



**Canadian Natural**

**CANADIAN NATURAL RESOURCES LIMITED**

**CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024**

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**March 4, 2026**

# Consolidated Financial Statements

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# Management's Report

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The accompanying consolidated financial statements of Canadian Natural Resources Limited (the "Company") and all other information contained elsewhere in this Annual Report are the responsibility of management. The consolidated financial statements have been prepared by management in accordance with the accounting policies described in the accompanying notes. Where necessary, management has made informed judgements and estimates in accounting for transactions that were not complete at the balance sheet date. In the opinion of management, the financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (the "IFRS Accounting Standards") as appropriate in the circumstances. The financial information presented elsewhere in the Annual Report has been reviewed to ensure consistency with that in the consolidated financial statements.

Management maintains appropriate systems of internal control. Policies and procedures are designed to give reasonable assurance that transactions are appropriately authorized and recorded, assets are safeguarded from loss or unauthorized use and financial records are properly maintained to provide reliable information for preparation of financial statements.

PricewaterhouseCoopers LLP, an independent firm of Chartered Professional Accountants, has been engaged, as approved by a vote of the shareholders at the Company's most recent Annual General Meeting, to audit and provide their independent audit opinions on the following:

- the Company's consolidated financial statements as at and for the year ended December 31, 2025; and
- the effectiveness of the Company's internal control over financial reporting as at December 31, 2025.

Their report is presented with the consolidated financial statements.

The Board of Directors (the "Board") is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal controls. The Board exercises this responsibility through the Audit Committee of the Board, which is comprised entirely of independent directors. The Audit Committee meets with management and the independent auditors to satisfy itself that management responsibilities are properly discharged and to review the consolidated financial statements before they are presented to the Board for approval. The consolidated financial statements have been approved by the Board on the recommendation of the Audit Committee.



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**SCOTT G. STAUTH**

President



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**VICTOR C. DAREL, CPA**

Chief Financial Officer

Calgary, Alberta, Canada

March 4, 2026

# Management's Assessment of Internal Control over Financial Reporting

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Management of Canadian Natural Resources Limited (the "Company") is responsible for establishing and maintaining adequate internal control over financial reporting for the Company as defined in Rules 13a-15(f) and 15d-15(f) under the United States Securities Exchange Act of 1934, as amended.

Management, including the Company's President and the Company's Chief Financial Officer, performed an assessment of the Company's internal control over financial reporting based on the criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO").

Based on the assessment, management has concluded that the Company's internal control over financial reporting was effective as at December 31, 2025. Management recognizes that all internal control systems have inherent limitations. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

PricewaterhouseCoopers LLP, an independent firm of Chartered Professional Accountants, has provided an opinion on the Company's internal control over financial reporting as at December 31, 2025, as stated in their accompanying Report of Independent Registered Public Accounting Firm.



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**SCOTT G. STAUTH**

President



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**VICTOR C. DAREL, CPA**

Chief Financial Officer

Calgary, Alberta, Canada

March 4, 2026

# Report of Independent Registered Public Accounting Firm

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## To the Board of Directors and Shareholders of Canadian Natural Resources Limited

### Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated balance sheets of Canadian Natural Resources Limited and its subsidiaries (the "Company") as of December 31, 2025 and 2024, and the related consolidated statements of earnings, of comprehensive income, of changes in equity and of cash flows for each of the three years in the period ended December 31, 2025, including the related notes (collectively referred to as the "consolidated financial statements"). We also have audited the Company's internal control over financial reporting as of December 31, 2025, based on criteria established in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO").

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2025 and 2024, and its financial performance and its cash flows for each of the three years in the period ended December 31, 2025 in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards"). Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2025, based on criteria established in Internal Control – Integrated Framework (2013) issued by the COSO.

### Basis for Opinions

The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Assessment of Internal Control over Financial Reporting. Our responsibility is to express opinions on the Company's consolidated financial statements and on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

### Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

## Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the consolidated financial statements that were communicated or required to be communicated to the Audit Committee and that (i) relate to accounts or disclosures that are material to the consolidated financial statements and (ii) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

### **Determination of the fair value of the interests in the Athabasca Oil Sands Project ("AOSP") Mines in the AOSP Asset Swap Transaction**

As described in Notes 1, 3 and 6 to the Company's consolidated financial statements, on November 1, 2025, the Company completed the AOSP asset swap transaction. The AOSP assets include the AOSP mines, the Scotford Upgrader ("Scotford") and the Quest Carbon Capture and Storage facility ("Quest"), all of which are presented as property, plant and equipment. As a result of the transaction, the Company acquired the remaining 10% interest in the AOSP mines and associated reserves, resulting in the Company owning a 100% interest in such assets. The transaction was accounted for as a business combination achieved in stages using the acquisition method of accounting as a result of obtaining control of the AOSP mines. The Company was deemed to have disposed of its pre-existing interests in the AOSP mines and re-acquired them at fair value, as determined in accordance with IFRS Accounting Standards, at the acquisition date, with any gains on remeasurement recognized in net earnings. Management determined the acquisition date fair value of the 100% interest in the AOSP mines, using an estimated 18% discount rate based on comparable market transactions, was \$15,488 million, and recognized a \$4,508 million non-cash gain on the remeasurement of its pre-existing interests in the AOSP mines as a result. Management determined the fair value of the interests in the AOSP mines by using a discounted estimate of future cash flows approach which required the use of estimates and judgments by management, including developing key assumptions related to discount rate, estimated future prices, expected future rates of production, quantity of reserves, production expense, capital expenditures, and allocation of fair value between the AOSP mines, Scotford and Quest. Management utilizes third party specialists, specifically independent qualified reserves evaluators ("Management's Specialists") to evaluate its estimated quantity of reserves.

The principal considerations for our determination that performing procedures relating to the determination of the fair value of the interests in the AOSP mines in the AOSP Asset Swap Transaction is a critical audit matter are the significant judgments required by management, including the use of Management's Specialists, when determining the fair value of the interests in the AOSP mines. This led to a high degree of auditor judgment, effort and subjectivity in performing procedures and evaluating evidence obtained related to the key assumptions used in developing the fair value, at the acquisition date, of the interests in the AOSP mines, including discount rate, estimated future prices, expected future rates of production, quantity of reserves, production expense, capital expenditures, and allocation of fair value between the AOSP mines, Scotford and Quest. The audit effort also involved the use of professionals with specialized skill and knowledge.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to management's determination of the fair value, at the acquisition date, of the interests in the AOSP mines. These procedures also included, among others, testing management's process for determining the fair value, at the acquisition date, of the interests in the AOSP mines, including (i) evaluating the appropriateness of the method used by management in making the estimate, (ii) testing the completeness and accuracy of underlying data used in management's determination of the fair value, and (iii) evaluating the reasonableness of key assumptions used by management related to discount rate, estimated future prices, expected future rates of production, quantity of reserves, production expense, capital expenditures, and allocation of fair value between the AOSP mines, Scotford and Quest. Evaluating the key assumptions related to estimated future prices, expected future rates of production, production expense, capital expenditures, and allocation of fair value between the AOSP mines, Scotford and Quest involved assessing whether they were reasonable considering the past performance of the AOSP mines, external market and industry data and whether they were consistent with evidence obtained in other areas of the audit, as applicable. Professionals with specialized skill and knowledge were used to assist in evaluating the appropriateness of the present value of estimated future cash flows from the AOSP mines and the reasonableness of the discount rate. The work of Management's Specialists was used in performing procedures to evaluate the reasonableness of the estimated quantity of reserves. As a basis for using this work, Management's Specialists' qualifications were understood and the Company's relationship with Management's Specialists was assessed. The procedures performed also included evaluating the methods and assumptions used by Management's Specialists, testing the completeness and accuracy of the data used by Management's Specialists, and evaluating Management's Specialists' findings. Professionals with specialized skill and knowledge assisted in this evaluation, as applicable.

### **The Impact of Crude Oil and Natural Gas Reserves on Property, Plant and Equipment Assets in the North America Exploration and Production Segment**

As described in Notes 1, 3 and 6 to the Company's consolidated financial statements, the property, plant and equipment ("PP&E") balance in the North America Exploration and Production segment was \$27.0 billion as of December 31, 2025. Depletion, depreciation and amortization ("DD&A") expense for the North America Exploration and Production segment was \$4.5 billion for the year ended December 31, 2025. In accordance with the Company's accounting policies, crude oil and natural gas properties in the North America Exploration and Production segment, excluding certain major components, are depleted

using the unit-of-production method based on proved reserves. Estimates of the Company's crude oil and natural gas reserves are based on estimated future prices and production costs, expected future rates of production and the timing and amount of future development expenditures. Management utilizes third party specialists, specifically independent qualified reserve evaluators, to evaluate its estimates of crude oil and natural gas reserves. These estimates are utilized for the calculation of DD&A expense.

The principal considerations for our determination that performing procedures relating to the impact of crude oil and natural gas reserves on PP&E assets in the North America Exploration and Production segment is a critical audit matter are the significant judgments required by management, including the use of Management's Specialists, when developing the estimates, specifically related to the estimates of crude oil and natural gas reserves in the North America Exploration and Production segment. This led to a high degree of auditor judgment, effort and subjectivity in performing procedures and evaluating evidence obtained related to the assumptions used in developing the estimates, including estimated future prices and production costs, expected future rates of production, and the timing and amount of future development expenditures. In addition, the audit effort involved the use of professionals with specialized skill and knowledge.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of internal controls in the North America Exploration and Production segment relating to management's estimates of the Company's crude oil and natural gas reserves and the calculation of DD&A expense. The work of Management's Specialists was used in performing the procedures to evaluate the reasonableness of the estimates of crude oil and natural gas reserves used to determine DD&A expense for the North America Exploration and Production segment. As a basis for using this work, Management's Specialists' qualifications were understood, and the Company's relationship with Management's Specialists was assessed. The procedures performed also included evaluation of the methods and assumptions used by Management's Specialists, tests of data used by Management's Specialists and an evaluation of Management's Specialists' findings. Professionals with specialized skill and knowledge assisted in this evaluation, as applicable. The procedures performed also included, among others, evaluating whether the assumptions used by Management's Specialists related to estimated future prices and production costs, expected future rates of production, and the timing and amount of future development expenditures were reasonable considering the current and past performance of the Company, consistency with industry pricing forecasts, and whether they were consistent with evidence obtained in other areas of the audit, as applicable. Additionally, these procedures also included testing the unit-of-production rates used to calculate DD&A expense.

/s/ PricewaterhouseCoopers LLP  
Chartered Professional Accountants

Calgary, Canada  
March 4, 2026

We have served as the Company's auditor since 1973.

# Consolidated Balance Sheets

As at December 31,

(millions of Canadian dollars)

	Note	2025	2024
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents		\$ 673	\$ 131
Accounts receivable		3,999	4,126
Inventory	4	2,621	2,793
Prepays and other		301	279
Current portion of other long-term assets	9	70	76
		<b>7,664</b>	7,405
<b>Exploration and evaluation assets</b>	5	<b>2,651</b>	2,526
<b>Property, plant and equipment</b>	6	<b>77,645</b>	73,414
<b>Lease assets</b>	7	<b>3,001</b>	1,394
<b>Other long-term assets</b>	9	<b>869</b>	620
		<b>\$ 91,830</b>	\$ 85,359
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accounts payable		\$ 1,105	\$ 1,079
Accrued liabilities		4,255	4,525
Current income taxes payable		597	92
Current portion of long-term debt	10	441	2,400
Current portion of other long-term liabilities	11	1,665	1,535
		<b>8,063</b>	9,631
<b>Long-term debt</b>	10	<b>16,176</b>	16,419
<b>Other long-term liabilities</b>	11	<b>11,936</b>	9,302
<b>Deferred income taxes</b>	12	<b>11,289</b>	10,539
		<b>47,464</b>	45,891
<b>SHAREHOLDERS' EQUITY</b>			
<b>Share capital</b>	13	<b>11,421</b>	11,064
<b>Retained earnings</b>		<b>32,726</b>	28,103
<b>Accumulated other comprehensive income</b>	14	<b>219</b>	301
		<b>44,366</b>	39,468
		<b>\$ 91,830</b>	\$ 85,359

Commitments and contingencies (note 19).

Approved by the Board of Directors on March 4, 2026.



**CATHERINE M. BEST**

Chair of the Audit Committee  
and Director



**N. MURRAY EDWARDS**

Executive Chairman of the  
Board of Directors and Director

# Consolidated Statements of Earnings

For the years ended December 31,

(millions of Canadian dollars, except per common share amounts)	Note	2025	2024	2023
Product sales	21	\$ 44,167	\$ 41,509	\$ 40,835
Less: royalties		(5,405)	(5,853)	(4,867)
<b>Revenue</b>		<b>38,762</b>	<b>35,656</b>	<b>35,968</b>
<b>Expenses</b>				
Production		9,155	8,093	8,480
Blending and feedstock <sup>(1)</sup>		8,071	7,931	7,732
Transportation <sup>(1)</sup>		2,751	2,053	1,570
Depletion, depreciation and amortization <sup>(2)</sup>	5,6,7	9,384	6,681	6,413
Administration		615	503	452
Share-based compensation	11	180	279	491
Asset retirement obligation accretion	11	380	389	366
Interest and other financing expense	17	834	592	636
Risk management (gain) loss	18	(18)	177	(2)
Foreign exchange (gain) loss		(762)	955	(279)
Gain on acquisitions, disposition, and remeasurement	6	(5,069)	—	—
Gain from investment	8	—	(56)	(56)
		<b>25,521</b>	<b>27,597</b>	<b>25,803</b>
<b>Earnings before taxes</b>		<b>13,241</b>	<b>8,059</b>	<b>10,165</b>
Current income tax expense	12	1,911	1,531	1,879
Deferred income tax expense	12	510	422	53
<b>Net earnings</b>		<b>\$ 10,820</b>	<b>\$ 6,106</b>	<b>\$ 8,233</b>
<b>Net earnings per common share <sup>(3)</sup></b>				
Basic	16	\$ 5.17	\$ 2.87	\$ 3.77
Diluted	16	\$ 5.16	\$ 2.85	\$ 3.74

(1) During 2025, the Company revised its presentation of transportation, blending and feedstock costs, showing the expenses on a disaggregated basis. The comparative periods presented have been updated to reflect the revision (note 1).

(2) Depletion, depreciation and amortization expense for the year ended December 31, 2025 includes a \$1,462 million (2024 – \$160 million; 2023 – \$436 million) non-cash recoverability charge for revisions to abandonment and decommissioning costs in the North Sea, a \$269 million non-cash recoverability charge related to the decision to not pursue an extension of the Company's Production Sharing Contract ("PSC") for the Espoir field in Offshore Africa, and a \$46 million non-cash derecognition of exploration and evaluation assets related to the decision to not pursue development of Kossipo in Offshore Africa (notes 5 and 6).

(3) Common share, per common share, dividend, and stock option amounts for 2023 have been updated to reflect the two for one common share split (note 1).

# Consolidated Statements of Comprehensive Income

For the years ended December 31,

(millions of Canadian dollars)

	2025	2024	2023
<b>Net earnings</b>	<b>\$ 10,820</b>	\$ 6,106	\$ 8,233
<b>Items that may be reclassified subsequently to net earnings</b>			
<b>Net change in derivative financial instruments designated as cash flow hedges</b>			
Unrealized income, net of taxes of \$2 million (2024 – \$nil; 2023 – \$nil)	18	2	2
Reclassification to net earnings, net of taxes of \$2 million (2024 – \$nil; 2023 – \$nil)	(22)	(4)	(5)
	(4)	(2)	(3)
<b>Foreign currency translation adjustment</b>			
Translation of net investment	(78)	131	(34)
<b>Other comprehensive (loss) income, net of taxes</b>	<b>(82)</b>	129	(37)
<b>Comprehensive income</b>	<b>\$ 10,738</b>	\$ 6,235	\$ 8,196

# Consolidated Statements of Changes in Equity

For the years ended December 31,

(millions of Canadian dollars)

	Note	2025	2024	2023
<b>Share capital</b>				
	13			
Balance – beginning of year		\$ 11,064	\$ 10,712	\$ 10,294
Issued upon exercise of stock options		264	280	372
Previously recognized liability on stock options exercised for common shares		273	358	435
Purchase of common shares under Normal Course Issuer Bid		(180)	(286)	(389)
Balance – end of year		11,421	11,064	10,712
<b>Retained earnings</b>				
Balance – beginning of year		28,103	28,948	27,672
Net earnings		10,820	6,106	8,233
Dividends on common shares	13	(4,910)	(4,537)	(4,028)
Purchase of common shares under Normal Course Issuer Bid, including tax	13	(1,287)	(2,414)	(2,929)
Balance – end of year		32,726	28,103	28,948
<b>Accumulated other comprehensive income</b>				
	14			
Balance – beginning of year		301	172	209
Other comprehensive (loss) income, net of taxes		(82)	129	(37)
Balance – end of year		219	301	172
<b>Shareholders' equity</b>		<b>\$ 44,366</b>	\$ 39,468	\$ 39,832

# Consolidated Statements of Cash Flows

For the years ended December 31,

(millions of Canadian dollars)

	Note	2025	2024	2023
<b>Operating activities</b>				
Net earnings		\$ 10,820	\$ 6,106	\$ 8,233
Non-cash items				
Depletion, depreciation and amortization	5,6,7	9,384	6,681	6,413
Share-based compensation		180	279	491
Asset retirement obligation accretion		380	389	366
Unrealized risk management loss		71	9	12
Unrealized foreign exchange (gain) loss		(870)	888	(260)
Gain on acquisitions, disposition, and remeasurement	6	(5,069)	—	—
Gain from investment	8	—	(50)	(34)
Deferred income tax expense		510	422	53
Realized foreign exchange on financing activities <sup>(1)</sup>		54	135	—
Abandonment expenditures	11	(771)	(646)	(509)
Other		(255)	(84)	5
Net change in non-cash working capital	20	672	(743)	(2,417)
Cash flows from operating activities		15,106	13,386	12,353
<b>Financing activities</b>				
(Repayment) issuance of bank credit facilities and commercial paper, net	10,20	(1,395)	5,466	—
Issuance of other long-term debt	10,20	1,634	2,639	—
Repayment of other long-term debt	10,20	(1,699)	(1,008)	(416)
Payment of lease liabilities	7,20	(361)	(325)	(285)
Issuance of common shares on exercise of stock options	13	264	280	372
Dividends on common shares		(4,871)	(4,429)	(3,891)
Purchase of common shares under Normal Course Issuer Bid	13	(1,449)	(2,660)	(3,318)
Cash flows used in financing activities		(7,877)	(37)	(7,538)
<b>Investing activities</b>				
Net expenditures on exploration and evaluation assets	5,21	(115)	(92)	(44)
Net expenditures on property, plant and equipment	6,21	(6,676)	(5,291)	(4,865)
Cash from AOSP asset swap	6	212	—	—
Acquisition of Chevron's assets	5,6,21	—	(9,163)	—
Net proceeds from investment	8	—	575	—
Net change in non-cash working capital	20	(108)	(124)	51
Cash flows used in investing activities		(6,687)	(14,095)	(4,858)
<b>Increase (decrease) in cash and cash equivalents</b>		<b>542</b>	<b>(746)</b>	<b>(43)</b>
<b>Cash and cash equivalents – beginning of year</b>		<b>131</b>	<b>877</b>	<b>920</b>
<b>Cash and cash equivalents – end of year</b>		<b>\$ 673</b>	<b>\$ 131</b>	<b>\$ 877</b>
<b>Interest paid on long-term debt</b>		<b>\$ 978</b>	<b>\$ 586</b>	<b>\$ 602</b>
<b>Income taxes paid, net</b>		<b>\$ 1,722</b>	<b>\$ 1,144</b>	<b>\$ 3,317</b>

(1) Realized foreign exchange on financing activities primarily relates to the repayment of US dollar denominated debt.

# Notes to the Consolidated Financial Statements

(tabular amounts in millions of Canadian dollars, unless otherwise stated)

## 1. Accounting Policies

Canadian Natural Resources Limited (the "Company") is a senior independent crude oil and natural gas exploration, development and production company. The Company's exploration and production operations are focused in North America, largely in Western Canada; the United Kingdom ("UK") portion of the North Sea; and Côte d'Ivoire in Offshore Africa.

The Oil Sands Mining and Upgrading segment produces synthetic crude oil through bitumen mining and upgrading operations at Horizon Oil Sands ("Horizon") and through the Company's interest in the Athabasca Oil Sands Project ("AOSP").

Within Western Canada in the Midstream and Refining segment, the Company maintains certain activities that include pipeline operations, an electricity co-generation system and an investment in the North West Redwater Partnership ("NWRP"), a general partnership formed to upgrade and refine bitumen in the Province of Alberta.

The Company was incorporated in Alberta, Canada. The address of its registered office is 2100, 855 - 2 Street S.W., Calgary, Alberta, Canada.

The Company's consolidated financial statements and the related notes have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (the "IFRS Accounting Standards"). The accounting policies adopted by the Company under the IFRS Accounting Standards are set out below. The Company has consistently applied the same accounting policies throughout all periods presented, except where the IFRS Accounting Standards permit new accounting standards to be adopted prospectively.

During 2025, the Company revised its presentation of transportation expense and blending and feedstock costs, showing the expenses on a disaggregated basis in the consolidated statements of earnings. Previously, the Company aggregated transportation, blending and feedstock costs. The revision provides users with more information to evaluate the Company's performance. The consolidated financial statements and related notes have been updated for all periods presented.

### (A) PRINCIPLES OF CONSOLIDATION

The consolidated financial statements have been prepared under the historical cost basis, unless otherwise required.

The consolidated financial statements include the accounts of the Company and all of its subsidiary companies and wholly owned partnerships. Subsidiaries include all entities over which the Company has control. Subsidiaries are consolidated from the date on which the Company obtains control. They are deconsolidated from the date that control ceases.

Certain of the Company's activities are conducted through joint arrangements in which two or more parties have joint control. Where the Company has determined that it has a direct ownership interest in jointly controlled assets and obligations for the liabilities (a "joint operation"), the assets, liabilities, revenue, and expenses related to the joint operation are included in the consolidated financial statements in proportion to the Company's interest. Where the Company has determined that it has an interest in jointly controlled entities (a "joint venture"), it uses the equity method of accounting. Under the equity method, the Company's initial and subsequent investments are recognized at cost and subsequently adjusted for the Company's share of the joint venture's income or loss, less distributions received. If the Company's share of the joint venture's loss equals or exceeds its interest in the joint venture, the Company discontinues recognizing its share of further losses. The Company resumes recognizing profits when its share of profits exceeds the accumulated share of losses not recognized.

Joint ventures accounted for using the equity method of accounting are tested for impairment whenever objective evidence indicates that the carrying amount of the investment may not be recoverable. Indications of impairment include a history of losses, significant capital expenditure overruns, liquidity concerns, financial restructuring of the investee or significant adverse changes in the technological, economic, or legal environment. The amount of the impairment is measured as the difference between the carrying amount of the investment and the higher of its fair value less costs of disposal and its value in use. Impairment losses are reversed in subsequent periods if the amount of the loss decreases, and the decrease can be related objectively to an event occurring after the impairment was recognized.

### (B) INVENTORY

Inventory is primarily comprised of product inventory, materials and supplies and other inventory, including emissions credits, and is carried at the lower of cost and net realizable value. Product inventory is comprised of crude oil held for sale, including pipeline linefill and crude oil stored in floating production, storage and offloading vessels ("FPSO"). Cost of product inventory consists of purchase costs, direct production costs, directly attributable overhead, and depletion, depreciation and amortization and is determined on a first-in, first-out basis. Net realizable value for product inventory is determined by reference to forward prices. Cost for materials and supplies consists of purchase costs and is based on a first-in, first-out or an average cost basis. Net realizable value for materials and supplies and other inventory, including emissions credits, is determined by reference to current market prices and regulated compliance rates. Emissions credit inventory generated in the normal course of business is initially measured in accordance with the Company's accounting policy for government grants.

## **(C) EXPLORATION AND EVALUATION ASSETS**

Exploration and evaluation ("E&E") assets consist of the Company's crude oil and natural gas exploration projects that are pending the determination of proved reserves.

E&E costs are initially capitalized and include costs directly associated with the acquisition of licenses, technical services and studies, seismic acquisition, exploration drilling and evaluation, overhead and administration expenses, and the estimate of any asset retirement costs. E&E costs do not include general prospecting or evaluation costs incurred prior to having obtained the legal rights to explore an area. These costs are recognized in net earnings.

Once the technical feasibility and commercial viability of E&E assets are determined and a development decision is made by management, the E&E assets are tested for impairment upon reclassification to property, plant and equipment. The technical feasibility and commercial viability of extracting a mineral resource is considered to be determined when an assessment of proved reserves is made. An E&E asset is derecognized upon disposal or when no future economic benefits are expected to arise from its use. Any gain or loss arising on derecognition of the asset is recognized in net earnings within depletion, depreciation and amortization.

E&E assets are also tested for impairment when facts and circumstances suggest that the carrying amount of E&E assets may exceed their recoverable amount, by comparing the relevant costs to the fair value of the related Cash Generating Units ("CGUs"), aggregated at a segment level. Indications of impairment include leases approaching expiry, the existence of low benchmark commodity prices for an extended period of time, significant downward revisions in estimated probable reserves volumes, significant increases in estimated future exploration or development expenditures, or significant adverse changes in the applicable legislative or regulatory frameworks.

## **(D) PROPERTY, PLANT AND EQUIPMENT**

Property, plant and equipment is measured at cost less accumulated depletion and depreciation and recoverability charges. Assets under construction are not depleted or depreciated until available for their intended use.

### **Exploration and Production**

The cost of an asset comprises its acquisition costs, construction and development costs, costs directly attributable to bringing the asset into operation, the estimate of any asset retirement costs, and applicable borrowing costs. Property acquisition costs are comprised of the aggregate amount paid and the fair value of any other consideration given to acquire the asset.

When significant components of an item of property, plant and equipment, including crude oil and natural gas interests, have different useful lives, they are accounted for separately.

Crude oil and natural gas properties are depleted using the unit-of-production method over proved reserves, except for certain major components, which are depreciated using a straight-line method over their estimated useful lives. The unit-of-production depletion rate takes into account expenditures incurred to date, together with future development expenditures required to develop proved reserves.

### **Oil Sands Mining and Upgrading**

Capitalized costs for the Oil Sands Mining and Upgrading segment are reported separately from the Company's North America Exploration and Production segment. Capitalized costs include acquisition costs, construction and development costs, overburden removal costs incurred during the initial development of a mine at Horizon and AOSP, costs directly attributable to bringing the asset into operation, the estimate of any asset retirement costs, and applicable borrowing costs. Property acquisition costs are comprised of the aggregate amount paid and the fair value of any other consideration given to acquire the asset, with any gains or losses resulting from the difference in the re-measured fair value compared to the carrying value of the consideration recognized in net earnings.

Mine-related costs are depleted using the unit-of-production method based on proved reserves. Capitalized overburden removal costs are depleted over the life of the mining reserves that directly benefit from overburden removal activity. Costs of the upgraders and related infrastructure located on the Horizon and AOSP sites are depreciated on the unit-of-production method based on the estimated productive capacity of the respective upgraders and related infrastructure. Other equipment is depreciated on a straight-line basis over its estimated useful life ranging from 2 to 20 years.

### **Midstream, Refining and Head Office**

The Company capitalizes all costs that expand the capacity or extend the useful life of the midstream, refining and head office assets. Midstream and Refining assets are depreciated on a straight-line basis over their estimated useful lives ranging from 5 to 30 years. Head office assets are depreciated on a declining balance basis.

### **Useful lives**

The depletion rates and expected useful lives of property, plant and equipment are reviewed on an annual basis, with changes in depletion rates and useful lives accounted for prospectively.

## **Derecognition**

A property, plant and equipment asset is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognized in net earnings within depletion, depreciation and amortization.

## **Major maintenance expenditures**

Inspection costs associated with major turnarounds are capitalized and depreciated over the period to the next major turnaround. Maintenance costs are expensed as incurred.

## **Impairment**

The Company assesses property, plant and equipment for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset or group of assets may not be recoverable. Indications of impairment include the existence of low benchmark commodity prices for an extended period of time, significant downward revisions of estimated reserves volumes, significant increases in estimated future development expenditures, or significant adverse changes in the applicable legislative or regulatory frameworks. If an indication of impairment exists, the Company performs an impairment test related to the assets. Individual assets are grouped for impairment assessment purposes into CGUs, which are the lowest level at which there are identifiable cash inflows that are largely independent of the cash inflows of other groups of assets. A CGU's recoverable amount is the higher of its fair value less costs of disposal and its value in use. Where the carrying amount of a CGU exceeds its recoverable amount, the CGU is considered impaired and a recoverability charge is taken through depletion, depreciation and amortization expense.

In subsequent periods, an assessment is made at each reporting date to determine whether there is any indication that previously recognized recoverability charges may no longer exist or may have decreased. If such indication exists, the recoverable amount is re-estimated and the net carrying amount of the asset is increased to its revised recoverable amount. The revised recoverable amount cannot exceed the carrying amount that would have been determined, net of depletion, depreciation and amortization, had no recoverability charge been recognized for the asset in prior periods. A reversal of a recoverability charge is recognized in net earnings. After a reversal, the depletion, depreciation and amortization charge is adjusted in future periods to allocate the asset's revised carrying amount over its remaining useful life.

## **(E) BUSINESS COMBINATIONS**

Business combinations are accounted for using the acquisition method. Assets acquired and liabilities assumed in a business combination are recognized at their fair value at the date of the acquisition. Any excess of the consideration paid over the fair value of the net assets acquired is recognized as an asset. Any excess of the fair value of the net assets acquired over the consideration paid is recognized in net earnings. For business combinations where the Company obtains control over an acquiree or acquiree's assets in which the Company has previously held interests, the acquisition is accounted for as a business combination achieved in stages. In these instances, the Company's previously held interests are re-measured to fair value as at the acquisition date with any gains or losses resulting from the difference in the fair value compared to the carrying value of the previously held interests recognized in net earnings.

## **(F) LEASES**

The Company recognizes a lease asset and a lease liability at the commencement date of the lease contract. The lease asset is initially measured at cost. The cost of a lease asset includes the amount of the initial measurement of the lease liability, lease payments made prior to the commencement date, initial direct costs and estimates of the asset retirement obligation, if any. Subsequent to initial recognition, the lease asset is depreciated using the straight-line method over the earlier of the end of the useful life of the lease asset or the lease term.

Lease liabilities are initially measured at the present value of lease payments discounted at the rate implicit in the lease, or if not readily determinable, the Company's incremental borrowing rate. Lease liabilities are remeasured if there are changes in the lease term or if the Company changes its assessment of whether it is reasonably certain it will exercise a purchase, extension or termination option. Lease liabilities are also remeasured if there are changes in the estimate of the amounts payable under the lease due to changes in indices or rates, or residual value guarantees. The Company reassesses its lease commitments and existing contracts when events or changes in circumstances indicate changes in business activities or expected use of the underlying assets.

Lease assets are reported in a separate caption in the consolidated balance sheets. Lease liabilities are reported within other long-term liabilities in the consolidated balance sheets.

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

## **(G) ASSET RETIREMENT OBLIGATIONS**

The Company provides for asset retirement obligations on all of its property, plant and equipment and certain exploration and evaluation assets based on current legislation and operating practices. Provisions for asset retirement obligations related to property, plant and equipment are recognized as a liability in the period in which they are incurred. Provisions are measured at the present value of management's best estimate of expenditures required to settle the obligation as at the date of the balance sheets. Subsequent to the initial measurement, the obligation is adjusted to reflect the passage of time, changes in credit adjusted interest rates, and changes in the estimated future cash flows underlying the obligation. The increase in the provision due to the passage of time is recognized as asset retirement obligation accretion expense, whereas changes due to discount rates or estimated future cash flows are capitalized to or derecognized from property, plant and equipment. Actual costs incurred upon settlement of the asset retirement obligation are charged against the provision.

## **(H) FOREIGN CURRENCY TRANSLATION**

### **Functional and presentation currency**

Items included in the financial statements of the Company's subsidiary companies and partnerships are measured using the currency of the primary economic environment in which the subsidiary operates (the "functional currency").

When the Company disposes of its entire interest in a foreign operation, the foreign currency gains or losses accumulated in other comprehensive income related to the foreign operation are recognized in net earnings.

## **(I) REVENUE RECOGNITION AND COSTS OF GOODS SOLD**

Revenue from the sale of crude oil and natural gas liquids ("NGLs") and natural gas products is recognized when performance obligations in the sales contract are satisfied and it is probable that the Company will collect the consideration to which it is entitled. Performance obligations are generally satisfied at the point in time when the product is delivered to a location specified in a contract and control passes to the customer. The Company assesses customer creditworthiness, both before entering into contracts and throughout the revenue recognition process.

Contracts for sale of the Company's products generally have terms of less than a year, with certain contracts extending beyond one year. Contracts in North America generally specify delivery of crude oil and NGLs and natural gas throughout the term of the contract. Contracts in the North Sea and Offshore Africa generally specify delivery of crude oil at a point in time.

Sales of the Company's crude oil and NGLs and natural gas products to customers are made pursuant to contracts based on prevailing commodity pricing at or near the time of delivery and volumes of product delivered. Revenues are typically collected in the month following delivery and accordingly, the Company has elected to apply the practical expedient to not adjust consideration for the effects of a financing component. Purchases and sales of crude oil and NGLs and natural gas with the same counterparty, made to facilitate sales to customers or potential customers, that are entered into in contemplation of one another, are combined and recorded as non-monetary exchanges and measured at the net settlement amount.

Revenue in the consolidated statements of earnings represents the Company's share of product sales net of royalty payments to governments and other mineral interest owners. The Company discloses the disaggregation of revenues from sales of crude oil and NGLs and natural gas in the segmented information in note 21. Related costs of goods sold are comprised of production, transportation, blending and feedstock, and depletion, depreciation and amortization expenses. These amounts have been separately presented in the consolidated statements of earnings.

## **(J) PRODUCTION SHARING CONTRACTS**

Production generated from Côte d'Ivoire in Offshore Africa is shared under the terms of various Production Sharing Contracts ("PSCs"). Product sales are divided into cost recovery oil and profit oil. Cost recovery oil allows the Company to recover its capital and production costs and the costs carried by the Company on behalf of the respective government state oil company (the "Government"). Profit oil is allocated to the joint venture partners in accordance with their respective equity interests, after a portion has been allocated to the Government. The Government's share of profit oil attributable to the Company's equity interest is allocated to royalty expense and current income tax expense in accordance with the terms of the respective PSCs.

## **(K) INCOME TAX**

The Company follows the liability method of accounting for income taxes. Under this method, deferred income tax assets and liabilities are recognized based on the estimated income tax effects of temporary differences in the carrying amount of assets and liabilities in the consolidated financial statements and their respective tax bases.

Deferred income tax assets and liabilities are calculated using the substantively enacted income tax rates that are expected to apply when the asset or liability is recovered. Deferred income tax assets or liabilities are not recognized when they arise on the initial recognition of an asset or liability in a transaction (other than in a business combination or a transaction that, on initial recognition, gives rise to equal taxable and deductible temporary differences) that, at the time of the transaction, affects neither accounting nor taxable profit. Deferred income tax assets or liabilities are also not recognized on possible future distributions of retained earnings of subsidiaries where the timing of the distribution can be controlled by the Company and it is probable that a distribution will not be made in the foreseeable future, or when distributions can be made without incurring income taxes.

Deferred income tax assets for deductible temporary differences and tax loss carryforwards are recognized to the extent that it is probable that future taxable profits will be available against which the temporary differences or tax loss carryforwards can be utilized. The carrying amount of deferred income tax assets is reviewed at each reporting date and is reduced if it is no longer probable that sufficient future taxable profits will be available against which the temporary differences or tax loss carryforwards can be utilized.

Current income tax is calculated based on net earnings for the period, adjusted for items that are non-taxable or taxed in different periods, using income tax rates that are substantively enacted at each reporting date.

## **(L) SHARE-BASED COMPENSATION**

The Company's Stock Option Plan (the "Option Plan") provides current employees with the right to elect to receive common shares or a cash payment in exchange for stock options surrendered. The liability for awards granted to employees is initially measured based on the grant date fair value of the awards and the number of awards expected to vest. The awards are remeasured each reporting period for subsequent changes in the fair value of the liability. Fair value is determined using the Black-Scholes valuation model under a graded vesting method. Expected volatility is estimated based on historic results. When stock options are surrendered for cash, the cash settlement paid reduces the outstanding liability. When stock options are exercised for common shares under the Option Plan, consideration paid by the employee and any previously recognized liability associated with the stock options are recorded as share capital.

The Performance Share Unit ("PSU") Plan provides certain executive employees of the Company with the right to receive a cash payment, the amount of which is determined by individual employee performance and the extent to which certain other performance measures are met. PSUs vest three years from original grant date. The liability for PSUs is initially measured in reference to the Company's share price and the number of awards expected to vest and is remeasured at each reporting period for changes in the fair value of the liability.

## **(M) FINANCIAL INSTRUMENTS**

The Company classifies its financial instruments into one of the following categories: financial assets at amortized cost; financial liabilities at amortized cost; and fair value through profit or loss. All financial instruments are measured at fair value on initial recognition. Measurement in subsequent periods is dependent on the classification of the respective financial instrument.

Fair value through profit or loss financial instruments are subsequently measured at fair value with changes in fair value recognized in net earnings. All other categories of financial instruments are measured at amortized cost using the effective interest method.

Cash and cash equivalents, accounts receivable and certain other long-term assets are classified as financial assets at amortized cost since it is the Company's intention to hold these assets to maturity and the related cash flows are solely comprised of payments of principal and interest. Investments in publicly traded shares are classified as fair value through profit or loss. Accounts payable, accrued liabilities, certain other long-term liabilities, and long-term debt are classified as financial liabilities at amortized cost. Risk management assets and liabilities are classified as fair value through profit or loss.

Financial assets and liabilities are also categorized using a three-level hierarchy that reflects the significance of the inputs used in making fair value measurements for these assets and liabilities. The fair values of financial assets and liabilities included in Level 1 are determined by reference to quoted prices in active markets for identical assets and liabilities. Fair values of financial assets and liabilities in Level 2 are based on inputs other than Level 1 quoted prices that are observable for the asset or liability either directly (as prices) or indirectly (derived from prices). The fair values of Level 3 financial assets and liabilities are not based on observable market data. The disclosure of the fair value hierarchy excludes financial assets and liabilities where book value approximates fair value due to the liquid nature of the asset or liability.

Transaction costs in respect of financial instruments at fair value through profit or loss are recognized in net earnings. Transaction costs in respect of other financial instruments are included in the initial measurement of the financial instrument.

### **Impairment of financial assets**

At each reporting date, on a forward-looking basis, the Company assesses the expected credit losses associated with its financial assets carried at amortized cost. Expected credit losses are measured as the difference between the cash flows that are due to the Company and the cash flows that the Company expects to receive, discounted at the effective interest rate determined at initial recognition. For trade accounts receivable, the Company applies the simplified approach permitted by IFRS 9, which requires expected lifetime credit losses to be recognized from initial recognition of the receivables. To measure expected credit losses, accounts receivable are grouped based on the number of days the receivables have been outstanding and internal credit assessments of the customers. Credit risk for longer-term receivables is assessed based on an external credit rating of the counterparty. For longer-term receivables with credit risk that has not increased significantly since the date of recognition, the Company measures the expected credit loss as the 12-month expected credit loss. Changes in the provision for expected credit loss are recognized in net earnings.

## **(N) RISK MANAGEMENT ACTIVITIES**

The Company periodically uses derivative financial instruments to manage its commodity price, foreign currency and interest rate exposures. These financial instruments are entered into solely for hedging purposes and are not used for speculative purposes. All derivative financial instruments are recognized in the consolidated balance sheets at their estimated fair value. The estimated fair value of derivative financial instruments has been determined based on appropriate internal valuation methodologies and/or third party indications. Fair values determined using valuation models require the use of assumptions concerning the amount and timing of future cash flows, discount rates and credit risk. In determining these assumptions, the Company primarily relied on external, readily-observable market inputs including quoted forward commodity prices and volatility, interest rate yield curves, foreign exchange rates, and other volatility factors. The carrying amount of a risk management asset and liability is adjusted for the Company's own credit risk.

The Company documents all derivative financial instruments that are formally designated as hedging transactions at the inception of the hedging relationship, in accordance with the Company's risk management policies. The effectiveness of the hedging relationship is evaluated, both at inception of the hedge and on an ongoing basis.

The Company periodically enters into commodity price contracts to manage anticipated sales and purchases of crude oil and natural gas in order to protect its cash flow for its capital expenditure programs. The effective portion of changes in the fair value of derivative commodity price contracts formally designated as cash flow hedges is initially recognized in other comprehensive income and is reclassified to risk management activities in net earnings in the same period or periods in which the commodity is sold or purchased. The ineffective portion of changes in the fair value of these designated contracts is recognized in risk management activities in net earnings. All changes in the fair value of non-designated crude oil and natural gas commodity price contracts are recognized in risk management activities in net earnings.

Embedded derivatives are derivatives that are included in a non-derivative host contract. Embedded derivatives are recorded at fair value separately from the host contract when their economic characteristics and risks are not closely related to the host contract, except when the host contract is an asset.

Realized gains or losses on the termination of financial instruments that have been designated as cash flow hedges are deferred under accumulated other comprehensive income and amortized into net earnings in the periods in which the underlying hedged items are recognized. In the event a designated hedged item is sold, extinguished or matures prior to the termination of the related derivative instrument, any unrealized derivative gain or loss is recognized in net earnings. Realized gains or losses on the termination of financial instruments that have not been designated as hedges are recognized in net earnings.

Foreign currency forward contracts are periodically used to manage foreign currency cash requirements. The foreign currency forward contracts involve the purchase or sale of an agreed upon amount of US dollars at a specified future date at forward exchange rates. Changes in the fair value of foreign currency forward contracts designated as cash flow hedges are initially recorded in other comprehensive income and are reclassified to foreign exchange gains and losses when the hedged item is recognized in net earnings. Changes in the fair value of non-designated foreign currency forward contracts are recognized in risk management activities in net earnings.

The Company periodically enters into foreign currency put option contracts to manage its exposure to foreign currency exchange rate risk. The Company periodically sells put option contracts which grant the purchaser the right, but not the obligation, to exercise the contract on the expiry date (European option) and are designated as derivatives held for trading. The amount that may be payable upon exercise is initially recognized as a liability valued at the amount paid by the counterparty. The option is remeasured to fair value at each reporting date with gains and losses recognized in risk management activities in net earnings. If the option expires unexercised, the remaining liability is derecognized.

## **(O) GOVERNMENT GRANTS**

The Company receives or is eligible for government grants, including emissions credits. Government grants are recognized in net earnings when there is reasonable assurance that the Company will comply with the conditions attached to the grant and the grant will be received. Emissions performance and offset credits generated under the Alberta Technology Innovation and Emissions Reduction ("TIER") regulation are initially recorded at the value prescribed by the Alberta TIER fund compliance rates in effect at the time the credits are recognized.

## **(P) PER COMMON SHARE AMOUNTS**

The Company calculates basic earnings per common share by dividing net earnings by the weighted average number of common shares outstanding during the period. As the Company's Option Plan allows for the settlement of stock options in either cash or shares at the option of the holder, diluted earnings per common share is calculated using the more dilutive of cash settlement or share settlement under the treasury stock method.

## **(Q) SHARE CAPITAL**

Common shares are classified as equity. Costs directly attributable to the issue of new shares or options are included in equity as a deduction from proceeds, net of tax. When the Company acquires its own common shares, share capital is reduced by the average carrying value of the shares purchased. The excess of the purchase price over the average carrying value, including tax, is recognized as a reduction of retained earnings. Shares are cancelled upon purchase.

## **(R) COMMON SHARE SPLIT AND COMPARATIVE FIGURES**

At the Company's Annual and Special Meeting held on May 2, 2024, shareholders passed a Special Resolution approving a two for one common share split effective for shareholders of record as of market close on June 3, 2024. On June 10, 2024, shareholders of record received one additional share for every one common share held, with common shares trading on a split-adjusted basis beginning June 11, 2024. Common share, per common share, dividend, and stock option amounts for periods prior to the two for one common share split have been updated to reflect the common share split.

## **2. Accounting Standards Issued But Not Yet Applied**

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

In May 2024, the IASB issued amendments to IFRS 9 "Financial Instruments" and IFRS 7 "Financial Instruments: Disclosures" to clarify the date of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled using an electronic payment system. The amendments also clarify the classification of certain financial assets, and add disclosure requirements for financial instruments with certain contingent features and for equity investments designated at fair value through other comprehensive income. The amendments are effective January 1, 2026, and are required to be adopted retrospectively with early adoption permitted. The Company will adopt the amendments retrospectively without restating comparative information, as the impact of applying these amendments is not expected to be material to the consolidated financial statements.

## **3. Critical Accounting Estimates and Judgements**

The Company has made estimates, assumptions, and judgements regarding certain assets, liabilities, revenues, and expenses in the preparation of the consolidated financial statements, primarily related to unsettled transactions and events as of the date of the consolidated financial statements. Accordingly, actual results may differ from estimated amounts. The estimates, assumptions, and judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

### **(A) CRUDE OIL AND NATURAL GAS RESERVES**

Purchase price allocations, depletion, depreciation and amortization, asset retirement obligations, and amounts used in impairment calculations are based on estimates of crude oil and natural gas reserves. Reserves estimates, evaluated by the Company's Independent Qualified Reserves Evaluators, are based on estimated future prices and production costs, expected future rates of production, and the timing and amount of future development expenditures, all of which are subject to many uncertainties, interpretations, and judgements including the potential impact of climate related matters and in accordance with related government regulations. The Company expects that, over time, its reserves estimates will be revised upward or downward based on updated information.

### **(B) ASSET RETIREMENT OBLIGATIONS**

The Company provides for asset retirement obligations on its property, plant and equipment based on current legislation and operating practices. Estimated future costs include assumptions of dates of future abandonment, technological advances, and estimates of future inflation and discount rates. Actual costs may vary from the estimated provision due to changes in environmental legislation, the impact of inflation, changes in technology, changes in operating practices, revisions to work scope, changes in the date of abandonment due to changes in reserves life, and the potential impact of climate related matters and in accordance with related government regulations. These differences may have a material impact on the estimated provision.

### **(C) INCOME TAXES**

The Company is subject to income taxes in numerous legal jurisdictions. Accounting for income taxes requires the Company to interpret frequently changing laws and regulations, including changing income tax rates, and make certain judgements with respect to the application of tax law, estimating the timing of temporary difference reversals, and estimating the realizability of tax assets. There are many transactions and calculations for which the ultimate tax determination is uncertain. The Company recognizes a liability for a tax filing position based on its assessment of the probability that additional taxes may ultimately be due.

## **(D) FAIR VALUE OF DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS**

The fair value of financial instruments that are not traded in an active market are determined using valuation techniques. The Company uses its judgement to select a variety of methods and make assumptions that are primarily based on market conditions existing at the end of each reporting period. The Company uses directly and indirectly observable inputs in measuring the value of financial instruments that are not traded in active markets, including quoted forward commodity prices and volatility, interest rate yield curves, discount rates, foreign exchange rates, and other volatility factors.

## **(E) PURCHASE PRICE ALLOCATIONS**

Purchase prices related to business combinations are allocated to the underlying acquired assets and liabilities based on their estimated fair value at the time of acquisition. The determination of fair value requires the Company to make estimates, assumptions, and judgements regarding future events. The allocation process is inherently subjective and impacts the amounts assigned to individually identifiable assets and liabilities, including the fair value of crude oil and natural gas properties, derived from the present value of estimated future cash flows from the assets, together with deferred income tax effects. As a result, the purchase price allocation impacts the Company's reported assets and liabilities and future net earnings due to the impact on future depletion, depreciation and amortization expense and impairment tests.

## **(F) SHARE-BASED COMPENSATION**

The Company has made various assumptions in estimating the fair values of stock options granted under its Option Plan including expected volatility, expected exercise timing, and future forfeiture rates. At each period end, stock options outstanding are remeasured for changes in the estimated fair value of the liability.

## **(G) IDENTIFICATION OF CGUs**

CGUs are defined as the lowest grouping of integrated assets that generate identifiable cash inflows that are largely independent of the cash inflows of other assets or groups of assets. The classification of assets into CGUs requires significant judgement and interpretations with respect to the integration between assets, the existence of active markets, shared infrastructures, and the way in which management monitors the Company's operations.

## **(H) IMPAIRMENT OF ASSETS**

The recoverable amount of a CGU or an individual asset has been determined as the higher of the CGUs' or the assets' fair value less costs of disposal and its value in use. These calculations require the use of estimates and assumptions and are subject to change as new information becomes available, including information on future commodity prices, expected production volumes, quantity of reserves, asset retirement obligations, future development and production costs, after-tax discount rates (currently ranging from 10% to 12%), and income taxes. Changes in assumptions used in determining the recoverable amount could affect the carrying value of the related assets and CGUs.

## **(I) LEASES**

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

## **(J) CONTINGENCIES**

Contingencies are subject to measurement uncertainty as the related financial impact will only be confirmed by the outcome of a future event. The assessment of contingencies requires the application of judgements and estimates including the determination of whether a present obligation exists and the reliable estimation of the timing and amount of cash flows required to settle the contingency.

## 4. Inventory

	2025	2024
Product inventory	\$ 736	\$ 986
Materials, supplies and other	1,885	1,807
	<b>\$ 2,621</b>	<b>\$ 2,793</b>

During 2025, approximately \$33 billion of purchased and produced inventory was recorded as an expense (2024 – approximately \$30 billion).

## 5. Exploration and Evaluation Assets

	Exploration and Production			Oil Sands Mining and Upgrading	Total
	North America	North Sea	Offshore Africa		
<b>Cost</b>					
At December 31, 2023	\$ 2,031	\$ —	\$ 100	\$ 77	\$ 2,208
Additions, net	102	—	6	—	108
Acquisition of Chevron's assets <sup>(1)</sup>	320	—	—	—	320
Transfers to property, plant and equipment	(45)	—	—	(7)	(52)
Derecognitions and other <sup>(2)</sup>	—	—	(62)	—	(62)
Foreign exchange adjustments	—	—	4	—	4
At December 31, 2024	2,408	—	48	70	2,526
Additions/Acquisitions, net <sup>(1)</sup>	<b>207</b>	—	—	<b>1</b>	<b>208</b>
Transfers to property, plant and equipment	<b>(21)</b>	—	—	<b>(14)</b>	<b>(35)</b>
Derecognitions and other <sup>(3)</sup>	—	—	<b>(46)</b>	—	<b>(46)</b>
Foreign exchange adjustments	—	—	<b>(2)</b>	—	<b>(2)</b>
At December 31, 2025	<b>\$ 2,594</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 57</b>	<b>\$ 2,651</b>

(1) Refer to note 6 for further details on acquisitions completed in 2024 and 2025.

(2) In connection with the Company's notice of withdrawal from Block 11B/12B in South Africa in 2024, the Company derecognized \$62 million of exploration and evaluation assets through depletion, depreciation and amortization expense.

(3) In connection with the Company's decision in 2025 to not pursue development of Kossipo in Offshore Africa, the Company derecognized \$46 million of exploration and evaluation assets through depletion, depreciation and amortization expense.

## 6. Property, Plant and Equipment

	Exploration and Production			Oil Sands Mining and Upgrading	Midstream and Refining	Head Office	Total
	North America	North Sea	Offshore Africa				
<b>Cost</b>							
At December 31, 2023	\$ 83,483	\$ 8,606	\$ 4,409	\$ 49,375	\$ 484	\$ 566	\$ 146,923
Additions	3,440	352	205	2,103	11	41	6,152
Acquisition of Chevron's assets	2,585	—	—	6,316	—	—	8,901
Transfers from exploration and evaluation assets	45	—	—	7	—	—	52
Derecognitions <sup>(1)</sup>	(589)	(18)	—	(456)	—	—	(1,063)
Foreign exchange adjustments and other	—	791	409	—	—	—	1,200
At December 31, 2024	88,964	9,731	5,023	57,345	495	607	162,165
Additions/Acquisitions, net	<b>4,447</b>	<b>1,223</b>	<b>547</b>	<b>1,841</b>	<b>8</b>	<b>92</b>	<b>8,158</b>
Transfers from exploration and evaluation assets	<b>21</b>	<b>—</b>	<b>—</b>	<b>14</b>	<b>—</b>	<b>—</b>	<b>35</b>
Derecognitions <sup>(1)</sup>	<b>(536)</b>	<b>(1,207)</b>	<b>—</b>	<b>(814)</b>	<b>—</b>	<b>—</b>	<b>(2,557)</b>
AOSP mines acquisition (100%) <sup>(2)</sup>	<b>—</b>	<b>—</b>	<b>—</b>	<b>15,488</b>	<b>—</b>	<b>—</b>	<b>15,488</b>
AOSP mines disposition (90%) <sup>(2)</sup>	<b>—</b>	<b>—</b>	<b>—</b>	<b>(12,087)</b>	<b>—</b>	<b>—</b>	<b>(12,087)</b>
Scotford and Quest disposition (10%) <sup>(2)</sup>	<b>—</b>	<b>—</b>	<b>—</b>	<b>(1,217)</b>	<b>—</b>	<b>—</b>	<b>(1,217)</b>
Foreign exchange adjustments and other	<b>—</b>	<b>(477)</b>	<b>(254)</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>(731)</b>
At December 31, 2025	<b>\$ 92,896</b>	<b>\$ 9,270</b>	<b>\$ 5,316</b>	<b>\$ 60,570</b>	<b>\$ 503</b>	<b>\$ 699</b>	<b>\$ 169,254</b>
<b>Accumulated depletion and depreciation</b>							
At December 31, 2023	\$ 58,840	\$ 8,382	\$ 3,358	\$ 11,105	\$ 213	\$ 444	\$ 82,342
Expense	3,741	96	192	2,086	16	26	6,157
Derecognitions <sup>(1)</sup>	(589)	(18)	—	(456)	—	—	(1,063)
Recoverability charge	—	160	—	—	—	—	160
Foreign exchange adjustments and other	18	772	335	30	—	—	1,155
At December 31, 2024	62,010	9,392	3,885	12,765	229	470	88,751
Expense	<b>4,470</b>	<b>92</b>	<b>97</b>	<b>2,538</b>	<b>17</b>	<b>31</b>	<b>7,245</b>
Derecognitions <sup>(1)</sup>	<b>(536)</b>	<b>(1,207)</b>	<b>—</b>	<b>(814)</b>	<b>—</b>	<b>—</b>	<b>(2,557)</b>
AOSP mines disposition (90%) <sup>(2)</sup>	<b>—</b>	<b>—</b>	<b>—</b>	<b>(2,656)</b>	<b>—</b>	<b>—</b>	<b>(2,656)</b>
Scotford and Quest disposition (10%) <sup>(2)</sup>	<b>—</b>	<b>—</b>	<b>—</b>	<b>(206)</b>	<b>—</b>	<b>—</b>	<b>(206)</b>
Recoverability charges	<b>—</b>	<b>1,462</b>	<b>269</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>1,731</b>
Foreign exchange adjustments and other	<b>(4)</b>	<b>(469)</b>	<b>(216)</b>	<b>(10)</b>	<b>—</b>	<b>—</b>	<b>(699)</b>
At December 31, 2025	<b>\$ 65,940</b>	<b>\$ 9,270</b>	<b>\$ 4,035</b>	<b>\$ 11,617</b>	<b>\$ 246</b>	<b>\$ 501</b>	<b>\$ 91,609</b>
<b>Net book value</b>							
<b>At December 31, 2025</b>	<b>\$ 26,956</b>	<b>\$ —</b>	<b>\$ 1,281</b>	<b>\$ 48,953</b>	<b>\$ 257</b>	<b>\$ 198</b>	<b>\$ 77,645</b>
At December 31, 2024	\$ 26,954	\$ 339	\$ 1,138	\$ 44,580	\$ 266	\$ 137	\$ 73,414

(1) An asset is derecognized when no future economic benefits are expected to arise from its continued use.

(2) Components of the AOSP asset swap are discussed below.

## AOSP ASSET SWAP TRANSACTION

On November 1, 2025, pursuant to a 2017 agreement with Shell Canada Limited and affiliates ("Shell") and following the satisfaction of certain conditions, the Company completed the AOSP asset swap with Shell. As a result of the transaction, the Company acquired from Shell, the remaining 10% interest in the AOSP mines, associated reserves, and additional working interests in a number of other non-producing oil sands leases, and in exchange to Shell, a 10% non-operated working interest in the Scotford Upgrader ("Scotford") and Quest Carbon Capture and Storage ("Quest") facilities. As a result, the Company owns and operates 100% of the AOSP mines and retains an 80% non-operated working interest in Scotford and Quest. The transaction had an effective date of March 1, 2025.

The allocation of the purchase price was based on management's best estimates of the fair value of the assets and liabilities exchanged as at the acquisition date. As a result of obtaining control of the AOSP mines, the transaction was accounted for as a business combination achieved in stages using the acquisition method of accounting. In accordance with IFRS Accounting Standards, at the acquisition date, the Company was deemed to have disposed of its pre-existing interest in the AOSP mines and re-acquired them at fair value, with any gains on remeasurement recognized in net earnings. As a result of the disposition of a 10% non-operated working interest in Scotford and Quest, the Company remeasured the 10% working interest to fair value at the acquisition date, with a gain on disposition recognized in net earnings.

### a) Net Assets Acquired and Consideration Exchanged

The following provides a summary of 100% of the identifiable net assets acquired, and the fair value of the consideration exchanged:

(\$ millions)	Net assets acquired	Purchase consideration/ previously held interests	Net
Fair value of the Company's interests in the AOSP mines <sup>(1) (2)</sup>	\$ 15,488	\$ (13,939)	\$ 1,549
Asset retirement obligation	(685)	616	(69)
Fair value, net of asset retirement obligation	14,803	(13,323)	1,480
Fair value of a 10% interest in Scotford and Quest <sup>(2)</sup>	—	(1,475)	(1,475)
Cash	153	59	212
Other working capital	8	60	68
Lease assets	1,510	—	1,510
Lease liabilities	(1,510)	—	(1,510)
Deferred income tax liability	(268)	—	(268)
	\$ 14,696	\$ (14,679)	\$ 17
Non-cash gain on disposition of a 10% interest in Scotford and Quest			464
Non-cash gain on remeasurement of the Company's 90%, pre-existing interest in the AOSP mines			4,508
Gain on acquisition, disposition, and remeasurement			\$ 4,989

(1) Net assets acquired represent a 100% interest in the AOSP mines, and purchase consideration and previously held interests represent a 90% interest in the AOSP mines.

(2) The Company determined the fair value of the AOSP mines, Scotford and Quest, using an estimate of future cash flows discounted at approximately 18%, with reference to comparable market transactions.

### b) Gain on Acquisition, Disposition, and Remeasurement

The Company recognized a \$4,989 million gain related to the transaction, comprised of a \$17 million gain on acquisition representing the excess of the fair value of the net assets acquired compared to the total purchase consideration and previously held interests, a non-cash gain on remeasurement of \$4,508 million (\$3,471 million after-tax) related to the remeasurement of the previously held interest in the AOSP mines to fair value, and a non-cash gain on disposition of \$464 million (\$357 million after-tax) related to the disposition of the 10% interest in Scotford and Quest.

The fair value of the Company's interest in the AOSP mines, and non-operated interest in Scotford and Quest was determined in accordance with IFRS Accounting Standards, using an estimate of future cash flows discounted at approximately 18%, with reference to comparable market transactions, including the Company's acquisition of Chevron's assets in December 2024. The valuation incorporated asset-specific assumptions and required the use of level 3 fair value inputs. Key assumptions used in the valuation included the discount rate, estimated future prices, expected future rates of production, quantity of reserves, production expense, capital expenditures, and allocation of fair value between the AOSP mines, Scotford and Quest.

The Company determined that the acquisition date fair value of the previously held interest in the AOSP mines, net of asset retirement obligations, was \$13,323 million and utilized this estimate in its measurement of the purchase price consideration. The carrying value of the AOSP mines prior to the gain on remeasurement recorded in the transaction was \$8,815 million, net of asset retirement obligations. The Company also determined that the acquisition date fair value of the previously held 10% interest in Scotford and Quest was \$1,475 million and the associated carrying value prior to the gain on disposition recorded in the transaction was \$1,011 million, both net of asset retirement obligations.

In accordance with IFRS Accounting Standards, no value was attributed to potential entity-specific operational synergies. Additionally, the Company has not assigned reserves or attributed any fair value to the additional working interests in non-producing oil sands leases acquired.

### **c) Actual and Pro Forma Results for AOSP Asset Swap Transaction**

As a result of the AOSP asset swap, in the fourth quarter of 2025, revenue increased by approximately \$143 million and net operating income (comprised of revenue less production, blending and feedstock, and transportation expense) increased by approximately \$46 million. Including the impact of interest expense and depletion, depreciation and amortization from operations, earnings before tax increased as a result of the AOSP asset swap by approximately \$19 million for the fourth quarter of 2025. Depletion, depreciation and amortization also increased by an additional \$24 million for the fourth quarter of 2025 as a result of the gain on remeasurement of its 90% previously held interest in the AOSP mines.

If the AOSP asset swap had been completed on January 1, 2025, the Company estimates that pro forma revenue would have increased by approximately \$804 million and pro forma net operating income (comprised of revenue less production, blending and feedstock, and transportation expense) would have increased by approximately \$115 million for the year ended December 31, 2025. Including the impact of depletion, depreciation and amortization from operations, the Company estimates pro forma earnings before taxes would have increased by approximately \$97 million for the year ended December 31, 2025. Pro forma depletion, depreciation and amortization would have also increased by an additional \$145 million in 2025 as a result of the gain on remeasurement of its 90% previously held interest in the AOSP mines. If the Company had accounted for the Corridor pipeline as a lease as of January 1, 2025, pro forma transportation expense would have decreased by \$154 million, and pro forma interest expense and depletion, depreciation and amortization would have increased by \$136 million.

Readers are cautioned that pro forma estimates are not necessarily indicative of the results of operations that would have resulted had the acquisition actually occurred on January 1, 2025, or of future results. Pro forma results are based on historical information and reflect actual production in the period available for the assets as provided to the Company and do not include any synergies that have or may arise subsequent to the acquisition date.

## **NORTH AMERICA EXPLORATION AND PRODUCTION ACQUISITIONS IN 2025**

During 2025, the Company acquired a number of producing and non-producing crude oil and NGLs, and natural gas assets in the North America Exploration and Production segment. These transactions were accounted for using the business combination method of accounting and are summarized below.

### **a) Grande Prairie NGLs and Natural Gas Acquisition**

During 2025, the Company acquired certain producing and non-producing NGLs and natural gas assets in the Grande Prairie area in the North America Exploration and Production segment for cash consideration of \$752 million, subject to final closing adjustments. Net assets acquired include exploration and evaluation assets of \$36 million, property, plant and equipment of \$733 million, and other assets of \$3 million. The Company also assumed associated asset retirement obligations of \$20 million. No net deferred tax liabilities were recognized on this transaction.

### **b) Palliser Block Crude Oil and NGLs, and Natural Gas Acquisition**

During 2025, the Company acquired certain producing and non-producing crude oil and NGLs, and natural gas assets in the Palliser Block in the North America Exploration and Production segment, including exploration and evaluation assets of \$119 million, property, plant and equipment of \$457 million, net working capital of \$76 million, deferred income tax assets of \$80 million, and assumed asset retirement obligations of \$350 million. Total cash consideration was approximately \$302 million and is subject to final closing adjustments. The Company recognized a gain on acquisition of \$80 million, representing the excess of the fair value of the net assets acquired compared to total purchase consideration.

### **c) Actual and Pro Forma Results for Grande Prairie and Palliser Block Acquisitions**

As a result of the Grande Prairie acquisition, revenue increased by approximately \$166 million and net operating income (comprised of revenue less production and transportation expense) increased by approximately \$89 million for the period subsequent to the acquisition. Including the impact of depletion, depreciation and amortization, earnings before tax increased by approximately \$28 million for the period subsequent to the acquisition.

As a result of the Palliser Block acquisition, revenue increased by approximately \$279 million and net operating income (comprised of revenue less production and transportation expense) increased by approximately \$147 million for the period subsequent to the acquisition. Including the impact of depletion, depreciation and amortization, earnings before tax increased by approximately \$61 million for the period subsequent to the acquisition.

If the Grande Prairie and Palliser Block acquisitions had been completed on January 1, 2025, the Company estimates that pro forma revenue would have increased by approximately \$961 million and pro forma net operating income (comprised of revenue less production and transportation expense) would have increased by approximately \$520 million for the year ended December 31, 2025. Including the impact of depletion, depreciation and amortization, the Company estimates pro forma earnings before taxes would have increased by approximately \$241 million for the year ended December 31, 2025. Readers are cautioned that pro forma estimates are not necessarily indicative of the results of operations that would have resulted had the acquisitions actually occurred on January 1, 2025, or of future results. Pro forma results are based on historical information and reflect actual production in the period available for the assets as provided to the Company and do not include any synergies that have or may arise subsequent to the acquisition dates.

#### **d) Other Acquisitions**

For the year ended December 31, 2025, the Company also acquired a number of other producing and non-producing crude oil and NGLs, and natural gas assets in the North America Exploration and Production segment comprised of exploration and evaluation assets of \$17 million, property, plant and equipment of \$160 million, and assumed asset retirement and other obligations of \$51 million for total cash consideration of \$126 million.

In February 2026, subsequent to year end, the Company acquired certain producing and non-producing crude oil and NGLs, and natural gas assets in the Peace River area in the North America Exploration and Production segment for cash consideration of approximately \$765 million, subject to final closing adjustments. Net assets acquired primarily include exploration and evaluation assets and property, plant and equipment. The Company also assumed associated asset retirement obligations.

### **INTERNATIONAL MATTERS**

#### **a) North Sea**

The Company is advancing abandonment and decommissioning activities in the North Sea. Following a 2025 competitive tender for the Ninian South Platform, estimated abandonment costs were higher than originally budgeted. Accordingly, the Company updated its abandonment and decommissioning cost estimates for the Ninian Central and South Platforms and T-Block (Tiffany, Toni, and Thelma fields). Additionally, based on current and forecasted economic conditions, including commodity prices and market egress, the Company determined that the T-Block assets were no longer economically viable. Cessation of production has been accelerated to the first quarter of 2027 and associated crude oil reserves were de-booked.

As a result, during 2025, the Company recognized a non-cash charge of \$836 million (2024 – \$21 million; 2023 – \$113 million) comprised of a recoverability charge recognized in depletion, depreciation and amortization expense of \$1,462 million (2024 – \$160 million; 2023 – \$436 million), net of deferred tax recoveries of \$626 million (2024 – \$139 million; 2023 – \$323 million).

The Company's estimate of its asset retirement obligations, including its long-term abandonment projects in the North Sea and associated tax recoveries, are subject to revision in future periods as abandonment activities progress.

#### **b) Offshore Africa**

During 2025, the Company determined that it would not pursue an extension of its PSC for the Espoir Field, Block CI-26, in Offshore Africa, and de-booked associated crude oil reserves. The Company is working with the Government of Côte d'Ivoire to facilitate the transition of operatorship in the second half of 2026. As a result, as at December 31, 2025 the Company recognized a non-cash recoverability charge in depletion, depreciation and amortization expense of \$269 million.

### **OTHER MATTERS**

As at December 31, 2025, the Company determined that there were no indicators of impairment with respect to its property, plant and equipment and exploration and evaluation assets in the North America Exploration and Production and Oil Sands Mining and Upgrading segments. Although there were no indicators of impairment in these segments, the Company completed its normal course assessment of the recoverability of its property, plant and equipment and exploration and evaluation assets, and determined the carrying amounts of all its CGUs to be recoverable. The recoverability of the International CGUs is discussed in 'International Matters' above.

As at December 31, 2025, as a result of development activities and acquisitions undertaken since the establishment of its CGUs upon adoption of IFRS Accounting Standards, the Company reassessed its CGU structure within the North America Exploration and Production and Oil Sands Mining and Upgrading segments. This reassessment concluded that certain CGUs, which were located in adjacent geographic areas, produce similar products, and which were individually immaterial, should be aggregated into a single CGU. The aggregation of these CGUs did not have any impact on the recoverability of these CGUs under either the previous or revised CGU groupings. There were no changes to the Oil Sands Mining and Upgrading CGUs as a result of the AOSP asset swap, other than for the changing of ownership interest described in 'AOSP Asset Swap Transaction' above.

As at December 31, 2025, property, plant and equipment included project costs, not subject to depletion and depreciation, of \$466 million in the Oil Sands Mining and Upgrading segment (2024 – \$272 million in the Oil Sands Mining and Upgrading segment).

## ACQUISITION OF CHEVRON'S ASSETS

In December 2024, the Company completed the acquisition of Chevron's assets for total cash consideration of \$9,163 million. The acquisition included a 70% operated working interest in the light crude oil and liquids-rich Duvernay asset play in Alberta and a 20% working interest in AOSP. As a result of the acquisition of Chevron's assets, the Company held a 90% direct and indirect working interest in AOSP, which includes the Muskeg River and Jackpine mines, the Scotford Upgrader, and the Quest Carbon Capture and Storage facility. The acquisition also included various working interests in a number of other non-producing oil sands leases. The Company consolidates its interests in the assets, liabilities, revenue, and expenses of both the AOSP and Duvernay joint operations.

The following provides a summary of the net assets acquired relating to the acquisition:

Property, plant and equipment	\$	8,901
Exploration and evaluation assets		320
Working capital		115
Asset retirement obligations		(173)
Net assets acquired	\$	9,163

## 7. Leases

### LEASE ASSETS

	Product transportation and storage	Field equipment and power	Offshore vessels and equipment	Office leases and other	Total
At December 31, 2023	\$ 840	\$ 482	\$ 71	\$ 65	\$ 1,458
Additions	5	118	40	68	231
Depreciation	(96)	(135)	(51)	(20)	(302)
Foreign exchange adjustments and other	3	3	4	(3)	7
At December 31, 2024	752	468	64	110	1,394
Additions <sup>(1)</sup>	<b>1,554</b>	<b>413</b>	<b>45</b>	<b>43</b>	<b>2,055</b>
Depreciation	<b>(100)</b>	<b>(208)</b>	<b>(30)</b>	<b>(24)</b>	<b>(362)</b>
Derecognitions	<b>(3)</b>	<b>(29)</b>	<b>(29)</b>	—	<b>(61)</b>
Foreign exchange adjustments and other	<b>(4)</b>	<b>(10)</b>	<b>(7)</b>	<b>(4)</b>	<b>(25)</b>
At December 31, 2025	<b>\$ 2,199</b>	<b>\$ 634</b>	<b>\$ 43</b>	<b>\$ 125</b>	<b>\$ 3,001</b>

(1) During 2025, in connection with the AOSP asset swap (note 6), the Company became the sole contracted shipper on the Corridor pipeline and recognized \$1,510 million of lease assets, with an associated reduction in the Company's product transportation, purchases, and processing commitments (note 19).

### LEASE ASSETS, BY SEGMENT

As at December 31, 2025 and 2024, the Company had the following lease assets by segment:

	2025	2024
Exploration and Production		
North America	\$ 370	\$ 257
North Sea	32	25
Offshore Africa	35	93
Oil Sands Mining and Upgrading	2,457	932
Head Office	107	87
	<b>\$ 3,001</b>	<b>\$ 1,394</b>

## LEASE LIABILITIES

The Company measures its lease liabilities at the discounted value of its lease payments during the lease term. Lease liabilities as at December 31, 2025 and 2024 were as follows:

	<b>2025</b>	2024
Lease liabilities	<b>\$ 3,106</b>	\$ 1,464
Less: current portion	<b>373</b>	255
	<b>\$ 2,733</b>	\$ 1,209

In addition to the lease assets disclosed above, on an ongoing basis the Company enters into short-term leases related to its Exploration and Production and Oil Sands Mining and Upgrading activities.

Other amounts included in net earnings and cash flows during 2025 and 2024 are provided below:

	<b>2025</b>	2024
Expenses relating to short-term leases <sup>(1)</sup>	<b>\$ 306</b>	\$ 337
Interest expense on lease liabilities	<b>74</b>	69
Variable lease payments not included in the measurement of lease liabilities	<b>24</b>	59
Total cash outflows for leases <sup>(2)</sup>	<b>\$ 1,458</b>	\$ 1,333

(1) During 2025, the Company capitalized \$693 million (2024 – \$543 million) of short-term leases as additions to property, plant and equipment.

(2) Comprised of cash outflows relating to lease liabilities, short-term leases, and variable lease payments.

## 8. Investments

### INVESTMENT IN PRAIRIESKY ROYALTY LTD.

During 2024, the Company sold its 22.6 million common share investment in PrairieSky Royalty Ltd. ("PrairieSky") for \$25.65 per common share with net proceeds at close, after fees and expenses, of \$575 million. The Company's investment did not constitute significant influence, and was accounted for at fair value through profit or loss, measured at each reporting date. For the year ended December 31, 2024, the Company recognized a gain from investment of \$56 million (2023 – \$56 million gain) comprised of a fair value gain from investment of \$50 million (2023 – \$34 million gain) and dividend income of \$6 million (2023 – \$22 million).

## 9. Other Long-Term Assets

	<b>2025</b>	2024
Long-term prepayments, contracts and other <sup>(1)</sup>	<b>\$ 419</b>	\$ 313
Prepaid cost of service tolls	<b>229</b>	166
Long-term inventory	<b>291</b>	204
Risk management (note 18)	<b>—</b>	13
	<b>939</b>	696
Less: current portion	<b>70</b>	76
	<b>\$ 869</b>	\$ 620

(1) Includes physical product sales contracts, interest on Petroleum Revenue Tax ("PRT") and corporate tax recoveries in the North Sea (note 6), and the unamortized cost of contributions to the Company's employee bonus program.

### INVESTMENT IN NORTH WEST REDWATER PARTNERSHIP

The Company has a 50% equity investment in NWRP. NWRP operates a bitumen upgrader and refinery with an output capacity of approximately 80,000 barrels per day. The refinery processes approximately 50,000 barrels per day of bitumen feedstock, including 12,500 barrels per day of bitumen feedstock for the Company (25% toll payer) and 37,500 barrels per day of bitumen feedstock for the Alberta Petroleum Marketing Commission ("APMC") (75% toll payer), an agent of the Government of Alberta. The Company is unconditionally obligated to pay its 25% pro rata share of the debt component of the monthly fee-for-service toll over the 40-year tolling period until 2058 (note 19). Sales of diesel and other refined products and associated refining tolls are recognized in the Midstream and Refining segment (note 21).

As at December 31, 2025, NWRP had \$1,583 million (December 31, 2024 – \$1,459 million) outstanding under its unsecured commercial paper program. NWRP has a \$1,900 million syndicated credit facility that reserves capacity for amounts outstanding under its commercial paper program and for a debt service reserve equal to six months of anticipated facility interest and fees. As at December 31, 2025, the facility was undrawn.

During 2025, NWRP repaid and cancelled \$250 million of the non-revolving portion of the syndicated credit facility.

During 2024, NWRP amended its syndicated credit facility to extend the revolving portion originally maturing June 2025 to June 2027, and reduce the authorized limit on the revolving portion by \$275 million to \$1,900 million. In 2024, NWRP repaid \$657 million on its non-revolving facility, and reduced the authorized limit to \$250 million.

As at December 31, 2025, NWRP had \$8,750 million in long-term notes outstanding (December 31, 2024 – \$8,750 million).

During 2024, NWRP repaid \$500 million of 3.20% series A bonds. Additionally, in 2024 NWRP issued \$700 million of 4.85% series P bonds due June 2034 and \$600 million of 5.08% series Q bonds due June 2054.

NWRP also has short-term borrowings under a \$300 million syndicated credit facility ("demand operating facility") (December 31, 2024 – \$300 million). As at December 31, 2025, NWRP had borrowings of \$50 million under the demand operating facility (December 31, 2024 – \$103 million).

The assets, liabilities, partners' equity, product sales, and equity income related to NWRP at December 31, 2025 and 2024 were comprised as follows:

	<b>2025</b>	2024
Current assets	<b>\$ 493</b>	\$ 535
Non-current assets	<b>\$ 10,298</b>	\$ 10,286
Current liabilities	<b>\$ 2,953</b>	\$ 2,082
Non-current liabilities	<b>\$ 8,829</b>	\$ 9,757
Partners' equity	<b>\$ (991)</b>	\$ (1,018)
Partners' equity at Company's 50% interest	<b>\$ (496)</b>	\$ (509)
Revenue <sup>(1)</sup>	<b>\$ 1,365</b>	\$ 1,490
Net income <sup>(2)</sup>	<b>\$ 26</b>	\$ 92

(1) Included in NWRP's revenue for 2025 is \$315 million (2024 – \$325 million) related to the Company's 25% share of the refining toll.

(2) Included in the net income for 2025 is the impact of depreciation and amortization expense of \$265 million (2024 – \$346 million) and interest and other financing expense of \$457 million (2024 – \$502 million).

The carrying value of the Company's interest in NWRP is \$nil, and as at December 31, 2025, the cumulative unrecognized share of the equity loss and partnership distributions from NWRP was \$496 million (2024 – \$509 million). The Company's recovery of unrecognized equity losses from NWRP for 2025 was \$13 million (2024 – recovery of its share of unrecognized equity losses of \$46 million; 2023 – unrecognized equity loss of \$4 million).

## 10. Long-Term Debt

	2025	2024
<b>Canadian dollar denominated debt, unsecured</b>		
Medium-term notes		
3.42% debentures due December 1, 2026	\$ 441	\$ 441
2.50% debentures due January 17, 2028	225	225
3.30% debentures due December 8, 2028	550	—
3.75% debentures due February 8, 2031	550	—
4.15% debentures due December 15, 2031	500	500
4.55% debentures due February 8, 2036	550	—
4.85% debentures due May 30, 2047	300	300
	<b>3,116</b>	1,466
<b>US dollar denominated debt, unsecured</b>		
Bank credit facilities (December 31, 2025 – US\$2,860 million; December 31, 2024 – US\$3,393 million)	<b>3,922</b>	4,888
Commercial paper (December 31, 2025 – US\$nil; December 31, 2024 – US\$467 million)	—	672
US dollar debt securities		
3.90% due February 1, 2025 (US\$600 million)	—	864
2.05% due July 15, 2025 (US\$600 million)	—	864
3.85% due June 1, 2027 (US\$1,250 million)	1,715	1,801
5.00% due December 15, 2029 (US\$750 million)	1,029	1,080
2.95% due July 15, 2030 (US\$500 million)	685	720
7.20% due January 15, 2032 (US\$400 million)	548	576
6.45% due June 30, 2033 (US\$350 million)	480	504
5.40% due December 15, 2034 (US\$750 million)	1,029	1,080
5.85% due February 1, 2035 (US\$350 million)	480	504
6.50% due February 15, 2037 (US\$450 million)	617	649
6.25% due March 15, 2038 (US\$1,100 million)	1,509	1,585
6.75% due February 1, 2039 (US\$400 million)	548	576
4.95% due June 1, 2047 (US\$750 million)	1,029	1,080
	<b>13,591</b>	17,443
Long-term debt before transaction costs and original issue discounts, net	<b>16,707</b>	18,909
Less: original issue discounts, net <sup>(1)</sup>	14	12
transaction costs <sup>(1) (2)</sup>	76	78
	<b>16,617</b>	18,819
Less: current portion of commercial paper	—	672
current portion of long-term debt <sup>(1) (2)</sup>	441	1,728
	<b>\$ 16,176</b>	\$ 16,419

(1) The Company has included unamortized original issue discounts and premiums, and directly attributable transaction costs in the carrying amount of the outstanding debt.

(2) Transaction costs primarily represent underwriting commissions charged as a percentage of the related debt offerings, as well as legal, rating agency, and other professional fees.

## **BANK CREDIT FACILITIES AND COMMERCIAL PAPER**

As at December 31, 2025, the Company had undrawn bank credit facilities of \$5,668 million, and a fully drawn non-revolving term credit facility of \$4,000 million. Details of these facilities are described below. The Company also has certain other dedicated credit facilities supporting letters of credit.

- a \$100 million demand credit facility;
- a \$500 million revolving credit facility, maturing June 2027;
- a \$4,000 million non-revolving term credit facility, maturing December 2027;
- a \$2,425 million revolving syndicated credit facility, maturing June 2028; and
- a \$2,565 million revolving syndicated credit facility, with \$140 million maturing June 2027, and \$2,425 million maturing June 2029.

During 2025, the Company increased its \$2,425 million revolving syndicated facility to \$2,565 million, and extended \$2,425 million originally due June 2027 to June 2029. The remaining \$140 million outstanding under this facility will mature in June 2027. Each of the revolving credit facilities are extendible annually at the mutual agreement of the Company and lenders. If the facilities are not extended, the full amount of the outstanding principal would be repayable on the maturity date.

During 2024, the Company extended its \$500 million revolving credit facility from February 2025 to February 2026. During 2025, the Company extended its \$500 million revolving credit facility originally maturing February 2026 to June 2027.

During 2024, the Company extended its \$2,425 million revolving syndicated credit facility originally maturing June 2025 to June 2028.

During 2024 and in connection with the acquisition of Chevron's assets, the Company entered into a \$4,000 million non-revolving term credit facility maturing December 2027.

Borrowings under the Company's credit facilities may be made by way of pricing referenced to CORRA, SOFR, US base rate or Canadian prime rate.

The Company's borrowings under its US commercial paper program are authorized up to a maximum of US\$2,500 million. The Company reserves capacity under its revolving bank credit facilities for amounts outstanding under this program.

The Company's weighted average interest rate on bank credit facilities and commercial paper outstanding as at December 31, 2025 was 5.0% (December 31, 2024 – 5.4%), and on total long-term debt outstanding for the year ended December 31, 2025 was 5.0% (December 31, 2024 – 4.9%).

As at December 31, 2025, letters of credit and guarantees aggregating to \$840 million were outstanding (December 31, 2024 – \$1,542 million).

## **MEDIUM-TERM NOTES**

During 2025, the Company filed a base shelf prospectus that allows for the offer for sale from time to time of up to \$3,000 million of medium-term notes in Canada, which expires in September 2027. If issued, these securities may be offered in amounts and at prices, including interest rates, to be determined based on market conditions at the time of issuance.

During 2025, the Company issued \$550 million of 3.30% medium-term notes due December 2028, \$550 million of 3.75% medium-term notes due February 2031, and \$550 million of 4.55% medium-term notes due February 2036. After issuing these securities, the Company had \$1,350 million remaining on its base shelf prospectus.

During 2024, the Company repaid \$320 million of 3.55% medium-term notes.

During 2024, the Company issued \$500 million of 4.15% medium-term notes due December 2031.

## **US DOLLAR DEBT SECURITIES**

During 2025, the Company repaid US\$600 million of 3.90% US dollar debt securities due February 2025.

During 2025, the Company repaid US\$600 million of 2.05% US dollar debt securities due July 2025.

During 2025, the Company filed a base shelf prospectus that allows for the offer for sale from time to time of up to US\$4,500 million of debt securities in the United States, which expires in September 2027. If issued, these securities may be offered in amounts and at prices, including interest rates, to be determined based on market conditions at the time of issuance.

During 2025, the Company filed a prospectus supplement to the base shelf prospectus. Under the base shelf prospectus, the Company completed the exchange of US\$747 million of the outstanding restricted 5.00% US dollar debt securities due December 2029 and US\$750 million of the outstanding restricted 5.40% US dollar debt securities due December 2034. The exchanged notes were not subject to transfer restrictions and did not impact the Company's level of indebtedness. After the exchange of these securities, the Company had US\$3,003 million remaining on its base shelf prospectus.

During 2024, the Company repaid US\$500 million of 3.80% US dollar debt securities.

During 2024, the Company issued US\$750 million of 5.00% notes due December 2029 and US\$750 million of 5.40% notes due December 2034.

## SCHEDULED DEBT REPAYMENTS

Scheduled debt repayments are as follows:

Year	Repayment
2026	\$ 441
2027	\$ 5,637
2028	\$ 775
2029	\$ 1,029
2030	\$ 685
Thereafter	\$ 8,140

## 11. Other Long-Term Liabilities

	2025	2024
Asset retirement obligations	\$ 9,743	\$ 8,607
Lease liabilities (note 7)	3,106	1,464
Share-based compensation	433	620
Transportation and processing contracts	186	58
Risk management (note 18)	65	8
Other	68	80
	<b>13,601</b>	10,837
Less: current portion	<b>1,665</b>	1,535
	<b>\$ 11,936</b>	\$ 9,302

## ASSET RETIREMENT OBLIGATIONS

The Company's asset retirement obligations are expected to be settled on an ongoing basis over a period of approximately 60 years and discounted using a weighted average discount rate of 4.9% (2024 – 4.8%; 2023 – 5.2%) and inflation rates of up to 2% (2024 – up to 2%; 2023 – up to 2%). Reconciliations of the discounted asset retirement obligations were as follows:

	2025	2024	2023
Balance – beginning of year	\$ 8,607	\$ 7,690	\$ 6,908
Liabilities incurred	34	28	25
Liabilities acquired, net	489	171	—
Liabilities settled	(771)	(646)	(509)
Asset retirement obligation accretion	380	389	366
Revision of cost, inflation, and timing estimates <sup>(1)</sup>	1,233	417	621
Change in discount rates	(129)	419	314
Foreign exchange adjustments	(100)	139	(35)
Balance – end of year <sup>(2)</sup>	<b>9,743</b>	8,607	7,690
Less: current portion	<b>956</b>	787	634
	<b>\$ 8,787</b>	\$ 7,820	\$ 7,056

(1) Includes normal course revisions of cost, inflation, and timing estimates, as well as revisions to decommissioning timing and costs in the North Sea and Offshore Africa (note 6).

(2) The Company's estimate of its total undiscounted and uninflated asset retirement obligations as at December 31, 2025 was \$17.6 billion (2024 – \$16.1 billion; 2023 – \$15.5 billion).

## Segmented Asset Retirement Obligations

	2025	2024
Exploration and Production		
North America	\$ 4,937	\$ 4,783
North Sea	2,629	1,724
Offshore Africa	275	197
Oil Sands Mining and Upgrading	1,901	1,902
Midstream and Refining	1	1
	<b>\$ 9,743</b>	<b>\$ 8,607</b>

## Asset Retirement Obligations Sensitivity

Changes in the Company's discount and inflation rates used to estimate its expected future cash outflow required to settle its asset retirement obligations would have the following impact:

	2025	2024
<b>Discount rate</b>		
1% increase	\$ (896)	\$ (883)
1% decrease	\$ 1,135	\$ 1,132
<b>Inflation rate</b>		
1% increase	\$ 1,171	\$ 1,166
1% decrease	\$ (934)	\$ (920)

## SHARE-BASED COMPENSATION

The liability for share-based compensation includes costs incurred under the Company's Stock Option and PSU Plans. The Company's Stock Option Plan provides current employees with the right to elect to receive common shares or a cash payment in exchange for stock options surrendered. The PSU Plan provides certain executive employees of the Company with the right to receive a cash payment, the amount of which is determined with reference to the value of the Company's shares, by individual employee performance, and the extent to which certain other performance measures are met.

The Company recognizes a liability for potential cash settlements under these plans. The current portion of the liability represents the maximum amount of the liability payable within the next twelve month period if all vested stock options and PSUs are settled in cash.

	2025	2024	2023
Balance – beginning of year	\$ 620	\$ 780	\$ 832
Share-based compensation expense	180	279	491
Cash payment for stock options surrendered and PSUs vested	(94)	(84)	(110)
Transferred to common shares	(273)	(358)	(435)
Other	—	3	2
Balance – end of year	433	620	780
Less: current portion	312	463	538
	<b>\$ 121</b>	<b>\$ 157</b>	<b>\$ 242</b>

Included within share-based compensation liability as at December 31, 2025 was \$47 million (2024 – \$99 million; 2023 – \$96 million) related to PSUs granted to certain executive employees.

The fair value of stock options outstanding was estimated using the Black-Scholes valuation model with the following weighted average assumptions:

	<b>2025</b>	2024	2023 <sup>(1)</sup>
Fair value	<b>\$ 9.73</b>	\$ 13.15	\$ 17.96
Share price	<b>\$ 46.49</b>	\$ 44.38	\$ 43.41
Expected volatility	<b>25.7%</b>	26.4%	30.9%
Expected dividend yield	<b>5.1%</b>	5.1%	4.6%
Risk free interest rate	<b>2.7%</b>	2.9%	3.6%
Expected forfeiture rate	<b>5.3%</b>	5.2%	5.4%
Expected stock option life <sup>(2)</sup>	<b>3.9 years</b>	4.1 years	4.2 years

(1) Common share, per common share, dividend, and stock option amounts have been updated to reflect the two for one common share split (note 1).

(2) At original time of grant.

The intrinsic value of vested stock options at December 31, 2025 was \$121 million (2024 – \$181 million; 2023 – \$164 million).

## 12. Income Taxes

The provision for income tax was as follows:

<b>Expense (recovery)</b>	<b>2025</b>	2024	2023
Current corporate income tax – North America <sup>(1)</sup>	<b>\$ 2,193</b>	\$ 1,654	\$ 1,853
Current corporate income tax – North Sea	<b>(124)</b>	(41)	(6)
Current corporate income tax – Offshore Africa	<b>16</b>	57	73
Current PRT <sup>(2)</sup> – North Sea	<b>(184)</b>	(134)	(58)
Other taxes	<b>10</b>	(5)	17
Current income tax	<b>1,911</b>	1,531	1,879
Deferred corporate income tax	<b>887</b>	520	267
Deferred PRT <sup>(2)</sup> – North Sea	<b>(377)</b>	(98)	(214)
Deferred income tax	<b>510</b>	422	53
Income tax	<b>\$ 2,421</b>	\$ 1,953	\$ 1,932

(1) Includes North America Exploration and Production, Oil Sands Mining and Upgrading, and Midstream and Refining segments.

(2) Petroleum Revenue Tax.

For the year ended December 31, 2025, in connection with the AOSP asset swap, the Company recognized deferred corporate income tax of \$1,037 million related to the gain on remeasurement of the previously held interest in the AOSP mines, and deferred corporate income tax of \$107 million related to the gain on disposition of the 10% interest in Scotford and Quest. Refer to note 6 for further details on the transaction.

For the year ended December 31, 2025, the Company recognized deferred tax recoveries comprised of a deferred corporate income tax recovery of \$165 million (2024 – \$50 million; 2023 – \$118 million) and a deferred PRT recovery of \$461 million (2024 – \$89 million; 2023 – \$205 million) in connection with the increase in the Company's estimate of future abandonment costs for the planned decommissioning activities at the Ninian field and T-Block in the North Sea (note 6).

The provision for income tax is different from the amount computed by applying the combined statutory Canadian federal and provincial income tax rates to earnings before taxes. The reasons for the difference are as follows:

	<b>2025</b>	2024	2023
Canadian statutory income tax rate	<b>23.1%</b>	23.2%	23.3%
Income tax provision at statutory rate	<b>\$ 3,064</b>	\$ 1,870	\$ 2,364
Effect on income taxes of:			
UK PRT and other taxes	<b>(551)</b>	(237)	(255)
Impact of UK PRT and other taxes on corporate income tax	<b>225</b>	95	105
Foreign and domestic tax rate differentials	<b>(94)</b>	(112)	(104)
Non-taxable portion of capital losses (gains)	<b>(93)</b>	114	(35)
Stock options exercised for common shares	<b>25</b>	41	91
Revisions arising from prior year tax filings	<b>1</b>	43	(174)
Change in unrecognized capital loss carryforward asset	<b>(93)</b>	114	(35)
Other	<b>(63)</b>	25	(25)
Income tax	<b>\$ 2,421</b>	\$ 1,953	\$ 1,932

The following table summarizes the temporary differences that give rise to the net deferred income tax liability:

	<b>2025</b>	2024
Deferred income tax liabilities		
Property, plant and equipment and exploration and evaluation assets	<b>\$ 13,620</b>	\$ 12,647
Lease assets	<b>754</b>	316
Investment in North West Redwater Partnership	<b>880</b>	908
Taxable PRT for corporate income tax	<b>457</b>	336
Other	<b>161</b>	92
	<b>15,872</b>	14,299
Deferred income tax assets		
Asset retirement obligations	<b>(2,580)</b>	(2,437)
Lease liabilities	<b>(777)</b>	(332)
Share-based compensation	<b>(29)</b>	(35)
Loss carryforwards	<b>(4)</b>	(36)
Unrealized foreign exchange loss on long-term debt	<b>(52)</b>	(125)
Deferred PRT	<b>(1,126)</b>	(795)
Other	<b>(15)</b>	—
	<b>(4,583)</b>	(3,760)
Net deferred income tax liability	<b>\$ 11,289</b>	\$ 10,539

Movements in deferred tax assets and liabilities recognized in net earnings during the year were as follows:

	<b>2025</b>	2024	2023
Property, plant and equipment and exploration and evaluation assets	<b>\$ 667</b>	\$ 443	\$ 196
Lease assets	<b>62</b>	(22)	1
Unrealized foreign exchange on long-term debt	<b>73</b>	(86)	28
Unrealized risk management activities	<b>(14)</b>	(1)	—
Asset retirement obligations	<b>(73)</b>	(279)	(292)
Lease liabilities	<b>(67)</b>	26	(3)
Share-based compensation	<b>6</b>	(4)	2
Loss carryforwards	<b>47</b>	381	235
Investments	<b>—</b>	(54)	(2)
Investment in North West Redwater Partnership	<b>(28)</b>	4	1
Deferred PRT	<b>139</b>	58	86
Taxable PRT for corporate income tax	<b>(377)</b>	(98)	(214)
Other	<b>75</b>	54	15
	<b>\$ 510</b>	\$ 422	\$ 53

The following table summarizes the movements of the net deferred income tax liability during the year:

	<b>2025</b>	2024	2023
Balance – beginning of year	<b>\$ 10,539</b>	\$ 10,183	\$ 10,114
Deferred income tax expense	<b>510</b>	422	53
Foreign exchange adjustments	<b>52</b>	(66)	16
Acquisitions (note 6)	<b>188</b>	—	—
Balance – end of year	<b>\$ 11,289</b>	\$ 10,539	\$ 10,183

Current income taxes recognized in each operating segment will vary depending upon available income tax deductions related to the nature, timing and amount of capital expenditures incurred in any particular year.

The Company files income tax returns in the various jurisdictions in which it operates. These tax returns are subject to periodic examinations in the normal course by the applicable tax authorities. The tax returns as prepared may include filing positions that could be subject to differing interpretations of applicable tax laws and regulations, which may take several years to resolve. The Company does not believe the ultimate resolution of these matters will have a material impact upon the Company's reported results of operations, financial position or liquidity.

The Company has reviewed the Organization for Economic Co-operation and Development's Pillar Two model rules and has concluded it does not have a significant impact.

Deferred income tax assets are recognized for temporary differences to the extent that the realization of the related tax benefit through future taxable profits is probable. Deferred PRT assets will be recovered from the UK Government, directly or through other third parties, as related abandonment expenditures are made. The Company has not recognized deferred income tax assets with respect to taxable capital loss carryforwards in excess of \$1,000 million in North America, which can be carried forward indefinitely and only applied against future taxable capital gains. In addition, the Company has not recognized deferred income tax assets related to North American tax pools of approximately \$950 million, which can only be claimed against income from certain oil and gas properties.

Deferred income tax liabilities have not been recognized on the unremitted net earnings of wholly controlled subsidiaries. The Company is able to control the timing and amount of distributions and no taxes are payable on distributions from these subsidiaries provided that the distributions remain within certain limits.

## 13. Share Capital

### AUTHORIZED

Preferred shares issuable in a series.

Unlimited number of common shares without par value.

ISSUED COMMON SHARES	2025		2024	
	Number of shares (thousands)	Amount	Number of shares (thousands)	Amount
Balance – beginning of year	2,102,996	\$ 11,064	2,144,815	\$ 10,712
Issued upon exercise of stock options	12,062	264	13,531	280
Previously recognized liability on stock options exercised for common shares	—	273	—	358
Purchase of common shares under Normal Course Issuer Bid	(33,480)	(180)	(55,350)	(286)
Balance – end of year	2,081,578	\$ 11,421	2,102,996	\$ 11,064

### PREFERRED SHARES

Preferred shares are issuable in a series. If issued, the number of shares in each series, and the designation, rights, privileges, restrictions, and conditions attached to the shares will be determined by the Board of Directors of the Company.

### DIVIDENDS

The Company has paid regular quarterly dividends in each year since 2001. The dividend policy undergoes periodic review by the Board of Directors and is subject to change.

On March 4, 2026, the Board of Directors approved a 6% increase in the quarterly dividend to \$0.625 per common share, beginning with the dividend payable on April 7, 2026.

On March 5, 2025, the Board of Directors approved a 4% increase in the quarterly dividend to \$0.5875 per common share.

On October 7, 2024, the Board of Directors approved a 7% increase in the quarterly dividend to \$0.5625 per common share. On February 28, 2024, the Board of Directors approved a 5% increase in the quarterly dividend to \$0.525<sup>(1)</sup> per common share.

### NORMAL COURSE ISSUER BID

On March 10, 2025, the Company's application was approved for a Normal Course Issuer Bid ("NCIB") to purchase through the facilities of the Toronto Stock Exchange ("TSX"), alternative Canadian trading platforms, and the New York Stock Exchange ("NYSE"), up to 178,738,237 common shares, representing 10% of the public float, over a 12-month period commencing March 13, 2025 and ending March 12, 2026.

For the year ended December 31, 2025, the Company purchased 33,480,000 common shares at a weighted average price of \$43.28 per common share for a total cost, including tax, of \$1,467 million. Retained earnings were reduced by \$1,287 million, representing the excess of the purchase price of common shares over their average carrying value. Subsequent to December 31, 2025, up to and including March 3, 2026, the Company purchased 3,300,000 common shares at a weighted average price of \$51.12 per common share for a total cost, including tax, of \$169 million.

On March 4, 2026, the Board of Directors approved a resolution authorizing the Company to file a Notice of Intention with the TSX to purchase, by way of Normal Course Issuer Bid, up to 10% of the public float (as determined in accordance with the rules of the TSX) of its issued and outstanding common shares. Subject to acceptance of the Notice of Intention by the TSX, and applicable securities law, the purchases would be made through facilities of the TSX, alternative Canadian trading platforms, and the NYSE.

### SHARE-BASED COMPENSATION – STOCK OPTIONS

The Company's Stock Option Plan provides for the granting of stock options to employees. Stock options granted under the Stock Option Plan have terms ranging from five to six years to expiry and vest over a five-year period. The exercise price of each stock option granted is determined at the closing market price of the common shares on the TSX on the day prior to the grant. Each stock option granted provides the holder the choice to purchase one common share of the Company at the stated exercise price or receive a cash payment equal to the difference between the stated exercise price and the market price of the Company's common shares on the date of surrender of the stock option.

(1) Common share, per common share, dividend, and stock option amounts have been updated to reflect the two for one common share split (note 1).

The Stock Option Plan is a "rolling 7%" plan, whereby the aggregate number of common shares that may be reserved for issuance under the plan shall not exceed 7% of the common shares outstanding from time to time.

The following table summarizes information relating to stock options outstanding at December 31, 2025 and 2024:

	2025		2024	
	Stock options (thousands)	Weighted average exercise price	Stock options (thousands)	Weighted average exercise price
Outstanding – beginning of year	50,806	\$ 33.90	52,410	\$ 26.80
Granted	19,457	\$ 43.53	15,906	\$ 44.82
Exercised for common shares	(12,062)	\$ 21.86	(13,531)	\$ 20.69
Surrendered for cash settlement	(524)	\$ 22.65	(384)	\$ 22.19
Forfeited	(2,943)	\$ 38.57	(3,595)	\$ 29.69
Outstanding – end of year	54,734	\$ 39.83	50,806	\$ 33.90
Exercisable – end of year	11,942	\$ 36.58	10,033	\$ 26.67

The range of exercise prices of stock options outstanding and exercisable at December 31, 2025 was as follows:

	Stock options outstanding			Stock options exercisable		
Range of exercise prices	Stock options outstanding (thousands)	Weighted average remaining term (years)	Weighted average exercise price	Stock options exercisable (thousands)	Weighted average exercise price	
\$10.38 – \$14.99	2,935	0.20	\$ 14.56	876	\$ 14.36	
\$15.00 – \$19.99	61	0.08	\$ 19.36	61	\$ 19.36	
\$20.00 – \$24.99	1,105	0.79	\$ 20.42	757	\$ 20.30	
\$25.00 – \$29.99	481	1.86	\$ 27.12	240	\$ 27.12	
\$30.00 – \$34.99	4,668	1.49	\$ 32.47	1,717	\$ 32.41	
\$35.00 – \$39.99	11,278	2.18	\$ 39.25	4,285	\$ 39.01	
\$40.00 – \$44.99	27,965	4.08	\$ 43.10	2,606	\$ 42.38	
\$45.00 – \$49.99	5,938	3.76	\$ 47.94	1,396	\$ 48.51	
\$50.00 – \$52.98	303	4.31	\$ 52.98	4	\$ 52.98	
	54,734	3.14	\$ 39.83	11,942	\$ 36.58	

## 14. Accumulated Other Comprehensive Income

The components of accumulated other comprehensive income, net of taxes, were as follows:

	2025	2024
Derivative financial instruments designated as cash flow hedges	\$ 66	\$ 70
Foreign currency translation adjustment	153	231
	\$ 219	\$ 301

## 15. Capital Disclosures

The Company has defined its capital to mean its long-term debt and consolidated shareholders' equity, as determined at each reporting date.

The Company's objectives when managing its capital structure are to maintain financial flexibility and balance to enable the Company to access capital markets to sustain its on-going operations and support its growth strategies. The Company primarily monitors capital on the basis of an internally derived financial measure referred to as its "debt to book capitalization ratio", which is the ratio of current and long-term debt less cash and cash equivalents divided by the sum of the carrying value of shareholders' equity plus current and long-term debt less cash and cash equivalents. The Company's internal targeted range for its debt to book capitalization ratio is 25% to 45%. The ratio may fall below or exceed the targeted range depending on the execution of the Company's capital program, commodity price and foreign currency volatility, and the timing of acquisitions. As at December 31, 2025, the ratio was within the target range at 26%.

Readers are cautioned that the debt to book capitalization ratio is not defined by IFRS Accounting Standards and this financial measure may not be comparable to similar measures presented by other companies. Further, there are no assurances that the Company will continue to use this measure to monitor capital or will not alter the method of calculation of this measure in the future.

	<b>2025</b>	2024
Long-term debt	<b>\$ 16,617</b>	\$ 18,819
Less: cash and cash equivalents	<b>673</b>	131
Long-term debt, net	<b>\$ 15,944</b>	\$ 18,688
Total shareholders' equity	<b>\$ 44,366</b>	\$ 39,468
Debt to book capitalization	<b>26%</b>	32%

The Company is subject to a financial covenant that requires debt to book capitalization as defined in its credit facility agreements to not exceed 65%. As at December 31, 2025, the Company was in compliance with this covenant.

## 16. Net Earnings Per Common Share

	<b>2025</b>	2024	2023 <sup>(1)</sup>
Weighted average common shares outstanding – basic (thousands of shares)	<b>2,091,134</b>	2,125,804	2,182,623
Effect of dilutive stock options (thousands of shares)	<b>6,772</b>	14,625	21,625
Weighted average common shares outstanding – diluted (thousands of shares)	<b>2,097,906</b>	2,140,429	2,204,248
Net earnings	<b>\$ 10,820</b>	\$ 6,106	\$ 8,233
Net earnings per common share – basic	<b>\$ 5.17</b>	\$ 2.87	\$ 3.77
– diluted	<b>\$ 5.16</b>	\$ 2.85	\$ 3.74

(1) Common share, per common share, dividend, and stock option amounts have been updated to reflect the two for one common share split (note 1).

In 2025, the Company excluded 29,366,000 potentially anti-dilutive stock options from the calculation of diluted earnings per common share (2024 – 12,144,000; 2023 – 6,461,000).

## 17. Interest and Other Financing Expense

	<b>2025</b>	2024	2023
Interest expense on long-term debt	<b>\$ 965</b>	\$ 604	\$ 627
Interest expense on lease liabilities	<b>74</b>	69	64
Interest expense on long-term debt and lease liabilities	<b>1,039</b>	673	691
Interest (income) and other expense	<b>(205)</b>	(81)	(55)
Interest and other financing expense	<b>\$ 834</b>	\$ 592	\$ 636

## 18. Financial Instruments

The Company's financial instruments are comprised of cash and cash equivalents, accounts receivable, risk management assets and liabilities, accounts payable, accrued liabilities, lease liabilities, and long-term debt. These financial instruments, with the exception of risk management assets and liabilities, are classified as financial assets and liabilities at amortized cost. Risk management assets and liabilities are classified as derivatives held for trading, cash flow hedges, or embedded derivatives.

The estimated fair values of derivative financial instruments in Level 2 and Level 3 at each measurement date have been determined based on appropriate internal valuation methodologies and/or third party indications, including quoted forward prices for commodities, foreign exchange rates, interest yield curves, and other volatility factors.

The changes in estimated fair values of derivative financial instruments included in the risk management asset (liability) were recognized in the financial statements as follows:

<b>Asset (liability)</b>	<b>2025</b>	<b>2024</b>
Balance – beginning of year	\$ 5	\$ 9
Net change in fair value of outstanding derivative financial instruments recognized in:		
Risk management activities <sup>(1)</sup>	(68)	(6)
Foreign exchange	(1)	1
Other comprehensive income	(1)	1
Balance – end of year	(65)	5
Less: current portion	(8)	5
	<b>\$ (57)</b>	<b>\$ —</b>

(1) Risk management assets and liabilities are disclosed in note 9 and note 11, respectively.

Net (gain) loss from risk management activities for the years ended December 31, were as follows:

	<b>2025</b>	<b>2024</b>	<b>2023</b>
Net realized risk management (gain) loss	\$ (89)	\$ 168	\$ (14)
Net unrealized risk management loss	71	9	12
	<b>\$ (18)</b>	<b>\$ 177</b>	<b>\$ (2)</b>

The carrying amounts of the Company's financial instruments approximated their fair value, except for fixed rate long-term debt. The Company's financial instruments are categorized as Level 1 with the exception of risk management assets and liabilities, which are categorized as Level 2, and embedded derivatives, which are categorized as Level 3. There were no transfers between Level 1, 2, and 3 financial instruments. The fair values of the Company's fixed rate long-term debt is outlined below:

	<b>2025</b>		<b>2024</b>	
	<b>Carrying amount</b>	<b>Level 1 Fair Value</b>	Carrying amount	Level 1 Fair Value
Fixed rate long-term debt <sup>(1) (2)</sup>	\$ 12,695	\$ 12,941	\$ 13,259	\$ 13,186

(1) The fair value of fixed rate long-term debt has been determined based on quoted market prices.

(2) Includes the current portion of fixed rate long-term debt.

## RISK MANAGEMENT

The Company periodically uses derivative financial instruments to manage its commodity price, interest rate, and foreign currency exposures. These financial instruments are entered into solely for hedging purposes and are not used for speculative purposes.

The following provides a summary of the carrying amounts of derivative financial instruments held and a reconciliation to the Company's consolidated balance sheets.

<b>Asset (liability)</b>	<b>2025</b>		<b>2024</b>	
<b>Derivatives held for trading</b>				
Natural gas financial instruments <sup>(1) (2) (3)</sup>	\$	(4)	\$	7
Natural gas embedded derivative <sup>(4)</sup>		(57)		—
Foreign currency forward contracts		(4)		(2)
	\$	(65)	\$	5
Included within:				
Current portion of other long-term assets	\$	—	\$	13
Current portion of other long-term liabilities		(8)		(8)
Other long-term liabilities		(57)		—
	\$	(65)	\$	5

(1) In 2025, the Company entered into fixed price financial contracts to buy 12,500 MMBtu/d of natural gas at US\$1.30 AECO for the period of August to December 2025, and 25,000 MMBtu/d of natural gas at US\$2.16 AECO for the period of January to December 2026.

(2) In 2024, the Company entered into fixed price financial contracts to buy 12,500 MMBtu/d of natural gas at US\$1.47 AECO, and 25,000 MMBtu/d of natural gas at US\$1.82 AECO for the period of January to December 2025.

(3) In 2023, the Company entered into fixed price financial contracts to buy 50,000 MMBtu/d of natural gas at US\$1.82 AECO for the period of January to December 2024.

(4) In 2025, the Company entered into a long-term natural gas supply agreement that contains an embedded derivative.

### Embedded Derivative Contract

During 2025, the Company entered into a long-term natural gas supply agreement to supply 140,000 MMBtu/d of natural gas for a term of 15 years, with delivery anticipated to begin in 2030 as all conditions precedent have been waived by the counterparty. Under the terms of the agreement, the Company will deliver natural gas to its counterparty in Illinois, USA and receive a Japan Korea Marker ("JKM") index price less deductions for transportation and liquefaction. The contract includes an embedded derivative as a result of the pricing structure, and the host contract is the natural gas sales agreement with a Chicago Citygate price.

The natural gas embedded derivative contract is categorized as Level 3 within the fair value hierarchy, as the fair value is determined using a discounted estimated cash flow model which incorporates significant unobservable inputs, including future natural gas pricing and a discount rate.

	Remaining term	Fair value (\$ millions)	Range of significant unobservable inputs	
			Forward Prices <sup>(1)</sup> (US\$/MMBtu)	Discount Rate
Natural gas embedded derivative liability	2030 – 2045	\$ 57	\$3.10 – \$7.53	4.6 %

(1) Forward prices refers to the differential between JKM and Chicago Citygate prices.

The Company recognizes a (gain) loss on risk management activities in the statements of earnings related to its natural gas embedded derivative. The (gain) loss is determined by the relative movements in fair value compared to the prior period balance sheet date.

The Level 3 fair value measurements of the embedded derivative could be materially impacted by a change in the discount rate and movements in natural gas prices. The following table summarizes the impacts to the fair value of the embedded derivative resulting from changes in the specified variable over the 15-year contract. These sensitivities are theoretical, as changes in one variable may contribute to changes in another variable, which may magnify or counteract the sensitivities.

	JKM price		Discount rate	
	US\$0.10/MMBtu increase	US\$0.10/MMBtu decrease	1% increase	1% decrease
Fair value – increase/(decrease)	\$ 52	\$ (52)	\$ (90)	\$ 105

## FINANCIAL RISK FACTORS

The Company's financial risks are consistent with those disclosed in notes 1 and 3.

### a) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Company's market risk is comprised of commodity price risk, interest rate risk, and foreign currency exchange rate risk.

#### COMMODITY PRICE RISK MANAGEMENT

The Company periodically uses commodity derivative financial instruments to manage its exposure to commodity price risk associated with the sale of its future crude oil and natural gas production, and with natural gas purchases. These financial instruments are entered into solely for hedging purposes and are not used for speculative purposes.

The Company's outstanding commodity derivative financial instruments are expected to be settled monthly based on the applicable index pricing for the respective contract month.

#### INTEREST RATE RISK MANAGEMENT

The Company is exposed to interest rate price risk on its fixed rate long-term debt and to interest rate cash flow risk on its floating rate long-term debt. The Company periodically enters into interest rate swap contracts to manage its fixed to floating interest rate mix on long-term debt. Interest rate swap contracts require the periodic exchange of payments without the exchange of the notional principal amounts on which the payments are based. As at December 31, 2025, the Company had no interest rate swap contracts outstanding.

#### FOREIGN CURRENCY EXCHANGE RATE RISK MANAGEMENT

The Company is exposed to foreign currency exchange rate risk in Canada primarily related to its US dollar denominated long-term debt, commercial paper, and working capital. The Company is also exposed to foreign currency exchange rate risk on transactions conducted in other currencies and in the carrying value of its foreign subsidiaries. The Company periodically enters into cross currency swap contracts, foreign currency forward contracts, foreign exchange option contracts, SOFR loans, and commercial paper to mitigate its foreign currency exchange rate risk.

As at December 31, 2025, the Company had US\$1,500 million of foreign currency forward contracts outstanding (December 31, 2024 – US\$2,187 million), with original terms of up to 90 days, all of which were designated as derivatives held for trading (December 31, 2024 – US\$1,521 million), and US\$nil were designated as cash flow hedges (December 31, 2024 – US\$666 million).

As at December 31, 2025, the Company had no foreign currency put option contracts outstanding. The Company periodically sells put option contracts which grant the purchaser the right, but not the obligation, to exercise the contract on the expiry date (European option) and are designated as derivatives held for trading. The amount that may be payable upon exercise is initially recognized as a liability valued at the amount paid by the counterparty. The option is remeasured to fair value at each reporting date with gains and losses recognized in risk management activities in net earnings. If the option expires unexercised, the remaining liability is derecognized.

#### FINANCIAL INSTRUMENT SENSITIVITIES

The following table summarizes the annualized sensitivities of the Company's 2025 net earnings and other comprehensive income to changes in the fair value of financial instruments outstanding as at December 31, 2025, resulting from changes in the specified variable, with all other variables held constant. These sensitivities are prepared on a different basis than those disclosed in the Company's other continuous disclosure documents, are limited to the impact of changes in a specified variable applied to financial instruments only, and do not represent the impact of a change in the variable on the operating results of the Company taken as a whole. Further, these sensitivities are theoretical, as changes in one variable may contribute to changes in another variable, which may magnify or counteract the sensitivities. In addition, changes in fair value generally cannot be extrapolated because the relationship of a change in an assumption to the change in fair value may not be linear. These sensitivities exclude the impacts of the Company's embedded derivative, disclosed above.

	2025		2024	
	Increase (decrease) to net earnings	Increase (decrease) to other comprehensive income	Increase (decrease) to net earnings	Increase (decrease) to other comprehensive income
<b>Interest rate risk</b>				
Increase interest rate 1%	\$ (33)	\$ —	\$ (46)	\$ —
Decrease interest rate 1%	\$ 33	\$ —	\$ 46	\$ —
<b>Foreign currency exchange rate risk</b>				
Weakening of the Canadian dollar by US\$0.01	\$ (189)	\$ —	\$ (255)	\$ —
Strengthening of the Canadian dollar by US\$0.01	\$ 184	\$ —	\$ 248	\$ —

## b) Credit risk

Credit risk is the risk that a party to a financial instrument will cause a financial loss to the Company by failing to discharge an obligation.

### COUNTERPARTY CREDIT RISK MANAGEMENT

The Company's accounts receivable are mainly with customers in the crude oil and natural gas industry and are subject to normal industry credit risks. The Company manages these risks by reviewing its exposure to individual companies on a regular basis and, where appropriate, ensuring that parental guarantees or letters of credit are in place to minimize the impact in the event of default. As at December 31, 2025, the Company had 2 customers (2024 – 1; 2023 – 3), that are major international energy companies with investment grade ratings, that individually accounted for more than 10% of the Company's annual sales. As at December 31, 2025, substantially all of the Company's accounts receivable were due within normal trade terms, and the average expected credit loss was approximately 2% of the Company's accounts receivable balance (December 31, 2024 – 2%).

The Company is also exposed to possible losses in the event of nonperformance by counterparties to derivative financial instruments; however, the Company manages this credit risk by entering into agreements with counterparties that are substantially all investment grade financial institutions. As at December 31, 2025, the Company had net risk of \$nil with specific counterparties related to derivative financial instruments (December 31, 2024 – \$11 million). The carrying amount of financial assets approximates the maximum credit exposure.

## c) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities.

Management of liquidity risk requires the Company to maintain sufficient cash and cash equivalents, along with other sources of capital, consisting primarily of cash flow from operating activities, available credit facilities, commercial paper, and access to debt capital markets, to meet obligations as they become due. The Company believes it has adequate bank credit facilities to provide liquidity to manage fluctuations in the timing of the receipt and/or disbursement of operating cash flows.

The maturity dates of the Company's financial liabilities were as follows:

<b>As at December 31, 2025</b>		Less than 1 year	1 to less than 2 years	2 to less than 5 years	Thereafter
Accounts payable	\$	<b>1,105</b>	\$ —	\$ —	\$ —
Accrued liabilities	\$	<b>4,255</b>	\$ —	\$ —	\$ —
Long-term debt <sup>(1)</sup>	\$	<b>441</b>	\$ <b>5,637</b>	\$ <b>2,489</b>	\$ <b>8,140</b>
Other long-term liabilities <sup>(2)</sup>	\$	<b>381</b>	\$ <b>268</b>	\$ <b>659</b>	\$ <b>1,863</b>
Interest and other financing expense <sup>(3)</sup>	\$	<b>971</b>	\$ <b>910</b>	\$ <b>1,860</b>	\$ <b>3,678</b>

  

As at December 31, 2024		Less than 1 year	1 to less than 2 years	2 to less than 5 years	Thereafter
Accounts payable	\$	1,079	\$ —	\$ —	\$ —
Accrued liabilities	\$	4,525	\$ —	\$ —	\$ —
Long-term debt <sup>(1)</sup>	\$	2,400	\$ 941	\$ 7,494	\$ 8,074
Other long-term liabilities <sup>(2)</sup>	\$	263	\$ 187	\$ 405	\$ 617
Interest and other financing expense <sup>(3)</sup>	\$	1,024	\$ 951	\$ 1,978	\$ 3,574

(1) Long-term debt represents principal repayments only and does not reflect interest, original issue discounts and premiums or transaction costs.

(2) Lease payments included within other long-term liabilities reflect principal payments only and are as follows; less than one year, \$373 million (2024 – \$255 million); one to less than two years, \$268 million (2024 – \$187 million); two to less than five years, \$654 million (2024 – \$405 million); and thereafter, \$1,811 million (2024 – \$617 million).

(3) Includes interest and other financing expense on long-term debt and other long-term liabilities. Payments were estimated based upon applicable interest and foreign exchange rates as at December 31, 2025 and December 31, 2024, respectively.

## 19. Commitments and Contingencies

In the normal course of business, the Company has committed to certain payments. The following table summarizes the Company's commitments as at December 31, 2025:

	2026	2027	2028	2029	2030	Thereafter
Product transportation, purchases, and processing <sup>(1) (2) (3) (4)</sup>	\$ 2,241	\$ 2,223	\$ 2,065	\$ 1,912	\$ 1,758	\$ 18,025
North West Redwater Partnership service toll <sup>(5)</sup>	\$ 116	\$ 95	\$ 96	\$ 95	\$ 95	\$ 3,878
Offshore vessels and equipment	\$ 99	\$ —	\$ —	\$ —	\$ —	\$ —
Field equipment and power <sup>(4)</sup>	\$ 50	\$ 26	\$ 26	\$ 24	\$ 24	\$ 170
Other	\$ 122	\$ 50	\$ 19	\$ 18	\$ 18	\$ 177

(1) The Company's commitment for its 20-year product transportation agreement ending in 2044 on the Trans Mountain Expansion ("TMX") pipeline reflects interim tolls approved by the Canada Energy Regulator in 2023, and is subject to change pending the approval of final tolls.

(2) In 2025, in connection with the AOSP asset swap (note 6), the Company became the sole contracted shipper on the Corridor pipeline. Previously, the Company recognized a commitment associated with the pipeline, however, following the completion of the AOSP asset swap the contract has been recorded as a lease.

(3) During 2024, the Company increased its total committed capacity on the TMX pipeline to 169,000 bbl/d, an incremental 75,000 bbl/d over the 20-year term.

(4) During 2024, the acquisition of Chevron's assets included approximately \$1,292 million of product transportation and processing commitments and approximately \$75 million of field equipment and power commitments.

(5) Pursuant to the processing agreements, the Company pays its 25% pro rata share of the debt component of the monthly fee-for-service toll. Included in the toll is \$1,792 million of interest payable over the 40-year tolling period, ending in 2058 (note 9).

In addition to the commitments disclosed above, the Company has entered into various agreements related to the engineering, procurement, and construction of its various development projects. These contracts can be cancelled by the Company upon notice without penalty, subject to the costs incurred up to and in respect of the cancellation.

The Company is defendant and plaintiff in a number of legal actions arising in the normal course of business. In addition, the Company is subject to certain contractor construction claims. The Company believes that any liabilities that might arise pertaining to any such matters would not have a material effect on its consolidated financial position.

## 20. Supplemental Disclosure of Cash Flow Information

	2025		2024		2023
Changes in non-cash working capital:					
Accounts receivable	\$ 125	\$	(940)	\$	368
Inventory	166		(616)		(219)
Prepays and other	(22)		(42)		(23)
Accounts payable	84		(340)		78
Accrued liabilities	(316)		851		(812)
Current income tax liabilities	504		326		(1,558)
Other long-term liabilities	23		(106)		(200)
Net changes in non-cash working capital	\$ 564	\$	(867)	\$	(2,366)
Relating to:					
Operating activities	\$ 672	\$	(743)	\$	(2,417)
Investing activities	(108)		(124)		51
	\$ 564	\$	(867)	\$	(2,366)

The following table summarizes movements in the Company's liabilities arising from financing activities for the years ended December 31, 2025 and 2024:

	Long-term debt		Lease liabilities		Liabilities from financing activities
At December 31, 2023	\$ 10,799	\$	1,555	\$	12,354
Changes from financing cash flows:					
Issuance of bank credit facilities and commercial paper, net <sup>(1)</sup>	5,466		—		5,466
Issuance of other long-term debt <sup>(1)</sup>	2,639		—		2,639
Repayment of other long-term debt <sup>(1)</sup>	(1,008)		—		(1,008)
Payment of lease liabilities	—		(325)		(325)
Non-cash changes:					
Lease additions	—		231		231
Changes in foreign exchange and fair value <sup>(2)</sup>	923		3		926
At December 31, 2024	\$ 18,819	\$	1,464	\$	20,283
Changes from financing cash flows:					
Repayment of bank credit facilities and commercial paper, net <sup>(1)</sup>	(1,395)		—		(1,395)
Issuance of other long-term debt <sup>(1)</sup>	1,634		—		1,634
Repayment of other long-term debt <sup>(1)</sup>	(1,699)		—		(1,699)
Payment of lease liabilities	—		(361)		(361)
Non-cash changes:					
Lease additions	—		2,055		2,055
Lease derecognitions	—		(61)		(61)
Changes in foreign exchange and fair value <sup>(2)</sup>	(742)		9		(733)
At December 31, 2025	\$ 16,617	\$	3,106	\$	19,723

(1) Includes original issue discounts and premiums, and directly attributable transaction costs.

(2) Includes foreign exchange (gains) losses, the amortization of original issue discounts and premiums and directly attributable transaction costs.

## 21. Segmented Information

The Company's exploration and production activities are conducted in three geographic segments: North America, North Sea and Offshore Africa. These activities include the exploration, development, production, and marketing of crude oil, natural gas liquids, and natural gas. The Company's Oil Sands Mining and Upgrading activities are reported in a separate segment from exploration and production activities. Midstream and Refining activities include the Company's pipeline operations, an electricity co-generation system, and NWRP.

Segmented revenue and segmented results include transactions between business segments. Sales between segments are made at prices that approximate market prices, taking into account the volumes involved. These transactions and any unrealized profits and losses are eliminated on consolidation, unless unrealized losses provide evidence of an impairment of the asset transferred. Sales to external customers are based on the location of the seller.

	North America			North Sea			Offshore Africa		
(millions of Canadian dollars)	2025	2024	2023	2025	2024	2023	2025	2024	2023
<b>Segmented product sales</b>									
Crude oil and NGLs <sup>(1) (2)</sup>	\$ 19,102	\$ 18,740	\$ 17,375	\$ 325	\$ 467	\$ 435	\$ 164	\$ 434	\$ 577
Natural gas <sup>(1)</sup>	2,287	1,415	2,375	13	7	7	30	42	51
Other income and revenue	92	6	10	—	4	—	1	4	9
<b>Total segmented product sales</b>	<b>21,481</b>	<b>20,161</b>	<b>19,760</b>	<b>338</b>	<b>478</b>	<b>442</b>	<b>195</b>	<b>480</b>	<b>637</b>
Less: royalties	(2,529)	(2,876)	(2,443)	(1)	(1)	(1)	(8)	(24)	(57)
<b>Segmented revenue</b>	<b>18,952</b>	<b>17,285</b>	<b>17,317</b>	<b>337</b>	<b>477</b>	<b>441</b>	<b>187</b>	<b>456</b>	<b>580</b>
<b>Segmented expenses</b>									
Production	3,567	3,249	3,617	469	440	342	79	109	141
Blending and feedstock <sup>(2) (3)</sup>	4,344	4,643	4,568	—	—	—	—	—	—
Transportation <sup>(3)</sup>	2,032	1,541	1,240	10	10	7	—	1	1
Depletion, depreciation and amortization <sup>(4)</sup>	4,582	3,831	3,679	1,573	279	494	432	297	213
Asset retirement obligation accretion	221	231	234	64	65	46	9	9	8
Risk management loss (commodity derivatives)	66	7	24	—	—	—	—	—	—
Gain on acquisitions, disposition, and remeasurement	(80)	—	—	—	—	—	—	—	—
<b>Total segmented expenses</b>	<b>14,732</b>	<b>13,502</b>	<b>13,362</b>	<b>2,116</b>	<b>794</b>	<b>889</b>	<b>520</b>	<b>416</b>	<b>363</b>
<b>Segmented earnings (loss)</b>	<b>\$ 4,220</b>	<b>\$ 3,783</b>	<b>\$ 3,955</b>	<b>\$ (1,779)</b>	<b>\$ (317)</b>	<b>\$ (448)</b>	<b>\$ (333)</b>	<b>\$ 40</b>	<b>\$ 217</b>
<b>Non-segmented expenses</b>									
Administration									
Share-based compensation									
Interest and other financing expense									
Risk management (gain) loss (other)									
Foreign exchange (gain) loss									
Gain from investment									
<b>Total non-segmented expenses</b>									
<b>Earnings before taxes</b>									
Current income tax									
Deferred income tax									
<b>Net earnings</b>									

(1) Product sales in the North America Exploration and Production and Oil Sands Mining and Upgrading segments originate in Canada.

(2) Includes blending and feedstock costs associated with the processing of third party bitumen and other purchased feedstock in the Oil Sands Mining and Upgrading segment.

(3) During 2025, the Company revised its presentation of transportation, blending and feedstock costs, showing the expenses on a disaggregated basis. The comparative periods presented have been updated to reflect the revision (note 1).

(4) Includes a \$1,462 million (2024 – \$160 million; 2023 – \$436 million) non-cash recoverability charge for revisions to abandonment and decommissioning costs in the North Sea, a \$269 million non-cash recoverability charge related to the decision to not pursue an extension of the Company's PSC for the Espoir field in Offshore Africa, and a \$46 million non-cash derecognition of exploration and evaluation assets related to the decision to not pursue development of Kossipo in Offshore Africa (notes 5 and 6).

Inter-segment Elimination and Other includes internal and corporate transportation and electricity charges. Production, processing, and other purchasing and selling activities, that are not included in the preceding segments are also reported in the segmented information as Inter-segment Elimination and Other.

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

Oil Sands Mining and Upgrading			Midstream and Refining			Inter-segment Elimination and Other			Total		
2025	2024	2023	2025	2024	2023	2025	2024	2023	2025	2024	2023
\$ 20,112	\$ 19,263	\$ 18,661	\$ 91	\$ 82	\$ 76	\$ 946	\$ 98	\$ 176	\$ 40,740	\$ 39,084	\$ 37,300
—	—	—	—	—	—	120	104	142	2,450	1,568	2,575
204	16	5	670	813	926	10	14	10	977	857	960
20,316	19,279	18,666	761	895	1,002	1,076	216	328	44,167	41,509	40,835
(2,867)	(2,952)	(2,366)	—	—	—	—	—	—	(5,405)	(5,853)	(4,867)
17,449	16,327	16,300	761	895	1,002	1,076	216	328	38,762	35,656	35,968
4,693	3,921	3,989	284	315	332	63	59	59	9,155	8,093	8,480
2,218	2,462	2,253	503	669	646	1,006	157	265	8,071	7,931	7,732
684	497	310	42	16	18	(17)	(12)	(6)	2,751	2,053	1,570
2,780	2,258	2,011	17	16	16	—	—	—	9,384	6,681	6,413
86	84	78	—	—	—	—	—	—	380	389	366
—	—	—	—	—	—	—	—	—	66	7	24
(4,989)	—	—	—	—	—	—	—	—	(5,069)	—	—
5,472	9,222	8,641	846	1,016	1,012	1,052	204	318	24,738	25,154	24,585
\$ 11,977	\$ 7,105	\$ 7,659	\$ (85)	\$ (121)	\$ (10)	\$ 24	\$ 12	\$ 10	\$ 14,024	\$ 10,502	\$ 11,383
									615	503	452
									180	279	491
									834	592	636
									(84)	170	(26)
									(762)	955	(279)
									—	(56)	(56)
									783	2,443	1,218
									13,241	8,059	10,165
									1,911	1,531	1,879
									510	422	53
									\$ 10,820	\$ 6,106	\$ 8,233

## CAPITAL EXPENDITURES <sup>(1)</sup>

	2025			2024		
	Net expenditures	Non-cash and fair value changes <sup>(2)</sup>	Capitalized costs	Net expenditures	Non-cash and fair value changes <sup>(2)</sup>	Capitalized costs
<b>Exploration and evaluation assets</b>						
Exploration and Production						
North America <sup>(3)</sup>	\$ 115	\$ 71	\$ 186	\$ 406	\$ (29)	\$ 377
Offshore Africa	—	(46)	(46)	6	(62)	(56)
Oil Sands Mining and Upgrading	—	(13)	(13)	—	(7)	(7)
	<b>115</b>	<b>12</b>	<b>127</b>	<b>412</b>	<b>(98)</b>	<b>314</b>
<b>Property, plant and equipment</b>						
Exploration and Production						
North America <sup>(3)</sup>	4,249	(317)	3,932	5,627	(146)	5,481
North Sea	16	—	16	39	295	334
Offshore Africa	467	80	547	197	8	205
	<b>4,732</b>	<b>(237)</b>	<b>4,495</b>	<b>5,863</b>	<b>157</b>	<b>6,020</b>
Oil Sands Mining and Upgrading <sup>(3) (4)</sup>	1,844	1,381	3,225	8,104	(134)	7,970
Midstream and Refining	8	—	8	11	—	11
Head Office	92	—	92	41	—	41
	<b>6,676</b>	<b>1,144</b>	<b>7,820</b>	<b>14,019</b>	<b>23</b>	<b>14,042</b>
	<b>\$ 6,791</b>	<b>\$ 1,156</b>	<b>\$ 7,947</b>	<b>\$ 14,431</b>	<b>\$ (75)</b>	<b>\$ 14,356</b>

(1) This table provides a reconciliation of capitalized costs, reported in note 5 and note 6, to net expenditures reported in the investing activities section of the statements of cash flows. The reconciliation excludes the impact of foreign exchange adjustments.

(2) Derecognitions, asset retirement obligations, transfer of exploration and evaluation assets, and other fair value adjustments.

(3) Includes cash consideration paid of \$320 million for exploration and evaluation assets and \$2,553 million for property, plant and equipment within the North America Exploration and Production segment, and \$6,175 million for property, plant and equipment within the Oil Sands Mining and Upgrading segment acquired from Chevron in 2024 (note 6).

(4) Includes the non-cash gain on remeasurement and gain on disposition related to the AOSP asset swap completed in 2025 (note 6).

## SEGMENTED ASSETS

	2025	2024
Exploration and Production		
North America	\$ 33,462	\$ 32,670
North Sea	789	702
Offshore Africa	1,398	1,412
Other	35	31
Oil Sands Mining and Upgrading	54,699	49,221
Midstream and Refining	1,142	1,099
Head Office	305	224
	<b>\$ 91,830</b>	<b>\$ 85,359</b>

## 22. Remuneration of Directors and Senior Management

### REMUNERATION OF NON-MANAGEMENT DIRECTORS

	2025	2024	2023
Fees earned	\$ 3	\$ 3	\$ 3

### REMUNERATION OF SENIOR MANAGEMENT <sup>(1)</sup>

	2025	2024	2023
Salary	\$ 2	\$ 2	\$ 2
Common stock option based awards	7	11	13
Annual incentive plans	6	6	5
Long-term incentive plans	19	20	19
	\$ 34	\$ 39	\$ 39

(1) Senior management identified above are consistent with the disclosure on Named Executive Officers provided in the Company's Information Circular to shareholders for the respective years.