

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K
CURRENT REPORT
Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): December 12, 2024

IMPERIAL OIL LIMITED

(Exact name of registrant as specified in its charter)

<u>Canada</u> (State or other jurisdiction of incorporation)	<u>0-12014</u> (Commission File Number)	<u>98-0017682</u> (IRS Employer Identification No.)
<u>505 Quarry Park Boulevard S.E., Calgary, Alberta</u> (Address of principal executive offices)	<u>T2C 5N1</u> (Zip Code)	

Registrant's telephone number, including area code: 1-800-567-3776

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- [] Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- [] Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- [] Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- [] Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading symbol	Name of each exchange on which registered
None		None

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 7.01 Regulation FD Disclosure

On December 12, 2024, Imperial Oil Limited (the “company”) by means of a press release provided an update on its corporate guidance outlook for 2025. A copy of the press release is attached as Exhibit 99.1 to this report.

At 9:00 a.m. MT on December 12, 2024, Brad Corson, the company’s chairman, president and chief executive officer, and Peter Shaw, the company’s vice president, investor relations, will host a 2025 corporate guidance outlook call and presentation virtually by webcast (the “presentation”). A broadcast of the presentation will be available online on the company’s website at <https://www.imperialoil.ca/en-ca/company/investors/speeches-and-presentations> for a period of one year. The slides used in the presentation are attached as Exhibit 99.2 to this report and are incorporated herein by reference.

The presentation contains forward-looking statements about the company’s relative business outlook. These forward-looking statements and all other statements contained in or made during the presentation are subject to risks and uncertainties that may materially affect actual results. A more thorough discussion of certain risks, uncertainties and other factors that may affect the company is included in the presentation, the company’s annual report on Form 10-K for the fiscal year ended December 31, 2023 and subsequent interim reports on Form 10-Q. The company’s Form 10-K is available on its website at www.imperialoil.ca. You can also obtain this form from the SEC by calling 1-800-SEC-0330 or by logging on to their website at www.sec.gov.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

The following exhibits are furnished as part of this Current Report on Form 8-K:

- 99.1 News release of the company on December 12, 2024 providing an update on its corporate guidance outlook for 2025.
- 99.2 A copy of the slides presented during the presentation.
- 104 Cover Page Interactive Data File (embedded within the Inline XBRL document).

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

IMPERIAL OIL LIMITED

Date: December 12, 2024

By: */s/ Ian Laing*

Name: Ian Laing
Title: Vice-president, general counsel and
corporate secretary

By: */s/ Cathryn Walker*

Name: Cathryn Walker
Title: Assistant corporate secretary

Imperial provides 2025 corporate guidance outlook

CALGARY, Alberta – December 12, 2024 – Imperial (TSE: IMO, NYSE American: IMO) today provided an update on its corporate guidance outlook for 2025. The company's strategy remains focused on maximizing the value of its existing assets and progressing advantaged high-value growth opportunities while delivering industry-leading returns to shareholders.

"Our 2025 plan builds on our momentum and positions the company to achieve even stronger operating performance with higher volumes and lower unit cash costs¹ at Kearl and Cold Lake," said Brad Corson, chairman, president and chief executive officer. In the Downstream, a lighter turnaround schedule supports higher refinery throughput year-over-year, and start-up of the Strathcona Renewable Diesel project is expected to increase product sales.

"Our strategic investments and continued focus on profitable volume growth, lowering costs and driving efficiencies have enhanced Imperial's ability to increase free cash flow¹ over a range of business conditions," Corson added.

Capital and exploration expenditures² are forecasted to range between \$1.9 to \$2.1 billion. In the Upstream, key investments support volume growth, including technology to increase bitumen recovery and mine progression work at Kearl, as well as completion of the Leming redevelopment project and high-value drilling opportunities at Cold Lake. Downstream investments include completion of the Strathcona renewable diesel project, with start-up expected around mid-year, and additional optimization initiatives that enhance logistics and processing flexibility across the network.

In the Upstream, production is forecasted to grow to between 433,000 and 456,000 gross oil equivalent barrels per day. Higher volume reflects continued growth at Kearl, the first full-year contribution from Grand Rapids at Cold Lake, as well as other optimization initiatives. The Leming redevelopment project, using steam-assisted gravity drainage recovery technology, is expected to start up late in the year and primarily contribute to 2026 and beyond.

In the Downstream, throughput is forecasted to be between 405,000 and 415,000 barrels per day with capacity utilization between 94% and 96%. The company is planning turnarounds at each of its refineries in 2025, with lower expected impacts to throughput and costs compared to 2024. Imperial continues to focus on further improving its advantaged Canadian downstream business by leveraging its coast-to-coast logistics network to efficiently move product to high-value markets, maximizing refinery crude and product slate flexibility to improve resiliency and further developing its lower-carbon product offering to meet the needs of customers across Canada.

Imperial remains committed to supplying secure, reliable and affordable energy to Canadians, including reducing emissions intensity. "I'm extremely confident in our ability to deliver value to our shareholders leveraging the ingenuity and hard work of the Imperial workforce and our high-quality assets," said Corson.

¹ Non-GAAP financial measure, non-GAAP financial ratio – see supplemental information for definition and reconciliation

² See supplemental information for definition

After more than a century, Imperial continues to be an industry leader in applying technology and innovation to responsibly develop Canada's energy resources. As Canada's largest petroleum refiner, a major producer of crude oil, a key petrochemical producer and a leading fuels marketer from coast to coast, our company remains committed to high standards across all areas of our business.

2025 Full-Year Guidance	
Canadian dollars, unless noted	
Total capital and exploration expenditures¹ \$M	1,900 - 2,100
Upstream production² boe/d	433,000 - 456,000
Kearl (gross) bbl/d	280,000 - 290,000
Cold Lake bbl/d	150,000 - 160,000
Syncrude bbl/d	75,000 - 80,000
Refinery throughput bbl/d	405,000 - 415,000
Refinery utilization %	94% - 96%

2025 Planned Turnarounds	
Production, throughput and operating costs ³ annualized basis, before royalties, Imperial share	
Upstream	
2Q: Kearl, 9 kbd, \$57M operating cost	
2Q: Cold Lake, 3 kbd, \$30M operating cost	
3Q: Syncrude, 6 kbd, \$111M operating cost	
Downstream & Chemical	
2Q: Strathcona refinery, 3 kbd, \$19M operating cost	
2Q: Nanticoke refinery, 6 kbd, \$41M operating cost	
3Q/4Q: Sarnia refinery, 3 kbd, \$51M operating cost	

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For further information:

Investor relations
(587) 962-4401

Media relations
(587) 476-7010

¹ See supplemental information for definition

² Upstream production is Imperial share before royalties, except Kearl which is 100% gross basis. Kearl is jointly owned by Imperial (70.96%) and ExxonMobil Canada (29.04%)

³ Non-GAAP financial measure – see supplemental information for definition and reconciliation

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Cautionary statement

Statements of future events or conditions in this release, including projections, forecasts, targets, expectations, estimates, and business plans are forward-looking statements. Forward-looking statements can be identified by words such as believe, anticipate, intend, propose, plan, goal, seek, project, predict, target, estimate, expect, strategy, outlook, forecast, schedule, future, continue, likely, may, should, will and similar references to future periods. Forward-looking statements in this release include, but are not limited to, references to Imperial's 2025 corporate guidance outlook and 2025 plan; total Upstream and asset production guidance for 2025; Downstream throughput and utilization guidance; the cost, scope and impact of 2025 planned turnarounds; the company's corporate strategy remaining focused on maximizing existing assets, select growth initiatives and delivering returns to shareholders; the company's focus on profitable volume growth, lowering costs and driving efficiencies including anticipated unit cash cost reductions at Kearl and Cold Lake; forecasted capital and exploration expenditures of \$1.9 to \$2.1 billion for 2025; the company's ability to generate free cash flow and deliver value to shareholders, and focus on cost efficiencies; the impact and timing of investments at Kearl and Cold Lake to support volume growth, including Grand Rapids, the Leming redevelopment project, and high-value drilling opportunities at Cold Lake; timing and impact of the company's Strathcona renewable diesel project; improvements to the company's downstream business, including through efficient product transportation, refinery slate flexibility and further development of its lower-carbon product offering; and the company's commitment to supplying secure, reliable and affordable energy including by reducing emissions intensity.

Forward-looking statements are based on the company's current expectations, estimates, projections and assumptions at the time the statements are made. Actual future financial and operating results, including expectations and assumptions concerning future energy demand, supply and mix; commodity prices, foreign exchange rates and general market conditions; production rates, growth and mix across various assets; project plans, timing, costs, technical evaluations and capacities and the company's ability to effectively execute on these plans and operate its assets, including the Cold Lake Grand Rapids and Leming redevelopment projects, the Strathcona renewable diesel project, and any changes in the scope, terms, or costs of such projects; the adoption and impact of new facilities or technologies on reductions to greenhouse gas emissions intensity, including but not limited to technologies using solvents to replace energy intensive steam at Cold Lake, Strathcona renewable diesel, carbon capture and storage including in connection with hydrogen for the renewable diesel project, recovery technologies and efficiency projects, and any changes in the scope, terms, or costs of such projects; the results of research programs and new technologies, including with respect to greenhouse gas emissions, and the ability to bring new technologies to scale on a commercially competitive basis, and the competitiveness of alternative energy and other emission reduction technologies; receipt of regulatory approvals in a timely manner, especially with respect to large scale emissions reduction projects; the amount and timing of emissions reductions, including the impact of lower carbon fuels; that any required support from policymakers and other stakeholders for various new technologies such as carbon capture and storage will be provided; for renewable diesel, the availability and cost of locally-sourced and grown feedstock and the supply of renewable diesel to British Columbia in connection with its low-carbon fuel legislation; applicable laws and government policies, including with respect to climate change, greenhouse gas emissions reductions and low carbon fuels; maintenance and turnaround activity and cost; cash generation, financing sources and capital structure, such as dividends and shareholder returns, including the timing and amounts of share repurchases; capital and environmental expenditures; refinery utilization; and performance of third-party service providers, could differ materially depending on a number of factors.

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These factors include global, regional or local changes in supply and demand for oil, natural gas, and petroleum and petrochemical products and resulting price, differential and margin impacts, including foreign government action with respect to supply levels and prices, and the occurrence of wars; environmental regulation, including climate change and greenhouse gas regulation and changes to such regulation; project management and schedules and timely completion of projects; availability and performance of third-party service providers; unanticipated technical or operational difficulties; operational hazards and risks; third-party opposition to company and service provider operations, projects and infrastructure; the results of research programs and new technologies, and ability to bring new technologies to commercial scale on a cost-competitive basis; failure, delay or uncertainty regarding supportive policy and market development for the adoption of emerging lower emission energy technologies and other technologies that support emissions reductions; environmental risks inherent in oil and gas exploration and production activities; the receipt, in a timely manner, of regulatory and third-party approvals; transportation for accessing markets; political or regulatory events, including changes in law or government policy, applicable royalty rates, tariffs, and tax laws; management effectiveness and disaster response preparedness; cybersecurity incidents; availability and allocation of capital; currency exchange rates; general economic conditions, including inflation and the occurrence and duration of economic recessions or downturns; and other factors discussed in Item 1A risk factors and Item 7 management's discussion and analysis of Imperial Oil Limited's most recent annual report on Form 10-K.

Forward-looking statements are not guarantees of future performance and involve a number of risks and uncertainties, some that are similar to other oil and gas companies and some that are unique to Imperial. Imperial's actual results may differ materially from those expressed or implied by its forward-looking statements and readers are cautioned not to place undue reliance on them. Imperial undertakes no obligation to update any forward-looking statements contained herein, except as required by applicable law.

Forward-looking and other statements regarding Imperial's environmental, social and other sustainability efforts and aspirations are not an indication that these statements are material to investors or require disclosure in the company's filings with securities regulators. In addition, historical, current and forward-looking environmental, social and sustainability-related statements may be based on standards for measuring progress that are still developing, internal controls and processes that continue to evolve, and assumptions that are subject to change in the future, including future rule-making. Individual projects or opportunities may advance based on a number of factors, including availability of supportive policy, technology for cost-effective abatement, company planning process, and alignment with our partners and other stakeholders.

In this release all dollar amounts are expressed in Canadian dollars unless otherwise stated. This release should be read in conjunction with Imperial's most recent Form 10-K.

The term "project" as used in this release can refer to a variety of different activities and does not necessarily have the same meaning as in any government payment transparency reports.

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Supplemental Information

Capital and exploration expenditures

Capital and exploration expenditures (or capital expenditures) represent the combined total of additions at cost to property, plant and equipment, additions to finance leases, additional investments and acquisitions; exploration expenses on a before-tax basis from the Consolidated statement of income; and the company's share of similar costs for equity companies. Capital and exploration expenditures exclude the purchase of carbon emission credits.

Non-GAAP measures

Listed below are definitions of several of Imperial's key business and financial performance measures. The definitions are provided to facilitate understanding of the terms and how they are calculated. These measures are not prescribed by U.S. Generally Accepted Accounting Principles (GAAP). These measures constitute "non-GAAP financial measures" under Securities and Exchange Commission Regulation G and Item 10(e) of Regulation S-K, and "specified financial measures" under National Instrument 52-112 Non-GAAP and Other Financial Measures Disclosure of the Canadian Securities Administrators.

Reconciliation of these non-GAAP financial measures to the most comparable GAAP measure, and other information required by these regulations, have been provided. Non-GAAP financial measures and specified financial measures are not standardized financial measures under GAAP and do not have a standardized definition. As such, these measures may not be directly comparable to measures presented by other companies and should not be considered a substitute for GAAP financial measures.

Reconciliation of historical non-GAAP measures is incorporated by reference and can be found in the company's most recent annual report on Form 10-K under the heading "Frequently Used Terms", or on the quarterly earnings press release under Attachment VI, available on EDGAR at www.sec.gov, SEDAR+ at www.sedarplus.ca, and the company's website at www.imperialoil.ca.

Free cash flow

Free cash flow is a non-GAAP financial measure that is cash flows from operating activities less additions to property, plant and equipment and equity company investments plus proceeds from asset sales. The most directly comparable financial measure that is disclosed in the financial statements is "Cash flows from (used in) operating activities" within the company's Consolidated statement of cash flows. This measure is used to evaluate cash available for financing activities (including but not limited to dividends and share purchases) after investment in the business.

Operating costs

Operating costs is a non-GAAP financial measure that are the costs during the period to produce, manufacture, and otherwise prepare the company's products for sale – including energy costs, staffing and maintenance costs. It excludes the cost of raw materials, taxes and interest expense and are on a before-tax basis. The most directly comparable financial measure that is disclosed in the financial statements is total expenses within the company's Consolidated statement of income. While the company is responsible for all revenue and expense elements of net income, operating costs represent the expenses most directly under the company's control and therefore, are useful in evaluating the company's performance.

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Cash operating costs (cash costs)

Cash operating costs is a non-GAAP financial measure that consists of total expenses, less purchases of crude oil and products, federal excise taxes and fuel charge, financing, and costs that are non-cash in nature, including depreciation and depletion, and non-service pension and postretirement benefit. The components of cash operating costs include "Production and manufacturing", "Selling and general" and "Exploration" from the company's Consolidated statement of income. The sum of these income statement lines serves as an indication of cash operating costs and does not reflect the total cash expenditures of the company. The most directly comparable financial measure that is disclosed in the financial statements is "Total expenses" within the company's Consolidated statement of income. This measure is useful for investors to understand the company's efforts to optimize cash through disciplined expense management.

Unit cash operating cost (unit cash costs)

Unit cash operating costs is a non-GAAP ratio. Unit cash operating costs (unit cash costs) is calculated by dividing cash operating costs by total gross oil-equivalent production, and is calculated for the Upstream segment, as well as the major Upstream assets. Cash operating costs is a non-GAAP financial measure and is disclosed and reconciled above. This measure is useful for investors to understand the expense management efforts of the company's major assets as a component of the overall Upstream segment. Unit cash operating cost, as used by management, does not directly align with the definition of "Average unit production costs" as set out by the U.S. Securities and Exchange Commission (SEC), and disclosed in the company's SEC Form 10-K.

Source: Imperial

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Imperial 2025 Corporate Guidance

December 12, 2024



Sustaining momentum



	Kearl	Cold Lake
Goal	300+ KBD US \$18 / BBL ¹	165+ KBD US \$13 / BBL ¹
2025	280-290 KBD	150-160 KBD

2025 refinery utilization of 94% - 96%

2025 total capital² of \$1.9 - \$2.1 billion

¹ Unit cash costs - non-GAAP financial ratio - see supplemental information for definition and reconciliation; based on avg AECO \$3.20 / mcf, US \$0.72 exchange rate

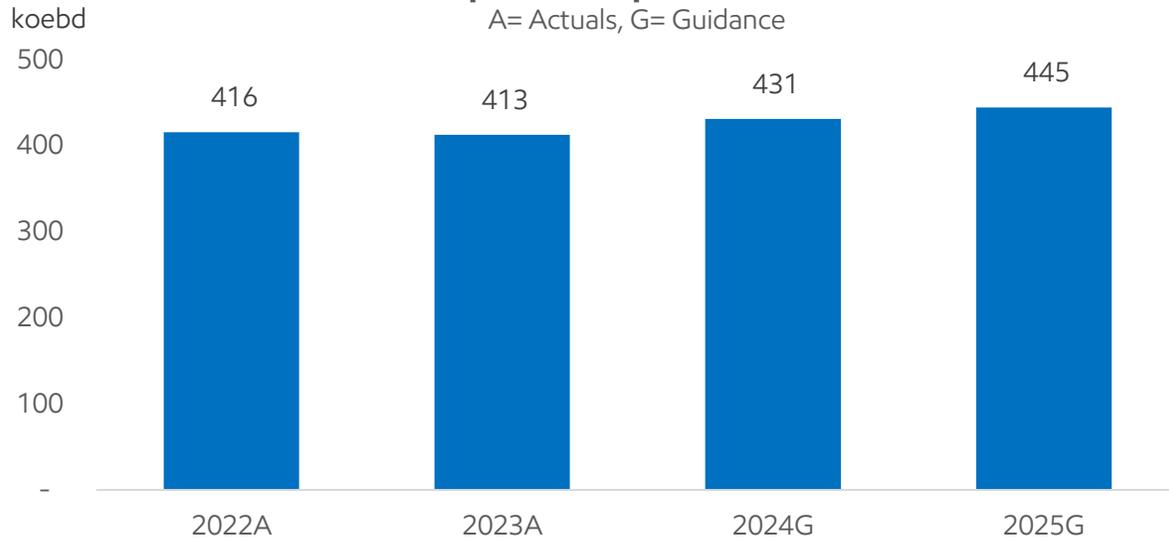
² Capital and exploration expenditures - see supplemental information for definition

Upstream momentum

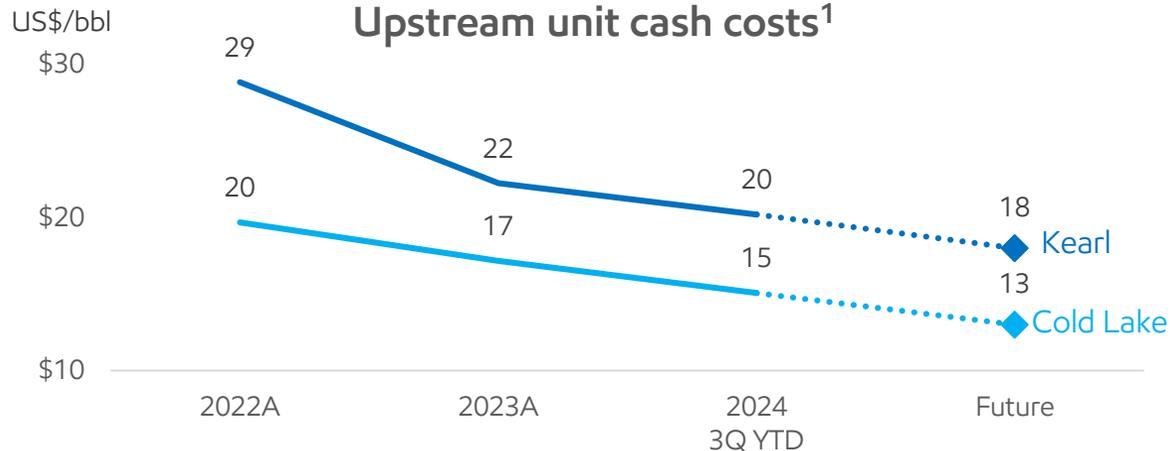
Growing volume with lower unit cash costs

Upstream production

A= Actuals, G= Guidance



Upstream unit cash costs¹

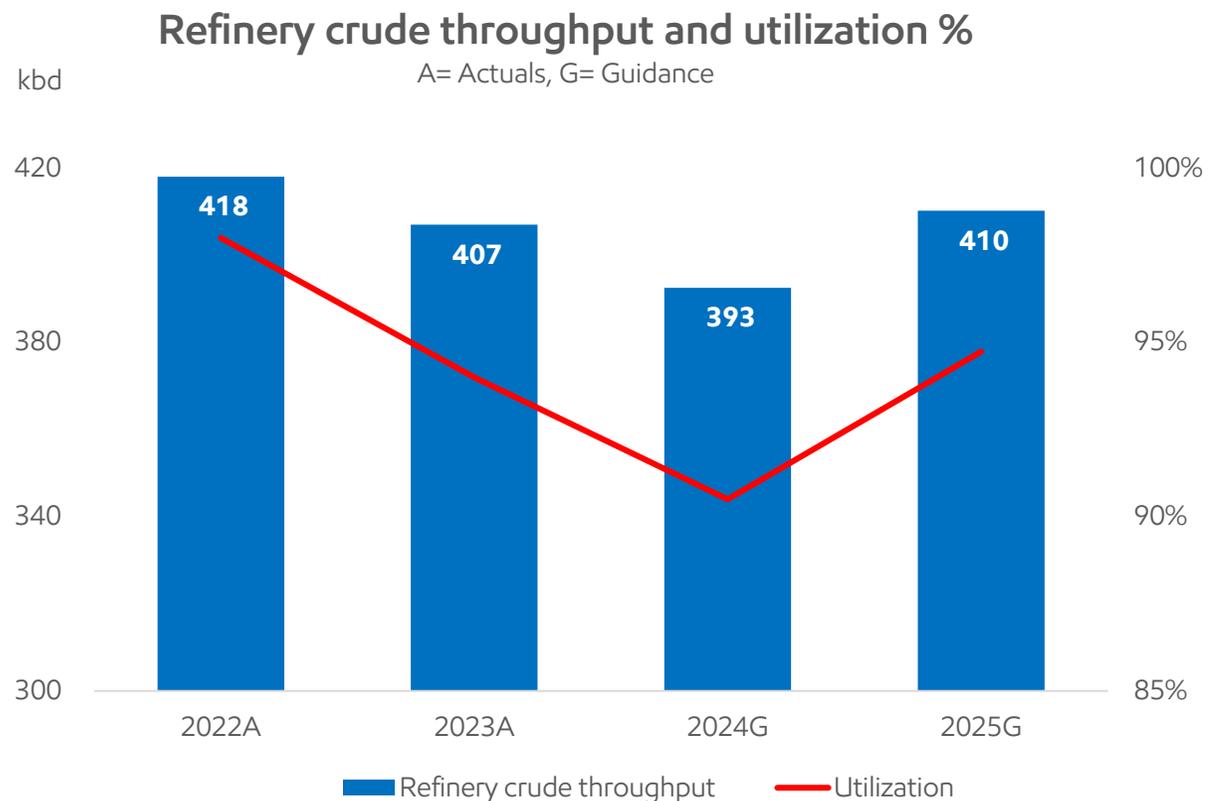


- 2025 total Upstream production of 433 - 456 koebd
- Kearl - structural growth and lower unit cash costs¹ through capital efficient debottlenecking
 - Targeting US \$18/bbl unit cash costs¹
 - Accelerating projects to support 300+ kbd future
- Cold Lake - fully realizing Grand Rapids production and unit cash costs¹ benefits
 - Targeting US \$13/bbl unit cash costs¹
 - Late 2025 Leming SAGD start up supports 165+ kbd future

¹ Non-GAAP financial ratio – see supplemental information for definition and reconciliation

Downstream momentum

Continuing strong operational performance



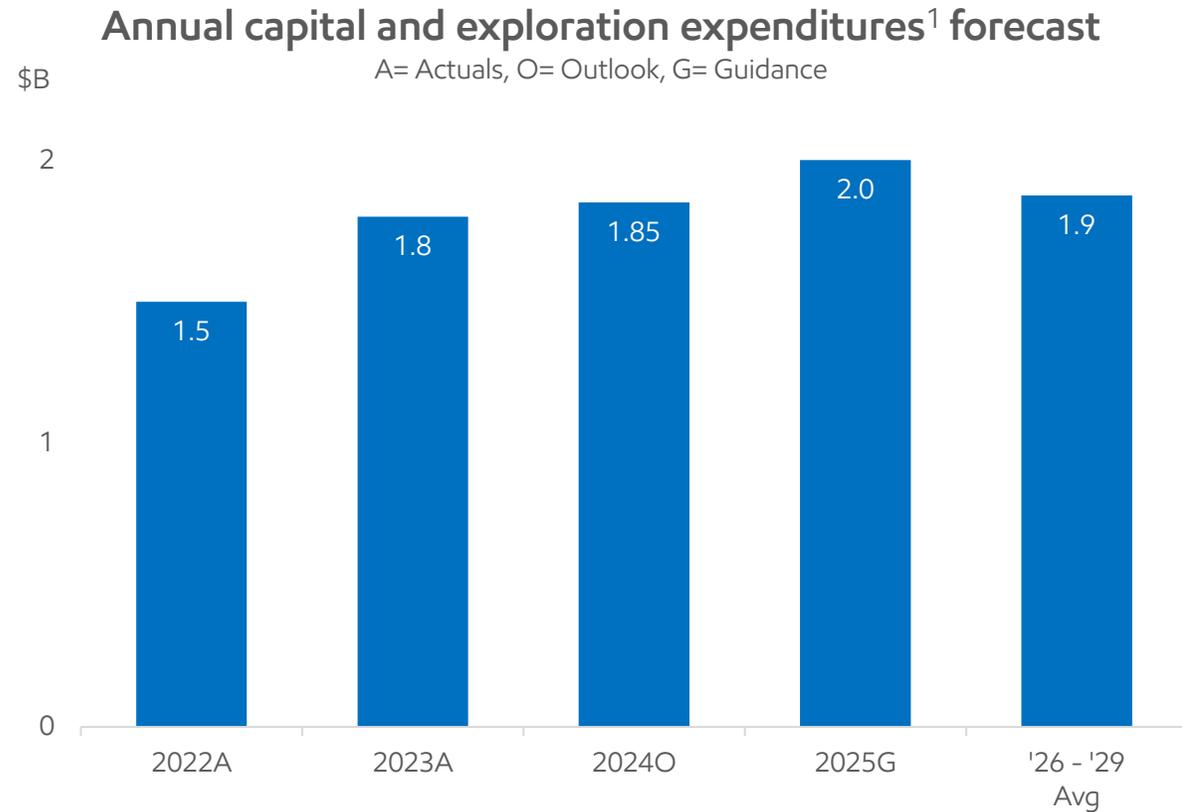
- Refinery throughput of 405 – 415 kbd
 - 94% - 96% utilization rate
- Turnaround activity significantly lower than 2024
 - Volumetric impact 12 kbd → 50% lower
 - Operating costs¹ of \$111 million → 30% lower
- Completion of 2024 turnaround work at Nanticoke, Sarnia and Strathcona ahead of schedule and on budget
- Strathcona renewable diesel project start up mid-2025²

¹ Non-GAAP financial measure – see supplemental information for definition and reconciliation

² Renewable diesel production excluded from refinery throughput and utilization

Investing to support momentum

Capital investment driving increased cash flow generation capacity



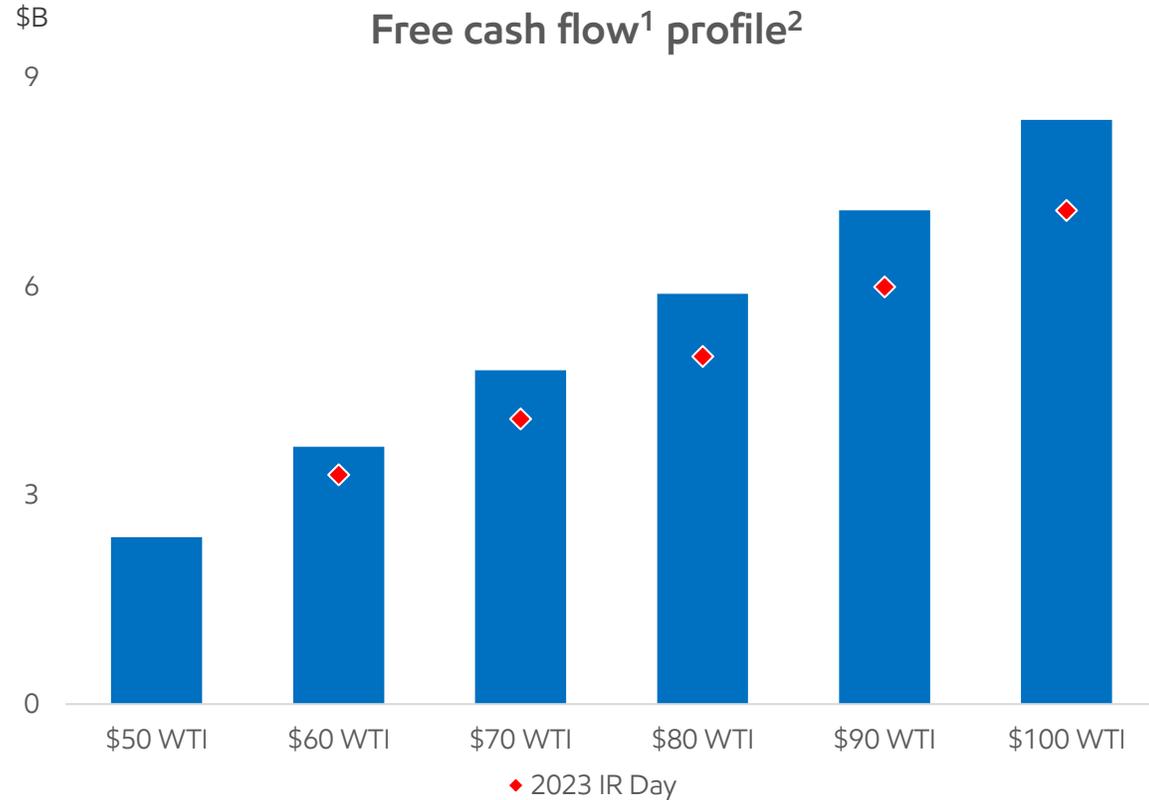
- Near-term capital increase followed by trend to historical level
- 2025 high-return growth capital includes:
 - Kearl secondary recovery
 - Cold Lake: Leming redevelopment and advancement of future SA-SAGD
 - Strathcona renewable diesel completion
 - Downstream logistics and optimization
- 2025 sustaining capital² includes:
 - Kearl and Syncrude mine progression
 - Cold Lake in-fill drilling activity
- Growth capital averages 25% from 2025 – 2029

¹ See supplemental information for definition and reconciliation

² Sustaining capital represents anticipated spending to maintain productive capacity of existing assets. Sustaining capital is capital and exploration expenditures less growth capital

Free cash flow profile

Sustainable and significant free cash flow in a range of business environments



- Robust free cash flow¹ in a range of price environments
 - Supports continued return of cash through dividends and share repurchases
- Improved free cash flow¹ relative to prior outlook³
- Corporate break-even outlook⁴ remains low
 - US <\$25/bbl WTI cash break-even
 - US <\$35/bbl WTI covers dividend and sustaining capital⁵
 - Volume growth and cost initiatives lower break-evens over time

¹ Non-GAAP financial measure – see supplemental information for definition and reconciliation

² 2025-2029 period average, US \$13 WCS differential, US \$0.72 exchange rate, Downstream and Chemical margins normalized over time, WTI denoted in US\$

³ Presented as shown on 2023 Investor Day

⁴ Estimated average WTI crude oil price in US dollars required for cash flow from operating activities to equal total operating costs over 5 year period 2025-2029, US \$8 WCS differential, US \$0.72 exchange rate, Downstream and Chemical margins normalized over time

⁵ Sustaining capital represents anticipated spending to maintain productive capacity of existing assets. Sustaining capital is capital and exploration expenditures less growth capital

Discussion



Brad Corson

Chairman, president
and chief executive officer



Dan Lyons

Chief financial officer



Sherri Evers

Senior vice-president,
sustainability,
commercial development
and product solutions



Cheryl Gomez-Smith

Senior vice-president,
upstream

Corporate guidance

2025 Full-Year Guidance

Canadian dollars, unless noted

Total capital and exploration expenditures¹ \$M	1,900 - 2,100
Upstream production² boe/d	433,000 - 456,000
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Refinery throughput bbl/d	405,000 - 415,000
Refinery utilization %	94% - 96%

2025 Planned Turnarounds

Production, throughput and operating costs³ annualized basis, before royalties, Imperial share

Upstream

2Q: Kearl, 9 kbd, \$57M operating cost

2Q: Cold Lake, 3 kbd, \$30M operating cost

3Q: Syncrude, 6 kbd, \$111M operating cost

Downstream & Chemical

2Q: Strathcona refinery, 3 kbd, \$19M operating cost

2Q: Nanticoke refinery, 6 kbd, \$41M operating cost

3Q/4Q: Sarnia refinery, 3 kbd, \$51M operating cost

¹ See supplemental information for definition

² Upstream production is Imperial share before royalties, except Kearl which is 100% gross basis. Kearl is jointly owned by Imperial (70.96%) and ExxonMobil Canada (29.04%)

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Forward-looking and other statements regarding Imperial's environmental, social and other sustainability efforts and aspirations are not an indication that these statements are material to investors or require disclosure in the company's filings with securities regulators. In addition, historical, current and forward-looking environmental, social and sustainability-related statements may be based on standards for measuring progress that are still developing, internal controls and processes that continue to evolve, and assumptions that are subject to change in the future, including future rule-making. Individual projects or opportunities may advance based on a number of factors, including availability of supportive policy, technology for cost-effective abatement, company planning process, and alignment with our partners and other stakeholders.

In this presentation all dollar amounts are expressed in Canadian dollars unless otherwise stated. This presentation should be read in conjunction with Imperial's most recent Form 10-K.

The term "project" as used in this presentation can refer to a variety of different activities and does not necessarily have the same meaning as in any government payment transparency reports.

Supplemental information

Capital and exploration expenditures

Capital and exploration expenditures (or capital expenditures) represent the combined total of additions at cost to property, plant and equipment, additions to finance leases, additional investments and acquisitions; exploration expenses on a before-tax basis from the Consolidated statement of income; and the company's share of similar costs for equity companies. Capital and exploration expenditures exclude the purchase of carbon emission credits.

Non-GAAP measures

Listed below are definitions of several of Imperial's key business and financial performance measures. The definitions are provided to facilitate understanding of the terms and how they are calculated. These measures are not prescribed by U.S. Generally Accepted Accounting Principles (GAAP). These measures constitute "non-GAAP financial measures" under Securities and Exchange Commission Regulation G and Item 10(e) of Regulation S-K, and "specified financial measures" under National Instrument 52-112 Non-GAAP and Other Financial Measures Disclosure of the Canadian Securities Administrators.

Reconciliation of these non-GAAP financial measures to the most comparable GAAP measure, and other information required by these regulations have been provided. Non-GAAP financial measures and specified financial measures are not standardized financial measures under GAAP and do not have a standardized definition. As such, these measures may not be directly comparable to measures presented by other companies and should not be considered a substitute for GAAP financial measures.

Free cash flow

Free cash flow is a non-GAAP financial measure that is cash flows from operating activities less additions to property, plant and equipment and equity company investments plus proceeds from asset sales. The most directly comparable financial measure that is disclosed in the financial statements is cash flows from (used in) operating activities within the company's Consolidated statement of cash flows. This measure is used to evaluate cash available for financing activities (including but not limited to dividends and share purchases) after investment in the business.

Reconciliation of free cash flow			
millions of Canadian dollars	2023	2022	2021
From Imperial's Consolidated statement of cash flows			
Cash flows from (used in) operating activities	3,734	10,482	5,476
Cash flows from (used in) investing activities			
Additions to property, plant and equipment	(1,785)	(1,526)	(1,108)
Proceeds from asset sales	86	904	81
Additional investments	—	(6)	-
Loans to equity companies - net	5	10	15
Free cash flow	2,040	9,864	4,464

Supplemental information

Operating costs

Operating costs is a non-GAAP financial measure that are the costs during the period to produce, manufacture, and otherwise prepare the company's products for sale – including energy costs, staffing and maintenance costs. It excludes the cost of raw materials, taxes and interest expense and are on a before-tax basis. The most directly comparable financial measure that is disclosed in the financial statements is total expenses within the company's Consolidated statement of income. While the company is responsible for all revenue and expense elements of net income, operating costs represent the expenses most directly under the company's control and therefore, are useful in evaluating the company's performance.

Reconciliation of cash operating costs			
millions of Canadian dollars	2023	2022	2021
From Imperial's Consolidated statement of Income			
Total expenses	44,600	50,186	34,307
Less:			
Purchases of crude oil and products	32,399	37,742	23,174
Federal excise taxes and fuel charge	2,402	2,179	1,928
Financing	69	60	54
Subtotal	34,870	39,981	25,156
Imperial's share of equity company expenses	76	71	61
Total operating costs	9,806	10,276	9,212

Supplemental information

Cash operating costs (Cash costs)

Cash operating costs is a non-GAAP financial measure that consists of total expenses, less Purchases of crude oil and products, Federal excise taxes and fuel charge, Financing and costs that are non-cash in nature, including Depreciation and depletion, and Non-service pension and postretirement benefit. The components of cash operating costs include (1) Production and manufacturing, (2) Selling and general and (3) Exploration, from the company's Consolidated statement of income. The sum of these income statement lines serve as an indication of cash operating costs and does not reflect the total cash expenditures of the company. The most directly comparable financial measure that is disclosed in the financial statements is total expenses within the company's Consolidated statement of income. This measure is useful for investors to understand the company's efforts to optimize cash through disciplined expense management.

Reconciliation of cash operating costs			
millions of Canadian dollars	2023	2022	2021
From Imperial's Consolidated statement of Income			
Total expenses	44,600	50,186	34,307
Less:			
Purchases of crude oil and products	32,399	37,742	23,174
Federal excise taxes and fuel charge	2,402	2,179	1,928
Depreciation and depletion	1,907	1,897	1,977
Non-service pension and postretirement benefit	82	17	42
Financing	69	60	54
Total cash operating costs	7,741	8,291	7,132

Supplemental information

Unit cash operating costs (Unit cash costs)

Unit cash operating costs is a non-GAAP ratio. Unit cash operating costs (unit cash costs) is calculated by dividing cash operating costs by total gross oil-equivalent production, and is calculated for the Upstream segment, as well as the major Upstream assets. Cash operating costs is a non-GAAP financial measure and is disclosed and reconciled above. This measure is useful for investors to understand the expense management efforts of the company's major assets as a component of the overall Upstream segment. Unit cash operating cost, as used by management, does not directly align with the definition of "Average unit production costs" as set out by the U.S. Securities and Exchange Commission (SEC), and disclosed in the company's SEC Form 10-K.

Components of unit cash operating cost

millions of Canadian dollars	2023				2022				2021			
	Upstream (a)	Kearl	Cold Lake	Syncrude	Upstream (a)	Kearl	Cold Lake	Syncrude	Upstream (a)	Kearl	Cold Lake	Syncrude
Production and manufacturing	4,917	2,097	1,144	1,533	5,491	2,353	1,344	1,563	4,661	1,902	1,117	1,388
Selling and general	—	—	—	—	—	—	—	—	—	—	—	—
Exploration	5	—	—	—	5	—	—	—	32	—	—	—
Cash operating costs	4,922	2,097	1,144	1,533	5,496	2,353	1,344	1,563	4,693	1,902	1,117	1,388
Gross oil-equivalent production (thousands of barrels per day)	413	191	135	76	416	172	144	77	428	186	140	71
Unit cash operating cost (\$/oeb)	32.65	30.08	23.22	55.26	36.20	37.48	25.57	55.61	30.04	28.02	21.86	53.56
USD converted at the YTD average forex	24.16	22.26	17.18	40.89	27.87	28.86	19.69	42.82	24.03	22.42	17.49	42.85

2023 US\$0.74; 2022 US\$0.77; 2021 US\$0.80

(a) Upstream includes Kearl, Cold Lake, Imperial's share of Syncrude and other