

FINANCE AND OPERATIONS

Performance Overview

2010

- Shipments of 107 million barrels
- Operating expenditures of \$37.74 per barrel
- Bitumen recovery at 90.7%
- Heat exchanger equipment strategy to improve reliability progressed

2011

- Shipments of 105.3 million barrels
- Operating expenditures of \$35.65 per barrel
- Bitumen recovery improved to 91.7%
- Coker 8-2 maintenance turnaround successfully executed with best-ever turnaround safety performance (TRIR = 0.30)

Financial & Operating Summary

	2007	2008	2009	2010	2011
Total crude oil production ¹					
Millions of barrels per year	111.3	105.8	102.2	107.0	105.3
Thousands of barrels per day	305	289	280	293	288
Millions of cubic metres per year	17,695	16,821	16,249	17,012	16,694
Realized SCO selling price (\$ per barrel) ⁴	79.29	107.47	69.47	80.53	101.20
Total operating costs ²					
Millions of dollars	2,743.8	3,749.6	3,645.8	4,040.2	4,344.44
\$ per barrel of production	24.64	35.44	35.69	37.74	35.65
Capital expenditures ³ (millions of dollars)	499.8	765.9	1,198.1	1,376.7	1,477.0
Revenues ⁴ (millions of dollars)	3,250	4,169	2,615	3,180	3,934
Retained earnings ⁵	0	0	0	0	0
Bitumen produced (million barrels)	132.5	121.3	120.0	126.3	125.2
Bitumen recovery (%)	91.8	90.3	90.8	90.7	91.7
Upgrading yield (%)	84.3	85.9	86.9	85.8	85.7
Environmental fines (\$ millions)	0	0	0	3.2	0
Environmental protection orders (#)	1	0	0	0	0

¹ Production is Syncrude crude oil shipped.

² Operating costs are costs related to the mining of oil sands, the extraction and upgrading of bitumen into Syncrude crude oil, and maintenance of facilities; they also include administration costs, start-up costs, research, and purchased energy. There is no generally accepted accounting definition as to what constitutes "Operating Costs."

³ Capital expenditures includes development expense related to sustaining capital and growth capital projects. The accounting treatment of certain costs may vary significantly between different producers; some producers may elect to capitalize or defer and amortize certain expenditures that are recorded as an expense by other producers, and may segment "Corporate" costs.

⁴ Production of Syncrude Crude Oil becomes the property of Syncrude's Joint Venture owners at point of departure from the Syncrude plant. As the operator, Syncrude does not collect revenue from the sale of crude oil or other products. Selling price and revenue reported here reflects only that of Canadian Oil Sands Limited, a 36.74% owner, grossed up for 100% Syncrude, and is solely meant to provide an indication of performance.

⁵ Syncrude's annual operating and capital expenditures are funded pro-rata by Syncrude's Joint Venture owners.

Note: These figures may differ from those reported by any of the Joint Venture participants due to differences in reporting conventions and methodology

Record Run for Coker 8-2

With an operating run that lasted 1,044 days (34 months) before it was brought down for a scheduled maintenance turnaround in September 2011, Coker 8-2 bested the previous Coker run length record by nearly six months. The feat was enabled by good decision-making among our Production, Maintenance and Technical teams over the life of the run – their focus was on ensuring reliability through stable operation.

Fossil Discovery One of the Best Yet

The discovery of a nearly intact long-necked plesiosaur in November 2011 brings the number of important prehistoric creatures recovered from Syncrude's mines to 10. The rare reptile once lived in an ancient Alberta sea, probably more than 100 million years ago. Experts from the [Royal Tyrell Museum of Paleontology](#) excavated the remains after they were discovered by an alert Syncrude shovel operator. The last such find at Syncrude was in 2000. Syncrude shovel operators are trained to stop work and notify a company geologist when they spot something unusual. Syncrude aims to be a responsible steward of its obligation to protect and preserve any fossils discovered during the earth-moving process.



Shovel Operator Maggy Horvath, shown with the plesiosaur she discovered in November 2011.

Sulphur Management

Sulphur is a by-product of Syncrude's bitumen upgrading process and it is by law considered a natural resource that must be managed according to provincial guidelines. Syncrude's Joint Venture owners take their proportional share of all of Syncrude's daily liquid sulphur production and market it independently. Alternatively, sulphur is stored in blocks on Syncrude's site. To reduce the liability associated with long-term sulphur storage, portions of the current stockpile may be made available to the market, by individual owners, as opportunities arise.

Supplier Program Improves On-Time Parts Delivery

A supplier relationship management program initiated in 2010 by Syncrude's procurement department succeeded in its goal of improving on-time parts delivery from vendors and reducing equipment downtime caused by late parts delivery. Research revealed that 20 percent of suppliers were responsible for 60 percent of late deliveries. By working with them to improve performance, on-time delivery by those firms increased from 75 percent on-time to 96 percent on-time, helping keep equipment maintenance jobs on schedule.

Future Development Plans

Syncrude is focused on improving capacity utilization for the next number of years. Our owners believe this approach is the best opportunity to add value in the near term. Preliminary plans had been to expand production capability by developing the Aurora South Mine leases, which will now likely remain undeveloped until the early 2020s.

Near-term capital spending through 2014 will focus on mine train relocations and replacements at both the Mildred Lake and Aurora North sites. These should position Syncrude for as many as 20 years of production at current rates. Significant investments will also be made in tailings management infrastructure, including a Composite Tailings plant at the Aurora North site and a Centrifuge plant at the Mildred Lake site.

Expansion projects require unanimous approval by the Syncrude Joint Venture participants. The most recent information about Syncrude's forward-looking plans is available from [Canadian Oil Sands Limited](#).