阳光油砂
SUNSHINE OILSANDS LTD.

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)

2025 INTERIM REPORT

**For identification purpose only*

SUMMARY OF FINANCIAL FIGURES

The Petroleum sales, net of royalties for the six months ended June 30, 2025 decreased to CAD 0 million from CAD21.5 million for the six months ended June 30, 2024. The decrease was mainly due to the loss of revenue as a result of equipment maintenance at West Ells in Q1 and Q2 2025.

The net operating loss for the three months ended June 30, 2025 excluding one-off foreign exchange gain (loss), was a net operating loss of CAD2.1million compared to a net operating income of CAD1.13 million for the same period in 2024.

The operating cash flow for the three months ended June 30, 2025 was a net loss of CAD2.5 million compared to a net gain of CAD0.8 million for the same period in 2024. The increase in operating cash flow deficiency for the three months ended June 30, 2025 was primarily due to the loss of revenue as a result of equipment maintenance at West Ells in Q1 and Q2 2025.

For Q2 2025, net loss and comprehensive loss attributable to owners of the Company was approximately CAD2.0 million compared to a net loss and comprehensive loss attributable to owners of the Company of approximately CAD11.0 million in Q2 2024.

As at June 30, 2025, December 31, 2024 and June 30, 2024, the Company notes the following selected financial figures.

(Canadian $000s)	1H25	1H24
Petroleum sales, net of royalties	0	21,458
Average Dilbit sales (bbl/day)	0	1,484.1

(Canadian $000s)	2Q25	2Q24
Net Operating income (loss), excluding one-off foreign exchange gain (loss)	(2,100)	1,130
Operating cash flow	(2,473)	753
Net profit (loss) attributable to owners of the Company	(1,981)	(10,974)

** For identification purposes only*

(Canadian $000s)	June 30, 2025	December 31, 2024
Property, plant and equipment	478,001	476,446
Exploration and evaluation assets	241,208	239,259
Shareholders' equity	22,202	16,848

MANAGEMENT'S DISCUSSION AND ANALYSIS

*This Management's Discussion and Analysis ("MD&A") of the financial condition and performance of Sunshine Oilsands Ltd. ("*Sunshine*" or the "Company") for the three and six months ended June 30, 2025 is dated August 29, 2025 (Calgary time) / August 29, 2025 (Hong Kong time), and approved by the Company's Board of Directors. This MD&A should be read in conjunction with the Company's unaudited condensed consolidated interim financial statements and notes thereto for the three and six months period ended June 30, 2025 and with the audited consolidated financial statements and notes thereto for the year ended December 31, 2024. All amounts and tabular amounts are stated in thousands of Canadian dollars unless indicated otherwise.*

Overview

Sunshine is a holder and a developer of Athabasca region oil sands resources with approximately 0.71 billion barrels of risked best estimate contingent resources. The Company's un-risked best estimate contingent resources at December 31, 2024 was approximately 1.10 billion barrels. With approximately 1 million acres of oil sands and petroleum and natural gas leases, the Company has significant commercial development potential. Phase I (5,000 barrels) of the West Ells 10,000 barrels thermal commercial project is in production. The Athabasca region is the most prolific oil sands region in the Province of Alberta, Canada. Canada's oil sands represent the largest oil resource found in a stable political environment located in the Western Hemisphere and the third largest oil resource in the world. Canadian oil sands represent the largest single source of supply of oil imported into the United States. The Company has one business and geographical segment. Accordingly, no business and geographical segment information is presented.

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

As at June 30, 2025, the Company had invested approximately CAD1.29 billion in oil sands leases, drilling operations, project engineering, procurement and construction, operation start-up, regulatory application processing and other assets. As at June 30, 2025, the Company had CAD0.73 million in cash.

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

Operational Update

West Ells

On March 1, 2017, the Project commenced commercial production. Hence, effective March 1, 2017, the Company started recording revenue, royalties, expenses and depletion of the West Ells Project. On March 31, 2020, the Board has decided to temporarily suspend production due to volatility in the international crude oil market, severe decline in crude oil prices, and having considered the fact that the Company's West Ells production equipment and road need repair, coupled with the outbreak of COVID-19 in Canada. On April 11, 2022, the West Ells project has fully resumed operation.

For the three and six months ended June 30, 2025, the Company's average bitumen production was 0 bbls/day. The bitumen is blended with diluent as part of the production process to create the marketable "Dilbit" blend product. The average Dilbit sales volume was 0 bbls/day for the three and six months ended June 30, 2025.

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

As at the date of this report, Muskwa has no production. Development of Muskwa area is expected to be reactivated with the execution of the Amended Supplementary Agreement with Renergy, at no cost to Sunshine.

Summary of Quarterly Results

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

($ thousands except per share & bbl/d)	Q2 2025	Q1 2025	Q4 2024	Q3 2024	Q2 2024	Q1 2024	Q4 2023	Q3 2023
Bitumen sales (bbl/d)	-	-	311	479	884	1,227	1,550	9
Petroleum sales	-	-	3,074	5,211	10,674	11,437	11,932	49
Royalties	-	-	86	340	408	245	373	(2)
Diluent	-	-	1,113	2,422	4,668	4,942	5,040	31
Transportation	-	-	477	778	1,576	2,441	3,436	106
Operating costs	2,473	1,878	3,062	2,683	3,269	4,290	4,528	3,581
Finance costs	1,449	3,111	4,308	2,630	2,920	2,740	2,684	2,668
Net loss (profit)		9,793	41,845	579	11,048	22,217	(2,111)	15,758
Net loss (profit) attributable to owners of the company		9,716	41,769	505	10,974	22,144	(2,184)	15,686
Per share - basic and diluted		0.03	0.17	(0.00)	0.05	0.09	(0.01)	0.06
Capital expenditures[1]	1,375	121	962	275	672	171	378	1,864
Total assets	742,131	740,906	739,023	741,301	742,120	745,963	745,932	739,708
Working capital deficiency[2]	108,749	99,258	92,666	514,041	83,772	84,242	79,458	94,082
Shareholders' equity	22,202	7,055	16,848	57,203	57,782	68,830	91,047	88,272

1. Included payments for exploration and evaluation, property, plant and equipment.
2. The working capital deficiency includes the foreign exchange gain from conversion of HKD/CNY denominated loans from related companies and shareholders into CAD and the USD denominated Notes converted to CAD at each period end exchange rate.

Results of Operations

Bitumen Realization

($ thousands, except $/bbl)	For the three months ended June 30, 2025	For the three months ended June 30, 2024	For the six months ended June 30, 2025	For the six months ended June 30, 2024
Dilbit revenue	$ -	$ 10,674	$ -	$ 22,111
Diluent blended	-	(4,668)	-	(9,610)
Realized bitumen revenue[1]	$ -	$ 6,006	$ -	$ 12,501
($ / bbl)	N/A	50.67	N/A	46.28

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

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

For the three and six months ended June 30, 2025, the Company's realized bitumen revenue decreased by CAD6.0 million and CAD12.5 million respectively to CAD0 million compared to the same periods in 2024. The decrease in realized bitumen revenue in Q2 2025 and 6M 2025 was primarily due to no production as a result of equipment maintenance at West Ells. There was no disclosure on bitumen realized price per barrel for Q2 2025 as there was zero dilbit sales due to equipment maintenance.

Operating Netback

		For the three months ended June 30,				For the six months ended June 30,		
($ thousands, except $/bbl)		2025		2024		2025		2024
Realized bitumen revenue	$		$	6,006	$		$	12,501
Transportation				(1,576)				(4,017)
Royalties				(408)				(653)
Net bitumen revenues	$		$	4,022	$		$	7,831
Operating costs		(2,473)		(3,269)		(4,351)		(7,559)
Operating cash flow[1]	$	(2,473)	$	753	$	(4,351)	$	272
Operating netback ($ / bbl)		N/A		6.37		N/A		1.00

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

For the three months ended June 30, 2025, the operating cash flow resulted in a net loss of CAD2.5 million compared to a net gain of CAD0.8 million for the same period in 2024. The increase in operating cash flow deficiency for the three months ended June 30, 2025 was primarily due to the loss of revenue as a result of equipment maintenance at West Ells in Q1 and Q2 2025. There was no disclosure on operating netback per barrel for Q2 2025 as there was zero dilbit sales due to equipment maintenance.

Bitumen Production

	For the three months ended June 30,		For the six months ended June 30,	
(Barrels/day)	2025	2024	2025	`
Bitumen production	-	905	-	1,046

For the three months ended June 30, 2025, bitumen production at West Ells averaged 0 bbls/day compared to 905 bbls/day for the same period in 2024. This represents a 905 bbls/day decrease in bitumen production, primarily due to no production as a result of equipment maintenance at West Ells in Q1 and Q2 2025.

Bitumen Sales

	For the three months ended June 30,		For the six months ended June 30,	
(Barrels/day)	2025	2024	2025	2024
Bitumen Sales	-	884	-	1,055

Bitumen sales at West Ells for the three months ended June 30, 2025 averaged 0 bbl/day compared to 884 bbl/day for the three months ended June 30, 2024. Bitumen sales decreased by 884 bbl/day primarily attributable to no production as a result of equipment maintenance at West Ells in Q1 and Q2 2025.

Petroleum Sales, net of royalties

		For the three months ended June 30,				For the six months ended June 30,		
($ thousands, except $/bbl)		2025		2024		2025		2024
Petroleum sales	$	-	$	10,674	$	-	$	22,111
Royalties		-		(408)		-		(653)
Petroleum sales, net of royalties	$	-	$	10,266	$	-	$	21,458
$ / bbl		N/A		86.60		N/A		79.44

Petroleum sales are from the sales of Dilbit. For the three months ended June 30, 2025, petroleum sales, net of royalties amounted to CAD0 million compared to CAD10.3 million for the same period in 2024. The decrease in net petroleum sales is mainly due to the loss of revenue as a result of equipment maintenance at West Ells in Q1 and Q2 2025. There was no disclosure on net petroleum sales per barrel for Q2 2025 as there was zero dilbit sales due to equipment maintenance.

The royalty rate applicable to pre-payout oil sands operations starts at 1% of bitumen sales and increases for every dollar that the WTI crude oil price in Canadian dollars is priced above $55 per barrel, to a maximum of 9% when the WTI crude oil price is $120 per barrel or higher. The West Ells project is currently in pre-payout. There was no royalties for the three months ended June 30, 2025 due to no dilbit revenue in Q2 2025.

Diluent Costs

($ thousands, except $/bbl and blend ratio)	For the three months ended June 30, 2025	2024	For the six months ended June 30, 2025	2024
Diluent at CPF	-	4,668	-	9,016
Diluent at terminals	-	-	-	594
Total Diluent	$ -	$ 4,668	$ -	$ 9,610
$/bbl	N/A	39.37	N/A	35.58
Blend ratio (CPF)	N/A	32.2%	N/A	28.9%
Blend ratio (terminals)	-	-	-	10.9%

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

Total diluent cost also included the diluent blended at terminals to adjust the dilbit density for pipeline shipping purpose. For the three months ended June 30, 2025, total diluent cost was CAD0 million compared to CAD4.7 million for the same period in 2024. Total diluent cost decreased by CAD4.7 million due to no production as a result of equipment maintenance at West Ells. There was no disclosure on diluent cost per barrel and blending ratio for Q1 and Q2 2025 as there was no no production at West Ells.

Transportation

($ thousands, except $/bbl)	For the three months ended June 30, 2025	2024	For the six months ended June 30, 2025	2024
Transportation	$ -	$ 1,576	$ -	$ 4,017
$ / bbl	N/A	13.29	N/A	14.87

Transportation costs consist of dilbit trucking expenses and pipeline terminals fees. For the three months ended June 30, 2025, transportation expenses were CAD0 million compared to CAD1.6 million for the same period in 2024. There were no transportation costs in Q2 2025 due to no dilbit sales as a result of equipment maintenance at West Ells.

Operating Costs

($ thousands, except $/bbl)	For the three months ended June 30, 2025	2024	For the six months ended June 30, 2025	2024
Operating costs	$ 2,473	$ 3,269	$ 4,351	$ 7,559

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

For the three months ended June 30, 2025, the operating costs decreased by CAD1.6 million to CAD1.7 million from CAD3.3 million for the same period in 2024. The primary reason for the reduction in operating costs compared to last year was the no production as result of equipment maintenance at West Ells in Q1 and Q2 2025.

General and Administrative Costs

	Three months ended June 30, 2025	2023	Six months ended June 30, 2025	2024
Salaries, consultants and benefits	$ 1,615	$ 1,373	$ 3,234	$ 2,819
Rent	-	10	13	16
Legal and audit	6	26	29	88
Other	389	448	4,035	3,538
Balance, end of period	$ 2,010	$ 1,857	$ 7,311	$ 6,461

The Company's general and administrative costs were $2.0 million and $7.3 million for the three and six months ended June 30, 2025 compared to $1.9 million and $6.5 million for the same periods in 2024. General and administrative costs increased by $0.2 million for the three months ended June 30, 2025 compared to the same periods in 2024 primarily due to higher salaries expenses in Q2 2025. For the six months ended June 30, 2025, General and administrative costs increased by $0.85 million compared to the same period in 2024 primarily due to higher salaries expense and higher municipal charges.

Finance Costs

	Three months ended June 30, 2025	**2024**	**Six months ended June 30, 2025**	**2024**
Interest expense on senior notes, including yield maintenance premium	$ 298	$ 294	$ 610	$ 588
Interest expense on other loans	218	71	352	133
Interest expense on loan from related companies and a shareholder	718	2,030	2,860	3,908
Other Interest expenses-leases and others	215	84	300	159
Unwinding of discounts on provisions	-	441	438	872
Balance, end of period	$ 1,449	$ 2,920	$ 4,560	$ 5,660

The Company's finance costs were CAD1.4 million for the three months ended June 30, 2025 compared to CAD2.9 million for the three months ended June 30, 2024. Finance costs decreased by CAD1.5 million for the three months ended June 30, 2025 compared to the same period in 2024 primarily attributable to interest expenses on loans from related companies and shareholders which were settled by share issuance.

Share-based Compensation

			Three months ended June 30, 2025			**Three months ended June 30, 2024**
	Expensed	Capitalized	Total	Expensed	Capitalized	Total
Stock options	$ -	$ -	$ -	$ -	$ -	$ -

			Six months ended June 30, 2025			**Six months ended June 30, 2024**
	Expensed	Capitalized	Total	Expensed	Capitalized	Total
Stock options	$ -	$ -	$ -	$ -	$ -	$ -

Share-based compensation expense for the three months ended June 30, 2025 and 2024 were both zero. The fair value of share-based compensation associated with the granting of stock options is recognized by the Company in its condensed consolidated interim financial statements. Fair value is determined using the Black-Scholes option pricing model.

Depletion and Depreciation

($ thousands, except $/bbl)	For the three months ended June 30, 2025	2024	For the six months ended June 30, 2025	2024
Depletion and depreciation	$ 174	$ 1,984	$ 358	$ 4,603
Depletion ($/bbl)	N/A	15.08	N/A	15.55

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

For the three months ended June 30, 2025, depletion and depreciation expense decreased by CAD1.8 million to CAD0.2 million from CAD2.0 million for the same period in 2024. The primary reason for the decrease is no depletion expenses due to no production as result of equipment maintenance at West Ells in Q1 and Q2 2025.

Impairment / (Reversal)

($ thousands, except $/bbl)	For the three months ended March 31, 2025	2024
Impairment / (Reversal)	$ -	$ -

The Company assesses at each reporting date whether there is an indication that it's E&E (exploration and evaluation assets) and PP&E assets may be impaired or that historical impairment may be reversed. The Company's assets are aggregated into cash-generating units for the purpose of calculating impairment/impairment reversal. Cash generating units ("CGU"s) are based on an assessment of the units' ability to generate independent cash inflows. The company recognized impairment loss or reversal based on CGU which is identified with respect to geographical proximity, shared infrastructure and similarity of market risk exposure and materiality. The recoverable amount of the E&E and PP&E assets were determined using judgement and internal estimates.

For the purpose of impairment (reversal) testing, recoverable amounts for each CGU were estimated based on FVLCD methodology which is calculated using the present value of the CGUs' expected future cash flows (after-tax). The cash flow information was derived from a report on the Company's oil and gas reserves which was prepared by an independent qualified reserve evaluator, Boury Global Energy Consultants ("Boury") and its latest oil price forecasts. The projected cash flows used in the FVLCD calculation reflect market assessments of key assumptions, including management forecast of long-term commodity prices, inflation rates, and foreign exchange rates (Level 3 fair value inputs). Cash flow forecasts are also based on Boury's evaluation of the Company's reserves and resources to determine production profiles and volumes, operating costs, maintenance and future development capital expenditures.

The reversal is recognized in profit or loss only to the extent that it reverses an impairment loss that was previously recognized in profit or loss. Any additional increase is accounted for as a revaluation and is recognized in other comprehensive income.

A reversal of an impairment loss shall be recognized immediately in profit or loss. In allocating a reversal of an impairment loss for a cash-generating unit, the carrying amount of an asset shall not be increased above the lower of:
(a) Its recoverable amount; and
(b) The carrying amount that would have been determined (net of amortization or depreciation) had no impairment loss been recognized for the asset in prior periods.

Future depletion expenses are adjusted to allocate the CGU's revised carrying amount over its remaining useful life.

As of June 30, 2025 and 2024, the Company did not identify any indicators of further impairment loss (reversal) of the above E&E or West Ells CGU. As a result, nil impairment (reversal) was recognized in profit and loss.

Income Taxes

The Company did not recognize any deferred income tax assets, which relate primarily to unrecognized tax losses, for the three months ended March 31, 2025 and 2024. Recognition of tax losses is based on the Company's consideration of its internal development plan for its asset base and the assumption as to whether or not these tax losses will be utilized before their expiry dates. At March 31, 2025, the Company had total available tax deductions of approximately CAD1.43 billion, with unrecognized tax losses that expire between 2029 and 2045.

Liquidity and Capital Resources

		June 30, 2025		December 31, 2024
Working capital deficiency	$	108,749	$	92,666
Shareholders' equity		22,202		16,848
	$	130,951	$	109,514

On February 16, 2023, the Company and the Forbearing Holder entered into an interest waiver agreement (the "2023 Interest Waiver Agreement") pursuant to which the Forbearing Holder agrees to unconditionally and irrevocably waive the interest accrued between January 1, 2023 and December 31, 2023 (the "Waiver of Interest"). Based on the Forbearance Reinstatement and Amending Agreement ("2021 FRAA") dated August 8, 2021, the waived interest calculated at 10.0% per annum on the outstanding amounts (principal and interests) amounted to US$31.5 million. Save as the waiver of interest, all other terms and conditions in relation to the Senior Note and its subsequent forbearance remain unchanged.

On August 8, 2023, the Company and the Forbearing Holder confirmed the signing of the Forbearance Reinstatement and Amending Agreement ("2023 FRAA"). The principal terms of the 2023 FRAA include:

- The 2023 FRAA covers the period from September 1, 2023 to August 31, 2025 ("Period of Forbearance 3");
- Same as the 2021 FRAA executed on August 8, 2021, all outstanding amounts (principal and interests) will continue to be accrued at an interest of 10% per annum until August 31, 2025, unless otherwise waived in separate interest waiver agreements. During the Period of Forbearance, there will not be any forbearance fee and yield maintenance premium based on the initial 2016 Forbearing Agreement executed on September 12, 2016.

On April 11, 2024, the Company and the Forbearing Holder entered into an interest waiver agreement (the "2024 Interest Waiver Agreement") pursuant to which the Forbearing Holder agrees to unconditionally and irrevocably waive the interest accrued between January 1, 2024 and December 31, 2024 (the "Waiver of Interest"). Based on the Forbearance Reinstatement and Amending Agreement ("2023 FRAA") dated August 8, 2023, the waived interest calculated at 10.0% per annum on the outstanding amounts (principal and interests) amounted to US$31.5 million. Save as the waiver of interest, all other terms and conditions in relation to the Senior Note and its subsequent forbearance remain unchanged.

On January 7, 2025, the Company and the Forbearing Holder confirmed the signing of the Forbearance Reinstatement and Amending Agreement (the "FRAA2025"). The principal terms of the FRAA2025 include:

- The FRAA2025 covers the period from September 1, 2025 to August 31, 2027 ("Period of Forbearance");
- Same as the 2021 FRAA executed on January 8, 2021, all outstanding amounts (principal and interests) will continue to be accrued at an interest rate of 10% per annum until August 31, 2027, unless otherwise waived in separate interest waiver agreements. During the Period of Forbearance, there will not be any forbearance fee and yield maintenance premium based on the initial Forbearance Agreement executed on September 12, 2016.

The Board believes the entering into of the FRAA2025 is in the interests of the Company and its shareholders as a whole in view that the FRAA2025 will provide the Company with additional time to repay or refinance the indebtedness owed by the Company to the Noteholders under the Notes, whilst at the same time the financing cost will be substantially lowered.

On January 7, 2025, the Company and the Forbearing Holder entered into an interest waiver agreement (the "2025 Interest Waiver Agreement") pursuant to which the Forbearing Holder agrees to unconditionally and irrevocably waive the interest accrued between January 1, 2025 and December 31, 2025 (the "Waiver of Interest"). Based on the Forbearance Reinstatement and Amending Agreement ("FRAA2025") dated January 7, 2025, the waived interest calculated at 10.0% per annum on the outstanding amounts (principal and interests) amounted to US$31.5 million.

The Company has presented the portion held by Non-Forbearing holder as current liabilities and the portion held by Forbearing holder as non-current liabilities on the unaudited condensed consolidated interim financial statements as at June 30, 2025.

As of June 30, 2025, the Company had incurred unsecured debt for a total of US$ 57.7 million (CAD83.0 million equivalent).

The Company received a demand notice from the Regional Municipality of Wood Buffalo ("RMWB") in relation to the 2016-2025 municipal property taxes of CAD17.2 million. The Company was also charged with overdue penalties of CAD23.7 million. Since then the Company was in active negotiation with RMWB for a settlement plan with proposals to waive overdue penalties. As at the date of this report, the Company believes that notices issued by RMWB relating to property taxes did not comply with relevant legislation and the Company has sought judicial review to determine the effect of non-compliant tax notices on RMWB's property tax claim.

The Company is involved in various claims including claims described above and actions arising in the course of operations and is subject to various legal actions, pending claims and exposures. Litigation is subject to many uncertainties, and the outcome of individual matters is not predictable with assurance. If unfavorable outcome were to occur against such claims or pending claims, there exists the possibility of a material adverse impact on the Company's consolidated net income or loss in the period in which the outcome is determined. Accruals for litigation, claims and assessments are recognized if the Company determines that the loss is probable and the amount can be reasonably estimated. The Company believes it has made adequate provision for such claims. While fully supportable in the Company's view, some of these positions, if challenged may not be fully sustained on review. From time to time, the Company receives liens or claims on accounts payable balances, and the Company continues to work toward resolution of any liens or claims. At June 30, 2025, the Company had incurred CAD0.82 million (USD $0.57 million equivalent using the period end exchange rate) in Builders' liens (not related mineral leases) against them during the ordinary course of business.

The Company received a judgment from the Court of the State of New York, New York County (the "Judgment") that the Company shall pay the Non-forbearing holder all the amounts due and owing on the Senior Notes issued under the notes indenture dated 8 August 2014 (including principal and interests) in an aggregate amount of approximately US$15,481,000 (equivalent to approximately CAD 20,967,000). The judgment was vacated on May 25, 2023. On December 13, 2023, the Company received a judgment from the Court of the State of New York, New York County that the Company should pay the Non-forbearing Holder all the amounts due and owing on the Notes (including principal and interests) in an aggregate amount of approximately US$19,694,000 (equivalent to approximately CAD 26,048,000). On January 2, 2024 and February 20, 2024, the Company lodged an appeal against the Judgment to the New York court of appeal. On February 27, 2024, the Non-forbearing Holder tried to execute the judgement by serving notice in the State of New York.

The Notes are translated into Canadian dollars at the period end exchange rate of $1USD = $1.3643 CAD.

The Company's strategy is to access sufficient capital, through equity issuances, monetization, joint ventures and the utilization of debt, in order to maintain a capital base that properly supports the objectives of maintaining financial flexibility and of sustaining future development of the business. The Company manages its capital structure in order to continue as a going concern and makes adjustments relative to changes in economic conditions and the Company's risk profile. In order to manage risk, the Company may from time to time issue shares and adjust its capital spending to manage current working capital deficiency levels. The Company's liquidity may be adversely affected if the Company's access to the capital markets is hindered because of financial market conditions generally, or as a result of conditions specific to the Company.

For the three months ended June 30, 2025, the Company reported a net loss and comprehensive loss attributable to owners of the Company of CAD1.98 million. At June 30, 2025, the Company had a working capital deficiency of CAD108.7 million.

The Company's debt-to-asset ratio, measured based on total liabilities divided by total assets was 99% as at June 30, 2025, compared to 98% as at December 31, 2024.

The Company is exposed to risks arising from fluctuations in foreign currency exchange rates. Thus, exchange rate fluctuations can affect the fair value of future cash flows. The Company is exposed to currency risks primarily through senior notes, loans from related companies and shareholders, other loans, accounts payables and bank balances that are denominated in a foreign currency, i.e. a currency other than the functional currency of the operations to which the transactions relate. The foreign currencies giving rise to this risk are primarily Hong Kong dollar ("HK$"), United States dollar ("US$") and Renminbi ("RMB").

The Company manages this risk by monitoring foreign exchange rates and evaluating their effects on using Canadian or U.S. vendors as well as timing of transactions. The Company had no forward exchange rate contracts in place as at or during the three months ended June 30, 2025.

If exchange rate to convert from USD to CAD had been one percent higher or lower with all other variables held constant, foreign cash held at June 30, 2025 would have been impacted by $Nil (June 30, 2024: $Nil) and the carrying value of the debt at June 30, 2025 would have been impacted by CAD2.6 million (June 30, 2024: CAD2.7 million).

If exchange rate to convert from HKD to CAD had been one percent higher or lower with all other variables held constant, foreign cash held at June 30, 2025 would have been impacted by $Nil (June 30, 2024: $Nil) and the carrying value of the debt at June 30, 2025 would have been impacted by CAD0.7 million (June 30, 2024: CAD0.7 million).

If exchange rate to convert from RMB to CAD had been one percent higher or lower with all other variables held constant, foreign cash held at June 30, 2025 would have been impacted by $Nil (June 30, 2024: $Nil) and the carrying value of the debt at June 30, 2025 would have been impacted by CAD0.1 million (June 30, 2024: CAD0.1 million).

Royalty Agreement

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

On June 8, 2023, the Company entered into an amended Royalty Agreement (together with its ancillary documents, the "Amended Royalty Agreement") with BEH, pursuant to which, the Company will receive an accelerated payment of CAD5 million from the aggregate consideration of CAD20 million, subject to the terms and conditions stipulated therein. In accordance with the Amended Royalty Agreement, the royalty rate calculation for WCS prices above USD $80/bbl is amended. When average daily WCS price of the month is US$80/bbl, the royalty rate is 8.75% and proportionally increases up to a maximum of 25.00% when the WCS price rises to USD $113/bbl (based on the original Royalty Agreement, the royalty rate increases from 8.75% up to a maximum of 15.00% when the WCS price rises to USD $100/bbl).

Commitments and Contingencies

Management estimated the contractual maturities of the Company's obligations. These estimated maturities may differ significantly from the actual maturities of these obligations. For a detailed discussion regarding to the Company's commitments and contingencies, please refer the Company's unaudited condensed consolidated interim financial statements and notes thereto for the three and six months ended June 30, 2025 and with the audited consolidated financial statements and notes thereto for the year ended December 31, 2024.
/

Transactions with Related Parties

For the six months ended June 30, 2025, a consulting Company, to which a director of Sunshine is related, charged the Company CAD0.25 million (for the year ended December 31, 2024: CAD0.5 million) for management and advisory services.

As at June 30, 2025, Mr. Kwok Ping Sun, the Company's Executive Chairman, has beneficial ownership of, or control or direction of 150,962,591 common shares of the Company, which represents approximately 30% of the Company's outstanding common shares.

As at June 30, 2025, the Company had loans from related companies and shareholders, which are unsecured, interest bearing at 10% per annum. Loans from related companies totaling approximately CAD53,897,000 can be rolled over for a period of 2 to 3 years (December 31, 2024: CAD56,205,000). Total loans from shareholders are approximately CAD3,114,000 which are due from 1 to 3 years (December 31, 2024: CAD20,990,000).

Off-balance Sheet Arrangements

As at June 30, 2025, the Company did not have any other off-balance sheet arrangements.

Purchase, Sale or Redemption of Sunshine's Listed Securities

Class "A" Common Shares

General mandate

2025 activity

On April 17, 2025, the Company entered into settlement agreements with the Creditors[1] respectively, pursuant to which the Company will allot and issue 48,695,736 Class "A" common voting shares at the issue price of HK$0.35 per share to the Creditors as full and final settlement of the Debt Payable owed to each of the Creditors with the total amount of approximately HK$ 17,043,508 (approximately CAD 3,050,787). The market price closed at HK$ 0.4 on April 17, 2025. The share issuance has been completed on 19 May 2025.

On June 25, 2025, the Company entered into Settlement Agreement with the Creditor[2], pursuant to which the Company will allot and issue 60,000,000 Class “A” common voting shares at the issue price of HK$0.64 per share to the Creditor as full and final settlement of the Debt Payable owed to the Creditor in the amount of HK$ 38,400,000 (approximately CDN$ 6,727,635.87). The market price closed at HK$ 0.67 on June 25, 2025. The share issuance has been completed on 13 August 2025.

Specific mandate

2025 activity

On April 28, 2025, the Company entered into Settlement Agreements with the Creditors[3] respectively, pursuant to which the Company will allot and issue 162,310,261 Class “A” common voting shares at the issue price of HK$0.45 per share to the Creditors as full and final settlement of the Debt Payable owed to each of the Creditors in the total amount of HK$ 73,039,619 (approximately CDN$ 13,052,180). The market price closed at HK$ 0.48 on April 28, 2025. The Shares will be allotted and issued under the Specific Mandate, which has been approved and granted by shareholders at the Special general meeting dated 18 June 2025. The issue of shares has been completed on 30 June 2025.

Saved as disclosed, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities during the six months ended June 30, 2025.

Subsequent Event

On July 30, 2025, the Company entered into Settlement Agreement with Mr. Zhang Jun, pursuant to which the Company will allot and issue 8,174,030 Class “A” common voting shares at the issue price of HK$0.50 per share to Mr. Zhang Jun as full and final settlement of the Debt Payable owed to him in the amount of HK$4,087,015 (approximately CDN$ 716,869.26). The market price closed at HK$ 0.48 on July 30, 2025. The Completion took place on 25 August 2025.

On August 19, 2025, the Company entered into the Equity Purchase Agreement with Nobao Energy Holding (China) Company Limited (the “Vendor”) for which the Company agrees to purchase and the Vendor agrees to sell 51% equity interests in the Nobao Technology Co., Limited (the “Target Company”) at the Consideration of HK$50,919,450. The Consideration will be satisfied by way of issuance and allotment of 56,983,240 Consideration Shares by the Company at the Issue Price of HK$0.895 per Consideration Share to the Vendor (the “Issuance”). The Target Company is 48.16% held by a company owned by Mr. Sun, an executive chairman and controlling shareholder of the Company. Therefore, the transaction constitutes a non-exempt connected transaction for the Company under Chapter 14A of the Listing Rules. The Consideration Shares will be allotted and issued under the Specific Mandate to be approved by the Independent Shareholders at the SGM.

On August 20, 2025, the Company received a winding-up petition filed against it by Keystone Finance Limited in connection with a financial obligation of the Company in the amount of HK$3,106,295. The Company is in the process of seeking legal measures to resolutely oppose the Petition as the Board is of the view that the Petition does not represent the interests of the other stakeholders of the Company and may impair the value of the Company.

Changes in Accounting Policies

Our significant accounting policies have remained unchanged since December 31, 2024. A summary of our significant accounting policies is included in our 2024 Annual Report.

Critical Accounting Policies and Estimates

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

For a detailed discussion regarding to the Company’s critical accounting policies and estimates, please refer to Note 4 to the consolidated annual financial statements for the year ended December 31, 2024.

Risk Factors

The business of resource exploration, development and extraction involves a high degree of risk. Material risks and uncertainties affecting the Company, their potential impact and the Company’s principal risk management strategies are substantially unchanged from those disclosed in the Company’s MD&A for the year ended December 31, 2024, which is available at www.hkexnews.hk. The 2024 annual report of the Company is available at the Company’s website at www.sunshineoilsands.com, and the website of the SEHK, www.hkexnews.hk.

Disclosure Controls and Procedures

Ms. Gloria Ho, Executive Director of the Board and Chief Financial Officer and Mr. Jianping Sun, Chief Executive Officer, have designed, or caused to be designed under their supervision, disclosure controls and procedures (“DC&P”) to provide reasonable assurance that: (i) material information relating to the Company is made known to the Company's CFO by others, particularly during the period in which the annual and quarterly filings are being prepared; and (ii) information required to be disclosed by the Company in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time period specified in securities legislation. As at June 30, 2025, the Chief Financial Officer and the Chief Executive Officer evaluated the design and operation of the Company’s DC&P. Based on that evaluation, the Executive Director of the Board and the Chief Financial Officer and the Chief Executive Officer concluded that the Company’s DC&P were effective as at June 30, 2025.

Internal Controls over Financial Reporting

Ms. Gloria Ho, Executive Director of the Board and Chief Financial Officer and Mr. Jianping Sun, Chief Executive Officer, have designed, or caused to be designed under their supervision, internal controls over financial reporting (“ICFR”) to provide reasonable assurance regarding the reliability of the Company's financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. Furthermore, the Company used the criteria established in “Internal Control – Integrated Framework” published by the Committee of Sponsoring Organizations of the Treadway Commission (2013 Framework); they have evaluated, or caused to be evaluated under their supervision, the effectiveness of the Company’s ICFR at March 31, 2025, and concluded that the Company’s ICFR are effective at June 30, 2025 for the foregoing purpose.

No material changes in the Company's ICFR were identified during the three and six months period ended June 30, 2025 that have materially affected, or are reasonably likely to materially affect, the Company's ICFR. It should be noted that a control system, including the Company's disclosure and internal controls and procedures, no matter how well conceived, can provide only reasonable, but not absolute, assurance that the objectives of the control system will be met and it should not be expected that the disclosure and internal controls and procedures will prevent all errors or fraud. In reaching a reasonable level of assurance, management necessarily is required to apply its judgment in evaluating the cost/benefit relationship of possible controls and procedures.

Forward-Looking Information

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

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

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

Additional Information

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

Compliance of Corporate Governance Code (the "Code")

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

The Company confirms that during the three and six months ended June 30, 2025, the code provisions as set out in Appendix C1 to the Hong Kong Listing Rules has been complied with saved that the Company is in course of identifying suitable insurers for appropriate insurance coverage for legal actions against the Company's Directors.

Compliance with the Model Code for Securities Transactions by Directors of Listed Issuers

The Company has adopted a code of conduct regarding directors' securities transactions on terms no less exacting than the required standard set out in the Mode Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Hong Kong Listing Rules ("Model Code"). Having made specific enquiry of all Directors, the Directors confirmed that they had compiled with the required standard set out in the Model Code and its code of conduct regarding directors' securities transactions during financial year under review.

Movements in Stock Options

The table below presents the movements in stock options for Directors, the chief executive and other executive management of the Company during the six months ended June 30, 2025.

Name	December 31, 2024	Granted	Exercised	Forfeited	Expired	June 30, 2025
Sub-total for Directors	-	-	-	-	-	-
Sub-total for other share option holders	-	-	-	-	-	-
Total	-	-	-	-	-	-

Please refer to our consolidated financial statements included in the 2024 Annual Report for additional details on our stock option plans and movements for the year ended December 31, 2024.

Fair Value of Share Options Granted

The weighted average fair value of the share options granted in previous years was CAD0 (2024 - CAD0). Options were valued using the Black-Scholes model. Where relevant, the expected life used in the model has been adjusted based on management's best estimate for the effects of non- transferability, exercise restrictions (including the probability of meeting market conditions attached to the option), and behavioral considerations.

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

Input Variables	Six months ended June 30, 2025	Year ended December 31, 2024
Grant date share price ($)	-	-
Exercise Price ($)	-	-
Expected volatility (%)	-	-
Option life (years)	-	-
Risk-free interest rate (%)	-	-
Expected forfeitures (%)	-	-

Shares Outstanding

As at June 30, 2025, the Company had 503,180,414 Class "A" common shares issued and outstanding.

Employees

As at June 30, 2025, the Company has 27 full-time employees. For the three months ended June 30, 2025, total staff costs amounted to CAD1.6 million.

Change in Directors' Information

Save as Mr. Yonglan Chen appointed to be a non-executive director of the Company with effect 2 July 2025., there was no change to any of the information required to be disclosed in relation to any Director pursuant to Rule 13.51 (b) of the Listing Rules, changes in the information of the Directors after the date of the annual report 2024.

Disclosure of interests

(a) Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares or Debentures

As at June 30, 2025, the interests and short positions of the Directors and chief executive of the Corporation in the shares of the Corporation or its associated corporations (within the meaning of Part XV of the SFO, which were required (a) to be notified to the Corporation and the HKEX pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which each of them had taken or was deemed to have taken under the provisions of the SFO); or (b) to be recorded in the register required to be kept by the Corporation pursuant to section 352 of the SFO; or (c) to be notified to the Corporation and the HKEX pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules were as follows:

Director's long position in the Company

Common Shares

Name	Company	Nature of Interest	Number of Common Shares held	Approximate % interest in the Common Shares
Mr. Kwok Ping Sun	Sunshine Oilsands Ltd.	Direct/Indirect	150,962,591	30.00%
Mr. Michael J Hibberd	Sunshine Oilsands Ltd.	Direct/Indirect	2,165,981	0.43%
Ms. Gloria Ho	Sunshine Oilsands Ltd.	N/A	-	-
Mr. Yi He	Sunshine Oilsands Ltd.	Direct	32,000	0.01%
Ms. Xijuan Jiang	Sunshine Oilsands Ltd.	Direct	104,814	0.02%
Mr. Guangzhong Xing	Sunshine Oilsands Ltd.	N/A	-	-
Ms. Jue Pang	Sunshine Oilsands Ltd.	N/A	-	-

Notes:
1. *As at June 30, 2025, the Company's issued share capital is 503,180,414 Shares.*

Save as disclosed above, as at June 30, 2025, none of the Directors or chief executive of the Corporation had interests or short positions in the shares, underlying shares or debentures of the Corporation and its associated corporations (within the meaning of Part XV of the SFO) which were required (a) to be notified to the Corporation and the HKEX pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which each of them had taken or deemed to have taken under the provisions of the SFO); or (b) to be recorded in the register required to be kept by the Corporation pursuant to section 352 of the SFO; or (c) to be notified to the Corporation and the HKEX pursuant to the Model Code.

(b) Substantial Shareholders' Interests and Short Positions in Shares and Underlying Shares

So far as is known to the Directors, as at 30 June 2025, other than the interests of Directors or chief executive of the Company as disclosed above, the Company had not been notified by any persons who had interests or short positions in the Shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

Dividends

The Company has not declared or paid any dividends in respect of the three months ended June 30, 2025 (three months ended June 30, 2024 - $Nil).

Review of Interim Results

The condensed consolidated interim financial statements for the Company for the three and six months ended June 30, 2025, were reviewed by the Audit Committee of the Company and approved by the Board.

Publication of Information

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

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

2025 Outlook

With the recovery in commodity demand, Sunshine continues to focus on cost controls and looks for opportunities to carefully expand and divert its businesses. On June 3, 2024, Sunshine has entered into a MOU with Nobao Energy Holding (China) Company Ltd for acquisition of its clean energy business subsidiary which holds a number of long-term energy operation and management contracts with stable revenue and cash flow. Upon completion of the potential acquisition, the Company’s financial profile including revenue and cash flow, etc. is expected to be substantially improved. The target company also possesses leading technology in relation to shallow GSHP central heating and cooling which can be applied to the Company’s current mining operations and thus greatly improves its future cost efficiencies.

The Company will also work with its joint venture partner for re-activation of the Muskwa and Godin Area activities.

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

	Notes	June 30 ,2025 CAD'000	December 31 ,2024 CAD'000
Assets			
Current assets			
Trade and other receivables	4	$ 4,950	$ 4,811
Loan receivables	4	10,834	11,366
Cash and cash equivalents		732	319
		16,516	16,496
Non-current assets			
Exploration and evaluation assets	5	241,208	239,259
Property, plant and equipment	6	478,001	476,446
Right-of-use assets	7	4,850	5,326
Loan receivables	4	1,556	1,496
		725,615	722,527
Total assets		$ 742,131	$ 739,023
Liabilities and Shareholders' Equity			
Current liabilities			
Trade payables, interest payables and accrued liabilities	8	$ 92,258	$ 81,863
Bond		1,182	
Other loans	9.1	20,743	15,213
Senior notes	9.2	10,490	11,511
Lease liabilities	7	592	575
		125,265	109,162
Non-current liabilities			
Interest payables	8	203,305	204,055
Loans from related companies	21.3	53,897	56,205
Loans from shareholders	21.4	3,114	20,990
Other loans	9.1	3,774	3,890
Senior notes	9.2	274,819	274,315
Lease liabilities	7	217	509
Provisions	10	55,538	53,049
		594,664	613,013
Total liabilities		719,929	722,175
Shareholders' equity			
Share capital	12	1,334,425	1,318,681
Reserve for share-based compensation	13	76,416	76,416
Capital reserve	13.3	(4,453)	(4,453)
Exchange fluctuation reserve		(842)	(2,300)
Accumulated deficit		(1,381,597)	(1,369,900)
Equity attributable to owners of the Company		23,949	18,444
Non-controlling interests		(1,747)	(1,596)
Total shareholders' equity		22,202	16,848
Total liabilities and shareholders' equity		$ 742,131	$ 739,023

Going concern (Note 2)
Commitments and contingencies (Note 22)

Approved by the Board

"David Yi He"
Independent Non-Executive Director

"Kwok Ping Sun"
Executive Director

See accompanying notes to the Condensed Consolidated Interim Financial Statements.

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

	Notes	Three months ended June 30, 2025	Three months ended June 30, 2024	Six months ended June 30, 2025	Six months ended June 30, 2024
Revenues					
Petroleum sales, net of royalties	14	$ -	$ 10,266	$ -	$ 21,458
Other income	16	373	380	541	916
Foreign exchange gains/(losses)	20.4	3,681	(5,420)	4,194	(17,729)
		4,054	5,226	4,735	4,645
Expenses					
Diluent		-	4,668	-	9,610
Transportation		-	1,576	-	4,017
Operating		2,473	3,269	4,351	7,559
Depletion and depreciation	6,7	176	1,984	360	4,603
General and administrative	17	2,008	1,857	7,309	6,461
Finance costs	18	1,449	2,920	4,560	5,660
		$ 6,106	$ 16,274	$ 16,580	$ 37,910
Loss before income taxes		(2,052)	(11,048)	(11,845)	(33,265)
Income taxes	11	-	-	-	-
Net loss		(2,052)	(11,048)	(11,845)	(33,265)
Net loss attributable to non-controlling interests		(71)	(74)	(148)	(147)
Net loss and comprehensive loss for the period attributable to owners of the Company		(1,981)	(10,974)	(11,697)	(33,118)
Basic and diluted loss per share	19	$ (0.01)	$ (0.05)	$ (0.04)	$ (0.14)

See accompanying notes to the Condensed Consolidated Interim Financial Statements

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

	Attributable to owners of the Company							
	Share capital	Reserve for share based compensation	Capital Reserve	Exchange fluctuation reserve	Accumulated Deficit	Total	Non-controlling interests	Total Equity
Balance at December 31, 2024	$ 1,318,681	$ 76,416	$ (4,453)	$ (2,300)	$ (1,369,900)	$ 18,444	$ (1,596)	$ 16,848
Net gain (loss) and comprehensive gain (loss)	-	-	-	-	(11,697)	(11,697)	(148)	(11,845)
Exchange fluctuation reserve	-	-	-	1,458	-	1,458	(3)	1,455
FX Gain/loss	-	-	-	-	-	-	-	
Issue of common shares (note 12)	15,744	-	-	-	-	15,744	-	15,744
Issue of shares under employee share savings plan	-	-	-	-	-	-	-	-
Issue of shares Director Share Arrangement (note 12)	-	-	-	-	-	-	-	-
Issue of shares upon exercise of share options	-	-	-	-	-	-	-	-
Share option reserve transferred on exercise of stock options	-	-	-	-	-	-	-	-
Recognition of share-based payments (note 13.3)	-	-	-	-	-	-	-	-
Share issue costs, net of deferred tax ($Nil)	-	-	-	-	-	-	-	-
Six Months Ended June 30, 2025	$ 1,334,425	$ 76,416	$ (4,453)	$ (842)	$ (1,381,957)	$ 23,949	$ (1,747)	$ 22,202
Balance at December 31, 2023	$ 1,315,265	$ 76,416	$ (4,453)	$ (455)	$ (1,294,508)	$ 92,265	$ (1,218)	$ 91,047
Net gain (loss) and comprehensive gain (loss)	-	-	-	-	(33,118)	(33,118)	(147)	(33,265)
Exchange fluctuation reserve	-	-	-	-	-	-	-	-
FX Gain/loss	-	-	-	-	-	-	-	-
Convertible bond-conversion option	-	-	-	-	-	-	-	-
Issue of common shares (note 12)	-	-	-	-	-	-	-	-
Issue of shares under employee share savings plan	-	-	-	-	-	-	-	-
Issue of shares Director Share Arrangement (note 12)	-	-	-	-	-	-	-	-
Issue of shares upon exercise of share options	-	-	-	-	-	-	-	-
Share option reserve transferred on exercise of stock options	-	-	-	-	-	-	-	-
Recognition of share-based payments (note 13.3)	-	-	-	-	-	-	-	-
Share issue costs, net of deferred tax ($Nil)								
Six Months Ended June 30, 2024	$ 1,315,265	$ 76,416	$ (4,453)	$ (455)	$ (1,327,626)	$ 59,147	$ (1,365)	$ 57,782

See accompanying notes to the Condensed Consolidated Interim Financial Statements

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

	Notes	Three months ended June 30, 2025	Three months ended June 30, 2024	Six months ended June 30, 2025	Six months ended June 30, 2024
Cash flows from operating activities					
Net profit/(loss)		$ (2,052)	$ (11,048)	$ (11,845)	$ (33,265)
Finance costs	18	1,449	2,920	4,560	5,660
Unrealized foreign exchange (gains)/losses	20.4	(2,823)	5,422	(3,410)	17,730
Other income	16	-	(3)	(2)	(4)
Depletion, depreciation and impairment	6,7	176	1,984	360	4,603
Share-based compensation	13.3	-	-	-	-
Movement in non-cash working capital	24	3,668	514	9,516	4,149
Net cash (used in) operating activities		418	(211)	(821)	(1,127)
Cash flows from investing activities					
Other income received	16	-	3	2	4
Proceeds from sale of Assets	6	-	750	-	1,179
Payments for exploration and evaluation asset	5	(1,375)	(357)	(1,496)	(643)
Payments for property, plant and equipment	6	-	(315)	-	(200)
Movement in non-cash working capital	24	-	-	-	-
Net cash (used in) investing activities		(1,375)	81	(1,494)	340
Cash flows from financing activities					
Proceeds from issue of common shares	12	-	-	-	-
Payment for share issue costs	12	-	-	-	-
Payment for finance and interest costs	18	(1,029)	(65)	(1,427)	(125)
Proceeds from other loan	9.1	212	264	535	949
Payments for other loan	9.1	(552)	(192)	(1,270)	(793)
Proceeds from related companies' loans	21.3	4,560	19	4,683	34
Repayment of related companies' loans	21.3	(1,680)	-	(1,683)	-
Proceeds from shareholders' loans	21.4	-	819	752	1,486
Repayment shareholder loans	21.4	-	-	-	-
Proceeds from Bonds	21.4	-	-	1,438	-
Payment of lease liabilities		(153)	(181)	(315)	(359)
Movement in non-cash working capital	24	-	-		-
Net cash provided by financing activities		1,358	664	2,713	1,192
Net increase / (decrease) in cash		401	534	398	405
Cash, beginning of period		309	388	319	527
Effect of exchange rate changes on cash held in foreign currency	20.4	22	(8)	15	(18)
Cash, end of period		$ 732	$ 914	$ 732	$ 914

See accompanying notes to the Condensed Consolidated Interim Financial Statements.

1. General information

Sunshine Oilsands Ltd. (the “Company”) was incorporated under the laws of the Province of Alberta on February 22, 2007. The address of its principal place of business is 1910, 715-5th Avenue S.W., Calgary, Alberta, Canada T2P 2X6. The Company’s shares were listed on the Stock Exchange of Hong Kong Limited (“SEHK”) on March 1, 2012 pursuant to an initial public offering (“IPO”) and trades under the stock code symbol of “2012”. On November 16, 2012, the Company completed a listing of its common shares on the Toronto Stock Exchange (“TSX”) and traded under the symbol of “SUO”. On September 30, 2015, the Company completed a voluntary delisting from the TSX. The Company continues to be a reporting issuer in Canada. The Company and its subsidiaries are collectively referred to as the “Group”.

The Group 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. Details of the subsidiaries are set out in note 23.

On April 15, 2019, Sang Xiang Petroleum & Chemical (Hebei) Limited (“Sunshine Hebei”) was incorporated in China and is a joint venture company in which the Company owns 51% interests. The address of the principal place of business for Sunshine Hebei is Techno Building, Level 4, Room 0430, Chengde Hi-Tech Industry Development Zone, Hebei Province.

2. Basis of preparation

Going Concern

The Condensed Consolidated Interim Financial Statements have been prepared on a basis which asserts that the Group will continue to have the ability to realize its assets and discharge its liabilities and commitments in a planned manner with consideration to expected possible outcomes. Conversely, if the assumption made by management is not appropriate and the Group is unable to meet its obligations as they fall due the preparation of these Financial Statements on a going concern basis may not be appropriate and adjustments to the carrying amounts of the Group’s assets, liabilities, revenues, expenses, and balance sheet classifications may be necessary and such adjustments could be material. Specifically, in the absence of additional financing and the restructuring of current debt (Note 9) the Group would be unlikely to be able to continue the development of the West Ells project and the Group would be required to consider divestiture of the West Ells project and other assets. Such curtailment of activity would likely materially and negatively impact the Group’s assessment of the carrying values of assets and liabilities associated with the West Ells project.

The Group incurred a net loss and comprehensive loss attributable to owners of the Company of CAD11.7 million for the six months ended June 30, 2025, and as at June 30, 2025, the Group had net current liabilities of CAD108.75 million. The Group will need to refinance or restructure its current debt and obtain additional financing in order to meet its near-term operating cash requirements, debt payments and sustaining capital expenditures. The validity of which depends upon that the Group will be able to successfully refinance or restructure its current debt and obtain additional financing to meet its liabilities as they fall due in the foreseeable future.

Management has applied significant judgment in preparing forecasts supporting the going concern assumption. Specifically, management has made assumptions regarding projected oil sales volumes and pricing, scheduling of payments arising from various obligations as at June 30, 2025, the availability of additional financing, and the timing and extent of capital and operating expenditures.

The Company’s ability to continue as a going concern is dependent on its ability to realize forecasted revenues, achieve profitable operations, restructure projected cash outflows arising from existing arrangements, control the timing and extent of projected expenditures, and refinance current debt, access immediate additional financing and maintain compliance with all terms in debt and forbearance agreements. The timing and extent of forecast capital and operating expenditures is based on the Company’s 2025 budget and on management’s estimate of expenditures expected to be incurred beyond 2025. The Company has a significant degree of control and flexibility over both the extent and timing of expenditures under its future capital investment program. There is a material risk that the Company will be unable to meet its financing obligations including payments of outstanding interest and principal balances on its Senior Notes (Note 9.2). Management continually monitors the Company’s financing requirements and is pursuing negotiations to refinance current debt and access immediate additional financing to fund its ongoing operations. Management is engaged in discussions with existing shareholders and creditors on proposed transactions and agreements which would reduce anticipated cash outflows and provide the additional financing required to fund capital and operating expenditures, and to meet obligations as they fall due in the 12 months following June 30, 2025.

2.1 Statement of compliance

The Condensed Consolidated Interim Financial Statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and the applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and by the Hong Kong Companies Ordinance. The Condensed Consolidated Interim financial statements have been prepared on the historical cost basis. Any financial instruments are measured at fair value. The Condensed Consolidated Interim financial statements are presented in Canadian Dollars ("$").

The Condensed Consolidated Interim Financial Statements reflect management's best estimates after giving consideration to likely outcomes. The Group has consistently applied the accounting policies to all periods presented in these financial statements. Certain information and disclosures normally included in the audited annual consolidated financial statements, prepared in accordance with International Financial Reporting Standards ("IFRS"), have been condensed or omitted, except for the adoption of IFRS 15 Revenue from Contracts with Customers, IFRS 9 Financial Instruments and IFRIC 22 Foreign Currency Transactions and Advance Consideration. Accordingly, these Condensed Consolidated Interim Financial Statements should be read in conjunction with the audited annual Consolidated Financial Statements for the year ended December 31, 2024.

3. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs")

The Group has applied, for the first time, the following amendments to IFRSs issued by the International Accounting Standards Board (the "IASB") which are effective for the Group's financial year beginning on January 1, 2024.

Amendments to IAS 21	Lack of Exchangeability

The application of the new and amendments to IFRSs in the current year has had no material impact on the Group's financial performance and position for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

New and amendments to IFRSs issued but not yet effective

The Group has not early applied the following new and amendments to IFRSs and interpretation that have been issued but are not yet effective:

Amendments to IFRS 18	Presentation and Disclosure in Financial Statements[2]
Amendments to IFRS 19	Subsidiaries without Public Accountability: Disclosures[2]
Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments[1]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Annual Improvements to IFRS Accounting Standards – Volume 11	Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7[1]

[1] Effective for annual periods beginning on or after January 1, 2026
[2] Effective for annual/reporting periods beginning on or after 1 January 2027
[3] No mandatory effective date yet determined but available for adoption

The directors of the Company anticipate that, the application of the new and amendments to IFRSs will have no material impact on the results and the financial position of the Group.

4. Trade and other receivables

	June 30, 2025	December 31, 2024
Trade receivables	$ -	$ -
Other receivables-current	15,784	16,177
Other receivables-non-current	-	-
Other loan receivables-non-current	1,556	1,496
	$ 17,340	$ 17,673

The Group allows an average credit period of 30 days to its trade customers. The Group transacts with a number of oil and natural gas marketing companies, and the marketing companies typically remit amounts to the Group by the 25th day of the month following production.

The Group measures the loss allowance for trade receivables at an amount equal to lifetime ECL. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

The Group recognised lifetime ECL for trade receivables based on individually significant customer or the ageing of customers collectively that are not individually significant.

As at June 30, 2025, the directors of the Company considered the ECL on trade receivables was insignificant.

5. Exploration and evaluation

	CAD'000
Balance, December 31, 2023	$ 237,971
Capital expenditures	560
Non-cash expenditures[1]	728
Balance, December 31, 2024	$ 239,259
Capital expenditures	1,496
Non-cash expenditures[1]	453
Balance, June 30, 2025	$ 241,208

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

At the end of the reporting period, the Group assessed impairment for its E&E CGU. For the purpose of impairment (reversal) testing, recoverable amounts for each CGU were estimated based on FVLCD methodology which is calculated using the present value of the CGUs' expected future cash flows (after-tax). The cash flow information was derived from a report on the Group's oil and gas reserves which was prepared by an independent qualified reserve evaluator, GLJ Petroleum Consultants ("GLJ") and its latest oil price forecasts. The projected cash flows used in the FVLCD calculation reflect market assessments of key assumptions, including management forecast of long-term commodity prices, inflation rates, and foreign exchange rates (Level 3 fair value inputs. Cash flow forecasts are also based on GLJ's evaluation of the Group's reserves and resources to determine production profiles and volumes, operating costs, maintenance and future development capital expenditures.

The reversal is recognized in profit or loss only to the extent that it reverses an impairment loss that was previously recognized in profit or loss. Any additional increase is accounted for as a revaluation and is recognized in other comprehensive income.

A reversal of an impairment loss shall be recognized immediately in profit or loss. In allocating a reversal of an impairment loss for a cash-generating unit, the carrying amount of an asset shall not be increased above the lower of:
(a) its recoverable amount; and
(b) the carrying amount that would have been determined (net of amortization or depreciation) had no impairment loss been recognized for the asset in prior periods.
For the six months ended June 30, 2025, the Group did not recognize any impairment loss (reversal) for E&E CGU.

6. Property, plant and equipment

		Crude oil assets (CAD'000)		Corporate assets (CAD'000)		Total (CAD'000)
Cost						
Balance, December 31, 2023	$	890,259	$	5,837	$	896,096
Additions		772		-		772
Disposal of Asset		(240)		(327)		(567)
Non-cash expenditures[1]		738		-		738
Exchange alignment		-		81		81
Balance, December 31, 2024	$	891,529		5,591		897,120
Disposal of Asset		-		-		-
Capital expenditures		-		-		-
Non-cash expenditures[1]		1,599		-		1,599
Exchange alignment		-		(66)		(66)
Balance, June 30, 2025	$	893,128		5,525		898,653

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

		Crude oil assets (CAD'000)		Corporate assets (CAD'000)		Total (CAD'000)
Accumulated depletion, depreciation and impairment						
Balance, December 31, 2023	$	409,391	$	5,321	$	414,712
Depletion and depreciation expense		5,946		84		6,030
Impairment loss (reversal)		-		(143)		(143)
Exchange alignment		-		75		75
Balance, December 31, 2024	$	415,337		5,337		420,674
Depletion and depreciation expense		-		32		32
Disposal of Asset		-		-		-
Impairment loss (reversal)		-		-		-
Exchange alignment		-		(54)		(54)
Balance, June 30, 2025	$	415,337		5,315		420,652
Carrying value, December 31, 2024	$	476,192		254		476,446
Carrying value, June 30, 2025	**$**	**477,791**		**210**		**478,001**

At the end of the reporting period, the Group assessed impairment for its West Ells CGU. For the purpose of impairment (reversal) testing, recoverable amounts for each CGU were estimated based on FVLCD methodology which is calculated using the present value of the CGUs' expected future cash flows (after-tax). The cash flow information was derived from a report on the Group's oil and gas reserves which was prepared by an independent qualified reserve evaluator, GLJ Petroleum Consultants ("GLJ") and its latest oil price forecasts. The projected cash flows used in the FVLCD calculation reflect market assessments of key assumptions, including management forecast of long-term commodity prices, inflation rates, and foreign exchange rates (Level 3 fair value inputs). Cash flow forecasts are also based on GLJ's evaluation of the Group's reserves and resources to determine production profiles and volumes, operating costs, maintenance and future development capital expenditures.

The reversal is recognized in profit or loss only to the extent that it reverses an impairment loss that was previously recognized in profit or loss. Any additional increase is accounted for as a revaluation and is recognized in other comprehensive income.

A reversal of an impairment loss shall be recognized immediately in profit or loss. In allocating a reversal of an impairment loss for a cash-generating unit, the carrying amount of an asset shall not be increased above the lower of:
(a) its recoverable amount; and
(b) the carrying amount that would have been determined (net of amortization or depreciation) had no impairment loss been recognized for the asset in prior periods.

Future depletion expenses are adjusted to allocate the CGU's revised carrying amount over its remaining useful life.
For the six months ended June 30, 2025, the Group did not recognize any impairment loss (reversal) for West Ells CGU.

7. Right-of-use Assets and Leases Liabilities

(a) Right-of-use Assets

	Leasehold land (CAD'000)	Offices (CAD'000)	Truck (CAD'000)	Equipment (CAD'000)	Total (CAD'000)
Balance, January 1, 2024	**4,203**	**1,479**	**225**	**76**	**5,983**
Additions	-	247	-	-	247
Termination of lease	-	(355)	(211)	-	(566)
Depreciation	(116)	(489)	(14)	(37)	(656)
Exchange alignment	240	78	-	-	318
December 31, 2024	**4,327**	**960**	**-**	**39**	**5,326**
Additions	-	-		-	-
Depreciation	(58)	(252)	-	(18)	(328)
Exchange alignment	(146)	(2)	-	-	(148)
June 30, 2025	**4,123**	**706**	**-**	**21**	**4,850**

(b) Leases Liabilities

	June 30, 2025 (CAD'000)	December 31, 2024 (CAD'000)
Lease liabilities	$809	$1,084

(c) Cash Flow Summary

	June 30, 2025 (CAD'000)	December 31, 2024 (CAD'000)
Total cash flow used for leases	$315	-

	Three months ended June 30,		Six months ended June 30,	
Cash Flow Summary	**2025**	**2024**	**2025**	**2024**
Total cash flow used for leases	$ 153	$ -	$ 315	$ -

The lease liabilities are initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease, which is 10% for the offices premised, truck and equipment.

8. Trade and accrued liabilities

	June 30, 2025 (CAD'000)	December 31, 2024 (CAD'000)
Trade payables	$ 21,510	$ 20,340
Interest payables	215,578	215,594
Other payables	23,608	23,520
Accrued liabilities	34,867	26,464
	$ 295,563	$ 285,918

The following is an aged analysis of trade payables based on dates of invoices at the end of the reporting period:

	June 30, 2025 (CAD'000)	December 31, 2024 (CAD'000)
Trade payables		
0 - 30 days	$ 130	$ 891
31 - 60 days	18	235
61 - 90 days	681	158
> 90 days	20,681	19,056
	$ 21,510	$ 20,340

9. Debt

9.1 Other loans

		June 30, 2025	December 31, 2024
		CAD'000	CAD'000
Current	$	20,743	15,213
Non-current		3,774	3,890
	$	24,517	19,103

As at June 30, 2025, the balances are unsecured and bearing interest of 0%-36% (December 31, 2024: 0 - 36%) per annum. Approximately CAD20,743,000 (December 31, 2024: CAD15,213,000) have a maturity date within one year.

Included in the above balance is approximately CAD13,976,000 (December 31, 2024: CAD14,899,000) for which the Group and an independent Hong Kong-based investment holding company entered into loan agreements and under which the Group provided Renminbi ("CNY") loan and received Hong Kong dollar ("HKD") loan from the investment holding company. The Group has to repay HKD to receive CNY from the investment holding company.

9.2 Senior notes

On February 16, 2023, the Group and the Forbearing Holder entered into an interest waiver agreement (the "2023 Interest Waiver Agreement") pursuant to which the Forbearing Holder agreed to unconditionally and irrevocably waive the interest accrued between January 1, 2023 and December 31, 2023 (the "Waiver of Interest"). Based on the Forbearance Reinstatement and Amending Agreement ("2021 FRAA") dated August 8, 2021, the waived interest calculated at 10.0% per annum on the outstanding amounts (principal and interests) amounted to approximately US$31.5 million. Save as the waiver of interest, all other terms and conditions in relation to the Senior Note and its subsequent forbearance remain unchanged.

On August 8, 2023 (Calgary time), the Company and the Forbearing Holder confirmed the signing of the Forbearance Reinstatement and Amending Agreement ("**2023 FRAA**"). The principal terms of the 2023 FRAA include:

- The 2023 FRAA covers the period from September 1, 2023 to August 31, 2025 ("Period of Forbearance");
- Same as the Forbearance Reinstatement and Amending Agreement executed on August 8, 2021, all outstanding amounts (principal and interests) will continue to be accrued at an interest of 10% per annum until August 31, 2025, unless otherwise waived in separate interest waiver agreements. During the Period of Forbearance, there will not be any forbearance fee and yield maintenance premium based on the initial Forbearance Agreement executed on September 12, 2016.

The directors of the Company believe the entering into of the 2023 FRAA is in the interests of the Company and its shareholders as a whole in view that the 2023 FRAA will provide the Company with additional time to repay or refinance the indebtedness owned by the Company to the noteholders under the Notes, whilst at the same time the financing cost has been substantially lowered to a reasonable market level.

On April 11, 2024, the Company and the Forbearing Holder entered into an interest waiver agreement (the "2024 Interest Waiver Agreement") pursuant to which the Forbearing Holder agrees to unconditionally and irrevocably waive the interest accrued between January 1, 2024 and December 31, 2024 (the "Waiver of Interest"). Based on the Forbearance Reinstatement and Amending Agreement ("2023 FRAA") dated August 8, 2023, the waived interest calculated at 10.0% per annum on the outstanding amounts (principal and interests) amounted to approximately US$31.5 million. Save as the waiver of interest, all other terms and conditions in relation to the Senior Note and its subsequent forbearance remain unchanged.

On January 7, 2025, the Company and the Forbearing Holder confirmed the signing of the Forbearance Reinstatement and Amending Agreement (the "FRAA2025"). The principal terms of the FRAA2025 include:

- The FRAA2025 covers the period from September 1, 2025 to August 31, 2027 ("Period of Forbearance");
- Same as the 2021 FRAA executed on January 8, 2021, all outstanding amounts (principal and interests) will continue to be accrued at an interest rate of 10% per annum until August 31, 2027, unless otherwise waived in separate interest waiver agreements. During the Period of Forbearance, there will not be any forbearance fee and yield maintenance premium based on the initial Forbearance Agreement executed on September 12, 2016.

The Board believes the entering into of the FRAA2025 is in the interests of the Company and its shareholders as a whole in view that the FRAA2025 will provide the Company with additional time to repay or refinance the indebtedness owed by the Company to the Noteholders under the Notes, whilst at the same time the financing cost will be substantially lowered.

On January 7, 2025, the Company and the Forbearing Holder entered into an interest waiver agreement (the "2025 Interest Waiver Agreement") pursuant to which the Forbearing Holder agrees to unconditionally and irrevocably waive the interest accrued between January 1, 2025 and December 31, 2025 (the "Waiver of Interest"). Based on the Forbearance Reinstatement and Amending Agreement ("FRAA2025") dated January 7, 2025, the waived interest calculated at 10.0% per annum on the outstanding amounts (principal and interests) amounted to US$31.5 million.

The Company has presented the portion held by Non-Forbearing holder as current liabilities and the portion held by Forbearing holder as non-current liabilities on the unaudited condensed consolidated interim financial statements as at June 30, 2025.

10. Provisions

Decommissioning obligations, non-current		**June 30, 2025**	**December 31, 2024**
		CAD'000	CAD'000
Beginning balance, as at January 1	$	53,049	49,829
Effect of changes in discount rate		2,052	1,466
Unwinding of discount rate		437	1,754
Ending balance	$	55,538	53,049

As at June 30, 2025, the Group's share of the estimated total undiscounted cash flows required to settle asset decommissioning obligations was CAD81.4 million (December 31, 2024 - CAD83.0 million). Expenditures to settle asset decommissioning obligations are estimated to be incurred up to 2040. Decommissioning costs are based on estimated costs to reclaim and abandon crude oil properties and the estimated timing of the costs to be incurred in future years, discounted using an annual risk-free rate from 3.59% to 4.28% per annum and inflated using an inflation rate of 2.0% per annum.

11. Income taxes

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

Deferred tax assets (liabilities)		**June 30, 2025**	**December 31, 2024**
		CAD'000	CAD'000
E&E assets and property, plant and equipment	$	(33,236)	(50,611)
Decommissioning liabilities		12,774	12,201
Share issue costs		-	-
Tax losses		243,878	243,878
Capital lease asset (liability)		19	19
Deferred tax benefits not recognized		(223,435)	(205,487)
	$	-	-

12. Share capital

The Group's authorized share capital is as follows:

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

Issued and fully paid (after share consolidation)	**June 30, 2025**		**December 31, 2024**	
	Number of shares	CAD'000	Number of shares	CAD'000
Balance, beginning of year	292,174,417	1,318,681	243,478,681	1,315,265
Issue of Shares – general mandate	48,695,736	3,049	48,695,736	3,416
Issue of Shares – specific mandate	162,310,261	12,695	-	-
Director Share Arrangement	-	-	-	-
Share issue costs, net of deferred tax ($Nil)	-	-	-	-
Balance, end of period	503,180,414	1,334,425	292,174,417	1,318,681

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

General mandate

2025 activity

On April 17, 2025, the Company entered into settlement agreements with the Creditors[1] respectively, pursuant to which the Company allotted and issued 48,695,736 Class "A" common voting shares at the issue price of HK$0.35 per share to the Creditors as full and final settlement of the Debt Payable owed to each of the Creditors with the total amount of HK$17,043,508 (approximately CAD 3,049,000). The market price closed at HK$ 0.4 on April 17, 2025. The share issuance has been completed on 19 May 2025.

On June 25, 2025, the Company entered into Settlement Agreement with the Creditor[2], pursuant to which the Company allotted and issued 60,000,000 Class "A" common voting shares at the issue price of HK$0.64 per share to the Creditor as full and final settlement of the Debt Payable owed to the Creditor in the amount of HK$38,400,000 (approximately CAD 6,728,000). The market price closed at HK$ 0.67 on June 25, 2025. The share issuance has been completed on 13 August 2025.

Specific mandate

2025 activity

On April 28, 2025, the Company entered into Settlement Agreements with the Creditors[3] respectively, pursuant to which the Company will allot and issue 162,310,261 Class "A" common voting shares at the issue price of HK$0.45 per share to the Creditors as full and final settlement of the Debt Payable owed to each of the Creditors in the total amount of HK$73,039,619 (approximately CAD 12,695,000). The market price closed at HK$ 0.48 on April 28, 2025.The Shares will be allotted and issued under the Specific Mandate, which has been approved and granted by shareholders at the Special general meeting dated 18 June 2025. The issue of shares has been completed on 30 June 2025.

Note:

1) *the Creditors are, namely,(i) Xu Lingwu; (ii) NC New Energy Ltd ("NC New Energy"); and (iii) Pensworth Holdings Limited ("Pensworth"), both of (ii) and (iii) are incorporated in Hong Kong with limited liability.*
2) *The Creditor is Future Communications Limited, a company incorporated in Hong Kong with limited liability.*
3) *the Creditors are, namely, (i) Zhang Jun; (ii) He Ran; (iii) Chen Jiongliang; (iv) NC New Energy Ltd ("NC New Energy"); (v) Pensworth Holdings Limited ("Pensworth"); and (vi) Cosmetic Cabinet Ltd ("Cosmetic"), saved as (i), (ii) and (iii), all other Creditors are companies incorporated in Hong Kong with limited liability.*

13. Share-based compensation

13.1 Employee stock option plan

Post-IPO Stock Option Plan

The maximum number of Class “A” common shares that may be reserved for issuance pursuant to the Post-IPO Stock Option Plan is 10% of the total number of issued and outstanding shares, less the maximum aggregate number of shares underlying the options already granted pursuant to the Pre-IPO Stock Option Plan. Options granted under the Post-IPO Stock Option Plan have an exercise price that is determined by the Board of Directors but is not less than the higher of: the closing price on the Stock Exchange of Hong Kong on the option offer date, which must be a business day; the volume weighted average trading price (VWAP) of the shares on the Stock Exchange of Hong Kong for the five trading days immediately preceding the option offer date; and the average closing price of the shares on the Stock Exchange of Hong Kong for the five trading days immediately preceding the option offer date. .

13.2 Movements in stock options

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

	June 30, 2025		December 31, 2024	
	Number of options	Weighted average exercise price $	Number of options	Weighted average exercise price $
Balance, beginning of period	-	-	200,000	0.60
Granted	-	-	-	-
Forfeited	-	-	-	-
Expired	-	-	(200,000)	(0.60)
Balance, end of period	-	-	-	-
Exercisable, end of period	-	-	-	-

As at June 30, 2025, stock options outstanding have a weighted average remaining contractual life of nil years (December 31, 2024: 0.19 years).

13.3 Share-based compensation

Share-based compensation has been recorded in the Condensed Consolidated Interim financial statements for the years presented as follows:

	Three months ended June 30, 2025			Three months ended June 30, 2024		
	Expensed	Capitalized	Total	Expensed	Capitalized	Total
Stock options	$ -	$ -	$ -	$ -	$ -	$ -

	Six months ended June 30, 2025			Six months ended June 30, 2024		
	Expensed	Capitalized	Total	Expensed	Capitalized	Total
Stock options	$ -	$ -	$ -	$ -	$ -	$ -

14. Revenue

	Three months ended June 30,		Six months ended June 30,	
	2025	2024	2025	2024
Petroleum sales	$ -	$ 10,674	$ -	$ 22,111
Royalties	-	(408)	-	(653)
Revenue from contracts with customers	$ -	$ 10,266	$ -	$ 21,458

Note: Royalties include Oil sands royalty paid to the Government of Alberta and royalty paid to Burgess Energy Holdings.

All revenue from contracts with customers is derived from Canada and recognized at a point in time.

Revenues associated with the sale of crude oil are recognized at a point in time when control of goods have transferred, which is generally when title passes from the Group to the customer. Revenues are recorded net of crown royalties. Crown royalties are recognized at the time of production.

The royalty rate at West Ells is based on price sensitive royalty rates set by the Government of Alberta. The applicable royalty rates change dependent upon whether a project is pre-payout or post-payout, with payout being defined as the point in time when a project has generated enough net revenues to recover its cumulative costs. The royalty rate applicable to pre-payout oil sands operations starts at 1% of bitumen sales and increases for every dollar that the WTI crude oil price in Canadian dollars is priced above $55 per barrel, to a maximum of 9% when the WTI crude oil price is $120 per barrel or higher. The West Ells project is currently in pre-payout.

Revenue is allocated to each performance obligation on the basis of its standalone selling price and measured at the transaction price, which is the fair value of the consideration and represents amounts receivable for goods or services provided in the normal course of business. The price is allocated to each unit in the series as each unit is substantially the same and depicts the same pattern of transfer to the customer.

The Group's petroleum sales are determined pursuant to the terms of the marketing agreements and spot sales agreements. The transaction price for crude oil is based on the commodity price in the month published during the delivery month and adjusted for premiums, quality adjustments and equalization adjustments. Commodity prices are based on market indices that are determined on a daily or monthly basis. Petroleum sales are received one month after the crude oil is produced and shipped and typically collected on the 25th day of the month following production.

15. Segment information

The Group operates in one business unit based on their products, and has one reportable and operating segment: mining, production and sales of crude oil products. The directors of the Company monitor the revenue of its business unit as a whole based on the monthly sales and delivery reports for the purpose of making decisions about resource allocation and performance assessment.

Information about geographical area

As all of the Group's revenue is derived from the customers based in the Canada (country of domicile) and majority of the Group's non-current assets are located in Canada, no geographical information is presented.

Information about major customers

Gross revenue from customers contributing over 10% of the total gross revenue of the Group is as follows:

	Three months ended June 30, 2025	Three months ended June 30, 2024	Six months ended June 30, 2025	Six months ended June 30, 2024
Customer A	$ -	$ -	$ -	7,225
Customer B	$ -	$ 10,674	$ -	$ 14,886

Customer A contributed 32.7% of the group's revenue for the six months ended June 30, 2024.

16. Other income

	Three months ended June 30, 2025	Three months ended June 30, 2024	Six months ended June 30, 2025	Six months ended June 30, 2024
Interest income	$ -	$ 3	$ 2	$ 4
Other Income	373	377	539	$ 746
Gain on sale of asset	-	-	-	$ 166
Balance, end of period	$ 373	$ 380	$ 541	$ 916

Other income for the period mainly consists of a reimbursement made by Burgess Energy Holdings L.L.C. ("Burgess") to the Group in respect of mineral and surface lease rental borne by the Group in accordance with the terms of the royalty agreement between the Group and Burgess. For details, please refer to the note 31(c) to the consolidated financial statements for the year ended 31 December 2024.

17. General and administrative costs

	Three months ended June 30,		Six months ended June 30,	
	2025	2024	2025	2024
Salaries, consultants and benefits	$ 1,615	$ 1,373	$ 3,234	$ 2,819
Rent	-	10	13	16
Legal and audit	6	26	29	88
Other	389	448	4,035	3,538
Balance, end of period	$ 2,010	$ 1,857	$ 7,311	$ 6,461

18. Finance costs

	Three months ended June 30,		Six months ended June 30,	
	2025	2024	2025	2024
Interest expense on senior notes, including yield maintenance premium	$ 298	$ 294	$ 610	$ 588
Interest expense on other loans	218	71	338	133
Interest expense on loan from related companies and shareholders	718	2,030	3,088	3,908
Other Interest expenses-leases and others	215	84	87	159
Unwinding of discounts on provisions	-	441	437	872
Balance, end of period	$ 1,449	$ 2,920	$ 4,560	$ 5,660

19. Loss per share

The calculation of basic loss per share attributable to owners of the Company is based on the loss for the period attributable to owners of the Company of approximately CAD11,845,000 for the six months ended June 30, 2025 (year ended December 31, 2024: CAD33,118,000) and the weighted average number of Class "A" common shares in issue during the period as presented in the following table.

	Six months ended June 30,	
	2025	2024
Basic and diluted – Class "A" common shares	301,859,757	243,478,681
Loss per share	$ (0.04)	$ (0.14)

20. Capital and financial risks management

20.1 Capital risk management

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

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

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

CAD'000	June 30, 2025	December 31, 2024
Working capital deficiency	$ 108,749	$ 92,666
Shareholders' equity	22,202	16,848
	$ 130,951	$ 109,514

There is no change in the Group's objectives and strategies of capital management for the six months ended June 30, 2025.

20.2 Categories of financial instruments

The Group's financial assets and liabilities include trade and other receivables, loan receivables, cash and cash equivalents, trade payables, interest payables and accrued liabilities, loans from related companies, loans from shareholders, other loans and senior notes. The carrying value or fair value of the Group's financial instruments carried on Condensed Consolidated Interim Statements of Financial Position are classified in the following categories:

	30, June, 2025	December 31, 2024
	CAD'000	CAD'000
Financial assets		
Financial assets at amortised cost (including cash and cash equivalents)	16,241	16,681
Financial liabilities		
Financial liabilities at amortised cost	687,081	668,042

20.3 Fair value of financial instruments

The fair values of financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices or rates from observable current market transactions as input. The directors of the Company consider that the carrying amounts of the financial assets and financial liabilities recorded at amortised cost using the effective interest rate method in the consolidated financial statements approximate their fair values.

20.4 Currency risk

The Group is exposed to risks arising from fluctuations in foreign currency exchange rates. Thus, exchange rate fluctuations can affect the fair value of future cash flows. This exposure primarily relates to certain expenditure commitments, deposits, accounts payable and long term debt which are denominated in United States dollars ("USD"), Hong Kong dollars ("HKD") and Renminbi ("RMB"). The Group 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 Group had no forward exchange rate contracts in place as at or during the six months ended June 30, 2025.

If exchange rate to convert from USD to CAD had been one percent higher or lower with all other variables held constant, foreign cash held at June 30, 2025 would have been impacted by $Nil (June 30, 2024: $Nil) and the carrying value of the debt at June 30, 2024 would have been impacted by approximately CAD2.6 million (June 30, 2024: CAD2.7 million).

If exchange rate to convert from HKD to CAD had been one percent higher or lower with all other variables held constant, foreign cash held at June 30, 2025 would have been impacted by Nil (June 30, 2024: $Nil) and the carrying value of the debt at June 30, 2024 would have been impacted by approximately CAD0.7 million (June 30, 2024: CAD0.7 million).

If exchange rate to convert from RMB to CAD had been one percent higher or lower with all other variables held constant, foreign cash held at June 30, 2025 would have been impacted by $Nil (2024: $Nil) and the carrying value of the debt at June 30, 2024 would have been impacted by approximately CAD0.1 million (June 30, 2024: CAD0.1 million).

20.5 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they become due. The Group'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 timing of cash outflows relating to financial liabilities as at June 30, 2025, are as follows:

		Total	Less than 1 year	1-3 years
Trade and accrued liabilities	$	295,563	92,258	203,305
Debt[1]		368,019	32,415	335,604
	$	663,582	124,673	538,909

1. Principal amount of Notes and loans based on the month end exchange rate of $1 US = 1.3687 CAD and $1HKD = $0.1753 CAD.

21. Related party transactions

In addition to the transactions and balances disclosed elsewhere in these Condensed Consolidated Interim financial statements, during the year, the Group entered into the following material related party transactions.

21.1 Trading transactions

For the six months ended June 30, 2025, a consulting Group, to which a director of Sunshine is related, charged the Group CAD0.25 million (December 31, 2024 – CAD0.5 million) for management and advisory services**.**As at June 30, 2025, Mr. Kwok Ping Sun, the Company's Executive Chairman, has beneficial ownership of, or control or direction of 150,962,591 common shares of the Company, which represents approximately30.00% of the Company's outstanding common shares.

21.2 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 June 30,				Six months ended June 30,		
		2025		**2024**		**2025**		**2024**
		CAD'000		CAD'000		CAD'000		CAD'000
Directors' fees	$	71	$	92	$	162	$	182
Salaries and allowances		491		489		980		980
Contribution to retirement benefit scheme		1		1		2		-
	$	563	$	580	$	1,144	$	1,162

21.3 Related companies' loans

		June 30, 2025	December 31, 2024
		CAD'000	CAD'000
Current	$	-	-
Non-current		53,897	56,205
	$	53,897	56,205

As at June 30, 2025, the Group had loans from related companies which are unsecured, interest bearing at 10% per annum, and of which approximately CAD53,897,000 can be rollover for a period of 2 to 3 years (December 31, 2024: CAD56,205,000).

21.4 Loan from shareholders

As at June 30, 2025, the Group had loans from shareholders which are unsecured, interest bearing at 10% per annum, and of which approximately CAD3,114,000 are due from 1 to 3 years (December 31, 2024: CAD20,990,000).

22. Commitments and contingencies

22.1 Commitments

As at June 30, 2025, the Group's commitments are as follows:

At June 30, 2025		Total	2025	2026
Drilling, other equipment and contracts not provided in the consolidated financial statements		-	-	-
	$	-	-	-

Note: The Group has an annual obligation for oil sands mineral lease rentals and surface lease rentals. Annual payment is approximately CAD2,500,000.

22.2 Litigation

The Group received a demand notice from the Regional Municipality of Wood Buffalo (“RMWB”) in relation to the 2016-2025 municipal property taxes and have accrued up to June 30, 2025 which amounted to a total of CAD17.2 million. The Group was also charged with overdue penalties of CAD23.7 million. Since then the Group was in active negotiation with RMWB for a settlement plan with proposals to waive overdue penalties. As at the date of this report, the Group believes that notices issued by RMWB relating to property taxes did not comply with relevant legislation and the Group has sought judicial review to determine the effect of non-compliant tax notices on RMWB’s property tax claim.

The Group is involved in various claims including claims described above and actions arising in the course of operations and is subject to various legal actions, pending claims and exposures. Litigation is subject to many uncertainties, and the outcome of individual matters is not predictable with assurance. Unfavorable outcome were to occur against such claims or pending claims, there exists the possibility of a material adverse impact on the Group’s consolidated net income or loss in the period in which the outcome is determined. Accruals for litigation, claims and assessments are recognized if the Group determines that the loss is probable and the amount can be reasonably estimated. The Group believes it has made adequate provision for such claims. While fully supportable in the Group’s view, some of these positions, if challenged may not be fully sustained on review. From time to time, the Group receives liens or claims on accounts payable balances, and the Group continues to work toward resolution of any liens or claims. At June 30, 2025, the Group had incurred $0.82 million (US $0.57 million equivalent using the period end exchange rate) in Builders’ liens (not related to mineral leases) against them during the ordinary course of business.

The Group received a judgement from the Court of the State of New York, New York County (the “Judgement”) that the Company shall pay the non-forbearing holder all the amounts due and owing on the Notes issued under the notes indenture dated 8 August 2014 (including principal and interests) in an aggregate amount of approximately US$15,481,000 (equivalent to approximately CAD20,967,000). The judgement was vacated on May 25, 2023. On December 13, 2023, the Company received a judgement from the Court of the State of New York, New York County that the Group should pay the Non-forbearing Holder all the amounts due and owing on the Notes (including principal and interests) in an aggregate amount of approximately US$19,694,000 (equivalent to approximately CAD26,048,000). On January 2, 2024 and February 20, 2024, the Company lodged an appeal against the Judgement to the New York court of appeal. On February 27, 2024, the Non-forbearing Holder tried to execute the judgement by serving notice in the State of New York.

23. Subsidiaries

On May 4, 2012, Sunshine Oilsands (Hong Kong) Limited was incorporated in Hong Kong and is a wholly-owned subsidiary of the Company. The address of its principal place of business is 20/F, Two Chinachem Central, No.26 Des Voeux Road Central, Hong Kong. As of June 30, 2024, the subsidiary had no business activity.

On July 14, 2015, Boxian Investments Limited was incorporated in the British Virgin Islands and is a wholly-owned subsidiary of the Company. The address of its principal place of business is P.O. Box 957, Offshore Incorporation Centre, Road Town, Tortola, British Virgin Islands. The purpose of the subsidiary is to pursue new investment opportunities. As of June 30, 2024, the subsidiary had no business activity.

On March 24, 2017, Sang Xiang Petroleum & Chemical (Shanghai) Limited was incorporated in China and is a wholly-owned subsidiary of the Company. The address of its principal place of business is Building 1, Level 6, Room 41, 39 Jia Tai Road, the China (Shanghai) Pilot Free Trade Zone. As of June 30, 2024, the subsidiary had no business activity.

On April 15, 2019, Sang Xiang Petroleum & Chemical (Hebei) Limited was incorporated in China and is a subsidiary in which the Company owns 51% interests. The address of its principal place of business is Techno Building, Level 4, Room 0430, Chengde Hi-Tech Industry Development Zone, Hebei Province. As of June 30, 2024, the subsidiary had no business activity.

24. Supplemental cash flow disclosures

	Three months ended June 30, 2025	2024	Six months ended June 30, 2025	2024
Cash provided by (used in):				
Trade and other receivables	$ (324)	$ 577	$ (377)	$ (224)
Prepaid expenses and deposits	-	(86)	238	(1)
Trade and other payables	3,972	29	9,655	4,393
Foreign Exchange changes	20	(6)	-	(19)
	$ 3,668	$ 514	$ 9,516	$ 4,149
Changes in working capital relating to:				
Operating activities				
Trade and other receivables	$ (324)	$ 577	$ (377)	$ (224)
Prepaid expenses and deposits	-	(86)	238	(1)
Trade and other payables	3,992	23	9,655	4,374
	$ 3,668	$ 514	$ 9,516	$ 4,149
Investing activities				
Property, plant and equipment	$ -	$ -	$ -	$ -
	$ -	$ -	$ -	$ -
Financing activities				
Foreign Exchange Changes-Loans	$ -	$ -	$ -	$ -
Debt settlement	-	-	-	-
	$ -	$ -	$ -	$ -
	$ 3,668	$ 514	$ 9,516	$ 4,149

25. Subsequent event

On July 30, 2025, the Company entered into Settlement Agreement with Mr. Zhang Jun, pursuant to which the Company will allot and issue 8,174,030 Class “A” common voting shares at the issue price of HK$0.50 per share to Mr. Zhang Jun as full and final settlement of the Debt Payable owed to him in the amount of HK$4,087,015 (approximately CDN$ 716,869.26). The market price closed at HK$ 0.48 on July 30, 2025. The Completion took place on 25 August 2025.

On August 19, 2025, the Company entered into the Equity Purchase Agreement with Nobao Energy Holding (China) Company Limited (the “Vendor”) for which the Company agrees to purchase and the Vendor agrees to sell 51% equity interests in the Nobao Technology Co., Limited (the “Target Company”) at the Consideration of HK$50,919,450. The Consideration will be satisfied by way of issuance and allotment of 56,983,240 Consideration Shares by the Company at the Issue Price of HK$0.895 per Consideration Share to the Vendor (the “Issuance”). The Target Company is 48.16% held by a company owned by Mr. Sun, an executive chairman and controlling shareholder of the Company. Therefore, the transaction constitutes a non-exempt connected transaction for the Company under Chapter 14A of the Listing Rules. The Consideration Shares will be allotted and issued under the Specific Mandate to be approved by the Independent Shareholders at the SGM.

On August 20, 2025, the Company received a winding-up petition filed against it by Keystone Finance Limited in connection with a financial obligation of the Company in the amount of HK$3,106,295. The Company is in the process of seeking legal measures to resolutely oppose the Petition as the Board is of the view that the Petition does not represent the interests of the other stakeholders of the Company and may impair the value of the Company.

26. Approval of Condensed Consolidated Interim Financial Statements

The Condensed Consolidated Interim Financial Statements were approved by the Board of Directors and authorized for issue on August 29 2025 (Calgary Time) /August 29, 2025 (Hong Kong Time).

Appendix to the consolidated financial statements (Unaudited)

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

	Notes	2025	2024
		CAD'000	CAD'000
Assets			
Current assets			
Trade and other receivables		4,708	6,706
Loan receivables		10,834	-
Amount due from subsidiaries		203	-
Cash and cash equivalents		221	209
		15,966	6,915
Non-current assets			
Exploration and evaluation assets		241,208	238,346
Property, plant and equipment		477,919	476,619
Right-of-use assets		729	1,510
Other receivables		-	2,827
Loan receivables		1,556	10,665
Amounts due from subsidiaries		-	1,364
Investment in subsidiaries		-*	-*
		721,412	731,331
Total assets		737,378	738,246
Liabilities and shareholders' equity			
Current liabilities			
Trade payables, interest payable and accrued liabilities		90,281	75,478
Lease liabilities		592	573
Bonds		1,182	-
Other loans		20,743	3,813
Senior notes		10,490	10,950
Amount due to subsidiaries		2,755	2,778
		126,043	93,592
Non-current liabilities			
Interest payables		198,603	189,288
Lease liabilities		217	1,103
Loans from related companies		44,544	44,187
Loans from shareholders		3,114	21,190
Other loans		3,774	12,342
Senior notes		274,819	260,930
Provisions		55,538	50,991
		581,648	580,031
Total liabilities		706,652	673,623

	Notes	2025	2024
		CAD'000	CAD'000
Shareholders' equity			
Share capital		1,334,425	1,315,265
Reserve for share-based compensation		76,416	76,416
Convertible bonds equity reserve		-	-
Capital reserve		(4,453)	(4,453)
Accumulated deficit		(1,375,662)	(1,322,605)
Total shareholders' equity		30,726	64,623
Total liabilities and shareholders' equity		737,738	738,246

* The amount shown as zero due to rounding less than CAD 1,000

A2. Directors' emoluments and other staff costs

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

	Three months ended June 30, 2025	Three months ended June 30, 2024	Six months ended June 30, 2025	Six months ended June 30, 2024
Directors' emoluments				
Directors' fees	$ 71	$ 90	$ 162	$ 182
Salaries and allowances	491	490	980	980
Share-based compensation	1	-	2	-
	563	580	1,144	1,162
Other staff costs				
Salaries and other benefits	1,820	793	2,801	1,657
Share-based compensation	-	-	57	-
	1,820	793	2,858	1,657
Total staff costs, including directors' emoluments	2,383	1,373	4,483	2,819
Less: staff costs capitalized to qualifying assets	-	-	-	-
	$ 2,383	$ 1,373	$ 4,483	$ 2,819

CORPORATE INFORMATION

BOARD OF DIRECTORS:

Executive Directors:
Mr. Kwok Ping Sun *(Chairman)*
Ms. Gloria Pui Yun Ho

Non-Executive Directors:
Mr. Michael J Hibberd *(Vice Chairman)*
Ms. Xijuan Jiang
Mr. Yonglan Chen *(Appointed on 2 July 2025)*

Independent Non-Executive Directors:
Mr. Yi He
Mr. Guangzhong Xing
Ms. Jue Pang

AUTHORIZED REPRESENTATIVES:
Mr. Kwok Ping Sun
Ms. Man Ngan Chow *(Resigned on 15 August 2025)*
Ms. Yui Shan Hau *(Appointed on 15 August 2025)*

AUDITORS:
Prism Hong Kong Limited

LEGAL ADVISERS:
Robertson Solicitors

COMPETENT PERSONS:
GLJ Ltd.
Boury Global Energy Consultants Ltd.

PRINCIPAL BANKERS:
Bank of China (Hong Kong) Limited
Bank of China (Canada)

PLACE OF SHARE LISTING AND STOCK CODE:
The Stock Exchange of Hong Kong Limited: 2012

WEBSITE:
www.sunshineoilsands.com

AUDIT COMMITTEE:
Mr. Yi He *(Chairman)*
Mr. Guangzhong Xing
Ms. Jue Pang

COMPENSATION COMMITTEE:
Mr. Yi He *(Chairman)*
Mr. Kwok Ping Sun
Ms. Xijuan Jiang
Mr. Guangzhong Xing
Ms. Jue Pang

RESERVES COMMITTEE:
Mr. Yi He *(Chairman)*
Mr. Guangzhong Xing
Mr. Kwok Ping Sun

CORPORATE GOVERNANCE COMMITTEE:
Mr. Kwok Ping Sun *(Chairman)*
Mr. Michael J Hibberd
Mr. Yi He
Mr. Guangzhong Xing
Ms. Jue Pang

CORPORATE HEADQUARTERS:
Suite 1210 – 635 8th Avenue SW, Calgary, AB T2P 3M3

REGISTERED OFFICE IN ALBERTA:
Suite 1210 – 635 8th Avenue SW, Calgary, AB T2P 3M3

PRINCIPAL PLACE OF BUSINESS IN HONG KON
20/F, Two Chinachem Central,
No. 26 Des Voeux Road Central,
Central, Hong Kong

SHARE REGISTRAR IN ALBERTA:
Odyssey Trust Company

SHARE REGISTRAR IN HONG KONG:
Computershare Hong Kong Investor Services Limited