Total cash tax payments in 2022 were around $400 million. As previously discussed, we will be making a 2022 income tax catch-up payment in the first quarter and we anticipate that this catch-up payment will be on the order of $2.1 billion, which is lower than our previous forecast of around $2.5 billion. Going forward, under current market conditions, we expect to be tax-paying in 2023 on a current basis and therefore expect to make regular tax instalment payments throughout the year at a tax rate of about 24%.

Finally, we ended the year with over $3.7 billion of cash on hand, up $173 million from the third quarter. Discussing CapEx, capital expenditures totalled $488 million in the fourth quarter and just under $1.5 billion dollars for the full year. In the downstream, 2022 spending included completing the Sarnia Products pipeline early in the year and progressing our renewable diesel project at Strathcona, which as has been mentioned earlier, has now received FID *("final investment decision")* and is planning to start up in early 2025.

In the upstream, 2022 spending focused on smaller projects to sustain and grow production at both Kearl and Cold Lake, as well as larger projects like the in-pit tailings project at Kearl and the SA SAGD Grand Rapids project at Cold Lake. As noted in our full-year 2023 guidance issued in December, we plan to complete the Grand Rapids project on an accelerated basis by the end of this year, about one year ahead of schedule. This accelerated schedule increased our 2022 CapEx by about $100 million relative to our 2022 guidance of $1.4 billion.

Shifting to shareholder distributions, we continue to demonstrate our longstanding commitment to return cash to shareholders. A reliable and growing dividend is fundamental to our cash distribution strategy, and as Brad noted this morning, we declared a first-quarter dividend of $0.44 per share payable in April. We have increased our annual dividend payment for 28 consecutive years, and this year we increased our quarterly dividend payment by 63% year over year from $0.27 cents per share on the first quarter of 2022 to $0.44 cents per share paid in the first quarter of 2023.

We completed our most recent accelerated NCIB program with purchases of over $400 million in October, and we completed our second substantial issuer bid in December, re-purchasing $1.5 billion dollars in outstanding shares. As Brad noted in total throughout the course of the year, we completed record shareholder returns of over $7.2 billion, including $851 million in dividends and share repurchases of about $6.4 billion. This share repurchases represent over 90 million shares and almost 14% of our shares outstanding. Now I'll turn it back to Brad to discuss our operational performance.

Operational Performance

Brad Corson

Chairman, President and CEO, Imperial Oil

All right. Thanks, Dan. And so now let's talk about the operating results for the quarter. Upstream production for the quarter averaged 441,000 oil equivalent barrels per day, which is up 11,000 barrels per day versus the third quarter of 2022 but 4,000 barrels per day lower versus the fourth quarter of 2021. The drop versus the fourth quarter of 2021 is more than accounted for by the absence of XTO volumes in the fourth quarter of 2022, which totalled 15,000 oil equivalent barrels per day. So adjusting for the sale of XTO,

production actually increased by 11,000 oil equivalent barrels per day versus the fourth quarter of 2021. And the increase versus the third quarter reflects continued strong operating performance at Kearl and Cold Lake as well as an excellent quarter for Syncrude following the completion in the third quarter of its planned turnaround.

For the full year, upstream production was 416,000 oil equivalent barrels per day. Strength in commodity prices was a key part of the story throughout 2022. I noted on our third quarter call that the WTI WCS differential was coming under some pressure in the quarter, resulting in a widening of around $6 per barrel versus the second quarter. And we saw this continue in the fourth quarter with the WTI WCS spread widening further by over $7 per barrel to a level of approximately $26 per barrel. I would note, however, that we've seen a modest narrowing of the spread so far in the first quarter to around $23 per barrel and expect further narrowing as the year progresses. I would also note that we continue to see strong diesel crack spreads which provides a counter to the wide crude differentials and highlights the value of integration between our upstream and downstream.

Additionally, our downstream directly benefits from lower prices on the heavy crudes we processed, especially when coupled with the higher diesel crack spreads I mentioned. And further, Syncrude synthetic product commanded a strong premium in the fourth quarter, and all of this adds up to very robust cash generation for our downstream business, and once again, underscores the strong value of integration that we realize.

So now, let's move on and talk a bit about Kearl. Kearl's production in the fourth quarter averaged 284,000 barrels per day gross, which was up 13,000 barrels per day versus the third quarter and was up 14,000 barrels per day from the fourth quarter of 2021. This fourth quarter production is in line with Kearl's previous best quarter, which was the fourth quarter of 2020 and contributed to the best second half of production in the asset's history. And as I mentioned earlier, the team was able to successfully manage through a significant cold weather event in December. This is notable at Kearl given some of the challenges we faced in the first quarter of last year due to weather and reflects the positive impact of enhanced winter operating practices that were developed and implemented after the January 2022 weather issues.

The strong second half demonstrates a full recovery from the challenges of the first quarter and brings full-year production at Kearl to 242,000 barrels per day gross. And it's a further demonstration of Kearl's strong second half and finish to the year. On December 29th, the asset yet again broke its record for daily production, delivering an all-time high of around 360,000 barrels per day gross. And yes, that starts with a three. We are seeing strong production for this time of year as we move into 2023 with January month-to-date production at Kearl at around 265,000 barrels per day. I recognize that winter is far from over, but this is a great start.

Finally, turning to the operating costs, we saw a slight increase of just under US $2 per barrel versus the third quarter to just under US $27 per barrel all in, driven partially by higher energy requirements and incremental maintenance and support of our winter operating strategy. Given a number of structural cost reduction initiatives we are working on, we continue to target sustainable unit operating costs at or below us $20 per barrel at Kearl.

And what a year 2022 was for Cold Lake. An ongoing to focus on production optimization and reliability resulted in exceptional full-year production levels with Cold Lake averaging 144,000 barrels per day, which was at the high end of our revised guidance and represents its highest full-year production since 2018. Production for the fourth quarter averaged 141,000 barrels per day, which was down 9,000 barrels per day from the third quarter and just slightly below the fourth quarter of 2021. This is also the fifth consecutive quarter with production at or above 140,000 barrels per day. And we're continuing to invest in Cold Lake. We are in the early stages of the Leming field redevelopment. And as we mentioned with our 2023 guidance release, we have accelerated Grand Rapids phase one, now expecting the start-up later this year.

Imperial's share of Syncrude production for the quarter averaged 87,000 barrels per day, which was up 8,000 barrels per day from the fourth quarter of 2021 due to lower unplanned downtime, and up 25,000 barrels per day from the third quarter of 2022 following the completion in the third quarter of the assets major plan turnaround. Throughout 2022, the interconnect pipeline between Syncrude and Suncor averaged about 3,000 barrels per day of export sales, enabling Syncrude to achieve a record annual production of 77,000 barrels per day Imperial share. In 2023, Suncor, the operator, will continue to focus on the implementation of a significant transition plan. The integration of systems, processes, and people remains a high priority and is largely on plan. We expect that the realization of synergy benefits will continue to grow with further integration in 2023.

And so now let's move on and talk about the downstream. In the fourth quarter, we refined an average of 433,000 barrels per day, which was up 7,000 barrels a day versus the third quarter, and up 17,000 barrels per day versus the fourth quarter of 2021. Reflecting continued strong operating performance and minimal plan turnaround activity. Refinery utilization was exceptional at 101%, marking the second quarter in a row with utilization at or above 100%, and also the highest utilization in company history. Another outstanding quarter and a great credit to our refinery teams who remain focused on reliability and optimization.

To deliver these results on a full-year basis, our refineries individually achieved records bringing total full-year throughput to 418,000 barrels per day, which represents a utilization of 98%, which was also the highest in company history and well above our annual guidance of 92% to 94%. And something we've talked about before that still may not be fully appreciated is the flexibility we have in our downstream operations, allowing us to adjust our product slates to capture market opportunities such as what we are seeing with Diesel right now. In fact, our refining network was able to deliver record distillate production at our existing assets allowing us to capture maximum value from the strong diesel margins throughout the year. As we have noted before, 2022 was a relatively light year for plant maintenance and turnarounds at our refineries. As we communicated in our 2023 guidance announcement back in December 2023 will be a more typical year for plan maintenance in the downstream.

And finally, with respect to our refining business, I am very pleased and proud to note that late last week we announced that we had made the final investment decision to develop what will be Canada's largest renewable diesel manufacturing facility at our Strathcona refinery. This unit will produce more than one billion liters of renewable diesel annually, primarily from locally sourced feed-stocks, and could help reduce greenhouse gas emissions by about three million metric tons per year. Work is already underway and we expect renewable diesel production to start in early 2025. We continue to expect a strong return for that project, particularly as we've added a creative rail logistics scope to access high-value markets. The updated cost submitted for this capital investment is $720 million.

This current higher cost reflects three main drivers. First, as we shared with our December guidance press release, we've added rail logistics scope which will allow us to access higher-value markets for the products. And second, we've refined preliminary directional estimates around project development activities for things like construction requirements. And third, we've seen some cost increases for materials such as steel, as you might expect, given the inflationary environment we're in. But most importantly, even with these higher costs, we are still seeing a very similar strong return. And this is primarily because of the highly accretive nature of the added rail logistics scope, but also further refinement of overall economic value. This project is another example of our focus on reinvesting in our business with an eye to the energy transition and future competitiveness and doing so in a way that creates value for our shareholders.

Now, petroleum product sales in the quarter were 487,000 barrels per day, which is up 3,000 barrels per day versus the third quarter, and down 9,000 barrels per day versus the fourth quarter of 2021. Demand for all products has remained stable with motor gasoline at around 95% of 2019 levels, diesel at essentially 100%, and jet actually exceeding 2019 levels in the fourth quarter at around 115%. We continued to see a positive downstream margin environment in the fourth quarter, and though we did see some weakening of motor gasoline margins, they remain within normal historical bands. Diesel margins remain extremely strong. These dynamics are driven by a number of factors, including low product inventories and a global shortfall for diesel fuel.

And that brings us to chemicals. This business continued to deliver strong results with earnings of $41 million in the fourth quarter, which was down $13 million from the third quarter and down $23 million from the fourth quarter of 2021, primarily driven by lower margins. This brings the full-year chemical earnings to $204 million. Another very healthy year for our advantage chemical business, despite being in a down cycle for chemicals, and once again highlighting the value of having this business fully integrated with our Sarnia refinery.

As always, I'd like to wrap up by highlighting a couple of other items of note, particularly as it pertains to our ongoing commitment to improving sustainability and reducing our overall environmental footprint. First, as we continue to make progress on advancing the lower carbon solutions that will support our journey towards net zero. Imperial has now established a company-wide goal to achieve net zero emissions for Scope one and Scope two by 2050 across all of its operated assets, not just oil stands. We expect to achieve this through collaboration with government and other industry partners, successful technology development and deployment, and supportive fiscal and regulatory frameworks. This announcement builds on our previously announced net zero goal for operated oil sands as part of the Pathways Alliance initiative, as well as the company's 2030 emission intensity reduction goal for operated oil sands.

I'd also like to highlight that the Pathways Alliance entered into an agreement with the Alberta Provincial government on pore space, enabling the alliance to begin more detailed work evaluating the storage zone by using test wells to get a full understanding of the characteristics of the geology in the hub region. This progress is very encouraging and marks a major milestone in our efforts to progress our plan to help Canada meet its climate goals and ensure our country becomes a preferred global supplier of responsibly produced oil. There is a tremendous amount of activity going on with the Pathways Alliance. In October, the alliance communicated

an expected total investment for the first phase of the project at around $24 billion. And initial efforts under this phase are already underway on activities such as feasibility studies, environmental assessments, and early engineering work.

In closing, another excellent quarter to finish, finish off an excellent year. We saw high reliability in our operations across the board, setting a number of operating records across our assets, and allowing us to continue to benefit from the strong business environment and to deliver very strong financial results. We returned over $2.1 billion to our shareholders in the quarter via our reliable and growing dividend. And the successful execution of our second substantial issue were bid. This contributed to shareholder returns for the full year in excess of $7 billion. We continue to make progress on our commitment to lower our carbon footprint. In addition to the continued progress on pathways, we announce a decision to move forward with renewable diesel investment at our Strathcona refinery as well as a corporate-wide net zero by 2050 goal. And we announced our intention to accelerate our deployment of next-generation in situ technology with the Grand Rapids project at Cold Lake.

So all in all, a fantastic year for Imperial. Our continued focus on our strategic priorities, those being continually improving reliability and investing in high value, opportunistic growth opportunities generated tremendous value for Imperial, and a focus on shareholder returns resulted in the highest level of cash in our history being returned to our shareholders. As we look ahead to 2023, I'm viewing the year with a high level of optimism and excitement. We are coming off the strongest year in the company's history and with our ongoing focus on safe and reliable operations that drove our 2022 performance, I fully expect the company to deliver another excellent year. As always, I'd like to thank you once again for your continued interest and support. And now we'll move to the Q&A session so I'll pass it back to Dave.

Q&A

Dave Hughes: Hey, thanks, Brad and Dan. We're going to go to the Q&A now. I would ask you please limit yourself to one question and a follow-up. So with that, operator, could you please go to the first question?

Operator: Yes, thank you. If you would like to ask a question, please signal by pressing star one on your telephone keypad. If you're using a speakerphone, please make sure your mute function is turned off to allow your signal to reach your equipment. Again, please press star one to ask a question. We will go first to Greg Pardy with RBC Capital.

Greg Pardy: Yeah, thanks. Good morning, and thanks for the detailed rundown. Brad, I was wondering if you - if we could just dig back into Kearl a little bit, not so much the production rates which have been strong, but perhaps your comment around the weatherproofing that was undertaken last year and that prepared you as well for the cold weather we went through in December. Could you be more specific in terms of the actions that you took?

Brad Corson: Yeah, thanks for the questions, Greg, and Happy New Year. It's really kind of a combination of several initiatives that encompass operating practices and procedures, establishing appropriate limits on certain metrics that we use to monitor our business. We also invested in some equipment upgrades and further

monitoring. And so it's really a wide range of things, Greg. And so when we put all those things together, it is about ensuring that we've got the right procedures in place, we've got the right equipment in place, we've got the right monitoring of extreme conditions, and we have contingency plans on how to react to those extreme conditions.

So it's difficult to be kind of more precise in a limited amount of time because it's a lot of very discreet activities. But something that the team spent really several months in really kind of reassessing on all of the root causes that contributed to the downtime last year and making sure we understood that root cause and taking appropriate mitigations. Hope that's helpful.

Greg Pardy: Yeah, no, it is understood. And, hopefully, we'd learn a bit more of that on your investor day back in April. But maybe just the follow-up question, completely shifting gears and perhaps a question for Dan, comes back to you did two SIBs last year, you've got, what, $3 plus billion of cash on hand, your cash tax is smaller, your NCIS exhausted. I mean, we've got nothing in for repurchases in the first half of the year, which we know is off the marks. I'm just wondering what your appetite is for another SIB and just generally how you're thinking about that.

Dan Lyons: Yeah. Greg, I would say, look, our policy or sort of philosophy on returning surplus cash to shareholders has been unchanged for a long time. So to the extent we continue to generate, the market gives us and our operating performance gives us, surplus cash we're going to return that to shareholders. So what'll happen first half of this year, it's going to depend on market conditions obviously, but we can't, I don't know if we pointed out, but we can't renew our NCIB until late June essentially, call it July 1st. So could there be a return before that? It's possible. We have not made any decisions. We don't know where our cash is going to be. But as a broad principle, when we generate surplus cash, we really return it to shareholders and our go-to has been the NCIB. And if that's not available or exhausted, it's been the SIB. As we've said before, when we're not wedded to that, there's other things like special dividends, but the SIB seems to be what the vast majority of our shareholders prefer relative to special dividends. So that remains our go-to at this point. So we'll see what happens, we'll see what the market gives us.

Greg Pardy: Okay, understood. Thank you both.

Operator: We'll go next to Doug Leggate with Bank of America.

Doug Leggate: Well, thanks, everyone. Hi Brad, Happy New Year and to all your team. I wonder if I could ask a couple of questions, one operation and one about my favorite topic, as Dan knows well, is dividend policy. So first operationally, your refining performance as compared to your peers was quite extraordinary. And obviously your distillate yield is a little higher. You've got some exposure to WCS. But I wonder if you could kind of walk us through how you see the outlook for your refining business. Because it looks like there's been some channel changes in terms of how you've been able to maximize margins, particularly, I guess, in the North-eastern fourth quarter. So - and I think you would call out on the strength about refining performance is my first question, and then I'll have my follow-up.

Brad Corson: Okay. Yeah, thanks, Doug, and happy New Year to you as well. When we look at the refining business, it is very much around maximizing value of our products driven by our operating envelopes at each of our three refineries coupled with the commodity pricing and the crack spreads that are available to us. And what we saw late in the year, third, fourth quarter, was these extremely robust diesel crack spreads. And that was very motivational to us, both operationally and financially, to maximize diesel. And so a great credit to the

team, they optimized around their operating envelopes at each of our three refineries, set records around levels of distillate that we produced. And that had two beneficial effects. I mean, one, it put more product on the market at a time when the market needed it. And it also allowed us to maximize value from that strategy.

As we look into the first part of this year we're continuing to see a lot of strength in the diesel side of the business. And so the teams are continuing to optimize around that and we'll just continue to assess that as the year goes forward. But it really does speak to the capabilities of our assets where they can shift between diesel and jet and motor gasoline at the margins and allow us to maximize value.

Doug Leggate: Okay. So not nothing unusual in the quarter then other than just optimization, basically, which is a go forward staple, I suppose.

Brad Corson: Yeah, I think that's right. Continuing to optimize around the market conditions that we see.

Doug Leggate: Okay. That's a good answer, but, anyway, thank you. We'll keep an eye on it going forward. We might have some upside risk to street numbers if our performance continues. My follow-up is kind of a hypothetical, I guess, I realize Greg asked about the SIB, I want to ask about the balance between the buybacks which obviously have some limitations. And thinking back to the share price response to when you raised your dividend last October, because it seems to us that long life that's - high-reliability long-life assets like yourselves with tremendous cash dividend cover, you get paid on a dividend discount model and your dividend growth potential remains quite extraordinary compared to your peer group. So I guess my question is, how should we think about that balance between continuing to go after things like an SIB versus stepping up the sustainable dividend payout? Because let's say 10% buyback means your starting point is a 10% dividend goal. So how should we think about that balance? And I'll leave it there. Thank you.

Brad Corson: Yeah. Thanks for that question, and obviously, it's something we spend a lot of time thinking about as well. And I guess it starts with kind of the foundation of our capital allocation strategy which is to provide a reliable and growing dividend. That's where we start. And we have a long history of that. We've been paying a reliable dividend to our shareholders for over a hundred years. We've grown that dividend year on year for the last 28 years. And so that is core to our strategy, and that's going to continue to be the first place we go as we think about shareholder distributions. We certainly supplement that with NCIBs and SIBs to be reflective of current market conditions and cash flow generation. But the foundation is this reliable and growing dividend and you've seen us grow it quite significantly over the last couple of years. And we see that there is potential for further growth in the dividend but we are always going to be conscious of the sustainability of that dividend.

And so when we take a decision, whether it's a small growth or a large growth, it's with a lot of consideration to what does the future look like, and ensuring that that dividend is sustainable over a wide range of scenarios, not just the current market we're in. But recognizing we are in a commodity market that has a cyclic nature to it, and whereas we're all benefiting from $80 crude today, it wasn't that long ago that was $40 or below. And certainly, the potential is that somewhere in the future we'll return to lower levels of commodity pricing and we want to make sure that that dividend is sustainable. So we're going to continue to evaluate on that basis.

Mathematically and mechanically, you are exactly right though. As we buy back shares and we reduce the outstanding share count, that gives us the flexibility to raise the dividend but not really raise the cash outlay for the dividend because it applies to fewer shares. And as Dan just described, we bought back almost 15% of the shares so that gives us significant flexibility in that regard. So as we go forward over the next couple of quarters, we'll be continuing to evaluate what's the appropriate strategy to return cash to shareholders. But again, that strategy starts with growing the dividend.

Doug Leggate: Appreciate the answers guys. Thanks so much.

Brad Corson: Thanks, Doug.

Operator: We'll go next to Dennis Fong with CIBC World Markets.

Dennis Fong: Hi, excuse me. Hi, good morning, and thanks for taking my questions. The first one maybe I wouldn't mind starting, you guys have focused on optimizing the existing assets, that was in your opening comments, as well as the acceleration of the Grand Rapids project. I wanted to hopefully pick your brain a little bit about maybe the pipeline of additional projects that can possibly drive; we'll call it upside, in terms of upstream production as well as helping kind of moderate cost inflation or even lowering unit operating costs amongst your various assets.

Brad Corson: Yeah, thanks for that question, Dennis. And we do have a suite of project opportunities across our assets. And it sounds your questions mostly focused on the upstream. Although I would just maybe first note what we're doing in the downstream with the renewable diesel project, 20,000 barrel per day growth to the Strathcona asset which is slightly above 200,000 barrels a day base today. So a 10% increase right there alone. So that's on the downstream. But back to the upstream, we have now for several years laid out this vision at Kearl to grow to 280,000 barrels a day. And we've continued to make material progress towards that. And that's with multiple project initiatives, Brownfield, high return projects. And as you know, we have now firmed up our guidance and commitment to that. By next year, 2024, we will reach 280,000 barrels a day at Kearl. And we're continuing to evaluate further opportunities to move us even beyond 280,000 barrels a day. We're not ready to talk about those details yet because the asset teams are still kind of refining that work program. But when we get to investor day, we'll start to lay out kind of some more details on that.

And at Cold Lake, you've heard us talk about Grand Rapids phase one, acceleration of that now for a start-up at the end of this year. We haven't talked a lot about it on these calls but in parallel to the Grand Rapids project, we've also initiated a Leming, redevelopment project at the original field at Cold Lake. And so that project is about a year behind Grand Rapids and a little bit smaller. It's more like 8,000, 9,000 barrels a day, but it does represent another growth opportunity for us. We're continuing to do in-fill drilling across Cold Lake and that's contributing to the higher volumes that we saw last year. And then we've got a whole pipeline of additional solvent deployment opportunities at Grand Rapids. I mean, at Cold Lake, you've seen us deploy SAGD, SA SAGD, we're continuing to explore future generations of opportunities that will allow us to not only grow production but do that in a lower cost way. And also, quite importantly with lower emissions intensity.

So all that work is going on. Further out, of course, in the pipeline, we've got Aspen, and before we're ready to progress that, we're doing some more work on solvent technologies that we think have the potential to further reduce the capital costs, the operating costs, and significantly lower the emissions associated with that project as well. So we've got a technology that we've proven in the lab, we want to further validate it with a field pilot test. And so we're progressing plans for that. So really a strong pipeline of opportunities there. And then,

of course, at Syncrude we've talked before about the work we're doing with Suncor, the operator, and the other owners around how can we generate further value from that asset? And of course, the bidirectional pipeline has been a very positive contributor but we're continuing to look for other ways to increase reliability and productive capability out of that asset as well.

Dennis Fong: Great. Great. That was a very fulsome answer. My follow-up here is more on the downstream side. I guess expectations for some of your peers going into the first quarter suggest some level of downtime just on the back of the extreme weather we saw going into the end of 2022. Do you mind talking to your ability to further take advantage of some of these increased margins that we're seeing in the first quarter as well as the ability of Imperial to capture value out of the commodity price volatility that we're seeing both from an oil side as well as a product side? Thanks.

Brad Corson: Yeah, thanks. Thanks for the question. And I am pleased to be able to talk at this point of a very different result than - from the weather than we saw a year ago when, of course, we did have some challenges at Kearl. For this year, despite those weather challenges across our assets both upstream and downstream, including all three of our refineries, we've managed quite well through those extreme weather conditions, very high reliability. And so we haven't experienced the downtime that others have. And so we're quite fortunate in that regard and a great credit to our operating organization. And what that allows us to do is, as you made reference, we continue to find ourselves in a very strong margin environment. And so that high reliability coupled with those high margins will allow us to generate significant value.

And on top of that, though, as others experience downtime, and we never wish that on our competitors but it's just the reality of the situation they find themselves in, then that sometimes opens up opportunities for us to, on kind of a one-off basis, supply some of their customers in the market. And so it generates an opportunity for us to even increase our product sales beyond kind of our normal levels. And so, again, our teams are working diligently to see how to best supply customers with products and how to do that in the most economic way.

Dennis Fong: Great. Thanks, Brad. I'll turn it back.

Brad Corson: Great, thanks, Dennis.

Operator: We'll go next to Menno Hulshof with TD Securities.

Menno Hulshof: Thanks. And good morning, everyone. I'll start with Strathcona Renewable Diesel. You clearly had enough confidence in the economics to FID last week. But given the cost and the scope increase, could we get your thoughts on sort of the range of outcomes on project returns or even the project hurdle? And finally, where do things stand in terms of signing of the feedstock supply agreements?

Brad Corson: Yeah, thanks for those questions, Menno. And, I mean, first I would just say we don't normally talk about individual rates of returns on projects like this although I can assure you it is a very robust return, it's a double-digit return, and it competes very well with other projects in our portfolio that are competing for capital. And hence the reason we took it to FID. But I have with me Jon Wetmore, who's the VP of our downstream and has been directly involved with this project from the outset and bringing a lot of leadership to moving it along kind of through the decision process. And so maybe I'll turn it to him to talk maybe a little bit more about cost and then also kind of the - some of those supply contracts.

Jon Wetmore: Thanks, Brad, it's Jon Wetmore here. Menno, thanks for the question. We did see some cost increases on the project, and I think Brad talked about that as open opening remarks. Really, they're driven by the fact that we've seen some amount of inflationary pressures in the project's labor and materials, a little bit of constructability issues, as well as we're knitting together some catalysts that are third-party catalysts with our highly advantaged de-waxing catalyst that's proprietary tech on mobile technology. But when we did that, the last layer of costs that we saw come into this is really around added logistics and some very high return additions to the project scope. They come in the way of us looking at where we want to sell the renewable diesel across Western Canada and potentially into the US.

The return on all those added logistics in that last layer of scope that we added is incredibly strong, and it really nullified the impact of all those cost increases on the project's rate of return. So we were really happy and had a good review with our board here about reviewing the project's rate of return as being neutral even after that $200 million of costs was added. So we are very strong, as Brad said, it competes very well with the rest of our portfolio. There's nothing about the fact that it's a renewable diesel project or driven by regulatory compliance that in any way suggests that its rate of return is below our portfolio. Very, very competitive and at the top of our portfolio.

In terms of feedstock, we're working diligently around that with some of the best in the industry that provides vegetable oils. We're looking at a variety of different sources so that we're insulated to a little bit of everything from weather conditions to local sourcing challenges. We're learning a lot about the industry as we go, and we've got a lot more left to learn. We'll be humble and say that there's a lot of the whole area of the vegetables oil supply chain that we've got to develop and add to this project but we've got our fingers into a lot of opportunity there. We feel very good that all that will be in play in the first year of the project start-up and we'll continue to develop some sophistication - added sophistication around those feedstock deals as the time comes.

Menno Hulshof: Terrific. Yeah, that was super helpful, Jon. Maybe I'll follow up with the CCUS question since you're the first Pathways member to report. So pretty standard question, how were things looking in terms of a resolution of discussions with the Feds on additional incentives? And is it possible that we see something with the announcement of the budget, or do you think it's a bit further out than that?

Brad Corson: Yeah, thanks for that question. I'll kind of start my response by just noting that we continue to make great progress on the whole breadth of the pathways activities including, as I put in some of my earlier remarks, progress on the pipeline, the main trunk line design, environmental studies are underway in the field. We're continuing as individual companies to work on the capture side of each of the many projects that will feed captured carbon into the pipeline. And of course, great progress on the pore space award from the provincial government.

On the federal side, in terms of financial support, those discussions continue to be very constructive, continue to move forward. The federal government, I think, was a pacesetter when they came out with - in last year's budget speech, the announcement of the 50% in debt investment tax credit, a very enabling first step for us. But as time's gone on and we've seen what's happened south of the border with the US Inflation Reduction Act and some of the incentivization that's provided there, it's critically important that our projects in Canada be competitive for investors that have choices to invest in either the US or Canada or globally for that matter. And so the level of fiscal support is lagging, and we've always said we needed more than that 50%, so that's not a surprise. And we're also optimistic that the province will contribute to that as well.

So it's really a tri-party discussion that's going on between the Pathways group and the federal government and the provincial government. Now, whether that will get resolved or clarified further in the upcoming budget speech, I'm not sure. But again - and this is complex and takes a lot of important engagement to balance kind of financial priorities and applications, not just for our CCUS projects but across the broader industry and other sectors that also need access to capital. But again, it's very positive, both governments understand what we need to move these projects forward and they're both very supportive of moving these projects forward. So I'm optimistic that if it's not in the budget speech, it'll be soon thereafter that that will get kind of not just clarity but resolution so we can move forward on these projects.

Menno Hulshof:Thanks, Brad. I'll turn it back.

Brad Corson: Thanks, Menno.

Operator: We'll go next to Neil Mehta with Goldman Sachs.

Neil Mehta: Yeah. Hey guys, hey Brad, thanks for taking the time. Two quick questions for me. One is your outlook on M&A. Brad, you spent a lot of time in M&A markets in a prior life, and what do you think Imperial's role could be in that going forward? And then the other is your views on WCS, we've seen a lot of volatility there. So those would be the two topics.

Brad Corson: Yeah. Okay. Thanks, Neil, and Happy New Year. On M&A, our position on that has not changed from what I've described in the past which is very much centered around keeping the aperture open, looking for opportunities that are strategic and accretive for our portfolio. And part of that determination is not just what's available in the market but also looking at our existing inventory of our own opportunities. And as we've continued to evaluate M&A opportunities, and we've evaluated several, we continue to conclude that they, from a value standpoint, don't compete with projects and investment choices we already have in our portfolio, whether that be smaller projects like a Grand Rapids or like a renewable diesel that we just talked about, or an even larger project like an Aspen project.

And so we're going to continue to evaluate how do we best maximize value for our shareholders. Is it through acquisitions? Is it through continuing to advance our own deep pipeline of opportunities? And that assessment may change over time depending on what's available in the market, to what degree is consolidation occurring or incentivized. And so, again, we'll just continue to evaluate that but no fundamental change. And as you saw in 2022, and I hope you'll continue to see that in 2023, we can generate a lot of value from our existing portfolio, we can return a lot of cash to shareholders, and so that's our first priority. But the aperture is always open.

And then on the WCS differential, as I've discussed in the past, we saw that differential widened pretty substantially in 2022. That was driven by several external factors and not the typical egress constraints that we saw in the past. That was not a material factor in the widening this last year, it was more about the release of SPR barrels that were competing with the Canadian heavies for market share. It was some refinery outages in the second half of the year that reduced demand for the heavies. It was the impact of natural gas prices, energy on the refiner's ability to convert crude into products and how they - what products would require less energy to produce. And so all that kind of suppressed the demand for WCS for heavy Canadian crudes. And that caused the spread to wide.

Many of those effects were limited in duration and so now we're starting to see a return back to a more normal situation as the SPR program was completed, refineries mostly returning back to operation. So we are seeing continued growth in demand for WCS and so I think that's going to - we've seen that spread already tighten a few dollars a barrel this year and as we look forward, we think it'll continue to return to more normal levels. But it takes - as supply-demand balances globally have been disrupted by what's happened with Russia and Ukraine and the sanctions, those balances take a while to restabilize. And so it's not a couple of weeks type of thing, not even a couple of months type of thing, it's often several months. But I think we're now starting to see that kind of a more stable environment.

Neil Mehta - Thanks, Brad.

Brad Corson: Thank you.

Operator: That this concludes the Q&A. I'll turn the call back over to Dave Hughes for closing remarks.

Dave Hughes: Okay, thank you. Thanks, everybody for joining us this morning. If you have any further questions, please just reach out to anybody on the investor relations team here and we're happy to continue the discussion. Thank you very much.

Operator: This does conclude today's call. You may now disconnect. [END OF TRANSCRIPT]

Attachment VI

Non-GAAP financial measures and other specified financial measures

Certain measures included in this document are not prescribed by U.S. Generally Accepted Accounting Principles (GAAP). These measures constitute “non-GAAP financial measures” under Securities and Exchange Commission Regulation G, and “specified financial measures” under National Instrument 52-112 Non-GAAP and Other Financial Measures Disclosure of the Canadian Securities Administrators.

Reconciliation of these non-GAAP financial measures to the most comparable GAAP measure, and other information required by these regulations, have been provided. Non-GAAP financial measures and specified financial measures are not standardized financial measures under GAAP and do not have a standardized definition. As such, these measures may not be directly comparable to measures presented by other companies, and should not be considered a substitute for GAAP financial measures.

Cash flows from (used in) operating activities excluding working capital

Cash flows from (used in) operating activities excluding working capital is a non-GAAP financial measure that is the total cash flows from operating activities less the changes in operating assets and liabilities in the period. The most directly comparable financial measure that is disclosed in the financial statements is cash flows from (used in) operating activities within the company’s Consolidated statement of cash flows. Management believes it is useful for investors to consider these numbers in comparing the underlying performance of the company’s business across periods when there are significant period-to-period differences in the amount of changes in working capital. Changes in working capital is equal to “Changes in operating assets and liabilities” as disclosed in the company’s Consolidated statement of cash flows and in Attachment II of this document. This measure assesses the cash flows at an operating level, and as such, does not include proceeds from asset sales as defined in Cash flows from operating activities and asset sales in the Frequently Used Terms section of the company’s annual Form 10-K.

Reconciliation of cash flows from (used in) operating activities excluding working capital

	Fourth Quarter		Twelve Months	
millions of Canadian dollars	**2022**	2021	**2022**	2021
From Imperial's Consolidated statement of cash flows				
Cash flows from (used in) operating activities	**2,797**	1,632	**10,482**	5,476
Less changes in working capital				
Changes in operating assets and liabilities	**345**	(16)	**1,485**	363
Cash flows from (used in) operating activities excl. working capital	**2,452**	1,648	**8,997**	5,113

Free cash flow

Free cash flow is a non-GAAP financial measure that is cash flows from operating activities less additions to property, plant and equipment and equity company investments plus proceeds from asset sales. The most directly comparable financial measure that is disclosed in the financial statements is cash flows from (used in) operating activities within the company's Consolidated statement of cash flows. This measure is used to evaluate cash available for financing activities (including but not limited to dividends and share purchases) after investment in the business.

Reconciliation of free cash flow

	Fourth Quarter		Twelve Months	
millions of Canadian dollars	**2022**	2021	**2022**	2021
From Imperial's Consolidated statement of cash flows				
Cash flows from (used in) operating activities	**2,797**	1,632	**10,482**	5,476
Cash flows from (used in) investing activities				
Additions to property, plant and equipment	**(492)**	(424)	**(1,526)**	(1,108)
Proceeds from asset sales	**18**	24	**904**	81
Additional investments	**—**	—	**(6)**	—
Loans to equity companies - net	**1**	1	**10**	15
Free cash flow	**2,324**	1,233	**9,864**	4,464

Net income (loss) excluding identified items

Net income (loss) excluding identified items is a non-GAAP financial measure that is total net income (loss) excluding individually significant non-operational events with an absolute corporate total earnings impact of at least $100 million in a given quarter. The net income (loss) impact of an identified item for an individual segment in a given quarter may be less than $100 million when the item impacts several segments or several periods. The most directly comparable financial measure that is disclosed in the financial statements is net income (loss) within the company's Consolidated statement of income. Management uses these figures to improve comparability of the underlying business across multiple periods by isolating and removing significant non-operational events from business results. The company believes this view provides investors increased transparency into business results and trends, and provides investors with a view of the business as seen through the eyes of management. Net income (loss) excluding identified items is not meant to be viewed in isolation or as a substitute for net income (loss) as prepared in accordance with U.S. GAAP. All identified items are presented on an after-tax basis.

Reconciliation of net income (loss) excluding identified items

	Fourth Quarter		Twelve Months	
millions of Canadian dollars	**2022**	2021	**2022**	2021
From Imperial's Consolidated statement of income				
Net income (loss) (U.S. GAAP)	**1,727**	813	**7,340**	2,479
Less identified items included in Net income (loss)				
Gain/(loss) on sale of assets	**—**	—	**208**	—
Subtotal of identified items	**—**	—	**208**	—
Net income (loss) excluding identified items	**1,727**	813	**7,132**	2,479

Cash operating costs (cash costs)

Cash operating costs is a non-GAAP financial measure that consists of total expenses, less costs that are non-cash in nature, including, Purchases of crude oil and products, Federal excise taxes and fuel charge, Depreciation and depletion, Non-service pension and postretirement benefit, and Financing. The components of cash operating costs include (1) Production and manufacturing, (2) Selling and general and (3) Exploration, from the company's Consolidated statement of income, and as disclosed in Attachment III of this document. The sum of these income statement lines serve as an indication of cash operating costs and does not reflect the total cash expenditures of the company. The most directly comparable financial measure that is disclosed in the financial statements is total expenses within the company's Consolidated statement of income. This measure is useful for investors to understand the company's efforts to optimize cash through disciplined expense management.

Reconciliation of cash operating costs

	Fourth Quarter		Twelve Months	
millions of Canadian dollars	**2022**	2021	**2022**	2021
From Imperial's Consolidated statement of Income				
Total expenses	**12,174**	11,201	**50,186**	34,307
Less:				
Purchases of crude oil and products	**8,893**	8,122	**37,742**	23,174
Federal excise taxes and fuel charge	**563**	524	**2,179**	1,928
Depreciation and depletion	**465**	545	**1,897**	1,977
Non-service pension and postretirement benefit	**4**	10	**17**	42
Financing	**26**	22	**60**	54
Total cash operating costs	**2,223**	1,978	**8,291**	7,132

Components of cash operating costs

	Fourth Quarter		Twelve Months	
millions of Canadian dollars	**2022**	2021	**2022**	2021
From Imperial's Consolidated statement of Income				
Production and manufacturing	**1,965**	1,737	**7,404**	6,316
Selling and general	**257**	215	**882**	784
Exploration	**1**	26	**5**	32
Cash operating costs	**2,223**	1,978	**8,291**	7,132

Segment contributions to total cash operating costs

	Fourth Quarter		Twelve Months	
millions of Canadian dollars	**2022**	2021	**2022**	2021
Upstream	**1,439**	1,292	**5,496**	4,693
Downstream	**626**	562	**2,293**	2,017
Chemicals	**103**	87	**358**	300
Corporate / Eliminations	**55**	37	**144**	122
Cash operating costs	**2,223**	1,978	**8,291**	7,132

Unit cash operating cost (unit cash costs)

Unit cash operating costs is a non-GAAP ratio. Unit cash operating costs (unit cash costs) is calculated by dividing cash operating costs by total gross oil-equivalent production, and is calculated for the Upstream segment, as well as the major Upstream assets. Cash operating costs is a non-GAAP financial measure and is disclosed and reconciled above. This measure is useful for investors to understand the expense management efforts of the company's major assets as a component of the overall Upstream segment. Unit cash operating cost, as used by management, does not directly align with the definition of "Average unit production costs" as set out by the U.S. Securities and Exchange Commission (SEC), and disclosed in the company's SEC Form 10-K.

Components of unit cash operating cost

millions of Canadian dollars	Fourth Quarter							
	2022				2021			
	Upstream (a)	Kearl	Cold Lake	Syncrude	Upstream (a)	Kearl	Cold Lake	Syncrude
Production and manufacturing	**1,438**	**673**	**327**	**393**	1,266	561	315	333
Selling and general	**—**	**—**	**—**	**—**	—	—	—	—
Exploration	**1**	**—**	**—**	**—**	26	—	—	—
Cash operating costs	**1,439**	**673**	**327**	**393**	1,292	561	315	333
Gross oil-equivalent production (thousands of barrels per day)	**441**	**201**	**141**	**87**	445	191	142	79
Unit cash operating cost ($/oeb)	**35.47**	**36.39**	**25.21**	**49.10**	31.56	31.93	24.11	45.82
USD converted at the quarterly average forex *2022 US$0.74; 2021 US$0.79*	**26.25**	**26.93**	**18.66**	**36.33**	24.93	25.22	19.05	36.20

millions of Canadian dollars	Twelve Months							
	2022				2021			
	Upstream (a)	Kearl	Cold Lake	Syncrude	Upstream (a)	Kearl	Cold Lake	Syncrude
Production and manufacturing	**5,491**	**2,353**	**1,344**	**1,563**	4,661	1,902	1,117	1,388
Selling and general	**—**	**—**	**—**	**—**	—	—	—	—
Exploration	**5**	**—**	**—**	**—**	32	—	—	—
Cash operating costs	**5,496**	**2,353**	**1,344**	**1,563**	4,693	1,902	1,117	1,388
Gross oil-equivalent production (thousands of barrels per day)	**416**	**172**	**144**	**77**	428	186	140	71
Unit cash operating cost ($/oeb)	**36.20**	**37.48**	**25.57**	**55.61**	30.04	28.02	21.86	53.56
USD converted at the YTD average forex *2022 US$0.77; 2021 US$0.80*	**27.87**	**28.86**	**19.69**	**42.82**	24.03	22.42	17.49	42.85

(a) Upstream includes Imperial's share of Kearl, Cold Lake, Syncrude and other.