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ANNUAL INFORMATION FORM

SUNCOR INC.

36 York Mills Road
North York, Ontario
M2P 2C5

March 23, 1988

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Information in this Annual Information Form is set forth in metric units. Numbers of one thousand or more, other than dollar amounts, are expressed without commas (1 000) in accordance with the metric system. The following factors, which have been rounded to two decimal places, may be used to convert information into the units of measurement indicated below:

1 cubic metre (m^3) liquid = 6.29 barrels
1 cubic metre (m^3) gas = 35.49 cubic feet
1 hectare = 2.47 acres
1 tonne = 1.10 short tons
1 kilometre = 0.62 mile

Suncor Inc.
ANNUAL INFORMATION FORM

ITEM 1 NAME AND INCORPORATION OF ISSUER

Suncor Inc. was formed by the amalgamation under the Canada Business Corporations Act on August 22, 1979 of Sun Oil Company Limited, incorporated in 1923, and Great Canadian Oil Sands Limited, incorporated in 1953. Its registered and principal office is located at 36 York Mills Road, North York, Ontario, M2P 2C5. In the text of this annual information form, references to Suncor or "the Company" include Suncor Inc. and its subsidiaries unless the context otherwise requires.

ITEM 2 BUSINESS AND PROPERTY

Suncor is engaged in the exploration for and production of crude oil and natural gas and in refining and marketing of petroleum, natural gas and petrochemical products. Suncor operates through three principal groups: the Oil Sands Group, which produces synthetic crude oil from Athabasca oil sands near Fort McMurray, Alberta; the Resources Group, based in Calgary, Alberta, which explores for and produces natural gas and conventional and non-conventional oil and markets natural gas; and the Sunoco Group, with headquarters in Toronto, Ontario, which markets crude oil and refines and markets petroleum and petrochemical products.

At December 31, 1987, Suncor had approximately 3,400 full-time employees and 600 part-time employees.

OIL SANDS GROUP

Suncor produces synthetic crude oil from mining the Athabasca oil sands at its plant site located near Fort McMurray, Alberta. Suncor pioneered commercial production of synthetic crude oil from oil sands, with initial plant production beginning in 1967. Today, Suncor is one of only two such producers of synthetic crude oil in the world.

Operations

Suncor's oil sands operations involve open pit mining of the sands after removal of overburden with mobile equipment. The oil sands are mined with large bucketwheel excavators and moved to the extraction plant by conveyor systems covering about 14 kilometres. Bitumen is extracted from the sands by a hot water process and is then upgraded by coking, distillation and treatment to remove sulphur and nitrogen. The upgraded distillates are blended into synthetic crude oil, most of which is shipped in the Company's 428 kilometre pipeline to Edmonton for distribution.

Suncor's own utilities plant supplies steam and electric power to the oil sands operation. Supplemental electricity is purchased from an Alberta public utility. A program to overhaul and reconfigure the plant's electrical distribution systems, including a second main connection to the public utility, was substantially completed by March, 1988. This program is intended to make the electrical system more reliable and to prevent power failures from causing production shutdowns.

Natural gas is supplied to the plant through a pipeline owned by Suncor which runs from north of Edmonton carrying natural gas produced by Suncor and others.

Operations at the oil sands plant are susceptible to loss of production due to the interdependence of the component systems and because some of them function as a single process train. Winter operations in the extreme cold are especially difficult and can result in reduced production.

In 1987, the Oil Sands Group concentrated on reducing operating costs and improving plant reliability. However, on October 11, 1987 a major fire in the extraction facility forced the shutdown of the plant. Partial operations resumed in January, 1988 and full production will be restored by April. Expenditures to rebuild and make improvements to the extraction plant will be about $60 million. The amount of insurance benefits available to partially offset this cost is still being determined, but is expected to exceed $13 million. To reduce the impact of the fire, plant maintenance turnaround activities originally scheduled for 1988 were undertaken in the fourth quarter of 1987.

In addition to substantial operating expenses, continued operation of the oil sands plant requires ongoing capital expenditures. Conveyor systems must be extended as mining activities move further away from the processing facilities, and mobile and other equipment must be replaced as it wears out. Suncor anticipates that capital and related expenditures of between $35 and $40 million per year will be required over the next five years and thereafter to maintain production levels.

In July, 1987 Suncor announced its intention to increase plant production through a debottlenecking project, at an expected cost of about $150 million, to deliver an additional 1 600 m^3 per day of synthetic crude and provide a further 1 600 m^3 per day of upgrader capacity. The project is intended to improve plant reliability by decreasing the interdependence of various plant operations and to contribute to overall plant efficiencies primarily by making it possible to recycle waste heat energy. Completion is expected by 1992.

Suncor's mine plan, which addresses the maximum recovery of oil sands under the physical, technological, environmental and economic constraints associated with the mining operations, requires approval annually by the Energy Resources Conservation Board of Alberta.

Capital Expenditures

Capital expenditures in the Oil Sands Group for the periods indicated were:

	For the year ended December 31	
	1987	1986
	($ millions)	
Mine and mobile equipment	$ 5	$ 7
Plant Integrity Program	-	9
Other plant(1)	30	17
Total	$35	$33

(1) Includes capital expenditures arising from the fire damage at the plant.

Leasehold Interests and Royalties

Suncor's oil sands mining operations are conducted on a 2 456 hectare site covered by two oil sands leases granted by the Province of Alberta. Under the leases, the Province is entitled to Crown royalties at rates which it establishes from time to time. Crown royalties expensed under these leases were $3 million for 1987 compared with $16 million for 1986.

Between 1983 and 1985 the Crown royalty rate was 8% and 20% of production in four production bands for an effective royalty rate of approximately 11% of production. Effective April 1, 1986, the rate was reduced to the equivalent of 1% of gross revenues in response to the major decline of world oil crude prices and this prevailed until June 30, 1987. Under a new royalty structure commencing July 1, 1987, the royalty is generally the effective equivalent of the greater of 2% of revenues or 15% of revenues minus allowed operating and capital costs. This structure is to remain until December 31, 1991 when the royalty will become the equivalent of the greater of 5% of revenues or 30% of revenues minus allowed operating and capital costs. The Crown royalty is payable in the form of synthetic crude oil, but the Province may request that Suncor dispose of the Crown share on its behalf. A royalty surcharge of up to $24 million will be payable if synthetic crude production and plant capacity do not reach certain specified levels by June 30, 1992, and provided that the price of synthetic crude oil has not been below $132.09 per m^3 ($21 per barrel), subject to adjustment, for six full months between July 1, 1987 and the end of 1991.

Suncor's first lease covers 1 809 hectares. About 68% of Suncor's proved reserves of synthetic crude oil at the end of 1987 were located on the property covered by this lease. Norcen International Limited ("Norcen") has a 25% interest in the lease and subleases it to Suncor. The sublease requires payment to Norcen of a royalty of 6.25% of synthetic crude oil revenues in excess of $17.30 per m^3 plus 15.7 cents per m^3 of bitumen extracted from the leased lands. The $17.30 is to be reduced to $16.36 per m^3 if and when Suncor's accumulated cash flow from the project has equalled 60% of its total initial investment. If and when the accumulated cash flow has equalled the total investment, the sublease royalty is subject to a 50% increase to the extent that net income for the year is greater than 20% of gross income attributable to the project. Total initial investment and accumulated cash flow have yet to be determined and there is disagreement between Suncor and Norcen as to the calculation thereof. Royalties expensed under the sublease were $22 million for 1987 and $23 million for 1986.

In December, 1986, Suncor commenced an action against Norcen to recover about $24.6 million which was paid to Norcen as sublease royalty and is attributable to the Crown royalty share of production. Suncor believes that sublease royalties are properly payable only on its share of production after deduction of the Crown's interest and is seeking a declaration to that effect. Norcen claims that its royalty attaches to all bitumen extracted and synthetic crude oil produced from oil sands within the subleased area, including the Crown share. No trial date has been set.

Suncor's second lease covers 647 hectares adjacent to the first lease. At the end of 1987, the second lease property contained approximately 32% of Suncor's proved reserves of synthetic crude oil. No royalty other than Crown royalty is payable in respect of the second lease. Under Suncor's present mine plan, the remaining reserves on the second lease will be reached as mining operations on the first lease begin to be completed.

The oil sands leases run for terms of 21 years expiring in the year 2008 in the case of the first lease and the year 2000 in the case of the second lease. Both are renewable so long as the plant or other works are in operation. Suncor owns the surface area of the land on which most of its plant facility is located.

Synthetic Crude Oil Reserves

Suncor engaged Coles Nikiforuk Pennell Associates Ltd. ("CNP"), independent petroleum consultants, to report on its reserves of synthetic crude oil as of December 31, 1987. CNP's determination of estimated recoverable reserves is based on the synthetic crude oil price of $126.10 per m^3 in effect at the end of 1987, budgeted operating costs for 1988 discounted to year-end 1987, forecasts of capital costs, and royalties and taxes in effect at the end of 1987. Proved reserves are those considered with a high degree of certainty to be mineable at commercial rates using current and planned future mining methods and are based on the mine plan adopted by Suncor after considering the engineering and economic aspects of future production. On that basis CNP determined that the gross proved reserves of synthetic crude oil as of December 31, 1987 were 53.2 million m^3 before deduction of Crown and applicable sublease royalties. Net proved reserves, after deduction of an estimate of all applicable royalties, were 48.9 million m^3.

Production

In 1987, production volumes of synthetic crude oil decreased 20 percent from 1986. Average daily production of synthetic crude oil was 6 985 m^3 in 1987 compared with 8 742 m^3 in 1986. The decline was due to the shutdown of the plant as a result of the fire on October 11. Prior to the fire, production volumes of synthetic crude oil for the first nine months of 1987 averaged 9 131 m^3 daily compared with 8 385 m^3 daily in the first nine months of 1986. The 1986 annual production volumes were the highest in the history of the oil sands plant, 39 percent higher than 1985.

The following table summarizes Suncor's synthetic crude oil operations for the years indicated.

	1987	1986
Oil Sands mined (millions of tonnes)	32.7	39.4
Overburden removed (millions of m^3)	11.7	8.4
Average bitumen content of oil sands mined (per cent by weight)	11.9	12.3
Partially and fully processed synthetic crude oil (millions of m^3)(1)	2.5	3.2

(1) Before royalties but excluding in plant usage.

The present mining operation is a single project. Suncor anticipates that it will have mined the remaining oil sands containing its proved reserves of synthetic crude oil in approximately 15 years. Suncor has no definitive plans for continuing production of synthetic crude oil after mining operations on the present site have been completed. Potential alternatives exist, including mining another oil sands lease held by Suncor 37 kilometers north of the existing plant site.

Revenues from Synthetic Crude Oil

Under an agreement made at the outset of the oil sands project which has been amended from time to time, Shell Canada Products Limited is entitled to purchase approximately 25% plus 469 m^3 daily of Suncor's Fort McMurray synthetic crude oil production. The agreement remains in force until December 1992 and is renewable, at Shell's option, for further five-year periods. In 1987, 750 000 m^3 were sold to Shell. The price at which synthetic crude oil is sold to Shell approximates the price received from other customers.

A major portion of Suncor's synthetic crude oil production is used in connection with its Sarnia refining operations. During 1987, the refinery processed about 50% of Suncor's synthetic crude oil production. The balance is sold to others under contracts terminable by short notice or on a spot basis.

Total revenue for the Oil Sands Group was $383 million in 1987 compared with $409 million in 1986. Information as to synthetic crude oil sales revenues and costs for the last two years is shown below:

	For the year ended December 31	
	1987	1986
	(in dollars)	
Average sales revenue per m^3 of synthetic crude oil (including partially processed)	$146	$126
Average cost per m^3 of synthetic crude oil(1)	$129	$125

(1) Includes all operating costs, royalties and petroleum and gas revenue tax; excludes income and incremental oil revenue taxes, corporate overhead, interest and net employee housing costs.

Costs of synthetic crude oil production are substantially higher than for conventional crude oil due to the nature of the operations required to produce synthetic crude oil.

Employee Accommodation

Suncor is phasing out its housing program for its employees and those of its independent contractors in Fort McMurray and plans to terminate that program by the end of 1992. At December 31, 1987, Suncor's net investment in housing and related assets was $39 million.

RESOURCES GROUP

Suncor is active in the exploration for and development of petroleum and natural gas reserves in Canada. Suncor's current strategy is to concentrate on conventional crude oil and natural gas activities in western Canada, to consider further in situ heavy oil development, and to minimize exploration expenditures on frontier holdings. In 1987, direct marketing of natural gas began in earnest. The Resources Group reduced its manpower requirements by 14% during 1987.

One of Suncor's goals is to restructure its asset portfolio for improved efficiency and profitability. To this end, 58 oil and gas properties, representing approximately 3% of total production, were sold in 1987 for proceeds of $10 million. The Company also negotiated the sale of its undeveloped coal property located in Pictou County, Nova Scotia for proceeds of $7 million. Further dispositions are anticipated in 1988.

Acquisition, Exploration and Development Costs

Costs incurred in the Resources Group for the periods indicated were:

	For the year ended December 31	
	1987	1986
	($ millions)	
Property acquisition costs:		
Proved	$ 7	$ -
Unproved	10	5
Exploration costs (including support equipment)	29	34
Development costs (including support equipment)	29	37
Total	$ 75	$ 76

Note: These costs include those which were capitalized or charged to expense at the time they were incurred.

Exploration and Development - Western Canada

Exploration activities have been concentrated in selected areas of Alberta and British Columbia where Suncor's experience provides an advantage. Greater emphasis has been placed on natural gas exploration especially where discoveries can be quickly tied into pipeline systems.

During 1987, the Resources Group participated in the drilling of 40 gross exploratory wells (20 net), not including the frontier wells. Oil or gas was found in 23 gross wells (11 net) for a success rate of 58%. In addition the Resources Group farmed out 25 prospects with oil or gas being found in 8. In 1987 oil drilling activity focused in the following areas:

Kidney

In this area, located 120 miles west of Fort McMurray in northern Alberta, Suncor acquired land interests ranging from 13% to 50% in 2 185 hectares. Suncor participated in 11 wells in which its interests range up to 50%. Oil was discovered in 7 wells. Thirteen wells are planned for 1988.

Dizzy Creek

Suncor acquired interests ranging from 25% to 100% in 16 632 hectares of land in this area which surrounds Zama Lake in northern Alberta. Suncor drilled 10 wells, with interests of up to 50%, and oil or gas was discovered in 7 wells.

Peace River

Suncor acquired 3 712 hectares of land in 1987, with interests of between 25% and 100%, in the Otter, Utikuma and Gilwood areas northwest of Lesser Slave Lake in northern Alberta. Suncor has interests of up to 75% in six wells which were drilled and oil was discovered in 4 wells. Eight wells are planned for 1988.

Red Deer

Suncor acquired interests of between 50% and 100% in 2 437 hectares of land in the Medicine River and Bashaw areas, located southwest of Gull Lake in northern Alberta. Seven wells were drilled in 1987 and oil or gas was discovered in 4 wells. Suncor's drilling interests range up to 100%. \

Taber

Suncor acquired interests in 1 878 hectares of land, ranging from 50% to 100%, in the Taber area which lies northeast of Lethbridge in Northern Alberta. Five wells were drilled and oil was discovered in 4 wells. Suncor's interests in these wells are between 25% and 70%.

The major areas of natural gas drilling in 1987 were:

Thornbury

In the Albersun area northeast of Fort McMurray, two wells were drilled in 1987 resulting in one gas discovery. Suncor's interest in the wells and land blocks is 100%. No additional land was purchased in 1987. Two farmout wells are planned for 1988.

Progress

Suncor acquired a 50% interest in 960 hectares of land in the Progress area in northern Alberta. Suncor has an interest of 50% in two successful gas wells which were drilled in this area. Several development wells, but no exploration wells, are planned for 1988.

Since 1986, Suncor has focused its development activities on programs to increase production from existing fields and a large program to tie shut-in gas reserves into production and transportation facilities. In 1987 17 properties were tied in and placed on production by year-end, increasing Suncor's net productive capability by 400 million m^3 per year or 34%. Properties developed and producing in 1987 include Athabasca East, Grassland, Iosegun, Elnora, Manyberries, Thorsby, Pine Creek, Racosta, Phoenix and Thornbury, all in Alberta. In addition, oil production was enhanced through major infill drilling programs at Youngstown and Medicine River in Alberta which added about 80 m^3 (503 barrels) per day to production.

In 1987 Suncor acquired an increased interest in the Adsett property in northeastern British Columbia and purchased the Liege property, west of Fort McMurray. These acquisitions added 788 million m^3 to proved reserves of natural gas and 114 million m^3 to probable reserves.

Exploration and Development - Frontier Areas

Suncor carries on frontier exploration activities directly and through Trillium Exploration Corporation ("Trillium") which was formed in 1982 by Suncor, with a one-third interest, and Ontario Energy Resources Limited, a subsidiary of Ontario Energy Corporation, with the remaining two-thirds.

Suncor continues to minimize expenditures on its frontier holdings, while monitoring frontier development. Activity was limited to drilling delineation wells on the Terra Nova structure offshore and southeast of Newfoundland where Suncor has a minor interest through Trillium. Landholdings in the Artic Islands and Beaufort Sea areas were reduced in 1987 by the relinquishment of exploration lands, with further reductions expected in the Beaufort Sea in 1988; however, lands surrounding significant discoveries are being retained.

Drilling

The following table sets forth the gross and net exploratory and development wells which were completed, capped or abandoned in which Suncor participated during the years indicated.

	For the year ended December 31			
	1987		1986	
	Gross	Net	Gross	Net
Western Canada				
Conventional Oil and Gas				
Exploratory Wells				
Oil	20	9	23	7
Gas	3	2	13	11
Dry	17	9	16	9
Total	40	20	52	27
Development Wells				
Oil	80	21	203	16
Gas	7	4	7	2
Dry	8	3	10	5
Total	95	28	220	23
Non-conventional Oil				
Oil(1)	-	-	3	3
Total	-	-	3	3
Total Western Canada	135	48	275	53
Frontier (Trillium)				
Dry	4	-	18	-
Total	139	48	293	53

(1) Development wells at the Fort Kent project in Alberta.

Note: This table comprises all wells for which expenditures were incurred directly or indirectly by Suncor and includes wells in which Suncor participated through its one-third equity interest in Trillium. All wells drilled in the frontier areas, including those which discovered oil and natural gas, are treated as dry because transportation facilities and, in certain cases, the technology for production from the wells are not available.

Not included are wells completed under farmout agreements on Suncor property (except the Trillium farmout) since Suncor did not incur cash expenditures for them. During 1987 there were 28 such wells (25 exploratory and 3 development); in 1986 there were 19 such wells (13 exploratory and 6 development). Of the 1987 farmout wells, 5 were oil wells, 4 were gas wells and 19 were dry.

In addition to the above wells, Suncor had interests in seven gross (three net) exploratory wells and 5 gross (3 net) development wells in progress at the end of 1987.

Non-Conventional Heavy Oil

Suncor's heavy oil activities were retrenched in 1986 and further development was deferred until economic conditions improve.

Fort Kent

Suncor is the operator and 50% owner of a 1 984 hectare in-situ steam stimulation heavy oil project near Bonnyville in the Cold Lake area of northeastern Alberta. While operations continued on a reduced scale at the Fort Kent project, it remains uneconomic to bring back into production wells which have been closed due to low crude oil prices. Costs and production are being managed to maximize cash flow. Suncor's share of Fort Kent production in 1987 averaged 145 m^3 per day compared to 184 m^3 per day in 1986.

Burnt Lake

Suncor has earned a 79.1% working interest in 4 sections of oil sands leases in the Cold Lake area. Work commenced on the development of an in-situ steam recovery project in 1985 but was suspended in 1986 as a result of the deterioration in the price of crude oil. Suncor is considering plans to develop the project, which would enable it to earn a working interest in the remaining 44 sections of the oil sands leases.

Land Holdings

The following table sets forth the undeveloped and developed lands in which the Resources Group of Suncor held petroleum and natural gas interests at the end of 1987. Undeveloped lands are lands on which no producing well or well capable of production has been drilled and developed lands are lands on which such a well has been drilled.

	Licences, Reservations, Permits and Exploration Agreements[1]		Leases[1]	
	Gross Hectares[2]	Net Hectares[2]	Gross Hectares[2]	Net Hectares[2]
Undeveloped lands				
Western Canada[3]				
Alberta[4]	201,238	112,244	302,600	199,512
Saskatchewan[4]	24,476	24,476	29,535	18,065
British Columbia	44,406	21,062	87,301	36,290
Manitoba	-	-	6,462	3,800
Total	270,120	157,782	425,898	257,667
Frontier (Canada Lands)				
Arctic Islands	-	-	167,474	24,324
Offshore Labrador	-	-	25,185	2,518
Beaufort Sea	-	-	368,542	45,933
Mackenzie Delta	-	-	47,793	21,507
Yukon Territory	-	-	19,182	14,387
Total	-	-	628,176	108,669
Developed lands				
Western Canada[3]				
Alberta[4]	33,725	16,278	447,996	191,961
British Columbia	2,652	133	58,399	16,325
Saskatchewan[4]	-	-	22,451	18,173
Manitoba	-	-	1,161	842
Total	36,377	16,411	530,007	227,301
Frontier (Canada Lands)				
Mackenzie Delta	-	-	7,757	3,361
N.W. Territories	-	-	5,688	5,688
Total	-	-	13,445	9,049

Notes:

(1) No deduction has been made from Crown licences, reservations, permits or exploration agreements to reflect that only a portion of these areas may be converted to lease or production licence. Crown licences, reservations and permits are acquired from the provincial governments through competitive bidding and exploration agreements are acquired from the federal government by undertaking work commitments. These confer upon the holder exploration rights and the right to lease or apply for a production licence for the crude oil and natural gas rights under portions of the lands covered. The extent of such rights differs in each jurisdiction and between various areas in a single jurisdiction. The holder is generally required to make cash payments or undertake specified work in order to

retain such rights. Leases in general confer upon the lessee the right to explore for and remove crude oil and natural gas from the property with the lessee paying all the development and operating costs and being entitled to the production, subject to rental, tax and royalty.

(2) "Gross hectares" means all hectares in which Suncor has an interest. "Net hectares" means gross hectares after deducting interests of others.

(3) Includes 92 327 gross developed hectares and 5 745 gross undeveloped hectares in western Canada in which Suncor held overriding royalty interests at the end of 1987 and from which it received revenues of about $5 million in 1987.

(4) Includes Lloydminster heavy oil and Fort Kent, Cold Lake, Burnt Lake and Athabasca oil sands leases comprising 122 174 gross (92 917 net) undeveloped hectares and 16 088 gross (3 353 net) developed hectares.

Certain of Suncor's interests in undeveloped lands are subject to reduction under farmout agreements whereby others may earn interests in them by undertaking exploration or development work. Conversely, Suncor is a party to farmin agreements whereby it may earn interests in land held by others by undertaking such work.

Reserves

CNP reported on Suncor's reserves of conventional crude oil, natural gas and natural gas liquids at December 31, 1987. The following table sets forth CNP's determination of estimated recoverable reserves based on constant prices and costs as of that time with no escalation into the future.

	Gross		Net	
	Conventional crude oil and natural gas liquids	Natural Gas	Conventional crude oil and natural gas liquids	Natural Gas
	(millions of cubic metres)	(billions of cubic metres)	(millions of cubic metres)	(billions of cubic metres)
Proved				
December 31, 1986	8.6	12.2	7.0	10.4
Revisions	0.3	0.1	0.3	0.1
Additions	0.7	1.4	0.5	1.2
Production	(0.8)	(0.6)	(0.6)	(0.5)
Sales	(0.3)	(1.2)	(0.3)	(1.0)
December 31, 1987	8.5	11.9	6.9	10.2
Proved developed - December 31, 1987	7.8	6.2	6.4	5.3
Probable additional - December 31, 1987	3.1	5.7	2.5	4.7

Notes:

(1) Proved reserves are those which geological and engineering data demonstrate to be recoverable with a high degree of certainty, at commercial rates, from known oil and gas reservoirs under existing economic and operating conditions.

Proved developed reserves means those proved reserves which are actually on production or, if not producing, which could be recovered from existing wells or facilities.

Probable additional reserves are those which may be recovered from properties in the vicinity of proved reserves where there is some degree of geological, engineering or operational risk. No adjustments have been made to reflect the degree of risk associated with the existence of the probable reserves.

(2) Gross reserves represent the aggregate of Suncor's working interest in reserves including the royalty interest of governments and others in such reserves and Suncor's royalty interest in reserves of others. Net reserves are gross reserves less the royalty interest share of others including governments. Royalties can vary depending upon selling prices, production volumes, timing of initial production and changes in legislation. Net reserves have been calculated, following generally accepted guidelines, on the basis of prices and the royalty structure in effect at year end and anticipated production rates. Such estimates by their very nature are inexact and subject to constant revisions.

Approximately 55% of the proved oil reserves are in Alberta, primarily in the Medicine River, Fort Kent, Swan Hills, Mitsue, Youngstown and Pembina oil fields. A majority of the remainder is located in Saskatchewan, primarily in the Oungre, Dodsland and Steelman oil fields. Approximately 80% of the proved gas reserves are in Alberta, primarily in the Rosevear, Stolberg, Pine Creek, Calling Lake, West Calling Lake, Mountain Park and Thorsby gas fields. Most of the remainder are located in British Columbia, primarily in the Adsett, Blueberry West and Bougie Creek gas fields. Suncor's probable additional oil reserves are located primarily in the Oungre, Steelman and Dodsland fields in Saskatchewan, the Nipisi, Judy Creek, Medicine River and Youngstown fields in Alberta and the Blueberry field in British Columbia. Suncor's probable additional gas reserves are located primarily in the Mountain Park, Stolberg, West Calling Lake and Pine Creek fields in Alberta and the Bougie Creek field in British Columbia. No amounts have been included in the reserves shown above in respect of Suncor's frontier or mineable oil sands properties. Proved reserve calculations include Fort Kent heavy oil but not the Burnt Lake project.

Production

The following table sets out Suncor's gross and net production during the years indicated. Gross production is that attributable to Suncor's working interest share of production before deduction of applicable royalties and interests owned by others. Net production is gross production less such royalties and interests.

	For the year ended December 31			
	1987		1986	
	Gross	Net	Gross	Net
Crude Oil (thousands of m^3)				
Alberta	472	394	472	394
Saskatchewan	234	170	225	165
British Columbia	43	34	42	33
Manitoba	15	11	15	12
Total	764	609	754	604
Natural Gas Liquids, including Condensates (thousands of m^3)				
Alberta	41	30	37	27
British Columbia	4	3	1	1
Saskatchewan	1	1	-	-
Total	46	34	38	28
Total Liquids	810	643	792	632
Natural Gas (millions of m^3)				
Alberta	596	481	552	458
British Columbia	39	34	36	30
Saskatchewan	11	9	10	9
Total	646	524	598	497

As of December 31, 1987, Suncor had interests in 6 263 gross (729 net) producing oil wells in 111 oil fields. Of the gross wells, 2 914 were in Alberta, 2 646 in Saskatchewan, 380 in British Columbia and 323 in Manitoba. Suncor had interests in 826 gross (369 net) natural gas wells in 130 gas fields: 739 in Alberta, 65 in British Columbia, 19 in Saskatchewan and 3 in the Northwest Territories at the end of 1987. At the end of the year, 977 gross oil wells and 282 gross gas wells were shut-in.

Sales and Sales Revenues

In 1987, total revenue for Resources Group was $141 million including $99 million from oil and natural gas liquids and $34 million from natural gas. The following table shows sale prices and lifting costs in connection with

Suncor's conventional and heavy oil and natural gas operations during the periods indicated:

	For the year ended December 31	
	1987	1986
Average sales price		
Crude oil (per m^3)	$134	$111
Crude oil and natural gas liquids (per m^3)	131	111
Natural gas (per thousand m^3)	52	80
Average lifting costs of oil and gas (per equivalent m^3 of gross production)(1)(2)	21	24

(1) Lifting costs include all expenses related to the operation and maintenance of producing or producible wells, gas plants and gathering systems. Such costs do not include royalties, depreciation and depletion, selling, general and administrative expenses, petroleum and gas revenue tax, and income taxes.

(2) Computed under the relative energy content method whereby a volume of natural gas is equated to an equivalent value of crude oil.

Suncor's crude oil production is utilized in its refining operations, exchanged for other crude oil with Canadian or U.S. refiners and sold to Canadian and U.S. purchasers. Sales are generally made under contracts which are terminable by relatively short notice or on a spot basis.

In prior years natural gas was sold primarily to pipeline carriers but as a result of deregulation which took place November 1, 1986, new sales to some end users are now possible. Consequently, natural gas marketing has become a major thrust for Resources Group.

Suncor uses the natural gas which it produces in its oil sands plant at Fort McMurray and its Sarnia refinery and, as well, sells natural gas to other customers. In addition it purchases natural gas from other producers for resale or internal use. The oil sands plant utilized 23% of the gas produced by Suncor in 1987 compared with 32% in 1986. Suncor began supplying up to 550 thousand m^3 per day of natural gas to its Sarnia refinery on September 1, 1987.

External markets comprise both long term and short term sales to a variety of pipeline companies and end users. Long term contracts are primarily with various pipeline carriers, principally TransCanada PipeLines Limited ("TCPL"), Alberta utilities and industrial users in Alberta and Ontario. Suncor entered into a 10 year contract for supply of 140 thousand m^3 per day of natural gas to a distributor in Montana beginning in October 1987. Suncor estimates that about 59% of its proved gas reserves are currently subject to long term sales contracts. In addition, Suncor markets gas under short term contracts to U.S. industrial plants and local distribution companies.

Suncor's highest volume individual purchaser is TCPL, which purchased about 25% of Suncor's sales in 1987 compared with 36% in 1986. Due to a significant reduction in demand for natural gas in its resale markets, TCPL executed the Topgas agreement with its sellers in 1982. This agreement waived TCPL's obligation to make prepaid gas advances in any contract year after November 1, 1983 unless it was unable to take at least 60% of the minimum annual obligation for that year. In Topgas II, to which Suncor is also a party, the sellers permitted TCPL a further reduction in its obligation to 50% of the minimum annual obligation. In the contract year ended October 31, 1987, TCPL took 37% of its minimum annual obligation, a decrease from the previous contract year in which it took 47% due primarily to a reduction in industrial volumes as end users increased gas purchases directly from producers. Producers, including Suncor, have waived any new take-or-pay obligations for the two year period ending October 31, 1988.

Suncor owns the Albersun pipeline system, which runs from north of Edmonton to Fort McMurray. The pipeline transports natural gas produced by Suncor or purchased from other producers in the Albersun area, for use at Suncor's oil sands plant or for sale to other customers.

With the removal of the regulated Alberta border price on November 1, 1986 most existing gas sales contracts required the renegotiation of price at the point of sale. The prices that resulted reflect gas to gas competition as well as the market value of alternate fuels in the consuming markets. Net-back pricing schemes were adopted under most gas contracts with pipeline carriers whereby producers receive revenues equal to their proportionate share of sales less regulated transportation charges and a marketing fee. The initial two year term of most net-back pricing arrangements expires on October 31, 1988.

SUNOCO GROUP

Suncor conducts its refining and marketing of petroleum and petrochemicals through Sunoco Inc. and its subsidiaries ("Sunoco").

Refining

Suncor owns and operates a refinery at Sarnia, Ontario. Average daily crude input in 1987 was 9 406 m^3 compared with 1986 average input of 9 360 m^3 per day. The effective economic crude unit processing capacity was 11 129 m^3 daily as of December 31, 1987. The average utilization rate of the refinery, based upon crude unit processing capacity and input to crude units during 1987, was 85%. The refinery has cracking capacity of 5 883 m^3 daily of which 85% was utilized in 1987.

Suncor's refining operation uses both synthetic and conventional crude oil. In 1987, 47% of the crude oil refined at the Sarnia refinery was synthetic crude oil compared with 70% in 1986, the remainder being conventional crude oil. Of the synthetic crude, about 81% was from Suncor's oil sands plant production in each of 1986 and 1987, and the rest was purchased from another producer under month-to-month contracts. The conventional crude comes mainly from the production of Suncor and others in western Canada, supplemented from time to time with crude oil from the United States which is purchased or obtained in exchange for Canadian crude. The market for crude oil generally is conducted on a spot basis or under contracts terminable by short notice.

Suncor's gross crude oil production as a percentage of crude oil refined for Suncor's account equalled 100% for 1987, compared with 119% for 1986.

The refinery produces transportation fuels, heating oils, heavy fuel oils and petrochemicals. The petrochemical facilities, with a design capacity of 1 180 m^3 daily, produce benzene, toluene and mixed xylenes and recover orthoxylene from mixed xylenes.

Suncor is participating in a project which has interconnected a pipeline near Chicago from the United States to the Canadian pipeline system to allow crude oil to be delivered from the United States Gulf Coast to Sarnia. This arrangement will permit greater flexibility and security of supply.

Suncor has an agreement under which it supplies Petrosar Limited with several hydrocarbon feedstocks for Petrosar's petrochemical facility in Sarnia in exchange for various hydrocarbon components which Sunoco uses in its refining operations and for gasoline blending. The seven year term of the agreement extends to the fall of 1993.

Although the refinery is able to supply Suncor's normal product marketing requirements, Suncor uses reciprocal product exchanges with other refiners, particularly in Quebec, to minimize transportation costs and to balance product availability in particular locations. In addition, Suncor makes periodic purchases of refined products on occasion to supplement its own refinery production.

Marketing

Suncor markets gasoline and other distillates primarily in Ontario and Quebec, to retail, commercial, industrial and wholesale customers and commodity petrochemicals in North America and Europe.

The following table sets forth the average daily volumes of refined products sold by Suncor for the periods indicated:

	For the year ended December 31	
	1987	1986
	(thousands of m^3 per day)	
Transportation fuels	7.2	6.6
Petrochemicals	1.8	2.1
Heating fuels	1.3	0.9
Heavy fuel oils	0.6	0.6
Others	0.7	0.1
Total	11.6	10.3

Transportation Fuels

Suncor's sales of transportation fuels include gasoline (82% of 1987 volume), diesel fuel (17%), and propane and natural gas for vehicle use. In addition to the usual grades of gasoline, Suncor markets high octane super premium "Sunoco Gold" and an intermediate 1/2 + 1/2 blend of regular and premium gasolines.

Suncor's retail sales of gasoline constituted about 60% of its total gasoline sales volumes in 1987 and 70% in 1986. In addition, Suncor supplies gasoline to wholesale and commercial accounts and Sunoco branded resellers and distributors in Ontario and Quebec. The volumes supplied to these customers constituted about 36% of Suncor's total gasoline sales in 1987 and 25% in 1986.

Sunoco's retail gasoline business is conducted through a network of approximately 790 service stations, located primarily in Ontario and Quebec. Of this total, 633 stations were owned or leased by Suncor, with 40 of these sites being operated directly by Suncor and the remaining 593 sites being operated by dealers. In 1987 Suncor continued its program of reducing the number of company owned service stations and sites; 28 sites were disposed of in 1987.

Suncor also manages five privately branded service station chains, having approximately 157 outlets, under long-term management agreements expiring on various dates. The stations are located mainly in Ontario and Quebec, with one chain extending into Alberta and British Columbia.

Suncor sells diesel fuel to wholesale accounts and Sunoco branded resellers. The volumes supplied to these customers constituted about 83% of Suncor's total diesel sales in each of 1986 and 1987. The balance of Suncor's diesel fuel was sold at the retail level.

In 1987, Suncor began supplying jet fuel to a commercial airline under a two-year contract. This product is shipped directly to the Pearson International Airport near Toronto through a new pipeline connection completed earlier in the year.

Heating Fuels

Suncor sells heating fuels to independent distributors in Ontario and Quebec, to Sunoco branded independent distributors for farm use in Ontario, and to commercial users.

Petrochemicals

Suncor markets toluene, mixed xylenes and orthoxylene in Canada, the United States and Europe. These petrochemicals are used in manufacturing plastics, rubber, synthetic fibres and explosives, as industrial and agricultural solvents and as gasoline octane enhancers. Suncor's benzene production is exchanged with Petrosar for a mixed toluene-xylene stream.

Suncor also sells liquified petroleum gases which are produced in the course of its petrochemical production, including propane and butane, to various industrial users and to resellers.

Other Products

Suncor has facilities in Toronto and Montreal for blending and packaging lubrication oils and specialty products which are sold under its labels as well as packaged for others. The Company also sells residual fuel oil on a spot basis or as asphalt feedstock.

Transportation and Distribution

Suncor operates storage facilities and bulk distribution plants in Ontario and Quebec and has a 55% interest in a refined product pipeline between Sarnia and Toronto. It employs a variety of transportation modes to deliver products by water, rail and road.

OTHER INVESTMENTS

Oakwood Petroleums Ltd.

In December, 1987, a wholly owned subsidiary of Suncor purchased 840,984 common shares of Oakwood Petroleums Ltd. ("Oakwood"). At that time Suncor indicated its interest in acquiring the remaining outstanding equity of Oakwood under certain conditions. The purchased shares represent 19.55% of the outstanding voting shares of Oakwood (13.99% on a fully diluted basis). In March, 1988, Oakwood announced that it had retained an investment dealer to solicit expressions of interest from parties interested in acquiring ownership of Oakwood. Suncor continues to be interested in acquiring Oakwood.

Oakwood's principal business is exploring, developing and producing conventional oil and natural gas, primarily in Alberta, Saskatchewan and British Columbia.

ENVIRONMENTAL PROTECTION

Federal and provincial conservation and environmental protection legislation applies to all aspects of Suncor's operations. This regulatory scheme requires that Suncor obtain air and water control licences and imposes certain standards and controls on plant design, reclamation programs, drilling activity and well control, oil spills, leaks from transportation and storage facilities and emission standards. Suncor uses its best efforts to ensure that its operations are carried out in an environmentally acceptable manner.

GOVERNMENT REGULATION

The oil and gas industry operates in Canada under federal, provincial and municipal legislation and regulations which govern land tenure, royalties, production rates, environmental protection, disposition of production and taxation among other matters.

Between 1973 and 1985, the industry operated under federally imposed controls on prices and exports. The National Energy Program, introduced by the federal government in October 1980, extended regulation of these matters and established a broad range of pricing, taxation and other measures. In 1985, the

Western Accord and the Natural Gas Agreement, between the governments of Canada and the provinces of Alberta, British Columbia and Saskatchewan, ended the National Energy Program by introducing deregulation of pricing and marketing and eliminating a number of federal oil and gas taxes, and made provision for a new frontier energy policy.

Agreements have also been entered between the government of Canada and the provinces of Newfoundland and Nova Scotia relating to oil and natural gas management and revenue sharing off the coasts of Newfoundland and Nova Scotia.

The Canada Petroleum Resources Act regulates crude oil and natural gas interests in the Canada Lands, which are under the jurisdiction of the Federal Government, and replaced the Canada Oil and Gas Act. The Canada Petroleum Resources Act, among other things, provides for a 25% exploration tax credit for qualifying frontier exploration expenses without regard to Canadian ownership.

Provincial Land Tenure

Most of Suncor's land rights in the province of Alberta are under petroleum and natural gas leases granted by the Crown in right of Alberta with primary terms of 5, 10 or 21 years. All such leases will be continued beyond the primary term for those producing or capable of producing petroleum substances. If production ceases then up to 1 year's notice will be given by the Crown to restore production or the lease will terminate. Rights to zones below the deepest zone considered by the province of Alberta to be capable of production in commercial quantities will revert to the province at the end of the primary term of the lease.

Petroleum and natural gas rights acquired in the province of British Columbia are in the form of drilling licences, permits, and leases with primary terms of 5 or 10 years.

In the province of Saskatchewan, Crown petroleum and natural gas rights are acquired in the form of drilling reservations with 1 year terms, permits with 3 year terms and leases with primary terms of 5 years. All Crown leases will be continued beyond the primary term for those producing or capable of producing petroleum substances.

Some of Suncor's rights held in Alberta and British Columbia are subject to work commitments.

Foreign Ownership and Competition

By virtue of Sun Company, Inc. being its major shareholder and because of the nature and size of its business, some of Suncor's acquisition activity may require government review under the Investment Canada Act. As well, the premerger notification provisions in the Competition Act will apply to certain of Suncor's transactions.

ITEM 3 SUMMARY OF CONSOLIDATED FINANCIAL INFORMATION

	1987	1986	1985	1984	1983
	($ millions except per share amounts)				
Annual data:					
Sales and other operating revenues	$1,364	$1,150	$1,466	$1,575	$1,474
Total revenues	$1,370	$1,157	$1,474	$1,584	$1,484
Earnings before unusual items	$ 48	$ 1	$ 34	$ 110	$ 106
Earnings (loss) for the year	$ 48	$ (7)	$ 22	$ 110	$ 106
Total assets	$2,080	$2,107	$2,251	$2,119	$1,935
Long-term borrowings	$ 220	$ 346	$ 415	$ 301	$ 243
Redeemable preferred shares	$ 7	$ 7	$ 9	$ 9	$ 12
Earnings before unusual items per common share	$ 0.88	$ -	$ 0.62	$ 2.05	$ 1.97
Earnings (loss) per common share	$ 0.88	$(0.15)	$ 0.40	$ 2.05	$ 1.97
Cash dividends per common share	$ 0.20	$ 0.29	$ 0.78	$ 0.78	$ 0.78

	DEC.31 1987	SEPT.30 1987	JUNE 30 1987	MAR.31 1987	DEC.31 1986	SEPT.30 1986	JUNE 30 1986	MAR.31 1986
	($ millions except per share amounts)							
Quarterly data:								
Sales and other operating revenues	$338	$351	$351	$324	$271	$255	$304	$320
Total revenues	340	353	352	325	273	256	306	322
Earnings (loss) before unusual items for the period	(14)	7	32	23	6	4	(12)	3
Earnings (loss) for the period	(14)	7	32	23	6	(1)	(15)	3
Earnings (loss) before unusual items per common share for the period	$(0.27)	$0.13	$0.59	$0.43	$0.09	$0.09	$(0.23)	$0.05
Earnings (loss) per common share for the period	$(0.27)	$0.13	$0.59	$0.43	$0.09	$(0.01)	$(0.28)	$0.05

ITEM 4 ANALYSIS OF FINANCIAL POSITION AND RESULTS OF OPERATIONS

The Company ended 1987 in substantially improved financial condition, despite the two-and-a-half-month production shutdown at the oil sands plant following the fire at the plant on October 11, 1987. Earnings and cash flow were up significantly from 1986. Cash from operations at $234 million was sufficient to fund the increased capital program and to continue reducing existing borrowings. To further position the company for future growth, lines of credit were increased to $660 million.

Consolidated Earnings

Earnings for the year ended December 31, 1987 were $48 million compared to a loss of $7 million for 1986 and earnings of $22 million in 1985. The improvement in earnings in 1987 was principally due to higher crude oil prices and refined product margins, as well as cost reductions resulting from improved productivity.

The loss of $7 million for 1986 and the earnings of $22 million in 1985 included charges for unusual items of $8 million and $12 million respectively related to a manpower reduction program. The reduction in earnings in 1986 from 1985 was primarily due to lower crude oil prices. Earnings in 1985 also included other write-downs and provisions of $12 million. The 1985 earnings which appear in the following discussion were $46 million, excluding those write-downs and provisions.

Segmented Earnings

Oil Sands Group

Earnings for this segment were $35 million in 1987 compared to a break even position in 1986 and earnings of $51 million in 1985.

The significant improvement in earnings in 1987 resulted from an increase of 16 percent in average synthetic crude oil selling price over the previous year, lower operating costs, and a lower effective Alberta royalty rate, partially offset by lower production resulting from a fire in the extraction plant.

The decrease in earnings from 1985 to 1986 was primarily due to 47% lower average synthetic crude oil selling prices. The impact of lower crude oil prices was partially offset by record sales volumes which increased 40% to 8.8 thousand m^3 per day (55.1 thousand barrels). Cost reductions and lower royalty and revenue tax rates also mitigated the effect of lower prices.

Resources Group

The loss for this segment was $1 million in 1987, compared to a loss of $16 million in 1986 and earnings of $12 million in 1985.

The improvement in earnings in 1987 was due to substantial reductions in operating costs, increased crude oil and natural gas sales, and higher crude oil selling prices, offset by lower natural gas prices. The sale of properties resulted in a net loss of $1 million in 1987 compared to a net loss of $3 million in 1986.

The decrease in earnings in 1986 compared to 1985 was primarily due to the impact of lower crude oil and natural gas prices and reduced crude oil volumes, somewhat offset by lower exploration expenses.

Sunoco Group

Earnings from this segment were $33 million in 1987, $27 million in 1986 and $14 million in 1985.

The improvement in earnings in 1987 was primarily due to higher retail gasoline and petrochemical margins and the success of marketing initiatives such as the introduction of Sunoco Gold and higher wholesale gasoline contract sales. These improvements were partially offset by lower gains on divestment of service station properties in 1987 compared to 1986.

The improvement in earnings in 1986 was primarily due to higher refined product margins and gains on disposal of service station sites.

Non-segment Items

Non-segment expenses were $19 million in 1987, $10 million in 1986 and $31 million in 1985.

The increase in net expense in 1987 and the decrease in 1986 were primarily due to consolidating adjustments. The earnings for both Oil Sands and Resources Group include unrealized profits from crude oil production. Accounting principles require that such profits be deferred until the resulting refined products are sold.

Due to the lower crude oil prices received in the fourth quarter of 1986 and the production shutdown at Oil Sands in the fourth quarter of 1987, this adjustment had little impact on 1987 non-segment expenses, although it was significant in the previous year.

Due to the drop in crude oil price in 1986, the profits being deferred at December 31, 1986 were much lower than the profits deferred at December 31, 1985 and released into earnings in 1986. This resulted in a decrease in net expenses in 1986.

Source and Use of Funds

Cash from operations increased by $46 million in 1987, primarily the result of the higher earnings discussed in the previous sections. Overburden removal outlays were higher in 1987 compared to the previous year. The decrease in working capital reflects the transfer of certain credit card operations at Sunoco Group to a third party. Proceeds from asset disposals at Resources Group and Sunoco Group provided additional cash.

Cash from operations decreased by $16 million in 1986 primarily reflecting the impact of lower earnings as discussed in the previous sections, partially offset by lower outlays for overburden removal.

Capital expenditures in 1987 were $142 million, an increase of 19% from the 1986 level of $119 million. Oil Sands' capital expenditures include $19 million on the extraction plant rebuild. The higher capital expenditures in

Sunoco Group in 1987 compared to 1986 reflects the significant investment in the retail network to improve competitiveness. The Corporate capital investment includes the purchase of a minority interest in Oakwood Petroleums Ltd.

Early in 1986 all capital projects were deferred with the exception of investments with extremely rapid paybacks and those for environmental protection, safety and maintenance. As a result, capital expenditures in 1986 were $187 million lower than in the previous year. The Resources Group deferred development of the heavy oil project at Burnt Lake, Alberta.

Common share dividends were paid in stock commencing September 1986 and were restored to a cash payment of $0.10 per share commencing in the third quarter of 1987.

The net cash generated in 1987 of $120 million was mostly applied to reduce existing variable rate borrowings.

Internal cash generated in 1988 is expected to be sufficient for working capital and planned capital expenditure needs as well as required debt repayment, $3 million, and dividends, $22 million at current rates. Planned capital expenditures are subject to change depending upon operating results and conditions; furthermore, opportunities may arise for acquisitions or other spending activities requiring funds which exceed internally generated cash. Additional funds for such purposes are available under the $660 million revolving credit and term loan agreements described in note 12 to the financial statements.

ITEM 5 MARKET FOR THE SECURITIES OF THE ISSUER

The authorized share capital of Suncor consists of an unlimited number of common shares without nominal or par value and an unlimited number of preferred shares without nominal or par value issuable in series, the first being Preferred Shares Series A originally 1 107 145 in number. Redemptions to December 31, 1987 have reduced the authorized number of Preferred Shares Series A to 533,013. Reference is made to the three paragraphs under the heading "Voting Shares and Principal Holders Thereof" on pages 1 and 2 of the Management Proxy Circular dated March 23, 1988, which information is incorporated by reference.

The common shares are not listed on any stock exchange in Canada or elsewhere but are part of the over-the-counter automated trading system introduced in Ontario in 1986. The Preferred Shares Series A are listed on the Toronto and Alberta stock exchanges. The 12 5/8% Series B Debentures are listed on The Stock Exchange of the United Kingdom and the Republic of Ireland.

ITEM 6 DIVIDENDS

Dividends were paid in 1986 and 1987 as follows:

		Preferred Shares Series A	Common
Quarters 1986	- 1	0.48	0.20
	- 2	0.48	0.10
	- 3	0.48	0.10*
	- 4	0.48	0.10*
1987	- 1	0.48	0.10*
	- 2	0.48	0.10*
	- 3	0.48	0.10
	- 4	0.48	0.10

* In the second half of 1986 and first half of 1987, dividends were paid in fully paid common shares at a rate equivalent to $0.10 per share, valued for the purpose of the dividend at book value at year end 1985 and 1986 respectively, with fractional shares being paid in cash.

ITEM 7 SUBSIDIARIES OF SUNCOR

The following is a list of the principal subsidiaries of the Company.

NAME	Jurisdiction of Incorporation	Voting Securities of Subsidiaries Owned by the Company
Sunoco Inc.	Ontario	100%
Albersun Pipeline Ltd.	Alberta	100%
Sun-Canadian Pipe Line Company Limited	Ontario	55%
156970 Canada Limited(1)	Canada	100%

(1) This subsidiary holds the shares of Oakwood Petroleums Ltd.

ITEM 8 DIRECTORS AND OFFICERS

Directors

Reference is made to the information on pages 2 and 3 under the heading "Election of Directors" of the Company's Management Proxy Circular dated March 23, 1988, which information is incorporated herein by reference. Except as otherwise indicated in that information and as noted below with respect to Mr. Thomson and Mr. Genest, all directors have been engaged in their present principal occupations or in other executive capacities with the companies or firms with which they currently hold positions, for more than five years. Mr. Thomson became the President of Suncor in January, 1985. Mr. Genest is a founding partner in the law firm of Genest Murray DesBrisay Murray which was established in November, 1987.

Suncor does not have an Executive Committee. It is required to have an Audit Committee, the members of which are:

Harry Booth	Michael M. Koerner
Pierre Genest	James E. McCormick
Ardagh S. Kingsmill	John P. Neafsey

Officers

Name and Municipality of Residence	Office Held
Michael M. Koerner Toronto, Ontario	Chairman of the Board
Thomas H. Thomson Toronto, Ontario	President and Chief Executive Officer
Douglas G. MacKenzie Oakville, Ontario	Executive Vice President, Sunoco Group
Michael A. Supple Fort McMurray, Alberta	Executive Vice President, Oil Sands Group
Robert H. Writz, Jr. Calgary, Alberta	Executive Vice President, Resources Group
Peter C. Harris Toronto, Ontario	Senior Vice President and Chief Financial Officer
Peter T. Spelliscy Toronto, Ontario	Senior Vice President, Human Resources and Administration
George Eynon Calgary, Alberta	Vice President, Exploration Resources Group
Arnold L. Godin Fort McMurray, Alberta	Vice President, Mining and Extraction, Oil Sands Group
Bert A. Lang Fort McMurray, Alberta	Vice President, Upgrading and Utilities, Oil Sands Group
Harry Maguss Calgary, Alberta	Vice President, Production Division, Resources Group
Michael W. O'Brien Calgary, Alberta	Vice President, Marketing and Business Development, Resources Group
Edward J. Pacholko Fort McMurray, Alberta	Vice President, Technical Resources, Oil Sands Group
William N. Turner Nepean, Ontario	Vice President, Government Affairs

Name and Municipality of Residence	Office Held
Donald W. Lillie Toronto, Ontario	Vice President, Planning and Analysis
Barbara J. Thompson Toronto, Ontario	General Counsel and Secretary
Grant A. T. Allan Oakville, Ontario	Treasurer
Britton O. Mockridge Calgary, Alberta	Assistant Secretary
Anthony A. L. Wright Toronto, Ontario	Assistant Secretary

With the exception of Mr. Koerner, the principal occupation of each officer is the office held with Suncor. Each such officer has been engaged in his present principal occupation or in other executive or employee capacities with Suncor or its affiliates for the past five years, other than as follows: T.H. Thomson was Senior Vice President of Imperial Oil Limited prior to December, 1984; D.G. MacKenzie was Senior Vice President - Petro-Canada Products, a division of Petro-Canada Inc. prior to May, 1986; G. Eynon was Vice President, Exploration, Superior Norge Exploration Company and General Manager, Denmark Superior Oil International prior to September, 1984; D. W. Lillie was a Vice President with the Middlefield Group prior to July, 1987, was a private consultant between February and May, 1987, was the President of Pangaea Petroleums Ltd. between December, 1986 and February, 1987, was the Director, Treasury Department of Gulf Canada Ltd. between July, 1983 and December, 1986, and was Assistant Treasurer, Canterra Energy Limited prior to July, 1983; B.J. Thompson was Senior Solicitor for Shell Canada Limited prior to July, 1984; B.O. Mockridge was Senior Counsel and Assistant Secretary, Mobil Oil Canada, Ltd. prior to February, 1985.

As of March 23, 1988, none of the directors or officers beneficially owned, directly or indirectly, or exercised control or direction over any shares of Suncor or its subsidiaries.

ITEM 9 ADDITIONAL INFORMATION

Additional information, including remuneration of directors and executive officers, indebtedness of directors and officers, principal holders of Suncor's securities and interests of insiders in material transactions is contained in Suncor's Management Proxy Circular dated March 23, 1988 for the annual meeting of shareholders to be held on April 28, 1988. Additional financial information is provided on pages 32 to 42 and in the Auditors' Report on page 31 of Suncor's Annual Report to Shareholders for the year ended December 31, 1987. The foregoing information is incorporated herein by reference.

Copies of these documents may be obtained upon request from the Secretary, Suncor Inc., 36 York Mills Road, North York, Ontario, M2P 2C5.

ITEM 10 CERTIFICATE

The foregoing, together with any information incorporated by reference, contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated herein in accordance with the requirements of this annual information form or that is necessary to make a statement contained herein not misleading in light of the circumstances in which it was made.

Dated March 23, 1988

(Signed) Thomas H. Thomson
President and Chief
Executive Officer

(Signed) Peter C. Harris
Chief Financial Officer

On behalf of the Board of Directors

(Signed) John P. Neafsey
Director

(Signed) Edward J. McGrath
Director

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