



The Economic Impact of Canadian Oil and Gas

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Updates From Last Publication on Apr. 17, 2026

- 🍁 **Slide 4:** Updated to reflect the latest 2026 estimates
- 🍁 **Slide 5:** Updated to reflect equity index values up to Jun. 30, 2026
- 🍁 **Slide 8:** Updated to reflect the latest 2026 estimates
- 🍁 **Slides 9-10:** Updated to reflect commodity prices up to Jun. 30, 2026
- 🍁 **Slide 11:** Updated to reflect the latest monthly Canadian oil and gas production data (Apr. 2026)
- 🍁 **Slide 19:** Updated to reflect the latest WCSB oil and gas industry activity
- 🍁 **Slides 22-23:** Updated to reflect the latest Statistics Canada GDP Data (as of Jun.30, 2026)

Summary of the Economic Impact of Canadian Oil and Gas

- Based on Studio.Energy estimates as of July 20th, 2026, annual industry revenue for 2026 is expected to be \$205 billion, up significantly from \$167 billion in 2025 (+23% Y/Y) as a result of the oil price surge following the U.S.-Iran conflict and the closure of the Strait of Hormuz.
- Capital expenditures (CAPEX) are expected to be roughly in line with 2025 levels, with the equivalent of over 50% of industry revenue, or \$111 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 2025-2026, royalty revenues are estimated to be around \$25-30 billion in each year*.
- The economic impact of Canada's upstream oil and gas sector is significant. In 2025, the sector⁽¹⁾ comprised nearly 4% of Canada's total GDP⁽²⁾. The Oil and Gas Extraction subsector is the largest goods-producing industry in Canada. Measured by GDP⁽²⁾, it is about 50% larger than the next biggest subsector.
- Based on direct, indirect, and induced jobs, the oil and gas sector⁽¹⁾ employs around 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)

\$205 billion
Revenue

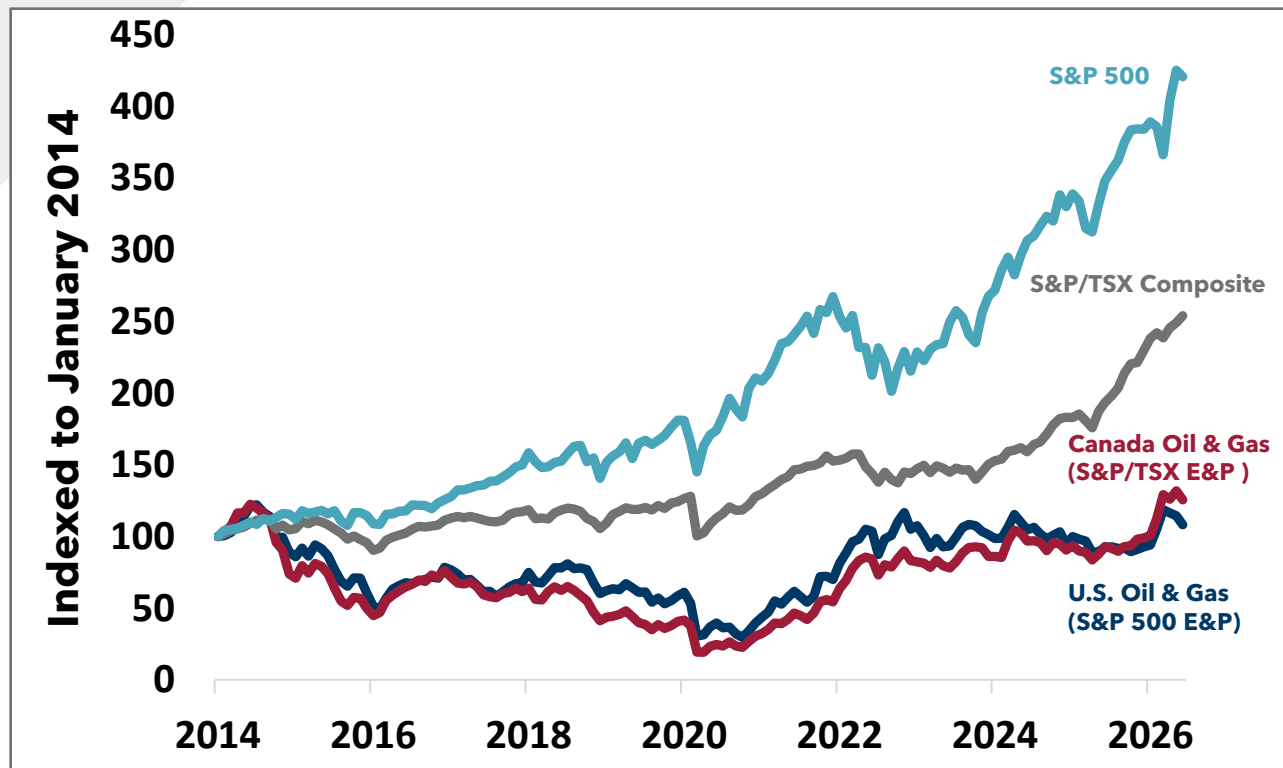
\$71 billion
OPEX

\$41 billion
CAPEX

**Studio.Energy Estimates as of July 20th, 2026*

Equity Indices Performance Comparison

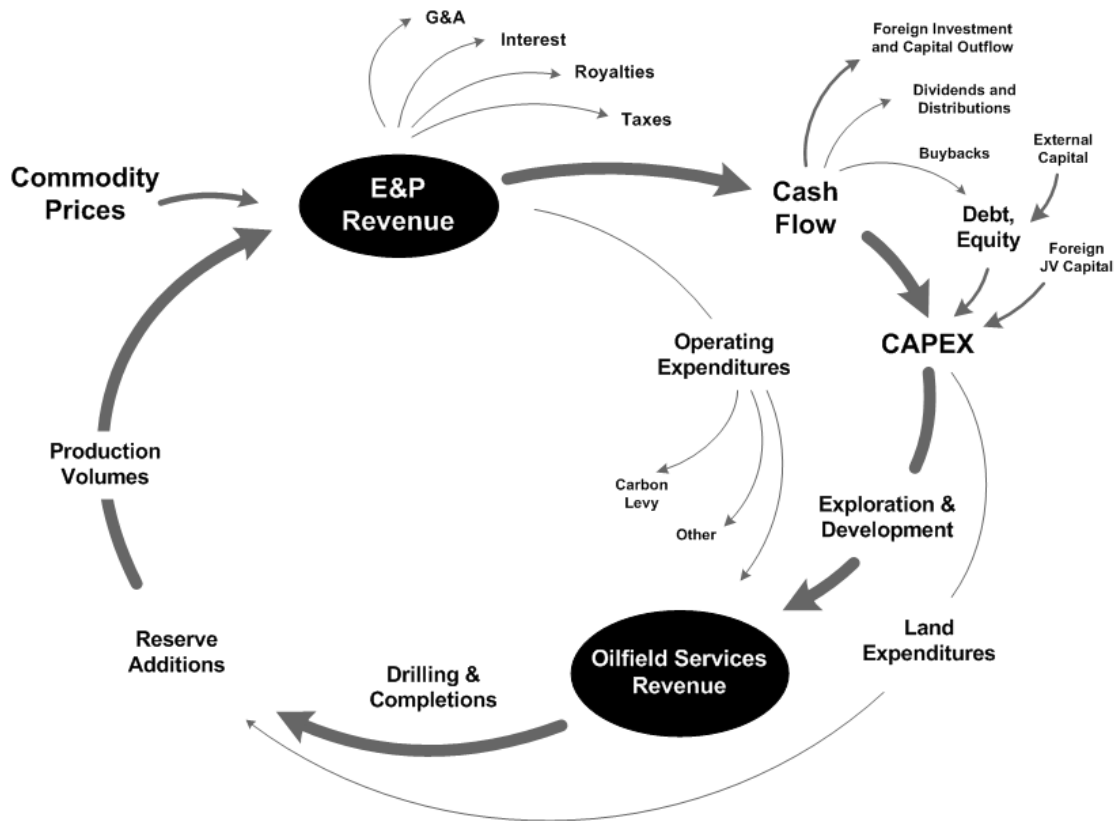
Monthly | Jan. 2014 to Jun. 2026



- Indexed to 2014, Canadian oil and gas equities (as measured by the S&P/TSX E&P Index) have outperformed U.S. oil and gas equities (S&P 500 E&P).
- From 2014-2020, Canadian oil and gas equities broadly underperformed U.S. oil and gas equities, primarily driven by binding egress constraints, a wide WCS-WTI differential, and higher perceived policy risk
- However, since 2020, Canadian oil and gas equities have significantly outperformed U.S. oil and gas equities as egress has improved. For context, from Jan. 2025 to Jun. 2026, Canadian oil and gas equities were +34% compares to U.S. oil and gas equities at +8%.

The Fiscal Pulse

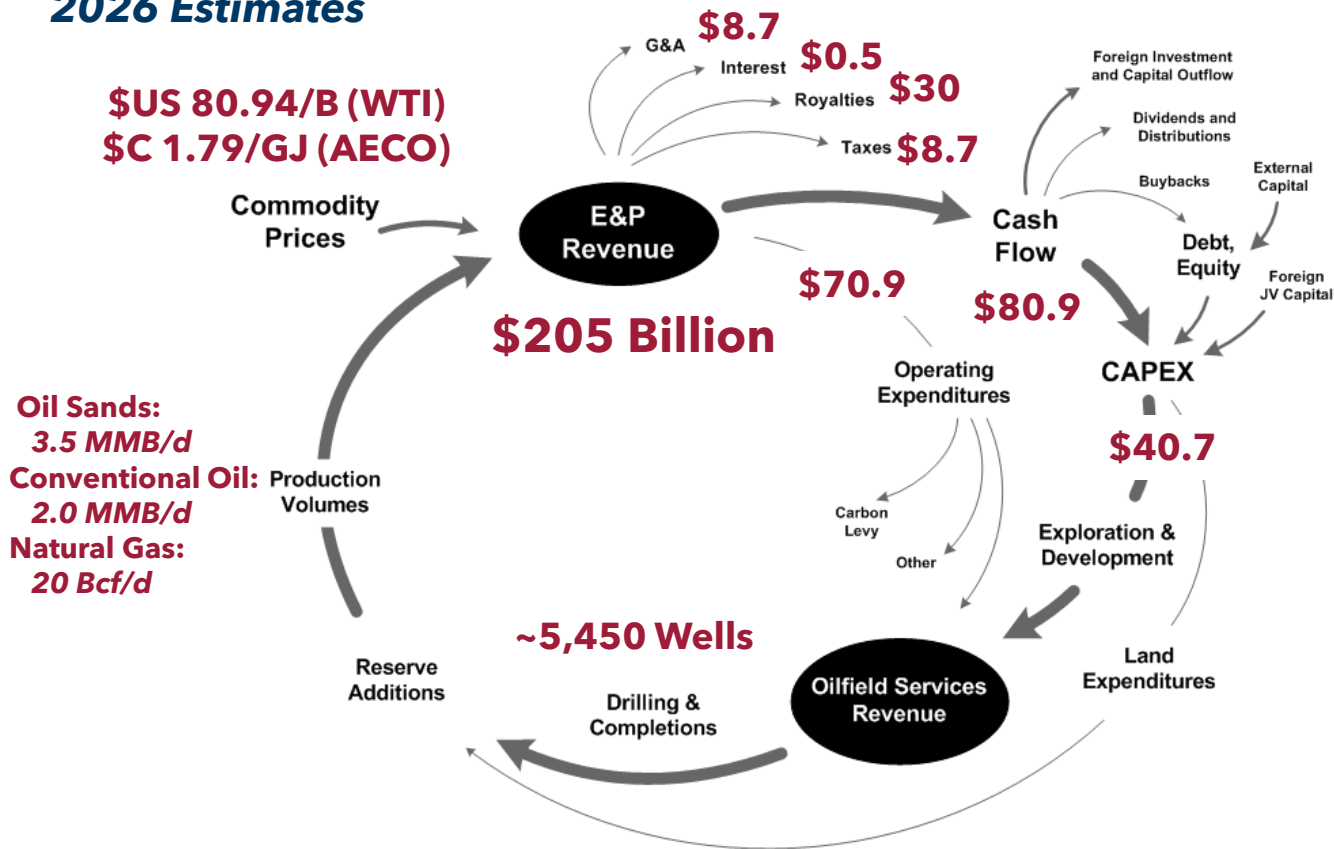
The Fiscal Pulse | Total Canadian Upstream Oil and Gas Industry



- ▶ 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



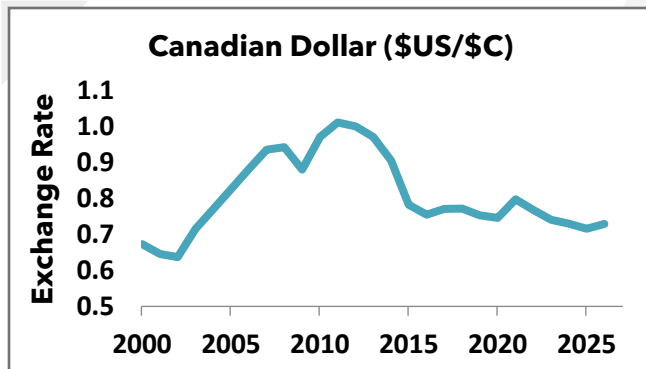
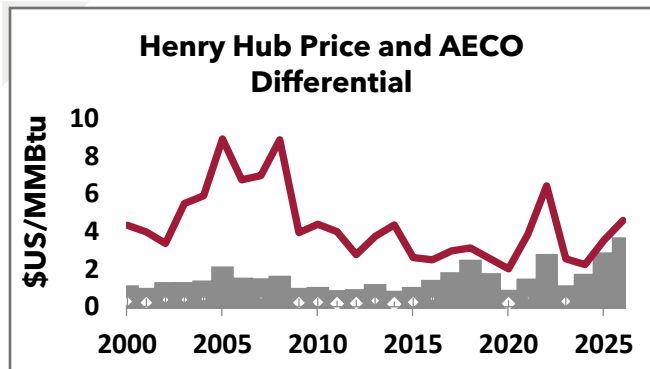
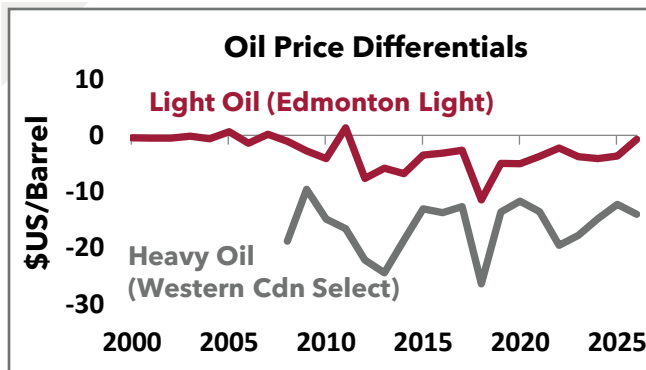
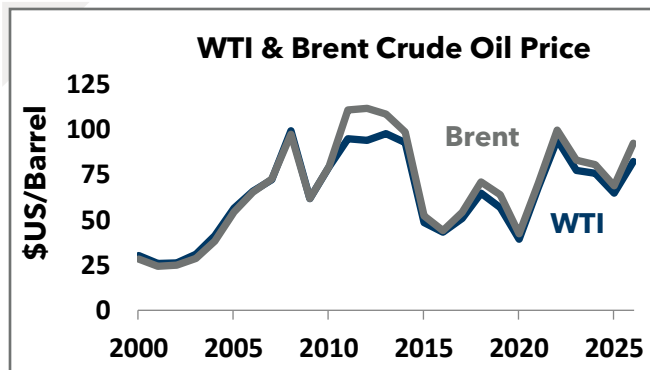
➤ This capital flow diagram updates the metrics for 2026 estimates.

➤ Total revenues are estimated to be \$205 billion in 2026, up significantly from \$167 billion in 2025 (+23% Y/Y) as a result of the oil price surge following the U.S.-Iran conflict and the closure of the Strait of Hormuz.

➤ Capital spending of \$41 billion is expected to be roughly in line with 2025 levels, with over 50% of revenue, or \$111 billion (OPEX + CAPEX) that is mostly spent in Canada.

Commodity Prices and Differentials

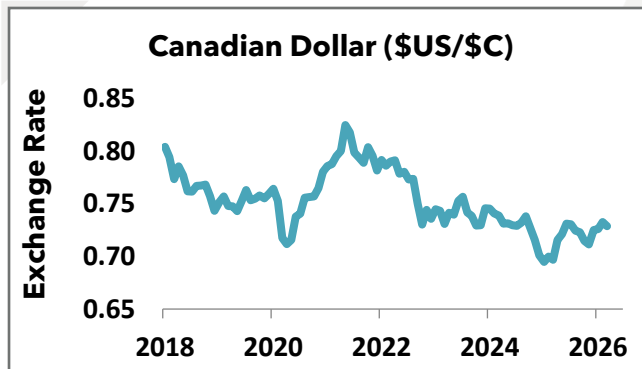
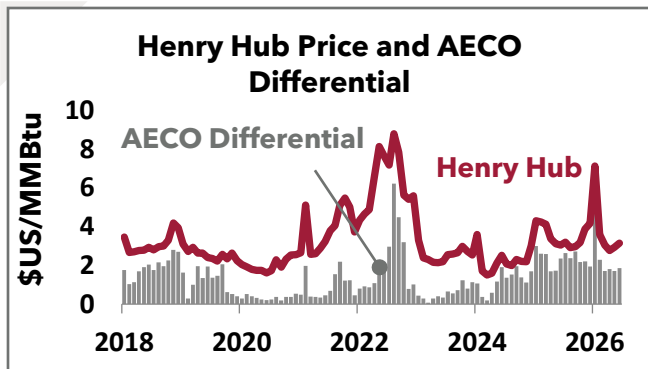
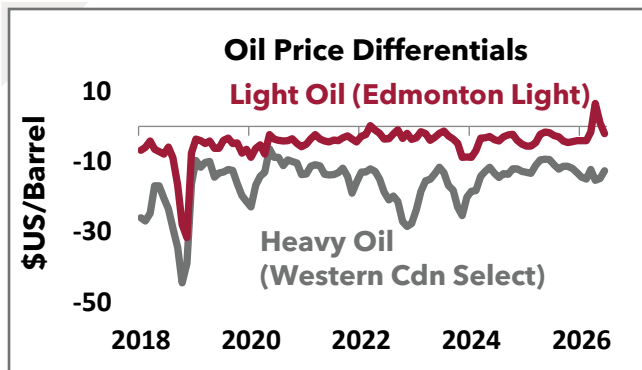
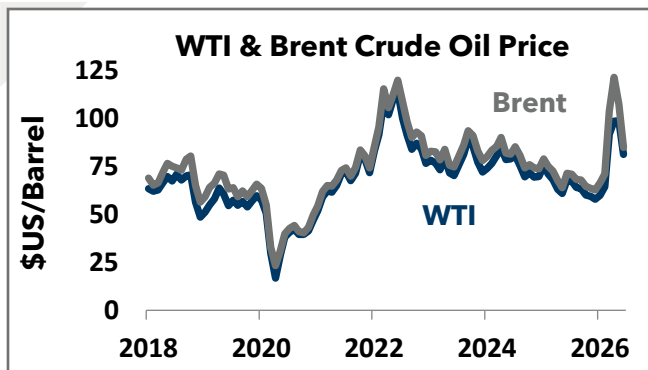
Annual | 2000 to 2026*



- 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 Jun. 2026



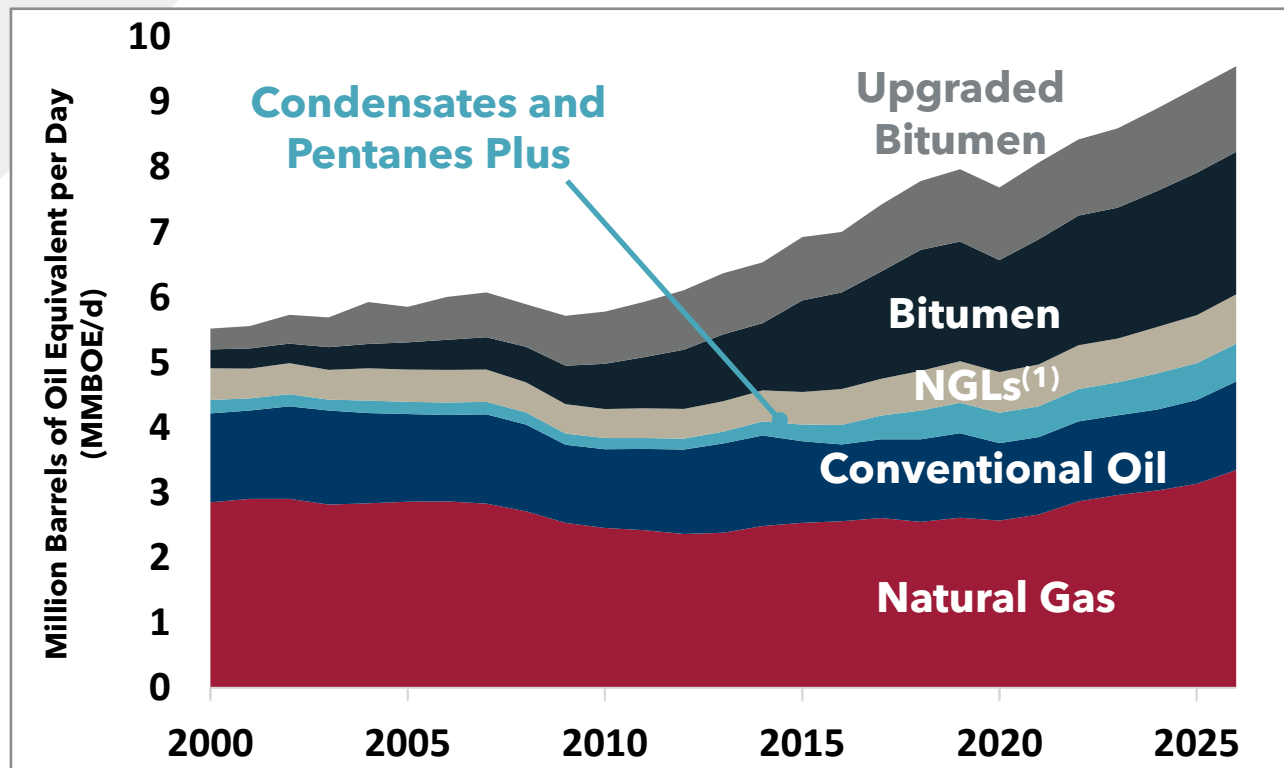
➤ The monthly data helps show the underlying trends more clearly.

➤ WTI oil price averaged US\$93/B in Q2/2026, approximately US\$21/B higher compared to Q1/2026. WTI spiked in March 2026 following the U.S.-Iran conflict and the closure of the Strait of Hormuz, hitting around US\$113/B in April.

➤ The Canadian dollar averaged \$US/\$C 0.72 in Q2/2026. 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

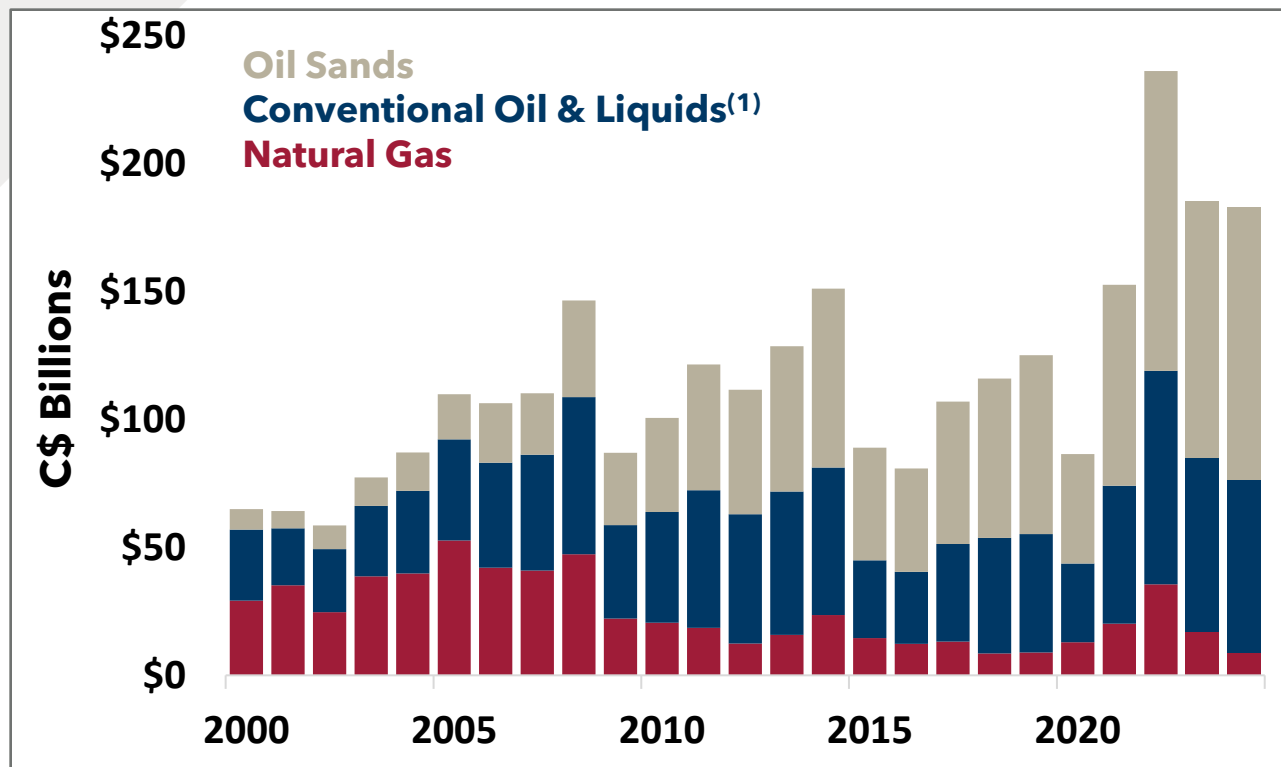
Annual | 2000 to 2026*



- ▶ Canada's total hydrocarbon production reached an all-time high of 9.5 MMBOE/d in 2026*.
- ▶ 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 2024

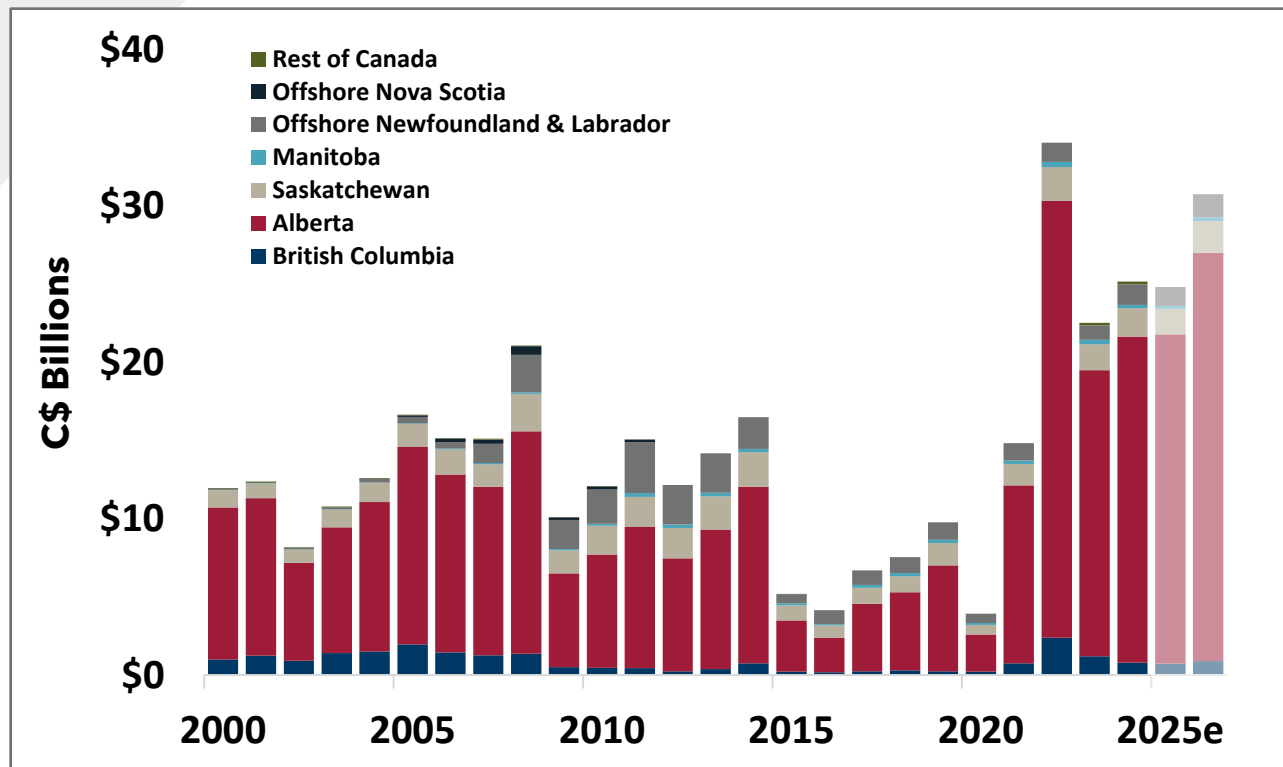


➤ Oil has a higher energy density than natural gas, therefore, oil is generally more valuable on a per-unit basis as it contains more energy. As such, Canadian oil and gas upstream revenues are more influenced by oil prices.

➤ While Canadian marketed natural gas production continues to reach an all-time high, low domestic natural gas prices have reduced 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 2x to 3x higher.

Canadian Oil and Gas Royalties by Province

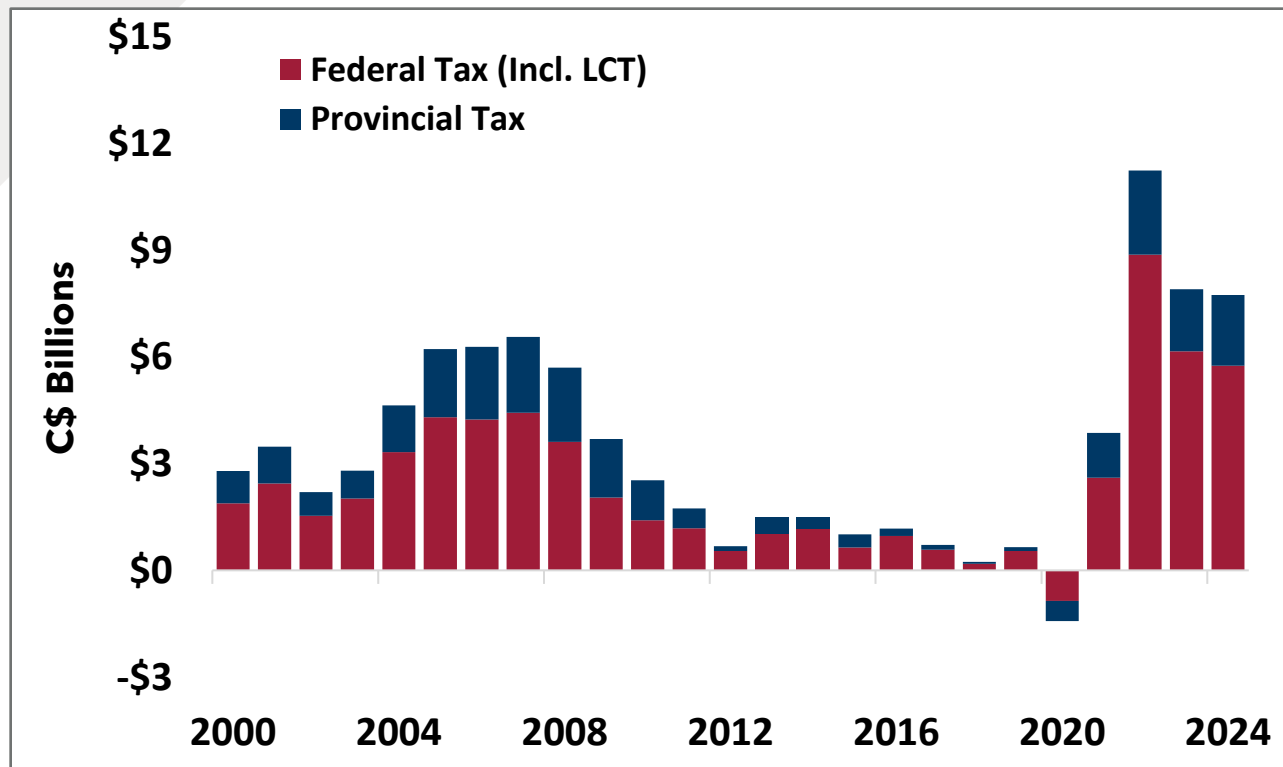
Annual | 2000 to 2026e



- 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

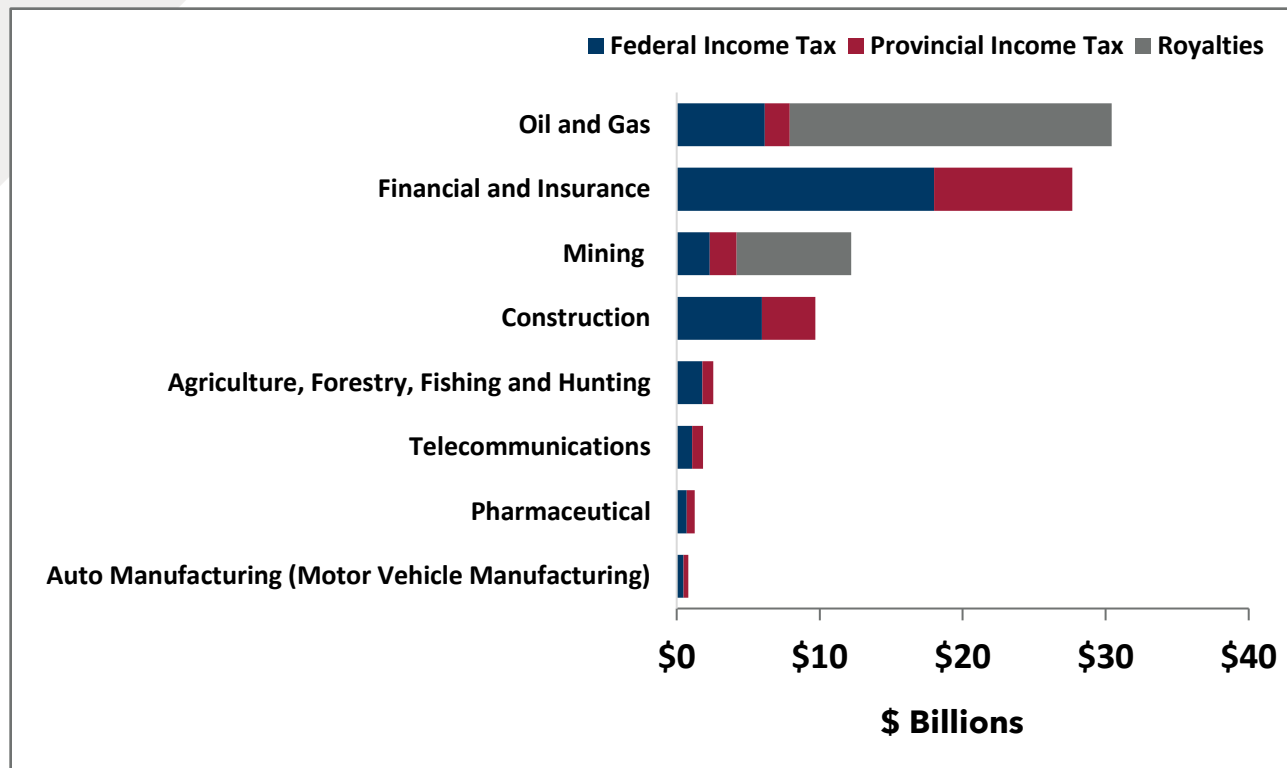
Annual | 2000 to 2024



- 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.

Canadian Sector Comparison of Taxes and Royalties

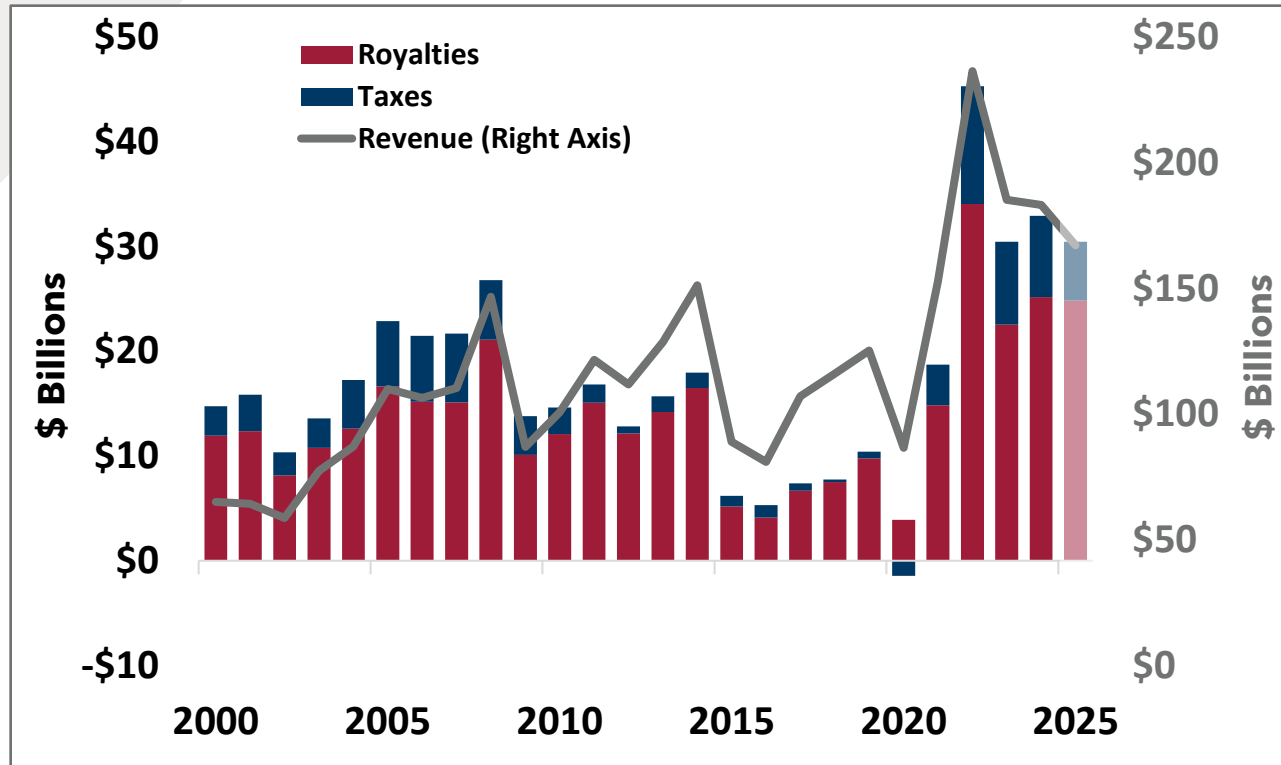
Annual | 2023



- Natural resource sectors, like oil and gas, are uniquely subject to both corporate income taxes and royalties, unlike most industries that pay only corporate taxes.
- As a result, the oil and gas sector ranks among the largest contributors to Canadian government revenues, comparable only to the combined finance and insurance sector (2023 data).
- A sector comparison underscores the disparity: mining contributes less than 50% of oil and gas levels, agriculture less than 10%, while sectors such as telecommunications and auto manufacturing generate minimal fiscal returns to provincial and federal governments.

Total Fiscal Returns via the Oil and Gas Sector

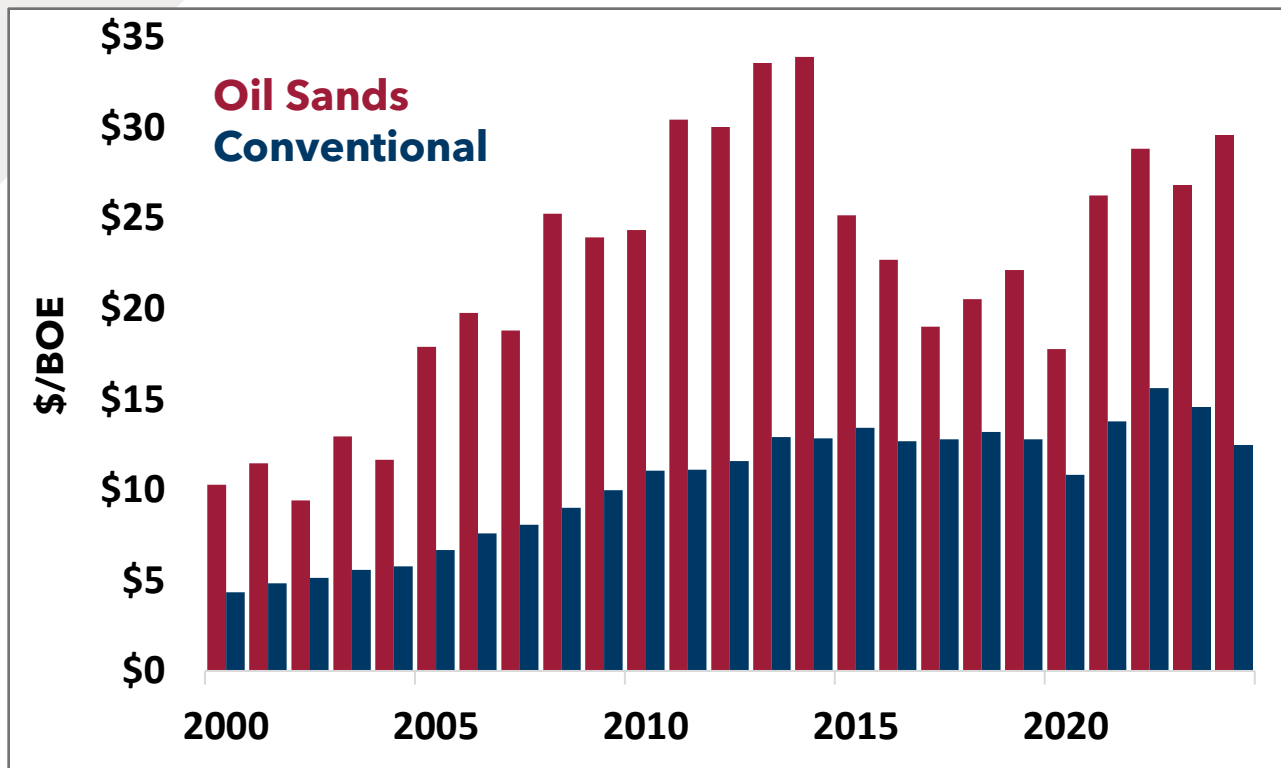
Annual | 2020 to 2025e



- From 2000 to 2024, fiscal returns from the oil and gas sector were significant, totaling over \$400 billion. The vast majority of these returns came from royalties, which amounted to nearly \$350 billion over the same period.
- Higher revenues over the 2021–2025 period, driven by stronger commodity prices, have translated into increased fiscal returns.

Operating Costs per BOE

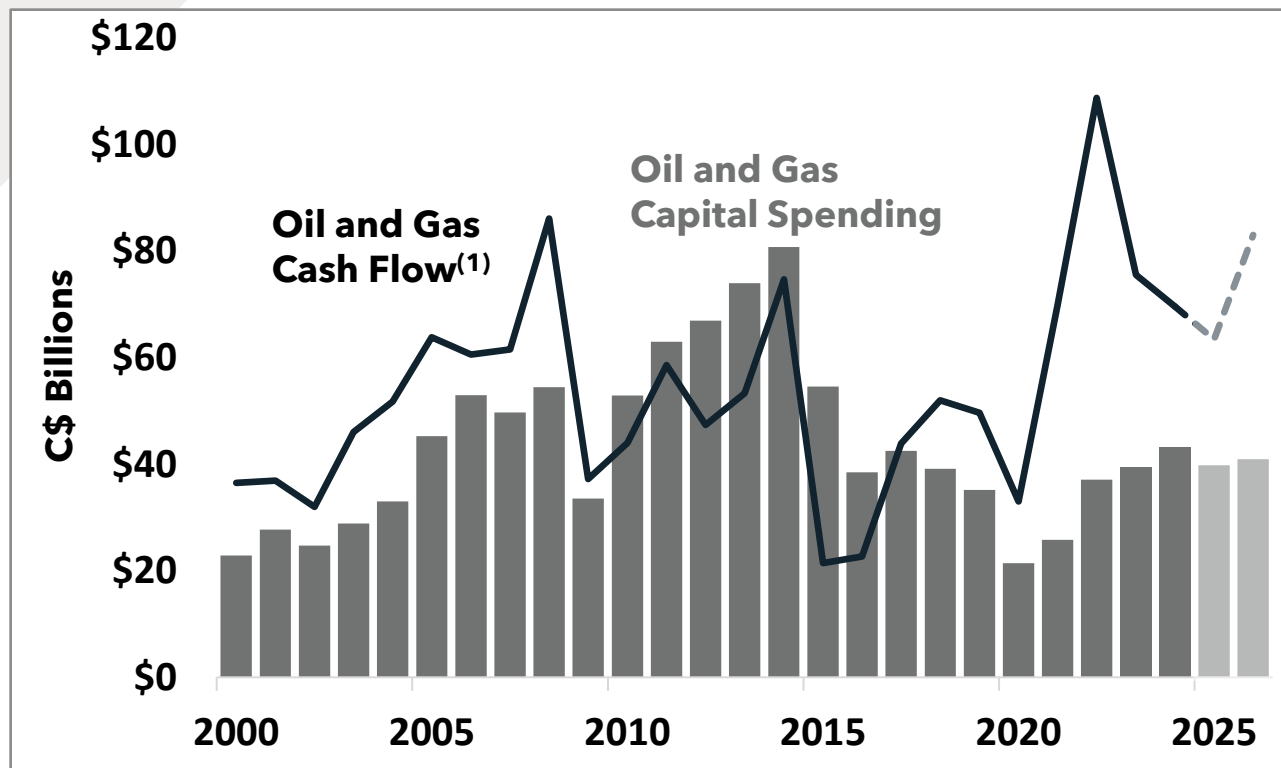
Annual | 2000 to 2024



- 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

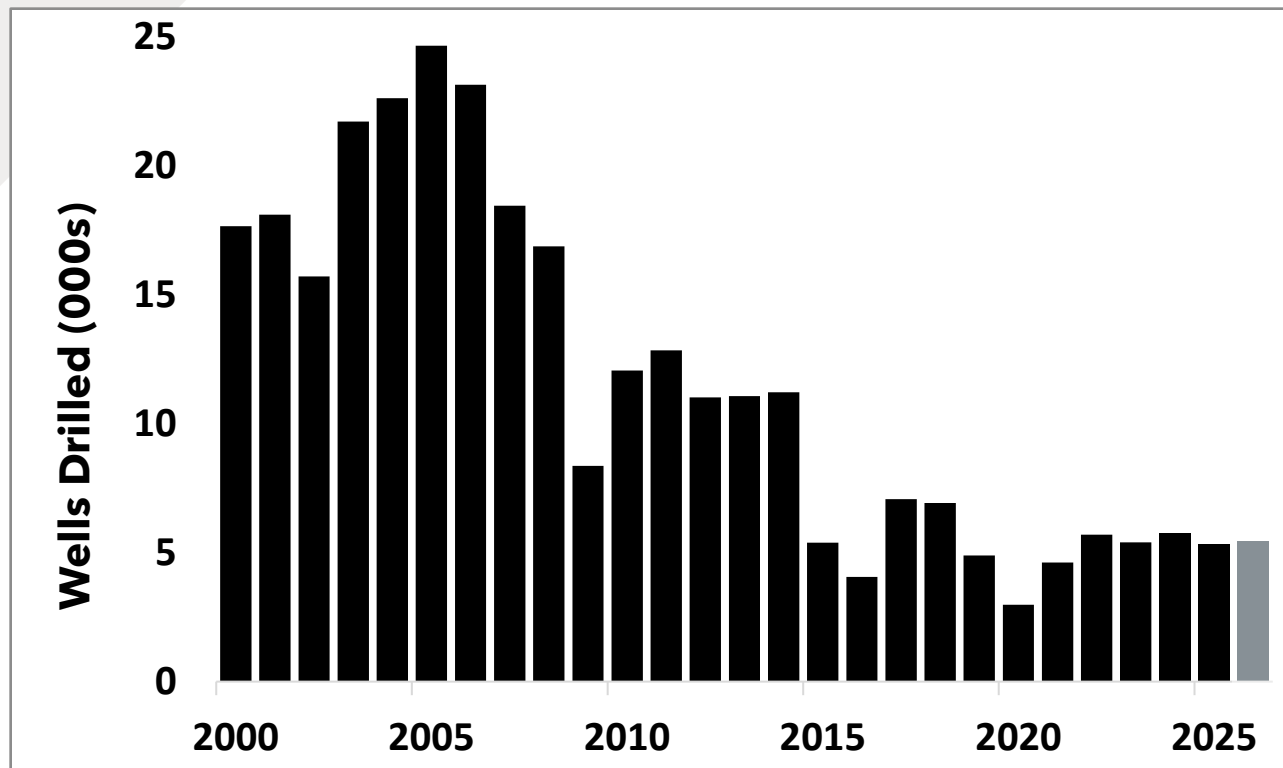
Annual | 2000 to 2026e



- From 2000 to 2010, capital spending generally remained below internally generated cash flow.
- This dynamic shifted around 2010, when increased access to external debt and equity enabled the industry to fund spending in excess of cash flow over the following decade.
- Since 2021, capital spending has remained below cash flow. To improve shareholder value, the industry shifted from growth to shareholder returns.

WCSB Oil and Gas Industry Activity

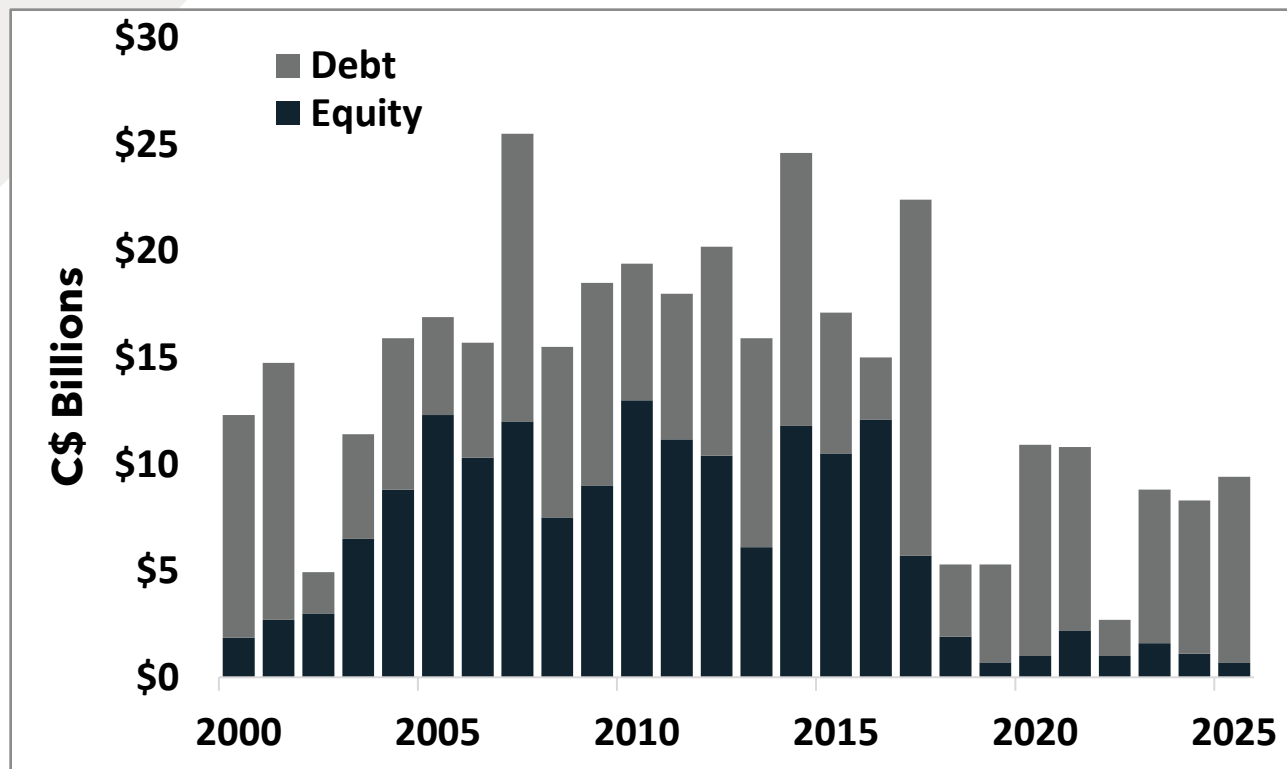
Wells Drilled (Rig-Released) | Annual | 2000 to 2026e



- 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 longer. 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 ~5,450 which is up slightly compared to the 5,346 wells drilled in 2025.

Canadian Oil and Gas Industry Financings

Annual | 2000 to 2025

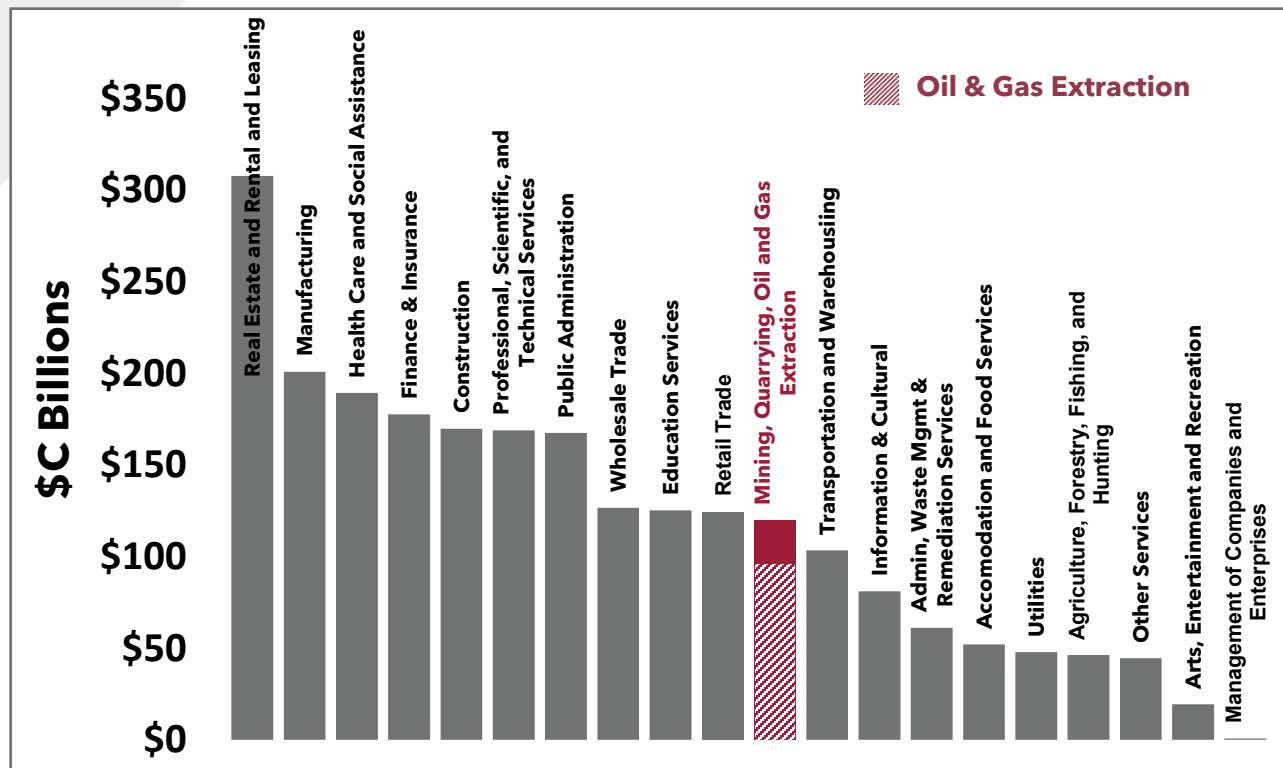


- The capital constraints that face the global oil & gas industry are exacerbated in Canada because of lack of pipeline takeaway capacity, regulatory uncertainty and complex carbon policy uncertainty.
- The total amount of capital raised in the Canadian oil and gas industry in 2025 was \$9.4 billion up year-over-year compared to \$8.3 billion in 2024.
- 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.
- Since 2017, equity financing activity has remained limited, while debt issuance in certain years has been primarily driven by acquisition-related funding needs.

Economic Impact of the Oil and Gas Industry

Canada's Gross Domestic Product (GDP)⁽¹⁾ by Sector

Annual | 2025

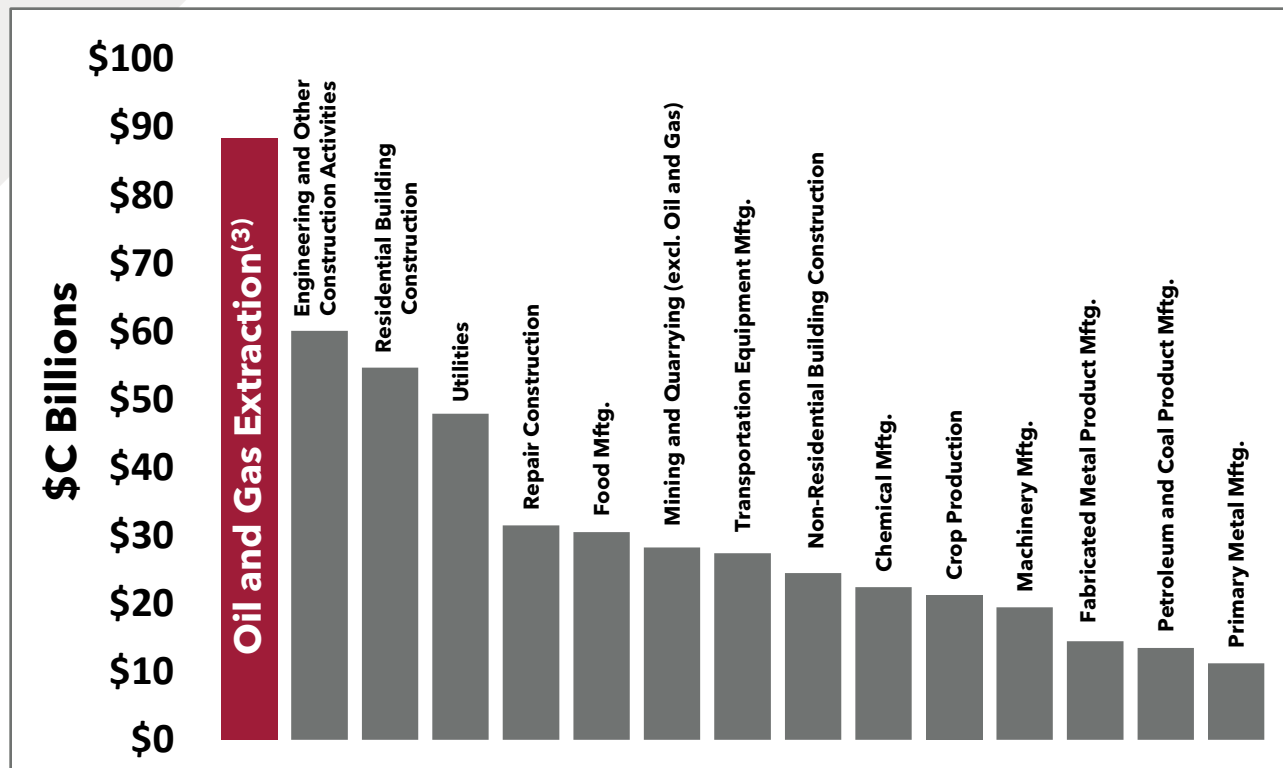


➤ In 2025, the Mining, Quarrying, and Oil and Gas Extraction sector significantly contributed to Canada's GDP at approximately \$120 billion.

➤ Collectively, the extractive sectors (mining, quarrying, and oil and gas) accounted for 5% of Canada's total GDP of roughly \$2.3 trillion in 2025 - oil and gas⁽²⁾ is the largest subsector of the three, contributing about \$88 billion, or 3.8%.

Canada's Gross Domestic Product (GDP)⁽¹⁾ by Subsector

Largest 15 Goods-Producing Subsectors⁽²⁾ | Annual | 2025



➤ In 2025, based on the latest Statistics Canada data, the Oil and Gas Extraction subsector⁽³⁾ accounted for \$88 billion or 3.8% of Canada's GDP.

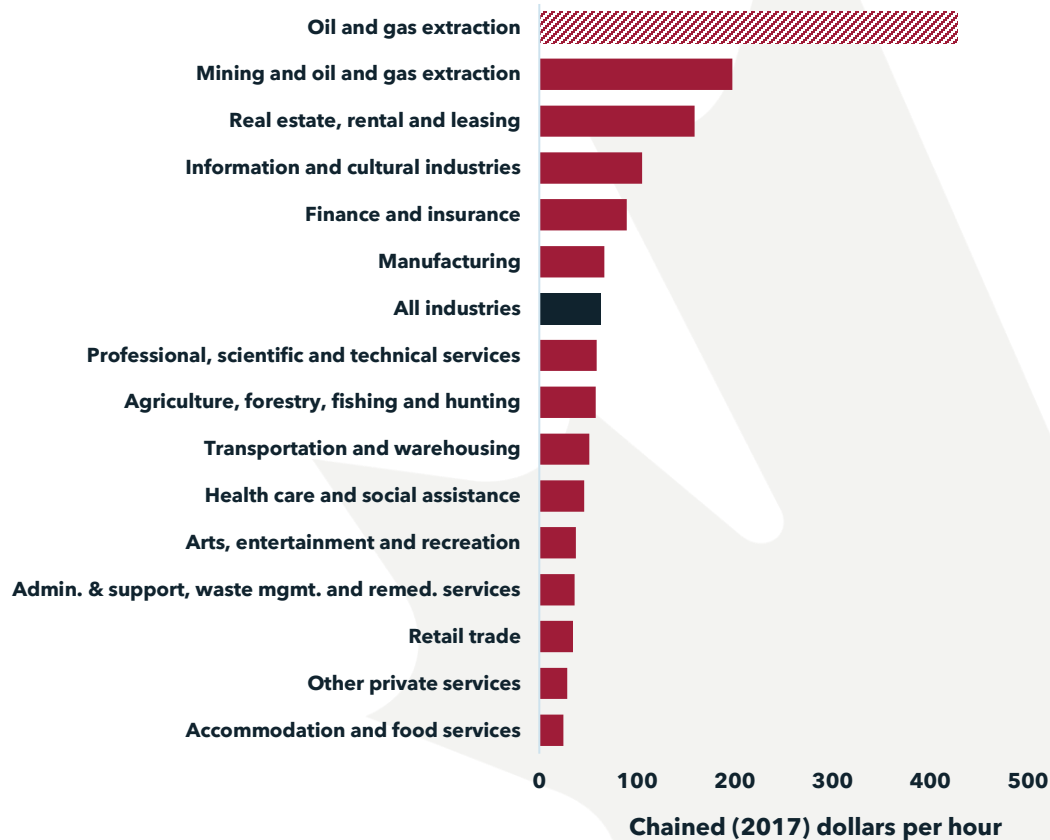
➤ Measured by GDP, the Oil and Gas Extraction subsector is larger than all Goods-Producing subsectors⁽¹⁾ in Canada.

➤ The Oil and Gas Extraction subsector⁽²⁾ is roughly 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.

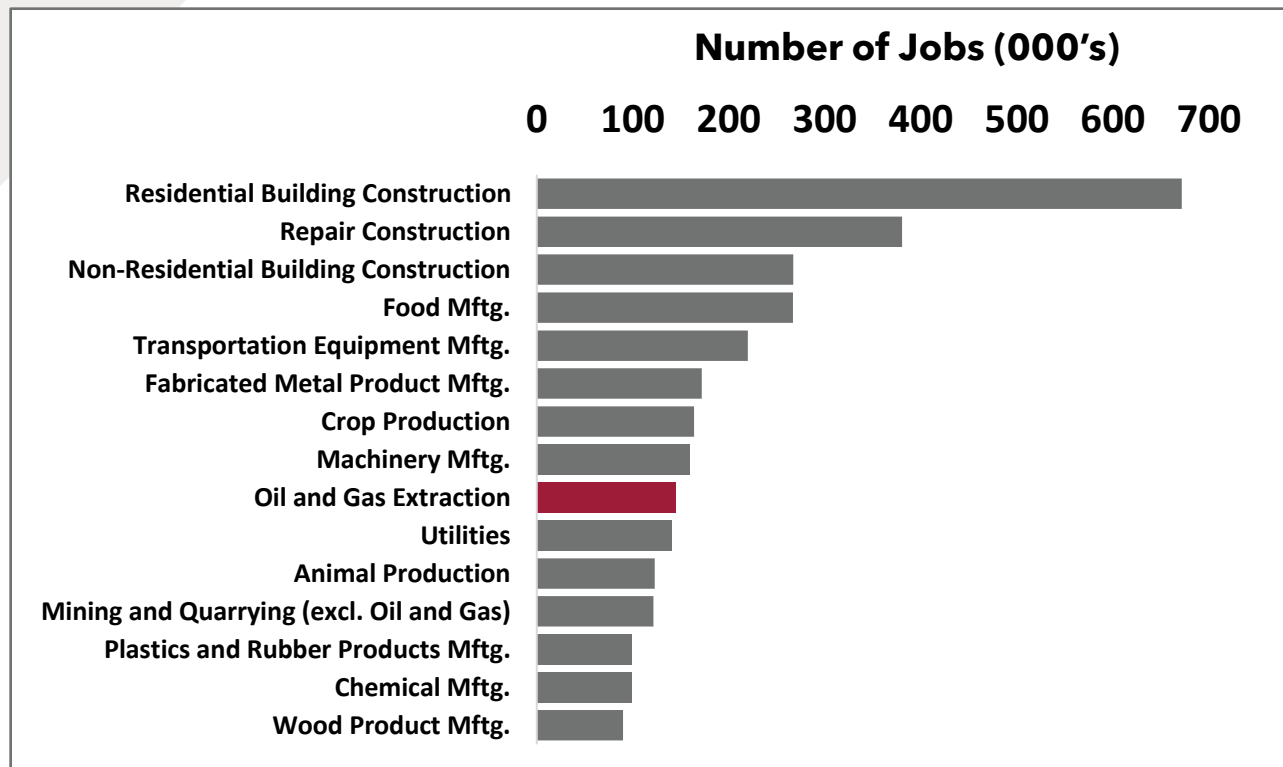
Oil & Gas is Important for Canada's Economic Growth

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.

➤ Statistics Canada estimates that every direct oil and gas job creates three indirect jobs in businesses that sell to oil and gas producers, and two induced jobs, where oil and gas workers spend their money⁽³⁾. This would imply that roughly 900,000 jobs were a result of the oil and gas extraction industry in 2024.

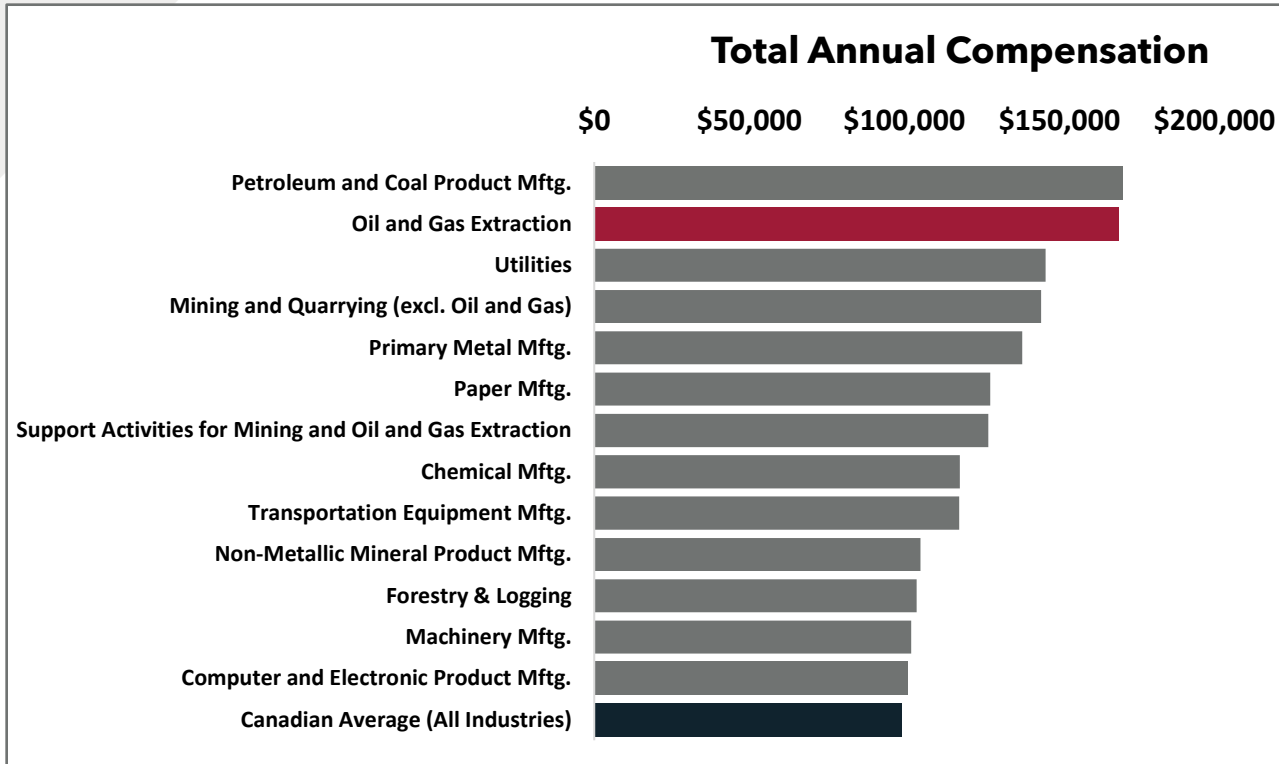
(1) Goods-producing industries include: i) Agriculture, forestry, fishing, and hunting, ii) Mining, quarrying, and oil and gas extraction, iii) Utilities, iv) Construction, and v) Manufacturing

(2) Includes support activities for oil and gas extraction [21311A]

(3) [Canada's oil and gas sector: The decline in production and investment and the impact on the economy](#)

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.