

Imperial Oil Limited Q1 2026 Earnings Call Transcript

Friday May 1st, 2026

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Conference Title: Imperial Oil 1Q26 Earnings Call

Date: Friday, 1st May 2026

Operator: Please stand by. Good day, and welcome to the Imperial Oil First Quarter 2026 Earnings Call.

Today's conference is being recorded. At this time, I'd like to turn the conference over to Peter Shaw, Vice President of Investor Relations. Please go ahead.

Peter Shaw: Good morning, everyone. Welcome to our First Quarter Earnings Conference Call. I am joined this morning by the Imperial Senior Management Team, including John Whelan, Chairman, President, and CEO, Dan Lyons, Senior Vice President, Finance and Administration, Cheryl Gomez-Smith, Senior Vice President of the Upstream, and Scott Maloney, Vice President of the Downstream.

Today's comments include reference to non-GAAP financial measures. The definitions and reconciliations of these measures can be found in attachment six of our most recent press release and are available on our website with the link to this conference call. Today's comments may contain forward-looking information. Any forward-looking information is not a guarantee of future performance, and actual future performance and operating results can vary materially depending on a number of factors and assumptions.

Forward-looking information and the risk factors and assumptions are described in further detail on our first quarter earnings release that we issued earlier this morning, as well as our most recent Form 10-K. All these documents are available on SEDAR+, EDGAR, and our website, so I'd ask you to refer to those.

John is going to start this morning with some opening remarks and then hand it over to Dan, who's going to provide the financial update, and then John Whelan will provide his operations update. Once that is done, we will follow with the Q&A session.

So with that, I will turn it over to John for his opening remarks.

John Whelan: Thank you, Peter. Good morning, everybody, and welcome to our first quarter earnings call. I hope everyone is doing well, and as always, we appreciate you taking the time to join us this morning.

Since our last earnings call, we've seen significant volatility in commodity markets driven by geopolitical events in the Middle East. This has served to tighten the supply-demand balance for a range of commodities globally, resulting in a materially different outlook for this year and potentially beyond. It also reinforces the strategic importance of commodity and product supply from Canada to the rest of the world.

Our long-standing business model uniquely provides significant leverage to upside conditions while also protecting against downside scenarios. This is a substantial long-term structural benefit that allows us to return additional surplus cash to shareholders at higher prices while adhering to our investment plans and strategic priorities over a range of price scenarios.

There continues to be a dynamic global backdrop. However, our corporate strategy and investment plans remain consistent. We continue to maximize the value of our existing assets and progress material, high-quality, organic growth opportunities, leveraging our competitive advantages of technology, scale, integration, execution excellence, and very importantly, our people.

Speaking of technology and scale, we also continue to advance our business transformation restructuring plans. As a reminder, we expect to capture significant long-term efficiency and effectiveness benefits as we further leverage rapidly advancing technology and ExxonMobil's global capability centers.

Now, from a financial perspective, cash flows from operating activities were \$756 million in the quarter. Excluding the impact of working capital, cash flows from operating activities were over \$1.2 billion.

Moving to operations, I want to highlight several achievements. At Kearl, production was in line with our second-best first quarter ever, despite the impact of a third-party natural gas supply outage. At Cold Lake, we achieved our highest first quarter production in over eight years, supported by new technology-advantaged low-cost volume that is transforming the asset. In the downstream, our renewable diesel facility at Strathcona captured significant value compared to more costly imports.

In terms of capital allocation, our approach remains consistent with our long-standing priorities, which begins with investing in the business to sustain and grow value. Next, a reliable and growing dividend remains a key priority. Our annual dividend has grown for 31 years. And then, as we generate surplus cash above and beyond our commitments, we look to return that to shareholders in a timely manner. And as you've seen in the release, we intend to renew our Normal Course Issuer Bid at the end of June.

Overall, I'm excited about the opportunities in front of us, including our long-term in-situ growth potential. We continue to construct the Enhanced Bitumen Recovery Technology pilot at our Aspen lease, which can unlock significant new low-cost volume growth for Imperial Oil and its shareholders.

With that, I'll pass things over to Dan to walk through the financial results in more detail.

Dan Lyons: Thanks, John. Starting with financial results for the first quarter, we recorded net income of \$940 million, down \$348 million from the first quarter of 2025, primarily driven by higher incentive compensation charges as a result of our higher share price and unfavorable upstream realizations

based on lower average prices across the quarter. Elaborating on the incentive compensation item, the total charge in the quarter was \$143 million after tax.

This mark-to-market charge was driven by a historic share price increase of almost \$65 over 50% in the quarter. When comparing sequentially, first quarter net income is up \$448 million from the fourth quarter of 2025, primarily driven by the absence of identified items and by higher prices, partially offset by lower volumes and the incentive compensation charge I just mentioned.

Now, shifting our attention to each business line and looking sequentially. Upstream earnings of \$470 million are up \$472 million from fourth quarter due to absence of identified items. When excluding those items, net income is up \$52 million, primarily due to higher prices. Downstream earnings of \$611 million are up \$92 million from fourth quarter. Excluding identified items in the fourth quarter, net income is up \$47 million, mainly due to lower operating expenses. Our chemical business generated earnings of \$24 million, up \$15 million from the fourth quarter. Excluding identified items in the fourth quarter, net income is up \$4 million.

Moving to cash flow. In the first quarter, we generated \$756 million in cash flow from operating activities, excluding working capital effects. Cash flows from operating activities for the first quarter were \$1,239 million, down \$521 million from the first quarter of 2025. Cash flows from operating activities were also impacted by unfavorable deferred tax effects of about \$350 million, primarily driven by much higher commodity prices late in the first quarter as compared to the fourth quarter of 2025.

As a US GAAP LIFO reporter, we tend to see transitory negative inventory-driven deferred tax impacts when prices rise and transitory positive impacts when prices fall. This is driven by our reporting earnings on a LIFO inventory basis, while our deferred taxes are calculated on a weighted average cost inventory basis consistent with Canadian tax regulations.

Now shifting to CAPEX. Capital expenditures in the first quarter were \$478 million, \$80 million higher than the first quarter of 2025, and \$173 million lower than the fourth quarter of 2025. In the upstream, first quarter spending of \$362 million focused on sustaining capital at Kearl, Cold Lake, and Syncrude. In the downstream, first quarter CAPEX was primarily spent on sustaining capital projects across our refinery network.

Shifting to shareholder distributions. In the first quarter, we paid \$350 million of dividends. And earlier this morning, as John noted, we announced our intention to renew our NCIB in June, and we declared a second quarter dividend of \$0.87 per share, in line with our long-standing philosophy of returning surplus cash to shareholders.

Now I'll turn it back to John to discuss the company's operational performance.

John Whelan: Thanks, Dan. I want to take the next few minutes to share key highlights from our operating results. Upstream production for the quarter averaged 419,000 gross oil equivalent barrels per day, up 1,000 oil equivalent barrels per day versus the first quarter of 2025. First quarter crude production was the second-highest first quarter result in company history, just 1,000 barrels per day below the all-time first quarter record set in 2024.

I'll now cover highlights for each of the assets, starting with Kearl. Kearl's quarterly production was 259,000 barrels per day gross, up 3,000 barrels per day versus the first quarter of 2025. As a reminder, first quarter volumes at Kearl tend to be lower on a seasonal basis relative to the second half of the year. In addition, during March, a third-party regional gas supply outage required us to temporarily reduce production levels to match lower natural gas availability.

Now that we're in the second quarter, the team is focused on the planned turnaround at Kearl. Work this year will extend the turnaround interval at the K-One train from two to four years, similar to the work completed last year at the K-Two train. This is a great example of the work we're doing to maximize the value at Kearl, leading to higher volumes and lower unit cash costs.

Consistent with the framework we outlined at our 2025 Investor Day, we are advancing growth at Kearl across multiple fronts, including higher recovery, productivity, and reliability enhancements, and the turnaround optimization work I just mentioned. Later this year, we're adding a secondary recovery project at Kearl designed to capture additional bitumen from the ore already being processed through the plant, supporting incremental capital-efficient volumes growth.

Moving next to Cold Lake highlights. Cold Lake's quarterly production averaged 155,000 barrels per day, up 1,000 barrels per day versus the first quarter of 2025. We continue to see the benefits of our strategy of transforming Cold Lake production to advantage technology, with ongoing strong results from our Grand Rapids solvent-assisted SAGD project and continued ramp-up of the Leming SAGD project. We remain confident in our strategy at Cold Lake to deliver advantaged volumes at lower unit cash costs by leveraging technology.

To round out the upstream, I'll cover Syncrude. Imperial's share of Syncrude production for the quarter averaged 72,000 barrels per day, which was down 1,000 barrels per day versus the first quarter of 2025. During the quarter, Syncrude experienced unplanned downtime associated with Coker 8-3, resulting in lower volumes and additional maintenance. The interconnect pipeline was utilized to enable the export of an additional 8,000 barrels per day of bitumen and other products over the quarter. With the additional maintenance required at Syncrude this quarter, the decision was made to postpone the planned second quarter turnaround work on Coker 8-2 until the summer.

Now, let's move to the downstream. In the first quarter, we refined an average of 384,000 barrels per day, equating to a utilization of 88%. Compared to the first quarter of 2025, refinery throughput was down 13,000 barrels a day. During the quarter, we experienced unplanned downtime, and Strathcona was impacted by the disruption of synthetic crude feedstock caused by the Syncrude Coker outage until alternative supply was put in place.

As I mentioned in my opening remarks, our renewable diesel facility at Strathcona captured significant value compared to more costly imports during the first quarter, even as we continued to optimize around hydrogen availability. We are now executing the planned turnaround at Strathcona that began in early April and is scheduled to be completed in just over a week's time. The work is focused on the crude unit, which achieved the longest-ever run length of 10 years before this planned turnaround.

From a strategic perspective, we continue to invest in our structurally advantaged downstream business, with a view to maximizing earnings and cash flow across the value chains. Investment in 2026 includes digital infrastructure enhancements and targeted projects to strengthen logistics and feedstock flexibility.

Petroleum product sales were 441,000 barrels per day, down 14,000 barrels per day compared to the first quarter of 2025, due primarily to a reduction in opportunistic supply sales, partially offset by increased retail sales. Overall, across our Canadian network, we saw very similar demand for each of our primary petroleum products in the first quarter of 2026 relative to 2025.

Turning now to chemicals. Earnings in the first quarter were \$24 million, down \$7 million from the first quarter of 2025 due to lower product pricing, partially offset by reduced feedstock costs.

In closing, I would like to reiterate that despite the dynamic geopolitical environment, our priorities remain clear and consistent. We are focused on continuing to profitably grow volumes, further lowering unit cash costs, and increasing cash flow generation. We remain committed to maximizing the value of our existing asset base, progressing our volume and cost targets, driving greater efficiency and effectiveness, and delivering unmatched industry-leading shareholder returns.

Operationally, our focus remains on execution excellence and being the most responsible operator. This includes safely and effectively completing the planned turnaround at Strathcona, as well as

the planned turnaround at Kearn in May. Both are important to sustaining reliability, capturing value from our assets, and supporting long-term performance.

Looking ahead, our restructuring is firmly in the implementation phase and progressing well. We are taking a robust and disciplined approach with a focus on maintaining safe, reliable operations. This work is being advanced in an orderly manner with clear line of sight to the expected benefits over time, including improved efficiency, improved effectiveness, competitiveness, and long-term value creation.

Finally, our capital allocation priorities remain unchanged. We expect to continue generating cash beyond the needs of our capital plan and our dividend, and our commitment remains to return that cash to shareholders in a timely manner. As noted in the press release this morning, we intend to renew our Normal Course Issuer Bid in late June.

As always, I want to thank our employees for their commitment, professionalism, and teamwork. Their dedication to safe operations, execution excellence, and customer and community service is what makes our achievements possible. And I'd like to thank all of you once again for your continued interest and support.

Now, we'll move to the Q&A session. I'll pass it back to Peter.

Peter Shaw: Thank you, John. As always, we'd appreciate it if you could limit yourself to one question, plus a follow-up, so that we can get to as many questions as possible. So with that, operator, could you please open up the lines for questions?

Operator: Thank you. If you would like to signal with questions, please press Star One on your touchtone telephone. If you're joining us today using a speakerphone, please make sure your mute function

is turned off to allow your signal to reach our equipment. Again, that is Star One, if you would like to signal with questions. And the first question is from Dennis Fong with CIBC World Markets.

Dennis Fong: Hi, good morning, and thanks for taking my questions. The first one for me is just really around the upstream. Can you maybe discuss, we'll call it the progress around the pipeline of SA-SAGD projects at Cold Lake? I know that there's a long-duration strategy around growing or layering in projects between now and 2050. As the world obviously evolves in terms of diversifying supply chains globally, can you talk about opportunities to maybe accelerate some of that pipeline of projects, as well as your appetite for that?

John Whelan: Thanks, Dennis. I'll make a few comments on that. I think maybe I'll step back first and talk about our capital plans in light, as you say, of the current situation and commodity prices. Every year, we review our corporate plan, and we consider that over a range of inputs and a range of price scenarios, and we pace our investment strategy to maximize value at the end of the day. Looking at that, both in terms of our existing assets and progressing advantaged growth.

So we remain very focused on Kearl getting it to 300,000, Cold Lake getting it to 165,000 barrels per day, and in the downstream flexibility in logistics projects, and of course, we're advancing our EBRT pilot. So I think, at the high level, you shouldn't expect or anticipate major changes. We weren't waiting for a price signal to drive pace. We're looking at maximizing value for shareholders over a long-term view, and we believe we're progressing our growth opportunities at the appropriate pace to do just that. So that's at the highest level.

If you think at Cold Lake, we continue to work through this transformation of the asset. As I mentioned, Grand Rapids SA-SAGD is continuing to perform very well above 20,000 barrels a day. We're ramping up the Leming SAGD, which is going back into where the original pilot was. That's ramping up towards 9,000 barrels per day. And then in the future plans, we have Mahihkan, which

we've started to invest in, and that's still on track to bring on 30,000 barrels a day of advantaged technology volumes starting up in 2029.

So we continue to progress those at a pace we think that makes sense. And stepping back from that at Cold Lake, if you think about the percentage, we talk about this transforming the asset. In 2020, all of our production there was coming from CSS and steam flood and not from what we're today characterizing as advantaged technology.

In 2025, that was 20% was coming from advantaged technology, largely the SA-SAGD at Grand Rapids. If you go ahead five more years, that's going to be up to 45%. Five years after that, it's going to be 60%. And by the time you get to 2040, which is less than 15 years from now, about two-thirds of our production will come from advantaged technology at Cold Lake. So we continue to progress that at a pace we think that makes.

Dennis Fong: Great. Really appreciate that color and context there, John. My second question shifts the focus back towards the downstream. And I was hoping you could provide us, or at least remind us, about the flexibility in terms of your refining assets, as well as revealing any opportunities to capitalize on dislocations of markets, whether it be locally or globally, as well, and maybe specifically focusing around distillates and jet fuel, just given how desirable those products happen to be.

John Whelan: Yeah, I'll make a few comments. I'm going to ask Scott to chime in as well. We feel really good about, obviously, our downstream business, the margin capture that we're able to get. Canada remains advantaged globally in terms of margin we get. And then Imperial remains advantaged within Canada. So we really like our position. So we're really looking to maximize sales locally. However, given the current environment, we do look at the export market as well and look to overall maximize the margin, our margin capture in that regard.

So there are some constraints about what we can export when you look at logistics and so on, but we do continue to look across the whole portfolio and how to maximize overall capture. But we're really pleased with the advantage we have in Canada. And I think you saw us do that in the first quarter in terms of margin capture as we benefit from producing renewable diesel, the flexibility we've had to produce into the highest value products and into the highest value markets. So high level, that's how I think about it, and I'll ask Scott to add some color to that.

Scott Maloney: Sure. Thanks, John. Appreciate the question, Dennis. Well, first on the gas-to-diesel and jet splits within our refineries. We look at that from an optimization standpoint every single month. And so as we think about the feedstocks we're sending to our refineries, we're doing that based on the value we can achieve on the finished products that are manufactured. And so certainly in this time period, we've been maximizing our production of diesel and jet molecules over gasoline.

That is a balance because a large portion of our production goes to supply customers within the Canadian marketplace, and we can efficiently supply those customers within the Canadian marketplace with our coast-to-coast logistics network, moving the barrels from our refineries in Eastern and Western Canada to those customers. And so that's where we see the highest uplift. And as John mentioned, we do opportunistically look at exporting additional production on top of that. And certainly, that is an opportunity in this marketplace when you're seeing margins increase in other markets.

Dennis Fong: Thank you very much for that color. I'll turn it back.

Operator: And the next question will come from Greg Parady with RBC Capital Markets.

Greg Parady: Yeah. Thanks. Thanks. Good morning, guys. And as always, thanks for the detailed rundown. John, I wanted to come back to just the progress in terms of the restructuring that's going

on. Maybe to better understand, perhaps at what stage you're at in terms of transferring workflows from IMO into some of the ExxonMobil excellence centers and so forth.

And then also, just in terms of the technology you were talking about in terms of those advancements and how that's being incorporated, maybe what stage are we at, and what are the things that you're looking for in terms of key benchmarks of success?

John Whelan: Thanks, Greg. Yeah, if I step back in from this restructuring, it's all driven around, as you pointed to, leveraging rapidly advancing technology environment and the growth that we've seen in these global capability centers that ExxonMobil has. And that basis, that case for action remains really strong. And both of those things drove the decision, and we feel very good about that. It advances our long-standing strategy about maximizing value and leaning into technology and leaning into our relationship with ExxonMobil.

I would say I feel very good about the progress we're making, and we are advancing that transition on track today. If I think about that, if you look at it, well, basically, it's pretty ratable in terms of the – we're doing two things. We're outsourcing work, and we're capturing efficiencies. And as I've mentioned before, about 40% of the reduction in positions or the value is actually pure efficiency, and about 60% is outsourcing work to these global capability centers where we already have work being done for us today.

So we have very rigorous plans on the transfer of that work to those global capability centers and the positions where we will capture efficiencies. And each department and group within Imperial has detailed roadmaps on how they're progressing that. It's going to be pretty ratable. We have had people leave the organization late last year. We've had people leave the organization in the first quarter of this year, in the range of about 130 people in the first quarter of this year. And that's going to continue pretty ratably quarter by quarter and year by year this year and next year. So that's progressing well and on track, and you'll see it pretty ratably over that period.

The technology, I think, a couple things. Part of it is what we've put in place that it's enabled us to move at this pace. And then the second part of it is, as you move that into these global capability centers, we're going to be able to deploy technology more quickly at scale in the future. So a lot of it was putting the digital programs that we've spoken about in the past, putting in place digital, our data lakes, getting our data organized and in a structure that could be used in an efficient way, regardless of where the work was being done, putting digital twins in place, and then automating some of our work.

So that enabled us to continue on this path. And then as we move these workflows into global capability centers, we see greater opportunity, AI, machine learning, and so on, to further automate those workflows. We're going to be able to do that more quickly and at scale when that work is being at a global capability center, and being done in a broader sense across ExxonMobil's network. Hope that answers the question, Greg.

Greg Pardy: No, no, it does. I mean, I think it's usually these announcements they come out, and then the focus is on cost out in the future. But obviously, there's a transition to go through. So it's good to understand some of the context there.

So let me just pose maybe a related question then. In terms from your perspective as the CEO, the capability of Imperial to go execute Aspen in the future and recognizing there's a pilot there and there's a bunch of work to do and so forth, it certainly sounds from where you're sitting that the only change in terms of where corporate strategy might be headed is not necessarily in terms of what you're going to deliver, but just where it's going to be delivered from and at what cost. Is that the right way to think about it?

John Whelan: Absolutely. That's exactly the way to think about it. Nothing is changing in our company in terms of the governance of our company, the skill sets we will have on the ground to support the

assets we have today, to support growth into the future. We will have – we're still going to be an organization of 4,000 people after we go through this transition. And our growth plans, I really believe this sets us up to continue to deliver industry-leading performance and actually builds the foundation for us to grow.

And of course, if you think about an Aspen project, we're not sitting here today with the project team waiting for that project to come. We build up capability when we see those projects coming in. Of course, a lot of it is done by contractors, but we will need additional capability. We're going to be in a better position to build up that capability because we're going to have support networks globally that are there that we can leverage and ramp up.

So it doesn't change anything with our governance, doesn't change anything with our strategy. I'm as bullish or more bullish than I've ever been on our future in-situ portfolio. The technology and we have the ability to double our production with that future in-situ portfolio. And when the time is right, when the technology is ready, and the investment environment is there, we have the capability to do that.

Greg Pardy: All right. Very good. Thanks, John.

Operator: And moving on to Menno Hulshof with TD Cowen.

Menno Hulshof: Thanks, and good morning, everyone. I'll start with a question on Kearn. In your opening remarks, you touched on some of the initiatives you're pursuing to drive production above 300,000 barrels a day on a sustained basis. And you talked about turnaround optimization, but can you elaborate on where things stand on the key pieces within Enhanced Bitumen Recovery and the overall performance of the equipment?

John Whelan: Yeah, that's right, Menno. I'm going to ask Cheryl to chime in here. But we've got these three focus areas that we've had, which is around productivity and reliability improvement, the turnarounds, and then the one you mentioned around enhanced recovery. And we have specific projects focused on enhanced recovery. So we're working all three of those components. Those are the things that will unlock and get us to 300,000 barrels a day, \$18 a barrel. And I'm going to let Cheryl talk about a couple of the enhanced recovery projects that we have that we're progressing right now.

Cheryl Gomez-Smith: Sure. Thanks, John, and thank you for the question, Menno. John references three items. I'd probably say they're more. This is a space where this is our ultimate equation. So when I think about Kearn and where we're headed with 300 KBD, I have very strong confidence in our future. And you've heard me say this before, which is we're anchored, and we're building on a strong foundation.

We're leveraging scale, such that our incremental production really leverages this fixed high-cost structure. We're doing recovery projects. We've got two in the hopper right now. One is called KFCC, and that's going to come online at the end of the year. And that captures additional bitumen from ore already processed. The second one is called CST or coarse sand tailings. That's in development. Think of this as where you get aeration in the system, and it makes bubbles so the bitumen droplets, you're able to recover more bitumen.

The other end in this space is the turnaround optimization that John mentioned, and then technology solutions. This really hits on that productivity and reliability space. You've heard me mention about we're continuing to upsize our hydro transport lines. We're looking at mine automation, where we're looking for more remote, semi, and automated mining. This really takes the physical operations out. Continuing with our fleet optimizations on the autonomous side.

And then the other thing I find is interesting with Kearn is just by design, your haul distances get longer as mine develops, and so there's cost headwinds. Our intent is to more than offset those via scale optimization and technology solutions. And the final thing I'll leave you with, and this is one of the key milestones I'm very proud of. By late this summer, Kearn is on target to hit our 1 billion barrels of production. So this is a significant milestone, and very much looking forward to it.

Menno Hulshof: Yeah. Thanks, Cheryl. That is a big number. Second question, maybe on the recent increase to the SCO premium. What is your marketing team seeing day-to-day in terms of rising SCO demand to meet diesel and jet supply shortfalls? And how long do you think premium pricing could persist?

John Whelan: I'm going to ask Scott to take that one.

Scott Maloney: Yeah. So I mentioned before that certainly we're optimizing our refineries to manage additional diesel and jet production. We feel like there's ample feedstocks in the marketplace to do that. And with the demand profile within Canada in particular, there's even some imported jet from other markets into portions of Western Canada. So we see some ongoing ability to continue pushing jet production and sales into the Canadian marketplace and believe we have enough feedstocks to do that.

John Whelan: Yeah. And I would just add, obviously, synthetics are trading higher because they're a good way to make diesel and jet. And that's probably – we're not going to predict the future synthetic premium, but that may persist for a little bit as these margins stay quite high.

Menno Hulshof: Terrific. Thanks to you all. I'll turn it back.

Operator: And we'll take a question from Neil Mehta with Goldman Sachs.

Neil Mehta: Yeah. Thank you. And this might be for you, Dan. Just your perspective on return of capital, which has really been the hallmark of Imperial over the last couple of years. And as we've gotten into a firmer commodity environment, certainly the NCIB will get turned on, but how do you think about buying back stock here and the potential for an SIB, and if there's any price sensitivity around shrinking the share count because stock's done really well. So any perspective around that would be great.

Dan Lyons: Sure, Neil. Bottom line is no change in the way we look at this, consistent with John's remarks earlier on. We're committed, obviously, to the reliable and growing dividend. We paid our April 1st dividend at the higher rate of \$0.87, which is a 20% increase from the prior. And as you noted, and we said we're going to renew our NCIB, at the end of June, when we can. And we'll certainly plan to proceed with that.

And then the question is, okay, is there an SIB in there somewhere, too? And the answer is, it's just going to depend on where cash goes. Right now, at current prices, if those persist, we'll have a lot of cash. So that would certainly be a possibility. But we'll just have to see what happens. So I'd say no change in our philosophy. We remain committed to returning cash to shareholders. And as we generate the cash based on commodity prices, we'll continue to return that, really, as we have in the past. So no change to our philosophy.

I would say we're not really set – our price is at a great run. And as I said in my opening remarks, it had this – the mark-to-market shift was so big it showed up as a factor because of the rapid rise in the share price. But we believe that reflects value, and we see the share buybacks as an efficient way to return cash. So we'll continue to return cash.

Neil Mehta: Yeah. Thank you. Thanks, Dan. It's been a great run. So just to follow up on the questions about what you want to accomplish during the turnarounds that you referenced earlier for both Strathcona and Kearl. Can you give us – pull back the onion a little bit and talk about specifically

what are the two or things you want to accomplish at both of those turnarounds and that we should be focused on?

John Whelan: I'll make a few high-level comments, and then Cheryl and Scott can chime in. But being at Strathcona with the turnaround of the crude unit again, it's had a ten-year run. So there are some – we monitor obviously the integrity of the unit. And there are some elements, components that need to be changed out at that point. They've come towards the end of their life. So part of that is just the maintenance that comes with it. But ten years is a long time to run a unit, and we look to continue to optimize that. But at certain points, you do need to go in and make some adjustments.

Then at Kearl, there is again the same thing. There are some elements and components, and things that we do need to change out. They come to end of life. In general, we try to have redundancy when we do that, but we don't have that full redundancy to do it everywhere. But a big part is some of the upgrades that we're doing. Cheryl mentioned it already. I mentioned it, but it's some of the upgrades we're doing to allow us to get that turnaround to go from a two-year interval to a four-year interval. So that's metallurgy improvements, size of transport lines, and things like that, will allow us to go longer.

So that's at the high level. Maybe, Scott, anything further on the Strathcona?

Scott Maloney: Yeah. Maybe just one other comment. Yeah. Just to confirm, it is an extended turnaround interval length. So that is something that we're pretty proud of, actually getting the units to run this long. But it is a normal turnaround from a work scope perspective. We don't plan to add any new equipment or things like that.

The one other comment I'd share is that with our new renewable diesel unit located at our Strathcona refinery that continues to run during this turnaround. And so we continue to

manufacture renewable diesel. And that's really been a bright spot for us in the first quarter. And so that has not been impacted by the turnaround activity in Strathcona in the first quarter to date.

Cheryl Gomez-Smith: Sure. And I'll answer. I'll give a little bit of context for Kearl. So the K1 scope that we've got this year is essentially the same scope that we had for K2 last year. So the work we completed on K2 gives us confidence as we head into the turnaround in May. And a couple key items there. We have some modifications on the primary separation sale. And then we've got some hardening on our surge bins. And those are really the key items to enable the four-year turnaround. We do have a couple incremental items to work for K1 around the flare. But in general, I would say the majority of the scope is exactly what we did last year for K2.

Neil Mehta: Awesome.

Operator: And we'll take a question from Doug Leggate with Wolfe Research.

Doug Leggate: Thank you. Good morning, everyone. I guess this might be for Dan. Dan, royalties in Canada are typically priced off WTI, which obviously has gone into overdrive here and WCS has blown out quite a bit. I wonder if you could walk us through how we should think about that. You're getting obviously royalties priced on one number, but you're getting realizing prices a different number, particularly on the heavy oil, and obviously, your production is more heavy than light. So can you walk us through that?

And I guess if I could risk a follow-up here, this is a really – I know it's a stupid question before I ask it, but I'm going to ask it anyway. And it's about technology on things like SAGD. Where does it sit? Does it sit at ExxonMobil or does it sit at Imperial? And the stupid bit of my question is, one can't help feeling that we're coming into a very different era for oil prices with UAE pulling out of OPEC. And maybe there's a restocking cycle and underinvestment and all the rest of it. Imperial has never operated outside of the US. Sorry, outside of Canada. My apologies. Is there ever a

situation where the heavy oil opportunities in places like Venezuela might change that, or does it all sit with ExxonMobil? Thanks.

Dan Lyons: Okay. So maybe I'll take the first one on royalties. You're right. It's pegged, the royalties are pegged. The royalty rates, I should say, are pegged to WTI, but the actual royalty payment is tied to your realizations on bitumen. And that's been the case for a long time. And I would say on balance, we feel the royalty regime in Canada is attractive. And in particular, for Kearl, which is pre-payout. Even at the very highest royalty rate, which is over 120 Canadian WTI, we tap out at 9%, gross. So we have really great leverage to the upside on prices.

So yeah, we don't see it as a significant issue. The spread has widened out a bit. It's, like, maybe 15. I haven't looked today, but 15-ish, which is, historically, not very wide. So it's the rates that are set on the WTI, but the actual payments are based on your realizations of bitumen actual prices. So it's really to us, overall, given the way the rates work, a good regime, and we don't see it as a headwind. We see it as more of a tailwind in a high price environment, especially for an asset like Kearl.

Doug Leggate: Got it. Thank you, Dan.

John Whelan: And let me take the, yeah, the technology question, Doug. I think, here's how I think about it. We basically have access to all of ExxonMobil's technology, and they have access to ours. So, in terms of at the high level, is Imperial looking to expand its footprint beyond Canada? We're not. We're focused on Canada.

But we basically have sharing agreements on the technology. And Imperial has largely the heavy oil-related technologies, SAGD, SA-SAGD, the technologies we use at Kearl, the paraffinic froth treatment, and so on. That has been developed by Imperial. So Imperial has been the center of excellence around heavy oil technology. So if ExxonMobil were to decide to look at Venezuela or

whatever, they could utilize some of our heavy oil technology involved in that. Right now, we at Imperial are not looking to go outside of Canada.

The flip side of that is we get to take advantage of ExxonMobil's technology. So we talked a lot about renewable diesel here today. We're using a low-temperature proprietary technology that our renewable diesel can be used year-round in cold weather environment. That's an ExxonMobil-developed technology that we have full access to, and we're able to use to give us a competitive advantage with our renewable diesel project.

Some of the metallurgy we use at Kearl on our hydrotransport lines has come from metallurgical technology advancements that ExxonMobil has developed. We just used the ExxonMobil Proxima carbon fiber material in one of our bridges at Kearl. So we have full access, and we use much of their process optimization technology in our downstream and in our upstream as well. So we have full and free access to their technology. We use it in areas. When it comes to heavy oil, that technology development has largely occurred through Imperial and will continue to occur.

We just announced last year how we donated our technology center here to SAIT, which was a \$37 million donation, the largest-ever donation to an educational institution in Alberta. But we'll continue to have research at that research center going forward, specific to heavy oil, optimization, as well as tailings work, and so on. So that's kind of how we see that.

Doug Leggate: Maybe not such a dumb question, John. That's very informative. Thank you very much indeed.

John Whelan: We love your questions, Doug, just for the record.

Doug Leggat: Thanks, guys.

Operator: And that does conclude the question and answer session. I will now turn the conference back over to Peter Shaw, Vice President of Investor Relations, for closing remarks.

Peter Shaw: Thank you. So on behalf of the management team, I'd like to thank everyone for joining us this morning. If there are any other further questions, please don't hesitate to reach out to the investor relations team, and we'll be happy to answer your questions. With that, thank you very much, and have a great day.