financial covenants including, amount other things, restrictions on issuing debt, making investments or loans, paying dividends, altering the nature of the business and undertaking corporate transactions.

The amount available for draw under the facility depends on the value attributed to the Company's Proved reserves by its independent engineers, while drawdown is subject to, among other things, demonstrating sufficient funding (including draws under the Credit Facility) to complete the West Ells project to a defined stage. Subsequent to period end, the Credit Facility was amended to defer the regular reporting of the sufficient funding test to June 30, 2013.

15. Finance costs

	Three months ended March 31,			
		2013		2012
Finance cost on share repurchase obligation[1]	$	-	$	5,864
Expensed portion of share issue costs[2]		-		13,012
Finance cost on related party loan[3]		-		266
Finance costs on credit facility[4]		496		-
Financing related costs[5]		422		-
Unwinding of discounts on provisions		823		71
Less: Amounts capitalized in exploration and evaluation assets[6]		-		(2,115)
	$	1,741	$	17,098

1. There were no finance costs associated with the share repurchase obligation for the three months ended March 31, 2013. Finance costs on share repurchase obligation relate to the $210.0 million common share subscriptions, which closed in February 2011. These finance costs relate to accretion of the common share subscriptions, which had a share repurchase right, and have been accounted for using the effective interest method. During the three months ended March 31, 2012, total finance costs of $5.9 million were recognized, of which $1.9 million was capitalized in exploration and evaluation assets with the remaining $4.0 million expensed in finance costs. On March 1, 2012, the share repurchase obligation was reclassified to equity.

2. There were no share issue costs expensed in the first three months of 2013. For the three months ended March 31, 2012, expensed portion of share issue costs of $13.0 million relates to the allocation portion of transaction costs incurred in relation to 433,884,300 common shares issued in February 2011 for $210.0 million, which were previously netted against the share repurchase obligation.

3. The related party loan was terminated in October 2012; as such, there were no finance costs for the three months ended March 31, 2013. During the three month period ended March 31, 2012, the Corporation drew and repaid $30.0 million on an available $100.0 million credit facility. The loan was accounted for using the effective interest method (Note 18). During the three month period ended March 31, 2012, total finance costs of $0.3 million were recognized, of which $0.2 million was capitalized in exploration and evaluation assets with the remaining $0.1 million expensed in finance costs.

4. For the three months ended March 31, 2013, finance costs on Credit Facility of $0.5 million were incurred for standby fees (March 31, 2012 - $Nil).

5. For the three months ended March 31, 2013, financing related costs of $0.4 million are for legal and other professional expenses incurred (March 31, 2012 - $Nil).

6. No finance costs were capitalized for the three months ended March 31, 2013. For the three months ended March 31, 2012, amount consists of $1.9 million for capitalized portion of finance costs on the share repurchase obligation and $0.2 million capitalized finance costs on the credit facility.

16. Loss per share

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

	Three months ended March 31,	
	2013	**2012**
Basic - Class "A" common shares	**2,859,711,450**	1,922,215,990
Diluted - Class "A" common shares	**2,859,711,450**	1,922,215,990
Class "G" preferred shares	**58,890,000**	64,140,000
Class "H" preferred shares	**22,200,000**	22,200,000
Stock Options	**151,759,461**	204,064,080

17. Financial instruments

17.1 Capital risk management

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

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

	March 31, 2013	December 31, 2012
Working capital surplus	$ 95,692	$ 215,471
Shareholders' equity	873,693	871,076
	$ 778,001	$ 655,605

There is no change in the Corporation’s objectives and strategies of capital management for the three months ended March 31, 2013. In October 2012, the Corporation negotiated and signed a $200 million Credit Facility (the “Credit Facility”) with a syndicate of financial institutions (Note 14). The available amount under the Credit Facility is undrawn at March 31, 2013 and the available amount has been excluded from the capital structure. The Corporation is subject to financial covenants under the terms and conditions of a Credit Facility agreement (Note 14).

17.2 Categories of financial instruments

	March 31, 2013		December 31, 2012	
	Carrying Amount	**Fair Value**	**Carrying Amount**	**Fair Value**
Financial Assets				
Cash, loans and other receivables	204,162	204,162	284,811	284,811
Financial Liabilities				
Other liabilities	108,267	108,267	68,821	68,821

17.3 Fair value of financial instruments

The fair value of cash, term deposits, trade and other receivables, trade and other payables and accrued liabilities approximate their carrying values due to their short term maturity. These financial instruments have been assessed on a Level 1 fair value measurement.

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

17.4 Financial risk management

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

17.5 Market risk

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

The Corporation is exposed to risks arising from fluctuations in foreign currency exchange rates and the volatility of those rates. Thus, exchange rate fluctuations can affect the fair value of future cash flows. This exposure primarily relates to certain expenditure commitments, deposits, accounts receivable and accounts payable which are denominated in US dollars and/or HK dollars. The Corporation manages this risk by monitoring foreign exchange rates and evaluating their effects on using Canadian or U.S. vendors as well as timing of transactions. The Corporation had no forward exchange rate contracts in place as at or during the three months ended March 31, 2013. If exchange rates to convert from HK dollars to Canadian dollars had been $0.10 higher or lower with all other variables held constant, foreign cash held at March 31, 2013 would have been impacted by approximately $10,000. At March 31, 2013, the Corporation held approximately HK$6.2 million or $0.8 million using the March 31, 2013 exchange rate of 7.6434, as cash in the Corporation’s Hong Kong bank account.

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

17.6 Interest rate risk management

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. As at March 31, 2013, the Corporation does not have any floating rate debt.

The Corporation’s cash and cash equivalents consists of cash held in bank accounts and term deposits that earn interest at variable interest rates. Future cash flows from interest income on cash will be affected by interest rate fluctuations. Due to the short-term nature of these financial instruments, fluctuations in market rates do not have a significant impact on estimated fair values or result in material interest rate risk. The Corporation manages interest rate risk by maintaining an investment policy that focuses primarily on preservation of capital and liquidity. For the three months ended March 31, 2013, the interest income earned on cash equivalents was between 0.5% and 1.35%.

17.7 Credit risk management

Credit risk is the risk of financial loss to the Corporation if a counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Corporation’s cash, deposits and receivables and GST receivables. As at March 31, 2013, the Corporation’s receivables consisted of 68% from Goods and Services Tax receivable, 17% from oil sale receivables and 15% from other receivables (December 31, 2012 – 68% from oil sale receivables, 26% from Goods and Services Tax receivable and 6% from other receivables).

The Corporation's cash and cash equivalents as at March 31, 2013, are held in accounts with a diversified group of highly rated third party financial institutions and consist of invested cash and cash in the Corporation's operating accounts. The cash equivalents portion is invested in high yield savings and high grade liquid term deposits.

The Corporation is exposed to credit risk from the Corporation’s receivables from purchasers of the Corporation’s crude oil. At March 31, 2013, there was no allowance for impairment of accounts receivable and the Corporation did not provide for any doubtful accounts nor was it required to write-off any receivables, as no receivables were considered past due or impaired (December 31, 2012 - $Nil). The Corporation considers any amounts outstanding in excess of 120 days past due.

17.8 Liquidity risk management

Liquidity risk is the risk that the Corporation will not be able to meet its financial obligations as they become due. The Corporation's approach to managing liquidity risk is to plan that it will have sufficient liquidity to meet its liabilities when due, using either equity or debt proceeds. The Corporation expects to settle all trade and other payables within 90 days.

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

18. Related party transactions

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

18.1 Trading transactions

The Corporation had transactions with a law firm in which a director of the Corporation is a partner. The Corporation also paid consulting fees to two directors of the Corporation.

During the period, the Corporation entered into the following trading transactions with related parties:

	Three months ended March 31, 2013	2012
Share issue costs	$ -	$ 271
Legal expense	$ 47	$ 81
Finance fees	165	-
Expense portion of IPO costs	-	551
	$ 212	$ 632

The following balances were outstanding and included in trade and other payables at the end of the reporting period:

	March 31, 2013	December 31, 2012
Legal	$ 89	$ 136

Advisory Fee Agreement (the "Agreement")

During 2010, the Corporation entered into the Agreement in which the Corporation agreed to pay a fee for services to be rendered in connection with an initial filing of an IPO prospectus and listing. On March 1, 2012, the Corporation successfully closed its Qualifying IPO and listing on the SEHK. Pursuant to this event, the obligation was settled through the issuance of 13,566,395 common shares for $8.4 million and cash paid of $0.4 million. The service provider is a company which is controlled by a director who is a principal of a significant shareholder of the Corporation, and who also holds a senior management position with the service provider company.

Credit Facility Agreement (the "Credit Facility Agreement")

The Corporation had a Credit Facility Agreement with a non-arm's length lender in which a credit facility for general working capital purposes was available of up to a maximum of $100 million. During the three months ended March 31, 2012, the Corporation drew $30.0 million on the credit facility and subsequently repaid the balance prior to period end. The loan was a financial liability and was classified as other liabilities and recorded at amortised cost, using the effective interest method. For the three month period ended March 31, 2012, total finance costs were $0.3 million, of which $0.1 million was expensed and $0.2 million was capitalized as the funds are directly attributable to the development of the Corporation's qualifying assets. Upon repayment of the outstanding balance owing on this credit facility, $0.3 million was recorded to Other Reserve due to the related party nature of this transaction. In the fourth quarter of 2012, this Credit Facility Agreement was terminated.

18.2 Compensation of key management personnel and directors

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

	Three months ended March 31, 2013	2012
Directors' fees	$ 166	$ 179
Salaries and allowances	380	369
Share-based payments	2,256	1,733
Consulting fees	225	225
Performance related incentive payments	-	5,000
	$ 3,027	$ 7,506

19. Operating lease arrangements

Payments recognised as an expense

	Three months ended March 31, 2013	2012
Minimum lease payments	$ 537	$ 505

20. Commitments for expenditure

As at March 31, 2013, the Corporation's commitments are as follows:

	Due within the next 12 months	Due in the next 2 to 5 years	Over 5 years
Drilling, equipment and contracts	$ 108,677	$ -	$ -
Lease rentals	1,840	7,225	10,593
Office leases[1]	2,155	8,494	2,278
	$ 112,672	$ 15,719	$ 12,871

1. Office leases only includes minimum lease commitments up to October 31, 2014 for the Hong Kong premises lease.

21. Supplemental cash flow disclosures

Non-cash transactions

For the three month period ended March 31, 2013, the Corporation had the following non-cash transactions:

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

For the three month period ended March 31, 2012, the Corporation had the following non-cash transactions:

- the settlement of the advisory fee through the issuance of 13,566,395 common shares for $8.4 million (Note 18.1);
- the share repurchase obligation has been reclassified to share capital for $0.3 million (Note 12); and
- capitalized general and administrative costs including share-based payments and finance costs (Notes 7 and 8).

Supplemental cash flow disclosures

	Three months ended March 31, 2013	2012
Cash provided by (used in):		
Trade and other receivables	$ (2,463)	$ (421)
Prepaid expenses and deposits	(651)	(568)
Trade and other payables	39,450	69,901
	$ 36,336	$ 68,912
Changes in non-cash working capital relating to:		
Operating activities		
Trade and other receivables	$ (474)	$ (200)
Prepaid expenses and deposits	(651)	(568)
Trade and other payables	1,818	8,499
	$ 693	$ 7,731
Investing activities		
Exploration and evaluation assets	$ 35,669	$ 60,844
Financing actitivies		
Share issue costs, IPO costs and finance costs	$ (26)	$ 337
	$ 36,336	$ 68,912
Reconciliation of certain amounts disclosed in the Condensed Interim Consolidated Statements of Cash Flows		
Reconciliation of:		
Exploration and evaluation assets	$ 121,561	$ 103,321
Changes in non-cash working capital	(35,669)	(60,844)
Capital investments	$ 85,892	$ 42,477
Reconciliation of:		
Share issue costs, IPO costs and finance costs	$ 918	$ 19,914
Changes in non-cash working capital	26	(337)
Payment for share issue costs, IPO costs and finance costs	$ 944	$ 19,577

22. Approval of interim consolidated financial statements

The interim consolidated financial statements were approved by the Board of Directors and authorized for issue on May 14, 2013.

Appendix to the Condensed Interim Consolidated Financial Statements

Additional Stock Exchange Information

Additional information required by the SEHK and not shown elsewhere in these Condensed Consolidated Interim Financial Statements is as follows:

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

The Corporation's statement of financial position is on a non-consolidated basis which excludes the Corporation's wholly owned subsidiary, Sunshine Hong Kong. The Corporation's wholly owned subsidiary, Fern Energy Ltd., was wound up during the three months ended March 31, 2013.

	March 31, 2013	December 31, 2012
Non-current assets		
Property and equipment	$ 436,899	327,968
Exploration and evaluation assets	380,622	366,625
Other assets	-	-
Amount due from subsidiaries	406	293
Investment in subsidiaries	-	60
	817,927	694,946
Current Assets		
Other receivables	4,618	2,147
Prepaid expense and deposits	1,344	691
Cash and cash equivalents	199,144	282,230
	205,106	285,068
Current Liabilities		
Trade and other payables	108,229	68,782
Provision for decomissioning obligation	1,163	795
Fair value of warrants	-	-
Borrowings	-	-
	109,392	69,577
Net current assets (liabilities)	95,714	215,491
Total assets less current liabilities	913,641	910,437
Non-current liabilities		
Share repurchase obligation	-	-
Provision for decomissioning obligation	39,565	39,034
Deferred tax liabilities	-	-
	39,565	39,034
Net Assets	$ 874,076	$ 871,403
Capital and reserves		
Share capital	1,001,321	991,798
Reserve for share based compensation	48,746	47,395
Deficit	(175,991)	(167,790)
	$ 874,076	$ 871,403

A2. Directors' emoluments and other staff costs

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

	For the three month period ended March 31, 2013	For the three month period ended March 31, 2012
Directors' emoluments		
Directors' fees	$ 166	$ 180
Salaries and allowances	226	226
Contribution to retirement benefit scheme	-	-
Share-based payments	1,532	1,166
Performance related incentive payments	-	5,000
	1,924	6,572
Other staff costs		
Salaries and other benefits	4,951	4,001
Contribution to retirement benefit scheme	161	127
Share-based payments	2,507	2,491
Performance related incentive payments	-	-
	7,619	6,619
Total staff costs, including directors' emoluments	9,543	13,191
Less: bonus included with expensed portion of IPO costs	-	5,000
Less: staff costs capitalized in exploration and evaluation assets	3,851	3,521
	$ 5,692	$ 4,670

Details of the directors' emoluments are as follows:

For the three month period ended March 31, 2013

Name of Director	Director's fees	Salaries and allowances	Contribution to retirement benefits schemes	Share based compensation	Performance related incentive payments	Total
Michael Hibberd	$ 20	$ 113	$ -	$ 435	$ -	$ 568
Songning Shen	21	113	-	435	-	569
Tseung Hok Ming	14	-	-	586	-	600
Tingan Liu	14	-	-	-	-	14
Haotian Li	13	-	-	13	-	26
Raymond Fong	16	-	-	7	-	23
Wazir C. (Mike) Seth	17	-	-	7	-	24
Greg Turnbull	15	-	-	19	-	34
Robert Herdman	19	-	-	15	-	34
Gerald Stevenson	17	-	-	15	-	32
	$ 166	$ 226	$ -	$ 1,532	$ -	$ 1,924

For the three month period ended March 31, 2012

Name of Director	Director's fees	Salaries and allowances	Contribution to retirement benefits schemes	Share based compensation	Performance related incentive payments	Total
Michael Hibberd	$ 20	$ 113	$ -	$ 251	$ -	$ 384
Songning Shen	21	113	-	251	-	385
Tseung Hok Ming	18	-	-	585	-	603
Tingan Liu	-	-	-	-	-	-
Haotian Li	15	-	-	17	-	32
Kevin Flaherty	-	-	-	2	-	2
Raymond Fong	22	-	-	2	-	24
Zhijan Qin	-	-	-	2	-	2
Wazir C. (Mike) Seth	20	-	-	2	-	22
Greg Turnbull	21	-	-	14	-	35
Robert Herdman	24	-	-	20	-	44
Gerald Stevenson	19	-	-	20	-	39
	$ 180	$ 226	$ -	$ 1,166	$ -	$ 1,572

A3. Five highest paid individuals

The five highest paid individuals includes three directors of the Corporation and two officers of the Corporation for the three month period ended March 31, 2013 (three months ended March 31, 2012 – three directors and two officers). Since the directors' emoluments are disclosed above, the compensation of the remaining officers for the Corporation is as follows:

	For the three months ended March 31, 2013	2012
Salaries and other benefits	$ 176	$ 186
Contributions to retirement benefits schemes	7	5
Share based compensation	543	352
	$ 726	$ 543

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

	For the three months ended March 31, 2013	2012
HK$ nil to HK$1,000,000	-	-
HK$1,000,001 to HK$1,500,000	1	1
HK$1,500,001 to HK$2,000,000	-	-
HK$2,000,001 to HK$2,500,000	-	-
HK$2,500,001 to HK$3,000,000	-	2
HK$3,000,001 to HK$3,500,000	-	1
HK$3,500,001 to HK$4,000,000	-	-
HK$4,000,001 to HK$4,500,000	3	-
HK$4,500,001 to HK$5,000,000	1	1
HK$5,000,001 to HK$5,500,000	-	-
HK$5,500,001 to HK$6,000,000	-	-
HK$6,000,001 to HK$6,500,000	-	-
HK$6,500,001 to HK$7,000,000	-	-
> HK$7,000,000	-	-

For the three months ended March 31, 2013, the conversion factor used in the above table is 1C$ = 7.6887 HK$ (three months ended March 31, 2012 – 1C$ = 7.771 HK$)