

A photograph of an oil tanker train at dusk or dawn. A worker in a white hard hat and safety vest stands in the foreground, looking towards the train. The train consists of several large, silver, cylindrical oil tankers. In the background, there are yellow industrial structures and tall evergreen trees under a dim sky.

The Economic Impact of Canadian Oil and Gas

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Updates From Last Publication on Oct. 17, 2025

- 🇨🇦 **Slide 4:** Updated to reflect the latest 2026 estimates
- 🇨🇦 **Slide 5:** Updated to reflect equity index values up to Dec. 31, 2025
- 🇨🇦 **Slides 8-10:** Updated to reflect the latest 2026 estimates
- 🇨🇦 **Slides 11-12:** Updated to reflect commodity prices up to Dec. 31, 2025
- 🇨🇦 **Slides 13-15:** Updated to reflect the latest 2025 and 2026 estimates
- 🇨🇦 **Slides 17-20:** Updated to reflect the latest 2025 and 2026 estimates
- 🇨🇦 **Slides 23-24:** Updated to reflect the latest Statistics Canada GDP Data (as of Dec. 23, 2025)

Summary of the Economic Impact of Canadian Oil and Gas

- Conditions for the Canadian upstream oil and gas industry have been challenging since the 2014/2015 downturn; however, the situation has drastically improved post-COVID with the commodity price recovery and improved pipeline takeaway capacity, which have resulted in record-high revenue levels in 2022 and 2023.
- Annual revenue for 2026 is currently estimated at \$165.4 billion, (down relative to 2025) due to weaker crude oil prices.
- Capital expenditures (CAPEX) are expected to be up slightly compared to 2025, with the equivalent of over 60% of industry revenue, or \$105.6 billion, estimated to be spent on operating expenditures (OPEX) and CAPEX combined, mostly spent in Canada.
- The industry's improved health has transferred to the bottom line of provincial governments. The industry paid a record \$34 billion in oil and gas royalties to provincial governments in 2022. In 2024-2026, over \$20 billion is expected in each year.
- Over the past few years, cost inflation has erased some of the industry's previous gains in reducing operating costs. Managing these costs continues to be an area of focus.
- The economic impact of Canada's upstream oil and gas sector is significant. In 2024, the sector⁽¹⁾ comprised nearly 4% of Canada's total GDP. The Oil and Gas Extraction subsector is the largest goods-producing industry in Canada. Measured by GDP, it is over 50% larger than the next biggest subsector.
- Based on direct and indirect jobs, the oil and gas sector⁽²⁾ employs about 540,000 people in Canada. When induced jobs are also considered, the oil and gas sector employs closer to 900,000 people in Canada. These are well-paying jobs; the average direct oil and gas worker's total compensation is roughly 2x higher than the Canadian average for goods-producing industries.

Canadian Oil and Gas Metrics (2026e)

\$165.4 billion
Revenue

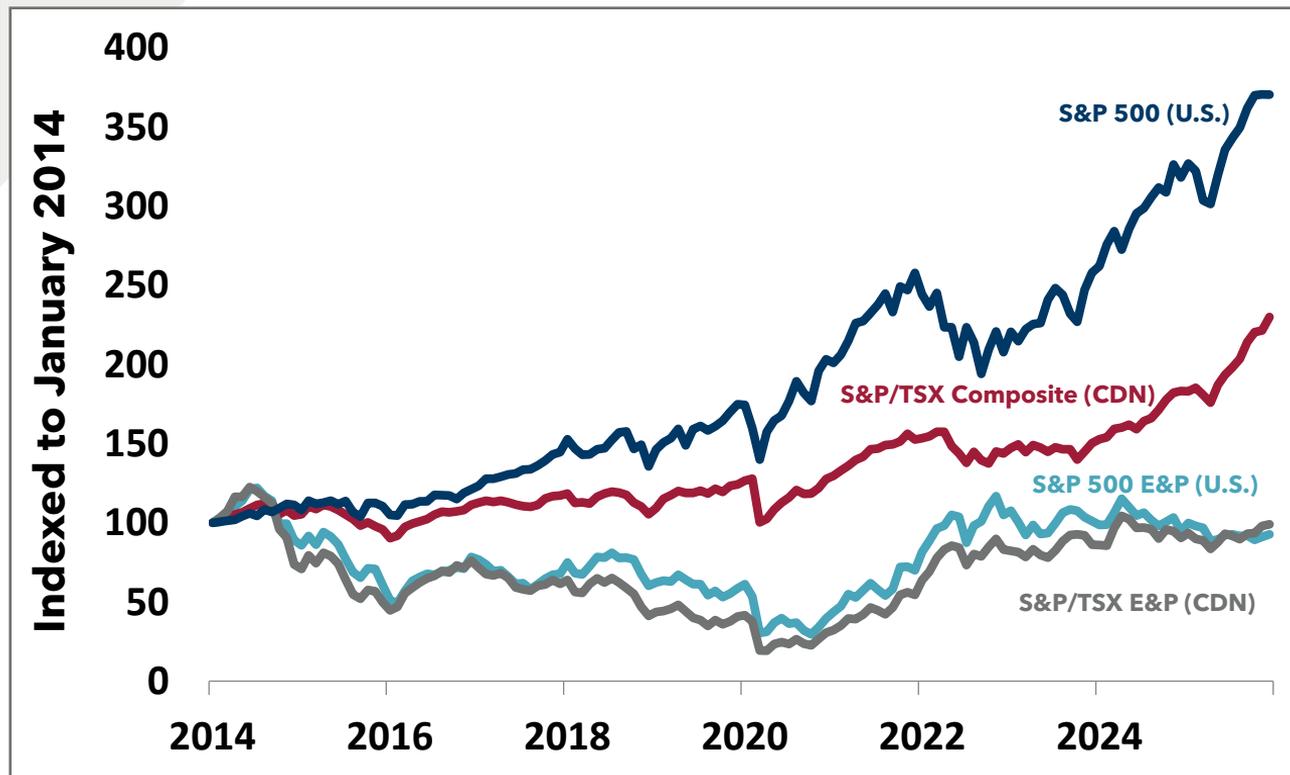
\$65.0 billion
OPEX

\$40.6 billion
CAPEX

(1) Includes support activities for oil & gas extraction
(2) Includes: Oil and gas extraction, support activities for oil and gas extraction, natural gas transmission and distribution, crude oil transportation, and other

Equity Indices Performance Comparison

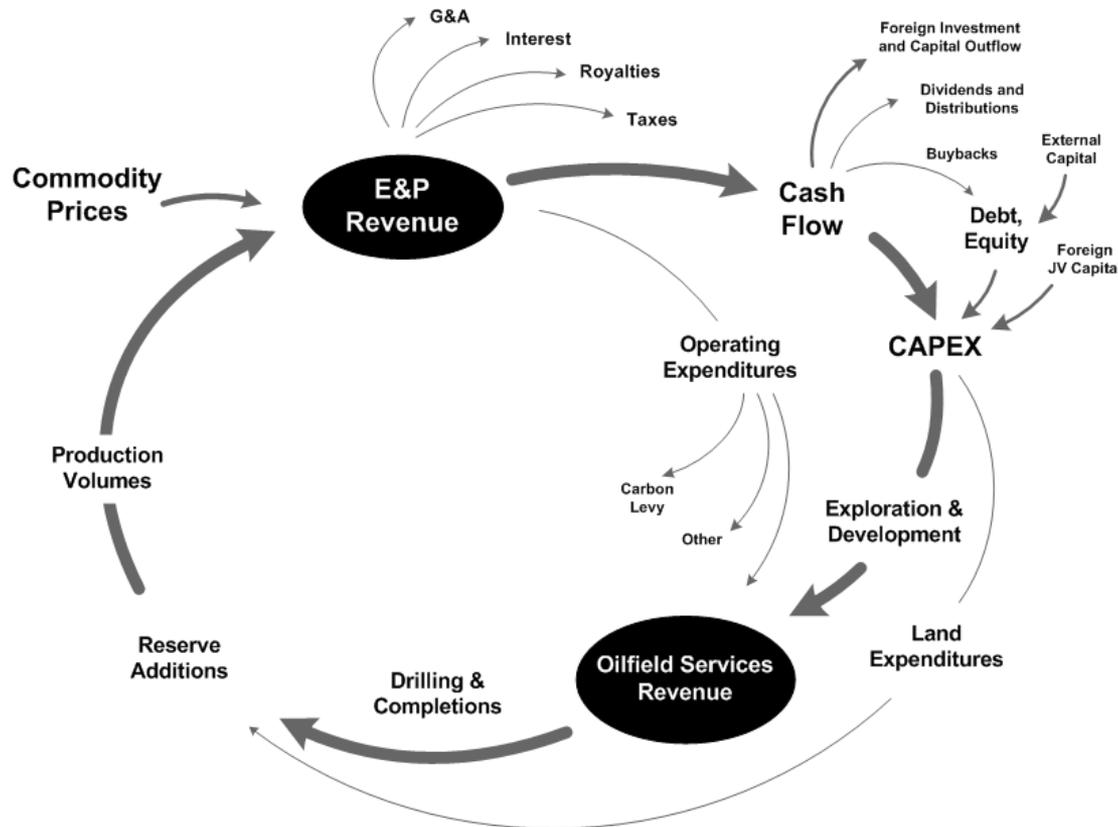
Monthly | Jan. 2014 to Dec. 2025



- The oil and gas sector has underperformed vs. the broad market since the 2014/15 downturn.
- Indexed to 2014, Canadian oil and gas equities have fared worse than U.S. oil and gas equities. In 2018, a shortage of pipeline capacity caused massive Canadian oil price discounts, and the Alberta government forced production curtailment to stabilize prices. This and other issues like pipeline politics and greenhouse gas (GHG) policy uncertainty have contributed to underperformance.
- However, since 2020, Canadian oil and gas equities have outperformed U.S. oil and gas equities.

The Fiscal Pulse

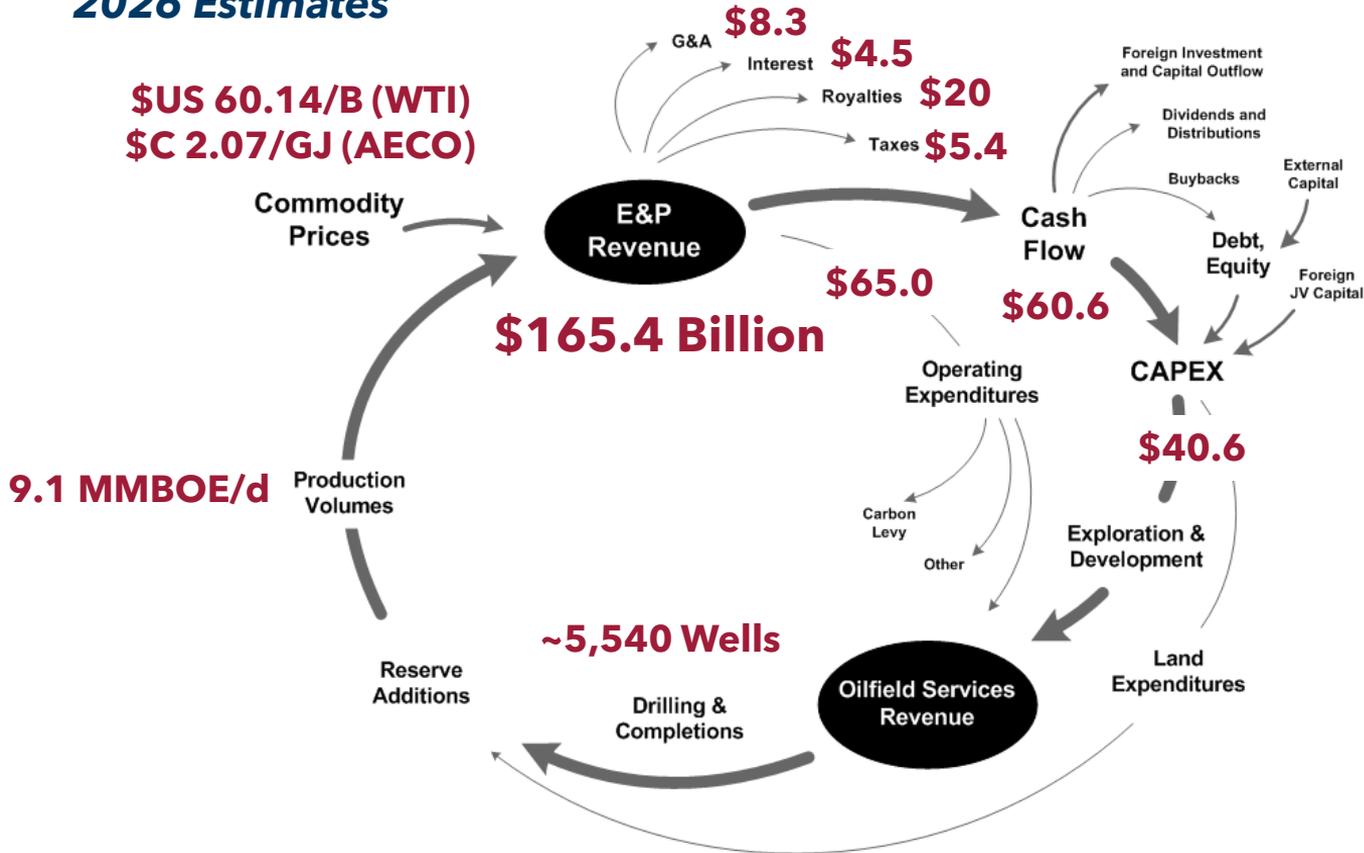
The Fiscal Pulse | Total Canadian Upstream Oil and Gas Industry



- The Fiscal Pulse diagram represents an accounting of how the dollars and product volumes flow through the Canadian oil and gas economy.
- Production Volumes are multiplied by Commodity Prices to yield E&P Revenue. Interest, G&A, Royalties, and Taxes, along with Operating Expenditures, are then deducted to arrive at Cash Flow.
- Cash Flow is then reinvested back into the industry through CAPEX to maintain or grow Production Volumes, measured by Drilling and Completions and Reserve Additions.
- Cash Flow can also flow back to shareholders through Dividends, Distributions, and/or Buybacks.

The Fiscal Pulse | Total Canadian Upstream Oil and Gas Industry

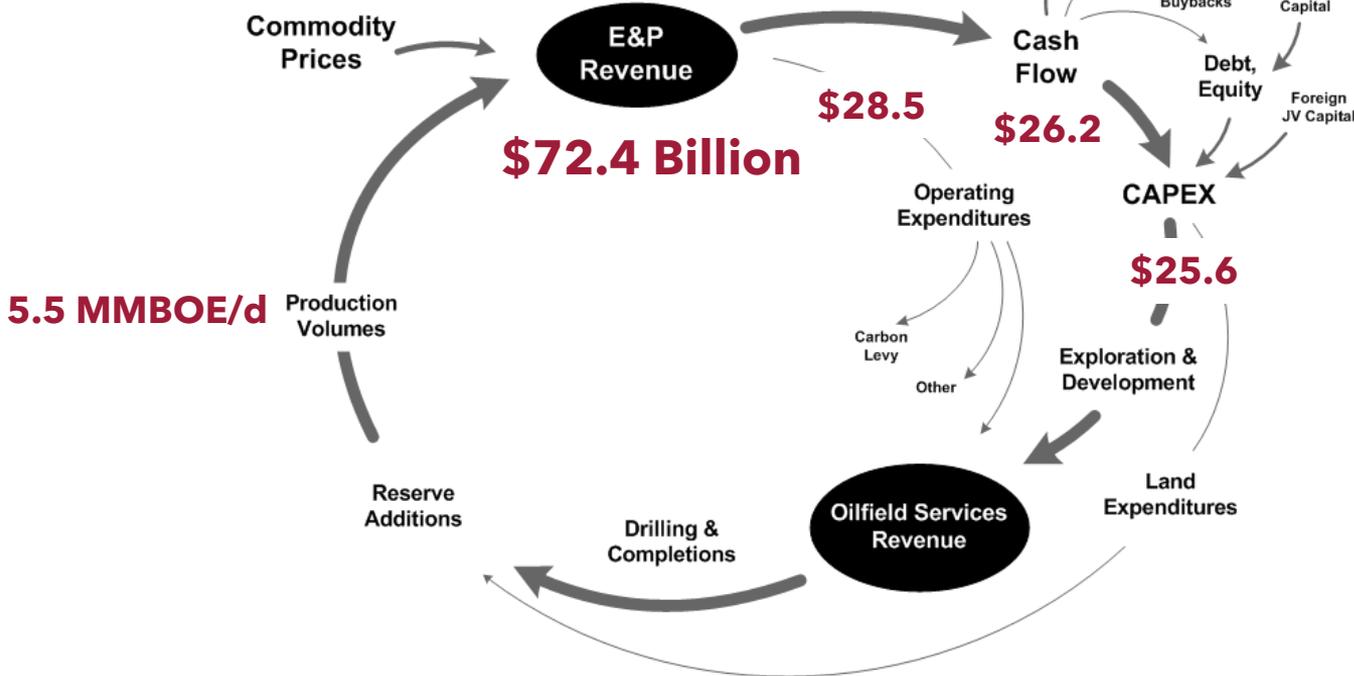
2026 Estimates



- This capital flow diagram updates the metrics for 2026 estimates.
- Total revenues are estimated to be \$165.4 billion in 2026, down from \$174.3 billion in 2025.
- Capital spending of roughly \$41 billion is expected to be slightly up from 2025 with roughly 60% of revenue, or \$105.6 billion (OPEX + CAPEX) that is mostly spent in Canada.

The Fiscal Pulse | Conventional Crude Oil, Liquids and Natural Gas 2026 Estimates

\$US 60.14/B (WTI)
\$C 2.07/GJ (AECO)

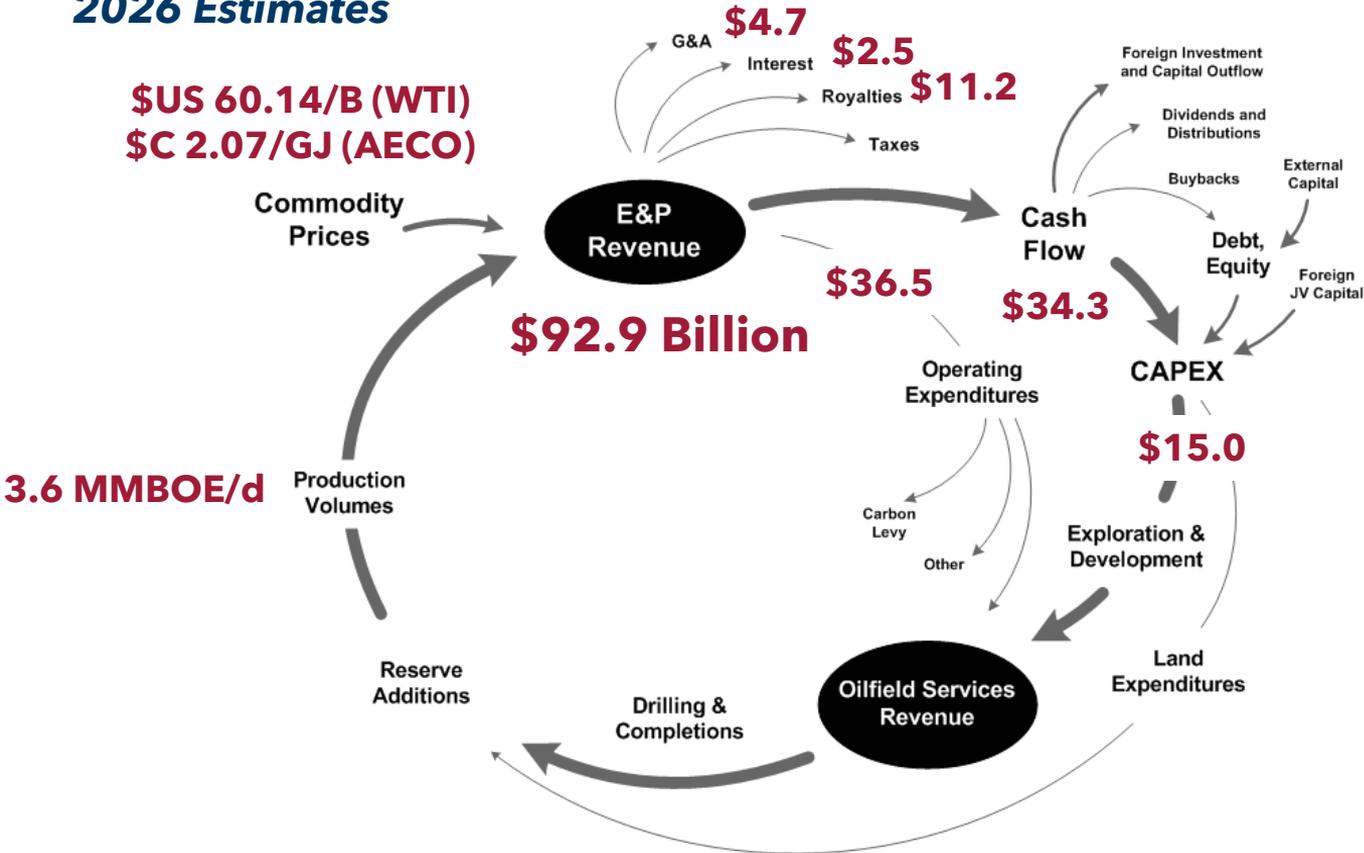


- In 2026, conventional production is estimated to make up under half of the total industry revenue.
- Conventional oil and gas is forecast to spend an estimated ~\$26 billion on CAPEX or roughly 100% of the cash flow generated.
- The high decline rates of the existing wells require constant re-investment just to keep production flat.
- During the US\$100/B oil price era (pre-2014) annual CAPEX spending exceeded \$40 billion some years, an amount greater than peak oil sands spending of ~\$33 billion.

The Fiscal Pulse | Oil Sands Only

2026 Estimates

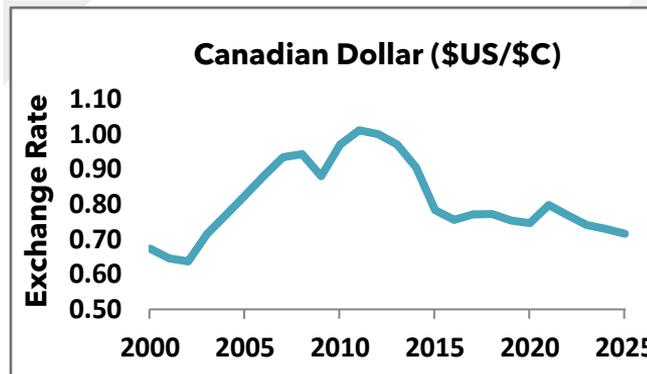
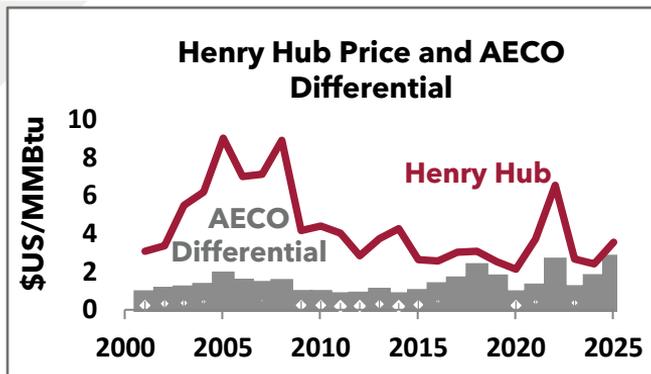
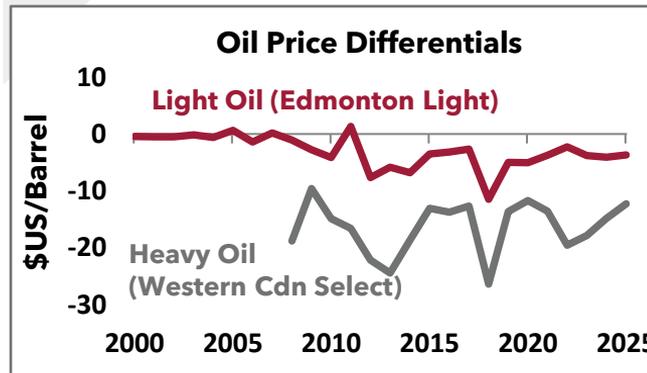
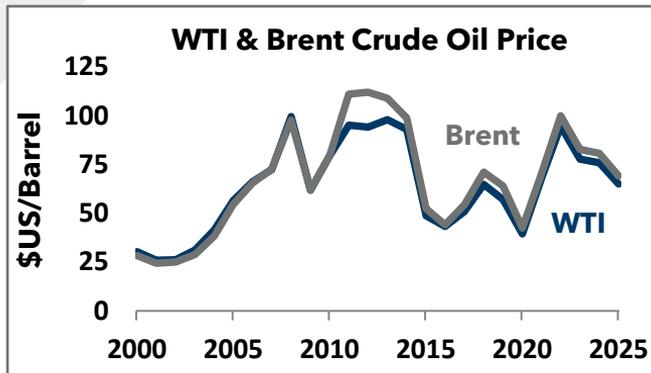
\$US 60.14/B (WTI)
\$C 2.07/GJ (AECO)



- In 2026, oil sands are estimated to account for over half of the upstream industry's total 2026 revenue.
- Oil sands capital spending is expected to be below the conventional amount, at nearly \$15 billion for 2026.
- During the boom years of the oil sands construction (pre-2014) annual spending was over \$30 billion for some years.
- Greenfield construction of oil sands ended last decade. Today, the capex is mostly for production maintenance.

Commodity Prices and Differentials

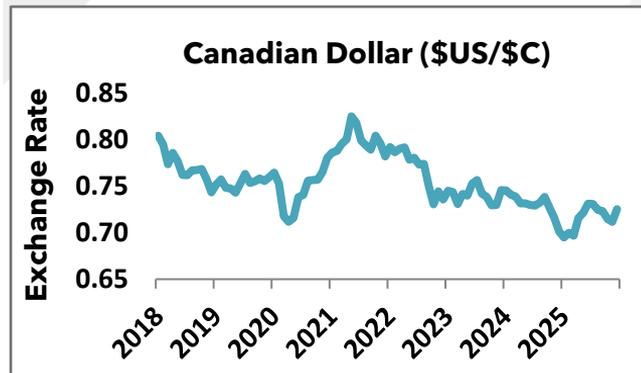
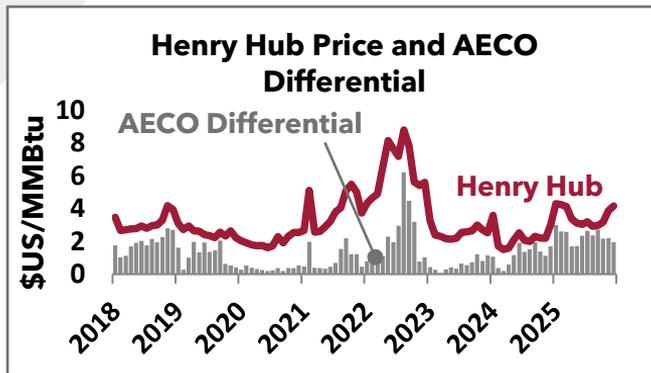
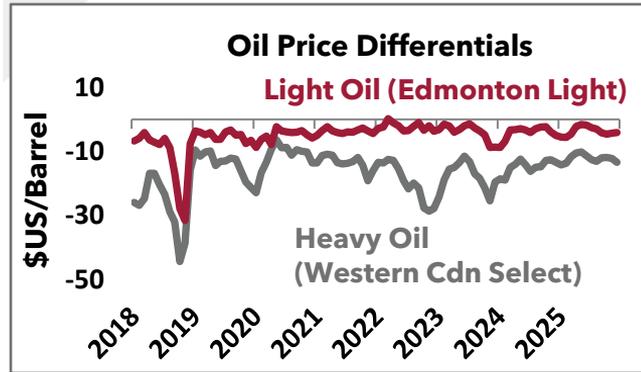
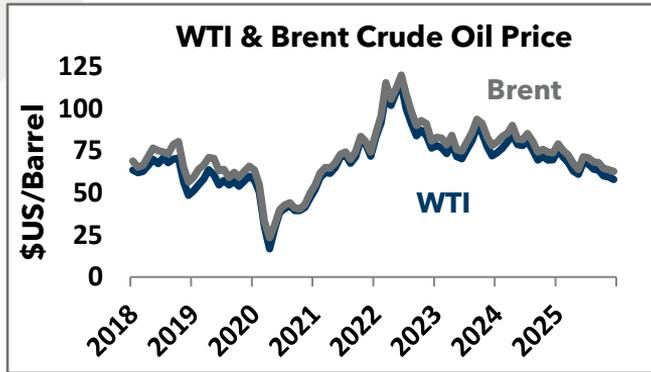
Annual | 2000 to 2025



- In 2018, oil price discounts became extreme due to a lack of pipeline takeaway capacity.
- Discounts are narrower now, with new pipeline capacity and more moderate production growth.
- Canadian natural gas prices at AECO were heavily discounted in the 2017 to 2019 period, and again in the summer of 2022 and 2024. Canadian natural gas prices should improve as LNG Canada Phase 1, which shipped its first cargo in June 2025, continues to ramp-up.
- Oil and gas revenue is realized in U.S. dollars - a weaker Canadian currency has helped boost revenue in Canadian dollars.

Commodity Prices and Differentials

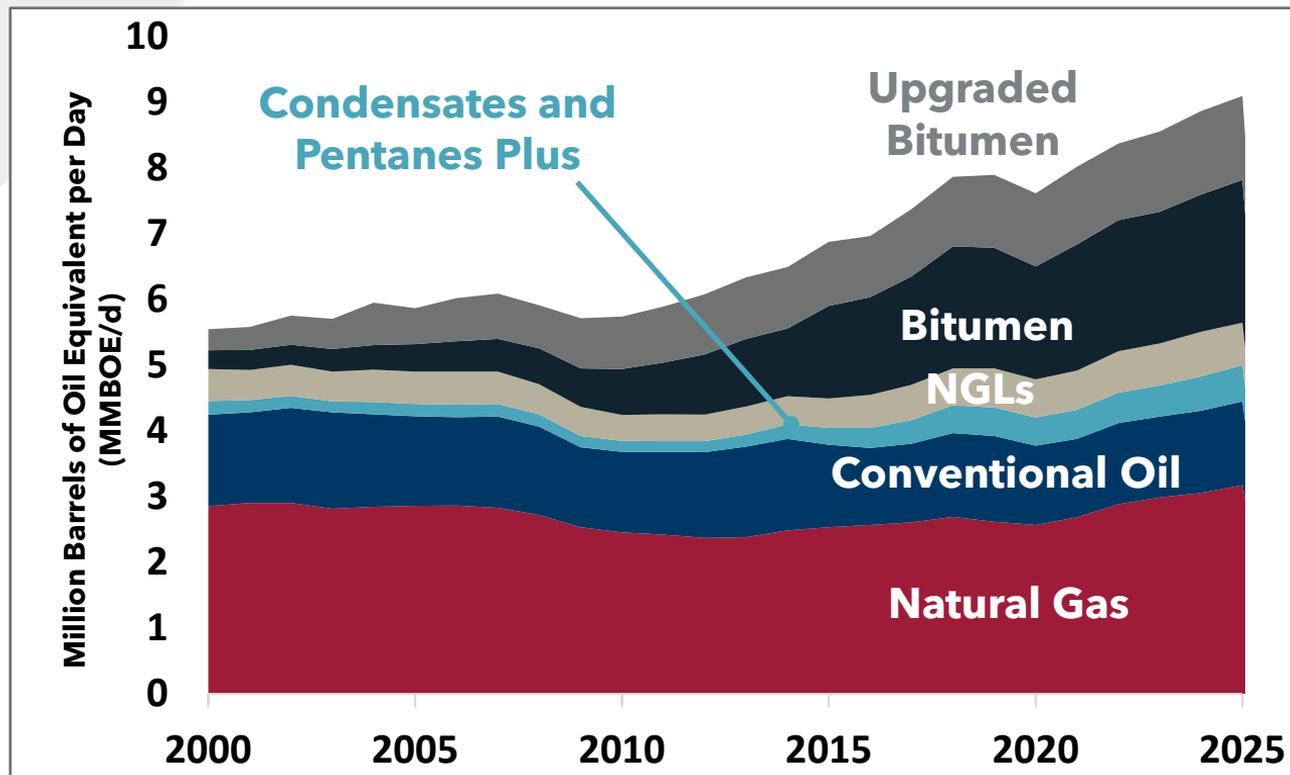
Monthly | Jan. 2018 to Dec. 2025



- The monthly data helps show the trends more clearly.
- WTI oil price averaged \$US 65/B in Q3/2025, approximately \$US 1/B lower compared to Q2/2025.
- The Canadian dollar strengthened in Q3/2025 averaging \$US/\$C 0.726.
- A weaker Canadian dollar boosts the industry's profitability. Companies sell their products in U.S. dollars and pay most of their expenses in discounted Canadian dollars.

Total Canadian Oil and Gas Production by Type

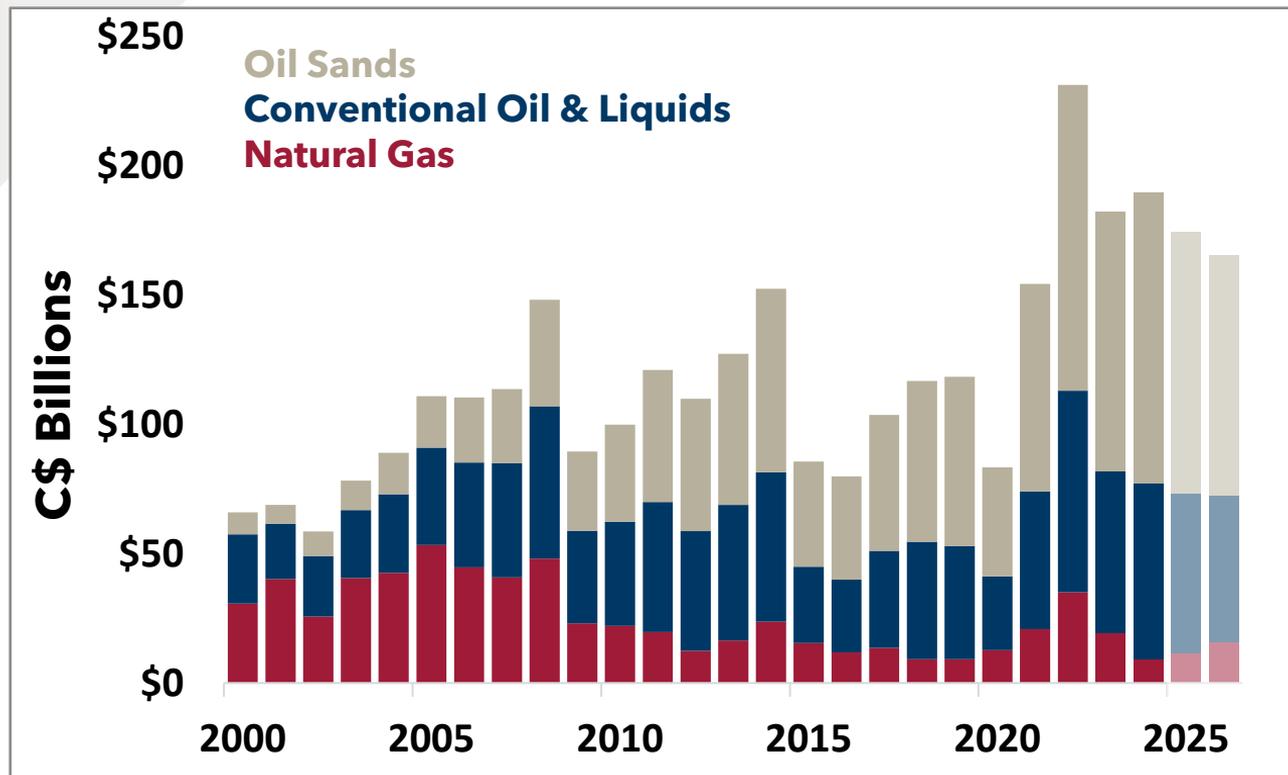
Annual | 2000 to 2025⁽¹⁾



- Canada's total production reached an all-time high of 9.1 MMBOE/d (including NGLs) in 2025⁽¹⁾.
- Since 2021, natural gas and bitumen have been the primary sources of Canadian hydrocarbon production growth.
- Canada's resilient production bounced back faster from COVID than most other countries, including in the U.S.
- The resiliency of production is partly due to the industry's drive to be more operationally and cost-efficient since the 2014/2015 downturn but also driven by lower base declines associated with oil sands production.

Canadian Oil and Gas Upstream Total Revenues

Annual | 2000 to 2026e

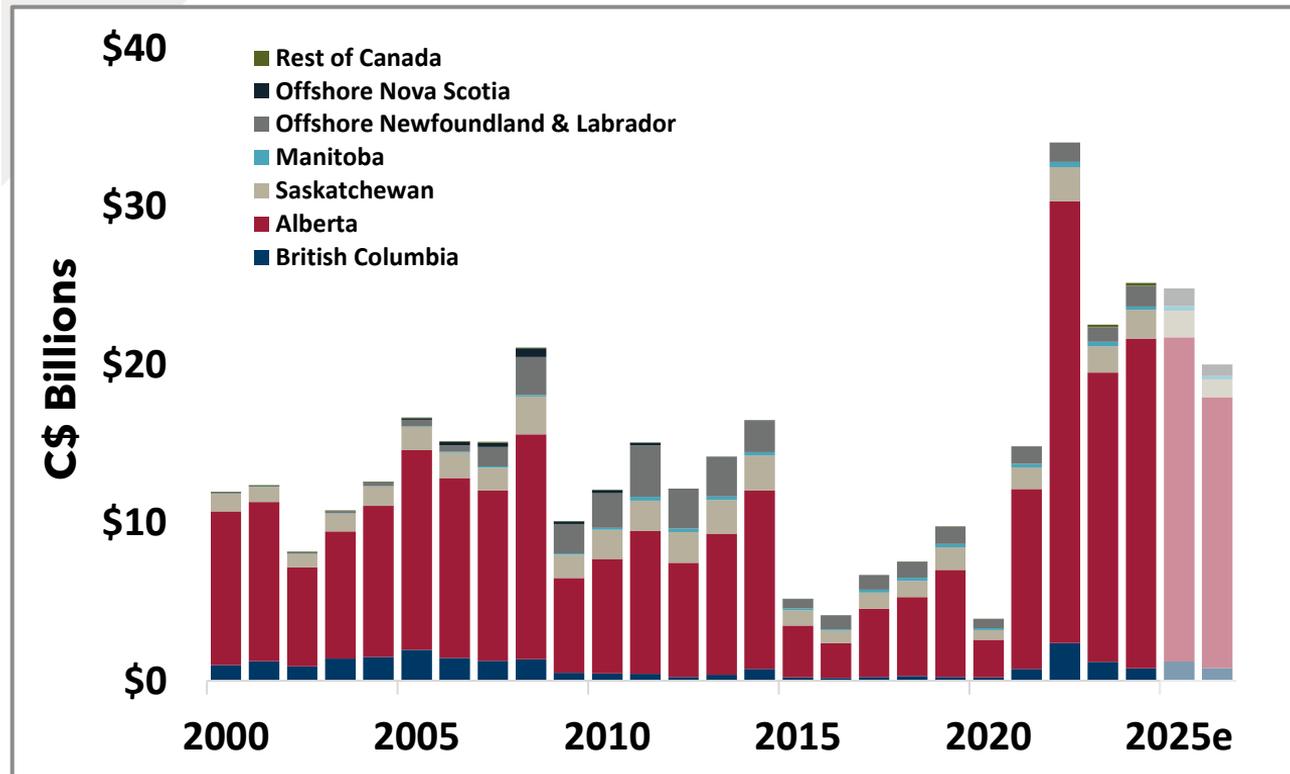


Oil has a higher energy density than natural gas, therefore, oil is generally more valuable on a per-unit basis as it contains more energy. As such, Canadian oil and gas upstream revenues are more influenced by oil prices.

While marketed natural gas production is expected to be at an all-time high in 2025, low gas prices reduce the revenue impact. In the early 2000s, gas revenue was greater, while marketed natural gas volume was slightly lower than now, and gas prices were 2-3x higher.

Canadian Oil and Gas Royalties by Province

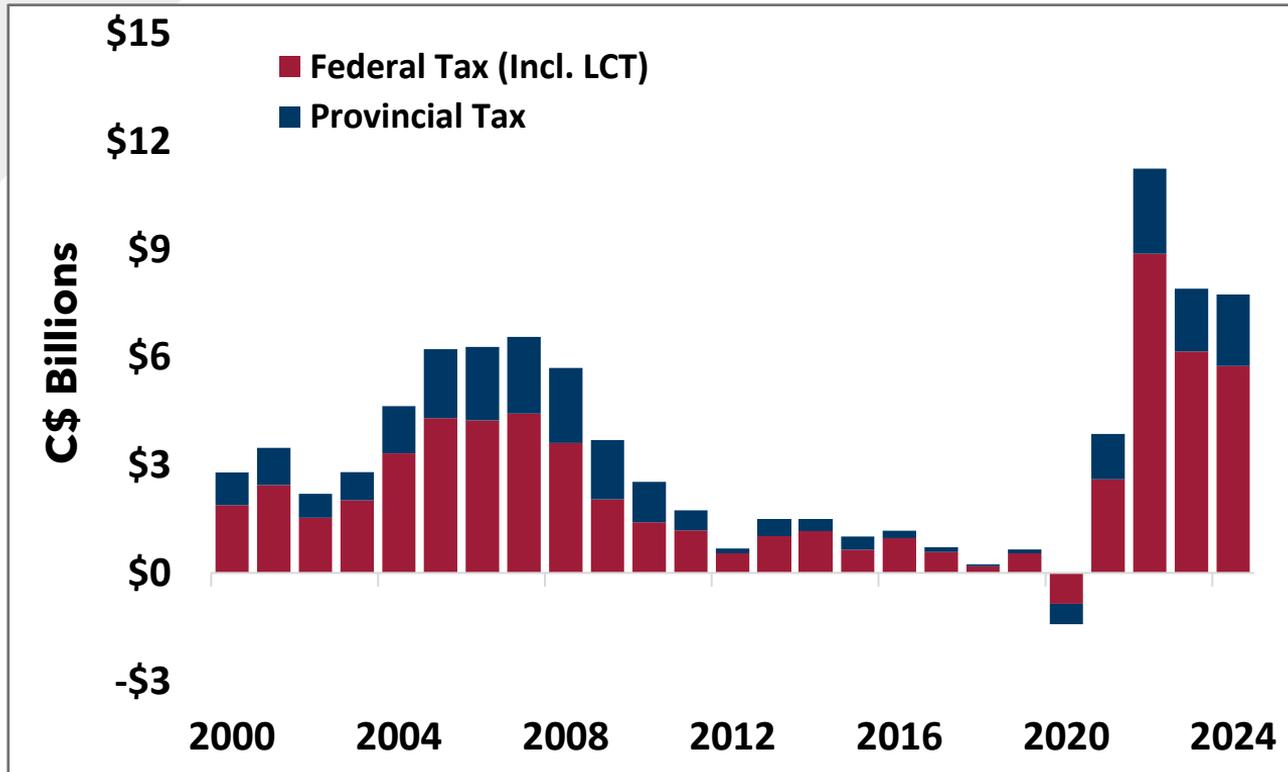
Annual | 2000 to 2026e



- The improved fiscal health of the oil and gas industry has transferred to the bottom line of the provinces through the payment of royalties.
- For 2022, a record-high \$34 billion in royalties were collected by oil and gas producing provinces in Canada.
- For 2022, \$28 billion in oil and gas royalties was collected for Alberta, the highest ever for the province.
- Recent high oil prices pushed some oil sands projects into “post-payout” status, meaning they will pay a higher royalty rate earlier than expected.

Canadian Oil and Gas Income Taxes

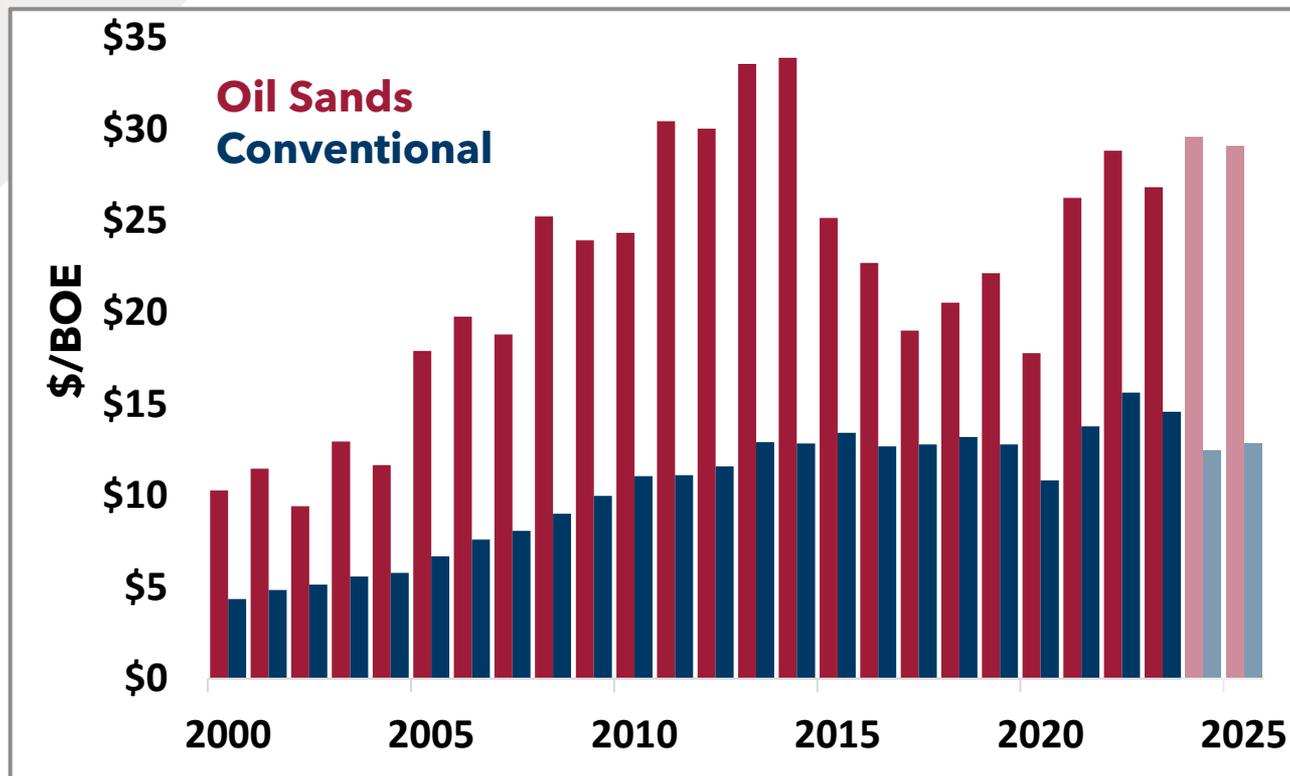
Annual | 2000 to 2024



- ▶ Canada's upstream oil and gas industry is an important contributor to government revenues through federal and provincial corporate income taxes.
- ▶ In 2024, Canada's oil and gas industry paid the federal and provincial governments nearly \$8 billion of income taxes.
- ▶ Since 2021, shareholders of oil and gas companies have shifted the focus from reinvestment in growth to profitability. This structural trend is expected to increase the amount of taxes in the coming decade.

Operating Costs per BOE

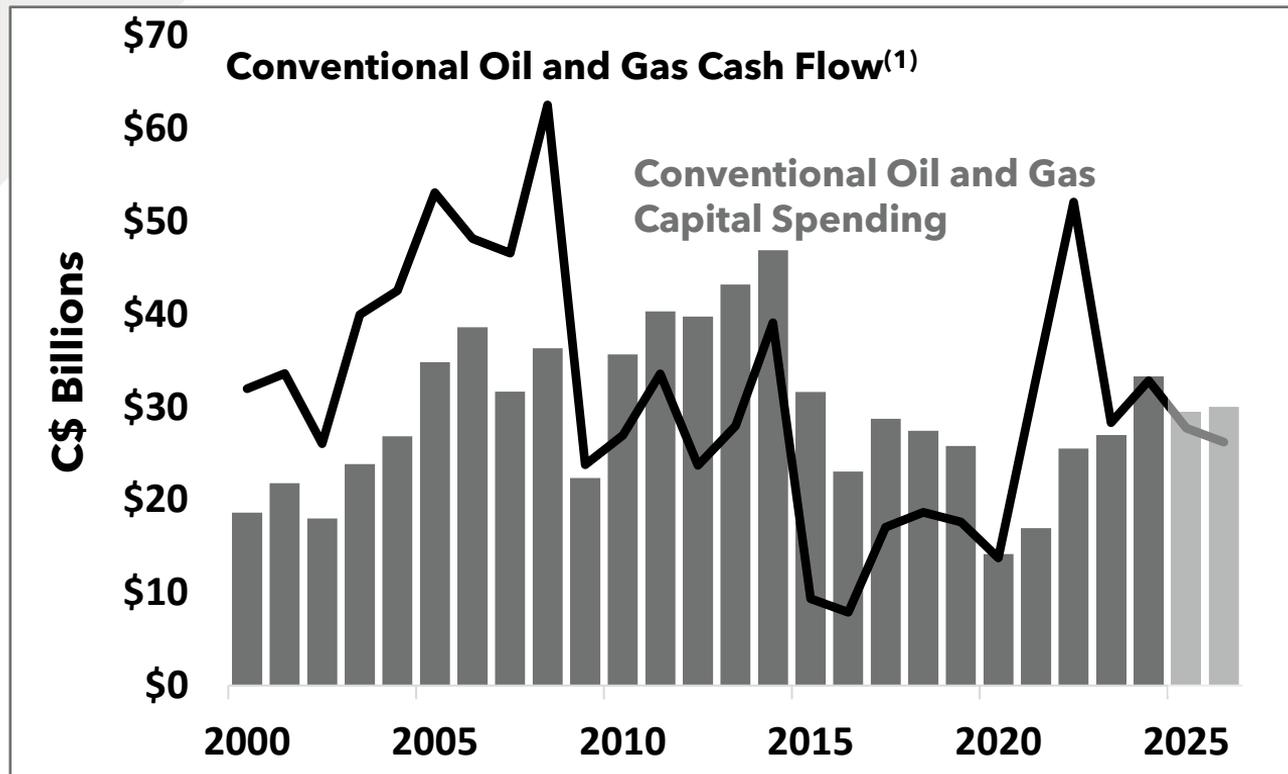
Annual | 2000 to 2026e



- After the 2014 downturn, through efficiencies, oil sands operators made significant strides in reducing their operating costs per barrel.
- Conventional operating costs declined but to a lesser extent. However, post-COVID, much of the gain in reducing operating costs has been eroded by cost inflation for goods and services.
- Managing cost inflation is an ongoing focus for the industry.
- For oil sands operators, fuel costs (e.g., natural gas) are a major component of operating costs. Low domestic natural gas prices enable lower operating costs for oil sands operators.

Cash Flow and Capital Spending

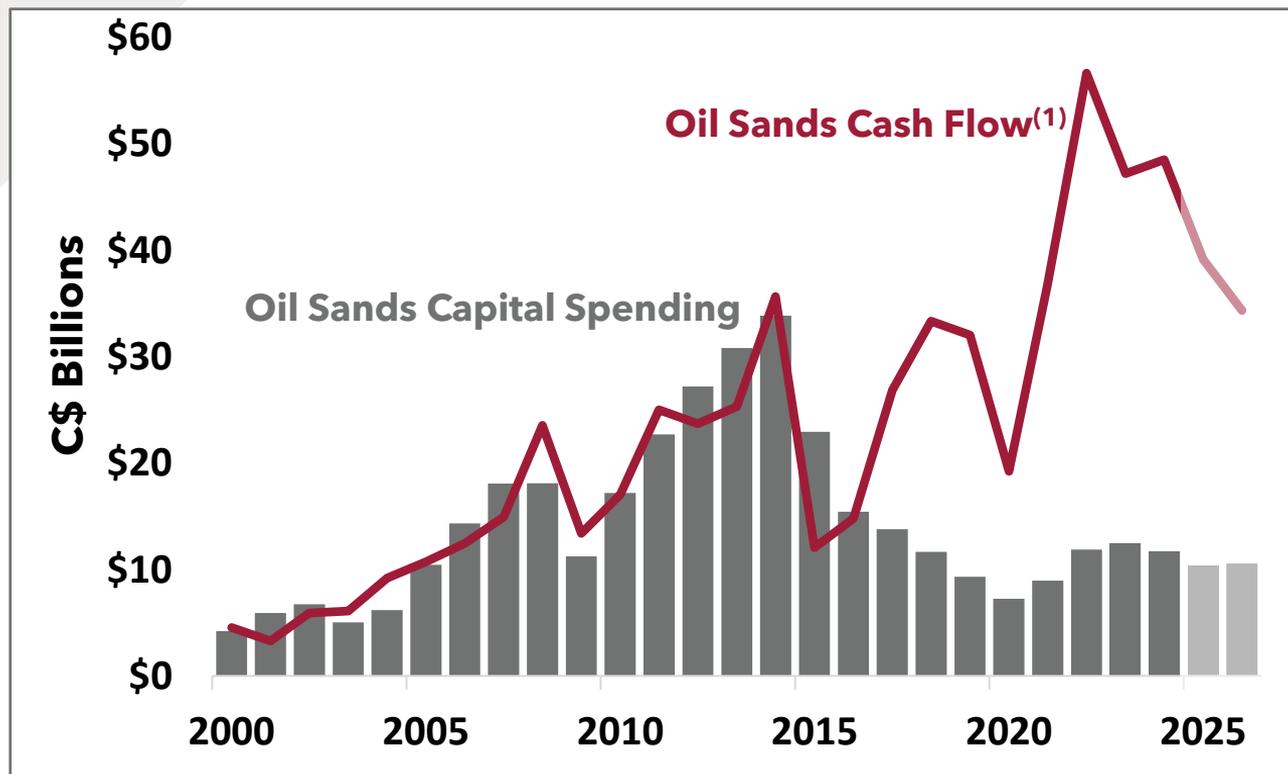
Conventional Oil and Gas | Annual | 2000 to 2026e



- From 2000 to 2010, the conventional industry's growth was constrained, and it did not spend all the cash flow that it generated.
- That changed in 2010. For the next 10 years, the industry had access to external debt and equity, allowing it to spend beyond its cash flow.
- Now, the focus has shifted from growth to shareholder returns. Consequently, since 2021, capital spending has mostly been lower than cash flow.

Cash Flow and Capital Spending

Oil Sands | Annual | 2000 to 2026e

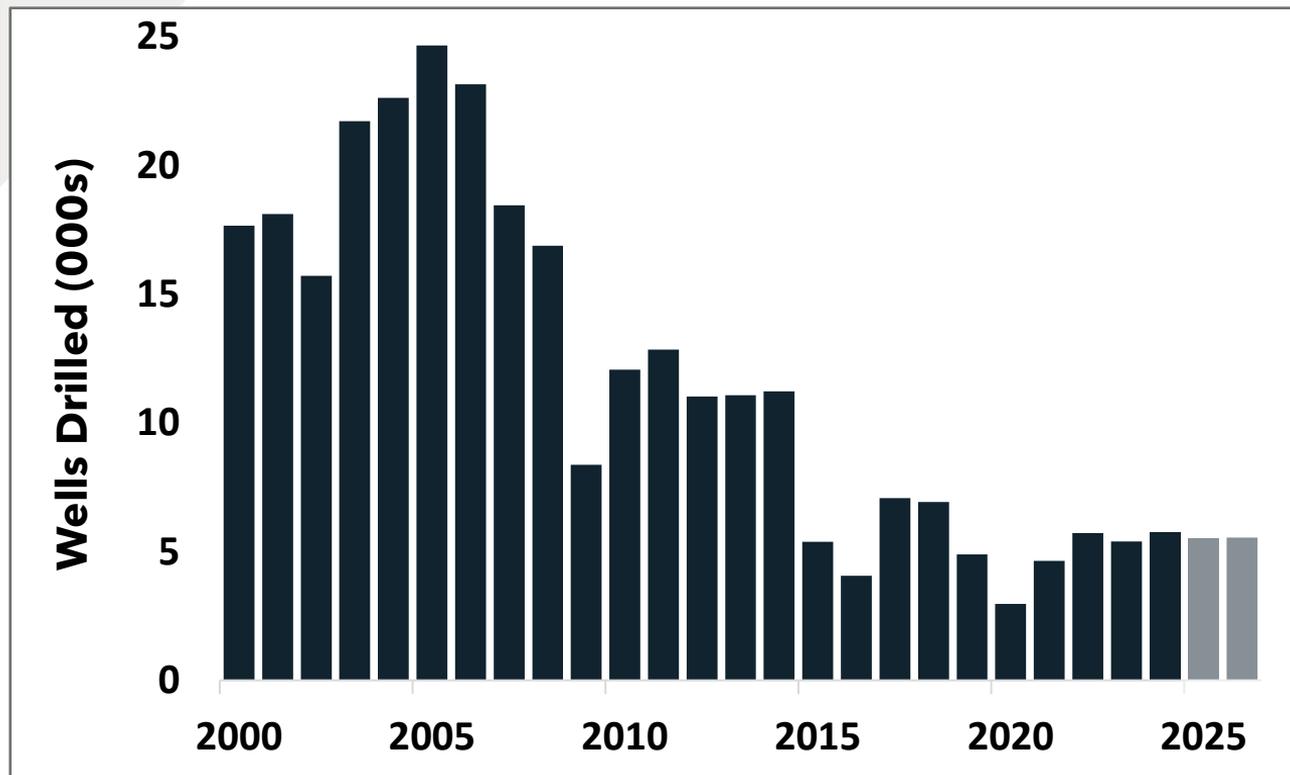


Capital spending on oil sands projects peaked in 2014 at nearly \$35 billion. The collapse in oil prices caused many projects to be shelved and multinationals started to exit the sector.

Today, no greenfield projects are progressing. CAPEX spending is on brownfield expansions and maintenance of existing assets that need relatively low amounts of capital. Consequently, oil sands generate more free cash flow (after CAPEX is deducted) than conventional, which requires higher levels of CAPEX.

WCSB Oil and Gas Industry Activity

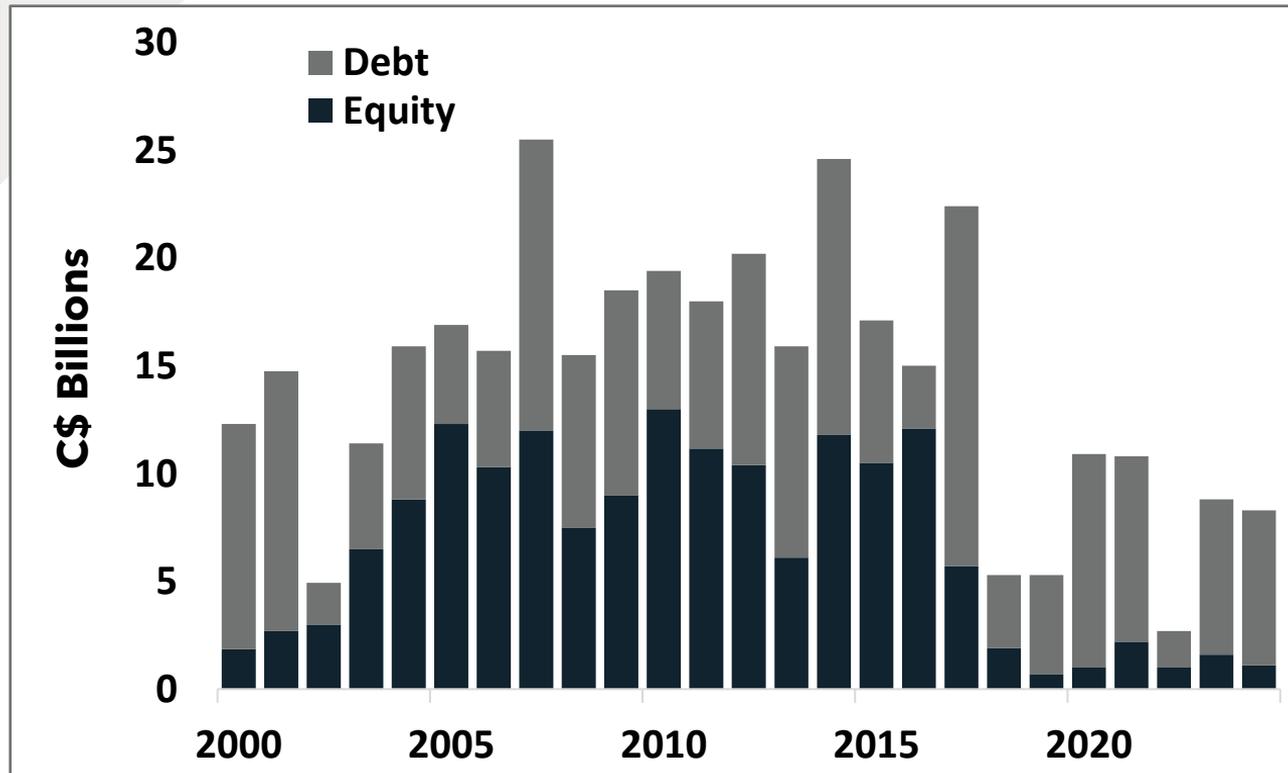
Wells Drilled (Rig-Released) | Annual | 2000 to 2026e



- In the era of shallow gas drilling and high natural gas prices, a record ~25,000 wells and ~30 million meters were drilled in 2005.
- Today, wells are much deeper and take longer to drill. In 2023, 5,389 wells were drilled in the Western Canada Sedimentary Basin (WCSB) covering just under 18 million meters.
- That equates to wells being on average approximately 2.7x longer today than in 2005.
- The estimate for wells drilled in 2026 shown on the graph is ~5,540 which is down slightly compared to the 5,758 wells drilled in 2024.

Canadian Oil and Gas Industry Financings

Annual | 2000 to 2024

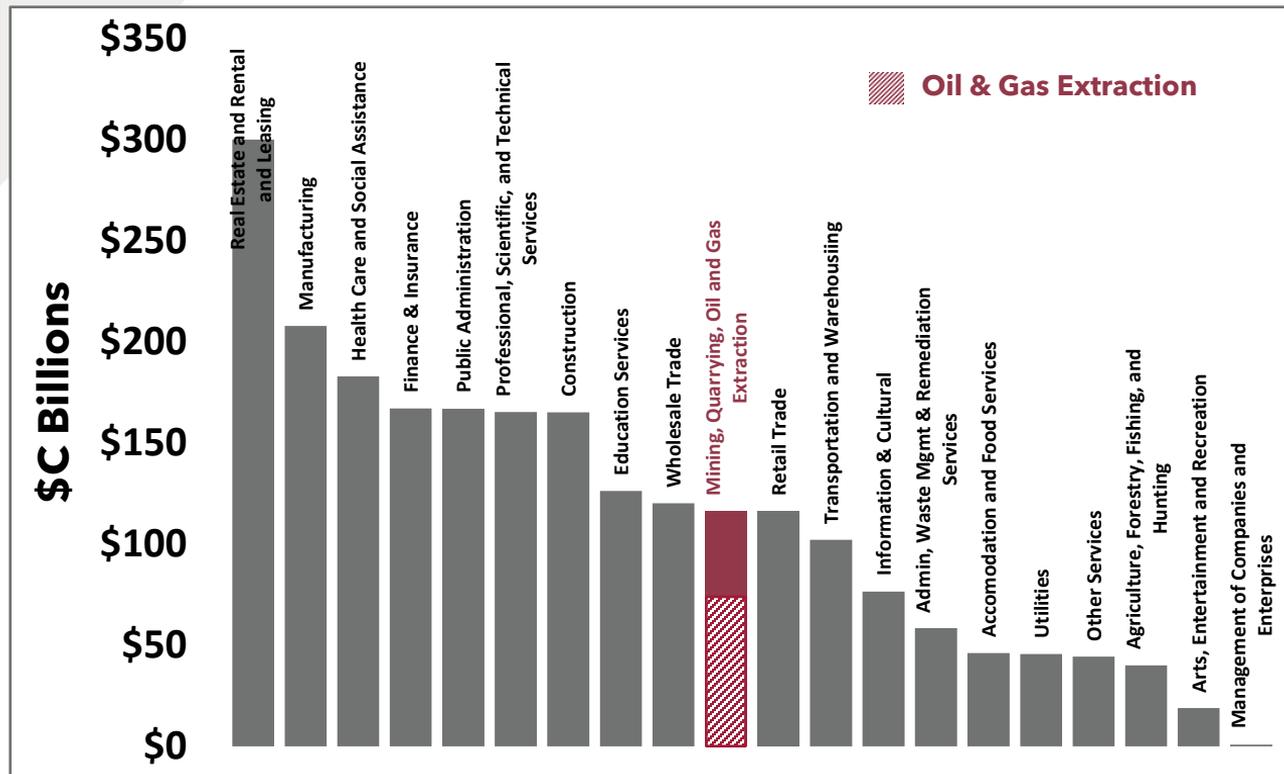


- The capital constraints that face the global oil & gas industry are exacerbated in Canada because of lack of pipeline takeaway capacity, regulatory uncertainty and complex carbon policy uncertainty.
- The total amount of capital raised in the Canadian oil and gas industry in 2024 was \$8.3 billion down slightly compared to \$8.8 billion in 2023.
- The industry is adapting to having less access to external capital than in the past, by reducing debt and relying on internally generated cash flow.

Economic Impact of the Oil and Gas Industry

Canada's Gross Domestic Product (GDP) by Sector

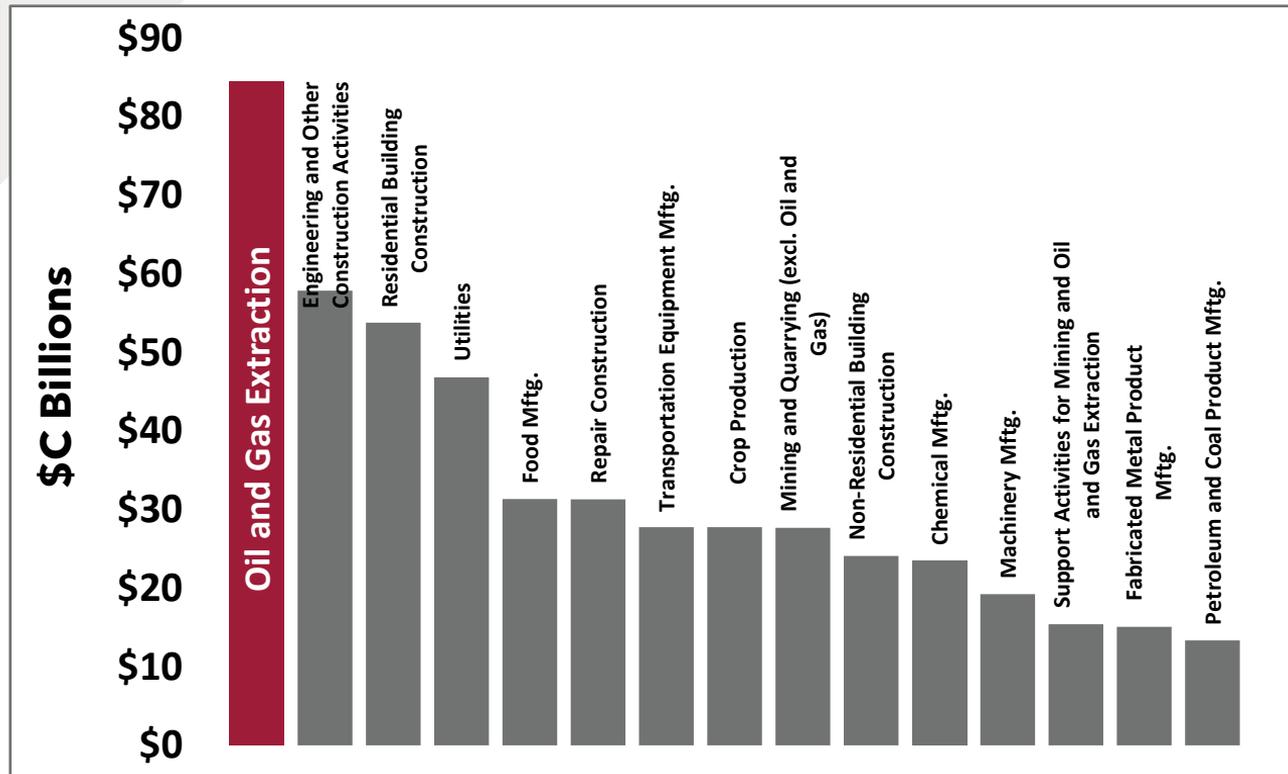
Annual | 2024



- In 2024, the Mining, Quarrying, and Oil and Gas Extraction sector significantly contributed to Canada's GDP at approximately \$115 billion.
- Collectively, the extractive sectors (mining, quarrying, and oil and gas) accounted for 5% of Canada's total GDP of roughly \$2.3 trillion in 2024 - oil and gas⁽¹⁾ is the largest of the three, contributing about \$84 billion, or 3.7%.

Canada's Gross Domestic Product (GDP)

Largest 15 Goods-Producing Subsectors⁽¹⁾ | Annual | 2024

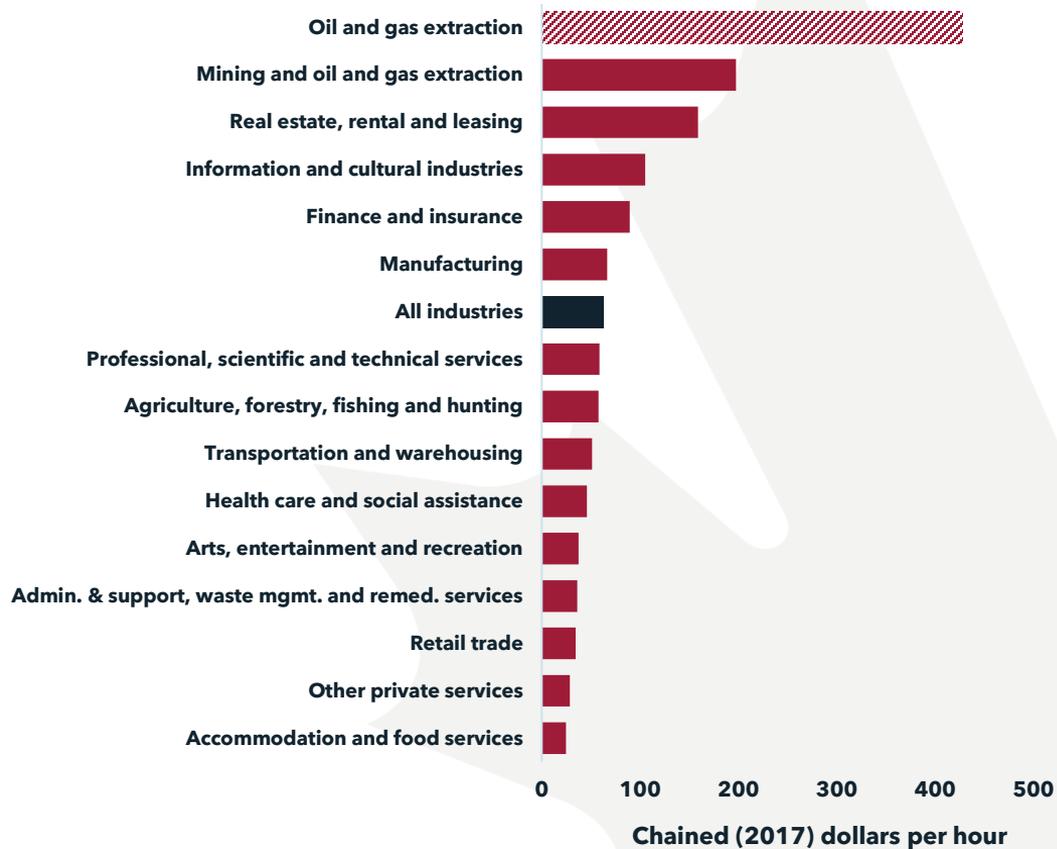


- In 2024, based on the latest Statistics Canada data, the Oil and Gas Extraction subsector⁽²⁾ accounted for \$84 billion or 3.7% of Canada's GDP.
- Measured by GDP, the Oil and Gas Extraction subindustry is larger than all Goods-Producing subsectors⁽¹⁾ in Canada.
- The Oil and Gas Extraction subsector⁽²⁾ is over 50% larger than the "Engineering and Other Construction Activities" subsector and over 60% larger than the "Residential Building Construction" subsector.

One hour of employment in the Oil and Gas sector contributes \$428 to our economy. That is almost seven times the average business contribution.

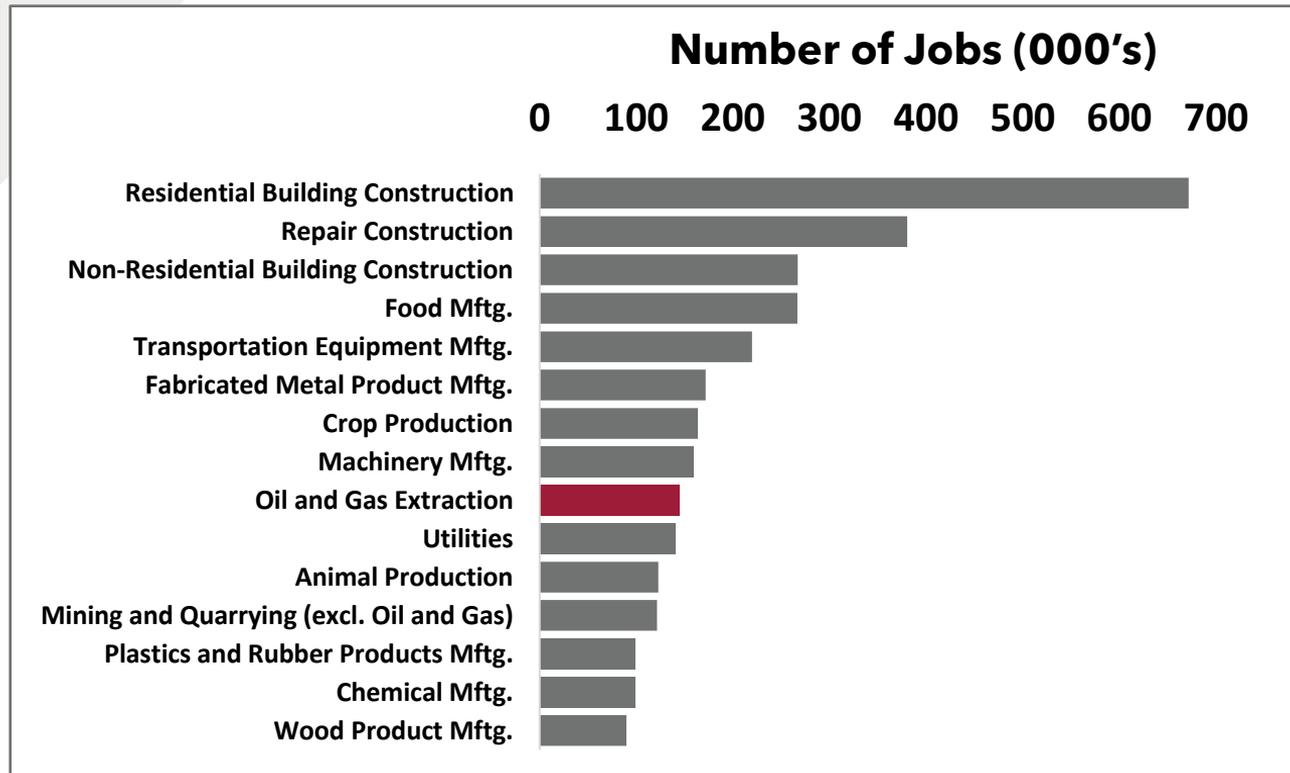
Oil & Gas is Important for Canada's Economic Growth

2024 Labour Productivity - Real GDP Per Hour



Number of Direct Jobs Per Goods-Producing Subsectors⁽¹⁾

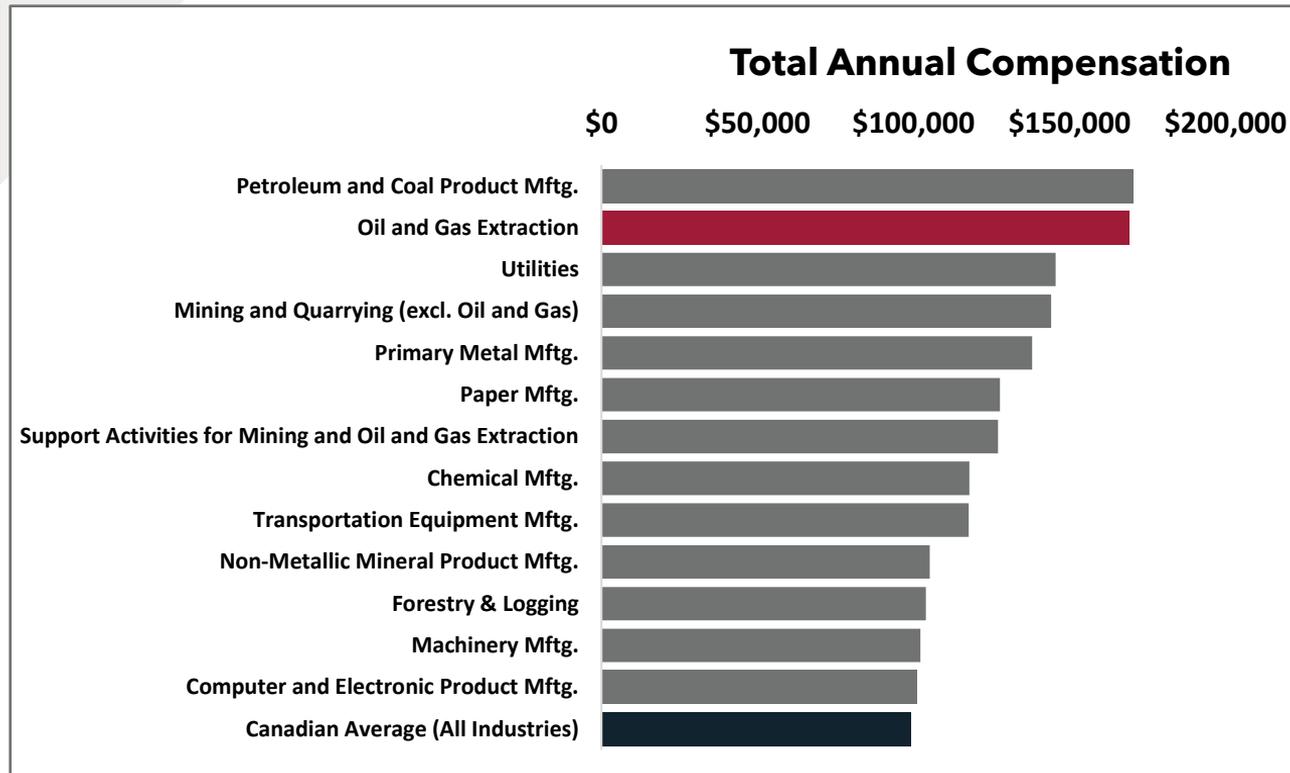
Annual | 2024



- The Oil and Gas Extraction⁽²⁾ subsector provided over 140,000 direct jobs in 2024, which includes support activities.
- Using a broader definition, in 2024, the oil and gas sector⁽³⁾ employed about 900,000 people in Canada, which includes direct, indirect, and indirect jobs.

Average Total Compensation Per Job

By Goods-Producing Subsector | Annual | 2024



Jobs in the Oil and Gas Extraction⁽¹⁾ subsector are amongst the highest paying within the country's Goods-Producing industry⁽²⁾, paying roughly 1.7x more than the Canadian average total compensation for all goods-producing industry subsectors.