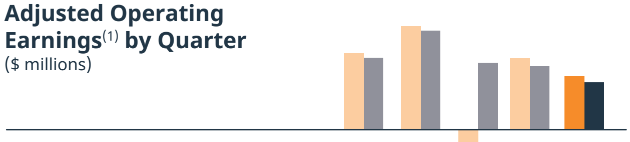
Report to Shareholders
for the First Quarter of 2023

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 production volumes from Suncor Energy Inc.'s (Suncor or the company) Libya operations, which are presented on an economic 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 and Other Financial Measures Advisory section of Suncor's Management Discussion and Analysis (MD&A) dated May 8, 2023. See also the Advisories section of the MD&A. References to Oil Sands operations exclude Suncor's interests in Fort Hills and Syncrude.

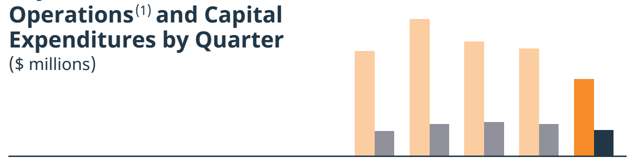
- **Generated adjusted funds from operations(1) of $3.0 billion and adjusted operating earnings(1) of $1.8 billion, and returned nearly $1.6 billion to shareholders.**
- **Delivered total upstream production of 742,100 barrels of oil equivalent per day (boe/d) and refinery throughput of 367,700 barrels per day (bbls/d), with Commerce City refinery back in service at the end of March.**
- **Portfolio rationalization continued with completion of sale of wind and solar business and acquisition of an additional 14.65% working interest in Fort Hills. Additionally, reached an agreement for the sale of the U.K. Exploration and Production (E&P) portfolio.**
- **Announced agreement to acquire TotalEnergies' Canadian operations, including the remaining working interest in Fort Hills and a 50% working interest in the Surmont in situ asset.**

Net Earnings (Loss) and Adjusted Operating Earnings(1) by Quarter
($ millions)



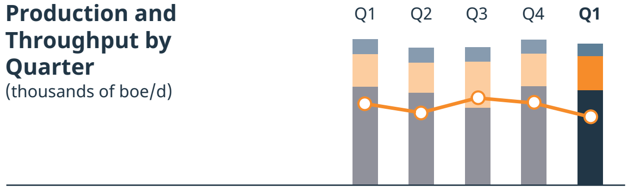
	2022 Q1	Q2	Q3	Q4	2023 Q1
Net earnings (loss)	2 949	3 996	(609)	2 741	**2 052**
Adjusted operating earnings(1)	2 755	3 814	2 565	2 432	**1 809**

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



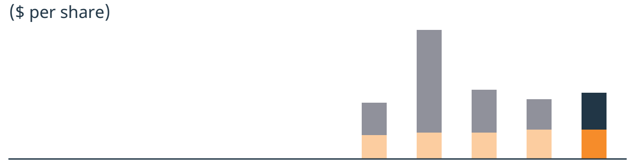
	2022 Q1	Q2	Q3	Q4	2023 Q1
Adjusted funds from operations(1)	4 094	5 345	4 473	4 189	**3 002**
Capital and exploration expenditures(2)	974	1 251	1 336	1 258	**1 028**

Production and Throughput by Quarter
(thousands of boe/d)



	2022 Q1	Q2	Q3	Q4	2023 Q1
Exploration and Production	80.4	78.7	78.1	75.0	**67.0**
Oil Sands – Bitumen	170.4	158.5	240.9	170.6	**177.3**
Oil Sands – SCO	515.3	483.0	405.1	517.5	**497.8**
Total upstream production	766.1	720.2	724.1	763.1	**742.1**
Refinery crude throughput	436.5	389.3	466.6	440.0	**367.7**

Shareholder Returns
($ per share)



	2022 Q1	Q2	Q3	Q4	2023 Q1
Share repurchases(3)	0.58	1.82	0.76	0.54	**0.66**
Dividends	0.42	0.47	0.47	0.52	**0.52**

(1) Non-GAAP financial measures. See the Non-GAAP and Other Financial Measures Advisory section of the MD&A and the Adjusted Operating Earnings Reconciliation below for a reconciliation of net earnings to adjusted operating earnings.

(2) Excludes capitalized interest. Excludes capital expenditures related to assets held for sale of $19 million in the first quarter of 2022, $36 million in the second quarter of 2022, $38 million in the third quarter of 2022, $40 million in the fourth quarter of 2022 and $42 million in the first quarter of 2023.

(3) Share repurchases per share are calculated as the total cost of share repurchases divided by the weighted average number of shares outstanding for the applicable period.

- Suncor delivered adjusted funds from operations of $3.002 billion ($2.26 per common share) in the first quarter of 2023, compared to $4.094 billion ($2.86 per common share) in the prior year quarter, and returned approximately $1.6 billion of value to shareholders through $874 million in share repurchases and the payment of $690 million of dividends. Cash flow provided by operating activities, which includes changes in non-cash working capital, was $1.039 billion ($0.78 per common share) in the first quarter of 2023, compared to $3.072 billion ($2.14 per common share) in the prior year quarter.
- Adjusted operating earnings were $1.809 billion ($1.36 per common share) in the first quarter of 2023, compared to $2.755 billion ($1.92 per common share) in the prior year quarter. Net earnings were $2.052 billion ($1.54 per common share) in the first quarter of 2023, compared to $2.949 billion ($2.06 per common share) in the prior year quarter.
- Total Oil Sands production was 675,100 bbls/d in the first quarter of 2023, which included record quarterly In Situ volumes, compared to 685,700 bbls/d in the prior year quarter, with the decrease due to lower synthetic crude oil (SCO) production, partially offset by increased non-upgraded bitumen production.
- During the first quarter of 2023, the company completed the sale of its wind and solar assets for gross proceeds of $730 million, and the acquisition of an additional 14.65% working interest in Fort Hills for $712 million. Also during the first quarter of 2023, the company reached an agreement for the sale of its U.K. E&P portfolio for gross proceeds of approximately $1.2 billion, including a contingent consideration of approximately $338 million, before closing adjustments and other closing costs. The sale is pending regulatory approval and is expected to close in the second quarter of 2023.
- Subsequent to the first quarter of 2023, Suncor entered into an agreement to purchase TotalEnergies' Canadian operations through the acquisition of TotalEnergies EP Canada Ltd. (TotalEnergies Canada), which holds a 31.23% working interest in Fort Hills, a 50% working interest in the Surmont in situ asset (Surmont), as well as certain other associated assets. The acquisition is for cash consideration of $5.5 billion, before closing adjustments and other closing costs, with the potential for additional payments of up to an aggregate maximum of $600 million. The transaction will have an effective date of April 1, 2023, and is anticipated to close in the third quarter of 2023, subject to pre-emptive rights, regulatory approval and other closing conditions.
- Effective April 3, 2023, Suncor's Board of Directors selected Rich Kruger as the company's new President and Chief Executive Officer. Mr. Kruger also joined the Suncor Board of Directors.

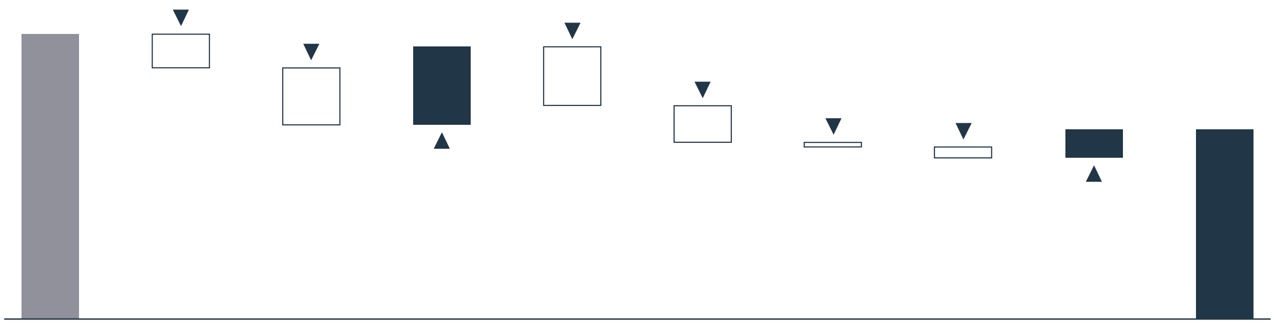
"I am excited to be working with the dedicated Suncor team, and to be leading a company with a long and successful history combined with a unique, physically integrated and high-quality asset base," said Rich Kruger, Suncor's President and Chief Executive Officer. "My goal is to return Suncor to its industry leadership position by focusing on the fundamentals of safety, operational excellence, reliability and profitability to ensure the company delivers superior, long-term shareholder value."

Financial Results

Adjusted Operating Earnings

Suncor's adjusted operating earnings were $1.809 billion ($1.36 per common share) in the first quarter of 2023, compared to $2.755 billion ($1.92 per common share) in the prior year quarter, primarily due to decreased crude oil realizations, increased operating expenses and lower upstream production and refinery throughput, partially offset by increased refined product realizations, decreased royalties and income taxes. Adjusted operating earnings were also impacted by a weakening in crude oil benchmark pricing during the current quarter, compared to a strengthening in benchmark pricing in the prior year quarter, resulting in a first-in, first-out (FIFO) inventory valuation loss in the first quarter of 2023, compared to a significant gain in the prior year quarter.

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



2 755	(318)	(551)	749	(572)	(357)	(50)	(95)	248	**1 809**
Q1 2022	Sales Volumes and Mix	Price, Margin and Other Revenue	Royalties	Inventory Valuation[(2)]	Operating and Transportation Expense	DD&A and Exploration Expense	Financing Expense and Other	Income Tax	**Q1 2023**

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

(2) The bridge factor for Inventory Valuation is comprised of changes in the FIFO inventory valuation and the realized portion of commodity risk management activities reported in the Refining and Marketing (R&M) segment, and changes in the intersegment elimination of profit reported in the Corporate and Eliminations segment.

Net Earnings

Suncor's net earnings were $2.052 billion ($1.54 per common share) in the first quarter of 2023, compared to $2.949 billion ($2.06 per common share) in the prior year quarter. In addition to the factors impacting adjusted operating earnings discussed above, net earnings for the first quarter of 2023 included a $302 million gain on the sale of the company's wind and solar assets, an $18 million unrealized loss on risk management activities recorded in other income (loss), a $3 million unrealized foreign exchange loss on the revaluation of U.S. dollar denominated debt recorded in financing expenses and a $38 million income tax expense related to the items noted. Net earnings in the prior year quarter included a $146 million unrealized foreign exchange gain on the revaluation of U.S. dollar denominated debt recorded in financing expenses, a $75 million unrealized gain on risk management activities recorded in other income (loss) and a $27 million income tax expense related to the items noted.

Adjusted Operating Earnings Reconciliation[1]

($ millions)	Three months ended March 31 2023	2022
Net earnings	**2 052**	2 949
Unrealized foreign exchange loss (gain) on U.S. dollar denominated debt	**3**	(146)
Unrealized loss (gain) on risk management activities	**18**	(75)
Gain on significant disposal	**(302)**	—
Income tax expense on adjusted operating earnings adjustments	**38**	27
Adjusted operating earnings[1]	**1 809**	2 755

(1) Non-GAAP financial measure. All reconciling items are presented on a before-tax basis and adjusted for income taxes in the income tax expense on adjusted operating earnings adjustments line. See the Non-GAAP and Other Financial Measures Advisory section of the MD&A.

Adjusted Funds from Operations and Cash Flow Provided by Operating Activities

Adjusted funds from operations were $3.002 billion ($2.26 per common share) in the first quarter of 2023, compared to $4.094 billion ($2.86 per common share) in the prior year quarter. Adjusted funds from operations were influenced by the same factors impacting adjusted operating earnings noted above.

Cash flow provided by operating activities, which includes changes in non-cash working capital, was $1.039 billion ($0.78 per common share) in the first quarter of 2023, compared to $3.072 billion ($2.14 per common share) in the prior year quarter. In addition to the factors impacting adjusted funds from operations, cash flow provided by operating activities was impacted by a larger use of cash associated with the company's working capital balances in the first quarter of 2023 compared to the prior year quarter. The use of cash in the first quarter of 2023 was primarily due to income tax payments made relating to the company's 2022 income tax expense, and the timing of commodity tax and royalty payments.

Operating Results

Suncor's total upstream production was 742,100 boe/d in the first quarter of 2023, compared to 766,100 boe/d in the prior year quarter.

The company's net SCO production was 497,800 bbls/d in the first quarter of 2023, compared to 515,300 bbls/d in the prior year quarter, driven by combined upgrader utilization of 93% in the first quarter of 2023, reflecting the impact of unplanned maintenance in the quarter, compared to 96% in the prior year quarter. During the first quarter of 2023, the company leveraged its regional integration and asset flexibility, through the use of internal transfers between assets, to mitigate the impacts of maintenance during the period.

The company's non-upgraded bitumen production increased to 177,300 bbls/d in the first quarter of 2023, compared to 170,400 bbls/d in the prior year quarter, and included a new quarterly production record from the company's In Situ assets. The increase in non-upgraded bitumen production to market included the impacts of lower bitumen volumes processed at upgrading compared to the prior year quarter. At Fort Hills, production in the first quarter of 2023 was 69,200 bbls/d, compared to 87,500 bbls/d in prior year quarter, reflecting the execution of its mine improvement plan, which is currently on plan. This was partially offset by increased production associated with the company's acquisition of an additional working interest, which was effective February 2, 2023.

E&P production during the first quarter of 2023 was 67,000 boe/d, compared to 80,400 boe/d in the prior year quarter, with the decrease primarily due to natural declines, and asset sales at E&P International.

Refinery crude throughput was 367,700 bbls/d and refinery utilization was 79% in the first quarter of 2023, compared to 436,500 bbls/d and 94% in the prior year quarter, with the decrease primarily due to the completion of repairs and subsequent progressive restart activities at the company's Commerce City refinery, as the asset returned to operations by the end of the quarter. Refinery utilization for the company's Canadian refineries was 94% in the first quarter of 2023, compared to 98% in the prior year quarter. Refined product sales in the first quarter of 2023 were 514,800 bbls/d, compared to 551,900 bbls/d in the prior year quarter, primarily due to the decrease in refinery crude throughput at the company's Commerce City refinery in the current quarter.

"I have spent some time at our major operating sites over my first few weeks, getting familiar with our operations, our workforce, and understanding our full capabilities," said Kruger. "Our operational performance in the first quarter reinforces the importance of executing the fundamentals of our business and my focus going forward, in addition to safety and operational excellence, will be to maximize the reliability and financial performance of each asset."

The company's total operating, selling and general (OS&G) expenses were $3.424 billion in the first quarter of 2023, compared to $3.088 billion in the prior year quarter. The increase was primarily due to increased maintenance costs, including the impacts of repair activities at the company's Commerce City refinery, inflationary impacts, increased mining activity and the company's additional working interest in Fort Hills, partially offset by a decrease in share-based compensation expense. The company's exposure to commodity costs within OS&G are partially mitigated by revenue from power sales that are recorded in operating revenues.

Strategy Update

"My overriding objective for Suncor is to deliver industry-leading performance. I believe we can achieve this by driving clarity and simplification throughout the organization, and by instilling a laser-like focus on the fundamentals of safety, operational excellence, reliability and profitability," said Kruger.

The company continues to progress disciplined decisions to streamline its portfolio, enabling greater fit and focus and allowing the company to allocate resources to its highest value core assets to maximize shareholder returns. On February 2, 2023, Suncor completed the acquisition of an additional 14.65% working interest in Fort Hills for $712 million, bringing the company's and its affiliate's total aggregate working interest in Fort Hills to 68.76%. Subsequent to the first quarter of 2023, Suncor entered into an agreement to purchase TotalEnergies' Canadian operations through the acquisition of TotalEnergies Canada, which holds a 31.23% working interest in Fort Hills, a 50% working interest in Surmont, located in the Fort McMurray region, as well as certain other associated assets. The acquisition is for cash consideration of $5.5 billion, before closing adjustments and other closing costs, with the potential for additional payments of up to an aggregate maximum of $600 million, expiring after five years and conditional upon WCS benchmark pricing and certain production targets. Subject to closing, the transaction will have an effective date of April 1, 2023. The Surmont in situ project is operated by ConocoPhillips Canada, which holds the remaining 50% working interest. Under the terms of the Surmont joint venture arrangements, ConocoPhillips Canada has certain pre-emptive rights including a right of first refusal on the 50% Surmont working interest. Closing of the transaction is anticipated to occur in the third quarter of 2023 and is subject to waiver of the right of first refusal on the Surmont working interest and other customary closing conditions, including regulatory approvals.

Upon closing, Suncor will be the sole owner and operator of Fort Hills. This transaction, in addition with the previous acquisition of 14.65% interest in Fort Hills from Teck Resources Limited in the first quarter of 2023, adds approximately 163,000 bbls/d of bitumen production capacity to Suncor's portfolio. The additional bitumen production capacity advances the company's long-term bitumen supply strategy for when the company's Base Mine reaches its end of life. With 100% ownership of Fort Hills, Firebag and MacKay River, there is sufficient bitumen supply from the company's regional Oil Sands assets to continue to feed the Base Plant upgraders at full rates post the end of the Base Mine life, which is expected in the mid-2030's. Additionally, the increased production volumes will provide immediate and accretive cash flow for the company.

The company intends to fund the acquisition primarily through debt issuances. As a result, the company plans to maintain its current capital allocation levels, allocating excess funds equally towards debt repayment and share buybacks. Should the acquisition close as contemplated, Suncor's Board of Directors currently intends to increase the quarterly dividend by approximately 10% following transaction close.

In E&P, during the first quarter of 2023, the company reached an agreement for the sale of its U.K. portfolio for gross proceeds of approximately $1.2 billion, including a contingent consideration of approximately $338 million, before closing adjustments and other closing costs. The sale is pending regulatory approval and is expected to close in the second quarter of 2023. Also during the first quarter of 2023, the company completed the sale of its wind and solar assets for gross proceeds of $730 million, before closing adjustments and other closing costs, resulting in an after-tax gain on sale of approximately $260 million.

The Terra Nova Floating, Production, Storage and Offloading facility returned to Canada in the first quarter of 2023. The timing of Terra Nova return to production has been delayed as the company has identified additional maintenance and commissioning activities, that are currently ongoing quayside, in order to ensure full confidence in the safety and reliability of the asset before returning to production.

In the downstream, in the first quarter of 2023 the company entered into a co-ownership agreement with North Atlantic, a leading gas station and convenience store operator in Atlantic Canada, to combine retail fuel networks. The combined network has 110 sites in three Atlantic Canadian provinces, and will include the rebranding of a number of North Atlantic's sites to the Petro-Canada™ brand. Additionally, subsequent to the first quarter of 2023, Petro-Canada™ and Canadian Tire Corporation announced a new partnership. The partnership will result in the rebranding of over 200 of Canadian Tire Corporation's retail fuel network sites to the Petro-Canada™ brand, increasing the presence of Petro-Canada's brand across the country. This will include partnering of the two iconic brand's loyalty programs, driving additional value for millions of loyalty members. Suncor will also become the primary fuel provider for Canadian Tire Corporation's retail fuel network over time.

Reducing greenhouse gas (GHG) emissions is a key component of the company's business strategy and long-term vision, and Suncor continues to work collaboratively with industry peers through the Pathways Alliance and with federal and provincial governments. In the first quarter of 2023, the Pathways Alliance was awarded exploratory rights from the Government of Alberta for the proposed carbon capture and storage hub to safely and permanently store CO_2 captured from over twenty oil sands facilities in northern Alberta. Also during the first quarter of 2023, an engineering contract was awarded to Wood, a global engineering and consulting company, to develop detailed plans for a 400-kilometre CO_2 transportation line that would eventually link the oil sands facilities with the carbon capture and storage hub. This engineering and field work is expected to support a regulatory application later this year.

Corporate Guidance

Suncor has updated its full-year business environment outlook assumption for AECO-C Spot from $5.00/GJ to $2.50/GJ due to changes in forward curve pricing for the remainder of the year.

In addition, the production range for E&P has been updated from 65,000 bbls/d – 75,000 bbls/d to 50,000 bbls/d – 60,000 bbls/d, with no change to the company's total production range, reflecting the delay of Terra Nova return to production, as well as the timing of the U.K. divestiture.

For further details and advisories regarding Suncor's 2023 corporate guidance, see www.suncor.com/guidance.

Measurement Conversions

Certain natural gas volumes in this document 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 8, 2023

Suncor Energy Inc. (Suncor or the company) is an integrated energy company headquartered in Calgary, Alberta, Canada. Suncor's operations include oil sands development, production and upgrading; offshore oil and gas; petroleum refining in Canada and the U.S.; and the company's Petro-Canada™ retail and wholesale distribution networks (including Canada's Electric Highway™, a coast-to-coast network of fast-charging electric vehicle stations). Suncor is developing petroleum resources while advancing the transition to a low-emissions future through investments in power, renewable fuels and hydrogen. Suncor also conducts energy trading activities focused principally on marketing and trading crude oil, natural gas, byproducts, refined products and power. Suncor has been recognized for its performance and transparent reporting on the Dow Jones Sustainability World Index, FTSE4Good Index and CDP. Suncor's common shares (symbol: SU) are listed on the Toronto Stock Exchange (TSX) and the New York Stock Exchange (NYSE).

For a description of Suncor's segments, refer to Suncor's Management's Discussion and Analysis (MD&A) for the year ended December 31, 2022, dated March 6, 2023 (the 2022 annual MD&A).

This MD&A, for the three months ended March 31, 2023, should be read in conjunction with Suncor's unaudited interim Consolidated Financial Statements for the three months ended March 31, 2023, Suncor's audited Consolidated Financial Statements for the year ended December 31, 2022, and the 2022 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 6, 2023 (the 2022 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 on our website at 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 document by reference.

Suncor Energy Inc. has numerous direct and indirect subsidiaries, partnerships and joint arrangements (collectively, affiliates), which own and operate assets and conduct activities in different jurisdictions. The terms "we", "our", "Suncor", or "the company" are used herein for simplicity of communication and only mean there is an affiliation with Suncor Energy Inc., without necessarily identifying the specific nature of the affiliation. The use of such terms in any statement herein does not mean they apply to Suncor Energy Inc. or any particular affiliate, and does not waive the corporate separateness of any affiliate. For further clarity, Suncor Energy Inc. does not directly operate or own assets in the U.S.

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1. Advisories

Basis of Presentation

Unless otherwise noted, all financial information is derived from the company's condensed consolidated financial statements which are based on Canadian generally accepted accounting principles (GAAP), specifically International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), and are prepared in accordance with International Accounting Standard (IAS) 34 *Interim Financial Reporting*.

All financial information is reported in Canadian dollars, unless otherwise noted. Production volumes are presented on a working-interest basis, before royalties, except for production volumes from the company's Libya operations, which are presented on an economic basis.

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

Non-GAAP and Other Financial Measures

Certain financial measures in this MD&A – namely adjusted operating earnings (loss), adjusted funds from (used in) operations, measures contained in return on capital employed (ROCE) and ROCE excluding impairments and impairment reversals, price realizations, Oil Sands operations cash operating costs, Fort Hills cash operating costs, Syncrude cash operating costs, refining and marketing gross margin, refining operating expense, free funds flow, net debt, total debt, last-in, first-out (LIFO) inventory valuation methodology and related per share or per barrel amounts or metrics that contain such measures − are not prescribed by GAAP. Adjusted operating earnings (loss) is defined in the Non-GAAP and Other Financial Measures Advisory section of this MD&A and reconciled to the most directly comparable 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 inventory valuation methodology are defined in the Non-GAAP and Other Financial Measures Advisory section of this MD&A and reconciled to the most directly comparable GAAP measures in the Segment Results and Analysis section of this MD&A. Adjusted funds from (used in) operations, ROCE, ROCE excluding impairments and impairment reversals, price realizations, free funds flow, net debt, total debt, refining and marketing gross margin, and refining operating expense are defined and reconciled, where applicable, to the most directly comparable GAAP measures in the Non-GAAP and Other Financial Measures Advisory section of this MD&A.

Risk Factors and Forward-Looking Information

The company's business, reserves, financial condition and results of operations may be 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 certain forward-looking statements and forward-looking information (collectively, forward-looking statements) based on Suncor's current expectations, estimates, projections and assumptions. Forward-looking statements are subject to a number of risks and uncertainties, including those discussed in this MD&A, the 2022 annual MD&A and Suncor's other disclosure documents filed with Canadian securities regulatory authorities and the SEC, many of which are beyond the company's control. Users of this information are cautioned that actual results may differ materially from those expressed or implied by forward-looking statements. Refer to the Forward-Looking Information section of this MD&A for information on the material risk factors and assumptions underlying our forward-looking statements contained in this MD&A.

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**
  - Suncor's adjusted operating earnings[1] were $1.809 billion ($1.36 per common share) in the first quarter of 2023, compared to $2.755 billion ($1.92 per common share) in the prior year quarter, primarily due to decreased crude oil realizations, increased operating expenses and lower upstream production and refinery throughput, partially offset by increased refined product realizations, decreased royalties and income taxes. Adjusted operating earnings were also impacted by a weakening in crude oil benchmark pricing during the current quarter, compared to a strengthening in benchmark pricing in the prior year quarter, resulting in a first-in, first-out (FIFO) inventory valuation loss in the first quarter of 2023, compared to a significant gain in the prior year quarter.
  - Suncor's net earnings were $2.052 billion ($1.54 per common share) in the first quarter of 2023, compared to $2.949 billion ($2.06 per common share) in the prior year quarter. In addition to the factors impacting adjusted operating earnings discussed above, net earnings for the first quarter of 2023 included a $302 million gain on the sale of the company's wind and solar assets, an $18 million unrealized loss on risk management activities recorded in other income (loss), a $3 million unrealized foreign exchange loss on the revaluation of U.S. dollar denominated debt recorded in financing expenses and a $38 million income tax expense related to the items noted. Net earnings in the prior year quarter included a $146 million unrealized foreign exchange gain on the revaluation of U.S. dollar denominated debt recorded in financing expenses, a $75 million unrealized gain on risk management activities recorded in other income (loss) and a $27 million income tax expense related to the items noted
  - Adjusted funds from operations[1] were $3.002 billion ($2.26 per common share) in the first quarter of 2023, compared to $4.094 billion ($2.86 per common share) in the prior year quarter. Adjusted funds from operations were influenced by the same factors impacting adjusted operating earnings noted above. Cash flow provided by operating activities, which includes changes in non-cash working capital, was $1.039 billion ($0.78 per common share) in the first quarter of 2023, compared to $3.072 billion ($2.14 per common share) in the prior year quarter. In addition to the factors impacting adjusted funds from operations, cash flow provided by operating activities was impacted by a larger use of cash associated with the company's working capital balances in the first quarter of 2023 compared to the prior year quarter. The use of cash in the first quarter of 2023 was primarily due to income tax payments made relating to the company's 2022 income tax expense, and the timing of commodity tax and royalty payments.
- **Cash flows drive shareholder returns.** Suncor returned approximately $1.6 billion of value to shareholders in the first quarter of 2023, through $874 million in share repurchases and the payment of $690 million of dividends.
- **Record In Situ production.** Total Oil Sands production was 675,100 bbls/d in the first quarter of 2023, which included record quarterly In Situ volumes, compared to 685,700 bbls/d in the prior year quarter, with the decrease due to lower SCO production, partially offset by increased non-upgraded bitumen production.
- **Driving fit and focus of asset portfolio.** During the first quarter of 2023, the company completed the sale of its wind and solar assets for gross proceeds of $730 million, and the acquisition of an additional 14.65% working interest in Fort Hills for $712 million. Also during the first quarter of 2023, the company reached an agreement for the sale of its U.K. Exploration and Production (E&P) portfolio for gross proceeds of approximately $1.2 billion, including a contingent consideration of approximately $338 million, before closing adjustments and other closing costs. The sale is pending regulatory approval and is expected to close in the second quarter of 2023.
- **Agreement in place to acquire additional 135,000 bbls/d of bitumen production capacity.** Subsequent to the first quarter of 2023, Suncor entered into an agreement to purchase TotalEnergies' Canadian operations through the acquisition of TotalEnergies EP Canada Ltd. (TotalEnergies Canada), which holds a 31.23% working interest in Fort Hills, a 50% working interest in the Surmont in situ asset (Surmont), as well as certain other associated assets. The acquisition is for cash consideration of $5.5 billion, before closing adjustments and other closing costs, with the potential for additional payments of up to an aggregate maximum of $600 million. The transaction will have an effective date of April 1, 2023, and is anticipated to close in the third quarter of 2023, subject to pre-emptive rights, regulatory approval and other closing conditions.
- **New Chief Executive Officer.** Effective April 3, 2023, Suncor's Board of Directors selected Rich Kruger as the company's new President and Chief Executive Officer. Mr. Kruger also joined the Suncor Board of Directors.

(1) Non-GAAP financial measures or contains non-GAAP financial measures. See the Non-GAAP and Other Financial Measures Advisory section of this MD&A and the Adjusted Operating Earnings Reconciliation below for a reconciliation of net earnings to adjusted operating earnings.

3. Consolidated Financial Information

Financial Highlights

($ millions)	Three months ended March 31 2023	2022
Earnings (loss) before income taxes		
Oil Sands	**1 477**	2 309
Exploration and Production	**375**	645
Refining and Marketing	**993**	1 417
Corporate and Eliminations	**(131)**	(523)
Income tax expense	**(662)**	(899)
Net earnings	**2 052**	2 949
Adjusted operating earnings (loss)(1)		
Oil Sands	**1 490**	2 256
Exploration and Production	**375**	645
Refining and Marketing	**998**	1 395
Corporate and Eliminations	**(430)**	(669)
Income tax expense included in adjusted operating earnings	**(624)**	(872)
Total	**1 809**	2 755
Adjusted funds from (used in) operations(1)		
Oil Sands	**2 588**	3 414
Exploration and Production	**491**	724
Refining and Marketing	**1 194**	1 597
Corporate and Eliminations	**(533)**	(665)
Current income tax expense	**(738)**	(976)
Total	**3 002**	4 094
Change in non-cash working capital	**(1 963)**	(1 022)
Cash flow provided by operating activities	**1 039**	3 072
Capital and exploration expenditures(2)(3)		
Asset sustainment and maintenance	**590**	512
Economic investment	**438**	462
Total	**1 028**	974

($ millions)	Three months ended March 31 2023	2022
Free funds flow(1)	**1 916**	3 083

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

(2) Excludes capitalized interest of $58 million in the first quarter of 2023 and $37 million in the first quarter of 2022.

(3) Excludes capital expenditures related to assets held for sale of $42 million in the first quarter of 2023 and $19 million in the first quarter of 2022.

Operating Highlights

	Three months ended March 31 2023	2022
Production volumes		
Oil Sands – Upgraded – net SCO and diesel (mbbls/d)	**497.8**	515.3
Oil Sands – Non-upgraded bitumen (mbbls/d)	**177.3**	170.4
Total Oil Sands production volumes (mbbls/d)	**675.1**	685.7
Exploration and Production (mboe/d)	**67.0**	80.4
Total (mboe/d)	**742.1**	766.1
Refinery utilization (%)	**79**	94
Refinery crude oil processed (mbbls/d)	**367.7**	436.5

Net Earnings

Suncor's consolidated net earnings for the first quarter of 2023 were $2.052 billion, compared to $2.949 billion in the prior year quarter. Net earnings were primarily influenced by the same factors that impacted adjusted operating earnings described in this section.

Other items affecting net earnings over these periods included:

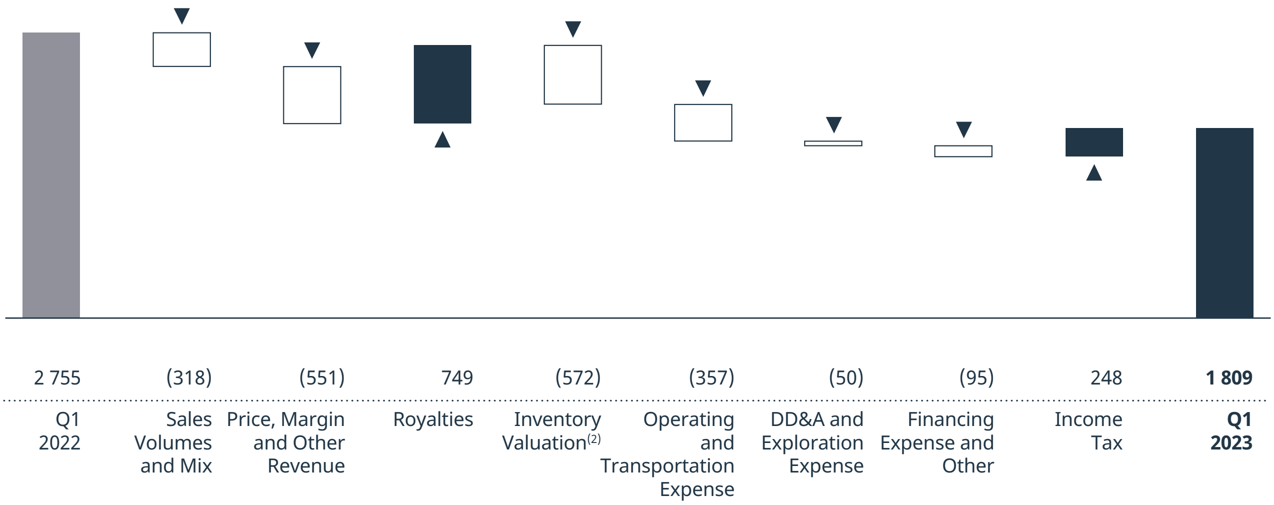
- During the first quarter of 2023, the company recorded a gain of $302 million on the sale of its wind and solar assets, which was completed in the first quarter of 2023 and recorded in the Corporate and Eliminations segment.
- An unrealized loss on risk management activities of $18 million recorded in other income (loss) in the first quarter of 2023, compared to a gain of $75 million in the first quarter of 2022.
- An unrealized foreign exchange loss on the revaluation of U.S. dollar denominated debt of $3 million recorded in financing expenses in the Corporate and Eliminations segment in the first quarter of 2023, compared to a gain of $146 million in the first quarter of 2022.
- An income tax expense related to the items noted above of $38 million in the first quarter of 2023, compared to $27 million in the first quarter of 2022.

Adjusted Operating Earnings Reconciliation(1)

($ millions)	Three months ended March 31 2023	2022
Net earnings	**2 052**	2 949
Unrealized foreign exchange loss (gain) on U.S. dollar denominated debt	**3**	(146)
Unrealized loss (gain) on risk management activities	**18**	(75)
Gain on significant disposal	**(302)**	—
Income tax expense on adjusted operating earnings adjustments	**38**	27
Adjusted operating earnings(1)	**1 809**	2 755

(1) Non-GAAP financial measure. All reconciling items are presented on a before-tax basis and adjusted for income taxes in the income tax expense excluded from adjusted operating earnings line. See the Non-GAAP and Other Financial Measures Advisory section of this MD&A.

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



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

(2) The bridge factor for Inventory Valuation is comprised of changes in the FIFO inventory valuation and the realized portion of commodity risk management activities reported in the Refining and Marketing (R&M) segment, and changes in the intersegment elimination of profit reported in the Corporate and Eliminations segment.

Suncor's adjusted operating earnings were $1.809 billion ($1.36 per common share) in the first quarter of 2023, compared to $2.755 billion ($1.92 per common share) in the prior year quarter, primarily due to decreased crude oil realizations, increased operating expenses and lower upstream production and refinery throughput, partially offset by increased refined product realizations, decreased royalties and income taxes. Adjusted operating earnings were also impacted by a weakening in crude oil benchmark pricing during the current quarter, compared to a strengthening in benchmark pricing in the prior year quarter, resulting in a FIFO inventory valuation loss in the first quarter of 2023, compared to a significant gain in the prior year quarter.

Operating, Selling and General Expenses

($ millions)	Three months ended March 31 **2023**	 2022
Operations, selling and corporate costs	**2 726**	2 333
Commodities	**551**	498
Share-based compensation and other[1]	**147**	257
Total operating, selling and general expenses	**3 424**	3 088

(1) In the first quarter of 2023, share-based compensation expense of $101 million included a $39 million expense recorded in the Oil Sands segment, a $2 million expense recorded in the E&P segment, a $16 million expense recorded in the R&M segment and a $44 million expense recorded in the Corporate and Eliminations segment. The first quarter of 2022 share-based compensation expense of $206 million included a $70 million expense recorded in the Oil Sands segment, a $6 million expense recorded in the E&P segment, a $32 million expense recorded in the R&M segment and a $98 million expense recorded in the Corporate and Eliminations segment. Other primarily includes costs associated with investments in the company's digital transformation and its net-zero greenhouse gas (GHG) objective.

The company's total operating, selling and general (OS&G) expenses were $3.424 billion in the first quarter of 2023, compared to $3.088 billion in the prior year quarter. The increase was primarily due to increased maintenance costs, including the impacts of repair activities at the company's Commerce City refinery, inflationary impacts, increased mining activity and the company's additional working interest in Fort Hills, partially offset by a decrease in share-based compensation expense. The company's exposure to commodity costs within OS&G are partially mitigated by revenue from power sales that are recorded in operating revenues.

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 2023	2022
WTI crude oil at Cushing	US$/bbl	**76.10**	94.40
Dated Brent crude	US$/bbl	**81.25**	101.50
Dated Brent/Maya crude oil FOB price differential	US$/bbl	**18.40**	14.30
MSW at Edmonton	Cdn$/bbl	**99.05**	115.75
WCS at Hardisty	US$/bbl	**51.35**	79.80
WTI-WCS light/heavy differential	US$/bbl	**(24.75)**	(14.60)
SYN-WTI differential	US$/bbl	**2.10**	(1.30)
Condensate at Edmonton	US$/bbl	**79.85**	96.15
Natural gas (Alberta spot) at AECO	Cdn$/GJ	**3.05**	4.50
Alberta Power Pool Price	Cdn$/MWh	**142.00**	90.00
New York Harbor 2-1-1 crack(1)	US$/bbl	**36.70**	28.25
Chicago 2-1-1 crack(1)	US$/bbl	**31.55**	20.20
Portland 2-1-1 crack(1)	US$/bbl	**37.40**	33.80
Gulf Coast 2-1-1 crack(1)	US$/bbl	**37.65**	26.80
U.S. Renewable Volume Obligation	US$/bbl	**8.20**	6.45
Exchange rate	US$/Cdn$	**0.74**	0.79
Exchange rate (end of period)	US$/Cdn$	**0.74**	0.80

(1) 2-1-1 crack spreads are indicators of the refining margin generated by converting two barrels of WTI into one barrel 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.

Commodity market volatility increased during the first quarter of 2023, due to economic concerns regarding rising interest rates, inflationary pressures and future economic growth.

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. Sweet SCO price realizations in the first quarter of 2023 reflected a decrease in WTI at Cushing, which averaged US$76.10/bbl compared to US$94.40/bbl in the prior year quarter, and also reflected favourable SYN-WTI differentials. 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. The price of sour SCO can also be affected by prices negotiated for spot sales. Prices for MSW at Edmonton decreased to $99.05/bbl in the first quarter of 2023 compared to $115.75/bbl in the prior year quarter, and prices for WCS at Hardisty decreased to US$51.35/bbl in the first quarter of 2023, from US$79.80/bbl in the prior year quarter.

Bitumen production that Suncor does not upgrade is blended with diluent or SCO to facilitate delivery through 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 premiums and discounts, as well as spot sales, and the price differential between Hardisty, Alberta, and U.S. Gulf Coast benchmarks.

The company leverages its marketing and logistics business to optimize midstream capacity to the U.S. Gulf Coast and this is reflected in bitumen and sour SCO price realizations. Bitumen prices were unfavourably impacted by the widening of heavy crude oil differentials in the first quarter of 2023.

Suncor's price realizations for production from E&P Canada and E&P International assets are influenced primarily by the price for Brent crude, which decreased to US$81.25/bbl in the first quarter of 2023 compared to US$101.50/bbl in the prior year quarter.

Suncor's refining and marketing gross margins are primarily influenced by 2-1-1 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. Market crack spreads are based on quoted near-month contracts for WTI and spot prices for gasoline and diesel and do not necessarily reflect the margins at a specific refinery. Suncor's realized refining and marketing gross margins are influenced by actual crude oil feedstock costs, refinery configuration, product mix and realized market prices unique to Suncor's refining and marketing business. In addition, U.S. regulatory renewable blending obligations influence the benchmark cracks, which may increase their volatility, while the cost of regulatory compliance is not deducted in calculating the benchmark cracks.

Suncor has developed an indicative 5-2-2-1 index based on publicly available pricing data to more accurately reflect the company's realized refining and marketing gross margin. This custom index is a single value representing a notional five barrels of crude oil of varying grades refined to produce two barrels each of gasoline and distillate and one barrel of secondary product to approximate Suncor's unique set of refinery configurations; overall crude slate and product mix, location, quality and grade differentials, and the benefits of its marketing margins. The custom index is calculated by taking the product value of refined products less the crude value of refinery feedstock excluding the impact of FIFO inventory accounting methodology. The product value incorporates the New York Harbor 2-1-1 crack, Chicago 2-1-1 crack, WTI benchmarks and a seasonal factor. The seasonal factor applies an incremental US$6.50/bbl in the first and fourth quarters and US$5.00/bbl in the second and third quarters and reflects the location, quality and grade differentials for refined products sold in the company's core markets during the winter and summer months, respectively. The crude value incorporates the SYN, WCS and WTI benchmarks.

Crack spreads are based on current crude feedstock prices, whereas actual earnings are accounted for on a FIFO basis in accordance with IFRS where a delay exists between the time that feedstock is purchased to when it is processed and when products are 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. The company's realized refining and marketing gross margins are also presented on a LIFO basis, which is consistent with how industry benchmarks and the Suncor 5-2-2-1 index are calculated and with how management evaluates performance.

In the first quarter of 2023, the New York Harbor 2-1-1 and Chicago 2-1-1 benchmark crack spreads increased compared to the prior year quarter due to increased demand for transportation fuels and declining North American refined product inventory levels, and to compensate for increased costs associated with renewable blending regulatory obligations. The Suncor 5-2-2-1 index was US$42.80/bbl in the first quarter of 2023 compared to US$32.25/bbl in the first quarter of 2022, reflecting the increase in benchmark crack spreads.

The cost of 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 $3.05/GJ in the first quarter of 2023, from $4.50/GJ in the prior year quarter.

Excess electricity produced at Suncor's Oil Sands assets is sold to the Alberta Electric System Operator, with the proceeds netted against the applicable cash operating cost per barrel metric. The Alberta power pool price significantly increased to an average of $142.00/MWh in the first quarter of 2023 compared to $90.00/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, while the majority of Suncor's expenditures are realized in Canadian dollars. A decrease in the value of the Canadian dollar relative to the U.S. dollar will increase the revenues received from the sale of commodities. An increase in the value of the Canadian dollar relative to the U.S. dollar will decrease revenues received from the sale of commodities. In the first quarter of 2023, the Canadian dollar weakened in relation to the U.S. dollar as the average exchange rate decreased to US$0.74 per one Canadian dollar from US$0.79 per one Canadian dollar in the prior year quarter. This exchange rate decrease had a positive impact on price realizations for the company during the first quarter of 2023 when compared to the prior year quarter.

Suncor also has assets and liabilities, including approximately 70% of the company's debt, that 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, while an increase in the value of the Canadian dollar, relative to the U.S. dollar, decreases the amount of Canadian dollars required to settle U.S. dollar denominated obligations. As at March 31, 2023, the Canadian dollar weakened in relation to the U.S. dollar as the exchange rate at the end of the period decreased to US$0.74 per one Canadian dollar from US$0.80 per one Canadian dollar in the prior year quarter. This exchange rate decrease had a negative impact on the company's debt balances in the first quarter of 2023 compared to the prior year quarter.

4. Segment Results and Analysis

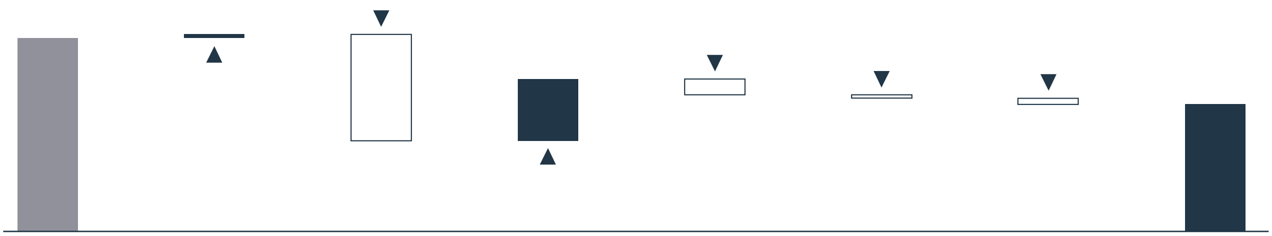
Oil Sands

Financial Highlights

($ millions)	Three months ended March 31 2023	2022
Operating revenues	**6 067**	7 470
Less: Royalties	**(272)**	(985)
Operating revenues, net of royalties	**5 795**	6 485
Earnings before income taxes	**1 477**	2 309
Adjusted for:		
Unrealized loss (gain) on risk management activities	**13**	(53)
Adjusted operating earnings[1]	**1 490**	2 256
Adjusted funds from operations[1]	**2 588**	3 414

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

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



2 256	43	(1 221)	713	(185)	(38)	(78)	**1 490**
Q1 2022	Sales Volumes and Mix	Price, Margin and Other Revenue	Royalties	Operating and Transportation Expense	DD&A and Exploration Expense	Financing Expense and Other	**Q1 2023**

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

Oil Sands segment adjusted operating earnings were $1.490 billion in the first quarter of 2023, compared to $2.256 billion in the prior year quarter, with the decrease primarily due to lower realized crude oil prices and increased operating expenses, partially offset by decreased royalties.

Production Volumes[1]

(mbbls/d)	Three months ended March 31 **2023**	2022
Total Oil Sands bitumen production	**811.3**	827.7
SCO and diesel production[2]	**517.6**	531.1
Internally consumed diesel and internal transfers[3][4]	**(19.8)**	(15.8)
Upgraded production – net SCO and diesel	**497.8**	515.3
Bitumen production	**189.8**	173.6
Internal bitumen transfers[4][5]	**(12.5)**	(3.2)
Non-upgraded bitumen production	**177.3**	170.4
Total Oil Sands production	**675.1**	685.7

(1) Bitumen production from Oil Sands Base 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 bitumen is either sold directly to customers as finished bitumen, including Suncor's own refineries, or to Oil Sands Base for upgrading. Nearly 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) Combined upgrader utilization rates are calculated using total upgraded production, inclusive of internally consumed diesel and internal transfers.

(3) Both Oil Sands operations and Syncrude produce diesel, which is internally consumed in mining operations, and Fort Hills and Syncrude use internally produced diesel from Oil Sands Base within their mining operations. In the first quarter of 2023, Oil Sands operations production volumes included 10,400 bbls/d of internallyconsumed diesel, of which 5,800 bbls/d was consumed at Oil Sands Base, 2,800 bbls/d was consumed at Fort Hills and 1,800 bbls/d was consumed at Syncrude. Syncrude production volumes included 2,300 bbls/d of internally consumed diesel.

(4) Internal feedstock transfers between Oil Sands operations and Syncrude through the interconnecting pipelines are included in gross SCO and bitumen production volumes. In the first quarter of 2023, Oil Sands operations production included 7,100 bbls/d of SCO and 1,800 bbls/d of bitumen that were transferred to Suncor's share of Syncrude through the interconnecting pipelines. Syncrude production included 5,200 bbls/d of bitumen that was transferred to Oil Sands Base through the interconnecting pipelines.

(5) Internal feedstock transfers from Fort Hills to Oil Sands operations through the paraffinic froth treatment hot bitumen transfer piping are included in gross bitumen production volumes. In the first quarter of 2023, Fort Hills production included 5,500 bbls/d of bitumen that was transferred to Oil Sands Base.

The company's net SCO production was 497,800 bbls/d in the first quarter of 2023, compared to 515,300 bbls/d in the prior year quarter, driven by combined upgrader utilization of 93% in the first quarter of 2023, reflecting the impact of unplanned maintenance in the quarter, compared to 96% in the prior year quarter. During the first quarter of 2023, the company leveraged its regional integration and asset flexibility, through the use of internal transfers between assets, to mitigate the impacts of maintenance during the period.

The company's non-upgraded bitumen production increased to 177,300 bbls/d in the first quarter of 2023, compared to 170,400 bbls/d in the prior year quarter, and included a new quarterly production record from the company's In Situ assets. The increase in non-upgraded bitumen production to market included the impacts of lower bitumen volumes processed at upgrading compared to the prior year quarter. At Fort Hills, production in the first quarter of 2023 was 69,200 bbls/d, compared to 87,500 bbls/d in prior year quarter, reflecting the execution of its mine improvement plan, which is currently on plan. This was partially offset by increased production associated with the company's acquisition of an additional working interest, which was effective February 2, 2023.

Sales Volumes

(mbbls/d)	Three months ended March 31 **2023**	2022
Upgraded – net SCO and diesel	**504.0**	517.7
Non-upgraded bitumen	**174.1**	153.7
Total	**678.1**	671.4

SCO and diesel sales volumes were 504,000 bbls/d in the first quarter of 2023, compared to 517,700 bbls/d in the prior year quarter, and were impacted by the same factors that affected production volumes.

Non-upgraded bitumen sales volumes increased to 174,100 bbls/d in the first quarter of 2023, compared to 153,700 bbls/d in the prior year quarter, primarily due to a smaller build of inventory in the first quarter of 2023 compared to the prior year quarter, which was impacted by increased production from Fort Hills being transported to customers extending down the U.S. Gulf Coast, as well as the increase in production volumes in the current quarter.

Price Realizations[1]

Net of transportation costs, but before royalties ($/bbl)	Three months ended March 31 2023	2022
Upgraded – net SCO and diesel	**98.87**	114.37
Non-upgraded bitumen	**51.50**	96.49
Average crude	**86.71**	110.27
Average crude, relative to WTI	**(16.18)**	(9.24)

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

Oil Sands price realizations decreased in the first quarter of 2023 from the prior year quarter, in line with the decrease in crude oil benchmark prices and the widening of heavy crude oil differentials, partially offset by a weaker Canadian dollar in relation to the U.S. dollar.

Royalties

Royalties for the Oil Sands segment decreased in the first quarter of 2023 compared to the prior year quarter, due to the decrease in crude oil benchmark pricing and the widening of heavy crude oil differentials in the current period compared to the prior year quarter.

Expenses and Other Factors

Total Oil Sands operating expenses increased in the first quarter of 2023 compared to the prior year quarter, primarily due to increased maintenance costs, inflationary impacts, increased mining activity and the company's additional working interest in Fort Hills, partially offset by a decrease in share-based compensation expense. See the Cash Operating Costs section for additional details regarding cash operating costs and a breakdown of non-production costs by asset.

In the first quarter of 2023, DD&A expense was higher compared to the prior year quarter, primarily due to increased depreciation related to the company's asset retirement obligation asset.

Cash Operating Costs

($ millions, except as noted)	Three months ended March 31 2023	2022
Oil Sands operating, selling and general expense (OS&G)[1]	**2 421**	2 212
Oil Sands operations cash operating costs[2] reconciliation		
Oil Sands operations OS&G	**1 372**	1 312
Non-production costs[3]	**(51)**	(92)
Excess power capacity and other[4]	**(142)**	(109)
Oil Sands operations cash operating costs[2]	**1 179**	1 111
Oil Sands operations production volumes (mbbls/d)	**442.6**	430.4
Oil Sands operations cash operating costs[2] ($/bbl)	**29.60**	28.70
Fort Hills cash operating costs[2] reconciliation		
Fort Hills OS&G	**349**	266
Non-production costs[3]	**(71)**	(38)
Fort Hills cash operating costs[2]	**278**	228
Fort Hills production volumes (mbbls/d)	**74.7**	87.5
Fort Hills cash operating costs[2] ($/bbl)	**41.40**	29.00
Syncrude cash operating costs[2] reconciliation		
Syncrude OS&G	**751**	676
Non-production costs[3]	**(62)**	(92)
Syncrude cash operating costs[2]	**689**	584
Syncrude production volumes (mbbls/d)	**190.1**	186.8
Syncrude cash operating costs[2] ($/bbl)	**40.25**	34.70

(1) Beginning in the second quarter of 2022, the company revised the presentation of its cash operating costs reconciliation to present Oil Sands inventory changes and internal transfers on an aggregate basis. Oil Sands inventory changes and internal transfers reflect: i) the impacts of changes in inventory levels and valuations, such that the company is able to present cost information based on production volumes and ii) adjustments for internal diesel sales between assets. Comparative periods have been updated to reflect this change, with no impact to total Oil Sands operations, Fort Hills or Syncrude cash operating costs or cash operating costs per barrel. In the first quarter of 2023, Oil Sands OS&G includes ($51) million of inventory changes and internal transfers. In the first quarter of 2022, Oil Sands OS&G includes ($42) million of inventory changes and internal transfers.

(2) Non-GAAP financial measures. Related per barrel amounts contain non-GAAP financial measures. See the Non-GAAP and Other Financial Measures Advisory section of this MD&A.

(3) Significant non-production costs include, but are not limited to, share-based compensation adjustments, research costs, project startup costs and adjustments to reflect the cost of internal transfers in the receiving asset at the cost of production versus the cost of purchase, such as transfers on the interconnecting pipelines. Non-production costs at Fort Hills and Syncrude also include, but are not limited to, excess power revenue from cogeneration units that is recorded in operating revenue, and an adjustment to reflect internally produced diesel from Oil Sands operations at the cost of production.

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

Oil Sands operations cash operating costs per barrel[1] were $29.60 in the first quarter of 2023, compared to $28.70 in the prior year quarter, primarily due to increased maintenance costs, partially offset by an increase in excess power revenues, resulting from significantly higher power prices, and increased production.

Fort Hills cash operating costs per barrel[1] were $41.40 in the first quarter of 2023, compared to $29.00 in the prior year quarter, due to decreased production and higher costs associated with increased mining activity, partially offset by an increase in excess power revenues resulting from higher power prices.

Syncrude cash operating costs per barrel[1] were $40.25 in the first quarter of 2023, compared to $34.70 in the prior year quarter, primarily due to increased maintenance costs and commodity prices, partially offset by increased production.

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

Planned Maintenance Update

The company has commenced planned turnaround activities at Syncrude, which are expected to be completed in the second quarter of 2023. Subsequent to the first quarter, the company commenced and completed planned maintenance at Fort Hills. Planned annual coker maintenance at Oil Sands Base Upgrader 1 is also scheduled to be completed in the second quarter of 2023. The anticipated impact of these maintenance events has been reflected in the company's 2023 guidance.

Asset Transactions

On February 2, 2023, the company completed the acquisition of an additional 14.65% working interest in Fort Hills for $712 million, bringing the company's and its affiliate's total aggregate working interest in Fort Hills to 68.76%.

Subsequent to the first quarter of 2023, Suncor entered into an agreement to purchase TotalEnergies' Canadian operations through the acquisition of TotalEnergies Canada, which holds a 31.23% working interest in Fort Hills, a 50% working interest in Surmont, located in the Fort McMurray region, as well as certain other associated assets. The acquisition is for cash consideration of $5.5 billion, before closing adjustments and other closing costs, with the potential for additional payments of up to an aggregate maximum of $600 million, expiring after five years and conditional upon WCS benchmark pricing and certain production targets. The transaction will have an effective date of April 1, 2023, and is anticipated to close in the third quarter of 2023, subject to pre-emptive rights, regulatory approval and other closing conditions.

Exploration and Production

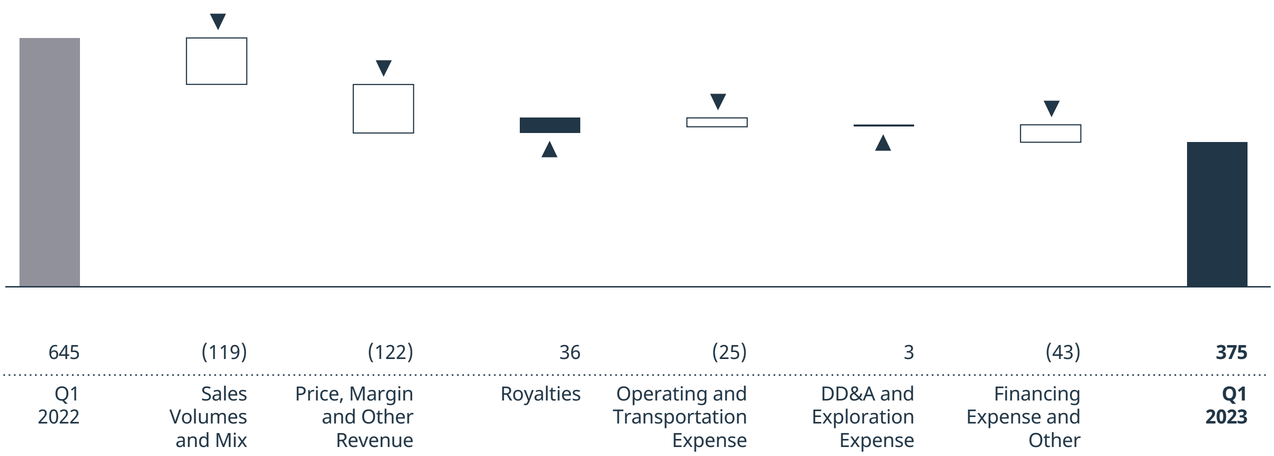
Financial Highlights

($ millions)	Three months ended March 31 2023	2022
Operating revenues[1]	**734**	1 015
Less: Royalties[1]	**(86)**	(147)
Operating revenues, net of royalties	**648**	868
Earnings before income taxes	**375**	645
Adjusted operating earnings[2]	**375**	645
Adjusted funds from operations[2]	**491**	724

(1) Production from the company's Libya operations has been presented in the E&P section of this MD&A on an economic basis. Revenue and royalties from the company's Libya operations are presented under the working-interest basis, which is required for presentation purposes in the company's financial statements. In the first quarter of 2023, revenue includes a gross-up amount of $68 million, with an offsetting amount of $35 million in royalties in the E&P segment and $33 million in income tax expense recorded at the consolidated level. In the first quarter of 2022, revenue includes a gross-up amount of $138 million, with an offsetting amount of $60 million in royalties in the E&P segment and $78 million in income tax expense recorded at the consolidated level.

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

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



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

Adjusted operating earnings for the E&P segment in the first quarter of 2023 were $375 million, compared to $645 million in the prior year quarter, with the decrease primarily due to lower realized crude prices and decreased sales volumes.

Volumes

	Three months ended March 31 2023	2022
E&P Canada (mbbls/d)	**46.7**	51.2
E&P International (mboe/d)	**20.3**	29.2
Total production (mboe/d)	**67.0**	80.4
Total sales volumes (mboe/d)	**68.7**	79.5

Production volumes for E&P Canada were 46,700 bbls/d in the first quarter of 2023, compared to 51,200 bbls/d in the prior year quarter, primarily due to natural declines.

The Terra Nova Floating, Production, Storage and Offloading facility returned to Canada in the first quarter of 2023. The timing of Terra Nova return to production has been delayed as the company has identified additional maintenance and commissioning activities, that are currently ongoing quayside, in order to ensure full confidence in the safety and reliability of the asset before returning to production.

Production volumes for E&P International were 20,300 boe/d in the first quarter of 2023, compared to 29,200 boe/d in the prior year quarter, primarily due to natural declines, the sale of the company's assets in Norway in the third quarter of 2022 and decreased liftings at the company's Libya operations in the first quarter of 2023 compared to the prior year quarter.

Total E&P sales volumes were 68,700 boe/d in the first quarter of 2023, compared to 79,500 boe/d in the prior year quarter, primarily due to the same factors that impacted production volumes, discussed above.

Price Realizations[1]

Net of transportation costs, but before royalties	Three months ended March 31 2023	2022
E&P Canada ($/bbl)	**101.11**	122.13
E&P International[2] ($/boe)	**113.82**	113.60

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

(2) E&P International price realizations exclude Libya.

Price realizations at E&P Canada decreased in the first quarter of 2023 from the prior year quarter, in line with the decrease in benchmark prices for Brent crude, partially offset by weaker foreign exchange rates. Price realizations at E&P International in the first quarter of 2023 were comparable to the prior year quarter, primarily due to the timing of cargo sales.

Royalties

E&P royalties in the first quarter of 2023 were lower compared to the prior year quarter primarily due to the decrease in price realizations.

Expenses and Other Factors

Operating and transportation expenses increased in the first quarter of 2023 compared to the prior year quarter, primarily related to an increase in the company's working interest in White Rose and increased costs related to the Terra Nova Asset Life Extension Project.

DD&A and exploration expense in the first quarter of 2023 was comparable to the prior year quarter.

Financing expense and other, which includes other income, increased in the first quarter of 2023 compared to the prior year quarter, primarily due to the recognition of contingent consideration in the prior year quarter related to the company's sale of the Golden Eagle Area Development.

Planned Maintenance Update for Operated Assets

There are no significant planned maintenance events scheduled for the second quarter of 2023.

Asset Transaction

During the first quarter of 2023, the company reached an agreement for the sale of its U.K. portfolio for gross proceeds of approximately $1.2 billion, including a contingent consideration of approximately $338 million, before closing adjustments and other closing costs. The sale is pending regulatory approval and is expected to close in the second quarter of 2023.

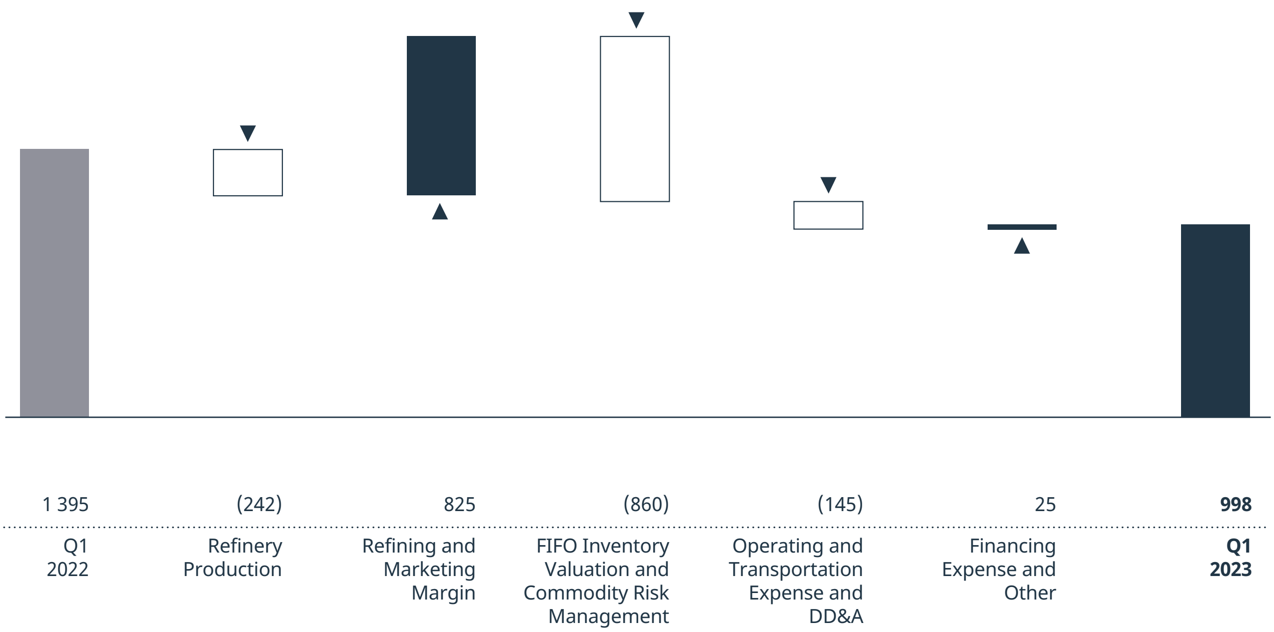
Refining and Marketing

Financial Highlights

($ millions)	Three months ended March 31 2023	2022
Operating revenues	**7 173**	7 855
Earnings before income taxes	**993**	1 417
Adjusted for:		
Unrealized loss (gain) on risk management activities	**5**	(22)
Adjusted operating earnings[1]	**998**	1 395
Adjusted funds from operations[1]	**1 194**	1 597

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

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



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

R&M adjusted operating earnings in the first quarter of 2023 was $998 million compared to $1.395 billion in the prior year quarter. The decrease in adjusted operating earnings was primarily due to a FIFO inventory valuation loss of $131 million in the current period, compared to a gain of $729 million in the prior year quarter, decreased refinery production and increased operating and transportation expenses. This was partially offset by an increase in refining and marketing margins as a result of higher benchmark crack spreads in the current period.

Volumes

	Three months ended March 31 2023	2022
Crude oil processed (mbbls/d)		
Eastern North America	**203.9**	209.6
Western North America	**163.8**	226.9
Total	**367.7**	436.5
Refinery utilization[1] (%)		
Eastern North America	**92**	94
Western North America	**67**	93
Total	**79**	94
Refined product sales (mbbls/d)		
Gasoline	**208.3**	226.2
Distillate	**232.7**	254.3
Other	**73.8**	71.4
Total	**514.8**	551.9
Refining and marketing gross margin – FIFO[2] ($/bbl)	**55.45**	53.20
Refining and marketing gross margin – LIFO[2] ($/bbl)	**59.15**	35.95
Refining operating expense[2] ($/bbl)	**8.15**	6.25

(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) Contains non-GAAP financial measures. See the Non-GAAP and Other Financial Measures Advisory section of this MD&A.

Refinery crude throughput was 367,700 bbls/d and refinery utilization was 79% in the first quarter of 2023, compared to 436,500 bbls/d and 94% in the prior year quarter, with the decrease primarily due to the completion of repairs and subsequent progressive restart activities at the company's Commerce City refinery, as the asset returned to operations by the end of the quarter. Refinery utilization for the company's Canadian refineries was 94% in the first quarter of 2023, compared to 98% in the prior year quarter. Refined product sales in the first quarter of 2023 were 514,800 bbls/d, compared to 551,900 bbls/d in the prior year quarter, primarily due to the decrease in refinery crude throughput at the company's Commerce City refinery in the current quarter.

Refining and Marketing Gross Margins[1]

Refining and marketing gross margins were influenced by the following:

- On a LIFO[2] basis, Suncor's refining and marketing gross margin increased to $59.15/bbl in the first quarter of 2023, from $35.95/bbl in the prior year quarter. The increase was due to significantly higher gasoline and distillate benchmark crack spreads reflecting a tight supply-demand balance, which was further supported by strong location and quality differentials from regional benchmarks to the company's local markets. Other factors included a favourable product mix and the widening of heavy crude oil differentials. On a LIFO basis, Suncor's refining and marketing gross margin represents 102% margin capture compared to Suncor's 5-2-2-1 index in the first quarter of 2023.
- On a FIFO basis, Suncor's refining and marketing gross margin increased to $55.45/bbl in the first quarter of 2023, from $53.20/bbl in the prior year quarter, due to the same factors noted above, in addition to FIFO inventory valuation impacts. In the first quarter of 2023, the FIFO method of inventory valuation, relative to an estimated LIFO[2] accounting method, including the impact of commodity risk management activities, resulted in a loss of $131 million on the decrease in crude oil benchmarks. In the prior year quarter, FIFO, including the impact of commodity risk management activities, resulted in a gain of $729 million, for an unfavourable quarter-over-quarter impact of $860 million.

(1) Contains non-GAAP financial measures. See the non-GAAP and Other Financial Measures Advisory section of this MD&A.

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

Expenses and Other Factors

Operating and transportation expenses in the first quarter of 2023 increased compared to the prior year quarter, primarily due to unplanned maintenance at the company's Commerce City refinery, partially offset by a decrease in share-based compensation expense.

Refining operating expense per barrel(1)(2) was $8.15 in the first quarter of 2023, compared to $6.25 in the prior year quarter, primarily due to decreased refinery production.

Planned Maintenance

Planned turnaround maintenance is scheduled at each of the company's refineries during the second quarter of 2023, with all events expected to be completed within the quarter. The anticipated impact of these maintenance events has been reflected in the company's 2023 guidance.

(1) Contains non-GAAP financial measures. See the non-GAAP and Other Financial Measures Advisory section of this MD&A.

(2) In the first quarter of 2023, refining operating expense per barrel excludes costs associated with repair activities at the company's Commerce City refinery, as the repair costs are classified as non-refining costs that do not relate to the production of refined products.

Corporate and Eliminations

Financial Highlights

($ millions)	Three months ended March 31 **2023**	2022
Loss before income taxes	**(131)**	(523)
Adjusted for:		
Unrealized foreign exchange loss (gain) on U.S. dollar denominated debt	**3**	(146)
Gain on significant disposal	**(302)**	—
Adjusted operating loss[(1)]	**(430)**	(669)
Corporate and Renewables	***(437)***	*(388)*
Eliminations – Intersegment profit eliminated	***7***	*(281)*
Adjusted funds used in operations[(1)]	**(533)**	(665)

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

Corporate and Renewables incurred an adjusted operating loss of $437 million in the first quarter of 2023, compared to $388 million in the prior year quarter. The increased loss was attributable to increased investment in digital technologies and the company's progress towards its net-zero GHG emissions objective, an increased operational foreign exchange loss in the first quarter of 2023 compared to the prior year quarter, and an unrealized gain on investment recorded in the first quarter of 2022. The increased loss was partially offset by a decrease in share-based compensation expense in the first quarter of 2023 compared to the prior year quarter, and a net decrease in interest expense on debt in the current quarter as a result of debt reductions that occurred throughout 2022. Suncor capitalized $58 million of its borrowing costs in the first quarter of 2023, as part of the cost of major development assets and construction projects in progress, compared to $37 million in the prior year quarter.

Eliminations reflect the deferral or realization of profit or loss on crude oil sales from Oil Sands to Suncor's refineries. Consolidated profits and losses 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 2023, the company realized $7 million of intersegment profit, compared to a deferral of $281 million of intersegment profit in the prior year quarter. The realization of intersegment profit and elimination of unrealized losses in the first quarter of 2023 was driven by the decrease in Oil Sands price realizations over the quarter, as higher margin crude refinery feedstock inventory sourced internally from Oil Sands was sold and replaced by lower margin feedstock inventory, and a decrease in intersegment inventory volumes.

Corporate and Eliminations adjusted funds used in operations were $533 million for the first quarter of 2023, compared to $665 million in the first quarter of 2022, and were influenced by the same factors impacting adjusted operating loss described above, excluding the impact of the unrealized gain on investment recorded in the first quarter of 2022, and share-based compensation expense.

Asset Transaction

During the first quarter of 2023, the company completed the sale of its wind and solar assets for gross proceeds of $730 million, before closing adjustments and other closing costs, resulting in an after-tax gain on sale of approximately $260 million.

5. Income Tax

($ millions)	Three months ended March 31 2023	2022
Current income tax expense	**738**	976
Deferred income tax recovery	**(76)**	(77)
Income tax expense included in net earnings	**662**	899
Less: Income tax expense on adjusted operating earnings adjustments	**38**	27
Income tax expense included in adjusted operating earnings	**624**	872
Effective tax rate	**24.4%**	23.4%

The provision for income taxes in the first quarter of 2023 decreased compared to the prior year quarter, primarily due to decreased earnings. In the first quarter of 2023, the company's effective tax rate on net earnings increased compared to the prior year quarter, primarily due to income earned in foreign jurisdictions with higher statutory tax rates, non-taxable foreign exchange gains and losses on the revaluation of U.S. dollar denominated debt, and other permanent items impacting total tax expense.

6. Capital Investment Update

Capital and Exploration Expenditures by Segment

($ millions)	Three months ended March 31 2023	2022
Oil Sands	**810**	668
Exploration and Production[1]	**138**	83
Refining and Marketing	**125**	132
Corporate and Eliminations	**13**	128
Total capital and exploration expenditures	**1 086**	1 011
Less: Capitalized interest on debt	**(58)**	(37)
	1 028	974

(1) Excludes capital expenditures related to assets held for sale of $42 million in the first quarter of 2023 and $19 million in the first quarter of 2022.

Capital and Exploration Expenditures by Type, Excluding Capitalized Interest

($ millions)	Asset Sustainment and Maintenance[1]	Economic Investment[2]	Three months ended March 31, 2023 Total
Oil Sands			
Oil Sands Base	*179*	*123*	***302***
In Situ	*30*	*96*	***126***
Fort Hills	*90*	*—*	***90***
Syncrude	*171*	*69*	***240***
Exploration and Production[3]	—	132	**132**
Refining and Marketing	114	11	**125**
Corporate and Eliminations	6	7	**13**
	590	**438**	**1 028**

(1) Asset sustainment and maintenance capital expenditures include capital investments that deliver on existing value by ensuring compliance or maintaining relations with regulators and other stakeholders, maintaining current processing capacity and delivering existing developed reserves.

(2) Economic investment capital expenditures include capital investments that result in an increase in value through adding reserves or improving processing capacity, utilization, cost or margin, including associated infrastructure.

(3) Excludes capital expenditures related to assets held for sale of $42 million in the first quarter of 2023.

During the first quarter of 2023, the company spent $1.028 billion on capital expenditures, excluding capitalized interest, compared to $974 million in the prior year quarter. The increase in capital expenditures in the current quarter was primarily due to increased asset sustainment and maintenance capital expenditures at Syncrude, increased economic investment capital expenditures in E&P, primarily due to the ramp up of development work at the West White Rose Project in the current period, which was partially offset by decreased economic investment capital expenditures at Corporate.

Activity in the first quarter of 2023 is summarized by business unit below.

Oil Sands

Oil Sands Base capital expenditures were $302 million in the first quarter of 2023, and were primarily focused on asset sustainment and maintenance activities focused on ensuring safe, reliable and efficient operations, and tailings development. Economic investment expenditures were primarily focused on progressing the investment in low-carbon power cogeneration by replacing the coke-fired boilers with a new cogeneration facility.

In Situ capital expenditures were $126 million in the first quarter of 2023, and were primarily directed towards economic investment activities, which focused on the ongoing design and construction of well pads to develop additional reserves that are expected to maintain existing production levels from existing well pad declines.

Fort Hills capital expenditures were $90 million in the first quarter of 2023, and were directed towards asset sustainment and maintenance activities related to mine and tailings development to support ongoing operations, including spend aligned with the execution of its mine improvement plan, which includes an accelerated sequence of mine development relative to historical plans.

Syncrude capital expenditures were $240 million in the first quarter of 2023, the majority of which were for asset sustainment and maintenance expenditures that focused on improving asset reliability, including the preparation and commencement of planned turnaround activities during the quarter, and mine equipment replacements. Economic investment during the quarter was directed towards progressing the Mildred Lake West Extension mining project.

Exploration and Production

E&P capital and exploration expenditures were $132 million in the first quarter of 2023, and were related to economic investment projects, primarily development work on the West White Rose Project and the Terra Nova Asset Life Extension Project.

Refining and Marketing

R&M capital expenditures were $125 million in the first quarter of 2023, and were primarily related to asset sustainment and maintenance activities that focused on the ongoing sustainment and enhancement of refinery and retail operations. Economic investment capital expenditures in the first quarter of 2023 were focused on enhancing the company's sales and marketing business, including the optimization of its retail operations.

Corporate and Eliminations

Corporate and Eliminations capital expenditures were $13 million in the first quarter of 2023, and were primarily directed towards investment in digital technologies.

7. Financial Condition and Liquidity

Indicators

	Twelve months ended March 31 2023	2022
Return on capital employed (ROCE)(1)(2) (%)	**17.8**	12.7
Net debt to adjusted funds from operations(1) (times)	**0.9**	1.3
Total debt to total debt plus shareholders' equity(1) (%)	**29.7**	32.0
Net debt to net debt plus shareholders' equity(1) (%)	**28.2**	28.7
Net debt to net debt plus shareholders' equity – excluding leases(1) (%)	**23.7**	24.8

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

(2) ROCE would have been 21.6% for the twelve months ended March 31, 2023, excluding the impact of the impairment reversal of $715 million ($542 million after-tax) and impairment of $70 million ($47 million after-tax) in the second quarter of 2022, and the impact of the impairment of $3.397 billion ($2.586 billion after-tax) in the third quarter of 2022. ROCE would have been 12.4% for the twelve months ended March 31, 2022, excluding the impact of the impairment reversal of $221 million ($168 million after-tax) in the third quarter of 2021.

Capital Resources

Suncor's capital resources consist primarily of cash flow provided by operating activities, cash and cash equivalents, and available lines of credit. Suncor's management believes the company will have the capital resources to fund its planned 2023 capital spending program of $5.4 billion to $5.8 billion, the acquisition and sustaining capital cost requirements associated with the potential acquisition of TotalEnergies Canada, and to meet current and future working capital requirements, through cash and cash equivalents balances, cash flow provided by operating activities, available committed credit facilities, issuing commercial paper and, if needed, accessing capital markets through the issuance of long-term notes or debentures. 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 gross margins, operating expenses, taxes, royalties and foreign exchange rates. The company intends to fund the potential acquisition of TotalEnergies Canada primarily through debt issuances. If additional capital is required, Suncor's management believes adequate additional financing will be available in debt capital markets at commercial terms and 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

For the three months ended March 31, 2023, cash and cash equivalents decreased to $1.128 billion from $1.980 billion at December 31, 2022, due to the company's capital and exploration expenditures, the repurchase of Suncor's common shares under its normal course issuer bid (NCIB), the acquisition of an additional 14.65% interest in Fort Hills, the payment of dividends, and income tax, commodity tax and royalty payments, exceeding its cash flow provided by operating activities, increase in short-term indebtedness and proceeds from the sale of its wind and solar assets.

As at March 31, 2023, the weighted average days to maturity of the company's short-term investment portfolio was approximately 11 days.

As at March 31, 2023, available credit facilities for liquidity purposes were $1.929 billion, compared to $2.900 billion at December 31, 2022. The decrease in available credit facilities was primarily due to an increase in short-term indebtedness.

Financing Activities

Management of debt levels and liquidity continues to be a priority for Suncor given the company's long-term plans and future expected volatility in the current business environment. Suncor believes a phased and flexible approach to existing and future 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, 2023, total debt to total debt plus shareholders' equity was 29.7% (December 31, 2022 – 28.4%). The company also continues to be in compliance with all operating covenants under its debt agreements.

Change in Debt

($ millions)	Three months ended March 31, 2023
Total debt[(1)] – beginning of period	**15 619**
Decrease in long-term debt	**(5)**
Increase in short-term debt	**962**
Increase in lease liability	**346**
Lease payments	**(82)**
Foreign exchange on debt, and other	**2**
Total debt[(1)] – March 31, 2023	**16 842**
Less: Cash and cash equivalents – March 31, 2023	**1 128**
Net debt[(1)] – March 31, 2023	**15 714**

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

The company's total debt increased in the first quarter of 2023 primarily due to an increase in short-term indebtedness and leases entered into, and assumed with the Fort Hills acquisition, during the period, partially offset by principal lease payments made during the first quarter of 2023.

At March 31, 2023, Suncor's net debt was $15.714 billion, compared to $13.639 billion at December 31, 2022. The change in net debt was primarily due to the factors listed above, and a decrease in cash and cash equivalents.

Common Shares

(thousands)	March 31, 2023
Common shares	**1 318 367**
Common share options – exercisable	**18 236**
Common share options – non-exercisable	**3 238**

As at May 5, 2023, the total number of common shares outstanding was 1,309,647,065 and the total number of exercisable and non-exercisable common share options outstanding was 21,379,541. Once vested, each outstanding common share option is exercisable into one common share.

Share Repurchases

During the first quarter of 2023, the TSX accepted a notice filed by Suncor to renew its NCIB to purchase the company's common shares through the facilities of the TSX, NYSE and/or alternative trading systems. The notice provides that, beginning February 17, 2023, and ending February 16, 2024, Suncor may purchase for cancellation up to 132,900,000 common shares, which is equal to approximately 10% of Suncor's public float (as defined in the TSX Company Manual) as at February 3, 2023. On February 3, 2023, Suncor had 1,330,006,760 common shares issued and outstanding.

Between February 17, 2023, and May 5, 2023, pursuant to Suncor's NCIB, Suncor repurchased 20,373,835 common shares on the open market, representing the equivalent of 1.5% of its common shares as at February 3, 2023, for $878 million, at a weighted average price of $43.10 per share.

The actual number of common shares that may be purchased under the NCIB 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 strategy.

($ millions, except as noted)	Three months ended March 31 2023	2022
Share repurchase activities (thousands of common shares)	**19 936**	21 698
Weighted average repurchase price per share (dollars per share)	**43.85**	38.12
Share repurchase cost	**874**	827

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 2022 annual MD&A. Suncor does not believe 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 first quarter of 2023, the company increased its commitments as a result of the acquisition of an additional 14.65% interest in Fort Hills. The acquisition of additional working interest is expected to impact the company's undiscounted future decommissioning and restoration costs, long-term contracts, pipeline capacity and energy service commitments and its commitments associated with leases.

8. Quarterly Financial Data

Trends in Suncor's quarterly revenue, earnings and adjusted funds from operations are driven primarily by production volumes, which can be significantly impacted by major maintenance events, changes in commodity prices and crude differentials, refining crack spreads, foreign exchange rates and other significant events impacting operations, such as operational incidents and the impacts of the COVID-19 pandemic.

Financial Summary

Three months ended ($ millions, unless otherwise noted)	**Mar 31 2023**	Dec 31 2022	Sep 30 2022	Jun 30 2022	Mar 31 2022	Dec 31 2021	Sep 30 2021	Jun 30 2021
Total production (mboe/d)								
Oil Sands	**675.1**	688.1	646.0	641.5	685.7	665.9	605.1	615.7
Exploration and Production	**67.0**	75.0	78.1	78.7	80.4	77.4	93.5	84.0
	742.1	763.1	724.1	720.2	766.1	743.3	698.6	699.7
Revenues and other income								
Gross revenues[1]	**12 272**	14 754	15 869	17 815	14 469	11 897	10 758	9 597
Royalties	**(358)**	(834)	(925)	(1 680)	(1 132)	(748)	(613)	(438)
Operating revenues, net of royalties[1]	**11 914**	13 920	14 944	16 135	13 337	11 149	10 145	9 159
Other income (loss)	**342**	(65)	113	69	14	10	68	(66)
	12 256	13 855	15 057	16 204	13 351	11 159	10 213	9 093
Net earnings (loss)	**2 052**	2 741	(609)	3 996	2 949	1 553	877	868
Per common share – basic (dollars)	**1.54**	2.03	(0.45)	2.84	2.06	1.07	0.59	0.58
Per common share – diluted (dollars)	**1.54**	2.03	(0.45)	2.83	2.06	1.07	0.59	0.58
Adjusted operating earnings[2]	**1 809**	2 432	2 565	3 814	2 755	1 294	1 043	722
Per common share[3][4] (dollars)	**1.36**	1.81	1.88	2.71	1.92	0.89	0.71	0.48
Adjusted funds from operations[2]	**3 002**	4 189	4 473	5 345	4 094	3 144	2 641	2 362
Per common share[3][4] (dollars)	**2.26**	3.11	3.28	3.80	2.86	2.17	1.79	1.57
Cash flow provided by operating activities	**1 039**	3 924	4 449	4 235	3 072	2 615	4 718	2 086
Per common share – basic (dollars)	**0.78**	2.91	3.26	3.01	2.14	1.80	3.19	1.39
ROCE[3] (%) for the twelve months ended	**17.8**	19.4	17.5	19.4	12.7	8.6	4.5	1.9
ROCE excluding impairments and impairment reversals[3] (%) for the twelve months ended	**21.6**	22.9	21.0	18.2	12.4	8.2	4.9	2.6
Common share information (dollars)								
Dividend per common share	**0.52**	0.52	0.47	0.47	0.42	0.42	0.21	0.21
Share price at the end of trading								
Toronto Stock Exchange (Cdn$)	**41.96**	42.95	38.90	45.16	40.70	31.65	26.26	29.69
New York Stock Exchange (US$)	**31.05**	31.73	28.15	35.07	32.59	25.03	20.74	23.97

(1) The company revised certain gross revenues and purchases of crude oil and products to align with the current period presentation. For the three months ended March 31, 2022, gross revenues and purchases of crude oil and products was decreased by $150 million, with no effect on net earnings.

(2) Non-GAAP financial measures. See the Non-GAAP and Other Financial Measures Advisory section of this MD&A. Adjusted operating earnings (loss) for each quarter are defined in the Non-GAAP and Other Financial Measures Advisory section and reconciled to GAAP measures in the Consolidated Financial Information and Segment Results and Analysis sections of each Quarterly Report to Shareholders issued by Suncor (Quarterly Reports) in respect of the relevant quarter. Adjusted funds from operations for each quarter are defined and reconciled to GAAP measures in the Non-GAAP and Other Financial Measures Advisory section of each Quarterly Report in respect of the relevant quarter, with such information being incorporated by reference herein and available on SEDAR at www.sedar.com.

(3) Contains non-GAAP financial measures. See the Non-GAAP and Other Financial Measures Advisory section of this MD&A. Non-GAAP measures included in ROCE and ROCE excluding impairments and impairment reversals are defined and reconciled to GAAP measures in the Non-GAAP and Other Financial Measures Advisory section of each Quarterly Report in respect of the relevant quarter, with such information being incorporated by reference herein and available on SEDAR at www.sedar.com.

(4) Represented on a basic per share basis.

Business Environment

(average for the three months ended)		**Mar 31 2023**	Dec 31 2022	Sep 30 2022	Jun 30 2022	Mar 31 2022	Dec 31 2021	Sep 30 2021	Jun 30 2021
WTI crude oil at Cushing	US$/bbl	**76.10**	82.65	91.65	108.40	94.40	77.15	70.55	66.05
Dated Brent crude	US$/bbl	**81.25**	88.65	100.95	113.75	101.50	79.70	73.45	68.85
Dated Brent/Maya FOB price differential	US$/bbl	**18.40**	17.70	17.95	11.65	14.30	8.60	7.80	6.20
MSW at Edmonton	Cdn$/bbl	**99.05**	110.05	116.85	137.80	115.75	93.25	83.75	77.25
WCS at Hardisty	US$/bbl	**51.35**	57.00	71.75	95.60	79.80	62.50	56.95	54.60
WTI-WCS light/heavy differential	US$/bbl	**(24.75)**	(25.65)	(19.90)	(12.80)	(14.60)	(14.65)	(13.60)	(11.45)
SYN-WTI (differential) premium	US$/bbl	**2.10**	4.15	8.80	6.05	(1.30)	(1.80)	(1.60)	0.35
Condensate at Edmonton	US$/bbl	**79.85**	83.40	87.35	108.35	96.15	79.10	69.20	66.40
Natural gas (Alberta spot) at AECO	Cdn$/GJ	**3.05**	4.90	4.15	6.90	4.50	4.45	3.40	2.95
Alberta Power Pool Price	Cdn$/MWh	**142.00**	213.95	221.40	122.45	90.00	107.30	100.35	104.50
New York Harbor 2-1-1 crack(1)	US$/bbl	**36.70**	52.75	46.70	60.05	28.25	20.65	20.90	20.35
Chicago 2-1-1 crack(1)	US$/bbl	**31.55**	39.20	43.30	49.40	20.20	16.90	20.45	20.25
Portland 2-1-1 crack(1)	US$/bbl	**37.40**	50.70	57.30	63.45	33.80	25.35	26.70	24.55
Gulf Coast 2-1-1 crack(1)	US$/bbl	**37.65**	40.20	41.85	52.55	26.80	19.65	19.55	18.25
U.S. Renewable Volume Obligation	US$/bbl	**8.20**	8.55	8.10	7.80	6.45	6.10	7.35	8.15
Exchange rate	US$/Cdn$	**0.74**	0.74	0.77	0.78	0.79	0.79	0.79	0.81
Exchange rate (end of period)	US$/Cdn$	**0.74**	0.74	0.73	0.78	0.80	0.79	0.78	0.81

(1) 2-1-1 crack spreads are indicators of the refining margin generated by converting two barrels of WTI into one barrel 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.

9. Other Items

Accounting Policies and New IFRS Standards

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 2022 annual MD&A and in notes 3 and 5 of Suncor's audited Consolidated Financial Statements for the year ended December 31, 2022.

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 that, 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, 2022, and in the Accounting Policies and Critical Accounting Estimates section of Suncor's 2022 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 27 of the audited Consolidated Financial Statements for the year ended December 31, 2022, note 9 to the unaudited interim Consolidated Financial Statements for the three months ended March 31, 2023, and the Financial Condition and Liquidity section of the 2022 annual MD&A.

Control Environment

Based on their evaluation as at March 31, 2023, 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 April 2022, the company implemented a new enterprise resource planning (ERP) system across the entire organization; accordingly, the company modified a number of internal controls. There were no other 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, 2023, 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.

The company has taken actions and established controls to monitor and maintain appropriate internal controls during the transition period following the new ERP system implementation. These include performing additional controls, verifications and testing to ensure data integrity.

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 further updated its previously announced 2023 guidance (which was originally disclosed via press release on November 29, 2022), as set forth in Suncor's press releases dated February 14, 2023, and May 8, 2023, a copy of which is available on www.sedar.com.

10. Non-Gaap and Other Financial Measures Advisory

Certain financial measures in this MD&A – namely adjusted operating earnings (loss), adjusted funds from (used in) operations, measures contained in ROCE and ROCE excluding impairments and impairment reversals, price realizations, free funds flow, Oil Sands operations cash operating costs, Fort Hills cash operating costs, Syncrude cash operating costs, refining and marketing gross margin, refining operating expense, net debt, total debt, LIFO inventory valuation methodology and related per share or per barrel amounts or metrics that contain such measures – are not prescribed by GAAP. These non-GAAP financial measures are included because management uses the information to analyze business performance, leverage and liquidity, as applicable, 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.

Adjusted Operating Earnings (Loss)

Adjusted 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 adjusted operating earnings (loss) to evaluate operating performance because management believes it provides better comparability between periods. Adjusted operating earnings (loss) is reconciled to net earnings (loss) in the Consolidated Financial Information and Segment Results and Analysis sections of this MD&A. All reconciling items are presented on a before-tax basis and adjusted for income taxes in the Income Tax bridge factor.

Bridge Analyses of Adjusted Operating Earnings (Loss)

Throughout this MD&A, the company presents charts that illustrate the change in adjusted operating earnings (loss) from the comparative period through key variance factors. These factors are analyzed in the Adjusted Operating Earnings (Loss) 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 refinery production volumes 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, and realized commodity risk management activities. Also included are refining and marketing gross 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 Inventory Valuation includes the impact of the FIFO method of inventory valuation in the company's R&M segment, as well as the impact of the deferral or realization of profit or loss on crude oil sales from the Oil Sands segment to Suncor's refineries, and downstream realized commodity risk management activities.
- The factor for Operating and Transportation Expense includes project startup 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 and changes in gains and losses on disposal of assets that are not adjusted operating earnings (loss) adjustments.
- The factor for DD&A and Exploration Expense includes depreciation, depletion and amortization expense, and exploration expense.
- The factor for Income Tax includes the company's current and deferred income tax expense on adjusted operating earnings, changes in statutory income tax rates and other income tax adjustments.

Return on Capital Employed (ROCE) and ROCE Excluding Impairments and Impairment Reversals

ROCE is a measure that management uses to analyze operating performance and the efficiency of Suncor's capital allocation process. ROCE is calculated using the non-GAAP financial measures adjusted net earnings and average capital employed. Adjusted net earnings are calculated by taking net earnings (loss) and adjusting after-tax amounts for unrealized foreign exchange on U.S. dollar denominated debt and net interest expense. 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.

For the twelve months ended March 31 ($ millions, except as noted)		**2023**	2022
Adjustments to net earnings			
Net earnings		**8 180**	6 247
Add (deduct) after-tax amounts for:			
Unrealized foreign exchange loss (gain) on U.S. dollar denominated debt		**818**	(57)
Net interest expense		**633**	628
Adjusted net earnings(1)	A	**9 631**	6 818
Capital employed – beginning of twelve-month period			
Net debt(2)		**15 421**	18 829
Shareholders' equity		**38 274**	36 325
		53 695	55 154
Capital employed – end of twelve-month period			
Net debt(2)		**15 714**	15 421
Shareholders' equity		**39 949**	38 274
		55 663	53 695
Average capital employed	B	**54 171**	53 700
ROCE (%)(3)	A/B	**17.8**	12.7

(1) Total before-tax impact of adjustments is $1.713 billion for the twelve months ended March 31, 2023, and $765 million for the twelve months ended March 31, 2022.

(2) Net debt is a non-GAAP financial measure.

(3) ROCE would have been 21.6% for the twelve months ended March 31, 2023, excluding the impact of the impairment reversal of $715 million ($542 million after-tax) and impairment of $70 million ($47 million after-tax) in the second quarter of 2022, and the impact of the impairment of $3.397 billion ($2.586 billion after-tax) in the third quarter of 2022. ROCE would have been 12.4% for the twelve months ended March 31, 2022, excluding the impact of the impairment reversal of $221 million ($168 million after-tax) in the third quarter of 2021.

Adjusted Funds From (Used In) Operations

Adjusted funds from (used in) operations is a non-GAAP financial measure that adjusts a GAAP measure – cash flow provided by 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 be impacted by, among other factors, commodity price volatility, 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.

Adjusted funds from (used in) operations for each quarter are separately defined and reconciled to the cash flow provided by the operating activities measure in the Non-GAAP and Other Financial Measures Advisory section of each respective management's discussion and analysis or quarterly report to shareholders, as applicable, for the related quarter, with such information being incorporated by reference herein and available on SEDAR at www.sedar.com.

Three months ended March 31	Oil Sands		Exploration and Production		Refining and Marketing		Corporate and Eliminations		Income Taxes		Total	
($ millions)	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022
Earnings (loss) before income taxes	**1 477**	2 309	**375**	645	**993**	1 417	**(131)**	(523)	**—**	—	**2 714**	3 848
Adjustments for:												—
Depreciation, depletion, amortization and impairment	**1 138**	1 105	**127**	129	**220**	212	**31**	25	**—**	—	**1 516**	1 471
Accretion	**114**	63	**17**	14	**2**	1	**—**	—	**—**	—	**133**	78
Unrealized foreign exchange loss (gain) on U.S. dollar denominated debt	**—**	—	**—**	—	**—**	—	**3**	(146)	**—**	—	**3**	(146)
Change in fair value of financial instruments and trading inventory	**27**	(21)	**(25)**	(17)	**28**	(36)	**—**	—	**—**	—	**30**	(74)
(Gain) loss on disposal of assets	**—**	(2)	**(1)**	—	**(11)**	—	**(302)**	—	**—**	—	**(314)**	(2)
Share-based compensation	**(60)**	28	**1**	(1)	**(27)**	5	**(117)**	24	**—**	—	**(203)**	56
Settlement of decommissioning and restoration liabilities	**(124)**	(88)	**(2)**	—	**(7)**	(2)	**—**	(1)	**—**	—	**(133)**	(91)
Other	**16**	20	**(1)**	(46)	**(4)**	—	**(17)**	(44)	**—**	—	**(6)**	(70)
Current income tax expense	**—**	—	**—**	—	**—**	—	**—**	—	**(738)**	(976)	**(738)**	(976)
Adjusted funds from (used in) operations	**2 588**	3 414	**491**	724	**1 194**	1 597	**(533)**	(665)	**(738)**	(976)	**3 002**	4 094
Change in non-cash working capital											**(1 963)**	(1 022)
Cash flow provided by operating activities											**1 039**	3 072

Free Funds Flow

Free funds flow is a non-GAAP financial measure that is calculated by taking adjusted funds from operations and subtracting capital expenditures, including capitalized interest. Free funds flow reflects cash available for increasing distributions to shareholders and reducing debt. Management uses free funds flow to measure the capacity of the company to increase returns to shareholders and to grow Suncor's business.

($ millions)	Three months ended March 31 2023	2022
Cash flow provided by operating activities	**1 039**	3 072
(Add) deduct change in non-cash working capital	**(1 963)**	(1 022)
Adjusted funds from operations	**3 002**	4 094
Less capital expenditures including capitalized interest(1)	**(1 086)**	(1 011)
Free funds flow	**1 916**	3 083

(1) Excludes capital expenditures related to assets held for sale of $42 million in the first quarter of 2023 and $19 million in the first quarter of 2022.

Oil Sands Operations, Fort Hills and Syncrude Cash Operating Costs

Cash operating costs are calculated by adjusting Oil Sands segment OS&G expense for non-production costs and excess power capacity. Significant non-production costs include, but are not limited to, share-based compensation adjustments, research costs, project startup costs and adjustments to reflect the cost of internal transfers in the receiving asset at the cost of production versus the cost of purchase, such as transfers on the interconnecting pipelines. Non-production costs at Fort Hills and Syncrude also include, but are not limited to, excess power revenue from cogeneration units that is recorded in operating revenue, and an adjustment to reflect internally produced diesel from Oil Sands operations at the cost of production. Oil Sands operations excess power capacity and other includes, but is not limited to, the operational revenue impacts of excess power from cogeneration units and the natural gas expense recorded as part of a non-monetary arrangement involving a third-party processor. Oil Sands operations and Syncrude production volumes are gross of internally consumed diesel and feedstock transfers between assets through the interconnecting pipelines. 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 operating performance.

Refining and Marketing Gross Margin and Refining Operating Expense

Refining and marketing gross margins and refining operating expense are non-GAAP financial measures. Refining and marketing gross margin, on a FIFO basis, is calculated by adjusting R&M segment operating revenue, other income and purchases of crude oil and products (all of which are GAAP measures) for intersegment marketing fees recorded in intersegment revenues. Refining and marketing gross margin, on a LIFO basis, is further adjusted for the impacts of FIFO inventory valuation recorded in purchases of crude oil and products and risk management activities recorded in other income (loss). 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 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 and marketing gross margin and refining operating expense to measure operating performance on a production barrel basis.

($ millions, except as noted)	Three months ended March 31 2023	2022
Refining and marketing gross margin reconciliation		
Operating revenues	**7 173**	7 855
Purchases of crude oil and products	**(5 354)**	(5 482)
	1 819	2 373
Other (loss) income	**156**	(110)
Non-refining and marketing margin	**(2)**	(13)
Refining and marketing gross margin – FIFO	**1 973**	2 250
Refinery production[1] (mbbls)	**35 583**	42 311
Refining and marketing gross margin – FIFO ($/bbl)	**55.45**	53.20
FIFO and risk management activities adjustment	**131**	(729)
Refining and marketing gross margin – LIFO	**2 104**	1 521
Refining and marketing gross margin – LIFO ($/bbl)	**59.15**	35.95
Refining operating expense reconciliation		
Operating, selling and general expense	**650**	559
Non-refining costs	**(360)**	(294)
Refining operating expense	**290**	265
Refinery production[1] (mbbls)	**35 583**	42 311
Refining operating expense ($/bbl)	**8.15**	6.25

(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 (FIFO) Inventory Valuation on Refining and Marketing Net Earnings (Loss)

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.

Net Debt and Total Debt

Net debt and total debt are non-GAAP financial measures that management uses to analyze the financial condition of the company. Total debt includes short-term debt, current portion of long-term debt, current portion of long-term lease liabilities, long-term debt and long-term lease liabilities (all of which are GAAP measures). Net debt is equal to total debt less cash and cash equivalents (a GAAP measure).

($ millions, except as noted)	**March 31 2023**	December 31 2022
Short-term debt	**3 776**	2 807
Current portion of long-term debt	**—**	—
Current portion of long-term lease liabilities	**357**	317
Long-term debt	**9 791**	9 800
Long-term lease liabilities	**2 918**	2 695
Total debt	**16 842**	15 619
Less: Cash and cash equivalents	**1 128**	1 980
Net debt	**15 714**	13 639
Shareholders' equity	**39 949**	39 367
Total debt plus shareholders' equity	**56 791**	54 986
Total debt to total debt plus shareholders' equity (%)	**29.7**	28.4
Net debt to net debt plus shareholders' equity (%)	**28.2**	25.7
Net debt to net debt plus shareholders' equity – excluding leases (%)	**23.7**	21.3

Price Realizations

Price realizations are a non-GAAP measure used by management to measure profitability. Oil Sands price realizations are presented on a crude product basis and are derived from the Oil Sands segmented statement of net earnings (loss), after adjusting for items not directly attributable to the revenues associated with production. E&P price realizations are presented on an asset location basis and are derived from the E&P segmented statement of net earnings (loss), after adjusting for other E&P assets, such as Libya, for which price realizations are not provided.

Oil Sands Price Realizations

For the quarter ended			March 31, 2023					March 31, 2022
($ millions, except as noted)	**Non-Upgraded Bitumen**	**Upgraded – Net SCO and Diesel**	**Average Crude**	**Oil Sands Segment**	Non-Upgraded Bitumen	Upgraded – Net SCO and Diesel	Average Crude	Oil Sands Segment
Operating revenues, net of royalties	**1 174**	**4 621**	**5 795**	**5 795**	1 571	4 914	6 485	6 485
Add: Royalties	**61**	**211**	**272**	**272**	211	774	985	985
Operating revenues	**1 235**	**4 832**	**6 067**	**6 067**	1 782	5 688	7 470	7 470
Other (loss) income	**124**	**(9)**	**115**	**115**	(37)	44	7	7
Purchases of crude oil and products	**(337)**	**(71)**	**(408)**	**(408)**	(390)	(63)	(453)	(453)
Gross realization adjustment[1]	**(105)**	**(108)**	**(213)**		67	(136)	(69)	
Gross realization	**917**	**4 644**	**5 561**		1 422	5 533	6 955	
Transportation and distribution	**(109)**	**(161)**	**(270)**	**(270)**	(87)	(206)	(293)	(293)
Price realization	**808**	**4 483**	**5 291**		1 335	5 327	6 662	
Sales volumes (mbbls)	**15 668**	**45 361**	**61 029**		13 830	46 592	60 422	
Price realization per barrel	**51.50**	**98.87**	**86.71**		96.49	114.37	110.27	

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

E&P Price Realizations

For the quarter ended			March 31, 2023					March 31, 2022
($ millions, except as noted)	**E&P International**	**E&P Canada**	**Other[1][2]**	**E&P Segment**	E&P International	E&P Canada	Other[1][2]	E&P Segment
Operating revenues, net of royalties	**184**	**407**	**57**	**648**	272	476	120	868
Add: Royalties	**—**	**51**	**35**	**86**	—	87	60	147
Operating revenues	**184**	**458**	**92**	**734**	272	563	180	1 015
Transportation and distribution	**(5)**	**(14)**	**(2)**	**(21)**	(6)	(17)	—	(23)
Price realization	**179**	**444**	**90**		266	546	180	
Sales volumes (mbbls)	**1 574**	**4 389**			2 336	4 460		
Price realization per barrel	**113.82**	**101.11**			113.60	122.13		

(1) Reflects other E&P assets, such as Libya, for which price realizations are not provided.

(2) Production from the company's Libya operations has been presented in the E&P section of this MD&A on an economic basis. Revenue and royalties from the company's Libya operations are presented under the working-interest basis, which is required for presentation purposes in the company's financial statements. In the first quarter of 2023, revenue includes a gross-up amount of $68 million, with an offsetting amount of $35 million in royalties in the E&P segment and $33 million in income tax expense recorded at the consolidated level. In the first quarter of 2022, revenue includes a gross-up amount of $138 million, with an offsetting amount of $60 million in royalties in the E&P segment and $78 million in income tax expense recorded at the consolidated level.

11. 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
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
SYN	Synthetic crude oil benchmark
MSW	Mixed Sweet Blend
NYMEX	New York Mercantile Exchange
YTD	Year to date

12. Forward-Looking Information

This MD&A contains certain forward-looking statements and other information 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 estimates; commodity prices and interest and foreign exchange rates; the performance of assets and equipment; uncertainty related to geopolitical conflict; 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 development and 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 other 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", "priority", "strategy" and similar expressions. Forward-looking statements in this MD&A include references to:

- *statements about Suncor's proposed acquisition of TotalEnergies Canada, including the expected benefits therefrom, including that it will advance Suncor's long-term bitumen supply strategy for when the company's Base Mine reaches its end of life in the mid-2030's, the expected sources of funds for the proposed acquisition, and the timing of the transaction;*
- *that, with 100% ownership of Fort Hills, Firebag and MacKay River, Suncor will have sufficient physical bitumen supply from the company's regional Oil Sands assets to continue to feed the Base Plant upgraders at full rates post the end of the Base Mine life which is expected in the mid-2030's;*
- *Suncor's expectation that the sale of its U.K. E&P portfolio will close in the second quarter of 2023;*
- *Suncor's expected focus on the fundamentals of safety, operational excellence, reliability and profitability and its expectation that this will allow the company to deliver superior, long-term shareholder value and maximize the reliability and financial performance of each asset;*
- *Suncor's strategy and priorities and the expected benefits therefrom;*
- *statements about Suncor's capital allocation framework and the expectation that Suncor's Board of Directors will increase the quarterly dividend by approximately 10% following the closing of the acquisition of TotalEnergies Canada;*
- *statements about the Terra Nova Floating, Production, Storage and Offloading facility, including that the timing of return to production has been delayed;*
- *statements and expectations for the company's announced partnership with Canadian Tire Corporation, including the expected benefits and timing;*
- *Suncor's belief that its indicative 5-2-2-1 index will continue to be an appropriate measure against Suncor's actual results;*
- *expectations regarding planned maintenance events, including planned turnaround activities at Syncrude, planned annual coker maintenance at Oil Sands Base Upgrader 1, and planned turnaround maintenance at each of the company's refineries, and the timing thereof;*
- *statements regarding Suncor's planned 2023 capital spending program of $5.4 billion to $5.8 billion, the sustaining capital cost requirements associated with the potential acquisition of TotalEnergies Canada, including the incremental 14.65% share of Fort Hills acquired in the first quarter of 2023, and to meet current and future working capital requirements through cash and cash equivalents balances, cash flow provided by operating activities, available committed credit facilities, issuing commercial paper and, if needed, accessing capital markets, and Suncor's belief that if additional capital is required, that adequate additional financing will be available in debt capital markets at commercial terms and rates;*
- *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 and liquidity given the company's long-term plans and future expected volatility in the pricing environment, Suncor's belief that a phased and flexible approach to existing and future projects should assist Suncor in its ability to manage project costs and debt levels and Suncor's expectation that its early debt repayments will have a significant impact on the company's long-term debt and interest payments on long-term debt;*

- *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;*
- *statements about the NCIB, including the amount, timing and manner of purchases under the NCIB, that depending on the trading price of its common shares and other relevant factors, repurchasing its common shares represents an attractive investment opportunity and is in the best interest of the company and its shareholders and the expectation that the decision to allocate cash to repurchase shares will not affect its long-term strategy; and*
- *Suncor's updated full-year business environment outlook assumptions for AECO-C Spot rates and the production range for E&P.*

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; Suncor's dependence on pipeline capacity and other logistical constraints, which may affect the company's ability to distribute products to market and which may cause the company to delay or cancel planned growth projects in the event of insufficient takeaway capacity; Suncor's ability to finance Oil Sands economic investment and asset sustainment and maintenance 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 Suncor's 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; 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 socioeconomic 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; 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 (including as a result of demand and supply effects resulting from the COVID-19 pandemic and the actions of OPEC+); 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 development and execution of Suncor's major projects and the commissioning and integration of new facilities; the possibility that completed maintenance activities may not improve operational performance or the output of related facilities; the risk that projects and initiatives intended to achieve cash flow growth and/or reductions in operating costs may not achieve the expected results in the time anticipated or at all; 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; security threats and terrorist or activist activities; the risk that competing business objectives may exceed Suncor's capacity to adopt and implement change; risks and uncertainties associated with obtaining regulatory, third-party and stakeholder approvals outside of Suncor's control for the company's operations, projects, initiatives and exploration and development activities and the satisfaction of any conditions to approvals; 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 marketing and logistics 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; risks associated with land claims and Aboriginal consultation requirements; the risk that the company may be subject 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 2022 annual MD&A, the 2022 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 MD&As that Suncor files from time to time with securities regulatory authorities. Copies of these MD&As are available without charge from the company.

The forward-looking statements contained in this MD&A are made as of the date of this MD&A. 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 2023	2022
Revenues and Other Income		
Gross revenues (note 3)	**12 272**	14 469
Less: royalties (note 3)	**(358)**	(1 132)
Other income (note 4)	**342**	14
	12 256	13 351
Expenses		
Purchases of crude oil and products	**4 069**	4 352
Operating, selling and general	**3 424**	3 088
Transportation and distribution	**391**	370
Depreciation, depletion, amortization and impairment	**1 516**	1 471
Exploration	**42**	39
Gain on disposal of assets (note 10)	**(314)**	(2)
Financing expenses (note 6)	**414**	185
	9 542	9 503
Earnings before Income Taxes	**2 714**	3 848
Income Tax Expense (Recovery)		
Current	**738**	976
Deferred	**(76)**	(77)
	662	899
Net Earnings	**2 052**	2 949
Other Comprehensive Income		
Items That May be Subsequently Reclassified to Earnings:		
Foreign currency translation adjustment	**52**	(56)
Items That Will Not be Reclassified to Earnings:		
Actuarial gain on employee retirement benefit plans, net of income taxes	**42**	392
Other Comprehensive Income	**94**	336
Total Comprehensive Income	**2 146**	3 285
Per Common Share (dollars) (note 7)		
Net earnings – basic and diluted	**1.54**	2.06
Cash dividends	**0.52**	0.42

See accompanying notes to the condensed interim consolidated financial statements.

Consolidated Balance Sheets

(unaudited)

($ millions)	March 31 2023	December 31 2022
Assets		
Current assets		
Cash and cash equivalents	**1 128**	1 980
Accounts receivable	**6 435**	6 068
Inventories	**5 230**	5 058
Income taxes receivable	**293**	244
Assets held for sale (note 11)	**799**	1 186
Total current assets	**13 885**	14 536
Property, plant and equipment, net	**63 448**	62 654
Exploration and evaluation	**1 995**	1 995
Other assets	**1 779**	1 766
Goodwill and other intangible assets	**3 565**	3 586
Deferred income taxes	**84**	81
Total assets	**84 756**	84 618
Liabilities and Shareholders' Equity		
Current liabilities		
Short-term debt	**3 776**	2 807
Current portion of long-term lease liabilities	**357**	317
Accounts payable and accrued liabilities	**7 283**	8 167
Current portion of provisions	**588**	564
Income taxes payable	**193**	484
Liabilities associated with assets held for sale (note 11)	**340**	530
Total current liabilities	**12 537**	12 869
Long-term debt (note 6)	**9 791**	9 800
Long-term lease liabilities	**2 918**	2 695
Other long-term liabilities	**1 244**	1 642
Provisions	**9 886**	9 800
Deferred income taxes	**8 431**	8 445
Equity	**39 949**	39 367
Total liabilities and shareholders' equity	**84 756**	84 618

See accompanying notes to the condensed interim consolidated financial statements.

Consolidated Statements of Cash Flows

(unaudited)

($ millions)	Three months ended March 31 2023	2022
Operating Activities		
Net Earnings	**2 052**	2 949
Adjustments for:		
Depreciation, depletion, amortization and impairment	**1 516**	1 471
Deferred income tax recovery	**(76)**	(77)
Accretion (note 6)	**133**	78
Unrealized foreign exchange loss (gain) on U.S. dollar denominated debt (note 6)	**3**	(146)
Change in fair value of financial instruments and trading inventory	**30**	(74)
Gain on disposal of assets (note 10)	**(314)**	(2)
Share-based compensation	**(203)**	56
Settlement of decommissioning and restoration liabilities	**(133)**	(91)
Other	**(6)**	(70)
Increase in non-cash working capital	**(1 963)**	(1 022)
Cash flow provided by operating activities	**1 039**	3 072
Investing Activities		
Capital and exploration expenditures	**(1 086)**	(1 011)
Capital expenditures on assets held for sale	**(42)**	(19)
Acquisitions (note 10)	**(712)**	—
Proceeds from disposal of assets (note 10)	**737**	2
Other investments and acquisitions (note 10)	**(19)**	(14)
Increase in non-cash working capital	**(119)**	(31)
Cash flow used in investing activities	**(1 241)**	(1 073)
Financing Activities		
Net increase in short-term debt	**962**	71
Repayment of long-term debt (note 6)	**(5)**	(233)
Lease liability payments	**(82)**	(84)
Issuance of common shares under share option plans	**36**	79
Repurchase of common shares (note 8)	**(874)**	(827)
Distributions relating to non-controlling interest	**(4)**	(2)
Dividends paid on common shares	**(690)**	(601)
Cash flow used in financing activities	**(657)**	(1 597)
(Decrease) Increase in Cash and Cash Equivalents	**(859)**	402
Effect of foreign exchange on cash and cash equivalents	**7**	(8)
Cash and cash equivalents at beginning of period	**1 980**	2 205
Cash and Cash Equivalents at End of Period	**1 128**	2 599
Supplementary Cash Flow Information		
Interest paid	**159**	141
Income taxes paid	**1 231**	1 092

See accompanying notes to the condensed 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, 2021	23 650	612	814	11 538	36 614	1 441 251
Net earnings	—	—	—	2 949	2 949	—
Foreign currency translation adjustment	—	—	(56)	—	(56)	—
Actuarial gain on employee retirement benefit plans, net of income taxes of $123	—	—	—	392	392	—
Total comprehensive (loss) income	—	—	(56)	3 341	3 285	—
Issued under share option plans	91	(11)	—	—	80	2 612
Repurchase of common shares for cancellation (note 8)	(358)	—	—	(469)	(827)	(21 698)
Change in liability for share repurchase commitment	(89)	—	—	(196)	(285)	—
Share-based compensation	—	8	—	—	8	—
Dividends paid on common shares	—	—	—	(601)	(601)	—
At March 31, 2022	23 294	609	758	13 613	38 274	1 422 165
At December 31, 2022	22 257	571	974	15 565	39 367	1 337 471
Net earnings	**—**	**—**	**—**	**2 052**	**2 052**	**—**
Foreign currency translation adjustment	**—**	**—**	**52**	**—**	**52**	**—**
Actuarial gain on employee retirement benefit plans, net of income taxes of $12	**—**	**—**	**—**	**42**	**42**	**—**
Total comprehensive income	**—**	**—**	**52**	**2 094**	**2 146**	**—**
Issued under share option plans	**35**	**1**	**—**	**—**	**36**	**832**
Repurchase of common shares for cancellation (note 8)	**(334)**	**—**	**—**	**(540)**	**(874)**	**(19 936)**
Change in liability for share repurchase commitment (note 8)	**(20)**	**—**	**—**	**(21)**	**(41)**	**—**
Share-based compensation	**—**	**5**	**—**	**—**	**5**	**—**
Dividends paid on common shares	**—**	**—**	**—**	**(690)**	**(690)**	**—**
At March 31, 2023	**21 938**	**577**	**1 026**	**16 408**	**39 949**	**1 318 367**

See accompanying notes to the condensed 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 Calgary, Alberta. Suncor's operations include oil sands development, production and upgrading; offshore oil and gas; petroleum refining in Canada and the U.S.; and the company's Petro-Canada retail and wholesale distribution networks (including Canada's Electric Highway™, a coast-to-coast network of fast-charging electric vehicle stations). Suncor is developing petroleum resources while advancing the transition to a low-emissions future through investment in power, renewable fuels and hydrogen. Suncor also conducts energy trading activities focused principally on the marketing and trading of crude oil, natural gas, byproducts, refined products and power. Suncor has been recognized for its performance and transparent reporting on the Dow Jones Sustainability World Index, FTSE4Good and CDP. Suncor's common shares (symbol: SU) are listed on the Toronto Stock Exchange (TSX) and New York Stock Exchange (NYSE).

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 are based on International Financial Reporting Standards as issued by the International Accounting Standards Board, and have been prepared in accordance with International Accounting Standard 34 *Interim Financial Reporting*. 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 audited consolidated financial statements of the company for the year ended December 31, 2022.

(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 audited consolidated financial statements for the year ended December 31, 2022.

(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 audited consolidated financial statements for the year ended December 31, 2022.

(e) Income Taxes

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

3. 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	Oil Sands		Exploration and Production		Refining and Marketing		Corporate and Eliminations		Total	
($ millions)	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022
Revenues and Other Income										
Gross revenues[1]	**4 384**	5 622	**734**	1 015	**7 156**	7 823	**(2)**	9	**12 272**	14 469
Intersegment revenues[1]	**1 683**	1 848	**—**	—	**17**	32	**(1 700)**	(1 880)	**—**	—
Less: Royalties	**(272)**	(985)	**(86)**	(147)	**—**	—	**—**	—	**(358)**	(1 132)
Operating revenues, net of royalties	**5 795**	6 485	**648**	868	**7 173**	7 855	**(1 702)**	(1 871)	**11 914**	13 337
Other income (loss)	**115**	7	**32**	68	**156**	(110)	**39**	49	**342**	14
	5 910	6 492	**680**	936	**7 329**	7 745	**(1 663)**	(1 822)	**12 256**	13 351
Expenses										
Purchases of crude oil and products[1]	**408**	453	**—**	—	**5 354**	5 482	**(1 693)**	(1 583)	**4 069**	4 352
Operating, selling and general	**2 421**	2 212	**133**	108	**650**	559	**220**	209	**3 424**	3 088
Transportation and distribution	**270**	293	**21**	23	**109**	63	**(9)**	(9)	**391**	370
Depreciation, depletion, amortization and impairment	**1 138**	1 105	**127**	129	**220**	212	**31**	25	**1 516**	1 471
Exploration	**35**	31	**7**	8	**—**	—	**—**	—	**42**	39
Gain on disposal of assets	**—**	(2)	**(1)**	—	**(11)**	—	**(302)**	—	**(314)**	(2)
Financing expenses	**161**	91	**18**	23	**14**	12	**221**	59	**414**	185
	4 433	4 183	**305**	291	**6 336**	6 328	**(1 532)**	(1 299)	**9 542**	9 503
Earnings (Loss) before Income Taxes	**1 477**	2 309	**375**	645	**993**	1 417	**(131)**	(523)	**2 714**	3 848
Income Tax Expense (Recovery)										
Current	**—**	—	**—**	—	**—**	—	**—**	—	**738**	976
Deferred	**—**	—	**—**	—	**—**	—	**—**	—	**(76)**	(77)
	—	—	**—**	—	**—**	—	**—**	—	**662**	899
Net Earnings	**—**	—	**—**	—	**—**	—	**—**	—	**2 052**	2 949
Capital and Exploration Expenditures[2]	**810**	668	**138**	83	**125**	132	**13**	128	**1 086**	1 011

(1) Prior period amounts have been revised for certain gross revenues and purchases of crude oil and products. For the three months ended March 31, 2022, gross revenues and purchases of crude oil and products decreased by $150 million, with no effect on net earnings.

(2) Excludes capital expenditures related to assets held for sale of $42 million for the three months ended March 31, 2023 (March 31, 2022 – $19 million).

Disaggregation of Revenue from Contracts with Customers and Intersegment Revenue

The company's revenues are from the following major commodities and geographical regions:

Three months ended March 31 ($ millions)	2023 North America	2023 International	2023 Total	2022 North America	2022 International	2022 Total
Oil Sands						
Synthetic crude oil and diesel[1]	**4 832**	**—**	**4 832**	5 688	—	5 688
Bitumen	**1 235**	**—**	**1 235**	1 782	—	1 782
	6 067	**—**	**6 067**	7 470	—	7 470
Exploration and Production						
Crude oil and natural gas liquids	**458**	**271**	**729**	563	443	1 006
Natural gas	**—**	**5**	**5**	—	9	9
	458	**276**	**734**	563	452	1 015
Refining and Marketing						
Gasoline	**2 818**	**—**	**2 818**	3 033	—	3 033
Distillate	**3 786**	**—**	**3 786**	3 845	—	3 845
Other	**569**	**—**	**569**	977	—	977
	7 173	**—**	**7 173**	7 855	—	7 855
Corporate and Eliminations[1]						
	(1 702)	**—**	**(1 702)**	(1 871)	—	(1 871)
Total Revenue from Contracts with Customers	**11 996**	**276**	**12 272**	14 017	452	14 469

(1) Prior period amounts have been revised for certain gross revenues and purchases of crude oil and products. For the three months ended March 31, 2022, gross revenues and purchases of crude oil and products decreased by $150 million, with no effect on net earnings.

4. Other Income (Loss)

Other income consists of the following:

($ millions)	Three months ended March 31 2023	2022
Energy trading and risk management	**279**	(93)
Investment and interest income	**59**	32
Other[1]	**4**	75
	342	14

(1) The three months ended March 31, 2022, includes a US$50 million contingent consideration gain related to the sale of the company's 26.69% working interest in the Golden Eagle Area Development in the fourth quarter of 2021, within the Exploration & Production segment, and an unrealized gain on an equity investment, within the Corporate segment.

5. Share-Based Compensation

The following table summarizes the share-based compensation expense for all plans recorded within operating, selling and general expense:

($ millions)	Three months ended March 31 2023	2022
Equity-settled plans	**5**	8
Cash-settled plans	**96**	198
	101	206

6. Financing Expenses

($ millions)	Three months ended March 31 2023	2022
Interest on debt	**197**	195
Interest on lease liabilities	**46**	39
Capitalized interest	**(58)**	(37)
Interest expense	**185**	197
Interest on partnership liability	**12**	13
Interest on pension and other post-retirement benefits	**6**	10
Accretion	**133**	78
Foreign exchange loss (gain) on U.S. dollar denominated debt	**3**	(146)
Operational foreign exchange and other	**75**	33
	414	185

In the first quarter of 2022, the company completed an early redemption of its outstanding US$182 million 4.50% notes, originally scheduled to mature in the second quarter of 2022.

7. Earnings per Common Share

($ millions)	Three months ended March 31 2023	2022
Net earnings	**2 052**	2 949
(millions of common shares)		
Weighted average number of common shares	**1 329**	1 433
Dilutive securities:		
Effect of share options	**2**	2
Weighted average number of diluted common shares	**1 331**	1 435
(dollars per common share)		
Basic and diluted earnings per share	**1.54**	2.06

8. Normal Course Issuer Bid

During the first quarter of 2023, the TSX accepted a notice filed by Suncor to renew its normal course issuer bid (NCIB) to purchase the company's common shares through the facilities of the TSX, NYSE and/or alternative trading systems. The notice provided that, beginning February 17, 2023, and ending February 16, 2024, Suncor may purchase for cancellation up to 132,900,000 common shares, which is equal to approximately 10% of Suncor's public float (as defined in the TSX Company Manual) as at February 3, 2023. As at February 3, 2023, Suncor had 1,330,006,760 common shares issued and outstanding.

During the first quarter of 2023, the company repurchased 8.3 million common shares under the previous 2022 NCIB and 11.6 million under the 2023 renewed NCIB at an average price of $43.85 per share, for a total repurchase cost of $874 million.

During the first quarter of 2022, the TSX accepted a notice filed by Suncor to renew its NCIB to purchase the company's common shares through the facilities of the TSX, NYSE and/or alternative trading systems. The notice provided that, beginning February 8, 2022, and ending February 7, 2023, Suncor may purchase for cancellation up to 71,650,000 common shares, which was equal to approximately 5% of Suncor's issued and outstanding common shares.

During the first quarter of 2022, the company repurchased 7.1 million common shares under the previous 2021 NCIB and 14.6 million under the 2022 renewed NCIB at an average price of $38.12 per share, for a total repurchase cost of $827 million.

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

($ millions, except as noted)	Three months ended March 31 **2023**	2022
Share repurchase activities (thousands of common shares)		
Shares repurchased	**19 936**	21 698
Amounts charged to:		
Share capital	**334**	358
Retained earnings	**540**	469
Share repurchase cost	**874**	827

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

($ millions)	**March 31 2023**	December 31 2022
Amounts charged to:		
Share capital	**156**	136
Retained earnings	**235**	214
Liability for share purchase commitment	**391**	350

9. Financial Instruments

Derivative Financial Instruments

(a) Non-Designated Derivative Financial Instruments

The company uses derivative financial instruments, such as physical and financial contracts, to manage certain exposures to fluctuations in interest rates, commodity prices and foreign currency exchange rates, as part of its overall risk management program, as well as for trading purposes.

The changes in the fair value of non-designated derivatives are as follows:

($ millions)	Total
Fair value outstanding at December 31, 2022	(65)
Cash settlements – received during the year	(101)
Changes in fair value recognized in earnings during the year	62
Fair value outstanding at March 31, 2023	(104)

(b) Fair Value Hierarchy

To estimate the fair value of derivatives, the company uses quoted market prices when available, or third-party models and valuation methodologies that utilize observable market data. In addition to market information, the company incorporates transaction-specific details that market participants would utilize in a fair value measurement, including the impact of non-performance risk. However, these fair value estimates may not necessarily be indicative of the amounts that could be realized or settled in a current market transaction. The company characterizes inputs used in determining fair value using a hierarchy that prioritizes inputs depending on the degree to which they are observable. The three levels of the fair value hierarchy are as follows:

- Level 1 consists of instruments with a fair value determined by an unadjusted quoted price in an active market for identical assets or liabilities. An active market is characterized by readily and regularly available quoted prices where the prices are representative of actual and regularly occurring market transactions to assure liquidity.
- Level 2 consists of instruments with a fair value that is determined by quoted prices in an inactive market, prices with observable inputs or prices with insignificant non-observable inputs. The fair value of these positions is determined using observable inputs from exchanges, pricing services, third-party independent broker quotes and published transportation tolls. The observable inputs may be adjusted using certain methods, which include extrapolation over the quoted price term and quotes for comparable assets and liabilities.
- Level 3 consists of instruments with a fair value that is determined by prices with significant unobservable inputs. As at March 31, 2023, the company does not have any derivative instruments measured at fair value Level 3.

In forming estimates, the company utilizes the most observable inputs available for valuation purposes. If a fair value measurement reflects inputs of different levels within the hierarchy, the measurement is categorized based upon the lowest level of input that is significant to the fair value measurement.

The following table presents the company's derivative financial instruments measured at fair value for each hierarchy level as at March 31, 2023:

($ millions)	Level 1	Level 2	Level 3	Total Fair Value
Accounts receivable	45	45	—	90
Accounts payable	(138)	(56)	—	(194)
	(93)	(11)	—	(104)

During the first quarter of 2023, there were no transfers between Level 1 and Level 2 fair value measurements.

Non-Derivative Financial Instruments

At March 31, 2023, the carrying value of fixed-term debt accounted for under amortized cost was $9.8 billion (December 31, 2022 – $9.8 billion) and the fair value was $9.8 billion (December 31, 2022 – $9.4 billion). The estimated fair value of long-term debt is based on pricing sourced from market data.

10. Asset Transactions and Valuations

Oil Sands

Acquisition of Additional Ownership Interest in Fort Hills:

On February 2, 2023, Suncor completed the acquisition of an additional 14.65% working interest in Fort Hills from Teck Resources Limited (Teck) for $712 million, bringing the company's and its affiliate's total aggregate working interest in Fort Hills to 68.76%. Under the governing agreements, Fort Hills remains under joint control between Suncor and TotalEnergies EP Canada Ltd. (TotalEnergies Canada). Suncor maintains its proportionate share of Fort Hills in the consolidated financial statements.

The acquisition has been accounted for as a business combination using the acquisition method. The fair values of accounts receivables 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 (Level 3 fair value inputs – note 9). 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.

($ millions)	
Accounts receivable	35
Inventory	37
Property, plant and equipment	1 149
Other assets(1)	6
Total assets acquired	**1 227**
Accounts payable and accrued liabilities	(102)
Lease liabilities	(284)
Decommissioning provision	(83)
Deferred income taxes	(46)
Total liabilities assumed	**(515)**
Net assets acquired	**712**

(1) Other assets include $3 million of cash and cash equivalents.

The additional working interest in Fort Hills contributed $52 million to gross revenues and a $35 million net loss to consolidated net earnings from the acquisition date to March 31, 2023.

Had the acquisition occurred on January 1, 2023, the additional working interest would have contributed an additional $20 million to gross revenues and a $21 million net loss to consolidated net earnings, which would have resulted in gross revenues of $12.3 billion and consolidated net earnings of $2.0 billion for the three months ended March 31, 2023.

Corporate

Sale of Wind and Solar Assets:

During the first quarter of 2023, the company completed the sale of its wind and solar assets for gross proceeds of $730 million, before closing adjustments and other closing costs, resulting in an after-tax gain on sale of approximately $260 million ($302 million before tax).

11. Assets Held For Sale

In the first quarter of 2023, the company reached an agreement for the sale of its United Kingdom (U.K.) operations, including its interests in Buzzard and Rosebank located in the U.K. sector of the North Sea, for gross proceeds of approximately $1.2 billion, including a contingent consideration of approximately $338 million, before closing adjustments and other closing costs. The sale is pending regulatory approval and is expected to close in the second quarter of 2023.

In the third quarter of 2022, the company reclassified the assets and liabilities related to its U.K. operations as assets held for sale. The U.K. operations are reported within the Exploration and Production segment.

The table below details the assets and liabilities held for sale as at March 31, 2023:

($ millions)	**March 31 2023**
Assets	
Current assets	**138**
Property, plant and equipment, net	**372**
Exploration and evaluation	**289**
Total Assets	**799**
Liabilities	
Current liabilities	**(115)**
Provisions	**(225)**
Total Liabilities	**(340)**
Net Assets	**459**

12. Subsequent Event

Subsequent to the first quarter of 2023, Suncor entered into an agreement to purchase TotalEnergies' Canadian operations through the acquisition of TotalEnergies Canada, which holds a 31.23% working interest in Fort Hills, and a 50% working interest in the Surmont in situ asset (Surmont), as well as certain other associated assets. The acquisition is for cash consideration of $5.5 billion, before closing adjustments and other closing costs, with the potential for additional payments of up to an aggregate maximum of $600 million, expiring after five years and conditional upon Western Canadian Select (WCS) benchmark pricing and certain production targets. Subject to closing, the transaction will have an effective date of April 1, 2023. The Surmont in situ project is operated by ConocoPhillips Canada, which holds the remaining 50% working interest. Under the terms of the Surmont joint venture arrangements ConocoPhillips Canada has certain pre-emptive rights including a right of first refusal on the 50% Surmont working interest. Closing of the transaction is anticipated to occur in the third quarter of 2023 and is subject to waiver of the right of first refusal on the Surmont working interest and other customary closing conditions, including regulatory approvals.

This transaction, together with the acquisition of the additional 14.65% interest in Fort Hills in the first quarter of 2023, would make Suncor the sole owner and operator of Fort Hills.

Supplemental Financial and Operating Information
Quarterly Financial Summary

(unaudited)

($ millions, except per share amounts)	Mar 31 2023	For the Quarter Ended Dec 31 2022	Sep 30 2022	Jun 30 2022	Mar 31 2022	For the Year Ended Dec 31 2022
Gross revenues(A)	**12 272**	14 754	15 869	17 815	14 469	62 907
Less: Royalties	**(358)**	(834)	(925)	(1 680)	(1 132)	(4 571)
Operating revenues, net of royalties(A)	**11 914**	13 920	14 944	16 135	13 337	58 336
Earnings (loss) before income taxes						
Oil Sands	**1 477**	1 625	(1 193)	2 892	2 309	5 633
Exploration and Production	**375**	578	637	1 361	645	3 221
Refining and Marketing	**993**	1 517	753	2 007	1 417	5 694
Corporate and Eliminations	**(131)**	(182)	(676)	(851)	(523)	(2 232)
Income tax expense	**(662)**	(797)	(130)	(1 413)	(899)	(3 239)
Net earnings (loss)	**2 052**	2 741	(609)	3 996	2 949	9 077
Adjusted operating earnings (loss)(B)						
Oil Sands	**1 490**	1 719	2 195	2 872	2 256	9 042
Exploration and Production	**375**	578	555	716	645	2 494
Refining and Marketing	**998**	1 529	755	2 008	1 395	5 687
Corporate and Eliminations	**(430)**	(382)	47	(499)	(669)	(1 503)
Income tax expense included in adjusted operating earnings	**(624)**	(1 012)	(987)	(1 283)	(872)	(4 154)
Total	**1 809**	2 432	2 565	3 814	2 755	11 566
Adjusted funds from (used in) operations(B)						
Oil Sands	**2 588**	2 929	3 257	4 231	3 414	13 831
Exploration and Production	**491**	719	894	841	724	3 178
Refining and Marketing	**1 194**	1 663	1 174	2 127	1 597	6 561
Corporate and Eliminations	**(533)**	(273)	100	(402)	(665)	(1 240)
Current income tax expense	**(738)**	(849)	(952)	(1 452)	(976)	(4 229)
Total	**3 002**	4 189	4 473	5 345	4 094	18 101
Change in non-cash working capital	**(1 963)**	(265)	(24)	(1 110)	(1 022)	(2 421)
Cash flow provided by operating activities	**1 039**	3 924	4 449	4 235	3 072	15 680
Per common share						
Net earnings (loss) – basic	**1.54**	2.03	(0.45)	2.84	2.06	6.54
Net earnings (loss) – diluted	**1.54**	2.03	(0.45)	2.83	2.06	6.53
Adjusted operating earnings(B)(C)	**1.36**	1.81	1.88	2.71	1.92	8.34
Cash dividends(C)	**0.52**	0.52	0.47	0.47	0.42	1.88
Adjusted funds from operations(B)(C)	**2.26**	3.11	3.28	3.80	2.86	13.05
Cash flow provided by operating activities(C)	**0.78**	2.91	3.26	3.01	2.14	11.30
Capital and exploration expenditures (including capitalized interest)						
Oil Sands	**810**	919	1 048	905	668	3 540
Exploration and Production(D)	**138**	113	132	115	83	443
Refining and Marketing	**125**	258	165	261	132	816
Corporate and Eliminations(E)	**13**	12	34	14	128	188
Total capital and exploration expenditures	**1 086**	1 302	1 379	1 295	1 011	4 987

See accompanying footnotes and definitions to the quarterly operating summaries.

Supplemental Financial and Operating Information (continued)
Quarterly Financial Summary
(unaudited)

	For the twelve months ended				
	Mar 31 2023	Dec 31 2022	Sep 30 2022	Jun 30 2022	Mar 31 2022
Return on capital employed[B] (%)	**17.8**	19.4	17.5	19.4	12.7
Return on capital employed – excluding impairments and impairment reversals[B] (%)	**21.6**	22.9	21.0	18.2	12.4

(A) The company revised the presentation of certain gross revenues and purchases of crude oil and products to align with the current period presentation. For the three months ended March 31, 2022, gross revenues and purchases of crude oil and products were decreased by $150 million, with no effect on net earnings.

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

(C) Represents on a basic per share basis.

(D) Excludes capital expenditures related to assets held for sale of $42 million in the first quarter of 2023, compared to $57 million for the twelve months ended December 31, 2022.

(E) Excludes capital expenditures related to assets held for sale of $76 million for the twelve months ended December 31, 2022.

See accompanying footnotes and definitions to the quarterly operating summaries.

Quarterly Operating Summary

(unaudited)

Oil Sands	Mar 31 2023	For the Quarter Ended Dec 31 2022	Sep 30 2022	Jun 30 2022	Mar 31 2022	For the Year Ended Dec 31 2022
Production volumes (mbbls/d)						
Total Oil Sands bitumen production	**811.3**	810.1	764.1	760.7	827.7	790.5
Oil Sands – upgraded – net SCO and diesel						
Oil Sands operations	**315.2**	316.5	268.8	294.0	333.8	303.1
Syncrude	**182.6**	201.0	136.3	189.0	181.5	176.9
Total Oil Sands – upgraded – net SCO and diesel production	**497.8**	517.5	405.1	483.0	515.3	480.0
Oil Sands – non-upgraded bitumen						
Oil Sands operations	**108.1**	102.0	145.1	71.1	82.9	100.4
Fort Hills	**69.2**	68.6	95.8	87.4	87.5	84.8
Total Oil Sands – non-upgraded bitumen production	**177.3**	170.6	240.9	158.5	170.4	185.2
Total Oil Sands production volumes	**675.1**	688.1	646.0	641.5	685.7	665.2
Oil Sands sales volumes (mbbls/d)						
Upgraded – net SCO and diesel	**504.0**	505.3	418.9	489.4	517.7	482.6
Non-upgraded bitumen	**174.1**	174.5	231.2	162.7	153.7	180.7
Total Oil Sands sales volumes	**678.1**	679.8	650.1	652.1	671.4	663.3
Oil Sands operations cash operating costs(1)(A) ($ millions)						
Cash costs	**1 024**	920	995	966	922	3 803
Natural gas	**155**	205	162	182	189	738
	1 179	1 125	1 157	1 148	1 111	4 541
Oil Sands operations cash operating costs(1)(A) ($/bbl)*						
Cash costs	**25.70**	23.05	25.50	28.20	23.80	25.10
Natural gas	**3.90**	5.30	4.15	5.30	4.90	4.85
	29.60	28.35	29.65	33.50	28.70	29.95
Fort Hills cash operating costs(1)(A) ($ millions)						
Cash costs	**260**	213	208	211	203	835
Natural gas	**18**	24	18	30	25	97
	278	237	226	241	228	932
Fort Hills cash operating costs(1)(A)(B) ($/bbl)*						
Cash costs	**38.80**	33.35	23.60	26.40	25.90	26.90
Natural gas	**2.60**	3.75	2.05	3.80	3.10	3.10
	41.40	37.10	25.65	30.20	29.00	30.00
Syncrude cash operating costs(1)(A) ($ millions)						
Cash costs	**655**	623	545	607	550	2 325
Natural gas	**34**	40	29	44	34	147
	689	663	574	651	584	2 472
Syncrude cash operating costs(1)(A) ($/bbl)*						
Cash costs	**38.25**	32.50	40.25	33.95	32.65	34.45
Natural gas	**2.00**	2.10	2.15	2.45	2.05	2.20
	40.25	34.60	42.40	36.40	34.70	36.65

(A) Non-GAAP financial measures or contains non-GAAP financial measures. See the Quarterly Operating Metrics Reconciliation and the Operating Summary Information Non-GAAP Financial Measures sections of this Quarterly Report.

(B) In the first quarter of 2023, Suncor completed the acquisition of an additional 14.65% working interest in Fort Hills.

See accompanying footnotes and definitions to the quarterly operating summaries.

Quarterly Operating Summary (continued)

(unaudited)

Oil Sands Segment Operating Netbacks[A][B]	Mar 31 2023	For the Quarter Ended Dec 31 2022	Sep 30 2022	Jun 30 2022	Mar 31 2022	For the Year Ended Dec 31 2022
Non-upgraded bitumen ($/bbl)						
Average price realized	**58.49**	61.43	86.34	119.97	102.78	91.27
Royalties	**(3.88)**	(10.37)	(11.41)	(19.71)	(15.17)	(13.81)
Transportation and distribution costs	**(6.99)**	(6.91)	(6.74)	(6.56)	(6.29)	(6.64)
Net operating expenses	**(22.92)**	(22.55)	(16.37)	(22.38)	(21.37)	(20.27)
Operating netback	**24.70**	21.60	51.82	71.32	59.95	50.55
Upgraded – net SCO and diesel ($/bbl)						
Average price realized	**102.40**	109.28	124.30	141.39	118.80	123.25
Royalties	**(4.66)**	(10.66)	(15.20)	(26.57)	(16.60)	(17.27)
Transportation and distribution costs	**(3.53)**	(3.90)	(5.03)	(4.22)	(4.43)	(4.37)
Net operating expenses	**(38.72)**	(37.71)	(42.94)	(35.81)	(34.63)	(37.56)
Operating netback	**55.49**	57.01	61.13	74.79	63.14	64.05
Average Oil Sands segment ($/bbl)						
Average price realized	**91.13**	97.00	110.80	136.08	115.13	114.56
Royalties	**(4.46)**	(10.59)	(13.85)	(24.87)	(16.28)	(16.33)
Transportation and distribution costs	**(4.42)**	(4.67)	(5.64)	(4.80)	(4.86)	(4.99)
Net operating expenses	**(34.67)**	(33.82)	(33.49)	(32.48)	(31.59)	(32.85)
Operating netback	**47.58**	47.92	57.82	73.93	62.40	60.39

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

(B) Netbacks are based on sales volumes. Impact of inventory writedown is excluded until product is sold.

See accompanying footnotes and definitions to the quarterly operating summaries.

Quarterly Operating Summary (continued)

(unaudited)

Exploration and Production	Mar 31 2023	For the Quarter Ended Dec 31 2022	Sep 30 2022	Jun 30 2022	Mar 31 2022	For the Year Ended Dec 31 2022
Production volumes						
E&P Canada (mbbs/d)	**46.7**	49.1	47.5	52.9	51.2	50.2
E&P International (mboe/d)	**20.3**	25.9	30.6	25.8	29.2	27.8
Total production volumes (mboe/d)	**67.0**	75.0	78.1	78.7	80.4	78.0
Total sales volumes (mboe/d)	**68.7**	75.1	81.1	86.7	79.5	80.6
Operating netbacks(A)(B)						
E&P Canada ($/bbl)						
Average price realized	**104.39**	116.75	132.64	143.57	126.15	131.35
Royalties	**(11.60)**	(15.70)	(17.52)	(19.58)	(19.47)	(18.25)
Transportation and distribution costs	**(3.28)**	(3.82)	(2.27)	(3.33)	(4.02)	(3.28)
Operating costs	**(16.48)**	(20.17)	(13.85)	(13.36)	(13.15)	(14.69)
Operating netback	**73.03**	77.06	99.00	107.30	89.51	95.13
E&P International (excluding Libya) ($/boe)						
Average price realized	**116.95**	130.65	140.96	130.38	116.25	129.18
Transportation and distribution costs	**(3.13)**	(1.79)	(3.67)	(2.54)	(2.65)	(2.57)
Operating costs	**(12.00)**	(9.16)	(9.95)	(10.96)	(8.79)	(9.66)
Operating netback	**101.82**	119.70	127.34	116.88	104.81	116.95

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

(B) Netbacks are based on sales volumes.

See accompanying footnotes and definitions to the quarterly operating summaries.

(unaudited)

Refining and Marketing	Mar 31 2023	For the Quarter Ended Dec 31 2022	Sep 30 2022	Jun 30 2022	Mar 31 2022	For the Year Ended Dec 31 2022
Refined product sales (mbbls/d)	**514.8**	548.2	577.3	536.9	551.9	553.6
Crude oil processed (mbbls/d)	**367.7**	440.0	466.6	389.3	436.5	433.2
Rack forward sales volume (ML)	**4 648**	5 415	5 688	5 165	5 180	21 448
Utilization of refining capacity (%)	**79**	94	100	84	94	93
Refining and marketing gross margin – first-in, first-out (FIFO) ($/bbl)(A)	**55.45**	59.30	37.45	76.85	53.20	55.85
Refining and marketing gross margin – last-in, first-out (LIFO) ($/bbl)(A)	**59.15**	69.40	50.45	62.85	35.95	54.45
Rack forward gross margin (cpl)(A)	**7.20**	6.15	6.35	5.45	7.35	6.30
Refining operating expense ($/bbl)(A)(B)	**8.15**	7.90	6.80	7.15	6.25	7.00
Rack forward operating expense (cpl)(A)	**3.35**	3.35	2.70	3.00	2.95	3.00
Eastern North America						
Refined product sales (mbbls/d)						
Transportation fuels						
Gasoline	**111.9**	108.1	111.7	101.2	106.9	107.0
Distillate	**102.0**	106.9	100.5	80.3	99.8	96.9
Total transportation fuel sales	**213.9**	215.0	212.2	181.5	206.7	203.9
Petrochemicals	**11.5**	10.4	9.7	10.2	10.6	10.2
Asphalt	**14.7**	19.4	24.2	16.2	14.8	18.7
Other	**28.7**	16.4	18.0	41.7	30.1	26.5
Total refined product sales	**268.8**	261.2	264.1	249.6	262.2	259.3
Crude oil supply and refining						
Processed at refineries (mbbls/d)	**203.9**	211.8	211.9	191.4	209.6	206.2
Utilization of refining capacity (%)	**92**	95	95	86	94	93
Western North America						
Refined product sales (mbbls/d)						
Transportation fuels						
Gasoline	**96.4**	123.3	122.9	116.8	119.3	120.6
Distillate	**130.7**	135.5	151.3	149.6	154.5	147.7
Total transportation fuel sales	**227.1**	258.8	274.2	266.4	273.8	268.3
Asphalt	**2.4**	10.5	17.8	12.3	7.0	11.9
Other	**16.5**	17.7	21.2	8.6	8.9	14.1
Total refined product sales	**246.0**	287.0	313.2	287.3	289.7	294.3
Crude oil supply and refining						
Processed at refineries (mbbls/d)	**163.8**	228.2	254.7	197.9	226.9	227.0
Utilization of refining capacity (%)	**67**	94	104	81	93	93

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

(B) In the first quarter of 2023, refining operating expense per barrel excludes costs associated with repair activities at the company's Commerce City refinery, as the repair costs are classified as non-refining costs that do not relate to the production of refined products.

See accompanying footnotes and definitions to the quarterly operating summaries.

Quarterly Operating Metrics Reconciliation

(unaudited)

Oil Sands Operating Netbacks[A][B]

($ millions, except per barrel amounts)

For the quarter ended	March 31, 2023			December 31, 2022		
	Non-Upgraded Bitumen	**Upgraded – Net SCO and Diesel**	**Oil Sands Segment**	Non-Upgraded Bitumen	Upgraded – Net SCO and Diesel	Oil Sands Segment
Operating revenues, net of royalties	**1 174**	**4 621**	**5 795**	1 181	4 821	6 002
Add: Royalties	**61**	**211**	**272**	166	496	662
Operating revenues	**1 235**	**4 832**	**6 067**	1 347	5 317	6 664
Other (loss) income	**124**	**(9)**	**115**	(113)	(33)	(146)
Purchases of crude oil and products	**(337)**	**(71)**	**(408)**	(182)	(76)	(258)
Gross realization adjustment(2)	**(105)**	**(108)**		(68)	(127)	
Gross realization	**917**	**4 644**		984	5 081	
Royalties	**(61)**	**(211)**	**(272)**	(166)	(496)	(662)
Transportation and distribution	**(109)**	**(161)**	**(270)**	(111)	(181)	(292)
Operating, selling and general (OS&G)(C)	**(474)**	**(1 947)**	**(2 421)**	(511)	(1 982)	(2 493)
OS&G adjustment(3)	**115**	**190**		149	230	
Net operating expenses	**(359)**	**(1 757)**		(362)	(1 752)	
Operating netback	**388**	**2 515**		345	2 652	
Sales volumes (mbbls)	**15 668**	**45 361**		16 050	46 487	
Operating netback per barrel	**24.70**	**55.49**		21.60	57.01	

For the quarter ended	September 30, 2022			June 30, 2022		
	Non-Upgraded Bitumen	Upgraded – Net SCO and Diesel	Oil Sands Segment	Non-Upgraded Bitumen	Upgraded – Net SCO and Diesel	Oil Sands Segment
Operating revenues, net of royalties	2 299	4 407	6 706	1 929	5 346	7 275
Add: Royalties	243	586	829	292	1 195	1 487
Operating revenues	2 542	4 993	7 535	2 221	6 541	8 762
Other (loss) income	74	(4)	70	(4)	20	16
Purchases of crude oil and products	(634)	(144)	(778)	(467)	(94)	(561)
Gross realization adjustment(2)	(145)	(52)		27	(105)	
Gross realizations	1 837	4 793		1 777	6 362	
Royalties	(243)	(586)	(829)	(292)	(1 195)	(1 487)
Transportation and distribution	(143)	(195)	(338)	(97)	(190)	(287)
OS&G	(536)	(1 742)	(2 278)	(311)	(1 858)	(2 169)
OS&G adjustment(3)	188	87		(20)	246	
Net operating expenses	(348)	(1 655)		(331)	(1 612)	
Operating netback	1 103	2 357		1 057	3 365	
Sales volumes (mbbls)	21 272	38 561		14 808	44 992	
Operating netback per barrel	51.82	61.13		71.32	74.79	

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

(B) Impact of inventory writedown is excluded until product is sold.

(C) In the first quarter of 2023, Suncor completed the acquisition of an additional 14.65% working interest in Fort Hills.

See accompanying footnotes and definitions to the quarterly operating summaries.

Quarterly Operating Metrics Reconciliation (continued)

(unaudited)

Oil Sands Operating Netbacks[A][B]

($ millions, except per barrel amounts)

For the quarter ended	March 31, 2022 Non-Upgraded Bitumen	March 31, 2022 Upgraded – Net SCO and Diesel	March 31, 2022 Oil Sands Segment
Operating revenues, net of royalties	1 571	4 914	6 485
Add: Royalties	211	774	985
Operating revenues	1 782	5 688	7 470
Other (loss) income	(37)	44	7
Purchases of crude oil and products	(390)	(63)	(453)
Gross realization adjustment[2]	67	(136)	
Gross realizations	1 422	5 533	
Royalties	(211)	(774)	(985)
Transportation and distribution	(87)	(206)	(293)
OS&G	(364)	(1 848)	(2 212)
OS&G adjustment[3]	69	235	
Net operating expenses	(295)	(1 613)	
Operating netback	829	2 940	
Sales volumes (mbbls)	13 830	46 592	
Operating netback per barrel	59.95	63.14	

For the year ended	December 31, 2022 Non-Upgraded Bitumen	December 31, 2022 Upgraded – Net SCO and Diesel	December 31, 2022 Oil Sands Segment
Operating revenues, net of royalties	6 980	19 488	26 468
Add: Royalties	912	3 051	3 963
Operating revenues	7 892	22 539	30 431
Other (loss) income	(80)	27	(53)
Purchases of crude oil and products	(1 673)	(377)	(2 050)
Gross realization adjustment[2]	(119)	(420)	
Gross realizations	6 020	21 769	
Royalties	(912)	(3 051)	(3 963)
Transportation and distribution	(438)	(772)	(1 210)
OS&G	(1 722)	(7 430)	(9 152)
OS&G adjustment[3]	386	798	
Net operating expenses	(1 336)	(6 632)	
Operating netback	3 334	11 314	
Sales volumes (mbbls)	65 960	176 632	
Operating netback per barrel	50.55	64.05	

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

(B) Impact of inventory writedown is excluded until product is sold.

(C) In the first quarter of 2023, Suncor completed the acquisition of an additional 14.65% working interest in Fort Hills.

See accompanying footnotes and definitions to the quarterly operating summaries.

Quarterly Operating Metrics Reconciliation (continued)

(unaudited)

Exploration and Production Operating Netbacks[A]

($ millions, except per barrel amounts)

For the quarter ended	March 31, 2023 E&P International	March 31, 2023 E&P Canada	March 31, 2023 Other[4][5]	March 31, 2023 E&P Segment	December 31, 2022 E&P International	December 31, 2022 E&P Canada	December 31, 2022 Other[4][5]	December 31, 2022 E&P Segment
Operating revenues, net of royalties	**184**	**407**	**57**	**648**	378	345	190	913
Add: Royalties	**—**	**51**	**35**	**86**	—	54	118	172
Operating revenues	**184**	**458**	**92**	**734**	378	399	308	1 085
Royalties	**—**	**(51)**	**(35)**	**(86)**	—	(54)	(118)	(172)
Transportation and distribution	**(5)**	**(14)**	**(2)**	**(21)**	(5)	(13)	(16)	(34)
OS&G	**(26)**	**(81)**	**(26)**	**(133)**	(31)	(83)	(19)	(133)
Non-production costs[6]	**7**	**9**			4	14		
Operating netback	**160**	**321**			346	263		
Sales volumes (mboe)	**1 574**	**4 389**			2 893	3 414		
Operating netback per barrel	**101.82**	**73.03**			119.70	77.06		

For the quarter ended	September 30, 2022 E&P International	September 30, 2022 E&P Canada	September 30, 2022 Other[4][5]	September 30, 2022 E&P Segment	June 30, 2022 E&P International	June 30, 2022 E&P Canada	June 30, 2022 Other[4][5]	June 30, 2022 E&P Segment
Operating revenues, net of royalties	280	630	6	916	292	670	64	1 026
Add: Royalties	—	96	—	96	—	105	88	193
Operating revenues	280	726	6	1 012	292	775	152	1 219
Royalties	—	(96)	—	(96)	—	(105)	(88)	(193)
Transportation and distribution	(7)	(12)	—	(19)	(6)	(19)	—	(25)
OS&G	(26)	(85)	(7)	(118)	(32)	(87)	(12)	(131)
Non-production costs[6]	5	9			7	14		
Operating netback	252	542			261	578		
Sales volumes (mboe)	1 984	5 475			2 240	5 404		
Operating netback per barrel	127.34	99.00			116.88	107.30		

For the quarter ended	March 31, 2022 E&P International	March 31, 2022 E&P Canada	March 31, 2022 Other[4][5]	March 31, 2022 E&P Segment
Operating revenues, net of royalties	272	476	120	868
Add: Royalties	—	87	60	147
Operating revenues	272	563	180	1 015
Royalties	—	(87)	(60)	(147)
Transportation and distribution	(6)	(17)	—	(23)
OS&G	(31)	(72)	(5)	(108)
Non-production costs[6]	9	14		
Operating netback	244	401		
Sales volumes (mboe)	2 336	4 460		
Operating netback per barrel	104.81	89.51		

(A) 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)

Exploration and Production Operating Netbacks[A]

($ millions, except per barrel amounts)

For the year ended	December 31, 2022			
	E&P International	E&P Canada	Other[4][5]	E&P Segment
Operating revenues, net of royalties	1 222	2 122	379	3 723
Add: Royalties	—	342	266	608
Operating revenues	1 222	2 464	645	4 331
Royalties	—	(342)	(266)	(608)
Transportation and distribution	(24)	(61)	(16)	(101)
OS&G	(120)	(327)	(43)	(490)
Non-production costs[6]	25	51		
Operating netback	1 103	1 785		
Sales volumes (mboe)	9 453	18 753		
Operating netback per barrel	116.95	95.13		

(A) 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

($ millions, except as noted)

Refining and marketing gross margin reconciliation	Mar 31 2023	For the Quarter Ended Dec 31 2022	Sep 30 2022	Jun 30 2022	Mar 31 2022	For the Year Ended Dec 31 2022
Operating revenues	**7 173**	9 019	9 615	10 239	7 855	36 728
Purchases of crude oil and products	**(5 354)**	(6 515)	(7 879)	(7 385)	(5 482)	(27 261)
	1 819	2 504	1 736	2 854	2 373	9 467
Other (loss) income	**156**	61	(46)	35	(110)	(60)
Non-refining and marketing margin(7)	**(2)**	3	(4)	(6)	(13)	(20)
Refining and marketing gross margin – FIFO(A)	**1 973**	2 568	1 686	2 883	2 250	9 387
Refinery production (mbbls)(8)	**35 583**	43 321	45 000	37 517	42 311	168 149
Refining and marketing gross margin – FIFO ($/bbl)(A)	**55.45**	59.30	37.45	76.85	53.20	55.85
FIFO loss (gain) and risk management activities adjustment(B)	**131**	439	585	(525)	(729)	(230)
Refining and marketing gross margin – LIFO(A)(B)	**2 104**	3 007	2 271	2 358	1 521	9 157
Refining and marketing gross margin – LIFO ($/bbl)(A)(B)(C)	**59.15**	69.40	50.45	62.85	35.95	54.45
Rack forward gross margin						
Refining and marketing gross margin – FIFO(A)	**1 973**	2 568	1 686	2 883	2 250	9 387
Refining and supply gross margin	**(1 639)**	(2 236)	(1 326)	(2 602)	(1 869)	(8 033)
Rack forward gross margin(A)(9)	**334**	332	360	281	381	1 354
Sales volume (ML)	**4 648**	5 415	5 688	5 165	5 180	21 448
Rack forward gross margin (cpl)(A)	**7.20**	6.15	6.35	5.45	7.35	6.30
Refining and rack forward operating expense reconciliation						
Operating, selling and general	**650**	680	596	592	559	2 427
Less: Rack forward operating expense(A)(10)	**156**	181	154	156	153	644
Less: Other operating expenses(D)(11)	**204**	157	137	167	141	602
Refining operating expense(A)(D)	**290**	342	305	269	265	1 181
Refinery production (mbbls)(8)	**35 583**	43 321	45 000	37 517	42 311	168 149
Refining operating expense ($/bbl)(A)(D)	**8.15**	7.90	6.80	7.15	6.25	7.00
Sales volume (ML)	**4 648**	5 415	5 688	5 165	5 180	21 448
Rack forward operating expense (cpl)(A)	**3.35**	3.35	2.70	3.00	2.95	3.00

(A) Non-GAAP financial measures or contains non-GAAP financial measures. See the Operating Summary Information Non-GAAP Financial Measures section of this Quarterly Report.

(B) Refining and marketing margin – LIFO excludes the impact of risk management activities.

(C) The Suncor 5-2-2-1 index is most comparable to the company's realized refining and marketing margin presented on a LIFO basis.

(D) In the first quarter of 2023, refining operating expense per barrel excludes costs associated with repair activities at the company's Commerce City refinery, as the repair costs are classified as non-refining costs that do not relate to the production of refined products.

See accompanying footnotes and definitions to the quarterly operating summaries.

Quarterly Operating Metrics Reconciliation (continued)

(unaudited)

Refining and Marketing
Suncor custom 5-2-2-1 index[A][12]

(US$/bbl, except as noted) (average for the quarter and year ended)		Mar 31 2023	For the Quarter Ended Dec 31 2022	Sep 30 2022	Jun 30 2022	Mar 31 2022	For the Year Ended Dec 31 2022
WTI crude oil at Cushing		**76.10**	82.65	91.65	108.40	94.40	94.25
SYN crude oil at Edmonton		**78.20**	86.80	100.45	114.45	93.10	98.70
WCS at Hardisty		**51.35**	57.00	71.75	95.60	79.80	75.95
New York Harbor 2-1-1 crack[B]		**36.70**	52.75	46.70	60.05	28.25	47.00
Chicago 2-1-1 crack[B]		**31.55**	39.20	43.30	49.40	20.20	38.10
Product value							
New York Harbor 2-1-1 crack[C]	40%	**45.10**	54.15	55.35	67.40	49.05	56.50
Chicago 2-1-1 crack[D]	40%	**43.05**	48.75	54.00	63.10	45.85	52.95
WTI	20%	**15.20**	16.55	18.35	21.70	18.90	18.85
Seasonality factor		**6.50**	6.50	5.00	5.00	6.50	5.75
		109.85	125.95	132.70	157.20	120.30	134.05
Crude value							
SYN	40%	**31.30**	34.70	40.20	45.80	37.25	39.50
WCS	40%	**20.55**	22.80	28.70	38.25	31.90	30.40
WTI	20%	**15.20**	16.55	18.35	21.70	18.90	18.85
		67.05	74.05	87.25	105.75	88.05	88.75
Suncor custom 5-2-2-1 index		**42.80**	51.90	45.45	51.45	32.25	45.30
Suncor custom 5-2-2-1 index (Cdn$/bbl)[A]		**57.85**	70.45	59.35	65.70	40.85	58.95

(A) The Suncor 5-2-2-1 index is most comparable to the company's realized refining and marketing margin presented on a LIFO basis.

(B) 2-1-1 crack spreads are indicators of the refining margin generated by converting two barrels of WTI into one barrel of gasoline and one barrel of diesel.

(C) Product value of the New York Harbor 2-1-1 crack is calculated by adding the values of the New York Harbor 2-1-1 crack and WTI, multiplying it by 40% and rounding to the nearest nickel.

(D) Product value of the Chicago 2-1-1 crack is calculated by adding the values of the Chicago 2-1-1 crack and WTI, multiplying it by 40% and rounding to the nearest nickel.

See accompanying footnotes and definitions to the quarterly operating summaries.

Operating Summary Information

Non-GAAP Financial Measures

Certain financial measures in this document – namely adjusted operating earnings (loss), adjusted funds from (used in) operations, Oil Sands operations cash operating costs, Fort Hills cash operating costs, Syncrude cash operating costs, refining and marketing gross margin, rack forward gross margin, refining operating expense, rack forward operating expense and operating netbacks – are not prescribed by generally accepted accounting principles (GAAP). Suncor uses this information to analyze business performance, leverage and liquidity and includes these financial measures because investors may find such measures useful 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. The additional information should not be considered in isolation or as a substitute for measures of performance prepared in accordance with GAAP.

Adjusted operating earnings (loss), Oil Sands operations cash operating costs, Fort Hills cash operating costs and Syncrude cash operating costs are defined in the Non-GAAP Financial Measures Advisory section and reconciled to GAAP measures in the Consolidated Financial Information and Segment Results and Analysis sections of each respective quarterly Report to Shareholders in respect of the relevant quarter (Quarterly Reports). Adjusted funds from (used in) operations is defined and reconciled to GAAP measures in the Non-GAAP Financial Measures Advisory section of each respective Quarterly Report. Refining and marketing gross margin, rack forward gross margin, refining operating expense and rack forward operating expense are defined in the Non-GAAP Financial Measures Advisory section and reconciled to GAAP measures in the Operating Metrics Reconciliation section of each respective Quarterly Report. Operating netbacks are defined below and are reconciled to GAAP measures in the Quarterly Operating Metrics Reconciliation section of each respective Quarterly Report. The remainder of the non-GAAP financial measures not otherwise mentioned in this paragraph are defined and reconciled in this Quarterly Report.

Oil Sands Operating 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) Operating Netbacks

E&P operating 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 revenues and costs associated with production and delivery. Management uses E&P operating netbacks to measure asset profitability by location on a sales barrel basis.

Definitions

(1) Cash operating costs are calculated by adjusting Oil Sands segment OS&G expense for non-production costs and excess power capacity. Significant non-production costs include, but are not limited to, share-based compensation adjustments, research costs, project startup costs and adjustments to reflect the cost of internal transfers in the receiving asset at the cost of production versus the cost of purchase, such as transfers on the interconnecting pipelines. Non-production costs at Fort Hills and Syncrude also include, but are not limited to, excess power revenue from cogeneration units that is recorded in operating revenue, and an adjustment to reflect internally produced diesel from Oil Sands operations at the cost of production. Oil Sands operations excess power capacity and other includes, but is not limited to, the operational revenue impacts of excess power from cogeneration units and the natural gas expense recorded as part of a non-monetary arrangement involving a third-party processor. Oil Sands operations and Syncrude production volumes are gross of internally consumed diesel and feedstock transfers between assets through the interconnecting pipelines. Oil Sands operations, Fort Hills and Syncrude cash operating costs are reconciled in the Segment Results and Analysis – Oil Sands section of this quarterly report. Management uses cash operating costs to measure operating performance.

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

(3) 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.

(4) Reflects other E&P assets, such as Libya, for which netbacks are not provided.

(5) Production from the company's Libya operations has been presented in this document on an economic basis. Revenue and royalties from the company's Libya operations are presented under the working-interest basis, which is required for presentation purposes in the company's financial statements. Under the working-interest basis, revenue includes a gross-up amount with offsetting amounts presented in royalties in the E&P segment and income tax expense reported at the total consolidated level.

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

(7) Reflects adjustments for intersegment marketing fees.

(8) 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.

(9) Rack forward operating revenues, other income less purchases of crude oil and products.

(10) Rack forward operating expense reflects operating, selling and general expenses associated with retail and wholesale operations.

(11) Reflects operating, selling and general expenses associated with the company's ethanol businesses and certain other operating, general and administrative costs not directly attributable to refinery production.

(12) The custom 5-2-2-1 index is designed to represent Suncor's Refining and Marketing business based on publicly available pricing data and approximates the gross margin on five barrels of crude oil of varying grades that is refined to produce two barrels of both gasoline and distillate and one barrel of secondary product. The index is a single value that is calculated by taking the product value of refined products less the crude value of refinery feedstock incorporating the company's refining, product supply and rack forward businesses, but excluding the impact of first-in, first-out accounting. The product value is influenced by New York Harbor 2-1-1 crack, Chicago 2-1-1 crack, WTI benchmarks and seasonal factors. The seasonal factor is an estimate and reflects the location, quality and grade differentials for refined products sold in the company's core markets during the winter and summer months. The crude value is influenced by SYN, WCS and WTI benchmarks.

Explanatory Notes

* Users are cautioned that the Oil Sands operations, Fort Hills and Syncrude cash operating costs per barrel measures may not be fully comparable to one another or to similar information calculated by other entities due to the differing operations of each entity as well as other entities' respective accounting policy choices.

Abbreviations

bbl – barrel
bbls/d – barrels per day
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 – thousands of barrels of oil equivalent
mboe/d – thousands of barrels of oil equivalent per day
cpl – cents per litre
ML – million litres
WTI – West Texas Intermediate
SYN – Synthetic crude oil benchmark
WCS – Western Canadian Select

Metric Conversion

1 m^3 (cubic metre) = approximately 6.29 barrels

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