SUNCOR ENERGY

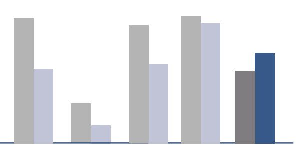
REPORT TO SHAREHOLDERS FOR THE FIRST QUARTER OF 2018

All financial figures are unaudited and presented in Canadian dollars unless noted otherwise. Production volumes are presented on a working-interest basis, before royalties, except for Libya, which is on an entitlement basis. Certain financial measures in this document are not prescribed by Canadian generally accepted accounting principles (GAAP). For a description of these non-GAAP financial measures, see the Non-GAAP Financial Measures Advisory section of Suncor's Management's Discussion and Analysis dated May 1, 2018 (MD&A). See also the Advisories section of the MD&A. References to Oil Sands operations exclude Suncor's interest in Fort Hills' and Syncrude's operations.

"The value of our integrated model was front and centre this quarter as strong financial results from our downstream and offshore assets helped to offset the impact of lower Oil Sands production, and our refineries were able to fully capture the lost value associated with unfavourable heavy crude differentials at Oil Sands," said Steve Williams, president and chief executive officer. "Our balance sheet strength allowed us to increase our stake in Syncrude and further invest in offshore development. We also increased our dividend and approved a renewal of our share repurchase program, which reaffirms our commitment to return cash to shareholders."

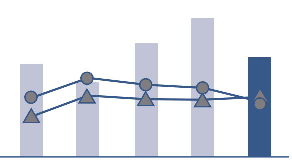
- Funds from operations(1) of $2.164 billion ($1.32 per common share). Cash flow provided by operating activities, which includes changes in non-cash working capital, was $724 million ($0.44 per common share).
- Operating earnings(1) of $985 million ($0.60 per common share) and net earnings of $789 million ($0.48 per common share).
- Refinery utilization of 98% and crude throughput of 453,500 barrels per day (bbls/d), which is the highest ever for a first quarter.
- Fort Hills production averaged 29,800 bbls/d, including bitumen froth sent to Oil Sands Base, with the second of three extraction trains coming online at the end of the quarter and ramping up ahead of schedule.
- Hebron production averaged 8,200 bbls/d and continues to also ramp up ahead of schedule.
- Total upstream quarterly production was 689,400 barrels of oil equivalent per day (boe/d).
- During the first quarter, Suncor closed the previously announced acquisition of Mocal Energy Limited's (Mocal) 5% interest in Syncrude, adding approximately 17,500 bbls/d of sweet synthetic crude oil capacity.
- The company continued to demonstrate its commitment to return cash to shareholders by repurchasing $389 million of shares during the first quarter and distributing $590 million in dividends.

Net Earnings by Quarter
($ millions)



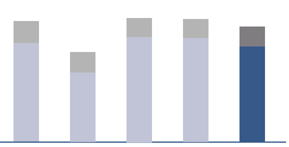
	2017 Q1	Q2	Q3	Q4	**2018 Q1**
Net earnings	1 352	435	1 289	1 382	**789**
Operating earnings(1)	812	199	861	1 310	**985**

Funds from Operations(1) and Capital Expenditures by Quarter
($ millions)



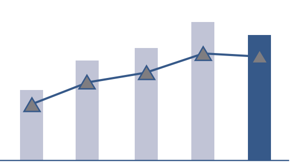
	2017 Q1	Q2	Q3	Q4	**2018 Q1**
Funds from operations(1)	2 024	1 627	2 472	3 016	**2 164**
Capital and exploration expenditures	1 380	1 855	1 695	1 621	**1 291**
Sustaining capital and dividends	942	1 441	1 356	1 344	**1 409**

Production by Quarter
(thousands of boe/d)



	2017 Q1	Q2	Q3	Q4	**2018 Q1**
Exploration and Production	134.5	125.5	111.5	115.2	**117.7**
Oil Sands	590.6	413.6	628.4	621.2	**571.7**
Total	725.1	539.1	739.9	736.4	**689.4**

Return on Capital Employed(1) (ROCE) by Quarter
(%)
for the twelve months ended



	2017 Q1	Q2	Q3	Q4	**2018 Q1**
ROCE(1)	3.5	4.9	5.5	6.7	**6.5**
ROCE(1) excluding major projects in progress	4.4	6.2	7.0	8.6	**7.8**

(1) Non-GAAP financial measures. See page 4 for a reconciliation of net earnings to operating earnings. See the Non-GAAP Financial Measures Advisory section of the MD&A.

Financial Results

Suncor recorded first quarter 2018 operating earnings[1] of $985 million ($0.60 per common share), compared to $812 million ($0.49 per common share) in the prior year quarter. The quarter-over-quarter increase was a result of improved crude oil pricing and increased refining margins, refinery utilization of 98% and strong In Situ production, partially offset by increased operating costs, which were primarily due to higher planned and unplanned maintenance expenses and the addition of full operating costs at Fort Hills while production ramps up. Oil Sands results in the current period were impacted by a weather-related outage at the company's Oil Sands Base plant, as well as constrained capacity on a bitumen feed line at Syncrude, which resulted in lower overall Oil Sands production. The planned upgrader turnaround at Syncrude, originally scheduled to begin in the second quarter of 2018, was advanced to the first quarter to mitigate the impact of the line constraint on annual production.

Funds from operations[1] were $2.164 billion ($1.32 per common share), compared to $2.024 billion ($1.21 per common share) in the first quarter of 2017 and were influenced primarily by the same factors impacting operating earnings noted above. Cash flow provided by operating activities, which includes changes in non-cash working capital, was $724 million for the first quarter of 2018, compared to $1.628 billion for the first quarter of 2017. The change in non-cash working capital in the first quarter of 2018 resulted from an increase in accounts receivable on an improving price environment, a substantial build of product inventory in advance of major turnarounds and the payment of deferred 2017 tax instalments.

Net earnings were $789 million ($0.48 per common share) in the first quarter of 2018, compared to $1.352 billion ($0.81 per common share) in the prior year quarter. Net earnings for the first quarter of 2018 included a $329 million unrealized after-tax foreign exchange loss on the revaluation of U.S. dollar denominated debt and a non-cash after-tax gain associated with the exchange of the company's mineral landholdings in northeast British Columbia with Canbriam Energy Inc. (Canbriam) of $133 million. Net earnings in the prior year quarter included a $103 million unrealized after-tax foreign exchange gain on the revaluation of U.S. dollar denominated debt and a $437 million after-tax gain on the sale of the company's lubricants business and its interest in the Cedar Point wind facility.

Operating Results

Suncor's total upstream production was 689,400 boe/d in the first quarter of 2018, compared to 725,100 boe/d in the prior year quarter.

Oil Sands operations production was 404,800 bbls/d in the first quarter of 2018, compared to 448,500 bbls/d in the prior year quarter and upgrader utilization in the first quarter of 2018 declined to 80%, compared to 95% in the prior year period. The decrease in production and upgrader utilization was a result of lower production from Oil Sands Base due to a weather-related outage early in the quarter, partially offset by strong In Situ production. Oil Sands Base returned to normal operations by the end of February.

Oil Sands operations cash operating costs per barrel[1] increased to $26.85 in the first quarter of 2018, from $22.55 in the prior year quarter, primarily as a result of the weather-related outage which led to lower production and an increase in unplanned maintenance costs. In addition, higher planned maintenance costs incurred in preparation for the Upgrader 1 turnaround, which began in the second quarter of 2018, were partially offset by lower natural gas prices.

Fort Hills began producing bitumen late in January and the ramp up is progressing ahead of schedule, with production averaging 29,800 bbls/d, net to Suncor, in the first quarter of 2018, including 5,200 bbls/d of bitumen froth further processed by Oil Sands Base. The second of three extraction trains at Fort Hills became operational at the end of the first quarter of 2018, adding further production capacity, and Suncor expects to achieve 90% of nameplate capacity ahead of schedule.

Suncor's share of Syncrude production was 142,300 bbls/d in the first quarter of 2018, compared to 142,100 bbls/d in the prior year quarter. Production was comparable to the prior year quarter as a result of unplanned incidents during both periods. The first quarter of 2018 was impacted by constrained capacity on a bitumen feed line and an upgrader turnaround originally scheduled for the second quarter of 2018, which Syncrude advanced in order to resolve the feed line issue and minimize the impact on overall annual production, partially offset by the additional 5% working interest acquired partway through the quarter. The first quarter of 2017 was impacted by a facility incident late in the quarter. The events in each respective quarter resulted in Syncrude upgrader reliability of 71% in the first quarter of 2018 and 75% in the prior year quarter.

(1) Non-GAAP financial measures. See the Non-GAAP Financial Measures Advisory section of the MD&A.

Syncrude cash operating costs per barrel[(1)] were $50.75 in the first quarter of 2018, an increase from $45.15 in the prior year quarter, due to higher operating costs associated with advanced planned upgrader maintenance, unplanned maintenance to address the line constraint and an increase in preventive maintenance to improve long-term reliability, partially offset by lower natural gas prices.

Production volumes in Exploration and Production (E&P) were 117,700 boe/d in the first quarter of 2018, compared to 134,500 boe/d in the prior year quarter. The decrease was primarily due to natural declines in the United Kingdom and East Coast Canada, partially offset by the accelerated ramp up of production at Hebron, which averaged 8,200 bbls/d in the quarter. A third production well at Hebron came online early in the second quarter of 2018.

“The ramp up at both Fort Hills and Hebron is progressing ahead of schedule,” said Williams. “Production from these growth projects and strong In Situ performance helped mitigate the impact of operational challenges at Oil Sands Base and Syncrude. Oil Sands Base returned to full production rates in February.”

The company’s crude oil and refined product sales benefited from improved benchmark pricing across the integrated value chain in the first quarter of 2018, when compared to the prior year quarter. For the three months ended March 31, 2018, the impact of widening heavy crude oil differentials on Oil Sands earnings was offset by higher realized refining margins in the company’s Refining and Marketing (R&M) segment. Higher refining benchmark crack spreads in the first quarter of 2018 combined with improved product location differentials and the benefit of consuming lower priced heavy oil feedstock resulted in a 38% increase in realized margins, as compared to the prior year quarter.

Refinery crude throughput in R&M was 453,500 bbls/d in the first quarter of 2018, which is the highest ever for a first quarter, compared to 429,900 bbls/d in the prior year quarter. The increase was due to strong reliability at all of the company’s refineries, with the prior year quarter being impacted by a third-party power outage at the Commerce City refinery. Average refinery utilization was 98% in the first quarter of 2018, compared to 93% in the prior year quarter, and Suncor continued to build product inventory of approximately 6 million barrels to support second quarter sales during the upcoming Edmonton and Sarnia turnarounds.

Strategy Update

Suncor’s 2018 capital program will be focused on the efficient and effective ramp up at both of Suncor’s major growth projects, Fort Hills and Hebron, development of step-out offshore projects and improving the safety and reliability of the company’s operating assets.

In the first quarter of 2018, total capital and exploration expenditures were $1.214 billion (excluding capitalized interest), compared to $1.206 billion in the prior year period, with increased sustaining capital expenditures offsetting the decrease in growth capital associated with the commissioning of the company’s major growth projects, Fort Hills and Hebron. Higher sustaining capital in the first quarter of 2018 was primarily driven by an increase in planned maintenance activity in 2018. This included preliminary planning work on the first full turnaround of Oil Sands operations Upgrader 1 in five years, the advancement of the upgrader turnaround at Syncrude, refinery turnaround preparation, as well as an increase in spend associated with the company’s recently approved tailings management plan. The company anticipates the majority of the turnaround costs to be incurred in the first half of 2018, and expects to remain within the capital guidance range of $4.5 to $5.0 billion for the year.

Fort Hills began producing paraffinic froth-treated bitumen from the first of three secondary extraction trains on January 27, 2018, and the production ramp up to the project’s nameplate capacity of 194,000 bbls/d (105,000 bbls/d net to Suncor) is progressing ahead of schedule following the commissioning of the second extraction train at the end of the first quarter of 2018. The third secondary extraction train is expected to come online in the second quarter of 2018. Also during the first quarter, Suncor acquired additional working interests in the Fort Hills project from Total E&P Canada Ltd. (Total). Under the terms of the agreement reached in the fourth quarter of 2017, Suncor’s share of the project increased to 54.11% and Teck Resources Limited’s share increased to 21.31%, while Total’s share decreased to 24.58%. Working interests in the Fort Hills project may be further adjusted in accordance with the terms of the agreement.

During the first quarter of 2018, Suncor closed the previously announced transaction to purchase an additional 5% interest in Syncrude from Mocal for approximately $923 million, with a closing date of February 23, 2018. Suncor’s share in the Syncrude joint venture project is now 58.74%.

(1) Non-GAAP financial measures. See the Non-GAAP Financial Measures Advisory section of the MD&A.

Production at Hebron continues to ramp up, with the second production well coming online ahead of schedule during the first quarter of 2018. At peak production, the project is expected to produce more than 30,000 bbls/d, net to Suncor, ramping up over the next several years.

During the first quarter of 2018, the company entered into an agreement to acquire a 17.5% interest in the Fenja development project offshore Norway, with the transaction expected to close in the second quarter of 2018. The project has received government approval and is a strategic fit for Suncor's offshore portfolio that is expected to provide profitable growth in an area where Suncor has existing knowledge, expertise and assets. Other E&P activity in the first quarter included development drilling at White Rose, Terra Nova, Hebron and Hibernia, and development work on the West White Rose Project and the Norwegian Oda project.

During the first quarter of 2018, Suncor closed the previously announced transaction with Canbriam, a private natural gas company, to exchange all of Suncor's northeast British Columbia mineral landholdings, and consideration of $52 million, for a 37% equity interest in Canbriam.

"The acquisitions in the first quarter highlight Suncor's commitment to our core assets and profitable growth," said Williams. "Our increased ownership position in Syncrude reflects our belief in the asset's further long-term potential and the opportunity to create significant value through integration."

During the first quarter of 2018, Suncor's Board of Directors approved a 12.5% dividend increase and an additional $2.0 billion in authority for share repurchases. The company also repurchased and cancelled $389 million of its own shares in the first quarter of 2018, for a total of $1.8 billion to the end of the quarter.

Operating Earnings Reconciliation(1)

($ millions)	Three months ended March 31 2018	2017
Net earnings	**789**	1 352
Unrealized foreign exchange loss (gain) on U.S. dollar denominated debt	**329**	(103)
Gain on significant disposals(2)	**(133)**	(437)
Operating earnings(1)	**985**	812

(1) Operating earnings is a non-GAAP financial measure. All reconciling items are presented on an after-tax basis. See the Non-GAAP Financial Measures Advisory section of the MD&A.

(2) Non-cash after-tax gain of $133 million in the E&P segment related to the asset exchange with Canbriam for the company's mineral landholdings in northeast British Columbia in the first quarter of 2018. The first quarter of 2017 included a $354 million after-tax gain in the R&M segment, related to the sale of the company's lubricants business, combined with an after-tax gain of $83 million in the Corporate segment related to the sale of the company's interest in the Cedar Point wind facility.

Corporate Guidance

Suncor has updated its full year business environment outlook assumptions to reflect average actual year-to-date realized prices plus forward curve pricing. Brent Sullom Voe has been updated to US$67.00 from US$58.00, WTI at Cushing to US$63.00 from US$55.00, WCS at Hardisty to US$41.00 from US$40.00, New York Harbor 3-2-1 crack to US$18.00 from US$16.00, AECO-C Spot to $1.50 from $2.50 and the Cdn$/US$ exchange rate to 0.78 from 0.80. These updates have resulted in a corresponding increase to full year current income tax to $1,050 million – $1,350 million from $450 million – $750 million. For further details and advisories regarding Suncor's 2018 corporate guidance, see www.suncor.com/guidance.

Normal Course Issuer Bid

The Toronto Stock Exchange (TSX) accepted a notice filed by Suncor of its intention to renew its normal course issuer bid (the NCIB) to continue to purchase shares under its previously announced buyback program through the facilities of the TSX, New York Stock Exchange and/or alternative trading platforms. The notice provides that Suncor may purchase for cancellation up to approximately $2.15 billion worth of its common shares beginning May 4, 2018 and ending May 3, 2019.

The actual number of common shares that may be purchased and the timing of any such purchases will be determined by Suncor. Suncor believes that, depending on the trading price of its common shares and other relevant factors, purchasing its own shares represents an attractive investment opportunity and is in the best interests of the company and its shareholders. The company does not expect the decision to allocate cash to repurchase shares will affect its long-term growth strategy. Between May 1, 2017 and April 30, 2018 and pursuant to Suncor's previous normal course issuer bid, Suncor repurchased 43,213,523 shares on the open market for approximately $1.85 billion, at a weighted average price of $42.83 per share.

Pursuant to the NCIB, Suncor has agreed that it will not purchase more than 52,285,330 common shares, which is equal to approximately 3% of Suncor's issued and outstanding common shares.

Subject to the block purchase exemption that is available to Suncor for regular open market purchases under the NCIB, Suncor will limit daily purchases of Suncor common shares on the TSX in connection with the NCIB to no more than 25% (725,092) of the average daily trading volume of Suncor's common shares on the TSX during any trading day. Purchases under the NCIB will be made through open market purchases at market price, as well as by other means as may be permitted by the TSX and securities regulatory authorities, including by private agreements. Purchases made by private agreement under an issuer bid exemption order issued by a securities regulatory authority will be at a discount to the prevailing market price as provided in the exemption order. In the future, Suncor may enter into an automatic share purchase plan in relation to purchases made in connection with the NCIB.

Measurement Conversions

Certain natural gas volumes in this report to shareholders have been converted to boe on the basis of one bbl to six mcf. See the Advisories section of the MD&A.

MANAGEMENT'S DISCUSSION AND ANALYSIS

May 1, 2018

Suncor is an integrated energy company headquartered in Calgary, Alberta, Canada. We are strategically focused on developing one of the world's largest petroleum resource basins – Canada's Athabasca oil sands. In addition, we explore for, acquire, develop, produce and market crude oil and natural gas in Canada and internationally; we transport and refine crude oil, and we market petroleum and petrochemical products primarily in Canada. We also conduct energy trading activities focused principally on the marketing and trading of crude oil, natural gas and byproducts. We also operate a renewable energy business as part of our overall portfolio of assets.

For a description of Suncor's segments, refer to Suncor's Management's Discussion and Analysis for the year ended December 31, 2017, dated March 1, 2018 (the 2017 annual MD&A).

This Management's Discussion and Analysis (MD&A) should be read in conjunction with Suncor's unaudited interim Consolidated Financial Statements for the three months ended March 31, 2018, Suncor's audited Consolidated Financial Statements for the year ended December 31, 2017 and the 2017 annual MD&A.

Additional information about Suncor filed with Canadian securities regulatory authorities and the United States Securities and Exchange Commission (SEC), including quarterly and annual reports and Suncor's Annual Information Form dated March 1, 2018 (the 2017 AIF), which is also filed with the SEC under cover of Form 40-F, is available online at www.sedar.com, www.sec.gov and our website www.suncor.com. Information contained in or otherwise accessible through our website does not form part of this MD&A, and is not incorporated into this MD&A by reference.

References to "we", "our", "Suncor", or "the company" mean Suncor Energy Inc., and the company's subsidiaries and interests in associates and jointly controlled entities, unless the context otherwise requires.

Table of Contents

1. ADVISORIES

Basis of Presentation

Unless otherwise noted, all financial information has been prepared in accordance with Canadian generally accepted accounting principles (GAAP), specifically International Accounting Standard (IAS) 34 *Interim Financial Reporting* as issued by the International Accounting Standards Board, which is within the framework of International Financial Reporting Standards (IFRS).

Effective January 1, 2018, the company adopted IFRS 15 *Revenue from Contracts with Customers* (IFRS 15), which sets out new guidelines for the recognition of revenue. As a result, certain comparative figures presented in this MD&A pertaining to Suncor's 2017 results have been restated in accordance with the new standard with no impact to overall net earnings or operating earnings.

All financial information is reported in Canadian dollars, unless otherwise noted. Production volumes are presented on a working-interest basis, before royalties, except for Libya, which is on an entitlement basis. Certain prior year amounts in the Consolidated Statements of Comprehensive Income (Loss) have been reclassified to conform to the current year's presentation.

References to Oil Sands operations exclude Suncor's interest in Fort Hills and Syncrude's operations.

Non-GAAP Financial Measures

Certain financial measures in this MD&A – namely operating earnings (loss), funds from (used in) operations, return on capital employed (ROCE), Oil Sands operations cash operating costs, Fort Hills cash operating costs, Syncrude cash operating costs, In Situ cash operating costs, refining margin, refining operating expense, discretionary free funds flow, and last-in, first-out (LIFO) – are not prescribed by GAAP. Operating earnings (loss) is defined in the Non-GAAP Financial Measures Advisory section of this MD&A and reconciled to GAAP measures in the Consolidated Financial Information and Segment Results and Analysis sections of this MD&A. Oil Sands operations cash operating costs, Fort Hills cash operating costs, Syncrude cash operating costs and LIFO are defined in the Non-GAAP Financial Measures Advisory section of this MD&A and reconciled to GAAP measures in the Segment Results and Analysis section of this MD&A. Funds from (used in) operations, ROCE, discretionary free funds flow, In Situ cash operating costs, refining margin and refining operating expense are defined and reconciled to GAAP measures in the Non-GAAP Financial Measures Advisory section of this MD&A.

Risk Factors and Forward-Looking Information

The company's financial and operational performance is potentially affected by a number of factors, including, but not limited to, the factors described within the Forward-Looking Information section of this MD&A. This MD&A contains forward-looking information based on Suncor's current expectations, estimates, projections and assumptions. This information is provided to assist readers in understanding the company's future plans and expectations and may not be appropriate for other purposes. Refer to the Forward-Looking Information section of this MD&A for information on the material risk factors and assumptions underlying our forward-looking information.

Measurement Conversions

Certain crude oil and natural gas liquids volumes have been converted to mcfe on the basis of one bbl to six mcf. Also, certain natural gas volumes have been converted to boe or mboe on the same basis. Any figure presented in mcfe, boe or mboe may be misleading, particularly if used in isolation. A conversion ratio of one bbl of crude oil or natural gas liquids to six mcf of natural gas is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. Given that the value ratio based on the current price of crude oil as compared to natural gas is significantly different from the energy equivalency of 6:1, conversion on a 6:1 basis may be misleading as an indication of value.

Common Abbreviations

For a list of abbreviations that may be used in this MD&A, refer to the Common Abbreviations section of this MD&A.

2. FIRST QUARTER HIGHLIGHTS

- **First quarter financial results**
  - Net earnings were $789 million in the first quarter of 2018, compared to $1.352 billion in the prior year quarter. Net earnings for the first quarter of 2018 included an unrealized after-tax foreign exchange loss of $329 million on the revaluation of U.S. dollar denominated debt and a non-cash after-tax gain of $133 million related to the asset exchange with Canbriam Energy Inc. (Canbriam) for the company's mineral landholdings in northeast British Columbia. Net earnings in the prior year quarter included an after-tax gain of $437 million related to the sale of the company's lubricants business and its interest in the Cedar Point wind facility, and an unrealized after-tax foreign exchange gain of $103 million on the revaluation of U.S. dollar denominated debt.
  - Suncor recorded first quarter 2018 operating earnings(1) of $985 million, compared to $812 million in the prior year quarter as a result of improved crude oil pricing and increased refining margins, refinery utilization of 98% and strong In Situ production, partially offset by increased operating costs, which were primarily due to higher maintenance expenses and the addition of full operating costs at Fort Hills while production ramps up. The decrease in Oil Sands production was due to a weather-related outage at Oil Sands Base, as well as a constrained bitumen feed line at Syncrude. In response to the bitumen feed line constraint at Syncrude, planned maintenance originally scheduled to begin in the second quarter of 2018 was advanced to the first quarter of this year to mitigate the impact to annual production. Production rates at the company's Oil Sands Base plant returned to normal by the end of February, following resolution of the weather-related issue.
  - Funds from operations(1) were $2.164 billion in the first quarter of 2018, compared to $2.024 billion in the first quarter of 2017, and were primarily impacted by the same factors as operating earnings described above. Cash flow provided by operating activities, which includes changes in non-cash working capital, was $724 million for the first quarter of 2018, compared to $1.628 billion for the first quarter of 2017. The change in non-cash working capital in the first quarter of 2018 resulted from an increase in accounts receivable on an improving price environment, a substantial build of product inventory in advance of major turnarounds and the payment of deferred 2017 tax instalments.
- **At Fort Hills, the first and second of three secondary extraction trains were successfully brought online.** Production in the quarter averaged 29,800 bbls/d, including 5,200 bbls/d of bitumen froth further processed by Oil Sands Base.
- **Accelerated ramp up of Hebron production.** Production in the quarter averaged 8,200 bbls/d with the second well coming online during the first quarter of 2018, ahead of schedule. A third production well at Hebron came online early in the second quarter of 2018.
- **Refining and Marketing (R&M) average refinery utilization of 98% and crude throughput of 453,500 bbls/d, which is the highest ever in a first quarter.** Strong reliability at all of the company's refineries and improved cracking margins enabled the R&M business to contribute $965 million in funds from operations during the quarter.
- **In Situ cash operating costs(1) averaged $9.55/bbl for the quarter.** This represents the third quarter in a row where In Situ cash operating costs have been below $10.00 per barrel.
- **Acquired an additional 5% interest in Syncrude from Mocal Energy Limited (Mocal).** The transaction adds approximately 17,500 bbls/d of sweet SCO capacity and increases the company's ownership position in Syncrude to 58.74%.
- **Acquired an equity position in Canbriam.** Suncor closed the previously announced transaction with Canbriam to exchange all of Suncor's northeast British Columbia mineral landholdings and consideration of $52 million for a 37% equity interest in Canbriam, a private natural gas company.
- **Suncor continued to return value to shareholders.** The company returned $590 million to shareholders through dividends and bought back $389 million of outstanding shares in the first quarter of 2018.
- **Suncor approved a dividend increase and renewed the share repurchase plan.** In the first quarter of 2018, Suncor's Board of Directors approved a 12.5% increase to the quarterly dividend and a further $2.0 billion in share repurchases.

(1) Operating earnings, funds from operations, and In Situ cash operating costs are non-GAAP financial measures. See the Non-GAAP Financial Measures Advisory section of this MD&A.

3. CONSOLIDATED FINANCIAL INFORMATION

Financial Highlights

($ millions)	Three months ended March 31 2018	2017
Net earnings (loss)		
Oil Sands	**82**	302
Exploration and Production	**395**	172
Refining and Marketing	**806**	829
Corporate, Energy Trading and Eliminations	**(494)**	49
Total	**789**	1 352
Operating earnings (loss)(1)		
Oil Sands	**82**	302
Exploration and Production	**262**	172
Refining and Marketing	**806**	475
Corporate, Energy Trading and Eliminations	**(165)**	(137)
Total	**985**	812
Funds from (used in) operations(1)		
Oil Sands	**979**	1 109
Exploration and Production	**502**	481
Refining and Marketing	**965**	575
Corporate, Energy Trading and Eliminations	**(282)**	(141)
Total	**2 164**	2 024
Capital and Exploration Expenditures(2)		
Sustaining	**807**	399
Growth	**407**	807
Total	**1 214**	1 206

($ millions)	Three months ended March 31 2018	2017
Discretionary free funds flow(1)	**755**	1 082

(1) Non-GAAP financial measures. See the Non-GAAP Financial Measures Advisory section of this MD&A.

(2) Excludes capitalized interest.

Operating Highlights

	Three months ended March 31 2018	2017
Production volumes by segment		
Oil Sands (mbbls/d)	**571.7**	590.6
Exploration and Production (mboe/d)	**117.7**	134.5
Total (mboe/d)	**689.4**	725.1
Production mix		
Crude oil and liquids / natural gas (%)	**100/0**	99/1
Refinery utilization (%)	**98**	93
Refinery crude oil processed (mbbls/d)	**453.5**	429.9

Net Earnings

Suncor's consolidated net earnings for the first quarter of 2018 were $789 million, compared to net earnings of $1.352 billion for the prior year quarter. Net earnings were primarily affected by the same factors that influenced operating earnings described subsequently in this section of this MD&A.

Other items affecting net earnings over these periods included:

- The after-tax unrealized foreign exchange impact on the revaluation of U.S. dollar denominated debt was a loss of $329 million for the first quarter of 2018, compared to a gain of $103 million for the first quarter of 2017.
- The first quarter of 2018 included a non-cash after-tax gain of $133 million related to the asset exchange with Canbriam for Suncor's mineral landholdings in northeast British Columbia.
- The first quarter of 2017 included an after-tax gain of $437 million related to the sale of the company's lubricants business and its interest in the Cedar Point Wind facility.

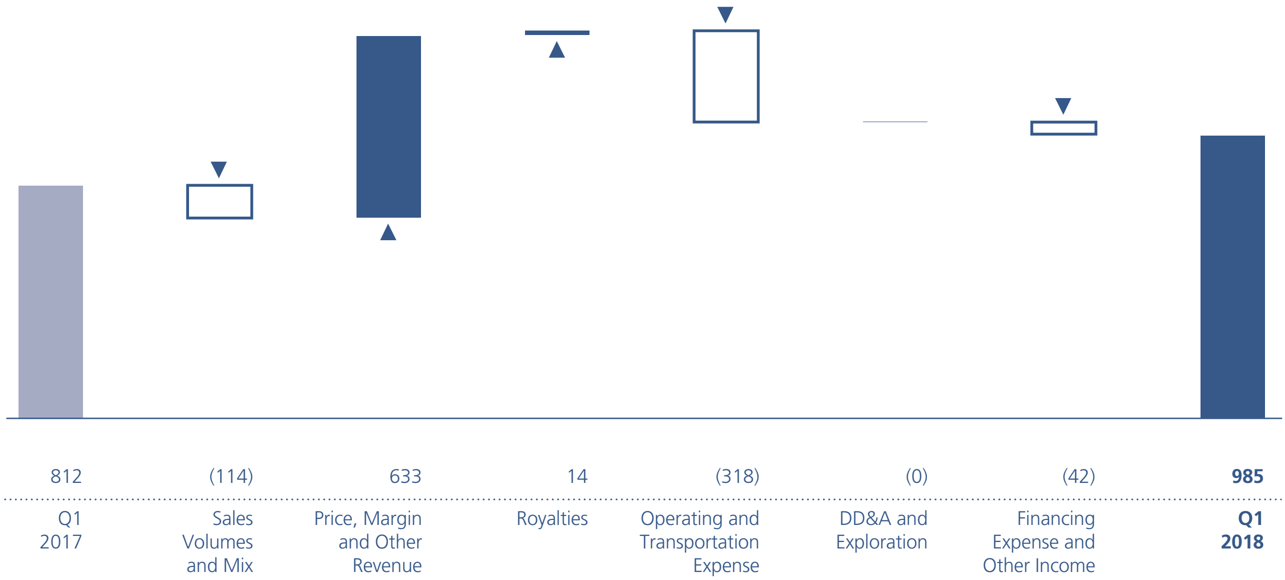
Operating Earnings Reconciliation(1)

($ millions)	Three months ended March 31 2018	2017
Net earnings	**789**	1 352
Unrealized foreign exchange loss (gain) on U.S. dollar denominated debt	**329**	(103)
Gain on significant disposals(2)	**(133)**	(437)
Operating earnings(1)	**985**	812

(1) Operating earnings is a non-GAAP financial measure. All reconciling items are presented on an after-tax basis. See the Non-GAAP Financial Measures Advisory section of this MD&A.

(2) Non-cash after-tax gain of $133 million in the Exploration and Production (E&P) segment related to the asset exchange with Canbriam for the company's mineral landholdings in northeast British Columbia in the first quarter of 2018. The first quarter of 2017 included a $354 million after-tax gain in the R&M segment related to the sale of the company's lubricants business, combined with an after-tax gain of $83 million in the Corporate segment related to the sale of the company's interest in the Cedar Point wind facility.

Bridge Analysis of Operating Earnings ($ millions)[1]



(1) For an explanation of this bridge analysis, see the Non-GAAP Financial Measures Advisory section of this MD&A.

Suncor's consolidated operating earnings for the first quarter of 2018 were $985 million, compared to $812 million in the prior year quarter. The increase is attributable to improved crude oil pricing and increased refining margins, refinery utilization of 98% and strong In Situ production, partially offset by increased operating costs, which were primarily due to higher maintenance expenses and the addition of full operating costs at Fort Hills while production ramps up. Oil Sands results in the current period were impacted by a weather-related outage at Oil Sands Base, as well as constrained capacity on a bitumen feed line at Syncrude, which resulted in lower overall Oil Sands production.

After-Tax Share-Based Compensation Expense by Segment

($ millions)	Three months ended March 31 2018	2017
Oil Sands	**22**	15
Exploration and Production	**1**	2
Refining and Marketing	**12**	9
Corporate, Energy Trading and Eliminations	**47**	46
Total share-based compensation expense	**82**	72

Business Environment

Commodity prices, refining crack spreads and foreign exchange rates are important factors that affect the results of Suncor's operations.

		Average for the three months ended March 31 2018	2017
WTI crude oil at Cushing	US$/bbl	**62.90**	51.85
Dated Brent crude	US$/bbl	**66.80**	53.75
Dated Brent/Maya crude oil FOB price differential	US$/bbl	**7.70**	9.05
MSW at Edmonton	Cdn$/bbl	**72.45**	64.25
WCS at Hardisty	US$/bbl	**38.60**	37.30
Light/heavy differential for WTI at Cushing less WCS at Hardisty	US$/bbl	**24.30**	14.55
Condensate at Edmonton	US$/bbl	**63.15**	52.20
Natural gas (Alberta spot) at AECO	Cdn$/mcf	**2.05**	2.70
Alberta Power Pool Price	Cdn$/MWh	**34.95**	22.40
New York Harbor 3-2-1 crack(1)	US$/bbl	**15.50**	12.55
Chicago 3-2-1 crack(1)	US$/bbl	**12.85**	11.15
Portland 3-2-1 crack(1)	US$/bbl	**20.35**	18.45
Gulf Coast 3-2-1 crack(1)	US$/bbl	**15.55**	14.00
Exchange rate	US$/Cdn$	**0.79**	0.76
Exchange rate (end of period)	US$/Cdn$	**0.78**	0.75

(1) 3-2-1 crack spreads are indicators of the refining margin generated by converting three barrels of WTI into two barrels of gasoline and one barrel of diesel. The crack spreads presented here generally approximate the regions into which the company sells refined products through retail and wholesale channels.

Suncor's sweet SCO price realizations are influenced primarily by the price of WTI at Cushing and by the supply and demand for sweet SCO from Western Canada. Price realizations in the first quarter of 2018 for sweet SCO were favourably impacted by a higher WTI price of US$62.90/bbl, compared to US$51.85/bbl in the prior year quarter. Suncor also produces sour SCO, the price of which is influenced by various crude benchmarks, including, but not limited to, MSW at Edmonton and WCS at Hardisty, and which can also be affected by prices negotiated for spot sales. Prices for MSW at Edmonton increased to $72.45/bbl, compared to $64.25/bbl in the prior year quarter, and prices for WCS at Hardisty increased to US$38.60/bbl in the first quarter of 2018, from US$37.30/bbl in the prior year quarter, which was less than the increase in WTI as a result of the impact of widening heavy crude differentials due to takeaway constraints at Hardisty.

Bitumen production that Suncor does not upgrade is blended with diluent or SCO to facilitate delivery on pipeline systems. Net bitumen price realizations are therefore influenced by both prices for Canadian heavy crude oil (WCS at Hardisty is a common reference), prices for diluent (Condensate at Edmonton) and SCO. Bitumen price realizations can also be affected by bitumen quality and spot sales.

Suncor's price realizations for production from East Coast Canada and International assets are influenced primarily by the price for Brent crude. Brent crude increased to US$66.80/bbl in the first quarter of 2018, compared to US$53.75/bbl in the prior year quarter.

Natural gas used in Suncor's Oil Sands and refining operations is primarily referenced to Alberta spot prices at AECO. The average AECO benchmark decreased to $2.05/mcf in the first quarter of 2018, from $2.70/mcf in the prior year quarter.

Suncor's refining margins are primarily influenced by 3-2-1 benchmark crack spreads, which are industry indicators approximating the gross margin on a barrel of crude oil that is refined to produce gasoline and distillates, and by light/heavy and sweet/sour crude differentials. More complex refineries can earn greater refining margins by processing less expensive, heavier crudes. Crack spreads do not necessarily reflect the margins of a specific refinery. Crack spreads are based on current crude feedstock prices whereas actual earnings are based on first-in, first-out (FIFO) inventory accounting, where a delay exists between the time that feedstock is purchased and when it is processed and sold to a third party. A FIFO loss normally reflects a declining price environment for crude oil and finished products, whereas FIFO gains reflect an increasing price environment for crude oil and finished products. Specific refining margins are further impacted by actual crude purchase costs, refinery configuration, production mix and realized prices for refined products sales in markets unique to each refinery.

Excess electricity produced in Suncor's Oil Sands operations is sold to the Alberta Electric System Operator (AESO), with the proceeds netted against the Oil Sands operations cash operating cost per barrel metric. The Alberta power pool price increased to an average of $34.95/MWh in the first quarter of 2018, compared to $22.40/MWh in the prior year quarter.

The majority of Suncor's revenues from the sale of oil and natural gas commodities are based on prices that are determined by or referenced to U.S. dollar benchmark prices. The majority of Suncor's expenditures are realized in Canadian dollars. In comparison to the prior year quarter, the Canadian dollar strengthened in relation to the U.S. dollar during the first quarter of 2018, as the average exchange rate increased to US$0.79 per one Canadian dollar from US$0.76 per one Canadian dollar in the prior year quarter. This rate increase had a negative impact on price realizations for the company during the first quarter of 2018 when compared to the prior year quarter.

Suncor also has assets and liabilities, including approximately 75% of the company's debt, which are denominated in U.S. dollars and translated to Suncor's reporting currency (Canadian dollars) at each balance sheet date. A decrease in the value of the Canadian dollar, relative to the U.S. dollar, from the previous balance sheet date increases the amount of Canadian dollars required to settle U.S. dollar denominated obligations.

4. SEGMENT RESULTS AND ANALYSIS

OIL SANDS

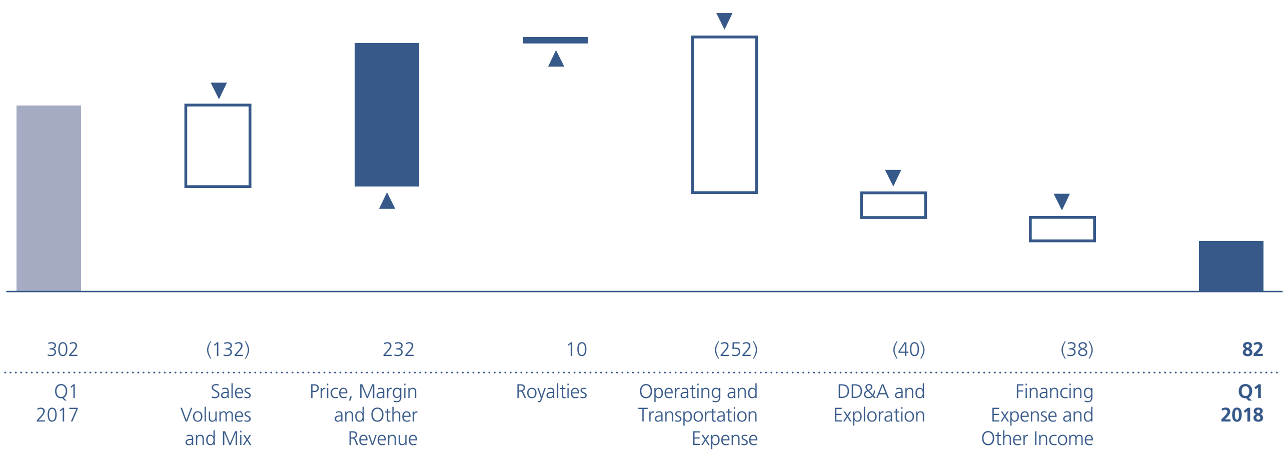
Financial Highlights

($ millions)	Three months ended March 31 2018	2017
Gross revenues[1]	**3 599**	3 323
Less: Royalties	**(46)**	(61)
Operating revenues, net of royalties	**3 553**	3 262
Net earnings	**82**	302
Operating earnings[2]	**82**	302
Funds from operations[2]	**979**	1 109

(1) The first quarter of 2017 has been restated in accordance with the new IFRS 15 revenue requirements, with no impact to net earnings or operating earnings. For further information on the restatements associated with IFRS 15, refer to note 3 in Suncor's Consolidated Financial Statements for the three-month period ended March 31, 2018.

(2) Non-GAAP financial measures. See the Non-GAAP Financial Measures Advisory section of this MD&A.

Bridge Analysis of Operating Earnings ($ millions)[1]



(1) For an explanation of this bridge analysis, see the Non-GAAP Financial Measures Advisory section of this MD&A.

The Oil Sands segment had operating earnings of $82 million in the first quarter of 2018, compared to $302 million in the prior year quarter. The decrease was due to increased maintenance costs at Syncrude and Oil Sands operations and the addition of full operating costs at Fort Hills during its first quarter of operations while production ramps up, and lower overall production than the prior year period, partially offset by higher crude price realizations, lower royalties, and additional production from the increased working interest in Syncrude acquired partway through the quarter.

Production Volumes[1]

(mbbls/d)	Three months ended March 31 2018	2017
Upgraded product (SCO and diesel)	**287.6**	339.3
Internally consumed diesel[2]	**(8.2)**	(6.5)
Total Oil Sands operations upgraded product	**279.4**	332.8
In Situ non-upgraded bitumen	**125.4**	115.7
Total Oil Sands operations production	**404.8**	448.5
Fort Hills bitumen	**29.8**	—
Internally upgraded bitumen from froth	**(5.2)**	—
Total Fort Hills bitumen production	**24.6**	—
Syncrude (sweet SCO and diesel)	**144.6**	143.9
Internally consumed diesel[2]	**(2.3)**	(1.8)
Total Syncrude production	**142.3**	142.1
Total Oil Sands production	**571.7**	590.6

(1) Bitumen production from Oil Sands Base operations is upgraded, while bitumen production from In Situ operations is either upgraded or sold directly to customers, including Suncor's own refineries, with SCO and diesel yields of approximately 79% of bitumen feedstock input. Fort Hills finished bitumen is sold directly to customers and bitumen froth from Fort Hills can be sent to Oil Sands Base for further processing into SCO. All of the bitumen produced at Syncrude is upgraded to sweet SCO and a small amount of diesel, at an approximate yield of 85%.

(2) Both Oil Sands operations and Syncrude produce diesel which is internally consumed in mining operations and Fort Hills utilizes internally produced diesel from Oil Sands Base within its mining operations. Of the 8,200 bbls/d of internally consumed diesel at Oil Sands operations, 6,500 bbls/d was consumed at Oil Sands Base and 1,700 bbls/d was consumed at Fort Hills. All upgrader utilization rates presented exclude internally produced and consumed diesel.

Oil Sands operations production was 404,800 bbls/d in the first quarter of 2018, compared to 448,500 bbls/d in the prior year quarter, with the decrease due to a weather-related outage at Oil Sands Base plant, partially offset by continued strong In Situ production. As a result of the outage, upgrader utilization in the first quarter of 2018 was 80%, compared to 95% in the prior year quarter. Production rates at Oil Sands Base plant returned to normal by the end of February after the weather-related issue was resolved.

Following the successful commissioning of the secondary extraction assets on January 27, 2018, the Fort Hills project produced an average of 29,800 bbls/d of bitumen, including 5,200 bbls/d of bitumen froth which was further processed by Oil Sands operations into SCO.

Sales Volumes

(mbbls/d)	Three months ended March 31 2018	2017
Oil Sands operations sales volumes		
Sweet SCO	**84.2**	124.9
Diesel	**20.4**	30.3
Sour SCO	**178.2**	176.4
Upgraded product	**282.8**	331.6
In Situ non-upgraded bitumen	**118.2**	104.9
Oil Sands operations	**401.0**	436.5
Fort Hills bitumen	**8.1**	—
Syncrude	**142.3**	142.1
Total	**551.4**	578.6

Sales volumes for Oil Sands operations decreased to 401,000 bbls/d in the first quarter of 2018, from 436,500 bbls/d in the prior year quarter, consistent with the decrease in production.

The commissioning of the secondary extraction assets at Fort Hills in the first quarter of 2018 resulted in bitumen sales of 8,100 bbls/d and a build of bitumen inventory as initial production continues to make its way to market.

Suncor's share of Syncrude production and sales was 142,300 bbls/d in the first quarter of 2018, comparable to 142,100 bbls/d in the prior year quarter, reflecting unplanned incidents in both periods. In the first quarter of 2018, the additional working interest acquired partway through the quarter was offset by the impact of the bitumen feed line constraint.

Bitumen Production

	Three months ended March 31	
	2018	2017
Oil Sands Base		
Bitumen production (mbbls/d)	**241.6**	311.1
Bitumen ore mined (thousands of tonnes per day)	**362.6**	469.1
Bitumen ore grade quality (bbls/tonne)	**0.67**	0.66
In Situ		
Bitumen production – Firebag (mbbls/d)	**205.8**	202.8
Steam-to-oil ratio – Firebag	**2.7**	2.7
Bitumen production – MacKay River (mbbls/d)	**35.1**	35.6
Steam-to-oil ratio – MacKay River	**3.0**	3.0
Total In Situ bitumen production (mbbls/d)	**240.9**	238.4
Total Oil Sands operations bitumen production (mbbls/d)	**482.5**	549.5
Fort Hills		
Bitumen production (mbbls/d)	**29.8**	—
Bitumen ore mined (thousands of tonnes per day)	**49.7**	—
Bitumen ore grade quality (bbls/tonne)	**0.60**	—
Syncrude		
Bitumen production (mbbls/d)	**173.3**	170.0
Bitumen ore mined (thousands of tonnes per day)	**278.2**	277.7
Bitumen ore grade quality (bbls/tonne)	**0.62**	0.61
Total Oil Sands bitumen production	**685.6**	719.5

Bitumen production at Oil Sands operations in the first quarter of 2018 decreased to 482,500 bbls/d, compared to 549,500 bbls/d in the prior year quarter. The decrease in production was primarily due to the weather-related outage at Oil Sands Base early in the first quarter, partially offset by increased In Situ production, with Firebag and MacKay River benefiting from reliable operations in the period.

Bitumen production at Fort Hills began in the period following the successful start of operations.

Bitumen production at Syncrude in the first quarter of 2018 was comparable to the prior year quarter due to the previously mentioned unplanned incidents impacting each quarter, with the impact of the first quarter of 2018 incident being offset by the increased 5% ownership interest.

Price Realizations(1)

Net of transportation costs, but before royalties ($/bbl)	Three months ended March 31 2018	2017
Oil Sands operations		
SCO and diesel	**70.51**	62.31
Bitumen	**27.57**	27.32
Crude sales basket (all products)	**57.86**	53.90
Crude sales basket, relative to WTI	**(21.76)**	(14.32)
Fort Hills – bitumen	**32.48**	—
Syncrude – sweet SCO	**76.85**	65.99
Syncrude, relative to WTI	**(2.77)**	(2.23)

(1) Price realizations for the first quarter of 2017 have been restated in accordance with the new IFRS 15 revenue requirements, with no impact to net earnings or operating earnings, as well as the removal of the impact of risk management activities. For further information on the restatements associated with IFRS 15, refer to note 3 in Suncor's Consolidated Financial Statements for the three-month period ended March 31, 2018.

Average price realizations at Oil Sands operations increased to $57.86/bbl in the first quarter of 2018 from $53.90/bbl in the prior year quarter, due to higher WTI benchmark prices, partially offset by an unfavourable sales mix, wider heavy crude and SCO differentials, resulting from transportation constraints at Edmonton/Hardisty, as well as the impact of a stronger Canadian dollar.

Average price realizations for Fort Hills bitumen were $32.48 in the first quarter of 2018, and were higher than In Situ bitumen realizations primarily due to an increased proportion of shipments to the U.S. Gulf Coast combined with the improved quality differential associated with paraffinic bitumen at Fort Hills, partially offset by higher per barrel transportation costs associated with higher shipments to the U.S. Gulf Coast.

Average price realizations at Syncrude increased to $76.85/bbl in the first quarter of 2018 from $65.99/bbl in the prior year quarter due to the increase in the WTI benchmark price, partially offset by wider SCO differentials and the impact of a stronger Canadian dollar.

Royalties

Royalties for the Oil Sands segment were lower in the first quarter of 2018 compared to the prior year quarter, primarily due to lower production in the current period.

Expenses and Other Factors

Oil Sands operating and transportation expenses for the first quarter of 2018 increased when compared to the prior year quarter, as described in detail below. See the reconciliation in the Cash Operating Costs section below for further details regarding cash operating costs and non-production costs.

At Fort Hills, operating and transportation costs, including project start-up costs, commenced following the start of operations in the first quarter of 2018.

At Oil Sands operations, operating costs increased as a result of higher planned maintenance costs incurred in preparation for the Upgrader 1 turnaround, which began in the second quarter of 2018, and an increase in unplanned maintenance expenses associated with the weather-related outage, partially offset by lower natural gas prices.

At Syncrude, operating costs were higher than the prior year quarter due to increased unplanned maintenance expenses related to the bitumen feed line constraint, an increase in planned maintenance expenses related to the advancement of the upgrader turnaround and preventive maintenance to improve long-term reliability, as well as an increased share of Syncrude operating costs associated with the acquisition of an additional 5% working interest partway through the quarter, partially offset by lower natural gas prices.

DD&A and exploration expenses for the first quarter of 2018 were higher than the prior year period, due to initial DD&A from Fort Hills and an increased share of Syncrude DD&A with the acquisition of an additional 5% working interest partway through the quarter, offset by lower DD&A at Oil Sands operations.

Cash Operating Costs

($ millions)	Three months ended March 31 2018	2017
Oil Sands Operating, selling and general expense (OS&G)	**1 872**	1 553
Oil Sands operations cash operating costs(1) reconciliation		
Oil Sands operations OS&G	**1 067**	970
Non-production costs(2)	**(31)**	(21)
Excess power capacity and other(3)	**(66)**	(49)
Inventory changes	**12**	11
Oil Sands operations cash operating costs(1)	**982**	911
Oil Sands operations cash operating costs ($/bbl)(1)	**26.85**	22.55
Fort Hills cash operating costs(1) reconciliation		
Fort Hills OS&G	**144**	—
Non-production costs(2)	**(16)**	—
Inventory changes	**16**	—
Fort Hills cash operating costs(1)	**144**	
Fort Hills cash operating costs ($/bbl)(1)	**53.65**	—
Syncrude cash operating costs(1) reconciliation		
Syncrude OS&G	**661**	583
Non-production costs(2)	**(10)**	(6)
Syncrude cash operating costs(1)	**651**	577
Syncrude cash operating costs ($/bbl)(1)	**50.75**	45.15

(1) Non-GAAP financial measures. See the Non-GAAP Financial Measures Advisory section of this MD&A.

(2) Significant non-production costs include, but are not limited to, share-based compensation expense and research expenses.

(3) Excess power capacity and other includes, but is not limited to, the operational revenue impacts of excess power from a cogeneration unit and the natural gas expense recorded as part of a non-monetary arrangement involving a third-party processor.

In the first quarter of 2018, Oil Sands operations cash operating costs per barrel were $26.85, compared to $22.55 in the prior year quarter, primarily due to lower production combined with increased operating costs. Total Oil Sands operations cash operating costs increased to $982 million, from $911 million in the prior year quarter, with increased maintenance costs being partially offset by a decrease in natural gas pricing.

In the first quarter of 2018, non-production costs, which are excluded from Oil Sands operations cash operating costs, were higher than the prior year quarter, primarily due to an increase in share-based compensation expense.

Excess power capacity and other at Oil Sands operations for the first quarter of 2018 represents an increase over the prior year quarter due to an increase in power pricing.

Inventory changes at Oil Sands operations in both the first quarter of 2018 and 2017 represent a comparable build of inventory.

In the first quarter of 2018, Fort Hills cash operating costs were $53.65/bbl and were significantly influenced by the addition of full operating costs while production ramps up. Fort Hills cash operating costs per barrel are expected to steadily decline through the production ramp up period in 2018.

In the first quarter of 2018, Syncrude cash operating costs per barrel were $50.75, compared to $45.15 in the prior year period, with the increase due to lower production combined with higher operating expenses. Suncor's share of Syncrude cash operating costs increased to $651 million, from $577 million in the first quarter of 2017, due to an increase in unplanned maintenance costs as well as a higher share of costs of approximately $24 million associated with the increased ownership.

Planned Maintenance Update

On March 15, Syncrude began an eight-week turnaround, which was originally scheduled to begin in April 2018. Advancing the turnaround will allow Syncrude to address the unrelated bitumen feed line constraint, which occurred early in the first quarter of 2018, and is expected to make more efficient use of resources and minimize the impact to annual production. In April, the company began a six-week turnaround at Upgrader 1. The impact of this maintenance has been reflected in the company's 2018 guidance.

EXPLORATION AND PRODUCTION

Financial Highlights

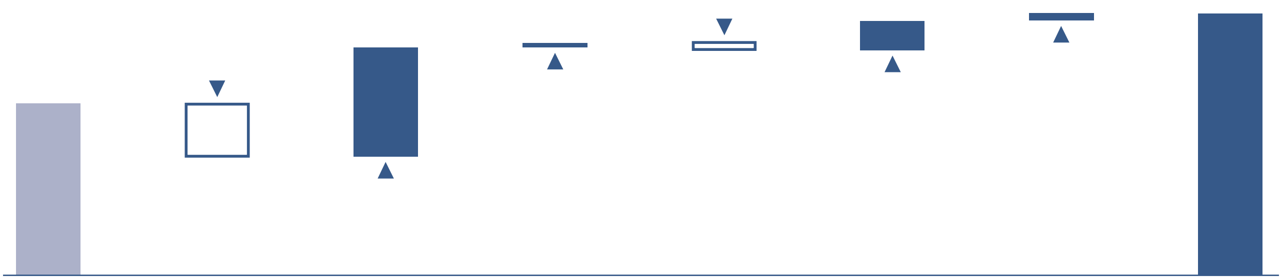
($ millions)	Three months ended March 31 2018	2017
Gross revenues(1)	938	884
Less: Royalties(1)	(82)	(87)
Operating revenues, net of royalties	856	797
Net earnings	395	172
Adjusted for:		
Non-cash gain on asset exchange(2)	(133)	—
Operating earnings(3)	262	172
Funds from operations(3)	502	481

(1) Production, revenues and royalties from the company's Libya operations have been presented in the E&P section of this MD&A on an entitlement basis and exclude an equal and offsetting gross up of revenues and royalties, which is required for presentation purposes in the company's financial statements under the working-interest basis.

(2) After-tax gain of $133 million related to the asset exchange with Canbriam for the company's mineral landholdings in northeast British Columbia in the first quarter of 2018.

(3) Non-GAAP financial measures. See also the Non-GAAP Financial Measures Advisory section of this MD&A.

Bridge Analysis of Operating Earnings ($ millions)(1)



172	(52)	109	4	(7)	29	7	**262**
Q1 2017	Sales Volumes and Mix	Price, Margin and Other Revenue	Royalties	Operating and Transportation Expense	DD&A and Exploration	Financing Expense and Other Income	**Q1 2018**

(1) For an explanation of the construction of this bridge analysis, see the Non-GAAP Financial Measures Advisory section of this MD&A.

Operating earnings for the E&P segment in the first quarter of 2018 increased to $262 million, from $172 million in the prior year quarter, as a result of higher crude price realizations and the addition of production from the Hebron project, partially offset by lower overall production volumes.

Production Volumes

	Three months ended March 31 2018	2017
E&P Canada		
Terra Nova (mbbls/d)	**15.4**	14.7
Hibernia (mbbls/d)	**26.1**	30.3
White Rose (mbbls/d)	**8.8**	13.1
Hebron (mbbls/d)	**8.2**	—
North America Onshore (mboe/d)	**2.0**	2.8
	60.5	60.9
E&P International		
Buzzard (mboe/d)	**40.4**	49.0
Golden Eagle (mboe/d)	**14.3**	20.2
United Kingdom (mboe/d)	**54.7**	69.2
Libya (mbbls/d)	**2.5**	4.4
	57.2	73.6
Total Production (mboe/d)	**117.7**	134.5
Production mix (liquids/gas) (%)	**97/3**	97/3
Total Sales Volumes (mboe/d)	**121.9**	136.8

E&P Canada production averaged 60,500 boe/d in the first quarter of 2018, comparable to 60,900 boe/d in the prior year period. The additional production from the ramp up of the Hebron growth project, with the second production well coming online in the first quarter, was offset by natural declines at Hibernia and White Rose.

E&P International production decreased to 57,200 boe/d in the first quarter of 2018, compared to 73,600 boe/d in the prior year quarter, reflecting natural declines in the U.K. and lower production from Libya.

E&P sales volumes decreased to 121,900 boe/d in the first quarter of 2018, compared to 136,800 boe/d in the prior year quarter, due to the decrease in production.

Price Realizations

Net of transportation costs, but before royalties	Three months ended March 31 2018	2017
Exploration and Production		
E&P Canada – Crude oil and natural gas liquids ($/bbl)	**82.78**	68.03
E&P Canada – Natural gas ($/mcfe)	**1.94**	2.48
E&P International ($/boe)	**81.01**	65.74

Price realizations for E&P Canada and E&P International were higher in the first quarter of 2018, compared to the prior year quarter, primarily due to an increase in benchmark Brent crude pricing, partially offset by the impact of a stronger Canadian dollar.

Royalties

E&P royalties in the first quarter of 2018 were comparable to the prior year quarter.

Expenses and Other Factors

Operating and transportation expenses for the first quarter of 2018 increased compared to the prior year quarter, primarily due to additional operating costs at Hebron, which began producing in the fourth quarter of 2017.

DD&A expense in the first quarter of 2018 was comparable to the first quarter of 2017.

Exploration expense decreased when compared to the first quarter of 2017 due to the prior year period including exploration charges for drilling at the Shelburne Basin off the east coast of Canada.

REFINING AND MARKETING

Financial Highlights

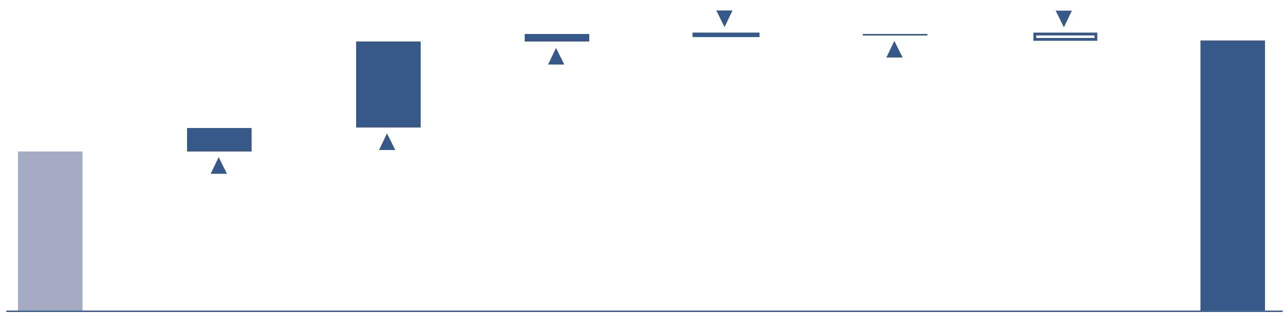
($ millions)	Three months ended March 31 2018	2017
Operating revenues(1)	**5 426**	4 580
Net earnings	**806**	829
Adjusted for:		
Gain on significant disposal(2)	**—**	(354)
Operating earnings(3)	**806**	475
Funds from operations(3)	**965**	575

(1) The first quarter of 2017 has been restated in accordance with the new IFRS 15 revenue requirements, with no impact to net earnings or operating earnings. For further information on the restatements associated with IFRS 15, refer to note 3 in Suncor's Consolidated Financial Statements for the three-month period ended March 31, 2018.

(2) After-tax gain related to the sale of the company's lubricants business.

(3) Non-GAAP financial measures. See the Non-GAAP Financial Measures Advisory section of this MD&A.

Bridge Analysis of Operating Earnings ($ millions)(1)



475	70	257	21	(5)	4	(16)	**806**
Q1 2017	Refinery Production and Mix	Refinery Margin and Other Revenue	Marketing Margin and Volumes	Operating and Transportation Expense	DD&A	Financing Expense and Other Income	**Q1 2018**

(1) For an explanation of this bridge analysis, see the Non-GAAP Financial Measures Advisory section of this MD&A.

R&M operating earnings were $806 million in the first quarter of 2018, compared to $475 million in the prior year quarter, with the increase due to higher refining margins, higher sales volumes, including record wholesale volumes in Canada, partially offset by the impact of a stronger Canadian dollar. The improved refining margins were primarily due to improved benchmark crack spreads, product location differentials and light/heavy crude differentials, combined with a higher value product mix.

The company sold its Petro-Canada lubricants business in the first quarter of 2017, which contributed $8 million in net earnings and $11 million in funds from operations during that period. The impact of the lubricants business sale has been reflected in Financing Expense and Other Income in the bridge analysis above.

Volumes

	Three months ended March 31 2018	2017
Crude oil processed (mbbls/d)		
Eastern North America	**217.8**	214.6
Western North America	**235.7**	215.3
Total	**453.5**	429.9
Refinery utilization(1) (%)		
Eastern North America	**98**	97
Western North America	**98**	90
Total	**98**	93
Refined product sales (mbbls/d)		
Gasoline	**233.7**	229.9
Distillate	**191.7**	192.3
Other	**87.5**	85.8
Total	**512.9**	508.0
Refining margin(2) ($/bbl)	**30.25**	21.90
Refining operating expense(2) ($/bbl)	**4.90**	5.50

(1) Refinery utilization is the amount of crude oil and natural gas plant liquids run through crude distillation units, expressed as a percentage of the capacity of these units.

(2) Non-GAAP financial measures. See the Non-GAAP Financial Measures Advisory section of this MD&A. Refining margins have been presented on a LIFO basis and exclude the impact of risk management activities as management uses this basis to assess performance, with the prior period restated to reflect this change.

Refinery crude throughput in the first quarter of 2018 increased to 453,500 bbls/d, compared to 429,900 bbls/d in the prior year quarter, reflecting strong reliability at all refineries during the quarter and a planned buildup of inventory in advance of major maintenance events in the second quarter of 2018 that will support sales during the planned turnaround. Throughput in the prior year quarter was lower as a result of a third-party power outage at the company's Commerce City refinery.

Total refined product sales increased to 512,900 bbls/d in the first quarter of 2018, compared to 508,000 bbls/d in the prior year period. The increase is attributed to improved crude throughput combined with record wholesale volumes in Canada and stronger retail volumes. Retail sales volumes in Canada established a new record for a first quarter.

Prices and Margin

Realized refined product gross margins were higher in the first quarter of 2018, compared to the prior year quarter, and were impacted primarily by the following factors:

- Higher benchmark refining crack spreads, improved product location differentials and light/heavy crude differentials, partially offset by the impact of the stronger Canadian dollar.
- In the first quarter of 2018, the impact of the FIFO method of inventory valuation, as used by the company, relative to an estimated LIFO[1] method, had a positive impact on operating earnings of $53 million after-tax, compared to $43 million after-tax in the prior year quarter, for a favourable quarter-over-quarter impact of $10 million.

Marketing gross margins in the first quarter of 2018 were higher than in the prior year quarter, primarily due to improved wholesale and retail unit margins, as well as increased contributions from non-petroleum revenues.

Expenses and Other Factors

After removing the impact of the lubricants business, which was sold in the first quarter of 2017, operating expenses in the first quarter of 2018 were higher than the prior year quarter due to an increase in share-based compensation, partially offset by lower natural gas pricing.

(1) The estimated impact of the LIFO method is a non-GAAP financial measure. See the Non-GAAP Financial Measures Advisory section of this MD&A.

Planned Maintenance

The Edmonton refinery has a planned seven-week maintenance event, which includes a one-month full refinery turnaround, the Sarnia refinery has a six-week turnaround event and the Commerce City refinery has a four-week turnaround event, all of which began late in the first quarter of 2018 and will extend into the second quarter of 2018. The anticipated impact of these maintenance events has been reflected in the company's 2018 guidance.

CORPORATE, ENERGY TRADING AND ELIMINATIONS

Financial Highlights

($ millions)	Three months ended March 31 2018	2017
Net (loss) earnings	**(494)**	49
Adjusted for:		
Unrealized foreign exchange loss (gain) on U.S. dollar denominated debt	**329**	(103)
Gain on significant disposal[1]	**—**	(83)
Operating (loss) earnings[2]	**(165)**	(137)
Renewable Energy	***1***	*(2)*
Energy Trading	***(9)***	*(11)*
Corporate	***(190)***	*(140)*
Eliminations	***33***	*16*
Funds (used in) from operations[2]	**(282)**	(141)

(1) After-tax gain related to the sale of the company's interest in the Cedar Point wind facility.

(2) Non-GAAP financial measures. See the Non-GAAP Financial Measures Advisory section of this MD&A.

Renewable Energy

	Three months ended March 31 2018	2017
Power generation marketed (gigawatt hours)[1]	**57**	87

(1) Power generated includes curtailed production for which the company was compensated.

Renewable Energy had operating earnings of $1 million in the first quarter of 2018, compared to an operating loss of $2 million in the prior year quarter, primarily due to the prior year period recording an impairment charge associated with one of the company's wind facilities, partially offset by lower volumes associated with the sale of the company's interests in the Cedar Point and Ripley wind facilities in 2017.

Energy Trading

The operating loss for Energy Trading was $9 million in the first quarter of 2018, and was comparable to $11 million in the first quarter of 2017, with improved crude location spreads offsetting increased rail costs in the first quarter of 2018.

Corporate

The Corporate operating loss was $190 million for the first quarter of 2018, compared to an operating loss of $140 million for the prior year quarter, with the increased loss attributed to a significant decrease in capitalized interest, a realized gain on forward interest rate swaps in the prior year quarter and an increase in operating costs in the current quarter. These factors were partially offset by lower interest expense as a result of an overall decrease in the company's long-term debt and a higher operational foreign exchange gain than in the prior year period. The company capitalized $77 million of its borrowing costs in the first quarter of 2018 as part of the cost of major development assets and construction projects in progress, compared to $174 million in the prior year quarter, with the decrease resulting from the commissioning of the significant growth projects, Fort Hills and Hebron.

Eliminations

Eliminations reflect the deferral of profit on crude oil sales from Oil Sands and East Coast Canada to the company's refineries. Consolidated profits are only realized when the refined products produced from internal purchases of crude feedstock have been sold to third parties. During the first quarter of 2018, the company realized $33 million of after-tax intersegment profit, compared to $16 million of after-tax intersegment profit realized in the prior year quarter. The increase was due to the timing of recognition of profit in intercompany inventory.

Corporate, Energy Trading and Eliminations funds used in operations for the first quarter of 2018 were $282 million, compared to funds used in operations of $141 million in the prior year period. In addition to the factors noted in operating earnings above, apart from the increase in non-cash share based compensation expense, funds from operations were impacted by the timing of realized losses on derivative financial instruments in the company's Energy Trading business, which were predominately offset by realized gains in prior periods.

5. CAPITAL INVESTMENT UPDATE

Capital and Exploration Expenditures by Segment

	Three months ended March 31	
($ millions)	**2018**	2017
Oil Sands	**992**	1 059
Exploration and Production	**165**	227
Refining and Marketing	**117**	92
Corporate, Energy Trading and Eliminations	**17**	2
Total capital and exploration expenditures	**1 291**	1 380
Less: capitalized interest on debt	**(77)**	(174)
	1 214	1 206

Capital and Exploration Expenditures by Type(1)

	Three months ended March 31, 2018		
($ millions)	Sustaining(2)	Growth(3)	**Total**
Oil Sands			
Oil Sands Base	*384*	*7*	***391***
In Situ	*96*	*15*	***111***
Fort Hills	*68*	*228*	***296***
Syncrude	*121*	*1*	***122***
Exploration and Production	4	156	**160**
Refining and Marketing	117	—	**117**
Corporate, Energy Trading and Eliminations	17	—	**17**
	807	407	**1 214**

(1) Capital expenditures in this table exclude capitalized interest on debt.

(2) Sustaining capital expenditures include capital investments that i) ensure compliance or maintain relations with regulators and other stakeholders; ii) improve efficiency and reliability of operations or maintain productive capacity by replacing component assets at the end of their useful lives; iii) deliver existing proved developed reserves for E&P operations; or iv) maintain current production capacities at existing Oil Sands and R&M operations.

(3) Growth capital expenditures include capital investments that result in i) an increase in production levels at existing Oil Sands and R&M operations; ii) new facilities or operations that increase overall production; iii) new infrastructure that is required to support higher production levels; iv) new reserves or a positive change in the company's reserves profile in E&P operations; or v) margin improvement by increasing revenues or reducing costs.

In the first quarter of 2018, total capital and exploration expenditures were $1.214 billion (excluding capitalized interest), compared to $1.206 billion in the prior year period, with increased sustaining capital expenditures offsetting the decrease in growth capital associated with the commissioning of the company's major growth projects, Fort Hills and Hebron. Higher sustaining capital in the first quarter of 2018 was primarily driven by an increase in planned maintenance activity in 2018.

This included preliminary planning work on the first full turnaround in five years of Oil Sands operations Upgrader 1 and the advancement of the upgrader turnaround at Syncrude, as well as an increase in spending associated with the company's recently approved tailings management plan. The company anticipates the majority of the turnaround costs to be incurred in the first half of 2018, and expects to remain within the capital guidance range of $4.5 to $5.0 billion for the year. Activity in the first quarter of 2018 is summarized by business unit below.

Oil Sands

Oil Sands Base

Oil Sands Base capital and exploration expenditures were $391 million in the first quarter of 2018, the majority of which focused on sustaining activities related to the company's planned maintenance program, ongoing tailings management, including development of new tailings infrastructure, and various reliability and sustainment projects across the operations.

In Situ

In Situ capital and exploration expenditures were $111 million, of which $96 million was directed towards sustaining activities, including an increase in well pad construction that is expected to maintain existing production levels at Firebag and MacKay River.

Fort Hills

Capital expenditures at Fort Hills were $296 million in the first quarter of 2018, of which $228 million was related to growth spending which focused primarily on ramping up the project to full rates, and continued development of the remaining secondary extraction facilities. Sustaining capital expenditures in the first quarter of 2018 continued to focus on early work associated with sustaining activities that will support the execution of the mine and tailings plan.

Fort Hills began producing paraffinic froth-treated bitumen from secondary extraction on January 27, 2018, and the production ramp up to the project's nameplate capacity of 194,000 bbls/d (105,000 bbls/d net to Suncor) is progressing ahead of schedule. The second of three secondary extraction trains was commissioned at the end of the first quarter of 2018 and the third secondary extraction train is expected to come online in the second quarter of 2018.

During the fourth quarter of 2017, the Fort Hills partners resolved the previously announced commercial dispute and reached an agreement whereby Suncor and Teck Resources Limited (Teck) each acquired an additional working interest in the Fort Hills project from Total E&P Canada Ltd. (Total). In the first quarter of 2018, under the terms of the agreement, Suncor's share of the project increased to 54.11%, Teck's share increased to 21.31%, and Total's share decreased to 24.58%. Working interests in the Fort Hills project may be further adjusted in accordance with the terms of the agreement.

Syncrude

Syncrude capital and exploration expenditures were $122 million in the first quarter of 2018, of which sustaining capital expenditures were $121 million and were primarily focused on maintaining assets, including the advancement of maintenance originally scheduled for the second quarter of 2018, and execution of the mine tailings plan.

Exploration and Production

Capital expenditures at E&P were $160 million in the first quarter of 2018 and were primarily focused on growth opportunities, including continued development drilling at Hebron as part of the ramp up phase. Other E&P activity in the first quarter included development drilling at White Rose, Terra Nova and Hibernia, as well as development work on the West White Rose Project and the Norwegian Oda project.

Refining and Marketing

R&M capital expenditures were $117 million and were primarily related to the ongoing sustainment of operations, including planned refinery maintenance, enhancements to retail operations and information technology upgrades.

Corporate, Energy Trading and Eliminations

Corporate capital expenditures were $17 million, with the majority of the spending directed towards the company's information technology initiatives.

6. FINANCIAL CONDITION AND LIQUIDITY

Indicators

	Twelve months ended March 31 2018	2017
Return on Capital Employed[(1)] (%)		
Excluding major projects in progress	**7.8**	4.4
Including major projects in progress	**6.5**	3.5
Net debt to funds from operations[(2)] (times)	**1.7**	1.8
Interest coverage on long-term debt (times)		
Earnings basis[(3)]	**6.1**	2.2
Funds from operations basis[(2)(4)]	**11.8**	8.4

(1) Non-GAAP financial measure. See the Non-GAAP Financial Measures Advisory section of this MD&A.

(2) Funds from operations and metrics that use funds from operations are non-GAAP financial measures. See the Non-GAAP Financial Measures Advisory section of this MD&A.

(3) Net earnings plus income taxes and interest expense, divided by the sum of interest expense and capitalized interest on debt.

(4) Funds from operations plus current income taxes and interest expense, divided by the sum of interest expense and capitalized interest on debt.

Capital Resources

Suncor's capital resources consist primarily of cash flow provided by operating activities, cash and cash equivalents, available lines of credit and proceeds received from the divestiture of non-core assets. Suncor's management believes the company will have the capital resources to fund its planned 2018 capital spending program of $4.5 to $5.0 billion and to meet current and future working capital requirements through cash balances and cash equivalents, cash flow provided by operating activities, available committed credit facilities, issuing commercial paper and, if needed, divesting of non-core assets and accessing capital markets. The company's cash flow provided by operating activities depends on a number of factors, including commodity prices, production and sales volumes, refining and marketing margins, operating expenses, taxes, royalties and foreign exchange rates.

The company has invested cash in short-term financial instruments that are presented as cash and cash equivalents. The objectives of the company's short-term investment portfolio are to ensure the preservation of capital, maintain adequate liquidity to meet Suncor's cash flow requirements and deliver competitive returns derived from the quality and diversification of investments within acceptable risk parameters. The maximum weighted average term to maturity of the short-term investment portfolio is not expected to exceed six months, and all investments will be with counterparties with investment grade debt ratings.

Available Sources of Liquidity

Cash and cash equivalents decreased to $2.083 billion during the first three months of 2018, from $2.672 billion at December 31, 2017, which is due, in part, to the company decision to hold less cash following the commissioning of Fort Hills and Hebron. In addition, the decrease is a result of a use of cash associated with an increase in the company's non-cash working capital balances, the company's capital and exploration expenditures and dividend requirements, the acquisition of an additional 5% interest in Syncrude and the purchase of the company's own shares under its normal course issuer bid, partially offset by funds from operations and an increase in short-term indebtedness.

As at March 31, 2018, the weighted average term to maturity of the short-term investment portfolio was approximately 15 days.

Available credit facilities for liquidity purposes at March 31, 2018 decreased to $2.719 billion, compared to $4.489 billion at December 31, 2017, which was primarily a result of an increase in short-term indebtedness which was, in part, associated with the acquisition of an additional 5% working interest in Syncrude.

Financing Activities

Management of debt levels continues to be a priority for Suncor given the company's long-term growth plans and future expected volatility in the pricing environment. Suncor believes a phased and flexible approach to existing and future growth projects should assist the company in maintaining its ability to manage project costs and debt levels.

Total Debt to Total Debt Plus Shareholders' Equity

Suncor is subject to financial and operating covenants related to its bank debt and public market debt. Failure to meet the terms of one or more of these covenants may constitute an "event of default" as defined in the respective debt agreements, potentially resulting in accelerated repayment of one or more of the debt obligations. The company is in compliance with its financial covenant that requires total debt to not exceed 65% of its total debt plus shareholders' equity. At March 31, 2018, total debt to total debt plus shareholders' equity was 28.0% (December 31, 2017 – 25.6%). The company continues to be in compliance with all operating covenants.

($ millions, except as noted)	March 31 2018	December 31 2017
Short-term debt	**3 973**	2 136
Current portion of long-term debt	**63**	71
Long-term debt	**13 650**	13 372
Total debt	**17 686**	15 579
Less: Cash and cash equivalents	**2 083**	2 672
Net debt	**15 603**	12 907
Shareholders' equity	**45 483**	45 383
Total debt plus shareholders' equity	**63 169**	60 962
Total debt to total debt plus shareholders' equity (%)	**28.0**	25.6

Change in Debt

($ millions)	Three months ended March 31, 2018
Total debt – beginning of period	**15 579**
Net decrease in long-term debt	**(17)**
Increase in short-term debt	**1 745**
Foreign exchange on debt, and other	**379**
Total debt – March 31, 2018	**17 686**
Less: Cash and cash equivalents – March 31, 2018	**2 083**
Net debt – March 31, 2018	**15 603**

The company's total debt increased in the first quarter of 2018 due to an increase in short-term indebtedness, which was primarily used to fund the acquisition of an additional 5% working interest in Syncrude, as well as the impact of unfavourable foreign exchange rates on U.S. dollar denominated debt compared to December 31, 2017.

Common Shares

Outstanding Shares

(thousands)	March 31 2018
Common shares	**1 633 816**
Common share options – exercisable	**20 877**
Common share options – non-exercisable	**14 083**

As at April 27, 2018, the total number of common shares outstanding was 1,633,879,598 and the total number of exercisable and non-exercisable common share options outstanding was 33,834,741. Once exercisable, each outstanding common share option is convertible into one common share.

Share Repurchases

Under the company's normal course issuer bid that commenced in the second quarter of 2017 (2017 NCIB), the company was permitted to purchase for cancellation up to approximately $2.0 billion worth of its common shares from May 2, 2017 to May 1, 2018 and had agreed that it would not purchase more than 50,079,795 common shares, which was equal to approximately 3% of Suncor's issued and outstanding common shares.

Pursuant to the 2017 NCIB, Suncor repurchased 8,999,091 common shares at an average price of $43.28 per share, for a total of $389 million in the first quarter of 2018, compared to the prior year quarter where no purchases were made.

($ millions, except as noted)	Three months ended March 31 2018	2017
Share repurchase activities (thousands of common shares)	**8 999**	—
Weighted average repurchase price per share (dollars per share)	**43.28**	—
Share repurchase cost	**389**	—

The Toronto Stock Exchange (TSX) accepted a notice filed by Suncor of its intention to renew its normal course issuer bid (the 2018 NCIB) to continue to purchase shares under its previously announced buyback program through the facilities of the TSX, New York Stock Exchange and/or alternative trading platforms. The notice provides that Suncor may purchase for cancellation up to approximately $2.15 billion worth of its common shares beginning May 4, 2018 and ending May 3, 2019.

Pursuant to the 2018 NCIB, Suncor has agreed that it will not repurchase more than 52,285,330 common shares, which is equal to approximately 3% of Suncor's issued and outstanding common shares.

Contractual Obligations, Commitments, Guarantees, and Off-Balance Sheet Arrangements

In the normal course of business, the company is obligated to make future payments, including contractual obligations and non-cancellable commitments. Suncor has included these items in the Financial Condition and Liquidity section of the 2017 annual MD&A and has provided an update below. The company does not believe that it has any guarantees or off-balance sheet arrangements that have, or are reasonably likely to have, a current or future material effect on the company's financial performance or financial condition, results of operations, liquidity or capital expenditures.

During the three months ended March 31, 2018, the company increased its commitments by approximately $100 million (undiscounted), which is primarily related to a diluent storage service arrangement and additional mining equipment at Fort Hills.

7. QUARTERLY FINANCIAL DATA

Trends in Suncor's quarterly revenue, earnings and funds from operations(1) are driven primarily by production volumes, which can be significantly impacted by major maintenance events, changes in commodity prices, refining crack spreads, foreign exchange rates and other significant events impacting operations, such as the Syncrude facility incident that occurred late in the first quarter of 2017 and significantly impacted the second quarter of 2017, and the forest fires in the Fort McMurray area in the second quarter of 2016.

Financial Summary

Three months ended ($ millions, unless otherwise noted)	**Mar 31 2018**	Dec 31 2017	Sept 30 2017	June 30 2017	Mar 31 2017	Dec 31 2016	Sept 30 2016	June 30 2016
Total production (mboe/d)								
Oil Sands	**571.7**	621.2	628.4	413.6	590.6	620.4	617.5	213.1
Exploration and Production	**117.7**	115.2	111.5	125.5	134.5	118.1	110.6	117.6
	689.4	736.4	739.9	539.1	725.1	738.5	728.1	330.7
Revenues and other income								
Operating revenues, net of royalties(2)	**8 807**	8 973	7 963	7 231	7 787	7 805	7 352	5 855
Other (loss) income	**(57)**	41	43	16	25	301	(15)	(58)
	8 750	9 014	8 006	7 247	7 812	8 106	7 337	5 797
Net earnings (loss)	**789**	1 382	1 289	435	1 352	531	392	(735)
per common share – basic (dollars)	**0.48**	0.84	0.78	0.26	0.81	0.32	0.24	(0.46)
per common share – diluted (dollars)	**0.48**	0.84	0.78	0.26	0.81	0.32	0.24	(0.46)
Operating earnings (loss)(1)	**985**	1 310	867	199	812	636	346	(565)
per common share – basic(1) (dollars)	**0.60**	0.79	0.52	0.12	0.49	0.38	0.21	(0.36)
Funds from operations(1)	**2 164**	3 016	2 472	1 627	2 024	2 365	2 025	916
per common share – basic(1) (dollars)	**1.32**	1.83	1.49	0.98	1.21	1.42	1.22	0.58
Cash flow provided by operating activities	**724**	2 755	2 912	1 671	1 628	2 791	1 979	862
per common share – basic (dollars)	**0.44**	1.67	1.75	1.00	0.98	1.68	1.19	0.54
ROCE(1) (%) for the twelve months ended	**6.5**	6.7	5.5	4.9	3.5	0.4	(3.9)	(4.1)
ROCE(1), excluding major projects in progress (%) for twelve months ended	**7.8**	8.6	7.0	6.2	4.4	0.5	(4.6)	(4.9)
After-tax unrealized foreign exchange (loss) gain on U.S. dollar denominated debt	**(329)**	(91)	412	278	103	(222)	(112)	(27)
Common share information (dollars)								
Dividend per common share	**0.36**	0.32	0.32	0.32	0.32	0.29	0.29	0.29
Share price at the end of trading								
Toronto Stock Exchange (Cdn$)	**44.49**	46.15	43.73	37.89	40.83	43.90	36.42	35.84
New York Stock Exchange (US$)	**34.54**	36.72	35.05	29.20	30.75	32.69	27.78	27.73

(1) Non-GAAP financial measures. See the Non-GAAP Financial Measures Advisory section of this MD&A.

(2) Restated in accordance with the new IFRS 15 revenue requirements, with no impact to net earnings or operating earnings. For further information on the restatements associated with IFRS 15, refer to note 3 in Suncor's Consolidated Financial Statements for the three-month period ended March 31, 2018.

Business Environment

Three months ended (average for the period ended, except as noted)		**Mar 31 2018**	Dec 31 2017	Sept 30 2017	June 30 2017	Mar 31 2017	Dec 31 2016	Sept 30 2016	June 30 2016
WTI crude oil at Cushing	US$/bbl	**62.90**	55.40	48.20	48.30	51.85	49.35	44.95	45.60
Dated Brent crude	US$/bbl	**66.80**	61.40	52.50	49.85	53.75	49.50	45.85	45.60
Dated Brent/Maya FOB price differential	US$/bbl	**7.70**	9.60	6.30	5.80	9.05	6.70	6.80	7.65
MSW at Edmonton	Cdn$/bbl	**72.45**	69.30	57.05	62.30	64.25	62.00	55.10	55.80
WCS at Hardisty	US$/bbl	**38.60**	43.10	38.25	37.20	37.30	35.00	31.45	32.30
Light/heavy crude oil differential for WTI at Cushing less WCS at Hardisty	US$/bbl	**24.30**	12.30	9.95	11.10	14.55	14.35	13.50	13.30
Condensate at Edmonton	US$/bbl	**63.15**	57.95	47.60	48.45	52.20	48.35	43.05	44.10
Natural gas (Alberta spot) at AECO	Cdn$/mcf	**2.05**	1.70	1.45	2.80	2.70	3.10	2.30	1.40
Alberta Power Pool Price	Cdn$/MWh	**34.95**	22.35	24.55	19.30	22.40	21.95	17.90	14.90
New York Harbor 3-2-1 crack(1)	US$/bbl	**15.50**	19.40	22.35	16.35	12.55	14.35	14.00	16.10
Chicago 3-2-1 crack(1)	US$/bbl	**12.85**	20.20	19.25	14.40	11.15	10.55	14.15	16.65
Portland 3-2-1 crack(1)	US$/bbl	**20.35**	22.10	26.80	21.25	18.45	14.95	18.75	19.30
Gulf Coast 3-2-1 crack(1)	US$/bbl	**15.55**	18.25	21.45	16.80	14.00	13.15	14.50	14.85
Exchange rate	US$/Cdn$	**0.79**	0.79	0.80	0.74	0.76	0.75	0.77	0.78
Exchange rate (end of period)	US$/Cdn$	**0.78**	0.80	0.80	0.77	0.75	0.74	0.76	0.77

(1) 3-2-1 crack spreads are indicators of the refining margin generated by converting three barrels of WTI into two barrels of gasoline and one barrel of diesel. The crack spreads presented here generally approximate the regions into which the company sells refined products through retail and wholesale channels.

Significant or Unusual Items Impacting Net Earnings

In addition to the impacts of changes in production volumes and business environment, net earnings over the last eight quarters were affected by the following events or one-time adjustments:

- In the first quarter of 2018, the company recorded a non-cash gain of $133 million in the E&P segment related to the asset exchange with Canbriam for Suncor's mineral landholdings in northeast British Columbia.
- In the fourth quarter of 2017, net earnings included a $124 million deferred income tax recovery related to a decrease in the U.S. corporate tax rate from 35% to 21%, after-tax insurance proceeds of $55 million related to the facility incident at Syncrude that occurred in the first quarter of 2017, an after-tax loss of $18 million related to the early repayment of long-term debt and a $2 million gain on interest rate swaps.
- In the third quarter of 2017, the company recognized a non-cash after-tax gain on forward interest rate swaps of $10 million in the Corporate segment due to an increase in long-term interest rates; the non-cash after-tax loss on forward interest rate swaps due to a decline in long-term interest rates was $22 million in the third quarter of 2016.
- In the second quarter of 2017, the company recognized a non-cash after-tax loss on forward interest rate swaps and foreign currency derivatives in the Corporate segment of $32 million due to a decrease in long-term interest rates and changes in foreign exchange rates.
- In the second quarter of 2017, the company incurred an after-tax charge of $10 million in the Corporate segment for early payment of long-term debt, net of associated realized foreign currency hedge gains.
- In the first quarter of 2017, the company recorded an after-tax gain of $354 million on the sale of the company's lubricants business in the R&M segment, as well as an after-tax gain of $83 million on the divestment of the company's interest in the Cedar Point wind facility in the Corporate segment.
- In the fourth quarter of 2016, the company recorded after-tax derecognition charges of $40 million on certain upgrading and logistics assets in the Oil Sands segment, as well as $31 million in the Corporate segment relating to an initial investment in an undeveloped pipeline and on certain renewable energy development assets as a result of the uncertainty of future benefits from these assets.

- In the third quarter of 2016, the U.K. government enacted a decrease in the supplementary charge rate on oil and gas profits in the North Sea that reduced the statutory tax rate on Suncor's earnings in the U.K. from 50% to 40%, effective January 1, 2016. The company revalued its deferred income tax balances, resulting in a deferred income tax recovery of $180 million in the E&P segment.
- In the second quarter of 2016, the company incurred a non-cash after-tax charge of $73 million in the Corporate segment for early payment of long-term debt acquired as part of the Canadian Oil Sands Limited acquisition.
- In the second quarter of 2016, the company recognized a non-cash after-tax mark to market loss on forward interest rate derivatives of $70 million in the Corporate segment due to the decline in long-term interest rates.

8. OTHER ITEMS

Accounting Policies

Suncor's significant accounting policies and a summary of recently announced accounting standards are described in the Accounting Policies and Critical Accounting Estimates section of Suncor's 2017 annual MD&A.

Critical Accounting Estimates

The preparation of financial statements in accordance with GAAP requires management to make estimates, judgments and assumptions that affect reported assets, liabilities, revenues and expenses, gains and losses, and disclosures of contingencies. These estimates and assumptions are subject to change based on experience and new information. Critical accounting estimates are those that require management to make assumptions about matters that are highly uncertain at the time the estimate is made. Critical accounting estimates are also those estimates which, where a different estimate could have been used or where changes in the estimate that are reasonably likely to occur, would have a material impact on the company's financial condition, changes in financial condition or financial performance. Critical accounting estimates and judgments are reviewed annually by the Audit Committee of the Board of Directors. A detailed description of Suncor's critical accounting estimates is provided in note 4 to the audited Consolidated Financial Statements for the year ended December 31, 2017 and in the Accounting Policies and Critical Accounting Estimates section of Suncor's 2017 annual MD&A.

Financial Instruments

Suncor periodically enters into derivative contracts such as forwards, futures, swaps, options and costless collars to manage exposure to fluctuations in commodity prices and foreign exchange rates, and to optimize the company's position with respect to interest payments. The company also uses physical and financial energy derivatives to earn trading profits. For more information on Suncor's financial instruments and the related financial risk factors, see note 28 of the audited Consolidated Financial Statements for the year ended December 31, 2017, note 11 to the unaudited interim Consolidated Financial Statements for the three months ended March 31, 2018, and the Financial Condition and Liquidity section of Suncor's 2017 annual MD&A.

Income Tax

In the fourth quarter of 2017, the U.S. government enacted a decrease in the federal corporate income tax rate from 35% to 21%, effective January 1, 2018. As a result, the company revalued its deferred income tax balances, resulting in a deferred income tax recovery of $124 million.

In the fourth quarter of 2017, the Government of British Columbia enacted an increase to the provincial corporate income tax rate from 11% to 12%. As a result, the company revalued its deferred income tax balances, resulting in a deferred income tax expense of $18 million.

Control Environment

Based on their evaluation as at March 31, 2018, Suncor's Chief Executive Officer and Chief Financial Officer concluded that the company's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the United States Securities Exchange Act of 1934, as amended (the Exchange Act)), are effective to ensure that information required to be disclosed by the company in reports that are filed or submitted to Canadian and U.S. securities authorities is recorded, processed, summarized and reported within the time periods specified in Canadian and U.S. securities laws. In addition, as at March 31, 2018, there were no changes in the internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) that occurred during the three-month period ended March 31, 2018 that have materially affected, or are reasonably likely to materially affect, the company's internal control over financial reporting. Management will continue to periodically evaluate the company's disclosure controls and procedures and internal control over financial reporting and will make any modifications from time to time as deemed necessary.

Based on their inherent limitations, disclosure controls and procedures and internal control over financial reporting may not prevent or detect misstatements, and even those controls determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

Corporate Guidance

Suncor has updated its previously issued 2018 corporate guidance, as set forth in Suncor's press release dated May 1, 2018, which is also available on www.sedar.com.

9. NON-GAAP FINANCIAL MEASURES ADVISORY

Certain financial measures in this MD&A – namely operating earnings (loss), ROCE, funds from (used in) operations, discretionary free funds flow, Oil Sands operations cash operating costs, Fort Hills cash operating costs, Syncrude cash operating costs, In Situ cash operating costs, refining margin, refining operating expense and LIFO – are not prescribed by GAAP. These non-GAAP financial measures are included because management uses the information to analyze business performance, leverage and liquidity, and it may be useful to investors on the same basis. These non-GAAP financial measures do not have any standardized meaning and, therefore, are unlikely to be comparable to similar measures presented by other companies. Therefore, these non-GAAP financial measures should not be considered in isolation or as a substitute for measures of performance prepared in accordance with GAAP. Except as otherwise indicated, these non-GAAP financial measures are calculated and disclosed on a consistent basis from period to period. Specific adjusting items may only be relevant in certain periods.

Operating Earnings (Loss)

Operating earnings (loss) is a non-GAAP financial measure that adjusts net earnings (loss) for significant items that are not indicative of operating performance. Management uses operating earnings (loss) to evaluate operating performance because management believes it provides better comparability between periods. Operating earnings (loss) are reconciled to net earnings (loss) in the Consolidated Financial Information and Segment Results and Analysis sections of this MD&A.

Bridge Analyses of Operating Earnings

Throughout this MD&A, the company presents charts that illustrate the change in operating earnings from the comparative period through key variance factors. These factors are analyzed in the Operating Earnings narratives following the bridge analyses in particular sections of this MD&A. These bridge analyses are presented because management uses this presentation to evaluate performance.

- The factor for Sales Volumes and Mix is calculated based on sales volumes and mix for the Oil Sands and E&P segments and throughput volumes and mix for the R&M segment.
- The factor for Price, Margin and Other Revenue includes upstream price realizations before royalties, with the exception of Libya, which is net of royalties. Also included are refining and marketing margins, other operating revenue, and the net impacts of sales and purchases of third-party crude, including product purchased for use as diluent in the company's Oil Sands operations and subsequently sold as part of diluted bitumen.
- The factor for Royalties excludes the impact of Libya, as royalties in Libya are taken into account in Price, Margin and Other Revenue as described above.
- The factor for Operating and Transportation Expense includes project start-up costs, operating, selling and general expense, and transportation expense.
- The factor for Financing Expense and Other includes financing expenses, other income, operational foreign exchange gains and losses, changes in gains and losses on disposal of assets that are not operating earnings adjustments, changes in statutory income tax rates, other income tax adjustments and the net impact of the sale of the lubricants business in the first quarter of 2017.

Return on Capital Employed (ROCE)

ROCE is a non-GAAP financial measure that management uses to analyze operating performance and the efficiency of Suncor's capital allocation process. Average capital employed is calculated as a twelve-month average of the capital employed balance at the beginning of the twelve-month period and the month-end capital employed balances throughout the remainder of the twelve-month period. Figures for capital employed at the beginning and end of the twelve-month period are presented to show the changes in the components of the calculation over the twelve-month period.

The company presents two ROCE calculations – one including and one excluding the impacts on capital employed of major projects in progress. Major projects in progress includes accumulated capital expenditures and capitalized interest for significant projects still under construction or in the process of being commissioned, and acquired assets that are still being evaluated. Management uses ROCE excluding the impacts of major projects in progress on capital employed to assess performance of operating assets.

For the twelve months ended March 31 ($ millions, except as noted)		2018	2017
Adjustments to net earnings			
Net earnings		**3 895**	1 540
(Deduct) add after-tax amounts for:			
Unrealized foreign exchange (gain) loss on U.S. dollar denominated debt		**(270)**	258
Net interest expense		**197**	278
	A	**3 822**	2 076
Capital employed – beginning of twelve-month period			
Net debt		**13 216**	14 880
Shareholders' equity		**45 516**	42 935
		58 732	57 815
Capital employed – end of twelve-month period			
Net debt		**15 603**	13 216
Shareholders' equity		**45 483**	45 516
		61 086	58 732
Average capital employed	B	**59 097**	58 789
ROCE – including major projects in progress (%)	A/B	**6.5**	3.5
Average capitalized costs related to major projects in progress	C	**10 192**	11 018
ROCE – excluding major projects in progress (%)	A/(B–C)	**7.8**	4.4

Funds From (Used In) Operations

Funds from (used in) operations is a non-GAAP financial measure that adjusts a GAAP measure – cash flow provided by (used in) operating activities – for changes in non-cash working capital, which management uses to analyze operating performance and liquidity. Changes to non-cash working capital can include, among other factors, the timing of offshore feedstock purchases and payments for commodity and income taxes, the timing of cash flows related to accounts receivable and accounts payable, and changes in inventory which management believes reduces comparability between periods.

Funds from (used in) operations for each quarter are separately defined and reconciled to the consolidated GAAP measure in the Non-GAAP Financial Measures Advisory section of each respective MD&A or quarterly report to shareholders, as applicable, for the related quarter.

Three months ended March 31 ($ millions)	Oil Sands 2018	Oil Sands 2017	Exploration and Production 2018	Exploration and Production 2017	Refining and Marketing 2018	Refining and Marketing 2017	Corporate, Energy Trading and Eliminations 2018	Corporate, Energy Trading and Eliminations 2017	Total 2018	Total 2017
Net earnings	**82**	302	**395**	172	**806**	829	**(494)**	49	**789**	1 352
Adjustments for:										
Depreciation, depletion, amortization and impairment	**974**	941	**279**	284	**154**	160	**17**	37	**1 424**	1 422
Deferred income taxes	**57**	9	**(55)**	(59)	**23**	(9)	**4**	47	**29**	(12)
Accretion	**51**	49	**12**	10	**2**	2	**—**	—	**65**	61
Unrealized foreign exchange loss (gain) on U.S. dollar denominated debt	**—**	—	**—**	—	**—**	—	**373**	(109)	**373**	(109)
Change in fair value of financial instruments and trading inventory	**8**	(7)	**—**	—	**12**	(10)	**(71)**	27	**(51)**	10
Gain on disposal of assets	**(1)**	(1)	**(162)**	—	**—**	(349)	**—**	(70)	**(163)**	(420)
Share-based compensation	**(64)**	(86)	**(10)**	(3)	**(35)**	(38)	**(115)**	(123)	**(224)**	(250)
Exploration	**—**	—	**—**	41	**—**	—	**—**	—	**—**	41
Settlement of decommissioning and restoration liabilities	**(154)**	(118)	**(13)**	(1)	**(2)**	(1)	**—**	—	**(169)**	(120)
Other	**26**	20	**56**	37	**5**	(9)	**4**	1	**91**	49
Funds from (used in) operations[1]	**979**	1 109	**502**	481	**965**	575	**(282)**	(141)	**2 164**	2 024
(Increase) in non-cash working capital									**(1 440)**	(396)
Cash flow provided by operating activities									**724**	1 628

(1) Non-GAAP financial measures. See the Non-GAAP Financial Measures Advisory section of this MD&A.

Discretionary Free Funds Flow

Discretionary free funds flow is a non-GAAP financial measure that is calculated by taking funds from operations and subtracting sustaining capital, inclusive of associated capitalized interest, and dividends. Discretionary free funds flow reflects cash available for increasing distributions to shareholders and to fund growth investments. Management uses discretionary free funds flow to measure the capacity of the company to increase returns to shareholders and grow the business.

($ millions)	Three months ended March 31 2018	Three months ended March 31 2017	Twelve months ended March 31 2018	Twelve months ended March 31 2017
Funds from operations	**2 164**	2 024	**9 279**	7 330
Sustaining capital and dividends	**(1 409)**	(942)	**(5 550)**	(4 198)
Discretionary free funds flow	**755**	1 082	**3 729**	3 132

Oil Sands Operations, In Situ, Fort Hills and Syncrude Cash Operating Costs

Oil Sands operations, In Situ, Syncrude and Fort Hills cash operating costs are non-GAAP financial measures. Oil Sands operations cash operating costs are calculated by adjusting Oil Sands segment OS&G expense (a GAAP measure based on sales volumes) for i) costs pertaining to Fort Hills and Syncrude operations; ii) non-production costs that management believes do not relate to the production performance of Oil Sands operations, including, but not limited to, share-based compensation adjustments, research and the expense recorded as part of a non-monetary arrangement involving a third-party processor; iii) revenues associated with excess capacity, including excess power generated and sold that is recorded in operating revenue; iv) project start-up costs; and v) the impacts of changes in inventory levels, such that the company is able to present cost information based on production volumes. To determine In Situ cash operating costs, Oil Sands operations cash operating costs are further adjusted to remove costs pertaining to Oil Sands operations mining and upgrading. Syncrude and Fort Hills cash operating costs are calculated by adjusting Syncrude OS&G expense and Fort Hills OS&G expense, respectively, for non-production costs that management believes do not relate to the production performance of Syncrude operations, including, but not limited to, share-based compensation, research and project start-up costs, if applicable. Oil Sands operations, Fort Hills and Syncrude cash operating costs are reconciled in the Segment Results and Analysis – Oil Sands section of this MD&A. Management uses cash operating costs to measure Oil Sands operating performance. Oil Sands operations cash operating costs in the first quarter of 2018 were $982 million and included $207 million related to In Situ production for In Situ cash operating costs per barrel of $9.55, based on total In Situ production of 240,900 bbls/d.

Refining Margin and Refining Operating Expense

Refining margin and refining operating expense are non-GAAP financial measures and are presented on a LIFO basis. Refining margin is calculated by adjusting R&M segment operating revenue, other income and purchases of crude oil and products (GAAP measures) for non-refining margin pertaining to the company's supply, marketing and ethanol businesses, and the company's former lubricants business, as well as removing the impact of FIFO inventory gains and losses and risk management hedging gains and losses. Refinery operating expense is calculated by adjusting R&M segment OS&G for i) non-refining costs pertaining to the company's supply, marketing and ethanol businesses, and the company's former lubricants business; and ii) non-refining costs that management believes do not relate to the production of refined products, including, but not limited to, share-based compensation and enterprise shared service allocations. Management uses refining margin and refining operating expense to measure operating performance on a production barrel basis.

($ millions, except as noted)	Three months ended March 31 2018	2017
Refining margin reconciliation		
Gross margin, operating revenue less purchases of crude oil and products	**1 773**	1 328
Other (loss) income	**(7)**	19
Last-in, First-out (LIFO) adjustment	**(11)**	(6)
Non-refining margin	**(413)**	(431)
Refining margin	**1 342**	910
Refinery production(1) (mbbls)	**44 363**	41 540
Refining margin ($/bbl)	**30.25**	21.95
Refining operating expense reconciliation		
Operating, selling and general expense	**480**	503
Non-refining costs	**(262)**	(274)
Refining operating expense	**218**	229
Refinery production(1) (mbbls)	**44 363**	41 540
Refining operating expense ($/bbl)	**4.90**	5.50

(1) Refinery production is the output of the refining process, and differs from crude oil processed as a result of volumetric adjustments for non-crude feedstock, volumetric gain associated with the refining process, and changes in unfinished product inventories.

Impact of First-in, First-out Inventory (FIFO) Valuation on Refining and Marketing Net Earnings

GAAP requires the use of a FIFO inventory valuation methodology. For Suncor, this results in a disconnect between the sales prices for refined products, which reflect current market conditions, and the amount recorded as the cost of sale for the related refinery feedstock, which reflects market conditions at the time the feedstock was purchased. This lag between purchase and sale can be anywhere from several weeks to several months, and is influenced by the time to receive crude after purchase (which can be several weeks for foreign offshore crude purchases), regional crude inventory levels, the completion of refining processes, transportation time to distribution channels, and regional refined product inventory levels.

Suncor prepares and presents an estimate of the impact of using a FIFO inventory valuation methodology compared to a LIFO methodology, because management uses the information to analyze operating performance and compare itself against refining peers that are permitted to use LIFO inventory valuation under United States GAAP (U.S. GAAP).

The company's estimate is not derived from a standardized calculation and, therefore, may not be directly comparable to similar measures presented by other companies, and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with GAAP or U.S. GAAP.

10. COMMON ABBREVIATIONS

The following is a list of abbreviations that may be used in this MD&A:

Measurement

bbl	barrel
bbls/d	barrels per day
mbbls/d	thousands of barrels per day
boe	barrels of oil equivalent
boe/d	barrels of oil equivalent per day
mboe	thousands of barrels of oil equivalent
mboe/d	thousands of barrels of oil equivalent per day
GJ	Gigajoule
mcf	thousands of cubic feet of natural gas
mcfe	thousands of cubic feet of natural gas equivalent
mmcf	millions of cubic feet of natural gas
mmcf/d	millions of cubic feet of natural gas per day
mmcfe	millions of cubic feet of natural gas equivalent
mmcfe/d	millions of cubic feet of natural gas equivalent per day
MW	megawatts
MWh	megawatts per hour

Places and Currencies

U.S.	United States
U.K.	United Kingdom
$ or Cdn$	Canadian dollars
US$	United States dollars

Financial and Business Environment

Q1	Three months ended March 31
DD&A	Depreciation, depletion and amortization
WTI	West Texas Intermediate
WCS	Western Canadian Select
SCO	Synthetic crude oil
MSW	Mixed Sweet Blend
NYMEX	New York Mercantile Exchange
YTD	Year to date

11. FORWARD-LOOKING INFORMATION

The document contains certain forward-looking information and forward-looking statements (collectively referred to herein as "forward-looking statements") within the meaning of applicable Canadian and U.S. securities laws. Forward-looking statements and other information are based on Suncor's current expectations, estimates, projections and assumptions that were made by the company in light of information available at the time the statement was made and consider Suncor's experience and its perception of historical trends, including expectations and assumptions concerning: the accuracy of reserves and resources estimates; commodity prices and interest and foreign exchange rates; the performance of assets and equipment; capital efficiencies and cost-savings; applicable laws and government policies; future production rates; the sufficiency of budgeted capital expenditures in carrying out planned activities; the availability and cost of labour, services and infrastructure; the satisfaction by third parties of their obligations to Suncor; the execution of projects; and the receipt, in a timely manner, of regulatory and third-party approvals. All statements and information that address expectations or projections about the future, and statements and information about Suncor's strategy for growth, expected and future expenditures or investment decisions, commodity prices, costs, schedules, production volumes, operating and financial results, future financing and capital activities, and the expected impact of future commitments are forward-looking statements. Some of the forward-looking statements may be identified by words like "expects", "anticipates", "will", "estimates", "plans", "scheduled", "intends", "believes", "projects", "indicates", "could", "focus", "vision", "goal", "outlook", "proposed", "target", "objective", "continue", "should", "may", "future", "potential", "opportunity", "would" and similar expressions. Forward-looking statements in the document include references to:

- *Expectations about Fort Hills, including that the ramping up of the project is ahead of schedule, that the project will achieve 90% of nameplate capacity ahead of schedule, that the third secondary extraction train will come online in the second quarter of 2018, that Fort Hills cash operating costs will steadily decline through the production ramp up period in 2018, that early work associated with sustaining activities will support the execution of the mine and tailings plan, the project's nameplate capacity of 194,000 bbls/d (105,000 bbls/d net to Suncor) and the possibility that working interests in the Fort Hills project may be further adjusted in accordance with the terms of the agreement with the Fort Hills partners;*
- *The expectation that, at peak production, the Hebron project is expected to produce more than 30,000 bbls/d, net to Suncor, ramping up over the next several years, and that the ramping up of the project is ahead of schedule;*
- *The focus of Suncor's 2018 capital program on the efficient and effective ramp up at both of Suncor's major growth projects, Fort Hills and Hebron, development of step-out offshore projects and improving the safety and reliability of the company's operating assets;*
- *The expectations that the majority of turnaround costs will be incurred in the first half of 2018 and that the company will remain within the capital guidance range of $4.5 to $5.0 billion for the year;*
- *The expectation that the transaction to acquire a 17.5% interest in the Fenja development project will close in the second quarter of 2018 and that the project will provide profitable growth in an area where Suncor has existing knowledge, expertise and assets;*
- *Suncor's belief in Syncrude's further long-term potential and the opportunity to create significant value through integration;*
- *Suncor's commitment to return cash to shareholders, plans respecting the 2018 NCIB, the belief that, depending on the trading price of its common shares and other relevant factors, the company purchasing its own shares represents an attractive investment opportunity and is in the best interests of the company and its shareholders, and the company's expectation that the decision to allocate cash to repurchase shares will not affect its long-term growth strategy;*
- *The anticipated impact and timing of planned maintenance events, including at Syncrude, Upgrader 1, and the Edmonton, Sarnia and Commerce City refineries, and the expectation that advancing planned maintenance at Syncrude into the first quarter will mitigate the impact to annual production of the bitumen feed line constraint that occurred early in the first quarter of 2018;*
- *Suncor's expectation that existing production levels at Firebag and MacKay River will be maintained due to ongoing well pad construction;*
- *The belief that Suncor will have the capital resources to fund its planned 2018 capital spending program of $4.5 to $5.0 billion and to meet current and future working capital requirements through cash balances and cash equivalents, cash flow provided by operating activities, available committed credit facilities, issuing commercial paper and, if needed, divesting of non-core assets and accessing capital markets;*
- *The objectives of Suncor's short-term investment portfolio and Suncor's expectation that the maximum weighted average term to maturity of the short-term investment portfolio will not exceed six months, and that all investments will be with counterparties with investment grade debt ratings;*

- *The company's priority regarding the management of debt levels given the company's long-term growth plans and future expected volatility in the pricing environment and Suncor's belief that a phased and flexible approach to existing and future growth projects should assist the company in maintaining its ability to manage project costs and debt levels;*
- *The company's belief that it does not have any guarantees or off-balance sheet arrangements that have, or are reasonably likely to have, a current or future material effect on the company's financial performance or financial condition, results of operations, liquidity or capital expenditures; and*
- *Suncor's business environment outlook assumption for Brent Sullom Voe, WTI at Cushing, WCS at Hardisty, New York Harbor 3-2-1, AECO-C Spot, the Cdn$/US$ exchange rate, and full year current income taxes.*

Forward-looking statements are not guarantees of future performance and involve a number of risks and uncertainties, some that are similar to other oil and gas companies and some that are unique to Suncor. Suncor's actual results may differ materially from those expressed or implied by its forward-looking statements, so readers are cautioned not to place undue reliance on them. The financial and operating performance of the company's reportable operating segments, specifically Oil Sands, E&P, and R&M, may be affected by a number of factors.

Factors that affect Suncor's Oil Sands segment include, but are not limited to, volatility in the prices for crude oil and other production, and the related impacts of fluctuating light/heavy and sweet/sour crude oil differentials; changes in the demand for refinery feedstock and diesel fuel, including the possibility that refiners that process the company's proprietary production will be closed, experience equipment failure or other accidents; Suncor's ability to operate its Oil Sands facilities reliably in order to meet production targets; the output of newly commissioned facilities, the performance of which may be difficult to predict during initial operations; the possibility that completed maintenance activities may not improve operational performance or the output of related facilities; Suncor's dependence on pipeline capacity and other logistical constraints, which may affect the company's ability to distribute products to market; Suncor's ability to finance Oil Sands growth and sustaining capital expenditures; the availability of bitumen feedstock for upgrading operations, which can be negatively affected by poor ore grade quality, unplanned mine equipment and extraction plant maintenance, tailings storage, and in situ reservoir and equipment performance, or the unavailability of third-party bitumen; changes in operating costs, including the cost of labour, natural gas and other energy sources used in oil sands processes; and the company's ability to complete projects, including planned maintenance events, both on time and on budget, which could be impacted by competition from other projects (including other oil sands projects) for goods and services and demands on infrastructure in Alberta's Wood Buffalo region and the surrounding area (including housing, roads and schools).

Factors that affect our E&P segment include, but are not limited to, volatility in crude oil and natural gas prices; operational risks and uncertainties associated with oil and gas activities, including unexpected formations or pressures, premature declines of reservoirs, fires, blow-outs, equipment failures and other accidents, uncontrollable flows of crude oil, natural gas or well fluids, and pollution and other environmental risks; the possibility that completed maintenance activities may not improve operational performance or the output of related facilities; adverse weather conditions, which could disrupt output from producing assets or impact drilling programs, resulting in increased costs and/or delays in bringing on new production; political, economic and socio-economic risks associated with Suncor's foreign operations, including the unpredictability of operating in Libya due to ongoing political unrest; and market demand for mineral rights and producing properties, potentially leading to losses on disposition or increased property acquisition costs.

Factors that affect our R&M segment include, but are not limited to, fluctuations in demand and supply for refined products that impact the company's margins; market competition, including potential new market entrants; the company's ability to reliably operate refining and marketing facilities in order to meet production or sales targets; the possibility that completed maintenance activities may not improve operational performance or the output of related facilities; and risks and uncertainties affecting construction or planned maintenance schedules, including the availability of labour and other impacts of competing projects drawing on the same resources during the same time period.

Additional risks, uncertainties and other factors that could influence the financial and operating performance of all of Suncor's operating segments and activities include, but are not limited to, changes in general economic, market and business conditions, such as commodity prices, interest rates and currency exchange rates; fluctuations in supply and demand for Suncor's products; the successful and timely implementation of capital projects, including growth projects and regulatory projects; risks associated with the execution of Suncor's major projects and the commissioning and integration of new facilities; competitive actions of other companies, including increased competition from other oil and gas companies or from companies that provide alternative sources of energy; labour and material shortages; actions by government authorities, including the imposition or reassessment of, or changes to, taxes, fees, royalties, duties and other government-imposed compliance costs; changes to laws and government policies that could impact the company's business, including environmental (including climate change), royalty and tax laws and policies; the ability and willingness of parties with whom Suncor has material relationships to perform their obligations to the company; the unavailability of, or outages to, third-party infrastructure that could cause disruptions to production or prevent the company from being able to transport its products; the *occurrence of a protracted operational outage, a major safety or environmental incident, or unexpected events such as fires (including forest fires), equipment failures and other similar events affecting Suncor or other parties whose operations or assets directly or indirectly affect Suncor; the potential for security breaches of Suncor's information technology and infrastructure by malicious persons or entities, and the unavailability or failure of such systems to perform as anticipated as a result of such breaches; the risk that competing business objectives may exceed Suncor's capacity to adopt and implement change; risks and uncertainties associated with obtaining regulatory and stakeholder approval for the company's operations and exploration and development activities; the potential for disruptions to operations and construction projects as a result of Suncor's relationships with labour unions that represent employees at the company's facilities; the company's ability to find new oil and gas reserves that can be developed economically; the accuracy of Suncor's reserves, resources and future production estimates; market instability affecting Suncor's ability to borrow in the capital debt markets at acceptable rates or to issue other securities at acceptable prices; maintaining an optimal debt to cash flow ratio; the success of the company's risk management activities using derivatives and other financial instruments; the cost of compliance with current and future environmental laws, including climate change laws; risks relating to increased activism and public opposition to fossil fuels and oil sands; risks and uncertainties associated with closing a transaction for the purchase or sale of a business, asset or oil and gas property, including estimates of the final consideration to be paid or received; the ability of counterparties to comply with their obligations in a timely manner; risks associated with joint arrangements in which the company has an interest; the receipt of any required regulatory or other third-party approvals outside of Suncor's control and the satisfaction of any conditions to such approvals; risks associated with land claims and Aboriginal consultation requirements; risks relating to litigation; the impact of technology and risks associated with developing and implementing new technologies; and the accuracy of cost estimates, some of which are provided at the conceptual or other preliminary stage of projects and prior to commencement or conception of the detailed engineering that is needed to reduce the margin of error and increase the level of accuracy. The foregoing important factors are not exhaustive.*

Many of these risk factors and other assumptions related to Suncor's forward-looking statements are discussed in further detail throughout this MD&A, and in the company's 2017 annual MD&A, 2017 AIF and Form 40-F on file with Canadian securities commissions at www.sedar.com and the United States Securities and Exchange Commission at www.sec.gov. Readers are also referred to the risk factors and assumptions described in other documents that Suncor files from time to time with securities regulatory authorities. Copies of these documents are available without charge from the company.

The forward-looking statements contained in this document are made as of the date of this document. Except as required by applicable securities laws, we assume no obligation to update publicly or otherwise revise any forward-looking statements or the foregoing risks and assumptions affecting such forward-looking statements, whether as a result of new information, future events or otherwise.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(unaudited)

($ millions)	Three months ended March 31 2018	2017 (restated – note 3)
Revenues and Other Income		
Operating revenues, net of royalties (note 4)	**8 807**	7 787
Other (loss) income (note 5)	**(57)**	25
	8 750	7 812
Expenses		
Purchases of crude oil and products	**2 847**	2 478
Operating, selling and general	**2 620**	2 292
Transportation	**274**	269
Depreciation, depletion, amortization and impairment	**1 424**	1 422
Exploration	**32**	52
Gain on disposal of assets (notes 13, 14 and 18)	**(163)**	(548)
Financing expenses (note 7)	**562**	36
	7 596	6 001
Earnings before Income Taxes	**1 154**	1 811
Income Tax Expense (Recovery)		
Current	**336**	471
Deferred	**29**	(12)
	365	459
Net Earnings	**789**	1 352
Other Comprehensive Income		
Items That May be Subsequently Reclassified to Earnings:		
Foreign currency translation adjustment	**129**	(28)
Items That Will Not be Reclassified to Earnings:		
Actuarial (loss) gain on employee retirement benefit plans, net of income taxes	**(10)**	29
Other Comprehensive Income	**119**	1
Total Comprehensive Income	**908**	1 353
Per Common Share (dollars) (note 9)		
Net earnings – basic and diluted	**0.48**	0.81
Cash dividends	**0.36**	0.32

See accompanying notes to the interim consolidated financial statements.

CONSOLIDATED BALANCE SHEETS

(unaudited)

($ millions)	March 31 2018	December 31 2017
Assets		
Current assets		
Cash and cash equivalents	**2 083**	2 672
Accounts receivable	**3 819**	3 281
Inventories	**3 830**	3 468
Income taxes receivable	**167**	156
Total current assets	**9 899**	9 577
Property, plant and equipment, net	**74 254**	73 493
Exploration and evaluation	**2 241**	2 052
Other assets (note 18)	**1 675**	1 211
Goodwill and other intangible assets	**3 060**	3 061
Deferred income taxes	**148**	100
Total assets	**91 277**	89 494
Liabilities and Shareholders' Equity		
Current liabilities		
Short-term debt	**3 973**	2 136
Current portion of long-term debt	**63**	71
Accounts payable and accrued liabilities	**6 075**	6 203
Current portion of provisions	**707**	722
Income taxes payable	**274**	425
Total current liabilities	**11 092**	9 557
Long-term debt	**13 650**	13 372
Other long-term liabilities (notes 11 and 15)	**2 355**	2 412
Provisions (note 12)	**7 086**	7 237
Deferred income taxes	**11 611**	11 533
Equity	**45 483**	45 383
Total liabilities and shareholders' equity	**91 277**	89 494

See accompanying notes to the interim consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(unaudited)

($ millions)	Three months ended March 31 2018	2017
Operating Activities		
Net Earnings	**789**	1 352
Adjustments for:		
Depreciation, depletion, amortization and impairment	**1 424**	1 422
Deferred income taxes	**29**	(12)
Accretion	**65**	61
Unrealized foreign exchange loss (gain) on U.S. dollar denominated debt	**373**	(109)
Change in fair value of financial instruments and trading inventory	**(51)**	10
Gain on disposal of assets (notes 13, 14 and 18)	**(163)**	(420)
Share-based compensation	**(224)**	(250)
Exploration	**—**	41
Settlement of decommissioning and restoration liabilities	**(169)**	(120)
Other	**91**	49
Increase in non-cash working capital	**(1 440)**	(396)
Cash flow provided by operating activities	**724**	1 628
Investing Activities		
Capital and exploration expenditures	**(1 291)**	(1 380)
Acquisitions (notes 16 and 17)	**(1 068)**	—
Proceeds from disposal of assets (notes 13 and 14)	**—**	1 396
Other investments (note 18)	**(57)**	—
Decrease (increase) in non-cash working capital	**243**	(61)
Cash flow used in investing activities	**(2 173)**	(45)
Financing Activities		
Net change in short-term debt	**1 745**	(511)
Net change in long-term debt	**(17)**	(14)
Issuance of common shares under share option plans	**69**	44
Purchase of common shares (note 10)	**(389)**	—
Dividends paid on common shares	**(590)**	(534)
Cash flow provided by (used in) financing activities	**818**	(1 015)
(Decrease) Increase in Cash and Cash Equivalents	**(631)**	568
Effect of foreign exchange on cash and cash equivalents	**42**	(7)
Cash and cash equivalents at beginning of year	**2 672**	3 016
Cash and Cash Equivalents at End of Year	**2 083**	3 577
Supplementary Cash Flow Information		
Interest paid	**107**	115
Income taxes paid	**617**	121

See accompanying notes to the interim consolidated financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(unaudited)

($ millions)	Share Capital	Contributed Surplus	Accumulated Other Comprehensive Income	Retained Earnings	Total	Number of Common Shares (thousands)
At December 31, 2016	26 942	588	1 007	16 093	44 630	1 667 914
Net earnings	—	—	—	1 352	1 352	—
Foreign currency translation adjustment	—	—	(28)	—	(28)	—
Actuarial gain on employee retirement benefit plans, net of income taxes of $11	—	—	—	29	29	—
Total comprehensive (loss) income	—	—	(28)	1 381	1 353	—
Issued under share option plans	55	(8)	—	—	47	1 301
Share-based compensation	—	20	—	—	20	—
Dividends paid on common shares	—	—	—	(534)	(534)	—
At March 31, 2017	26 997	600	979	16 940	45 516	1 669 215
At December 31, 2017	26 606	567	809	17 401	45 383	1 640 983
Net Earnings	—	—	—	**789**	**789**	—
Foreign currency translation adjustment	—	—	**129**	—	**129**	—
Actuarial loss on employee retirement benefit plans, net of income taxes of $4	—	—	—	**(10)**	**(10)**	—
Total comprehensive income	—	—	**129**	**779**	**908**	—
Issued under share option plans	**91**	**(21)**	—	—	**70**	**1 832**
Purchase of common shares for cancellation (note 10)	**(145)**	—	—	**(244)**	**(389)**	**(8 999)**
Change in liability for share purchase commitment (note 10)	**25**	—	—	**54**	**79**	—
Share-based compensation	—	**22**	—	—	**22**	—
Dividends paid on common shares	—	—	—	**(590)**	**(590)**	—
At March 31, 2018	**26 577**	**568**	**938**	**17 400**	**45 483**	**1 633 816**

See accompanying notes to the interim consolidated financial statements.

1. REPORTING ENTITY AND DESCRIPTION OF THE BUSINESS

Suncor Energy Inc. (Suncor or the company) is an integrated energy company headquartered in Canada. Suncor's operations include oil sands development and upgrading, onshore and offshore oil and gas production, petroleum refining, and product marketing primarily under the Petro-Canada brand. The consolidated financial statements of the company comprise the company and its subsidiaries and the company's interests in associates and joint arrangement entities.

The address of the company's registered office is 150 – 6th Avenue S.W., Calgary, Alberta, Canada, T2P 3E3.

2. BASIS OF PREPARATION

(a) Statement of Compliance

These condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), specifically International Accounting Standard (IAS) 34 *Interim Financial Reporting* as issued by the International Accounting Standards Board. They are condensed as they do not include all of the information required for full annual financial statements, and they should be read in conjunction with the consolidated financial statements for the year ended December 31, 2017.

The policies applied in these condensed interim consolidated financial statements are based on IFRS issued and outstanding as at May 1, 2018.

(b) Basis of Measurement

The consolidated financial statements are prepared on a historical cost basis except as detailed in the accounting policies disclosed in the company's consolidated financial statements for the year ended December 31, 2017, except for the adoption of the new accounting pronouncements described in note 3.

(c) Functional Currency and Presentation Currency

These consolidated financial statements are presented in Canadian dollars, which is the company's functional currency.

(d) Use of Estimates, Assumptions and Judgments

The timely preparation of financial statements requires that management make estimates and assumptions and use judgment. Accordingly, actual results may differ from estimated amounts as future confirming events occur. Significant estimates and judgment used in the preparation of the financial statements are described in the company's consolidated financial statements for the year ended December 31, 2017.

(e) Income taxes

The company recognizes the impacts of income tax rate changes in earnings in the period the rate change is substantively enacted.

3. ADOPTION OF NEW IFRS STANDARDS

Impact of the application of IFRS 9

Effective January 1, 2018, the company adopted IFRS 9 *Financial Instruments* (IFRS 9) which replaces the multiple classification and measurement models for financial assets under IAS 39 *Financial Instruments* (IAS 39) with a new model that has two measurement categories: amortized cost and fair value through profit or loss (FVTPL). This determination is made at initial recognition. For financial liabilities, the new standard retains most of the IAS 39 requirements; however, the main change arises in cases where the company chooses to designate a financial liability as FVTPL. In these situations, the portion of the fair value change related to the company's own credit risk is recognized in other comprehensive income rather than net earnings. As a result of adopting IFRS 9, the company's financial assets classified as loans and receivables at December 31, 2017 have been reclassified to financial assets at amortized cost; however, there is no impact to the measurement of these financial assets. There were no changes to the classifications of the company's financial liabilities. The classification and measurement guidance was adopted retrospectively in accordance with the transitional provisions of IFRS 9.

The company also adopted the new hedge accounting guidance in IFRS 9. The new hedge accounting guidance replaces strict quantitative tests of effectiveness with less restrictive assessments of how well the hedging instrument accomplishes the company's risk management objectives for financial and non-financial risk exposures. IFRS 9 also allows the company to hedge risk components of non-financial items which meet certain measurability or identifiable characteristics. The company does not apply hedge accounting to any of its derivative instruments at this time.

After adoption of IFRS 9, the company's accounting policies are substantially the same as at December 31, 2017 and there is no impact on net earnings, except for the change in financial asset categories as discussed above.

Impact of the application of IFRS 15

On January 1, 2018, the company adopted IFRS 15 *Revenue from Contracts with Customers* (IFRS 15) using the retrospective method, which sets out guidelines for the recognition of revenue.

IFRS 15 replaces IAS 18 *Revenue* and presents a new single model for recognition of revenue from contracts with customers. The model features a contract-based five-step analysis of transactions to determine the nature of an entity's obligation to perform and whether, how much, and when revenue is recognized.

Under IFRS 15, the revenue from the sale of commodities and other operating revenue the company earns represent contractual arrangements with customers. The company recognizes revenue when title of the product is transferred to the buyer and collection is reasonably assured in accordance with specified contract terms. All operating revenue are generally earned at a point in time and are based on the consideration that the company expects to receive for the transfer of the goods to the customers.

The company has reviewed its sources of revenue and major contracts with customers using the guidance found in IFRS 15 and determined there are no material changes to the timing and measurement of the company's revenue in the reporting period, as compared to the provisions of the previous standard. In accordance with the new standard, the company assessed its principal versus agent requirements and the impact was a decrease of $31 million of revenue, with a corresponding decrease to Operating, Selling and General expense of $14 million, and a decrease in transportation expense of $17 million for the three months ended March 31, 2017, resulting in no impact on the company's consolidated net earnings.

Adjustments to Consolidated Statements of Comprehensive Income

($ millions, decrease)	For the three months ended March 31 2017 IFRS 15
Revenues and Other Income	
Operating revenues, net of royalties	(31)
Expenses	
Operating, selling and general	(14)
Transportation	(17)
Net Earnings	—
Total Comprehensive Income	—

4. SEGMENTED INFORMATION

The company's operating segments are reported based on the nature of their products and services and management responsibility.

Intersegment sales of crude oil and natural gas are accounted for at market values and are included, for segmented reporting, in revenues of the segment making the transfer and expenses of the segment receiving the transfer. Intersegment amounts are eliminated on consolidation.

Three months ended March 31 ($ millions)	Oil Sands		Exploration and Production		Refining and Marketing		Corporate, Energy Trading and Eliminations		Total	
	2018	2017	**2018**	2017	**2018**	2017	**2018**	2017	**2018**	2017
		(restated – note 3)				(restated – note 3)		(restated – note 3)		(restated – note 3)
Revenues and Other Income										
Gross revenues	**2 571**	2 455	**1 017**	920	**5 417**	4 574	**9**	22	**9 014**	7 971
Intersegment revenues	**1 028**	868	**—**	—	**9**	6	**(1 037)**	(874)	**—**	—
Less: Royalties	**(46)**	(61)	**(161)**	(123)	**—**	—	**—**	—	**(207)**	(184)
Operating revenues, net of royalties	**3 553**	3 262	**856**	797	**5 426**	4 580	**(1 028)**	(852)	**8 807**	7 787
Other (loss) income	**(3)**	14	**(52)**	(33)	**(7)**	19	**5**	25	**(57)**	25
	3 550	3 276	**804**	764	**5 419**	4 599	**(1 023)**	(827)	**8 750**	7 812
Expenses										
Purchases of crude oil and products	**270**	116	**—**	—	**3 653**	3 252	**(1 076)**	(890)	**2 847**	2 478
Operating, selling and general	**1 872**	1 553	**110**	101	**480**	503	**158**	135	**2 620**	2 292
Transportation	**226**	222	**24**	23	**30**	28	**(6)**	(4)	**274**	269
Depreciation, depletion, amortization and impairment	**974**	941	**279**	284	**154**	160	**17**	37	**1 424**	1 422
Exploration	**23**	2	**9**	50	**—**	—	**—**	—	**32**	52
Gain on disposal of assets	**(1)**	(1)	**(162)**	—	**—**	(450)	**—**	(97)	**(163)**	(548)
Financing expenses (income)	**77**	33	**1**	17	**3**	9	**481**	(23)	**562**	36
	3 441	2 866	**261**	475	**4 320**	3 502	**(426)**	(842)	**7 596**	6 001
Earnings (Loss) before Income Taxes	**109**	410	**543**	289	**1 099**	1 097	**(597)**	15	**1 154**	1 811
Income Tax Expense (Recovery)										
Current	**(30)**	99	**203**	176	**270**	277	**(107)**	(81)	**336**	471
Deferred	**57**	9	**(55)**	(59)	**23**	(9)	**4**	47	**29**	(12)
	27	108	**148**	117	**293**	268	**(103)**	(34)	**365**	459
Net Earnings (Loss)	**82**	302	**395**	172	**806**	829	**(494)**	49	**789**	1 352
Capital and Exploration Expenditures	**992**	1 059	**165**	227	**117**	92	**17**	2	**1 291**	1 380

Disaggregation of Revenue from Contracts with Customers and Intersegment Revenue

In the first quarter of 2018, the company adopted IFRS 15 *Revenue from Contracts with Customers* as detailed in Note 3, using the retrospective approach.

The company derives revenue from the transfer of goods mainly at a point in time in the following major commodities, revenue streams and geographical regions:

For the three months ended March 31 ($ millions)	North America 2018	International 2018	Total 2018	North America 2017	International 2017	Total 2017
Oil Sands						
SCO and diesel	**2 950**	—	**2 950**	2 923	—	2 923
Bitumen	**649**	—	**649**	400	—	400
	3 599	—	**3 599**	3 323	—	3 323
Exploration and Production						
Crude oil and natural gas liquids	**481**	**529**	**1 010**	380	531	911
Natural gas	**3**	**4**	**7**	3	6	9
	484	**533**	**1 017**	383	537	920
Refining and Marketing						
Gasoline	**2 388**	—	**2 388**	1 971	—	1 971
Distillate	**2 290**	—	**2 290**	1 828	—	1 828
Other	**748**	—	**748**	781	—	781
	5 426	—	**5 426**	4 580	—	4 580
Corporate, Energy Trading and Eliminations						
	(1 028)	—	**(1 028)**	(852)	—	(852)
Total Revenue from Contracts with Customers	**8 481**	**533**	**9 014**	7 434	537	7 971

5. OTHER (LOSS) INCOME

Other (loss) income consists of the following:

($ millions)	Three months ended March 31 2018	2017
Energy trading activities		
Unrealized (losses) gains recognized in earnings during the period	**(14)**	19
Gains (losses) on inventory valuation	**16**	(37)
Risk management activities[1]	**(25)**	56
Investment and interest income	**9**	21
Change in value of pipeline commitments and other[2]	**(43)**	(34)
	(57)	25

(1) Includes fair value changes related to short-term derivative contracts in the Oil Sands and Refining and Marketing segments and long-term forward-starting interest rate swaps in the Corporate segment.

(2) Includes a $57 million ($12 million after-tax) increase in the reserves redetermination provision related to an interest in a Norwegian asset that Suncor previously owned (2017 – $32 million; $7 million after-tax).

6. SHARE-BASED COMPENSATION

The following table summarizes the share-based compensation expense recorded for all plans within Operating, Selling and General expense:

($ millions)	Three months ended March 31 2018	2017
Equity-settled plans	**22**	24
Cash-settled plans	**89**	74
	111	98

7. FINANCING EXPENSES

($ millions)	Three months ended March 31 2018	2017
Interest on debt	**209**	252
Capitalized interest	**(77)**	(174)
Interest expense	**132**	78
Interest on partnership liability (note 15)	**14**	—
Interest on pension and other post-retirement benefits	**14**	15
Accretion	**65**	61
Foreign exchange loss (gain) on U.S. dollar denominated debt	**373**	(109)
Foreign exchange and other	**(36)**	(9)
	562	36

8. INCOME TAXES

In the fourth quarter of 2017, the U.S. government enacted a decrease in the federal corporate tax rate from 35% to 21% effective January 1, 2018. As a result, the company revalued its deferred income tax balances, resulting in a deferred income tax recovery of $124 million recognized in the fourth quarter of 2017.

In the fourth quarter of 2017, the Government of British Columbia substantively enacted an increase to the provincial corporate income tax rate from 11% to 12%. As a result, the company revalued its deferred income tax balances, resulting in a deferred income tax expense of $18 million.

9. EARNINGS PER COMMON SHARE

($ millions)	Three months ended March 31 2018	2017
Net earnings	**789**	1 352
Dilutive impact of accounting for awards as equity-settled(1)	**—**	(4)
Net earnings – diluted	**789**	1 348

(millions of common shares)		
Weighted average number of common shares	**1 639**	1 669
Dilutive securities:		
Effect of share options	**5**	4
Weighted average number of diluted common shares	**1 644**	1 673

(dollars per common share)		
Basic and diluted earnings per share	**0.48**	0.81

(1) Cash payment alternatives are accounted for as cash-settled plans. As these awards can be exchanged for common shares of the company, they are considered potentially dilutive and are included in the calculation of the company's diluted net earnings per share if they have a dilutive impact in the period. Accounting for these awards as equity-settled was determined to have a dilutive impact for the three month ended March 31, 2017.

10. NORMAL COURSE ISSUER BID

On April 26, 2017, the company announced its intention to commence a normal course issuer bid (the 2017 NCIB) to repurchase shares through the facilities of the Toronto Stock Exchange, New York Stock Exchange and/or alternative trading platforms. Pursuant to the 2017 NCIB, the company was permitted to purchase for cancellation up to approximately $2.0 billion worth of its common shares between May 2, 2017 and May 1, 2018. During the first quarter of 2018, the company repurchased 9.0 million common shares under the 2017 NCIB at an average price of $43.28 per share, for a total repurchase cost of $389 million.

The following table summarizes the share repurchase activities during the period:

($ millions, except as noted)	Three months ended March 31 2018	2017
Share repurchase activities (thousands of common shares)		
Shares repurchased	**8 999**	—
Amounts charged to		
Share capital	**145**	—
Retained earnings	**244**	—
Share repurchase cost	**389**	—

Under an automatic repurchase plan agreement with an independent broker, the company recorded the following liability for share repurchases that could have taken place during its internal blackout period:

($ millions)	March 31 2018	December 31 2017
Amounts charged to		
Share capital	**72**	97
Retained earnings	**126**	180
Liability for share purchase commitment	**198**	277

11. FINANCIAL INSTRUMENTS

Derivative Financial Instruments

(a) Non-Designated Derivative Financial Instruments

The following table presents the company's non-designated Energy Trading and Risk Management derivatives measured at fair value as at March 31, 2018:

($ millions)	Energy Trading	Risk Management	Total
Fair value outstanding at December 31, 2017	(85)	(20)	(105)
Cash Settlements – paid during the year	69	4	73
Unrealized losses recognized in earnings during the year (note 5)	(14)	(25)	(39)
Fair value outstanding at March 31, 2018	(30)	(41)	(71)

(b) Fair Value Hierarchy

The following table presents the company's financial instruments measured at fair value for each hierarchy level as at March 31, 2018:

($ millions)	Level 1	Level 2	Level 3	Total Fair Value
Accounts receivable	13	96	—	109
Accounts payable	(68)	(112)	—	(180)
	(55)	(16)	—	(71)

During the first quarter of 2018, there were no transfers between Level 1 and Level 2 fair value measurements and no transfers into and out of Level 3 fair value measurements.

The company uses forward-starting interest rate swaps to mitigate its exposure to the effect of future interest rate movements on future debt issuances. As at March 31, 2018, the company had no outstanding forward-starting interest rate swaps.

The company also uses foreign exchange forwards to mitigate its exposure to the effect of future foreign exchange movements on future debt issuances or settlements. As at March 31, 2018, the company had $39 million in outstanding foreign exchange forwards.

Non-Derivative Financial Instruments

At March 31, 2018, the carrying value of fixed-term debt accounted for under amortized cost was $12.4 billion (December 31, 2017 – $12.1 billion) and the fair value was $14.6 billion (December 31, 2017 – $14.7 billion). The estimated fair value of long-term debt is based on pricing sourced from market data.

Suncor entered into a partnership with Fort McKay First Nation (FMFN) and Mikisew Cree First Nation (MCFN) in 2017 where FMFN and MCFN acquired a combined 49% partnership interest in the East Tank Farm Development (ETFD). The partnership liability is recorded at amortized cost using the effective interest method. At March 31, 2018, the carrying value of the partnership liability accounted for under amortized cost was $483 million (December 31, 2017 – $483 million), with interest on the partnership liability offsetting distributions in the period.

12. PROVISIONS

Suncor's decommissioning and restoration provision decreased by $210 million for the three months ended March 31, 2018. An increase in the credit-adjusted risk-free interest rate to 3.90% (December 31, 2017 – 3.70%) and the disposal of the company's mineral landholdings in northeast British Columbia resulted in a decrease to the liability, partially offset by the acquisition of Mocal Energy Limited's 5% interest in Syncrude.

13. SALE OF LUBRICANTS BUSINESS

On February 1, 2017, the company completed the previously announced sale of its lubricants business for proceeds of $1.1 billion before closing adjustments and other closing costs. The sale of this business resulted in an after-tax gain of

$354 million, including a current tax expense of $101 million and a deferred tax recovery of $11 million, in the Refining and Marketing segment.

14. SALE OF CEDAR POINT

The company sold its interest in the Cedar Point wind facility in southwest Ontario for proceeds of $291 million before closing adjustments and other closing costs, with an effective date of January 1, 2017. The disposition resulted in an after-tax gain of $83 million, including a current tax expense of $29 million and a deferred tax recovery of $15 million, in the Corporate, Energy Trading and Eliminations segment.

15. EAST TANK FARM DEVELOPMENT (ETFD) PARTNERSHIP

The ETFD consists of bitumen storage, blending and cooling facilities and connectivity to third-party pipelines and began operations on July 14, 2017. ETFD is solely responsible for moving the product of the Fort Hills joint operation to market. On November 22, 2017, the company completed the previously announced disposition of a 49% ownership interest in the ETFD to the Fort McKay First Nation and the Mikisew Cree First Nation for gross proceeds of $503 million. Suncor retained a 51% ownership interest and remains as operator of the assets. The assets are held by a newly formed limited partnership, which has a non-discretionary obligation to distribute the variable monthly residual cash in ETFD to the partners. Therefore, the company has recorded a liability within Other Long-Term Liabilities to reflect the 49% non-controlling interest of the third parties. As a result, the company will continue to consolidate 100% of the results of the Partnership.

16. FORT HILLS

On December 21, 2017, the Fort Hills partners resolved their commercial dispute and reached an agreement in which Suncor acquired an additional 2.26% interest in the project for consideration of $308 million. Teck Resources Limited (Teck) also acquired an additional 0.89% interest in the project as a result of the agreement.

During the first quarter of 2018, Suncor acquired an additional 1.05% interest in the Fort Hills project for consideration of $145 million. The additional interest is an outcome of the commercial dispute settlement agreement reached among the Fort Hills partners in December 2017. Teck also acquired an additional 0.42% in the project. Suncor's share in the project has increased to 54.11% and Teck's has increased to 21.31% with Total E&P Canada Ltd's. (Total) share decreasing to 24.58%. Working interests in the Fort Hills project may continue to be adjusted in accordance with the terms of the agreement.

17. ACQUISITION OF ADDITIONAL OWNERSHIP INTEREST IN THE SYNCRUDE PROJECT

On February 23, 2018, Suncor completed the purchase of an additional 5% working interest in the Syncrude project from Mocal Energy Limited for $923 million, subject to final closing adjustments. Suncor's share in the Syncrude project has increased to 58.74%.

The acquisition has been accounted for as a business combination using the acquisition method. The preliminary purchase price allocation is based on management's best estimates of fair values of Syncrude's assets and liabilities as at February 23, 2018. Adjustments to estimates may be required.

($ millions)	
Accounts receivable	2
Inventory	15
Property, plant and equipment	998
Exploration and evaluation	163
Total assets acquired	**1 178**
Accounts payable and accrued liabilities	(51)
Employee future benefits	(33)
Decommissioning provision	(169)
Deferred income taxes	(2)
Total liabilities assumed	**(255)**
Net assets acquired	**923**

The fair values of accounts receivable and accounts payable approximate their carrying values due to the short-term maturity of the instruments. The fair value of materials and supplies inventory approximates book value due to short-term turnover rates. The fair values of property, plant and equipment, and the decommissioning provision were determined using an expected future cash flow approach. Key assumptions used in the calculations were discount rates, future commodity prices and costs, timing of development activities, projections of oil reserves, and cost estimates to abandon and reclaim the mine and facilities.

The additional interest in Syncrude contributed $29 million to gross revenues and a $4 million net loss to consolidated net earnings from the acquisition date to March 31, 2018.

Had the acquisition occurred on January 1, 2018, the additional interest would have contributed $64 million to gross revenues and $4 million to consolidated net earnings, which would have resulted in gross revenues of $9.1 billion and consolidated net earnings of $793 million for the three months ended March 31, 2018.

18. OTHER TRANSACTIONS

On March 23, 2018, Suncor completed an exchange of its northeast British Columbia mineral land holdings, including associated production, and consideration of $52 million for a 37% equity interest in Canbriam Energy Inc. (a private natural gas company). The investment was recorded at $277 million and is accounted for using the equity method of accounting. As a result of the asset transfer, Suncor recognized a gain of $162 million in the Exploration and Production segment after eliminating a portion of the gain against the investment value.

On February 12, 2018, Suncor reached an agreement with Faroe Petroleum to purchase a 17.5% interest in the Fenja project in Norway for US$54.5 million (approximately $68 million). This project was sanctioned in December 2017 and the transaction is expected to close in the second quarter of 2018, subject to customary closing conditions.

19. SUBSEQUENT EVENTS

The Toronto Stock Exchange (TSX) accepted a notice filed by the company of its intention to renew its normal course issuer bid to continue to purchase shares under its previously announced buyback program through the facilities of the TSX, New York Stock Exchange and/or alternative trading platforms. The notice provides that the company may purchase for cancellation up to approximately $2.15 billion worth of its common shares beginning May 4, 2018 and ending May 3, 2019.

QUARTERLY FINANCIAL SUMMARY

(unaudited)

($ millions, except per share amounts)	Three months ended Mar 31 2018	Dec 31 2017	Sept 30 2017	Jun 30 2017	Mar 31 2017	Twelve months ended Dec 31 2017
Revenues and other income[A]	**8 750**	9 014	8 006	7 247	7 812	32 079
Net earnings (loss)						
Oil Sands	**82**	670	314	(277)	302	1 009
Exploration and Production	**395**	217	161	182	172	732
Refining and Marketing	**806**	886	597	346	829	2 658
Corporate, Energy Trading and Eliminations	**(494)**	(391)	217	184	49	59
	789	1 382	1 289	435	1 352	4 458
Operating earnings (loss)[B]						
Oil Sands	**82**	615	314	(277)	302	954
Exploration and Production	**262**	231	161	182	172	746
Refining and Marketing	**806**	746	597	346	475	2 164
Corporate, Energy Trading and Eliminations	**(165)**	(282)	(205)	(52)	(137)	(676)
	985	1 310	867	199	812	3 188
Funds from (used in) operations[B]						
Oil Sands	**979**	1 780	1 276	573	1 109	4 738
Exploration and Production	**502**	431	375	438	481	1 725
Refining and Marketing	**965**	935	827	504	575	2 841
Corporate, Energy Trading and Eliminations	**(282)**	(130)	(6)	112	(141)	(165)
	2 164	3 016	2 472	1 627	2 024	9 139
Per common share						
Net earnings – basic and diluted	**0.48**	0.84	0.78	0.26	0.81	2.68
Operating earnings – basic[B]	**0.60**	0.79	0.52	0.10	0.49	1.92
Cash dividends – basic	**0.36**	0.32	0.32	0.32	0.32	1.28
Funds from operations – basic[B]	**1.32**	1.83	1.49	0.98	1.21	5.50

	For the twelve months ended Mar 31 2018	Dec 31 2017	Sept 30 2017	Jun 30 2017	Mar 31 2017
Return on capital employed[B]					
– excluding major projects in progress (%)	**7.8**	8.6	7.0	6.2	4.4
– including major projects in progress (%)	**6.5**	6.7	5.5	4.9	3.5

(A) Prior periods have been restated due to IFRS 15 adoption, see note 3 in the financial statements.

(B) Non-GAAP financial measures. See the Operating Summary Information – Non-GAAP Financial Measures section of this Quarterly Report.

See accompanying footnotes and definitions to the quarterly operating summaries.

QUARTERLY OPERATING SUMMARY

(unaudited)

Oil Sands	Mar 31 2018	Three months ended Dec 31 2017	Sept 30 2017	Jun 30 2017	Mar 31 2017	Twelve months ended Dec 31 2017
Total Production (mbbls/d)	**571.7**	621.2	628.4	413.6	590.6	563.7
Oil Sands operations						
Production volumes (mbbls/d)						
Upgraded product (sweet SCO, sour SCO and diesel)	**279.4**	324.9	324.4	288.6	332.8	317.7
Non-upgraded bitumen	**125.4**	121.9	144.9	64.0	115.7	111.7
Oil Sands operations production	**404.8**	446.8	469.3	352.6	448.5	429.4
Bitumen production (mbbls/d)						
Mining	**241.6**	296.7	328.1	293.1	311.1	305.4
In Situ – Firebag	**205.8**	208.5	203.6	110.9	202.8	181.5
In Situ – MacKay River	**35.1**	28.3	30.8	30.0	35.6	31.1
Total bitumen production	**482.5**	533.5	562.5	434.0	549.5	518.0
Sales (mbbls/d)						
Light sweet crude oil	**84.2**	95.5	105.9	104.4	124.9	107.9
Diesel	**20.4**	21.1	30.4	29.6	30.3	27.5
Light sour crude oil	**178.2**	214.4	183.2	160.1	176.4	183.6
Upgraded product (SCO and diesel)	**282.8**	331.0	319.5	294.1	331.6	319.0
Non-upgraded bitumen	**118.2**	130.7	120.3	86.0	104.9	110.6
Sales	**401.0**	461.7	439.8	380.1	436.5	429.6
Cash operating costs – Average(1)(B) ($/bbl)*						
Cash costs	**25.05**	22.55	20.40	25.70	20.15	21.95
Natural gas	**1.80**	1.65	1.20	2.10	2.40	1.85
	26.85	24.20	21.60	27.80	22.55	23.80
Cash operating costs – Mining bitumen production only(1)(B)(C) ($/bbl)						
Cash costs	**26.50**	22.70	19.15	19.70	18.45	20.00
Natural gas	**0.65**	0.45	0.25	0.60	0.60	0.45
	27.15	23.15	19.40	20.30	19.05	20.45
Cash operating costs – In Situ bitumen production only(1)(B) ($/bbl)						
Cash costs	**6.55**	6.20	6.75	10.95	7.00	7.35
Natural gas	**3.00**	2.65	2.20	4.00	4.00	3.15
	9.55	8.85	8.95	14.95	11.00	10.50

(B) Non-GAAP financial measures. See the Quarterly Operating Metrics Reconciliation and the Operating Summary Information – Non-GAAP Financial Measures sections of this Quarterly Report.

(C) Cash operating costs – Mining bitumen production per barrel costs have been restated.

See accompanying footnotes and definitions to the quarterly operating summaries.

QUARTERLY OPERATING SUMMARY (continued)

(unaudited)

Oil Sands	Mar 31 2018	Three months ended Dec 31 2017	Sept 30 2017	Jun 30 2017	Mar 31 2017	Twelve months ended Dec 31 2017
Fort Hills						
Bitumen production (mbbls/d)	**29.8**	—	—	—	—	—
Internally upgraded bitumen from froth	**(5.2)**	—	—	—	—	—
Total Fort Hills Bitumen	**24.6**	—	—	—	—	—
Bitumen sales (bbls/d)	**8.1**	—	—	—	—	—
Cash operating costs(1)(B) ($/bbl)						
Cash costs	**50.43**	—	—	—	—	—
Natural gas	**3.22**	—	—	—	—	—
	53.65	—	—	—	—	—
Syncrude						
Sweet SCO production (mbbls/d)	**142.3**	174.4	159.1	61.0	142.1	134.3
Bitumen production (mbbls/d)	**173.3**	207.5	193.7	82.4	170.0	163.6
Intermediate sour SCO (mbbls/d)(2)	**138.2**	177.1	157.1	61.3	140.9	132.9
Cash operating costs(1)(B) ($/bbl)						
Cash costs	**49.26**	31.75	34.00	89.90	43.25	42.50
Natural gas	**1.49**	1.05	1.00	7.90	1.90	1.55
	50.75	32.80	35.00	97.80	45.15	44.05

(B) Non-GAAP financial measures. See the Quarterly Operating Metrics Reconciliation and the Operating Summary Information – Non-GAAP Financial Measures sections of this Quarterly Report.

See accompanying footnotes and definitions to the quarterly operating summaries.

QUARTERLY OPERATING SUMMARY (continued)

(unaudited)

Oil Sands Operating Netbacks(A)(B)(D)	Mar 31 2018	Three months ended Dec 31 2017	Sept 30 2017	Jun 30 2017	Mar 31 2017	Twelve months ended Dec 31 2017
Bitumen ($/bbl)						
Average price realized	**33.55**	42.80	38.57	36.45	33.89	38.32
Royalties	**(0.90)**	(1.02)	(0.50)	(0.69)	(0.54)	(0.71)
Transportation costs	**(5.98)**	(3.06)	(3.78)	(7.06)	(6.57)	(4.85)
Net operating expenses	**(8.75)**	(7.61)	(8.26)	(14.05)	(9.98)	(9.59)
Operating netback	**17.92**	31.11	26.03	14.65	16.80	23.17
SCO and diesel ($/bbl)						
Average price realized	**74.65**	70.55	59.76	64.23	66.29	65.28
Royalties	**(0.56)**	(1.14)	(1.03)	(1.19)	(0.59)	(0.98)
Transportation costs	**(4.14)**	(3.87)	(3.65)	(3.72)	(3.98)	(3.81)
Net operating expenses – bitumen	**(25.33)**	(21.70)	(20.29)	(22.70)	(19.78)	(21.08)
Net operating expenses – upgrading	**(6.05)**	(4.90)	(4.65)	(5.60)	(4.81)	(4.97)
Operating netback	**38.57**	38.94	30.14	31.02	37.13	34.44
Average Oil Sands operations ($/bbl)						
Average price realized	**62.54**	62.69	53.96	57.94	58.50	58.34
Royalties	**(0.66)**	(1.11)	(0.89)	(1.07)	(0.58)	(0.91)
Transportation costs	**(4.68)**	(3.64)	(3.68)	(4.47)	(4.60)	(4.08)
Net operating expenses – bitumen and upgrading	**(24.71)**	(21.23)	(20.38)	(25.08)	(21.07)	(21.82)
Operating netback	**32.49**	36.71	29.01	27.32	32.25	31.53
Fort Hills ($/bbl)						
Average price realized	**40.58**	—	—	—	—	—
Royalties	**(1.54)**	—	—	—	—	—
Transportation costs	**(8.10)**	—	—	—	—	—
Net operating expenses – bitumen	**(116.24)**	—	—	—	—	—
Operating netback	**(85.30)**	—	—	—	—	—
Syncrude ($/bbl)						
Average price realized	**77.33**	73.64	60.68	62.27	66.37	66.59
Royalties	**(1.57)**	(7.94)	(3.18)	—	(2.96)	(4.32)
Transportation costs	**(0.48)**	(0.36)	(0.38)	(1.83)	(0.38)	(0.54)
Net operating expenses – bitumen and upgrading	**(44.03)**	(28.81)	(31.48)	(90.72)	(39.70)	(39.46)
Operating netback	**31.25**	36.53	25.64	(30.28)	23.33	22.27

(A) Prior periods have been restated due to IFRS 15 adoption, see note 3 in the financial statements, as well as the removal of the impact of risk management activities.

(B) Non-GAAP financial measures. See the Quarterly Operating Metrics Reconciliation and the Operating Summary Information – Non-GAAP Financial Measures sections of this Quarterly Report.

(D) Netbacks are based on sales volumes.

See accompanying footnotes and definitions to the quarterly operating summaries.

QUARTERLY OPERATING SUMMARY (continued)

(unaudited)

Exploration and Production	Mar 31 2018	Three months ended Dec 31 2017	Sept 30 2017	Jun 30 2017	Mar 31 2017	Twelve months ended Dec 31 2017
Total Sales Volumes (mboe/d)	**121.9**	104.8	112.6	130.3	136.8	120.8
Total Production (mboe/d)	**117.7**	115.2	111.5	125.5	134.5	121.6
Production Volumes						
Exploration and Production Canada						
East Coast Canada						
Terra Nova (mbbls/d)	**15.4**	14.6	5.8	11.0	14.7	11.5
Hibernia (mbbls/d)	**26.1**	27.1	26.6	30.0	30.3	28.5
White Rose (mbbls/d)	**8.8**	10.6	9.0	12.9	13.1	11.4
Hebron (mbbls/d)	**8.2**	1.8	—	—	—	0.4
North America Onshore (mboe/d)	**2.0**	1.4	1.5	1.8	2.8	1.9
	60.5	55.5	42.9	55.7	60.9	53.7
Exploration and Production International						
Buzzard (mboe/d)	**40.4**	36.6	44.3	45.3	49.0	43.8
Golden Eagle (mboe/d)	**14.3**	17.9	20.5	20.1	20.2	19.6
United Kingdom (mboe/d)	**54.7**	54.5	64.8	65.4	69.2	63.4
Libya (mbbls/d)[3]	**2.5**	5.2	3.8	4.4	4.4	4.5
	57.2	59.7	68.6	69.8	73.6	67.9
Netbacks[B][D]						
East Coast Canada ($/bbl)						
Average price realized	**84.63**	81.49	67.23	66.26	69.75	71.06
Royalties	**(14.34)**	(13.21)	(13.01)	(14.05)	(15.94)	(14.26)
Transportation costs	**(1.84)**	(2.27)	(2.13)	(1.60)	(1.72)	(1.90)
Operating costs	**(9.70)**	(11.16)	(14.72)	(10.58)	(9.28)	(11.24)
Operating netback	**58.75**	54.85	37.37	40.03	42.81	43.66
United Kingdom ($/boe)						
Average price realized	**83.22**	76.46	62.99	63.46	67.55	67.25
Transportation costs	**(2.14)**	(1.80)	(1.77)	(1.88)	(1.81)	(1.81)
Operating costs	**(5.36)**	(5.89)	(4.51)	(4.57)	(3.75)	(4.62)
Operating netback	**75.72**	68.77	56.71	57.01	61.99	60.82

(B) Non-GAAP financial measures. See the Quarterly Operating Metrics Reconciliation and the Operating Summary Information – Non-GAAP Financial Measures sections of this Quarterly Report.

(D) Netbacks are based on sales volumes.

See accompanying footnotes and definitions to the quarterly operating summaries.

(unaudited)

Refining and Marketing	Mar 31 2018	Three months ended Dec 31 2017	Sept 30 2017	Jun 30 2017	Mar 31 2017	Twelve months ended Dec 31 2017
Refined product sales (mbbls/d)	**512.9**	526.8	564.5	521.9	508.0	530.5
Crude oil processed (mbbls/d)	**453.5**	432.4	466.8	435.5	429.9	441.2
Utilization of refining capacity (%)	**98**	94	101	94	93	96
Refining margin ($/bbl)[(B)(E)]	**30.25**	28.75	24.25	19.30	21.95	23.65
Refining operating expense ($/bbl)[(B)]	**4.90**	5.25	4.50	5.05	5.50	5.05
Eastern North America						
Refined product sales (mbbls/d)						
Transportation fuels						
Gasoline	**113.6**	121.1	121.2	114.8	112.8	117.5
Distillate	**81.8**	89.2	92.6	82.9	82.2	86.8
Total transportation fuel sales	**195.4**	210.3	213.8	197.7	195.0	204.3
Petrochemicals	**14.1**	10.5	10.6	12.2	15.5	12.2
Asphalt	**13.1**	15.8	20.6	18.0	12.6	16.8
Other	**36.6**	31.4	32.4	35.5	34.5	33.4
Total refined product sales	**259.2**	268	277.4	263.4	257.6	266.7
Crude oil supply and refining						
Processed at refineries (mbbls/d)	**217.8**	188.7	213.9	208.6	214.6	206.4
Utilization of refining capacity (%)	**98**	85	96	94	97	93
Western North America						
Refined product sales (mbbls/d)						
Transportation fuels						
Gasoline	**120.1**	125.7	136.4	122.0	117.1	125.4
Distillate	**109.9**	111.7	119.9	108.3	110.1	112.5
Total transportation fuel sales	**230.0**	237.4	256.3	230.3	227.2	237.9
Asphalt	**11.3**	9.3	16.0	14.6	9.2	12.3
Other	**12.4**	12.1	14.8	13.6	14.0	13.6
Total refined product sales	**253.7**	258.8	287.1	258.5	250.4	263.8
Crude oil supply and refining						
Processed at refineries (mbbls/d)	**235.7**	243.7	252.9	226.9	215.3	234.8
Utilization of refining capacity (%)	**98**	102	105	95	90	98

(B) Non-GAAP financial measures. See the Quarterly Operating Metrics Reconciliation and the Operating Summary Information – Non-GAAP Financial Measures sections of this Quarterly Report.

(E) Refining Margins are presented on a Last-in, first-out (LIFO) basis, a Non-GAAP measure, and have been restated to remove the impact of risk management activity.

See accompanying footnotes and definitions to the quarterly operating summaries.

QUARTERLY OPERATING METRICS RECONCILIATION

(unaudited)

Oil Sands Netbacks[(A)(B)]

($ millions except per barrel amounts)

For the quarter ended March 31, 2018	Bitumen	SCO and Diesel	Oil Sands Operations	Fort Hills	Syncrude	Other[(4)]	**Oil Sands Segment**
Operating revenues	572	1 960	2 532	77	1 003	(13)	**3 599**
Other (loss) income	(4)	—	(4)	(2)	3	—	**(3)**
Purchases of crude oil and products	(211)	(35)	(246)	(17)	(16)	9	**(270)**
Gross realization adjustment[(5)]	—	(25)	(25)	(28)	—		
Gross realizations	357	1 900	2 257	30	990		
Royalties	(10)	(14)	(24)	(2)	(20)	—	**(46)**
Transportation	(64)	(126)	(190)	(26)	(10)	—	**(226)**
Transportation adjustment[(6)]	—	21	21	20	4		
Net transportation expenses	(64)	(105)	(169)	(6)	(6)		
Operating, selling and general (OS&G)	(127)	(945)	(1 072)	(143)	(661)	4	**(1 872)**
OS&G adjustment[(7)]	34	146	180	58	97		
Net operating expenses	(93)	(799)	(892)	(85)	(564)		
Gross profit	190	982	1 172	(63)	400		
Sales volumes (mbbls)	10 635	25 453	36 088	729	12 810		
Operating netback per barrel	**17.92**	**38.57**	**32.49**	**(85.30)**	**31.25**		

For the quarter ended December 31, 2017	Bitumen	SCO and Diesel	Oil Sands Operations	Syncrude	Other[(4)]	**Oil Sands Segment**
Operating revenues	710	2 235	2 945	1 202	1	**4 148**
Other (loss) income	(10)	(8)	(18)	79	—	**61**
Purchases of crude oil and products	(179)	(38)	(217)	(14)	(2)	**(233)**
Gross realization adjustment[(5)]	(7)	(40)	(47)	(85)		
Gross realizations	514	2 149	2 663	1 182		
Royalties	(12)	(35)	(47)	(128)	—	**(175)**
Transportation	(39)	(144)	(183)	(18)	—	**(201)**
Transportation adjustment[(6)]	3	26	29	12		
Net transportation expenses	(36)	(118)	(154)	(6)		
OS&G	(119)	(958)	(1 077)	(536)	(3)	**(1 616)**
OS&G adjustment[(7)]	27	148	175	74		
Net operating expenses	(92)	(810)	(902)	(462)		
Gross profit	374	1 186	1 560	586		
Sales volumes (mbbls)	12 019	30 454	42 473	16 049		
Operating netback per barrel	**31.11**	**38.94**	**36.71**	**36.53**		

(A) Prior periods have been restated due to IFRS 15 adoption, see note 3 in the financial statements, as well as the removal of the impact of risk management activities.

(B) Non-GAAP financial measures. See the Operating Summary Information – Non-GAAP Financial Measures section of this Quarterly Report.

See accompanying footnotes and definitions to the quarterly operating summaries.

QUARTERLY OPERATING METRICS RECONCILIATION (continued)

(unaudited)

Oil Sands Netbacks(A)(B)

($ millions except per barrel amounts)

For the quarter ended September 30, 2017	Bitumen	SCO and Diesel	Oil Sands Operations	Syncrude	Other(4)	Oil Sands Segment
Operating revenues	543	1 818	2 361	905	2	**3 268**
Other (loss) income	(5)	(2)	(7)	1	—	**(6)**
Purchases of crude oil and products	(103)	(18)	(121)	(12)	(2)	**(135)**
Gross realization adjustment(5)	(10)	(42)	(52)	(5)		
Gross realizations	425	1 756	2 181	889		
Royalties	(5)	(30)	(35)	(47)	—	**(82)**
Transportation	(46)	(138)	(184)	(15)	—	**(199)**
Transportation adjustment(6)	4	31	35	10		
Net transportation expenses	(42)	(107)	(149)	(5)		
OS&G	(115)	(870)	(985)	(525)	(3)	**(1 513)**
OS&G adjustment(7)	24	137	161	63		
Net operating expenses	(91)	(733)	(824)	(462)		
Gross profit	287	886	1 173	375		
Sales volumes (mbbls)	11 075	29 390	40 465	14 636		
Operating netback per barrel	**26.03**	**30.14**	**29.01**	**25.64**		

For the quarter ended June 30, 2017	Bitumen	SCO and Diesel	Oil Sands Operations	Syncrude	Other(4)	Oil Sands Segment
Operating revenues	377	1 793	2 170	363	2	**2 535**
Other income (loss)	12	(1)	11	—	6	**17**
Purchases of crude oil and products	(101)	(21)	(122)	(15)	(2)	**(139)**
Gross realization adjustment(5)	(3)	(53)	(56)	(2)		
Gross realizations	285	1 718	2 003	346		
Royalties	(5)	(32)	(37)	—	—	**(37)**
Transportation	(55)	(135)	(190)	(15)	—	**(205)**
Transportation adjustment(6)	—	35	35	5		
Net transportation expenses	(55)	(100)	(155)	(10)		
OS&G	(126)	(900)	(1 026)	(551)	2	**(1 575)**
OS&G adjustment(7)	16	143	159	47		
Net operating expenses	(110)	(757)	(867)	(504)		
Gross profit (loss)	115	829	944	(168)		
Sales volumes (mbbls)	7 827	26 764	34 590	5 549		
Operating netback per barrel	**14.65**	**31.02**	**27.32**	**(30.28)**		

(A) Prior periods have been restated due to IFRS 15 adoption, see note 3 in the financial statements, as well as the removal of the impact of risk management activities.

(B) Non-GAAP financial measures. See the Operating Summary Information – Non-GAAP Financial Measures section of this Quarterly Report.

See accompanying footnotes and definitions to the quarterly operating summaries.

QUARTERLY OPERATING METRICS RECONCILIATION (continued)

(unaudited)

Oil Sands Netbacks(A)(B)

($ millions except per barrel amounts)

For the quarter ended March 31, 2017	Bitumen	SCO and Diesel	Oil Sands Operations	Syncrude	Other(4)	Oil Sands Segment
Operating revenues	400	2 050	2 450	873	—	**3 323**
Other income	9	3	12	2	—	**14**
Purchases of crude oil and products	(75)	(22)	(97)	(19)	—	**(116)**
Gross realization adjustment(5)	(15)	(53)	(68)	(7)		
Gross realizations	319	1 978	2 297	849		
Royalties	(5)	(18)	(23)	(38)	—	**(61)**
Transportation	(62)	(146)	(208)	(14)	—	**(222)**
Transportation adjustment(6)	—	28	28	9		
Net transportation expenses	(62)	(118)	(180)	(5)		
OS&G	(123)	(875)	(998)	(583)	28	**(1 553)**
OS&G adjustment(7)	29	141	170	76		
Net operating expenses	(94)	(734)	(828)	(507)		
Gross profit	158	1 108	1 266	299		
Sales volumes (mbbls)	9 444	29 844	39 288	12 788		
Operating netback per barrel	**16.80**	**37.13**	**32.25**	**23.33**		

For the year ended December 31, 2017	Bitumen	SCO and Diesel	Oil Sands Operations	Syncrude	Other(4)	Oil Sands Segment
Operating revenues	2 031	7 898	9 929	3 341	4	**13 274**
Other income (loss)	9	(9)	—	82	4	**86**
Purchases of crude oil and products	(458)	(99)	(557)	(61)	(5)	**(623)**
Gross realization adjustment(5)	(36)	(187)	(223)	(98)		
Gross realizations	1 546	7 603	9 149	3 264		
Royalties	(28)	(115)	(143)	(212)	—	**(355)**
Transportation	(202)	(563)	(765)	(62)	—	**(827)**
Transportation adjustment(6)	7	120	127	35		
Net transportation expenses	(195)	(443)	(638)	(27)		
OS&G	(484)	(3 604)	(4 088)	(2 196)	27	**(6 257)**
OS&G adjustment(7)	96	569	665	262		
Net operating expenses	(388)	(3 035)	(3 423)	(1 934)		
Gross profit	935	4 010	4 945	1 091		
Sales volumes (mbbls)	40 365	116 451	156 816	49 022		
Operating netback per barrel	**23.17**	**34.44**	**31.53**	**22.27**		

(A) Prior periods have been restated due to IFRS 15 adoption, see note 3 in the financial statements, as well as the removal of the impact of risk management activities.

(B) Non-GAAP financial measures. See the Operating Summary Information – Non-GAAP Financial Measures section of this Quarterly Report.

See accompanying footnotes and definitions to the quarterly operating summaries.

QUARTERLY OPERATING METRICS RECONCILIATION (continued)

(unaudited)

Syncrude Cash Operating Costs(B)

($ millions except per barrel amounts)

	Three months ended					Twelve months ended
	Mar 31 2018	Dec 31 2017	Sept 30 2017	June 30 2017	Mar 31 2017	Dec 31 2017
Syncrude OS&G	**661**	536	525	551	583	2 195
Non-production costs(8)	**(10)**	(10)	(13)	(8)	(6)	(37)
Syncrude cash operating costs	**651**	526	512	543	577	2 158
Syncrude sales volumes (mbbls)	**12 807**	16 049	14 636	5 549	12 788	49 022
Syncrude cash operating costs ($/bbl)	**50.75**	32.80	35.00	97.80	45.15	44.05

Exploration and Production Netbacks(B)

($ millions except per barrel amounts)

For the quarter ended March 31, 2018	United Kingdom	East Coast Canada	Other(9)	**E&P Segment**
Operating revenues	409	478	130	**1 017**
Royalties	—	(82)	(79)	**(161)**
Transportation	(11)	(10)	(3)	**(24)**
OS&G	(32)	(68)	(10)	**(110)**
Non-production costs(10)	7	14		
Gross realizations	373	332		
Sales volumes (mboe)	4 920	5 647		
Operating netback per barrel	**75.72**	**58.75**		

For the quarter ended December 31, 2017	United Kingdom	East Coast Canada	Other(9)	**E&P Segment**
Operating revenues	383	328	238	**949**
Royalties	—	(53)	(147)	**(200)**
Transportation	(9)	(9)	(2)	**(20)**
OS&G	(36)	(55)	(10)	**(101)**
Non-production costs(10)	7	10		
Gross realizations	345	221		
Sales volumes (mboe)	5 011	4 023		
Operating netback per barrel	**68.77**	**54.85**		

For the quarter ended September 30, 2017	United Kingdom	East Coast Canada	Other(9)	**E&P Segment**
Operating revenues	375	263	128	**766**
Royalties	—	(51)	(81)	**(132)**
Transportation	(11)	(8)	(2)	**(21)**
OS&G	(31)	(68)	(10)	**(109)**
Non-production costs(10)	5	10		
Gross realizations	338	146		
Sales volumes (mboe)	5 963	3 906		
Operating netback per barrel	**56.71**	**37.37**		

(B) Non-GAAP financial measures. See the Operating Summary Information – Non-GAAP Financial Measures section of this Quarterly Report.

See accompanying footnotes and definitions to the quarterly operating summaries.

(unaudited)

Exploration and Production Netbacks[B]

($ millions except per barrel amounts)

For the quarter ended June 30, 2017	United Kingdom	East Coast Canada	Other[9]	E&P Segment
Operating revenues	378	354	120	**852**
Royalties	—	(75)	(46)	**(121)**
Transportation	(11)	(9)	(2)	**(22)**
OS&G	(31)	(65)	(15)	**(111)**
Non-production costs[10]	4	9		
Gross realizations	340	214		
Sales volumes (mboe)	5 954	5 345		
Operating netback per barrel	**57.01**	**40.03**		

For the quarter ended March 31, 2017	United Kingdom	East Coast Canada	Other[9]	E&P Segment
Operating revenues	421	379	120	**920**
Royalties	—	(87)	(36)	**(123)**
Transportation	(11)	(9)	(3)	**(23)**
OS&G	(28)	(60)	(13)	**(101)**
Non-production costs[10]	4	10		
Gross realizations	386	233		
Sales volumes (mboe)	6 228	5 432		
Operating netback per barrel	**61.99**	**42.81**		

For the twelve months ended December 31, 2017	United Kingdom	East Coast Canada	Other[9]	E&P Segment
Operating revenues	1 557	1 323	607	**3 487**
Royalties	—	(266)	(310)	**(576)**
Transportation	(42)	(35)	(9)	**(86)**
OS&G	(127)	(248)	(47)	**(422)**
Non-production costs[10]	20	39		
Gross realizations	1 408	813		
Sales volumes (mboe)	23 157	18 623		
Operating netback per barrel	**60.82**	**43.66**		

(B) Non-GAAP financial measures. See the Operating Summary Information – Non-GAAP Financial Measures section of this Quarterly Report.

See accompanying footnotes and definitions to the quarterly operating summaries.

QUARTERLY OPERATING METRICS RECONCILIATION (continued)

(unaudited)

Refining and Marketing[(A)(E)]

($ millions except per barrel amounts)

	Three months ended Mar 31 2018	Dec 31 2017	Sept 30 2017	June 30 2017	Mar 31 2017	Twelve months ended Dec 31 2017
Gross margin[(11)]	**1 773**	1 807	1 456	1 101	1 328	5 692
Other (loss) income	**(7)**	(13)	48	19	19	73
Non-refining margin[(12)]	**(413)**	(394)	(392)	(329)	(431)	(1 546)
LIFO adjustment	**(11)**	(139)	16	33	(6)	(96)
Adjusted Refining margin	**1 342**	1 261	1 128	824	910	4 123
Refinery production (mbbls)[(13)]	**44 363**	43 801	46 491	42 629	41 540	174 461
Refining margin ($/bbl)[(A)]	**30.25**	28.75	24.25	19.30	21.95	23.65
OS&G	**480**	532	467	448	503	1 950
Non-refining costs[(14)]	**(262)**	(303)	(258)	(233)	(274)	(1 068)
Refining operating expense	**218**	229	209	215	229	882
Refinery production (mbbls)[(13)]	**44 363**	43 801	46 491	42 629	41 540	174 461
Refining operating expense ($/bbl)[(A)]	**4.90**	5.25	4.50	5.05	5.50	5.05

(A) Prior periods have been restated due to IFRS 15 adoption, see note 3 in the financial statements.

(E) Refining Margins are presented on a LIFO basis, a Non-GAAP measure, and have been restated to remove the impact of risk management activity.

See accompanying footnotes and definitions to the quarterly operating summaries.

OPERATING SUMMARY INFORMATION

Non-GAAP Financial Measures

Certain financial measures in this document – namely operating earnings (loss), funds from (used in) operations, return on capital employed (ROCE), Oil Sands operations cash operating costs, Syncrude cash operating costs, Fort Hills cash operating costs, refining margin, refining operating expense and netbacks – are not prescribed by GAAP. Suncor includes these financial measures because investors may use this information to analyze business performance, leverage and liquidity. These non-GAAP financial measures do not have any standardized meaning and, therefore, are unlikely to be comparable to similar measures presented by other companies. The additional information should not be considered in isolation or as a substitute for measures of performance prepared in accordance with GAAP.

Operating earnings (loss) and Oil Sands operations cash operating costs for each quarter in 2018 and 2017 are defined in the Non-GAAP Financial Measures Advisory section and reconciled to GAAP measures in each respective quarterly Report to Shareholders issued by Suncor in respect of the relevant quarter (Quarterly Reports). Funds from (used in) operations and ROCE for each quarter in 2018 and 2017 are defined and reconciled to GAAP measures in the Non-GAAP Financial Measures Advisory section of each respective Quarterly Report. Refining margin, refining operating expense and Syncrude cash operating costs for each quarter in 2018 and 2017 and for the year ended December 31, 2017 are defined in the Non-GAAP Financial Measures Advisory section of Suncor's Management's Discussion and Analysis for the three months ended March 31, 2018 (the Q1 2018 MD&A) and reconciled to GAAP measures in the Operating Metrics Reconciliation section of this Quarterly Report. Fort Hills cash operating costs are defined in the Non-GAAP Financial Measures Advisory section of the Q1 2018 MD&A and reconciled to GAAP measures in the Segment and Analysis Results section of the Q1 2018 MD&A. Netbacks for each quarter in 2018 and 2017 and for the year ended December 31, 2017 are defined below and are reconciled to GAAP measures in the Operating Metrics Reconciliation section of this Quarterly Report. The remainder of the non-GAAP financial measures not otherwise mentioned in this paragraph are defined and reconciled in Suncor's Management's Discussion and Analysis contained in the Q1 2018 MD&A.

Oil Sands Netbacks

Oil Sands operating netbacks are a non-GAAP measure, presented on a crude product and sales barrel basis, and are derived from the Oil Sands segmented statement of net earnings (loss), after adjusting for items not directly attributable to the revenues and costs associated with production and delivery. Management uses Oil Sands operating netbacks to measure crude product profitability on a sales barrel basis.

Exploration and Production (E&P) Netbacks

E&P netbacks are a non-GAAP measure, presented on an asset location and sales barrel basis, and are derived from the E&P segmented statement of net earnings (loss), after adjusting for items not directly attributable to the costs associated with production and delivery. Management uses Exploration and Production operating netbacks to measure asset profitability by location on a sales barrel basis.

Definitions

(1) Cash operating costs – Include cash costs that are defined as operating, selling and general expenses (excluding inventory changes and non-production costs), and are net of operating revenues associated with excess power from cogeneration units. Oil Sands operations cash operating costs are presented on a production basis by adjusting for inventory impacts, while Syncrude production volumes are equal to sales volumes.

(2) Syncrude's capacity to upgrade bitumen to an intermediary sour SCO is 350,000 bbls/d.

(3) Effective 2016, Libyan production volumes reflect the company's entitlement share of production sold in the period.

(4) Reflects non-producing Oil Sands assets and enterprise shared service allocations and recoveries.

(5) Reflects the impact of items not directly attributed to revenues received from the sale of proprietary crude and net non-proprietary activity at its deemed point of sale.

(6) Reflects adjustments for expenses or credits not directly related to the transportation of the crude product to its deemed point of sale. For Oil Sands operations bitumen and SCO, the point of sale is at the final customer, whereas Syncrude sweet SCO is deemed to be sold into the sweet synthetic crude oil pool in Edmonton, Alberta. Expenses or credits adjusted out of the netback transportation line include, but are not limited to, costs associated with the sale of non-proprietary product on pipelines with unutilized capacity under minimum volume commitment agreements.

(7) Reflects adjustments for general and administrative costs not directly attributed to the production of each crude product type, as well as the revenues associated with excess power from cogeneration units.

(8) Reflects adjustments for operating, selling and general expenses not directly attributable to Syncrude production.

(9) Reflects other E&P assets, such as North America Onshore, Norway and Libya.

(10) Reflects adjustments for general and administrative costs not directly attributed to production.

(11) Operating revenues less purchases of crude oil and products.

(12) Reflects the gross margin associated with the company's supply, marketing, lubricants and ethanol businesses.

(13) Refinery production is the output of the refining process, and differs from crude oil processed as a result of volumetric adjustments for non-crude feedstock, volumetric gain associated with the refining process, and changes in unfinished product inventories.

(14) Reflects operating, selling and general costs associated with the company's supply, marketing, lubricants and ethanol businesses, as well as certain general and administrative costs not directly attributable to refinery production.

Explanatory Notes

* Users are cautioned that the Syncrude cash operating costs per barrel measure may not be fully comparable to similar information calculated by other entities (including Suncor's Oil Sands operations and Fort Hills cash operating costs per barrel) due to differing operations of each company as well as other companies' respective accounting policy choices.

Abbreviations

bbl	–	barrel
mbbls	–	thousands of barrels
mbbls/d	–	thousands of barrels per day
boe	–	barrels of oil equivalent
boe/d	–	barrels of oil equivalent per day
mboe/d	–	thousands of barrels of oil equivalent per day
m^3/d	–	cubic metres per day
SCO	–	synthetic crude oil

Metric Conversion

Crude oil, refined products, etc. 1m^3 (cubic metre) = approx. 6.29 barrels

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