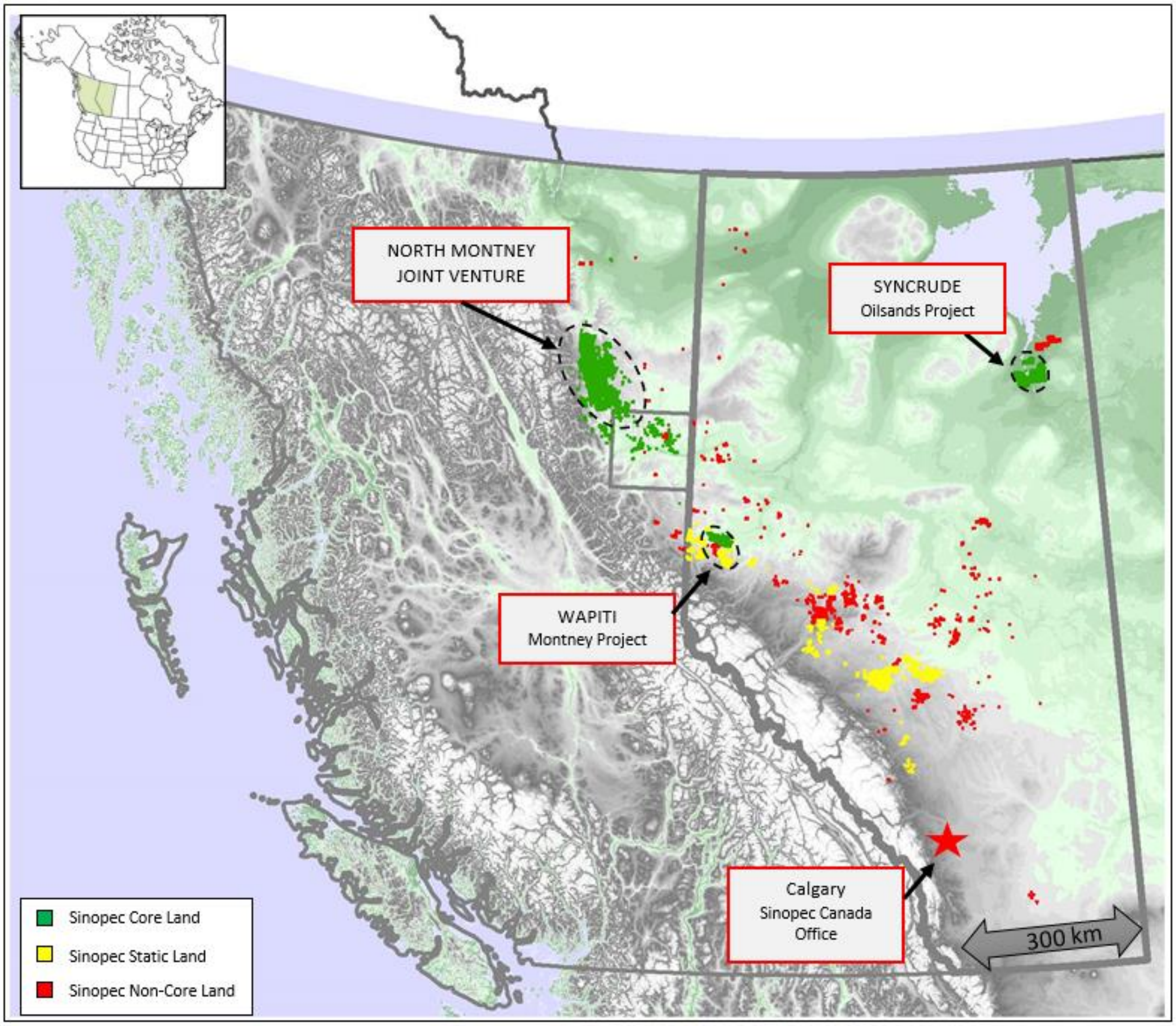
SINOPEC CANADA ENERGY LTD.
ANNUAL REPORT 2024

Operating Areas



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Background

On January 1, 2024, Sinopec Daylight Energy Ltd. amalgamated with Sinopec Canada Energy Ltd. and SinoCanada Petroleum Corporation to form "Sinopec Canada Energy Ltd." ("Sinopec Canada").

Vision and Long-Term Priorities

Sinopec Canada maintains the following top priorities in achieving long-term success:

- Short-term evaluation and long-term development of our Wapiti Montney assets;
- Optimization of our producing assets;
- Rationalization of non-core assets;
- Active stewardship of our non-operated Syncrude and North Montney Joint Venture projects; and
- Pursuit of technical excellence.

Governance Standards

Sinopec Canada's Board of Directors and Management team are committed to the highest standards of corporate governance. We employ a variety of policies, programs and practices to manage corporate governance, which are regularly reviewed to ensure their appropriateness for a corporation of Sinopec Canada's size and structure.

Governance Policies

Sinopec Canada has several key governance policies which facilitate and ensure an ethical and honest business environment, and compliance with applicable laws, rules and regulations. Compliance with Sinopec Canada's Code of Business Conduct and Ethics (the "Code") is certified by each employee, officer and consultant at the commencement of their employment and annually thereafter. The Board has also adopted a Whistleblower Policy and Procedure (the "Whistleblower Policy") which provides an opportunity for employees, service providers and third parties to report any perceived violations or concerns on a confidential and (if the employee desires) anonymous basis directly to the Chair of the Corporate Governance Committee, an "independent" director within the meaning of National Instrument 58-101 – *Disclosure of Corporate Governance Practices* ("NI 58-101"). Copies of the Code, the Whistleblower Policy and Sinopec Canada's other corporate governance policies are available on our website under "Responsibility – Corporate Governance" at www.sinopeccanada.com.

Written Position Descriptions

Sinopec Canada has developed written position descriptions and terms of reference for the Board Chair, the Chair of each Committee of the Board, and the Chief Executive Officer. The full text of these documents is available on our website under "Responsibility – Corporate Governance" at www.sinopeccanada.com.

The Board of Directors

The Board is responsible for the effective stewardship of Sinopec Canada and oversees its business and affairs through review and approval of Sinopec Canada's strategic, operating, capital and financial plans. The full mandate of the Board is available on our website under "Responsibility – Corporate Governance" at www.sinopeccanada.com.

Composition of the Board and Independence

Our articles provide that the number of directors may be set by an ordinary resolution passed by shareholders; that number is currently set to six. Sinopec Canada is also subject to certain regulatory requirements to have a certain percentage of "Canadian" directors as well as a certain number of directors who are "independent" within the meaning of NI 58-101.

For a director to be considered independent, the Board must determine that the director does not have any material relationship with Sinopec Canada, either directly or indirectly, which could, in the view of the Board, be reasonably expected to interfere with the exercise of a director's independent judgment.

The Board has determined that Messrs. Balloch and Laffin are "independent" for the purposes of Sinopec Canada's Corporate Governance practices and applicable regulatory standards. In determining that Messrs. Balloch and Laffin are independent and do not have any material relationship with Sinopec Canada, either directly or indirectly, which could, in the view of the Board, be reasonably expected to interfere with the exercise of a director's independent judgment, the Board has affirmatively determined that Messrs. Balloch and Laffin:

- are not and have not been within the past three years an employee or executive officer (and no immediate family member of the director is or has been within the past three years an executive officer) of Sinopec Canada;
- have not received (and no immediate family member of the director has received) more than Cdn. $75,000 per year in direct compensation from Sinopec Canada, other than director and committee fees and other forms of deferred compensation for prior service (provided such compensation is not contingent in any way on continued service) during any 12-month period within the past three years;
- are not a current partner or employee of PricewaterhouseCoopers LLP, our external auditors, nor within the past three years have been a partner or employee of PricewaterhouseCoopers LLP who personally worked on Sinopec Canada's audit during that time (and no immediate family member of the director is a current partner of PricewaterhouseCoopers LLP or is a current employee of PricewaterhouseCoopers LLP who participates in that firm's audit, assurance, or tax compliance practice or within the past three years was a partner or employee of PricewaterhouseCoopers LLP who personally worked on Sinopec Canada's audit during that time);
- are not and have not been within the past three years (and no immediate family member of the director is or has been within the past three years) employed as an executive officer of another company where any of Sinopec Canada's present executive officers at the same time serve or have served on that other company's compensation committee; and
- are not and have not been an executive officer or an employee (and no immediate family member of the director is or has been an executive officer) of an entity that has made payments to, or received payments from, Sinopec Canada for property or services in an amount which, in any of the last three fiscal years, exceeds the greater of US $1,000,000 or 2% of such other entity's consolidated gross revenues.

2024 Board Meetings

There were four meetings of the Board of Sinopec Canada in 2024.

Members	2024 Meeting Attendance
Xue Weisong (Chairman) (1)	1/1
Xu Wenbin (Chairman) (2)	2/3
Michael Laffin (3)	4/4
Howard Balloch (3)	4/4
Chen Guangjun	4/4
Tan Xiaoping (4)	0/2
Ge Rui	4/4
Liu Renjing	3/4

(1) Ceased to be a member of the Board effective May 16, 2024.
(2) Appointed to the Board effective May 16, 2024.
(3) Independent Director.
(4) Ceased to be a member of the Board effective July 5, 2024.

Committees of the Board

The Board fulfills its mandate, in part, through four standing subcommittees, each with a clearly defined charter. These are the Audit and Risk Committee, the Corporate Governance Committee, the Environment, Health & Safety and Reserves Committee, and the Human Resources & Compensation Committee. The full text of the Sinopec Canada's current committee charters and terms of reference for each of the Committee Chairs are available on our website under "Responsibility – Corporate Governance" at www.sinopeccanada.com.

Audit and Risk Committee

Sinopec Canada's Audit and Risk Committee assists the Board in fulfilling its oversight and supervision of the accounting and financial reporting practices and procedures of Sinopec Canada, the adequacy of Sinopec Canada's internal accounting controls and procedures, the application of accounting and reporting policies and all changes in accounting principles and policies, and the quality and integrity of Sinopec Canada's financial statements. In addition, the Audit and Risk Committee is responsible for meeting with and directing Sinopec Canada's independent auditor's examination of specific areas, as well as overseeing Sinopec Canada's compliance with governmental and legal requirements as they relate to the Audit and Risk Committee or financial related matters. The Audit and Risk Committee annually appoints Sinopec Canada's external auditor and actively monitors the relationship among the external auditors, Management and the Audit and the Risk Committee. This process includes the monitoring of financial risk management, debt covenant compliance, and insurance programs relating to property and to directors' and officers' liability. The Committee is also primarily responsible, on behalf of the Board, for the implementation and effective management of Sinopec Canada's Enterprise Risk Management system.

There were four meetings of the Audit and Risk Committee of Sinopec Canada in 2024.

Members	2024 Meeting Attendance
Xue Weisong (Chair) (1)	1/1
Xu Wenbin (Chair) (2)	2/3
Michael Laffin (3)	4/4
Howard Balloch (3)	4/4
Tan Xiaoping (4)	0/2

(1) Ceased to be a member of the Board effective May 16, 2024.
(2) Appointed to the Board effective May 16, 2024.
(3) Independent Director.
(4) Ceased to be a member of the Board effective July 5, 2024.

The Audit and Risk Committee Mandate and Terms of Reference and the Terms of Reference for the Audit and Risk Committee Chair are available on our website under "Responsibility – Corporate Governance" at www.sinopeccanada.com.

Corporate Governance Committee

Sinopec Canada's Corporate Governance Committee assists the Board in reviewing, formulating and making recommendations in respect of the Board and Sinopec Canada's corporate governance practices, which include: (i) reviewing, on an at least annual basis, the mandates of the Board and its committees and recommending to the Board such amendments to those mandates as the committee believes are necessary or desirable; (ii) establishing a forum to consider concerns of individual directors in respect of matters that are not readily or easily discussed in a full Board meeting, including the performance of management or individual members of management or the performance of the Board or individual members of the Board; and (iii) establishing, reviewing and updating, periodically, the Code of Business Conduct and Ethics and ensure that management has established a system to monitor compliance with this Code. In addition, the Corporate Governance Committee regularly assesses the composition and needs of the Board based on a variety of criteria, and is responsible for monitoring Sinopec Canada's compliance with the undertakings pursuant to the *Investment Canada Act*.

There were four meetings of the Corporate Governance Committee of Sinopec Canada in 2024.

Members	2024 Meeting Attendance
Michael Laffin (Chair) (1)	4/4
Howard Balloch (1)	4/4
Chen Guangjun	4/4
Tan Xiaoping (2)	0/2

(1) Independent Director.

(2) Ceased to be a member of the Board effective July 5, 2024.

The Corporate Governance Committee Mandate and Terms of Reference and the Terms of Reference for the Corporate Governance Committee Chair are available on our website under "Responsibility – Corporate Governance" at www.sinopeccanada.com.

Environment, Health & Safety and Reserves Committee

Sinopec Canada's Environment, Health & Safety and Reserves Committee assists the Board in meeting their responsibilities in respect of their legal, regulatory, industry and community obligations pertaining to the areas of health, safety and the environment. This includes: (i) reviewing and making recommendations to our Board on fundamental policies pertaining to environment, health and safety having the potential of impacting Sinopec Canada's activities and strategies; (ii) reviewing emergency response plans; and (iii) reviewing our performance with respect to applicable laws and the practices of Sinopec Canada.

Additionally, the Committee is responsible for proper reporting and compliance with respect to Sinopec Canada's reserves under National Instrument 51-101 – *Standards of Disclosure for Oil and Gas Activities* ("NI 51-101"). This includes: (i) reviewing management's recommendations for the appointment of the independent reserves evaluator; (ii) reviewing the terms of the independent reserves evaluator's engagement and the appropriateness and reasonableness of the proposed fees; (iii) reviewing the scope and methodology of the independent engineers' evaluation; (iv) reviewing any significant new discoveries, additions, revisions and acquisitions; (v) reviewing assumptions and consistency with prior years; and (vi) reviewing any problems experienced by the independent reserves evaluator in preparing the reserve report, including any restrictions imposed by management or significant issues on which there was a disagreement with management.

There were four meetings of the Environment, Health & Safety and Reserves Committee of Sinopec Canada in 2024.

Members	2024 Meeting Attendance
Liu Renjing (Chair)	3/4
Howard Balloch (1)	4/4
Michael Laffin (1)	4/4
Tan Xiaoping (2)	0/2

(1) Independent Director.

(2) Ceased to be a member of the Board effective July 5, 2024.

The Environment, Health & Safety and Reserves Committee Mandate and Terms of Reference and the Terms of Reference for The Environment, Health & Safety and Reserves Committee Chair are available on our website under "Responsibility – Corporate Governance" at www.sinopeccanada.com.

Human Resources & Compensation Committee

Sinopec Canada's Human Resources & Compensation Committee assists the Board in fulfilling its responsibilities with matters relating to the Sinopec Canada's human resource policies and the compensation of its directors, officers and employees. This includes (i) reviewing the establishment of performance objectives and individual key performance indicators for executive officers; (ii) administering the long term incentive plan approved by the Board and any other incentive plans implemented by Sinopec Canada, in accordance with their terms; (iii) reviewing and recommending to the Board succession planning for senior management and managers in other key positions; and (iv) reviewing key human resources policies and procedures and any significant changes thereof.

There was one meeting of the Human Resources & Compensation Committee of Sinopec Canada in 2024.

Members	2024 Meeting Attendance
Howard Balloch (Chair) (1)	1/1
Xue Weisong	1/1
Michael Laffin (1)	1/1
Tan Xiaoping	0/1

(1) Independent Director.

The Human Resources & Compensation Committee Mandate and Terms of Reference and the Terms of Reference for the Human Resources & Compensation Committee Chair are available on our website under "Responsibility – Corporate Governance" at www.sinopeccanada.com.

Orientation and Continuing Education

Upon joining the Board, new directors are provided with an information binder that includes a copy of Board and Committee mandates, corporate policies, governance documents and organizational structure charts, as well as agendas and minutes for Board and Committee meetings held during the preceding twelve-month period. This information binder also includes legal information with respect to the statutory and legal framework of a director's fiduciary duty, the regulatory framework applicable to Sinopec Canada and the Board, and highlights the legal and other resources available to the Board. In addition, new directors receive presentations with respect to Sinopec Canada's operations, internal controls over financial reporting and disclosure controls and procedures.

As part of continuing education, the Board receives regular presentations from senior management with respect to the operations and risks of Sinopec Canada's business, commentary on commodity outlooks and trends, and updates regarding legislative, governance and regulatory matters which affect Sinopec Canada. Individual directors identify their continuing educational needs through a variety of means, including discussions with management and at Board and Committee meetings.

Sinopec Canada adheres to a strong set of corporate principles focused on accountability, cooperation and integrity, and is committed to operate in ways that are safe, environmentally responsible and with the utmost regard for our stakeholders. We strive to ensure that all regulatory requirements are met or exceeded and that effective response measures and capabilities are in place to respond to all unforeseen events.

Health and Safety

The health and safety of employees, contractors, visitors and the public is of paramount concern to Sinopec Canada, and we believe that management, employees and contractors all share accountability for providing the leadership and direction needed to effectively manage health and safety programs. We are committed to an integrated Health and Safety management system where effective policies and procedures are implemented, communicated and monitored, and where each employee, contractor and subcontractor understands our expectations and is trained and competent in the skills necessary to carry out their job functions safely. This is critical to ensuring the health and well-being of not only our employees, contractors and sub-contractors, but also the public.

We continually communicate learnings from near miss, hazard identification and recordable incident summaries with corrective action recommendations to representatives across the organization to help identify potentially unsafe conditions and unsafe acts for the ultimate purpose of preventing future incidents before they can occur. Our model of establishing long-term relationships with contractors and vendors has helped to create a culture of shared safety values where compliance with our safety management program can be successfully monitored and enforced. Additionally, we carry out regular inspections of our operating facilities and lease sites to ensure the integrity of our management systems and operations.

Sinopec Canada is committed to responding efficiently and effectively to any alert or emergency and has developed emergency response plans (ERP) which acts as a guide for effective management of our emergency response operations. We perform regular emergency response training exercises, tailored to the demands of our specific operating areas, to ensure that our personnel are prepared in the unlikely event that an emergency event should occur. We are also committed to communicating openly with members of the public regarding our activities and our emergency response plans incorporate feedback we have received from the communities in which we operate.

Several specific health and safety initiatives were carried out in 2024. Sinopec Canada carried out eight emergency response exercises, including six tabletop exercises and two full mobilization exercises. 2024 was also another successful health and safety year for all departments, achieved by applying proven safety management tools: 33 contractor spot checks; 847 worker task observations; 563 work site inspections and 2,179 hazard identifications were completed, enhancing Sinopec Canada’s safety performance and safety culture.

Environment

We endeavour to minimize our environmental footprint and focus on maintaining the quality of the environment for future generations. While we understand our operations may have an effect on the environment, we are proactive and strategic in our approach to environmental management.

Through our Future Emissions Management Program, Sinopec Canada manages fugitive emissions with specialized infrared optical thermal imaging. Together with a unique online data management system, the technology is designed to locate hydrocarbon gas leaks and venting, which provides for safe, accurate detection and measurement of emissions which facilitates compliance with internal company and regulatory requirements.

Sinopec Canada uses the Stream Crossing & Aquatic Resource Inventory (SCARI) to inspect all of our roadway water crossings. SCARI enables us to identify fluvial (fish bearing) streams, as well as crossings or barriers that affect fish passage. The SCARI program also allows collaboration with other water crossing owners to share information of past remediation projects, satisfy applicable regulatory obligations and optimize the amount of amount of fish habit being restored.

We also manage our environmental responsibilities through the proactive abandonment and reclamation of our facilities, wells, and leases. At the end of 2024, Sinopec Canada had abandoned 101 wells, pipelines, and facilities, and received 12 reclamation certificates with over 300 former sites under active surface reclamation in various stages in Saskatchewan, Alberta, and British Columbia.

Community Investment

Sinopec Canada is committed to making a positive impact in the areas where we live and work. We believe that our operations should benefit the communities in which we operate and we actively seek out opportunities for charitable giving and partnerships that respond to the needs of those communities.

In addition to corporate opportunities, we celebrate the awareness of our dedicated and generous employees who give back their time and money in a meaningful way and help promote the importance of volunteerism and fundraising. This is accomplished through the *Sinopec Canada Shines Community Investment Program*, which is made up of two principal components:

i) The Two Hands Program

For every one hour (to a maximum of 250 hours per year) that an employee actively volunteers their personal time for approved charities or established not-for-profit community organizations, Sinopec Canada will give $5.00 in a charitable giving account for that employee to gift to the registered charity of their choice.

ii) The Two Times Program

Sinopec Canada will support employees by matching their donations dollar-for-dollar to approved charities or established not-for-profit organizations of their choice. In this way, Sinopec Canada "magnifies" the impact our employees have and, as a result, helps employees participate in building and maintaining a healthy, caring society. It has been an honor to support dozens of charities, organizations and fundraising efforts and to continue the spirit of giving and to allow employees to have more ownership in where they give, we ask employees to nominate the charity of choice every year.

In 2023, Sinopec Canada contributed to not-for-profit organizations throughout Calgary and our field communities.

SINOPEC CANADA ENERGY LTD.

Consolidated Financial Statements

As at and for the years ended December 31, 2024 and 2023

(expressed in millions of U.S. Dollars)

Management Responsibility Statement

The consolidated financial statements of Sinopec Canada Energy Ltd. and all information in this report are the responsibility of management and have been approved by the Board of Directors. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards"). The consolidated financial statements include amounts that are based on estimates, which have been objectively developed by management using all relevant information.

Sinopec Canada Energy Ltd. maintains appropriate systems of internal controls to give reasonable assurance that transactions are appropriately authorized, assets are safeguarded from loss or misuse and financial records are properly maintained to provide reliable information for the preparation of financial statements. Sinopec Canada Energy Ltd. has effective disclosure controls and procedures to ensure timely and accurate disclosure of material information relating to the Company.

PricewaterhouseCoopers LLP, an independent firm of Chartered Professional Accountants, has been engaged to examine the consolidated financial statements and provide their auditor's report. Their report is presented with the consolidated financial statements.

The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control. Sinopec Canada Energy Ltd. has a six member Board of Directors of which two Directors are independent. The Board of Directors carries out this responsibility principally through its Audit Committee. The Audit Committee includes the independent directors and has full access to management and the Company's external auditors to discuss the results of their audit examination and to review issues related thereto. The external auditors have full access to the Audit Committee with and without the presence of management. The Audit Committee reviews the consolidated financial statements and Management's Annual Report and recommends their approval to the Board of Directors.

Signed *"Renjing Liu"*

Renjing Liu
Interim Chief Executive Officer

Signed *"Rui Ge"*

Rui Ge
Chief Financial Officer

Calgary, Alberta
March 24, 2025

Independent auditor’s report

To the Shareholder and Directors of Sinopec Canada Energy Ltd.

Our opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Sinopec Canada Energy Ltd. and its subsidiaries (together, the Company) as at December 31, 2024 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards).

What we have audited
The Company’s consolidated financial statements comprise:

- the consolidated statement of financial position as at December 31, 2024;
- the consolidated statement of income (loss) and comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor’s responsibilities for the audit of the consolidated financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence
We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards, and for such internal control as management

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determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to

the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Company as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/PricewaterhouseCoopers LLP

Chartered Professional Accountants

Calgary, Alberta
March 25, 2025

SINOPEC CANADA ENERGY LTD.
Consolidated Statements of Financial Position

As at December 31, 2024 and 2023

(in millions of US dollars)

	2024	2023
Assets		
Current assets		
Cash and cash equivalents (note 6)	**4**	6
Accounts receivable and prepaid expenses (note 22)	**140**	136
Inventories (note 7)	**31**	31
	175	173
Investments (note 8)	**2**	2
Employee future benefits (note 15)	**25**	—
Property, plant and equipment (note 9)	**4,817**	5,000
Exploration and evaluation assets (note 10)	**12**	13
Total assets	**5,031**	5,188
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (note 11)	**181**	172
Employee future benefits (note 15)	**13**	16
Due to Company shareholder (note 13)	**—**	5,798
Obligation to Northern Lights Partnership (note 8)	**7**	—
Bank debt (notes 12, 22 and 24)	**900**	—
Current portion of asset retirement obligations (note 14)	**24**	23
Current portion of lease obligations (note 9)	**6**	2
	1,131	6,011
Long-term bank debt (note 12)	**—**	899
Due to related party (note 20)	**5,725**	—
Asset retirement obligations (note 14)	**660**	753
Employee future benefits (note 15)	**—**	6
Long term lease obligations (note 9)	**12**	7
Deferred tax liability (note 16)	**213**	324
	7,741	8,000
Shareholder's Equity (Deficit)		
Share capital (note 17)	**2,985**	2,985
Accumulated other comprehensive loss	**(433)**	(887)
Deficit	**(5,541)**	(5,193)
Controlling interest	**(2,989)**	(3,095)
Non-controlling interest	**279**	283
Total shareholder's deficit	**(2,710)**	(2,812)
Total liabilities and shareholder's equity	**5,031**	5,188

Commitments and contingencies (note 23)

Subsequent event (note 24)

See accompanying notes to the consolidated financial statements.

On behalf of the Board of Directors:

Signed "Xu Wenbin"
Director

Signed "Liu Renjing"
Director

SINOPEC CANADA ENERGY LTD.

Consolidated Statements of Income (Loss) and Comprehensive Income

For the years ended December 31, 2024 and 2023

(in millions of US dollars)

	2024	2023
Revenues		
Oil and natural gas (note 18)	**1,166**	1,187
Royalties	**(148)**	(119)
	1,018	1,068
Expenses		
Operating	**578**	588
General and administrative	**30**	30
Finance charges (note 19)	**79**	60
Foreign exchange (gain) loss	**267**	45
Loss on financial instruments (notes 8, 12 and 22)	**—**	1
Loss on divestiture of assets	**2**	6
Depletion, depreciation, amortization and impairment (reversal) of PP&E (note 9)	**275**	304
	1,231	1,034
Income (loss) before income taxes	**(213)**	34
Income taxes (note 16)		
Current tax benefit	**—**	(37)
Deferred tax benefit	**(136)**	(28)
	(136)	(65)
Net income (loss) for the year	**(77)**	99
Other comprehensive income, net of tax		
Items that will not be reclassified to net earnings:		
Actuarial gain relating to pension and other post-retirement benefits	**29**	5
Items that may be subsequently reclassified to net earnings:		
Foreign currency translation adjustment	**380**	35
Other comprehensive income	**409**	40
Comprehensive income	**332**	139
Net income (loss) attributable to:		
Owners of the Company	**(74)**	171
Non-controlling interest	**(3)**	(72)
	(77)	99
Other comprehensive income (loss) attributable to:		
Owners of the Company	**431**	31
Non-controlling interest	**(22)**	9
	409	40

See accompanying notes to the consolidated financial statements.

SINOPEC CANADA ENERGY LTD.
Consolidated Statements of Changes in Equity

For the years ended December 31, 2024 and 2023

(in millions of US dollars)

	Share Capital	AOCI[1]	Deficit	Total Controlling Interest	NCI[2]	Total Shareholder's Equity (Deficit)
Balance at January 1, 2023	2,985	(918)	(5,364)	(3,297)	316	(2,981)
Capital contributions (note 17)	—	—	—	—	30	30
Net income (loss)	—	—	171	171	(72)	99
Other comprehensive loss	—	31	—	31	9	40
Balance at December 31, 2023	2,985	(887)	(5,193)	(3,095)	283	(2,812)

	Share Capital	AOCI[1]	Deficit	Total Controlling Interest	NCI[2]	Total Shareholder's Equity (Deficit)
Balance at January 1, 2024	**2,985**	**(887)**	**(5,193)**	**(3,095)**	**283**	**(2,812)**
Corporate reorganization	—	**23**	**(274)**	**(251)**	—	**(251)**
Capital contributions (note 17)	**—**	**—**	**—**	**—**	**22**	**22**
Dividend paid	**—**	**—**	**—**	**—**	**(1)**	**(1)**
Loss	**—**	**—**	**(74)**	**(74)**	**(3)**	**(77)**
Other comprehensive income (loss)	**—**	**431**	**—**	**431**	**(22)**	**409**
Balance at December 31, 2024	**2,985**	**(433)**	**(5,541)**	**(2,989)**	**279**	**(2,710)**

(1) Accumulated Other Comprehensive Income (Loss)

(2) Non-Controlling Interest

See accompanying notes to the consolidated financial statements.

SINOPEC CANADA ENERGY LTD.
Consolidated Statements of Cash Flows
For the years ended December 31, 2024 and 2023

(in millions of US dollars)

	2024	2023
Cash provided by (used in):		
Operating activities		
Net income (loss) for the year	**(77)**	99
Add or deduct non-cash items:		
Depletion, depreciation, amortization and impairment reversal of PP&E (note 9)	**275**	304
Asset retirement obligation accretion (notes 14 and 19)	**23**	20
Amortization of bank financing fees (note 12)	**1**	—
Interest expense (note 19)	**55**	40
Loss on divestiture of assets	**2**	6
Unrealized loss on financial instruments	**—**	1
Unrealized loss on foreign exchange	**273**	42
Change in employee future benefits (note 15)	**6**	4
Deferred tax benefit (note 16)	**(136)**	(28)
Asset retirement expenditures (note 14)	**(17)**	(23)
Change in non-cash operating working capital (note 21)	**16**	(31)
Cash provided by operating activities	**421**	434
Financing activities		
Funds paid to Company shareholder	**(86)**	(394)
Funds advanced from related parties	**17**	317
Interest and financing fees paid	**(57)**	(37)
Amounts contributed from non-controlling interest, net of dividends	**21**	30
Capital lease payments	**(3)**	(2)
Cash used in financing activities	**(108)**	(86)
Investing activities		
Property, plant and equipment additions (note 9)	**(309)**	(346)
Proceeds on dispositions of property, plant and equipment	**2**	—
Change in non-cash investing working capital (note 21)	**(9)**	(4)
Cash used in investing activities	**(316)**	(350)
Decrease in cash and cash equivalents during the year	**(3)**	(2)
Effect of foreign exchange on cash balances	**1**	(1)
Cash and cash equivalents, beginning of year	**6**	9
Cash and cash equivalents, end of year	**4**	6

See accompanying notes to the consolidated financial statements.

1. REPORTING ENTITY AND DESCRIPTION OF THE BUSINESS

Sinopec Canada Energy Ltd. ("SCEL" or the "Company") was incorporated under the *Business Corporations Act (Alberta)* and on November 27, 2023 was continued under the *Business Corporations Act (British Columbia).* The principal place of business of the Company is 112 - 4 Avenue SW, Calgary, Alberta, Canada T2P 0H3. The registered office of the Company is 3500 - 1133 Melville Street, P.O. Box 49314, Vancouver, BC, Canada V6E 4E5.

On January 1, 2024, the Company amalgamated with its subsidiary Sinopec Daylight Energy Ltd. ("SDEL") and a related party SinoCanada Petroleum Corporation ("SPC") and continues to carry on business under the name of Sinopec Canada Energy Ltd.

SCEL is involved in the exploration, development and production of oil and natural gas in Alberta, British Columbia and Saskatchewan.

SCEL has an indirect interest ("working interest") in the Syncrude Joint Venture ("Syncrude") through the purchase of Sinopec Oil Sands Partnership ("SOP"). SOP holds a 9.03% working interest in Syncrude. Syncrude is involved in the mining of bitumen from its oil sands leases located in Northern Alberta and the upgrading of the bitumen to synthetic crude oil and is a joint operation controlled by four owners.

SCEL holds a 15% interest in certain Petroliam Nasional Berhad natural gas assets ("NMJV"). These assets include natural gas producing properties and reserves in northeast British Columbia. This acquisition was completed with China Huadian Corporation ("Huadian"), whereby SCEL owns two-thirds and Huadian owns one-third of the interest in the natural gas assets.

SCEL also has a 50% interest in the in Northern Lights Partnership (“NLP”). NLP holds inactive Alberta oil sands leases. In December 2014, NLP made the decision to defer development plans and write off the carrying value of the exploration and evaluation assets. NLP will maintain the leases in good standing and continue to evaluate market conditions and the development status of the assets. Suncor Energy Inc. (“Suncor”) holds the other 50% and is the managing partner of NLP.

SCEL is an indirect subsidiary of China Petrochemical Corporation ("CPC"), a state owned enterprise ("SOE") of the Government of the People’s Republic of China ("PRC"). SCEL's immediate operating parent company is Sinopec International Energy Investment Corporation (“SIEI”) and SCEL's immediate parent company is Sinopec International Energy Investment (HK) Holdings Limited (“SIEIHK”). SIEI and SIEIHK are direct or indirect subsidiaries of CPC.

On November 23, 2023, CPC undertook a corporate reorganization in which SIEIHK acquired 100% of the equity interest in SCEL from TipTop Luxembourg S.A.R.L ("TipTop").

The consolidated financial statements of SCEL as at and for the year ended December 31, 2024, comprise the results of the Company and its subsidiaries and partnership interests as follows:

- Sinopec Oil Sands Partnership ("SOSP") (100%)
- 1527203 Alberta Ltd. (100%)
- Sinopec Huadian Canada LNG Ltd. ("SHCLL") (66.67%)[(1)]
- Sinopec Huadian Montney Limited Partnership ("SHMLP")(66.67%)[(1)]

[(1)] Huadian owns the remaining 33.33% of these interests; representing the non-controlling interest.

The consolidated financial statements have been prepared on the basis that the Company will continue as a going concern for the foreseeable future, which contemplates the realization of assets and settlement of liabilities in the normal course of business as they become due. Management has considered what elements and plans are in place to continue as a going concern and these plans include reliance on the continued financial support of the Company’s parents. SIEI has committed to supporting the financial obligations and commitments of the Company and continue to provide financial support to the Company by providing operating and capital funding.

The amalgamation on January 1, 2024 meets the definition of a "business combination of entities under common control" since all the entities involved in the arrangement are under the common control of CPC. Accordingly, the assets and liabilities of these entities have been accounted for at their historical carrying amounts. The consolidated financial statements represent the consolidated financial position, consolidated net earnings and consolidated cash flows on a prospective basis from the date of the corporate reorganization. The following table presents the net liabilities assumed in the reorganization and the effect on equity.

Liabilities	
Obligation to Northern Lights Partnership (note 8)	8
Due to Company shareholder (SIEIHK)	243
Total Liabilities	251
Reorganization Equity	
Deficit	(251)
Total Deficit	(251)

2. BASIS OF PRESENTATION AND STATEMENT OF COMPLIANCE

Statement of Compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards").

These consolidated financial statements were authorized for issue by the Company's Board of Directors on March 24, 2025.

Basis of Measurement

The consolidated financial statements have been prepared on a historical cost basis except for assets stated at fair value relating to investments.

Certain prior period balances have been reclassified to conform to the current period’s presentation.

Functional and Presentation Currency

The consolidated financial statements are presented in United States ("US") dollars. The functional currency of the Company, its subsidiaries and partnerships, other than SOSP and 1527203 Alberta Ltd., is the Canadian dollar. SOSP and 1527203 Alberta Ltd. maintain a US dollar functional currency. All financial information presented has been rounded to the nearest million dollars. In cases where Canadian dollars are referred to, the amounts will be identified as "CAD".

Use of Estimates and Judgments

The timely preparation of financial statements requires that management make estimates and assumptions and use judgment. Accordingly, actual results may differ from estimated amounts as future confirming events occur. Significant estimates and judgment used in the preparation of the financial statements are described in note 4.

3. MATERIAL ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all the periods presented in these consolidated financial statements and have been applied consistently by the Company's subsidiaries and partnerships, except for items noted in note 5.

Basis of Consolidation

These financial statements consolidate the financial results of SCEL and its subsidiaries. Subsidiaries are all entities (including structured entities) over which the Company has control. Control exists when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Company. They are deconsolidated from the date that control ceases.

Many of the Company's oil and natural gas activities, including the activities of Syncrude and SHMLP, involve jointly owned assets. These consolidated financial statements reflect only the Company's proportionate interest in such assets and activities which include a proportionate share of assets, liabilities, income and expenses, on a line-by-line basis.

All intercompany balances and transactions have been eliminated in preparing these consolidated financial statements.

Segmented Information

Operating segments have been determined based on the nature of the Company's activities and are consistent with the level of information regularly provided to and reviewed by the Company's chief operating decision makers.

Foreign Currency Translation

Functional currencies of the Company's individual entities represent the currency of the primary economic environment in which the entity operates. Transactions in foreign currencies are translated to the appropriate functional currency at foreign exchange rates that approximate those on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated to the appropriate functional currency at foreign exchange rates at the reporting date. Foreign exchange differences arising on translation are recognized in net earnings. Non-monetary assets that are measured in a foreign currency at historical cost are translated using the exchange rate at the date of the transaction.

In preparing the Company's consolidated financial statements, the financial statements of each entity are translated into US dollars. The assets and liabilities of entities with a functional currency other than US dollars are translated into US dollars at exchange rates at the reporting date. Revenues and expenses of entities with a functional currency other than the US dollar are translated into US dollars using a foreign exchange rate that approximates those on the date of the underlying transaction. Foreign exchange differences are recognized in other comprehensive income.

Cash and Cash Equivalents

The Company considers cash on hand and term investments held with banks, with an original maturity of three months or less, to be cash and cash equivalents.

Inventories

Inventories of crude oil and refined products are valued at the lower of cost and net realizable value. Cost is determined on a weighted average basis and includes direct and indirect expenditures incurred in bringing an item or product to its existing condition and location.

Investments

Investments in which the Company does not exercise significant influence are initially recorded at their fair value with changes in their fair value recognized in net earnings.

Investments in which the Company does have significant influence are classified as equity investments and are accounted for using the equity method, where the Company's share of earnings or losses are recognized in earnings or loss and its share of other comprehensive income or loss is recognized in other comprehensive income. When the Company's cumulative share of losses equals or exceeds the Company's carrying amount of the investment, the Company does not recognize further losses unless the Company has incurred obligations or made payments on behalf of the investment. After application of the equity method, the Company determines whether it is necessary to recognize an impairment loss. Any loss is recognized in earnings or loss.

Exploration and Evaluation Assets

Costs incurred prior to receiving the legal right to explore an area are expensed when incurred.

The costs to acquire exploratory non-producing oil and gas properties or licenses to explore, drill exploratory wells and the costs to evaluate the commercial potential of underlying resources, including related borrowing costs, are initially capitalized as exploration and evaluation assets ("E&E"). Management deems exploration and evaluation assets to be costs associated with licenses to which proved and probable reserves have not been assigned and to which a new reservoir or formation is being sought and is subject to significant exploration risk. Certain exploration costs, including geological, geophysical, seismic and sampling on oil sands properties, are charged to expense as incurred.

Exploration and evaluation assets are subject to technical, commercial and management review to confirm the continued intent to develop and extract the underlying resources. If an area or exploration well is no longer considered technically feasible or commercially viable, the related capitalized costs are charged to net earnings. If undeveloped land is abandoned or the rights to the undeveloped land expires, the associated costs are charged to net earnings.

Exchanges of assets within exploration and evaluation assets are measured at fair value unless the exchange transaction lacks commercial substance or the fair value of neither the asset received nor the asset given up is reliably measurable. Unless the fair value of the asset received is more clearly evident, the cost of the acquired asset is measured at the fair value of the asset given up. Where fair value is not used, the cost of the acquired asset is measured at the carrying amount of the asset given up. The gain or loss on derecognition of the asset given up is recognized in net earnings.

When management determines, with reasonable certainty, that an exploration and evaluation asset has reached technical feasibility and commercial viability and will be developed, as evidenced by the classification of proved or probable reserves and the appropriate internal and external approvals, the asset is transferred to property, plant and equipment. The costs transferred are determined to be those directly related to specific oil and gas licenses with proved or probable reserves assigned. Exploration and evaluation assets are tested for impairment immediately prior to costs being transferred to property, plant and equipment.

Property, Plant and Equipment

Property, plant and equipment ("PP&E") is measured at cost less accumulated depletion, depreciation and amortization and accumulated impairment losses. Capitalized costs include the purchase price or construction cost of the asset, any costs directly attributable to bringing the asset into operation, seismic costs related to the development of a property, the initial estimate of any asset retirement obligation, and borrowing costs for qualifying assets, if any. The purchase price or construction cost is the aggregate amount paid and the fair value of any other consideration given to acquire the asset. Oil and gas properties and licenses acquired in areas or fields with previously established proved or probable reserves are included in property, plant and equipment, although no proved or probable reserves may be assigned to those specific properties or licenses, as they are considered to be development opportunities in existing reservoirs or formations with minimal exploration risk.

The costs of planned major inspection, overhaul and turnaround activities that maintain property, plant and equipment and benefit future years of operations are capitalized. Recurring planned maintenance activities performed on shorter intervals are expensed as operating costs. This includes ongoing overburden removal expenditures on producing mines. Replacements outside of major inspection, overhaul or turnaround activities are capitalized when it is probable that future economic benefits will flow to the Company and the associated carrying amount of the replaced asset is derecognized.

The gain or loss from the divestitures of property, plant and equipment is recognized in net earnings. In addition, risk-sharing agreements in which the Company cedes a portion of its working interest to a third-party are generally considered to be divestitures of property, plant and equipment, resulting in a gain or loss on disposition.

Exchanges of assets within property, plant and equipment are measured at fair value unless the exchange transaction lacks commercial substance or the fair value of neither the asset received nor the asset given up is reliably measurable. Unless the fair value of the asset received is more clearly evident, the cost of the acquired asset is measured at the fair value of the asset given up. Where fair value is not used, the cost of the acquired asset is measured at the carrying amount of the asset given up. The gain or loss on derecognition of the asset given up is recognized in net earnings.

An asset within property, plant and equipment is derecognized upon divestiture or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net divestiture proceeds and the carrying amount of the asset) is included in net earnings in the period in which the item is derecognized.

Borrowing costs relating to assets that take a substantial period of time to construct are capitalized as part of the asset. Capitalization of borrowing costs ceases when substantially all of the activities necessary to prepare the qualifying asset for its intended use or sale is complete.

Depletion, Depreciation and Amortization

Exploration and evaluation assets are not subject to depletion, depreciation and amortization for conventional oil and gas assets. Once transferred to property, plant and equipment and commercial production commences, these costs for conventional oil and natural gas assets are depleted on a unit-of production basis over proved developed reserves with the exception of property acquisition costs which are depleted over proved reserves.

Capital expenditures associated with significant development projects are not depleted until assets are substantially complete and ready for their intended use.

Capitalized costs of oil and natural gas properties included in property, plant and equipment, other than oil sands properties, are depleted using the unit-of-production method. For purposes of these calculations, production and reserves of natural gas are converted to barrels on an energy equivalent basis at a ratio of six thousand cubic feet of natural gas to one barrel of oil, calculated in accordance with National Instrument 51-101 - *Standards of Disclosure for Oil and Gas Activities.* Depletion and depreciation rates are updated in each reporting period that a significant change in circumstances, including reserves revisions, occurs. Successful exploratory wells transferred from exploration and evaluation assets and development costs are depleted over proved developed reserves. Acquired resource properties included in property, plant and equipment, including those transferred from exploration and evaluation assets, with proved reserves are depleted over total proved reserves. Future development costs are excluded from the depletion calculation. Acquisition costs related to resource properties without proved reserves and undeveloped land included within property, plant and equipment are not depleted until proved reserves are assigned at which time they are depleted over total proved reserves. If undeveloped land is abandoned or expires, the costs are immediately expensed.

Property, plant and equipment related to oil sands development is depreciated on a straight-line basis over the estimated useful lives of the assets, with the exception of mine development and asset retirement costs, which are depleted on a unit-of-production basis over the estimated proved and probable reserves of the producing mines, calculated in accordance with National Instrument 51-101 - *Standards of Disclosure for Oil and Gas Activities*. Future development costs are excluded from the depletion calculation. Acquisition costs related to oil sands properties without proved and probable reserves are not depleted until proved and probable reserves are assigned.

Corporate assets primarily consist of office furniture, fixtures, leasehold improvements and information technology which are stated at cost less accumulated depreciation and are depreciated straight-line over the estimated life of the asset. The following estimated useful lives of assets depreciated on a straight-line basis are reviewed annually for any changes to those estimates.

(all amounts in millions of US dollars, unless otherwise stated)

Asset	Estimated Life
Mildred Lake plant, Aurora North plant, extraction plant, upgrading, utilities and offsites and spare parts related to these major assets	15-25 years
Various plant assets	2-40 years
Mobile equipment comprised of loaders, shovels and haul trucks	10-20 years
Crawlers, graders and cranes	15 years
Building and trailers	15-40 years
Support equipment, office furniture, computer equipment, software, miscellaneous mobile equipment, buses, vans and light vehicles, and aircraft	4-15 years
Housing and accommodations	25 years

Leases

At inception of a contract, the Company assesses whether a contract is, or contains a lease. A contract is, or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: the contract involves the use of an identified asset; the Company has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use; and, the Company has the right to direct the use of the asset.

The Company recognizes a lease asset and a lease liability at the commencement date of the lease contract, which is the date that the lease asset is available to the Company. The lease asset is initially measured at cost. Subsequent to initial recognition, the lease asset is depreciated using the straight-line method over the earlier of the end of the useful life of the lease asset or the lease term.

Lease liabilities are initially measured at the present value of lease payments discounted at the rate implicit in the lease, or if not readily determinable, the Company's incremental borrowing rate. Lease payments include fixed lease payments, variable lease payments based on indices or rates, residual value guarantees, and purchase options expected to be exercised. Subsequent to initial recognition, the lease liability is measured at amortized cost using the effective interest method. Lease assets are reported within property, plant and equipment in the consolidated balance sheet. Lease liabilities are reported within current and long-term liabilities in the consolidated balance sheet.

Where the Company acts as the operator of a joint operation, the Company recognizes 100% of the related lease asset and lease liability. As the Company recovers its joint operation partners' share of the costs of the lease contract, these recoveries are recognized in the consolidated statements of earnings.

Impairment

Non-financial assets

Property, plant and equipment and exploration and evaluation assets are assessed for indicators of impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Exploration and evaluation assets are also tested for impairment immediately prior to costs being transferred to property, plant and equipment.

If any indication of impairment exists, an estimate of the asset's recoverable amount is calculated as the higher of the fair value less costs to dispose and value-in-use. In determining fair value less costs to dispose, recent market transactions are taken into account, if available. In the absence of such transactions, an appropriate valuation model is used. This model is typically a discounted cash flow model based on external and internal estimates of reserves and volumes with associated cash flows discounted at a market rate. Value-in-use is assessed using the present value of the expected future cash flows of the relevant asset. If the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, the asset is tested as part of a CGU, which is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to the CGU or group of CGUs that are expected to benefit from the synergies of the combination. Exploration and evaluation assets are combined with all CGUs at the operating segment level when they are assessed for impairment, both at the time of any triggering facts and circumstances as well as upon their eventual reclassification to property, plant and equipment.

An impairment loss is recognized in depletion, depreciation and amortization for the amount by which the carrying amount of the individual asset or CGU exceeds its recoverable amount.

Impairments are reversed for all CGUs and individual assets, other than goodwill, to the extent that events or circumstances give rise to changes in the estimate of the recoverable amount since the period the impairment was recorded. Impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would otherwise have been determined, net of depletion, depreciation and amortization, if no impairment loss had been recognized. Impairment reversals are recognized within depletion, depreciation and amortization.

Intangible assets

Intangible assets are comprised of carbon credits acquired and are measured at cost less any accumulated amortization.

Financial assets

At each reporting date, the Company assesses whether there is evidence that a financial asset is impaired. If a financial asset carried at amortized cost is impaired, the amount of the loss is measured as the difference between the amortized cost of the receivable and its recoverable amount. All impairment losses are recognized in net earnings. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized.

Provisions

Provisions are recognized by the Company when it has a legal or constructive obligation as a result of past events, it is probable that an outflow of economic resources will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are recognized for asset retirement obligations associated with the Company's exploration and evaluation assets and property, plant and equipment. Provisions for asset retirement obligations are measured at the present value of management's best estimate of the future cash flows required to settle the present obligations, using a risk-free interest rate specific to the asset. The value of the obligations are added to the carrying amount of the associated assets and amortized over the useful life of the assets. The provisions are accreted over time through finance charges with actual expenditures charged against the accumulated obligations to the extent the provisions are established. Changes in the future cash flow estimates resulting from revisions to the estimated timing or amount of undiscounted cash flows, including functional currency foreign exchange differences, are recognized as a change in the asset retirement obligations of the related assets.

Revenue

Revenue is recognized when the performance obligations in the sales contract are satisfied and it is probable that the Company will collect the consideration to which it is entitled. Performance obligations are generally satisfied at the point in time when the product is delivered to a location specified in a contract and control passes to the customer.

Royalty income is recognized as it accrues in accordance with the terms of overriding royalty agreements.

Finance Charges

Finance charges comprise interest expense on bank debt, the amortization of bank financing fees, the interest cost component of the pension obligation and the accretion of the discount on asset retirement obligations. Borrowing costs are recognized in net earnings using the effective interest method and are recognized in net earnings in the period in which they are incurred. Borrowing costs for the construction of a qualifying asset are capitalized for the period of time from when construction commences and the asset is prepared for its intended use. The capitalization rate to determine the amount of borrowing for a qualifying asset is the weighted average interest rate applicable to the Company's outstanding borrowings during the capitalization period.

Income Taxes

Income tax expense comprises current and deferred tax expense.

Current tax is the expected tax payable on taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to taxes payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax liabilities are recognized for taxable temporary differences. Deferred tax assets are recognized for deductible temporary differences, unused tax losses and unused tax credits only if it is probable that sufficient future taxable income will be available to utilize those temporary differences and losses. Such deferred tax liabilities and assets are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable net income nor the accounting profit and does not give rise to equal taxable and deductible temporary differences or from investments in subsidiaries, associates and interests in joint ventures to the extent that it is probable that they will not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. The effect of a change in income tax rates on deferred tax assets and liabilities is recognized in net earnings in the period that the change occurs.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity or on different tax entities but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

Income tax expense is recognized in net earnings except to the extent that it relates to a business combination or items recognized directly in equity or other comprehensive income.

Share Capital

Common shares are classified as equity. Incremental costs directly attributable to the issuance of common shares are recognized as a deduction from equity, net of any tax effects.

Financial Instruments

Initial measurement and recognition

Financial assets and liabilities are initially recognized on the trade date at which the Company enters into the contractual provisions of the instrument. Financial assets and liabilities are initially measured at fair value. Subsequent measurement of financial assets or liabilities is at amortized cost or fair value.

Derecognition

A financial asset is derecognized when the contractual rights to the cash flow from the financial asset expire or are transferred. Any difference between the carrying amount of the asset and the consideration received is recognized in net earnings. A financial liability is derecognized when it is extinguished. Any difference between the carrying amount of the liability extinguished and the consideration paid is recognized in net earnings.

Non-derivative financial assets

A financial asset is subsequently measured at amortized cost using the effective interest method, net of any impairment loss if:

- The asset is held within a business model with an objective to hold assets in order to collect contractual cash flows; and

- The contractual terms of the financial assets give rise, on specified dates, to cash flows that are solely payments of principal and interest.

Financial assets other than those measured at amortized cost are subsequently measured at fair value with all changes in fair value recognized in net earnings.

Financial assets measured at amortized cost are cash and cash equivalents, accounts receivable and income taxes receivable. Investments in equity securities which do not constitute significant influence or control are measured at fair value.

Non-derivative financial liabilities

Financial liabilities other than those measured at amortized cost are subsequently measured at fair value with all changes in fair value recognized in net earnings.

Financial liabilities measured at amortized cost comprise accounts payable and accrued liabilities, bank debt, amounts due to related parties, and the payables due to the Company Shareholder and affiliates.

The Company accounts for its physical delivery sales contracts, which were entered into and continue to be held for the purpose of receipt or delivery of non-financial items, in accordance with its expected purchase, sale or usage requirements as executory contracts. As such, these contracts are not considered to be derivative financial instruments and have not been recorded at fair value on the statement of financial position. Settlements of these physical sales contracts are recognized in oil and natural gas revenues.

Employee Benefits

Post-employment benefit obligations

SCEL accrues its proportionate share of Syncrude Canada's post-employment benefit obligations, which includes defined benefit and defined contribution pension plans and a defined benefit plan for other post-employment benefits ("OPEB"). The OPEB includes health care benefits and life insurance benefits to retirees, their beneficiaries and covered dependents. These obligations are valued annually by independent qualified actuaries.

The costs of the defined benefit pension and OPEB plans are actuarially determined using the projected unit credit method based on length of service and reflect SCEL's best estimate of financial and demographic assumptions. The discount rate used to determine the accrued benefit obligation is based on a market rate of interest for high-quality corporate debt instruments with cash flows that match the timing and amount of expected benefit payments. The interest cost component of the pension obligation is presented within finance charges. Plan assets accrete at the same rate as that used to accrete the discounted accrued benefit obligation. Actuarial remeasurements arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income in the period in which they arise. The current service cost of the defined benefit plans is recognized in operating expense as the service is rendered. Any past service costs arising from plan amendments are recognized immediately in operating expenses.

The cost of the defined contribution plans is recognized in operating expenses as the service is rendered and contributions become payable.

Bonus plan and other employment incentives

SCEL through its interest in Syncrude has two performance-based incentive plans (Annual Incentive Program and Share Based Compensation program) and an employee retention program.

The Annual incentive plan is based on Suncor’s Corporate and Business Unit performance and individual payouts are based on the employee level and performance.

The Share Based Compensation plan that can be settled in cash or have the option to be settled in cash and shares is measured at the fair value at the end of the period being reported using the Black-Scholes options pricing model. They are treated as cash settled plans. The plan grants stock options for common shares of Suncor at the market price on the grant date and are subject to fulfilling vesting terms. The Black-Sholes pricing model is used to determine the fair value of the options at the time the option is granted. The expense is recognized over the vesting period of the option.

The employee retention housing support program expenses are recognized as they are earned, net of adjustments for forfeitures.

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements requires management to make estimates and judgments that affect reported assets, liabilities, revenues, expenses, gains, losses, and disclosures of contingencies. These estimates and judgments are subject to change based on experience and new information.

The financial statement areas that require significant estimates and judgments are as follows:

Critical Accounting Estimates

Business combinations

Business combinations are accounted for using the acquisition method which requires the fair value of certain acquired assets, liabilities and contingent consideration, if any, to be estimated. Oil and natural gas reserves form the basis for estimating the value of oil and gas properties which requires the estimation of reserves. Contingent consideration requires the estimation of amounts owing and probability of occurring.

Asset retirement obligations

In determining the estimated value of the asset retirement obligations, the Company must estimate the timing and amount of future abandonment, reclamation and closure expenditures. These provisions are based on estimated costs, which take into account the anticipated method and extent of abandonment and restoration, technological advances and the possible future use of the site. Actual costs are uncertain and estimates can vary as a result of changes to relevant laws and regulations, the emergence of new technology, operating experience, prices and closure plans. The estimated timing of future asset retirement and restoration may change due to certain factors, including reserve life. Changes to estimates related to future expected costs, discount rates and timing may have a material impact on the amounts presented.

Employee future benefits

The Company provides benefits to employees, including pensions and other post-retirement benefits through its interest in Syncrude. The costs of defined benefit pension plans and other post-retirement benefits received by employees are estimated based on actuarial valuation methods. Estimates typically used in determining these amounts include, as applicable, rates of employee turnover, future claim costs, discount rates, future salary and benefit levels, the return on plan assets, mortality rates and future medical costs. Changes to these estimates may have a material impact on the amounts presented.

Asset impairment and reversals

The recoverable amount of CGUs and individual assets is determined based on the higher of fair value less costs to dispose or value-in-use calculations. The key estimates the Company applies in determining the recoverable amount normally include estimated future commodity prices, expected production volumes, future royalty rates, future operating and development costs as they relate to the estimation of proven, probable, possible reserves and/or contingent resources, undeveloped land values, and discount rates. Changes in economic conditions could significantly change these estimates. Changes to these estimates will affect the recoverable amounts of CGUs and individual assets and may then require a material adjustment to their related carrying value.

Oil and natural gas prices and exchange rates

The December 31, 2024 future prices used to determine cash flows from oil, natural gas and oil sands reserves are as follows:

(all amounts in millions of US dollars, unless otherwise stated)

Benchmark Reference Price Forecasts	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**	**2031**	**2032**	**2033**	**2034**
WTI *($US/Bbl)*	72.50	73.95	75.43	76.94	78.48	80.05	81.65	83.28	84.95	86.64
Edmonton par *($Cdn/Bbl)*	95.89	97.11	98.34	100.31	102.31	104.36	106.45	108.57	110.75	112.96
AECO *($Cdn/MMBtu)*	2.75	3.57	3.64	3.71	3.79	3.86	3.94	4.02	4.10	4.18
Exchange rate *($US/$Cdn)*	0.73	0.73	0.73	0.73	0.73	0.73	0.73	0.73	0.73	0.73

After 2034, the price forecast for WTI, Edmonton par and AECO escalates at 2% per year to the end of the reserve life and the exchange rate remains constant at 0.73 $US/$Cdn.

The December 31, 2023 future prices used to determine cash flows from oil, natural gas and oil sands reserves are as follows:

Benchmark Reference Price Forecasts	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**	**2031**	**2032**	**2033**
WTI *($US/Bbl)*	72.50	73.95	75.43	76.94	78.48	80.05	81.65	83.28	84.95	86.64
Edmonton par *($Cdn/Bbl)*	92.00	93.84	95.72	97.63	99.58	101.58	103.61	105.68	107.79	109.95
AECO *($Cdn/MMBtu)*	2.25	3.06	3.90	3.98	4.06	4.14	4.22	4.31	4.39	4.48
Exchange rate *($US/$Cdn)*	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75

After 2033, the price forecast for WTI, Edmonton par and AECO escalates at 2.0% per year to the end of the reserve life and the exchange rate remains constant at 0.75 $US/$Cdn.

Benchmark reference prices, as noted above, are provided by independent reserve engineers. Volumes are either evaluated by independent reserve engineers or internally evaluated and supported by other independent evidence as available. Undeveloped land values were based on assessments by independent evaluators.

Discount rate

Estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Based on the individual characteristics of the asset, other economic and operating factors are also considered which may increase or decrease the implied discount rate.

Depletion, depreciation and amortization

SCEL calculates depreciation and amortization expense for the majority of its oil sands assets on a straight-line basis and must estimate the useful lives of these assets accordingly. While these useful life estimates are reviewed on a regular basis and depreciation and amortization calculations are revised accordingly, actual lives may differ from the estimates. The Company calculates depletion expense for asset retirement costs, conventional oil and natural gas operations and mine development on a unit-of-production basis and must estimate reserves, which are used as a component of the depletion calculations to allocate capital costs over the estimated useful lives. As circumstances change and new information becomes available, estimated reserves and resultant depletion calculations could change.

Oil and gas reserves and resources

Estimations of recoverable quantities of proved, probable and possible reserves and/or contingent resources include estimates and assumptions regarding future commodity prices, exchange rates, discount rates and production and transportation costs for future cash flows as well as the interpretation of complex geological and geophysical models and data. Changes in reported reserves can affect the impairment of assets, asset retirement obligations, the economic feasibility of exploration and evaluation assets and the reported depletion, depreciation and amortization of property, plant and equipment.

Critical Accounting Judgments

Crown royalties

When calculating deemed bitumen revenues on which Crown royalties are based, SCEL must determine a deemed bitumen value and deductible costs. This requires the use of judgment in the application of the governing royalty agreement.

Taxes

In determining its current and deferred tax provisions, the Company must apply judgment when interpreting and applying complex and changing tax laws and regulations. The determination of the appropriate application of these laws and regulations by tax authorities may remain uncertain for several years. The final outcome of such determination could result in amounts different from those initially recorded and would impact current or deferred tax expense in the period in which a determination is made.

Determination of CGUs

A CGU is defined as the lowest grouping of integrated assets that generate identifiable cash inflows that are largely independent of the cash inflows of other assets or groups of assets. The allocation of assets into CGUs requires significant judgment and interpretations with respect to the integration between assets, the existence of active markets, similar exposure to market risks, shared infrastructures, and the way in which management monitors the operations.

Asset impairment and reversals

Judgments are required to assess when impairment indicators exist and impairment testing is required. In determining the recoverable amount of assets, in the absence of quoted market prices, impairment tests are based on estimates of reserves, production rates, future oil and natural gas prices, future costs, discount rates, market value of land and other relevant assumptions.

Oil and gas activities

The Company is required to apply judgment when designating the nature of oil and natural gas activities as exploration and evaluation or development and production, and when determining whether the initial costs of these activities are capitalized.

Certain exploration and evaluation costs are initially capitalized with the intent to establish commercially viable reserves. The Company is required to make judgments about future events and circumstances as to whether economic quantities of reserves have been found. The costs are subject to technical, commercial and management review to confirm the continued intent to develop the project. Level of drilling success, or changes to project economics, resource quantities, expected production techniques, production costs and required capital expenditures are important judgments when making this determination.

Management uses judgment to determine when exploration and evaluation assets are reclassified to property, plant and equipment. This decision considers several factors, including the existence of proved or probable reserves, appropriate approvals from regulatory bodies and the Company's internal project approval processes.

Leases

Purchase, extension and termination options are included in certain of the Company's lease to provide operational flexibility. To measure the lease liability, the Company uses judgment to assess the likelihood of exercising these options. These assessments are reviewed when significant events or circumstances indicate that the likelihood of exercising these options may have changed. The Company also uses estimates to determine its incremental borrowing costs if the interest rate implicit in the lease is not readily determinable.

Functional currency

The Company's functional currency is based on the primary economic environment in which it operates and is based on an analysis of several factors including which currency principally affects sales prices of products sold by the Company, which currency influences the main expenses of providing services, in which currency the

(all amounts in millions of US dollars, unless otherwise stated)

Company keeps its receipts from operating activities and in which currency the Company has received financing. Management used its judgment to assess these factors.

5. CHANGES IN ACCOUNTING POLICES

New Standards Adopted

In October 2022, the IASB issued Non-current Liabilities with Covenants (Amendments to IAS 1 Presentation of Financial Statements). The amendments improve the information an entity provides when its right to defer settlement of a liability for at least twelve months is subject to compliance with covenants. The amendments were effective January 1, 2024, with early adoption permitted. The Company adopted these amendments with no impact on the consolidated financial statements.

In September 2022, the IASB issued Lease Liability in a Sale and Leaseback (Amendments to IFRS 16 Leases). The amendments add subsequent measurement requirements for sale and leaseback transactions. The amendments were effective January 1, 2024, with early adoption permitted. The Company does not currently have any sale and leaseback transactions and therefore there were no changes on the consolidated financial statements as a result of the initial adoption.

Standards Issued but Not Yet Adopted

In April 2024, the IASB issued IFRS 18 "Presentation and Disclosure in Financial Statements", which provides presentation and disclosure requirements for the primary financial statements and related notes, replacing IAS 1 "Presentation of Financial Statements". IFRS 18 introduces defined categories for income and expenses and requires disclosure of new defined subtotals, including operating profit. The new standard also requires additional notes for management performance measures and disclosure of certain expenses by nature. There are some associated changes to the statement of cash flows, including the starting point for the calculation of cash flows from operating activities and the categorization of interest and dividends. IFRS 18 is effective January 1, 2027, with early adoption permitted. The new standard is required to be adopted retrospectively. The Company is assessing the impact of IFRS 18 on the Company's consolidated financial statements.

In May 2024, the IASB issued amendments to IFRS 9 "Financial Instruments" and IFRS 7 "Financial Instruments: Disclosures" to clarify the date of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled using an electronic payment system. The amendments also clarify the requirements for assessing whether a financial asset meets the solely payments of principal and interest criterion, and adds disclosure requirements for financial instruments with certain contingent features and for equity investments designated at fair value through other comprehensive income. The amendments are effective January 1, 2026, with early adoption permitted. The amendments are required to be adopted retrospectively by adjusting the opening balance of financial assets, financial liabilities and retained earnings at the date of adoption. The Company is assessing the impact of the amendments on the Company's consolidated financial statements.

6. CASH AND CASH EQUIVALENTS

	2024	2023
US dollar balances	**—**	1
CAD dollar balances	**4**	5
Total	**4**	6

All cash and cash equivalents are bank deposits.

(all amounts in millions of US dollars, unless otherwise stated)

7. INVENTORIES

The Company’s major inventory items are raw bitumen, pipes and small parts. Bitumen is stock piled as part of the normal Syncrude mining process. Ongoing mining of raw bitumen is delivered directly to the upgrader but during equipment shutdown phases no bitumen or insufficient quantities are mined such that the utilization of the upgrader would be below normal capacity. In these instances, bitumen inventory is used to meet the upgrader processing requirements. Use of the bitumen inventory stockpile is frequent with ongoing replenishment. Pipes and small parts are used in the mining operations. There has been no impairment of inventory in either the current or prior year.

8. INVESTMENTS

Investment at Fair Value

The Company holds an investment in 4,316,666 common shares of Gear Energy Ltd. ("Gear") (2023 - 4,316,666 common shares). At December 31, 2024, the investment in Gear was recorded at fair value of $2 million (December 31, 2023 - $2 million), being CAD $0.50 per common share resulting in an unrealized loss of $nil million during the year (2023 - unrealized loss of $1 million).

	2024	2023
Investment in Gear Energy Ltd.	**2**	2
	2	2

Equity Investment

The Company holds a 50% in NLP. The investment reflects the Company's portion of the remediation liability. At December 31, 2024, the investment in NLP was recorded at a liability value of $7 million, resulting in an equity loss of $nil during the year .

Balance at December 31, 2023	—
Corporate reorganization	**(8)**
Capital contributions	**1**
Equity loss	**—**
Balance at December 31, 2024	**(7)**

There is no quoted market price for the investment and as such a fair value has not been provided.

(all amounts in millions of US dollars, unless otherwise stated)

9. PROPERTY, PLANT AND EQUIPMENT

	Oil Sands		Development and Production	NMJV	Corporate	Total
	Reserves and Resources	Plant and Equipment	Property, Plant and Equipment	Property, Plant and Equipment	Corporate Assets	
Cost						
Balance at December 31, 2022	3,247	2,651	3,651	1,953	50	11,552
Additions	—	90	114	138	4	346
Right of use additions	—	—	2	—	—	2
Divestitures and lease expiries	—	(16)	—	—	(1)	(17)
Changes in asset retirement obligations (note 14)	127	—	18	7	—	152
Foreign currency translation	—	—	105	56	1	162
Balance at December 31, 2023	3,374	2,725	3,890	2,154	54	12,197
Additions	**—**	**94**	**76**	**127**	**12**	**309**
Right of use additions	**—**	**12**	**—**	**—**	**—**	**12**
Property acquisitions	**—**	**—**	**5**	**—**	**—**	**5**
Divestitures and lease expiries	**—**	**(5)**	**(30)**	**—**	**(3)**	**(38)**
Changes in asset retirement obligations (note 14)	**(99)**	**—**	**19**	**2**	**(2)**	**(80)**
Foreign currency translation	**—**	**—**	**(289)**	**(163)**	**(3)**	**(455)**
Balance at December 31, 2024	**3,275**	**2,826**	**3,671**	**2,120**	**58**	**11,950**

(all amounts in millions of US dollars, unless otherwise stated)

	Oil Sands		Development and Production	NMJV	Corporate	Total
	Reserves and Resources	Plant and Equipment	Property, Plant and Equipment	Property, Plant and Equipment	Corporate Assets	
Accumulated depletion, depreciation and amortization						
Balance at December 31, 2022	1,549	1,736	2,507	976	35	6,803
Depletion, depreciation and amortization	26	97	108	77	3	311
Impairment (reversals)	(229)	(90)	118	194	—	(7)
Divestitures	—	(9)	—	—	(1)	(10)
Foreign currency translation	—	—	71	28	1	100
Balance at December 31, 2023	1,346	1,734	2,804	1,275	38	7,197
Depletion, depreciation, and amortization	**34**	**102**	**103**	**77**	**4**	**320**
Impairment reversals	**—**	**—**	**(45)**	**—**	**—**	**(45)**
Divestitures	**—**	**(4)**	**(23)**	**—**	**(4)**	**(31)**
Foreign currency translation	**—**	**—**	**(210)**	**(96)**	**(2)**	**(308)**
Balance at December 31, 2024	**1,380**	**1,832**	**2,629**	**1,256**	**36**	**7,133**

	Oil Sands		Development and Production	NMJV	Corporate	Total
	Reserves and Resources	Plant and Equipment	Property, Plant and Equipment	Property, Plant and Equipment	Corporate Assets	
Net Book Value						
December 31, 2023	2,028	991	1,086	879	16	5,000
December 31, 2024	**1,895**	**994**	**1,042**	**864**	**22**	**4,817**

Amounts Excluded from Calculation of Depreciation, Depletion and Amortization	**2024**	2023
Undeveloped land and acquired resource properties without depletable reserves assignments and salvage value	**1,067**	1,135

(all amounts in millions of US dollars, unless otherwise stated)

The Company has lease contracts for office space, office equipment, field vehicles, field equipment and pipelines. Lease assets included in above:

	Oil Sands		Development and Production	NMJV	Corporate	Total
	Reserves and Resources	Plant and Equipment	Property, Plant and Equipment	Property, Plant and Equipment	Corporate Assets	
Cost						
Balance at December 31, 2022	—	1	5	—	1	7
Additions	—	—	2	—	—	2
Depreciation	—	(1)	(1)	—	—	(2)
Balance at December 31, 2023	—	—	6	—	1	7
Additions	**—**	**12**	**—**	**—**	**—**	**12**
Depreciation	**—**	**(2)**	**(1)**	**—**	**(1)**	**(4)**
Foreign currency translation	**—**	**—**	**(1)**	**—**	**—**	**(1)**
Balance at December 31, 2024	**—**	**10**	**4**	**—**	**—**	**14**

Lease obligations are as follows:

	December 31, 2024	December 31, 2023
Lease obligations	**18**	9
Less: current portion	**(6)**	(2)
Long-term lease obligations	**12**	7

Impairment testing

At December 31, 2024, the Company determined there were indicators of impairment and reversal in all CGUs except the Oil Sands CGU, primarily due to decreased natural gas prices and changing circumstances. As a result, the Company prepared impairment tests resulting in an impairment reversal in the Pembina CGU within the Development and Production segment. At December 31, 2023 the Company determined there were indicators of impairment and reversal, primarily due to decreased commodity prices and changing circumstances. As a result, the Company prepared impairment tests resulting in impairments in all CGUs except the Oil Sands CGU that recorded a recovery.

In accordance with IFRS Accounting Standards, a recoverable value was determined using the higher of fair value or value in use based on discounted cash flows at 15% (2023 - 12% to 17%) of proved and probable reserves evaluated by independent engineers using the independent engineers forecast prices (note 4) and costs. Undeveloped land was externally evaluated and included in the impairment test.

The recoverable amount using fair value less costs of disposal for the Pembina CGU was $206 million (2023 - $163 million). This resulted in recording an impairment reversal of $45 million (2023 - $68 million impairment loss). Fair value was developed using a level 3 measurement in the fair value hierarchy applying the assumptions described above and a discount rate of 15% (2023 - 17%).

The recoverable amount using fair value less costs of disposal for the Peace River Arch CGU was $661 million in 2023. This resulted in recording an impairment of $30 million in 2023. Fair value was developed using a level 3 measurement in the fair value hierarchy applying the assumptions described above and a discount rate of 17% in 2023.

The recoverable amount using fair value less costs of disposal for the West Central CGU was $42 million in 2023. This resulted in recording an impairment of $20 million in 2023. Fair value was developed using a level 3 measurement in the fair value hierarchy applying the assumptions described above and a discount rate of 17% in 2023.

(all amounts in millions of US dollars, unless otherwise stated)

The recoverable amount using fair value less costs of disposal for the Oil Sands CGU was $2,504 million in 2023. This resulted in recording an impairment reversal of $320 million in 2023. Fair value was developed using a level 3 measurement in the fair value hierarchy applying the assumptions described above and a discount rate of 12% in 2023.

The recoverable amount using fair value less costs of disposal for the NMJV CGU was $850 million in 2023. This resulted in recording an impairment of $194 million in 2023. Fair value was developed using a level 3 measurement in the fair value hierarchy applying the assumptions described above and a discount rate of 15% in 2023.

The following are the sensitivity impacts that would increase (decrease) the impairment reversals taken in 2024.

Operating Segment	CGU	1% increase in discount rate	5% decrease in cash flows	1% decrease in discount rate	5% increase in cash flows
Development and Production	Pembina	(4)	(10)	4	10
		(4)	**(10)**	**4**	**10**

For the NMJV CGU in 2024, a change in the discount rate of 1% would have changed the recoverable amount by $40 million. A change of 5% to the cash flows would have changed the recoverable amount by $39 million.

The following are the sensitivity impacts that would increase (decrease) the impairment reversals taken in 2023.

Operating Segment	CGU	1% increase in discount rate	5% decrease in cash flows	1% decrease in discount rate	5% increase in cash flows
Oil Sands	Oil Sands	(165)	(133)	27	133
Development and Production	Pembina	(4)	(8)	5	8
Development and Production	Peace River Arch	(31)	(29)	39	29
Development and Production	West Central	—	(1)	—	1
NMJV	NMJV	(47)	(43)	82	43
		(247)	**(214)**	**153**	**214**

Lease expirations

Lease expirations of $nil (2023 - $nil million) are included in exploration expense.

10. EXPLORATION AND EVALUATION ASSETS

Cost	
Balance at December 31, 2022 and 2023	13
Property disposition	**(1)**
Balance at December 31, 2024	**12**

Exploration and evaluation assets consist of the Company's cost for exploration projects which are pending the determination of proved or probable reserves. Management deems exploration projects to be those in areas or fields with no previously established proved or probable reserves where a new reservoir or formation is being sought to which there is significant exploration risk.

(all amounts in millions of US dollars, unless otherwise stated)

Lease expirations

There were no lease expirations (2023 - $nil) included in exploration expense.

11. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2024	2023
Trade payables	**171**	160
Interest payable	**10**	12
Total	**181**	172

12. BANK DEBT

At December 31, 2024, the Company has one US dollar term loan outstanding as follows:

	Principal Amount	Term Loan Due Date	2024	2023
Citicorp Syndicated Term Loan	900	April 3, 2025	**900**	900
Citicorp Syndicated Term Loan Fee			**—**	(1)
Bank debt	900		**900**	899
Current portion of bank debt			**900**	—
Long-term bank debt			**—**	899

Citicorp Syndicated Term Loan facility

On April 3, 2020, the Company entered into a Syndicated Term Loan facility for $900 million ("Citicorp Syndicated Term Loan"), with Citicorp International Limited acting as Facility Agent , and bore interest at LIBOR plus a specified margin. This loan was amended July 14, 2023 to bear interest at SOFR plus a specified margin. The loan is guaranteed by CPC and requires that CPC maintain certain financial covenants as guarantor of the facility.

On March 24, 2025, the Company entered into a new US dollar Syndicated Term Loan facility for $1 billion with Citicorp International Limited acting as Facility Agent. The loan bears interest at SOFR plus a specified margin and matures 5 years from the first utilization. The loan is guaranteed by CPC and requires that CPC maintain certain financial covenants as guarantor of the facility. The loan requires that the first draw, or a portion thereof, be applied towards repayment of all amounts outstanding under the Citicorp Syndicated Term Loan.

Reconciliation of cash flow arising from financing activities (long-term debt)

	2024	2023
Balance, beginning of year	**899**	899
Deferred financing costs	**1**	—
Balance, end of year	**900**	899

13. DUE TO COMPANY SHAREHOLDER

The Company received operating advances from its shareholder which are unsecured, repayable on demand and interest free.

In November 2023, TipTop and Sinopec Overseas Oil & Gas Ltd. ("SOOGL"), a related party, assigned their debt from the Company to SIEIHK. See Note 20.

(all amounts in millions of US dollars, unless otherwise stated)

In July 2024, SIEIHK, assigned its debt from the Company to a related party, Sinopec International Energy Investment (West Africa) ("SIEIWA"). See Note 20.

14. ASSET RETIREMENT OBLIGATIONS

The Company's asset retirement obligations result from its net ownership interests in oil and natural gas assets including well sites, gathering systems and processing facilities as well as its net share of ongoing environmental obligations related to the abandonment and reclamation of the Syncrude properties. The provision for the costs of reclaiming and abandoning the Syncrude properties and facilities and conventional oil and natural gas wells and facilities at the end of their economic lives has been estimated using existing technology, at current prices or long-term assumptions, depending on the expected timing of the activity, and discounted using a risk-free rate of 3.33% (December 31, 2023 - 3.02%). The Company estimates the total undiscounted inflation adjusted cash flow required to settle its asset retirement obligations is approximately $1,549 million (December 31, 2023 - $1,542 million). An inflation factor of 1%-2% has been applied to the estimated asset retirement obligations at December 31, 2024.

	2024	2023
Asset retirement obligations, beginning of year	**776**	619
Liabilities transferred on property dispositions	**(1)**	—
Liabilities incurred	**24**	14
Liabilities settled	**(17)**	(23)
Change in estimated liability	**(101)**	138
Accretion expense	**23**	20
Foreign currency translation	**(20)**	8
Asset retirement obligations, end of year	**684**	776
Less: current portion	**(24)**	(23)
Non-current portion	**660**	753

15. EMPLOYEE FUTURE BENEFITS

Employee future benefits consist of an accrued variable compensation plan, long-term incentive plans and post-employment obligations.

	2024	2023
Current liabilities:		
Accrued variable compensation	**10**	13
Long-term incentive	**2**	2
Post-employment obligations	**1**	1
	13	16
Long-term liabilities:		
Accrued variable compensation	**2**	3
Long-term incentive	**1**	1
Post-employment obligations	**(28)**	2
	(25)	6
Total	**(12)**	22

Accrued variable compensation plan

SCEL accrues its proportionate share of Syncrude's short- and long-term performance-based incentive plans and employee retention plan.

Annual incentive program

In 2022, the short-term compensation program was transitioned to the Annual Incentive Program. The plan is based on Suncor's Corporate and Business Unit performance. The individual employee payouts are based on the employees' level and performance.

Share-based compensation program

In 2022, the long-term compensation program was transitioned to a share-based compensation program. The new program consists of three plans: Restricted Share Units, Performance Share Units and Stock Options. The calculations consider Suncor's share price at time of vesting or over time depending on the plan. The Black-Scholes option pricing model is used for the fair value calculations.

For the Restricted Share Unit and Performance Share Unit Plans, the fair value at the end of each reporting period is measured. The expense is recognized over the vesting period and the outstanding liability is adjusted. For the Stock Options Plan, the fair value of the options is measured at the time of the grant. The expense is recognized over the vesting cycle of the options.

Syncrude employee retention incentives

Syncrude introduced a first-time housing support program effective January 1, 2014 to December 31, 2023. The housing support program contains two components: the House Purchase Program and the Rental Subsidy Program. Employees must meet certain criteria to be eligible. Eligible employees who remain in the program for five years will receive 100% of the benefit. SCEL's share of the housing support program expensed in 2024 was $1 million and is included in employee future benefits. After December 31, 2023, there will be no further entrants to this program.

Post-employment obligations

SCEL accrues its proportionate share of obligations as a joint venture owner in respect of Syncrude's post-employment benefit obligations, which include a defined benefit pension plan, defined contribution pension plans, and a defined benefit other post-employment benefits plan which provides certain health care and life insurance benefits for retirees, their beneficiaries and covered dependents.

Defined benefit plans

Syncrude is the plan sponsor for a defined benefit plan under the jurisdiction of The Employment Pension Plans Act of the Province of Alberta, Canada. The plan is managed through a plan administrator who is overseen by the pension committee of the Syncrude Operator. Syncrude measures its defined benefit obligation and the fair value of plan assets for accounting purposes as at December 31 of each year. The most recent actuarial valuation of the pension plan and OPEB for funding purposes was completed in December 2023. SCEL's share of Syncrude's defined benefit plan accrued liability, based on its 9.03% ownership at December 31, 2024, is comprised of its share of the defined benefit obligation net of its share of the defined benefit plan assets. The following table presents the Company's proportionate share of Syncrude's defined benefit plans.

(all amounts in millions of US dollars, unless otherwise stated)

	Pension		OPEB		Total	
Defined Benefit Plans	**2024**	2023	**2024**	2023	**2024**	2023
Defined Benefit Obligation						
Balance, beginning of year	**250**	223	**10**	9	**260**	232
Current service costs	**6**	6	**—**	—	**6**	6
Interest costs	**11**	11	**—**	—	**11**	11
Transfers	**—**	1	**—**	—	**—**	1
Benefits paid	**(13)**	(11)	**—**	—	**(13)**	(11)
Remeasurements:						
Actuarial gains from experience adjustments	**—**	(4)	**—**	—	**—**	(4)
Actuarial losses from changes in discount rate	**—**	18	**—**	1	**—**	19
Actuarial gains from changes in financial assumptions	**(5)**	—	**—**	—	**(5)**	—
Foreign currency translation	**(18)**	6	**(1)**	—	**(19)**	6
Balance, end of year	**231**	250	**9**	10	**240**	260
Plan Assets						
Balance, beginning of year	**257**	228	**—**	—	**257**	228
Interest income	**11**	11	**—**	—	**11**	11
Transfers	**—**	1	**—**	—	**—**	1
Benefits paid	**(13)**	(11)	**—**	—	**(13)**	(11)
Remeasurements:						
Return on plan assets, excluding interest	**32**	21	**—**	—	**32**	21
Foreign currency translation	**(20)**	7	**—**	—	**(20)**	7
Balance, end of year	**267**	257	**—**	—	**267**	257
Pension and Other Post-employment Liability	**(36)**	(7)	**9**	10	**(27)**	3

Plan Assets	**2024**	2023
Equity securities	**128**	128
Debt securities	**139**	129
	267	257

Fair value of equity and debt securities are based on the market trading price of the underlying funds.

Significant Actuarial Assumptions

The discount rate used for the Pension and OPEB is 4.6% (2023 - 4.6%)

For the Pension, the rate of compensation increase assumed was promotion scale plus 3.0% (2023 - 3.0%) per year.

For the OPEB, a 5.0% annual rate of increase in the cost of supplemental health care benefits was assumed in 2024 (2023 - 5.0%). An annual rate increase in the dental rate of 4.0% per year was used in 2024 (2023 - 4.0%).

Defined contribution plans

SCEL's share of expense related to the Syncrude's defined contribution plans in 2024 was $1 million (2023 - $1 million).

(all amounts in millions of US dollars, unless otherwise stated)

16. INCOME TAXES

Tax Benefit	**2024**	2023
Current tax		
Current year	**—**	(37)
	—	(37)
Deferred tax		
Origination and reversal of temporary differences	**(58)**	—
Change in unrecognized tax assets	**32**	(13)
Impact of foreign exchange	**3**	(15)
Impact of change in tax rates	**(3)**	1
Adjustments in respect of prior periods	**(5)**	(1)
Other	**(105)**	—
	(136)	(28)
Total tax benefit	**(136)**	(65)

The adjustments in respect of prior periods relate to events in the current period and reflect the effects of changes in rules, facts or other factors compared with those used in establishing the tax balance in prior periods. The provision benefit for taxes in the consolidated statement of earnings and comprehensive income reflects an effective tax rate which differs from the expected statutory tax rate.

Reconciliation of Effective Tax Rate	**2024**	2023
Income before taxes	**(213)**	34
Statutory income tax rate	**23.61 %**	19.93 %
Expected tax expense (benefit)	**(50)**	7
Add (deduct):		
Non-taxable portion of capital gains	**24**	13
Impact of foreign exchange	**12**	1
Impact of change in tax rates	**(3)**	—
Change in unrecognized tax assets	**32**	(13)
Adjustments in respect of prior periods	**(5)**	(1)
Impact of amalgamation	**(153)**	—
Other	**7**	(72)
Tax benefit	**(136)**	(65)

In 2024, the blended statutory tax rate was 23.61% (2023 - 19.93%).

(all amounts in millions of US dollars, unless otherwise stated)

Movement in and Components of Deferred Tax Liability
For Year Ended December 31, 2024

	2023	Charge to Earnings	Other[1]	2024
Deferred tax liabilities:				
Property, plant and equipment and exploration and evaluation assets	733	(22)	(7)	**704**
Bank debt	115	(109)	(6)	**—**
Other	(2)	(5)	—	**(7)**
	846	(136)	(13)	**697**
Deferred tax assets:				
Asset retirement obligations	(178)	16	4	**(158)**
Employment future benefits	(2)	(1)	9	**6**
Right of use assets	(2)	(2)	—	**(4)**
Losses, non-capital and net capital	(340)	(13)	25	**(328)**
	(522)	—	38	**(484)**
Total	324	(136)	25	**213**

(1) Other Comprehensive Income and Other

Movement in and Components of Deferred Tax Liability
For Year Ended December 31, 2023

	2022	Charge to Earnings	Other[1]	2023
Deferred tax liabilities:				
Property, plant and equipment and exploration and evaluation assets	658	71	4	733
Bank debt	127	—	(12)	115
Other	47	(49)	—	(2)
	832	22	(8)	846
Deferred tax assets:				
Asset retirement obligations	(142)	(35)	(1)	(178)
Employment future benefits	(2)	(1)	1	(2)
Right of use assets	(3)	—	1	(2)
Losses, non-capital and net capital	(324)	(14)	(2)	(340)
	(471)	(50)	(1)	(522)
Total	361	(28)	(9)	324

(1) Other Comprehensive Income and Other

Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax losses can be utilized. At December 31, 2024, the Company recognized a tax benefit of $328 million (2023 - $340 million) of non-capital and net capital losses available to carry forward that would be available to offset against future taxable profit and future taxable capital gains, respectively.

(all amounts in millions of US dollars, unless otherwise stated)

Expiry of Non-capital Losses	
2026	1
2027	2
2028	3
2029	15
2030	8
2031	5
2032	5
2033	3
2034	16
2035	216
2036	185
2037	232
2038	263
2039	148
2040	148
2042	135
2043	6
2044	31
Total	**1,422**

The Company has not recognized a deferred tax asset in respect of realized and unrealized losses on account of capital of $196 million (2023 - $191 million) as it is not probable at this time that it will have sufficient future capital gains to utilize these amounts.

17. SHARE CAPITAL

The Company is authorized to issue an unlimited number of no-par value common shares and non-voting Class A convertible preferred shares.

Common shares	**2024**		2023	
($millions, except number of shares)	**Number of Shares**	**Amount**	Number of Shares	Amount
Balance, beginning and end of year	**1,585,339,871**	**2,985**	1,585,339,871	2,985

Class A convertible preferred shares

No Class A convertible preferred shares ("Preferred Shares") have been issued. Preferred Shares are entitled to receive fixed, cumulative, annual preferential dividends in Canadian dollars at a rate equal to SOFR plus 1.6% per annum. The Preferred Shares are subject to a redemption amount ("Redemption Amount") equal to unpaid dividends and the value of any note payable extinguished by their issuance. The Preferred Shares shall convert, without payment of additional consideration, into that number of common shares determined by dividing the Redemption Amount by the fair market value per common share at the time of conversion. Any conversion shall occur on such date as selected by the holder of such Preferred Shares, provided that no such conversion may be made 2 years or more after the issuance of such Preferred Shares. Subject to the provisions of the *Business Corporations Act (British Columbia)*, any holder of the Preferred Shares may at any time demand that the Company redeem all or any part of such Preferred Shares by payment to the holder of the Redemption Amount in respect of such shares. In the event of liquidation, dissolution or winding-up of the Company, the holders of the Preferred Shares shall be entitled to receive for each such share, in priority to the holders of common shares, the Redemption Amount.

Restrictions on share transfers

The Articles of provide that, unless the Company is a public company or a pre-existing reporting company with the Statutory Reporting Company Provisions as part of its Articles or otherwise applicable to the Company, no share or designated security may be sold, transferred or otherwise disposed of without the consent of the directors and the directors are not required to give any reason for refusing to consent to any such sale, transfer or other disposition.

18. SEGMENTED INFORMATION

SCEL has three operating segments all of which operate in Canada. The Company recognizes its joint arrangement with Syncrude as a joint operation and accordingly records its share of the assets, liabilities, revenues and expenses of this operation which are represented as the Oil Sands segment. Development and Production ("D&P") represents conventional oil and natural gas assets. The NMJV segment represents the Company's ownership interest in certain Petronas assets. The Corporate segment includes company-wide costs for general and administrative and financing activities. Segment information as at and for the years ended December 31, 2024 and 2023 is set out below.

(all amounts in millions of US dollars, unless otherwise stated)

	Oil Sands		D&P		NMJV		Corporate		Total	
	2024	2023	**2024**	2023	**2024**	2023	**2024**	2023	**2024**	2023
Revenues										
Oil	**823**	833	**51**	57	**52**	34	**—**	—	**926**	924
Gas	**—**	—	**43**	78	**82**	88	**—**	—	**125**	166
Natural Gas Liquids	**—**	—	**91**	83	**24**	14	**—**	—	**115**	97
Oil and natural gas	**823**	833	**185**	218	**158**	136	**—**	—	**1,166**	1,187
Less: royalties	**(126)**	(89)	**(16)**	(24)	**(6)**	(6)	**—**	—	**(148)**	(119)
	697	744	**169**	194	**152**	130	**—**	—	**1,018**	1,068
Expenses										
Operating	**392**	414	**103**	103	**83**	71	**—**	—	**578**	588
Loss (gain) on divestiture of assets	**1**	7	**1**	(1)	**—**	—	**—**	—	**2**	6
Depletion, depreciation, amortization and impairment (reversal) of PPE	**136**	(194)	**58**	225	**77**	270	**4**	3	**275**	304
Segment expenses	**529**	227	**162**	327	**160**	341	**4**	3	**855**	898
Segment income (loss) before tax	**168**	517	**7**	(133)	**(8)**	(211)	**(4)**	(3)	**163**	170
General and administrative							**30**	30	**30**	30
Finance charges							**79**	60	**79**	60
Foreign exchange loss							**267**	45	**267**	45
Loss on financial instruments							**—**	1	**—**	1
Income (loss) before income tax							**(380)**	(139)	**(213)**	34
Income tax recovery							**(136)**	(65)	**(136)**	(65)
Net income (loss)									**(77)**	99

	Oil Sands		D&P		NMJV		Corporate		Total	
	2024	2023	**2024**	2023	**2024**	2023	**2024**	2023	**2024**	2023
Property, plant and equipment	**2,889**	3,019	**1,042**	1,086	**864**	879	**22**	16	**4,817**	5,000
Exploration and evaluation assets	**—**	—	**12**	13	**—**	—	**—**	—	**12**	13
Assets	**3,046**	3,144	**1,069**	1,129	**894**	899	**22**	16	**5,031**	5,188
Capital expenditures	**94**	90	**81**	114	**127**	138	**12**	4	**314**	346

(all amounts in millions of US dollars, unless otherwise stated)

19. FINANCE CHARGES

	2024	2023
Bank debt and other interest	**54**	39
Finance lease, interest	**1**	1
Amortization of bank financing fees	**1**	—
Accretion of asset retirement obligations (note 14)	**23**	20
	79	60

20. RELATED PARTY TRANSACTIONS

Inter-relationship with State Owned Enterprises of the People's Republic of China

SCEL's shareholder, SIEIHK, is a State Owned Enterprises of the Government of the People's Republic of China ("PRC"). Huadian is also controlled by the PRC by means of the PRC's governance structures.

Related Party Transactions

Transactions between related parties, including amounts due to and from affiliates and due to Company Shareholder (note 13), are recorded at the exchange amount agreed to between them. Unless otherwise noted in these financial statements, the exchange amount approximates fair value at the date of transaction and is premised on terms common to transactions entered into with arm's length parties.

Unipec Canada Ltd., an affiliate of SCEL, was contracted to sell all SCEL's Syncrude Sweet Premium production from Syncrude. Total sales in the year ended December 31, 2024 were $823 million (2023 - $833 million). The amount due from Unipec Canada Ltd. at December 31, 2024 is $80 million (December 31, 2023 - $72 million) and is included in accounts receivable.

In July 2024, SIEIHK, assigned its debt from the Company to a related party, Sinopec International Energy Investment (West Africa) ("SIEIWA"). The loan bears no interest and is due one year plus a day following the date on which written notice of the demand is received by the Company. The balance of the loan at December 31, 2024 is $5,725 million (2023 - nil). See Note 13.

In November 2023, TipTop and SOOGL assigned their debt from the Company to SIEIHK.

During 2024, the Company repaid $86 million (2023 - $394 million) to the Company's shareholder in the period. The Company reimburses its parent company for certain travel and accommodation expenses.

A related party, SOOGL, advanced $317 million to the Company in 2023 to fund the Company's operations.

A related party, SIEIWA, advanced $17 million (2023 - $nil) to the Company in the period to fund the Company's operations.

Key Management Compensation

The Company’s key management personnel have been identified as the seven directors as well as the executive management team of the Company. The executive management team for 2024 is comprised of the Chief Executive Officer (also a director), Chief Financial Officer (also a director), Chief Expert (also a director), Executive Vice President , Operations, the Executive Vice President, Corporate Development and the Executive Vice President and Corporate Secretary. The executive management team for 2023 is comprised of the Chief Executive Officer (also a director), Chief Financial Officer (also a director), Chief Expert (also a director), Executive Vice President , Operations and the Executive Vice President, Corporate Development.

(all amounts in millions of US dollars, unless otherwise stated)

	2024	2023
Salaries, Director Fees and Short-Term Benefits	**2**	2
Other Long-Term Benefits	**1**	1
Total	**3**	3

21. SUPPLEMENTAL DISCLOSURE

Comprehensive Income Statement Presentation

The Company's consolidated statements of income and comprehensive income are prepared primarily by nature of expense with the exception of employee compensation costs, including employee future benefits, which are included in the following accounts.

	2024	2023
General and administrative	**18**	19
Operating	**113**	88
	131	107

The following table provides a detailed breakdown of certain line items contained within cash flow from operating and investing activities:

	2024	2023
Accounts receivable	**(2)**	32
Accounts payable and accrued liabilities	**9**	(67)
Total change in non-cash working capital	**7**	(35)
Operating activities	**16**	(31)
Investing activities	**(9)**	(4)
Total change in non-cash working capital	**7**	(35)

22. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company's financial instruments include cash and cash equivalents, accounts receivable, income taxes receivable, investments, accounts payable and accrued liabilities, lease obligations, amounts due to related parties, amounts due to Company Shareholder and bank debt.

The fair values of cash and cash equivalents, accounts receivable, income tax receivable, accounts payable and accrued liabilities, amounts due to related parties, and amounts due to Company shareholder approximate their carrying values due to the nature of the items or the short time to maturity. The Company's term loans bear interest at floating market rates and, accordingly, their fair value approximates their carrying amount. Investments, comprising the shares held in Gear, are carried at their fair value using transaction prices obtained from publicly traded markets. These amounts are Level 1 fair value measurements which are fair value measurements based on unadjusted quoted market prices.

Level 2 fair value measurements are based on valuation models and techniques where the significant inputs are derived from quoted indices.

Level 3 fair value measurements are based on unobservable information.

Risk Management Overview

The Company is exposed to financial risks arising from its financial assets and liabilities that include credit and liquidity risk in addition to the market risks associated with commodity prices, and interest and foreign exchange rates. Net earnings, cash flows and the fair value of financial assets may fluctuate due to movement in market prices or as a result of the Company's exposure to credit and liquidity risks. This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout these consolidated statements.

(all amounts in millions of US dollars, unless otherwise stated)

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's management has implemented and continues to maintain and monitor risk management procedures for the benefit of the organization.

The Company's risk management policies are established to: (i) identify and analyze the risks faced by the Company; (ii) set appropriate risk limits and controls; and (iii) monitor risks and consider the implications of market conditions in relation to the Company's activities.

Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's receivables from joint venture partners and oil and natural gas marketers.

Aging of Outstanding Receivable Balances and Prepaid Expenses, Net of Allowance

As at December 31	2024	2023
Current (90 days or less)	**137**	134
Past due (more than 90 days)	**2**	2
Total	**139**	136

The Company has provided an allowance for doubtful accounts as at December 31, 2024 of $1 million (2023 - $1 million).

The Company does not typically obtain collateral from its oil and natural gas marketers or joint venture partners. The credit risk exposure for oil and natural gas marketers is mitigated through the use of Board-approved credit policies governing the Company's credit portfolio and with credit practices that limit transactions according to counterparty credit quality as well as requiring collateral where deemed appropriate.

Cash and cash equivalents are held by major financial institutions. The credit risk from joint venture receivables is mitigated by obtaining partner approval of significant capital expenditures prior to expenditure and in certain circumstances may require cash deposits in advance of incurring financial obligations on behalf of joint venture partners. However, the receivables are from participants in the oil and natural gas sector and collection of the outstanding balances is dependent on industry factors such as changes in commodity prices, escalating costs and the risk of unsuccessful drilling. In addition, further risk exists with joint venture partners from occasional contractual disputes that increase the potential for non-collection. The Company does have the ability to withhold production from joint venture partners in the event of non-payment or may be able to register security on the assets of joint venture partners.

The carrying amount of cash and cash equivalents, accounts receivable, income tax receivable and investments represents the Company's maximum credit exposure.

As at December 31, 2024, receivables of approximately $80 million (2023 - $72 million) were due from a related party, Unipec Canada Ltd., who is contracted to sell the Company's share of Syncrude production. There are no other receivables from customers with more than 10% of total revenues for December 2024.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they are due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking harm to the Company's reputation.

(all amounts in millions of US dollars, unless otherwise stated)

The Company has the support of its operating parent, SIEI, and its ultimate parent, CPC. The Company monitors its cash inflows and outflows and required financing for capital expenditures. SIEI provides funding as required. The Company prepares annual capital expenditure budgets, which are regularly monitored and updated as considered necessary. The Company utilizes authorizations for expenditures on both operated and non-operated projects to further manage capital expenditures.

The timing of undiscounted cash outflows relating to the financial liabilities outstanding as at December 31, 2024 is outlined in the table below:

Contractual Maturities of Financial Liabilities	**< 1 Year**	**1 - 2 Years**	**3 - 5 Years**
Accounts payable and accrued liabilities (note 11)	181	—	—
Lease liabilities	6	5	7
Due to related party (note 20)	—	5,725	—
Bank debt - principal (notes 12 and 24)	900	—	—
Total	1,087	5,730	7

On March 24, 2025, the Company entered into a new US dollar Syndicated Term Loan facility for $1 billion with Citicorp International Limited acting as Facility Agent. The loan bears interest at SOFR plus a specified margin and matures 5 years from the first utilization. The loan is guaranteed by CPC and requires that CPC maintain certain financial covenants as guarantor of the facility. The loan requires that the first draw, or a portion thereof, be applied towards repayment of all amounts outstanding under the Citicorp Syndicated Term Loan. See Notes 12 and 24.

The timing of undiscounted cash outflows relating to the financial liabilities outstanding as at December 31, 2023 is outlined in the table below:

Contractual Maturities of Financial Liabilities	**< 1 Year**	**1 - 2 Years**	**3 - 5 Years**
Accounts payable and accrued liabilities (note 11)	172	—	—
Lease liabilities	6	3	—
Due to Company Shareholder (note 13)	5,798	—	—
Bank debt - principal (note 12)	—	900	—
Total	5,976	903	—

Market Risks

Market risk is the risk that changes in market prices, such as foreign exchange rates, commodity prices, and interest rates will affect the Company's operations, net income or the value of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable limits, while maximizing long-term returns. The Company utilizes physical delivery sales contracts to manage market risks. All such transactions are conducted in accordance with the Company's established risk management procedures.

Commodity price risk

Commodity price risk is the risk that the fair value of future cash flows will fluctuate as a result of changes in commodity prices. Commodity prices for oil and natural gas are impacted by world economic events that dictate the levels of supply and demand as well as the currency exchange rate relationship between the Canadian and United States dollar. The Company may elect to mitigate commodity price risk through the use of various physical delivery sales contracts. Any such transactions are conducted in accordance with the Company's established risk management procedures. There are no physical delivery sales contracts outstanding as at December 31, 2024 and 2023.

(all amounts in millions of US dollars, unless otherwise stated)

Interest rate risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Company is exposed to interest rate risk to the extent that changes in SOFR rates will impact its various debt facilities which are subject to floating interest rates. Assuming all other variables remain constant, an increase or decrease of 10 basis points in LIBOR/SOFR rates in the year ended December 31, 2024 would have decreased or increased pre-tax net earnings by $1 million. The Company had no other financial contracts in place as at or during the year ended December 31, 2024.

Carrying Amount of Interest-bearing Financial Instruments

At December 31,	**2024**	2023
Citicorp Syndicated Term Loan (note 12)	**900**	899
Total	**900**	899

Foreign currency exchange rate risk

Foreign exchange risk is the risk that the fair value of future cash flows will fluctuate as a result of changes in foreign exchange rates. While the Company's oil and natural gas sales in the D&P and NMJV segments are denominated in Canadian dollars, the underlying market prices in Canada for oil and natural gas are impacted by changes in the exchange rate between the Canadian and United States dollar. Therefore, the effects of foreign exchange fluctuations are embedded in the Company's results and the total effect of foreign exchange fluctuations are not separately identifiable. Fluctuations in the US dollar exchange rate will impact exchange gains and losses recorded in profit and loss and also foreign currency translation in other comprehensive income and accumulated other comprehensive income. An increase or decrease of 1 cent in the exchange rate between the Canadian and United States dollar will correspondingly increase or decrease other comprehensive income and accumulated other comprehensive income by approximately $46 million.

Capital Management

SCEL is an indirect subsidiary of CPC through which CPC has invested in Canada's oil sands and conventional oil and natural gas industries. CPC strategically oversees its allocation of equity and debt capital based on group needs and opportunities. CPC, through its subsidiaries, maintains hands-on involvement in the day-to-day management of cash inflows and outflows and determines equity needs and debt borrowings for the longer term. The Company targets to fully finance its capital expenditures over the long term but may not fully finance these expenditures within annual periods. CPC guarantees the interest and principal of the Company's Citicorp Syndicated Term Loan.

The Company prepares annual capital expenditure budgets, which are updated as necessary depending on varying factors including current and forecast commodity prices and production levels, the success of the capital expenditure program and general industry conditions.

(all amounts in millions of US dollars, unless otherwise stated)

23. COMMITMENTS AND CONTINGENCIES

Contractual Obligations and Commitments

The following is a summary of the Company's contractual obligations and commitments as at December 31, 2024:

Commitments	2025	2026	2027	2028	2029	Thereafter
Leases	6	3	2	2	1	—
Capital commitments	5	2	—	—	—	—
Natural gas purchases and transportation	29	22	20	18	16	131
Due to related party	—	5,725	—	—	—	—
Bank debt (notes 12 and 24)	900	—	—	—	—	—
Interest on bank debt	13	—	—	—	—	—
Total	953	5,752	22	20	17	131

In addition to the above, the following contingencies exist at December 31, 2024.

Legal Claims Contingency

The Company is involved in litigation and claims arising in the normal course of operations. Management is of the opinion that pending litigation will not have a material adverse impact on the Company's financial position or results of operations.

Income and Other Tax Uncertainties

The Company files income tax, goods and services tax and other tax returns with various provincial and federal taxation authorities in Canada. There can be differing interpretations of applicable tax laws and regulations. The resolution of these tax positions through negotiations or litigation with tax authorities can take several years to complete. The Company does not anticipate that there will be any material impact upon the results of its operations, financial position or liquidity.

24. SUBSEQUENT EVENT

On March 24, 2025, the Company entered into a new US dollar Syndicated Term Loan facility for $1 billion with Citicorp International Limited acting as Facility Agent. The loan bears interest at SOFR plus a specified margin and matures 5 years from the first utilization. The loan is guaranteed by CPC and requires that CPC maintain certain financial covenants as guarantor of the facility. The loan requires that the first draw, or a portion thereof, be applied towards repayment of all amounts outstanding under the Citicorp Syndicated Term Loan or any short-term intercompany loan drawn or deemed to be drawn by the Company to refinance the amount outstanding under the existing Citicorp Syndicated Term Loan. It is the intention of the Company to make the first draw and complete the repayment of the Citicorp Syndicated Term Loan prior to the maturity of the Citicorp Syndicated Term Loan on April 3, 2025.

Board of Directors

Xu Wenbin *(1) (4)*
Deputy General Manager
Sinopec International Petroleum Exploration and Production Corporation
Beijing, China

Chen Guangjun *(3)*
Secondary Assistant Coordinator
Sinopec International Petroleum Exploration and Production Corporation
Beijing, China

Michael Laffin, Q.C. *(1) (2) (3) (4) (5)*
Retired Partner (Major Canadian Law Firm)
& Corporate Director
Calgary, Alberta

Howard Balloch *(1) (2) (3) (4) (5)*
Corporate Director & Private Investor
Rockcliffe Park, Ontario

Ge Rui
Executive Vice President and Chief Financial Officer
Sinopec Canada Energy Ltd.
Calgary, Alberta

Liu Renjing *(2)*
Executive Vice President and Interim Chief Executive Officer
Sinopec Canada Energy Ltd.
Calgary, Alberta

Members of the following Committees:

(1) Audit and Risk
(2) Environment, Health & Safety and Reserves
(3) Corporate Governance
(4) Human Resources & Compensation Committee
(5) Independent Director

Executive Team

Liu Renjing
Executive Vice President and Interim Chief Executive Officer

Ge Rui
Executive Vice President and Chief Financial Officer

Jim Broughton
Executive Vice President, Corporate Development

Ryan Hansen
Executive Vice President, Operations

Wang Jiangshan
Executive Vice President and Corporate Secretary

Auditors
PricewaterhouseCoopers LLP
Chartered Accountants
Calgary, Alberta

Evaluation Engineers
McDaniel and Associated Consultants Ltd.
Calgary, Alberta

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