Suncor inc.

ANNUAL INFORMATION FORM

SUNCOR INC.
36 York Mills Road
North York, Ontario
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March 10, 1994

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GLOSSARY OF TERMS

Barrel of Oil Equivalent (or "BOE"): converts natural gas to crude oil on the approximate long-term economic equivalent basis of 10,000 cubic feet of natural gas equals one barrel of oil or 1,773 cubic metres of natural gas equals one cubic metre of oil.

Capability: For Oil Sands Group, the maximum output that can be achieved given that provisions must be made for planned maintenance, routine outages and required service.

Capacity: The maximum output that can be achieved given ideal operating conditions.

Bitumen/Heavy Oil: extremely viscous (tar-like) form of oil which cannot be produced by conventional means. When extracted from oil sands and upgraded, it becomes synthetic crude oil.

Condensate: a mixture mainly of pentanes and heavier hydrocarbons.

Conventional Crude Oil: oil produced through wells by normal oil field methods.

Cash Operating Costs: for Oil Sands Group cash operating costs include operating and maintenance costs, overburden cash expenditures and the amortization of maintenance shutdown expenditures, but exclude royalties, capital expenditures, other amortization, head office overhead and interest.

Costs:

development: include all costs associated with moving reserves from other classes to the proved producing class.

finding: include the cost of and investment in undeveloped land, geological and geophysical activities, exploratory drilling and direct administrative costs necessary to discover oil and gas proved and probable reserves.

lifting: include all expenses related to the operation and maintenance of producing or producible wells, gas plants and gathering systems.

Downstream: this business segment manufactures, distributes and markets products refined from crude oil.

Dry Hole/Well: an exploration or development well incapable of producing commercial quantities of hydrocarbons, which is plugged and abandoned.

Gross Production/Reserves: Suncor's interest before deducting Crown royalties and freehold and overriding royalty interests.

Gross Wells/Land Holdings: the total in which Suncor has an interest.

Heavy Fuel Oil: the residue from refining of conventional crude oil which remains after the lighter products such as gasolines, aromatics, naphtha and kerosene have been extracted from the crude oil.

Horizontal Drilling: drilling horizontally rather than vertically through a reservoir, thereby exposing more of the well to the reservoir rock and typically increasing production.

Hydrocracking: A refining process that breaks down heavier, lower-value hydrocarbons, typically known as gas oils, into lighter, higher-value products, such as gasoline and diesel fuel.

Intermediate Product: For Oil Sands Group, intermediate products require only partial upgrading and contain a higher sulphur content than light sweet crude oil. The price of intermediate product is competitive with light sour crude.

In Situ Heavy Oil: crude oil which is more viscous or thicker than normal crudes, and therefore does not flow as freely, which is separated by the injection of steam or other means from the sands in the reservoir.

Natural Gas Liquids: propane, butanes or pentanes plus, or a combination of them, obtained from the processing of raw gas or condensates.

Net Production/Reserves: Suncor's interest after deducting Crown royalties and freehold and overriding royalty interests.

Net Wells/Land Holdings: Suncor's interest after deducting the interests of partners.

Non-Conventional Oil: oil which is not produced through wells by normal oil field methods, such as synthetic crude or in situ heavy oil.

Oil Sands: consists of a mixture of sand and bitumen.

Overburden: material overlying oil sands that must be removed before oil sands can be mined, consisting of muskeg (organic soil), glacial deposits and sand.

Reservoir: a body of porous, permeable rock containing an accumulation of crude oil, natural gas, natural gas liquids or water.

Synthetic Crude Oil: a blend of hydrocarbons resulting from the thermal cracking and upgrading of bitumen by coking and distillation, resulting in a light, low sulphur crude oil.

Total Cash Costs: total cash costs for Oil Sands Group includes cash operating costs, sustaining capital and reclamation cash costs; it excludes royalties and strategic capital.

Undeveloped Oil and Gas Lands: lands on which no producing or commercially producible well has been drilled.

Upstream: these business segments explore for, acquire, develop, produce and market crude oil and natural gas and develop and produce synthetic crude and heavy oil from the oil sands.

Utilization: The average use of capability given that unplanned outages and unscheduled maintenance will occur.

Wells:

development: a well expected to produce from a known productive oil or gas reservoir.

drilled: a well having a definite status — gas well, oil well or dry and abandoned.

exploratory: a well in unproved or semi-proved territory drilled to find commercial deposits of crude oil or natural gas in a new reservoir.

infill: a well in an existing developed field that allows for the acceleration or additional recovery of reservoir fluids.

CONVERSION TABLE (1)

1 barrel	= 0.159 cubic metres	1 cubic metre (m^3)	= 6.29 barrels
1 cubic foot (natural gas)	= 0.0283 cubic metres	1 cubic metre (natural gas)	= 35.49 cubic feet
1 cubic yard (overburden)	= 0.7646 cubic metres	1 cubic metre (overburden)	= 1.31 cubic yards
1 imperial gallon	= 4.55 litres	1 litre	= 0.22 imperial gallons
1 acre	= 0.405 hectares	1 hectare	= 2.47 acres
1 ton (long)	= 1.016 tonnes	1 tonne	= 0.984 tons (long)
1 ton (short)	= 0.907 tonnes	1 tonne	= 1.102 tons (short)
1 mile	= 1.609 kilometres	1 kilometre	= 0.62 miles
1 foot	= 0.304 metres	1 metre	= 3.28 feet

(1) Conversion using the above factors on rounded numbers appearing in this Annual Information Form may produce small differences from reported amounts.

Some information in this Annual Information Form is set forth in metric units and some in imperial units.

ITEM 1 INCORPORATION

(1) Incorporation of Issuer

Suncor Inc. was originally 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. On January 1, 1989, Suncor amalgamated with a wholly owned subsidiary under the Canada Business Corporations Act. Its registered and principal office is located at 36 York Mills Road, North York, Ontario, M2P 2C5. In this annual information form, references to Suncor include Suncor Inc. and its subsidiaries unless the context otherwise requires.

(2) Subsidiaries of Suncor

Suncor's only principal subsidiary is Sunoco Inc. This subsidiary which is wholly owned by Suncor is incorporated under the laws of Ontario and carries on the businesses of refining and marketing of petroleum products and petrochemicals directly and indirectly through subsidiaries.

ITEM 2 GENERAL DEVELOPMENT OF THE BUSINESS

Suncor, a Canadian integrated oil and gas company, is engaged in the exploration for and acquisition, production and marketing of crude oil and natural gas and in the refining and marketing of petroleum products. Suncor has three principal operating groups: Oil Sands Group, based near Fort McMurray, Alberta, which mines and upgrades oil sands and markets high quality light sweet crude oil and custom blends; Resources Group, based in Calgary, Alberta, which explores for, acquires, produces and markets natural gas, natural gas liquids and conventional crude oil; and Sunoco Group, with headquarters in North York, Ontario, which refines and markets crude oil and markets transportation fuels, petrochemicals and heating oils.

In 1993, Suncor produced approximately 71,000 barrels per day of synthetic and conventional crude oil (approximately 5.5 percent of Canada's oil production) and 148 million cubic feet per day of natural gas. In 1992, Suncor was the sixth largest crude oil and natural gas liquids producer and the twenty-second largest natural gas producer in Canada. In 1993, Suncor sold approximately 82,400 (13,100 m^3) barrels per day of refined products, mainly in its core regional markets in Ontario and Quebec with some exports to the United States and Europe. In 1993, Suncor had a market share of approximately ten percent of the Ontario retail gasoline market and approximately five percent of the Quebec retail gasoline market.

Suncor has a unique asset base, with the largest interest of any company in the oil sands industry, a competitive and growing conventional exploration and production business and a top-quartile Canadian refinery. Suncor intends to continue to improve this asset base through aggressive cost control, proactive loss management practices, innovative use of applied technology and increasing volumes of high-value products.

Suncor believes that it has strategic advantages resulting from the synergies in its operations and that these synergies will enhance its ability to compete in the difficult market conditions currently prevailing. The upstream industry environment in which Suncor operates has been characterized by volatile crude oil prices, increased demand for heavy oil due to higher upgrading capacity and reduced prices for light oil due to pipeline constraints. Pipeline constraints should begin to be alleviated towards the end of 1994 as additional pipeline capacity is added. Despite fluctuations in natural gas prices in 1993, supply and demand for natural gas strengthened and prices improved. The downstream business has experienced overcapacity, volatile but primarily low margins and declining demand for fuel oil and heavy petroleum products. Some of these conditions have been exacerbated by the current recession. This environment is reducing the industry's cash flow and earnings. In 1993, Suncor reported earnings of $75 million and cash flow provided from operations before changes in operating working capital, a legal claim settlement and asset restructuring (totalling $12 million) of $225 million. Earnings in 1993 included an asset restructuring charge of $16 million related to the implementation of Suncor's downstream strategy and a positive $10 million adjustment related to the 1992 Resources Group asset restructuring charge (see Note 2 of "Consolidated Financial Statements").

Public announcements by some downstream competitors indicate that they have plans to address the overcapacity in the Canadian downstream business by closing a number of refineries, bulk plants and service stations over the next few years. In Sunoco's markets during 1993 some progress was made in reducing the number of retail service stations but there have been no major refinery rationalizations.

Suncor's upstream oil production is primarily light, low sulphur crude oil as a result of the characteristics of the light sweet crude oil produced at its oil sands plant and the quality of the conventional crude oil produced by Resources Group which is lighter than the Canadian average. Suncor's upstream production accounts for a significant portion of its refinery crude feedstock requirements. Suncor believes this situation reduces the volatility of its cash flow due to world supply disruptions and other factors that cause crude oil and product price changes. In addition, Suncor uses its natural gas both at its Sarnia refinery and at its oil sands plant as feedstock and fuel. When gas prices are depressed, the lower cost of internal consumption partially offsets the loss of revenue in Resources Group, which lessens the impact on Suncor's earnings.

The configuration of Suncor's refinery in Sarnia, Ontario permits the processing of a substantial amount of synthetic crude oil. Synthetic crude oil is low in sulphur and heavy ends, yielding a substantially lighter product slate. This results in Suncor having a more highly valued product mix when compared to yields from average Canadian conventional crude oil and when compared to most other Canadian refineries. See also Item 3 — "Narrative Description of the Business".

ITEM 3 NARRATIVE DESCRIPTION OF THE BUSINESS

OIL SANDS GROUP

Suncor produces synthetic crude oil by mining the Athabasca oil sands and upgrading the bitumen extracted 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. The oil sands operation represents a significant portion of Suncor's asset base, cash flow and earnings. Suncor made substantial investments over the last five years to improve the reliability and flexibility of the oil sands operation, and these investments contributed to making 1993 production approximately 60,500 barrels per day compared to 58,500 barrels per day in 1992. Oil Sands Group has reserves for the next eight years on the two leases it is currently mining.

The following table sets forth the earnings, cash flow provided from operations and capital expenditures of Oil Sands Group for the years indicated.

	Year ended December 31	
	1993	1992
	($ millions)	
Earnings*	59	11
Cash flow provided from operations	112	82
Capital expenditures	116	65

* Excluding the impact of a 1992 asset restructuring charge of $85 million as explained in the "Overview" section of "Management's Discussion and Analysis".

The objectives of the Oil Sands Group are to continue to implement the major strategic changes identified which should result in increased production, improved reliability, lower costs and improved safety and environmental performance.

Operations

Oil sands consist of a mixture of sand and bitumen. Suncor's integrated oil sands business involves a mining and extraction operation and a heavy oil upgrading process. The first phase, an open pit mining operation, removes overburden with trucks and shovels. During 1993, the bucketwheel excavator mining system was replaced with a new system of trucks, shovels and large capacity sizers. See "Management's Discussion and Analysis" for further details. From the sizers the oil sands are moved by a conveyor system stretching approximately 3 miles (5 kilometres) to Suncor's extraction plant. Bitumen is extracted from the oil sands by a hot water process which uses a settling separation method followed by dilution with naphtha (diluent) and the removal of water and fine sand in centrifuges.

The second phase of the operation involves heavy oil upgrading. The bitumen from the extraction plant is first separated from the diluent and then is upgraded by coking, distillation and hydrogen treatment to remove sulphur and nitrogen. The upgraded distillates are blended into synthetic crude oil according to customer specifications. The

synthetic crude is then shipped approximately 270 miles (435 kilometres) in Suncor's pipeline to Edmonton, Alberta for sale and distribution to Suncor's Sarnia refinery and others.

Oil Sands Group improved the value of its products and the reliability of supply to its customers in 1993. New markets were opened for higher-value premium products and ongoing sales of intermediate products. A new product blending system enabled the Group to customize products to meet specific customer requirements. The Oil Sands Group is also integrating production, marketing and transportation planning with Sunoco Group to enhance the value of both operations.

Reliability of supply to customers was further improved through maintenance and modifications to the pipeline between Fort McMurray and Edmonton. Shipping capability increased to 84,000 from 72,000 barrels per day, reducing transportation restrictions on sales. With the construction of additional tank storage in Edmonton, the Group will increase its sales of diesel fuel, a premium-value product.

To produce steam and electric power, Suncor operates its own utility plant using coke produced in the cracking of bitumen as fuel. Additional power is purchased from an Alberta public utility. The operation also consumes natural gas which is carried to the plant through a pipeline owned by Suncor which runs from north of Edmonton. The natural gas includes volumes produced by Suncor, as well as gas purchased from others under long-term supply contracts. Under current provincial regulations, the gas produced by Suncor and used in the oil sands plant is generally royalty free.

The oil sands plant is susceptible to loss of production due to the interdependence of its component systems. Under Suncor's business interruption insurance coverage, Suncor would bear the first $100 million of any loss arising from a future insured incident at its oil sands operation. Severe climatic conditions such as extreme cold can cause reduced production and in some situations result in higher costs. Over the past several years, back-up components and systems have been introduced in critical areas to reduce vulnerability. Major efforts and investment have been made over the same period to increase production, improve reliability and reduce cash operating costs. The oil sands plant experienced two fires in the fourth quarter of 1993 during which the value of preparedness was demonstrated. See "Management's Discussion and Analysis".

In addition to ongoing preventive and predictive maintenance programs, full plant maintenance shutdowns are planned every three years. Management decided to re-schedule part of the 1993 shutdown into 1994. This decision reduced the related cash expenditures from planned expenditures of $45 million to $36 million in 1993 (including work scope changes). The 1994 shutdown is expected to cost $13 million. Production is expected to average approximately 68,000 barrels per day in 1994 inclusive of the shutdown period.

Improvements in the co-ordinating and scheduling of maintenance and operations include an operations-wide group which provides integrated coordination of maintenance planning with production; a Production Committee, which focuses on optimizing output; and the development of comprehensive maintenance planning and work scheduling systems.

The following table shows daily production and cash operating costs of Oil Sands Group for the years indicated.

	Year ended December 31	
	1993	1992
Daily production (thousands of barrels)	60.5	58.5
Cash operating costs ($ per barrel)	14.50	16.75
Total cash costs ($ per barrel)*	16.00	19.50

* Total cash costs include cash operating costs, sustaining capital and reclamation cash costs; it excludes royalties and strategic capital.

In 1993, total cash costs declined to $16.00 per barrel primarily due to the mining technology change. In 1992, total cash costs were $19.50 per barrel including $1.25 per barrel due to interruptions and lower production levels. See "Management's Discussion & Analysis" for details. The level of sustaining capital expenditures fluctuates from year to year and prior year expenditures are not necessarily indicative of future years' spending levels.

The settlement of ongoing litigation relating to a 1987 fire at the Oil Sands Group's extraction plant facilities occurred during the year (see Note 1 to "Consolidated Financial Statements").

In 1993, investing activities increased by $50 million primarily due to $81 million in strategic expenditures for mine technology conversion ($72 million) and the elimination of certain production restrictions in the Upgrader ($9 million). Other sustaining capital expenditures were kept to a minimum.

The focus of strategic investment activity in 1994 will shift to environmental expenditures which are expected to be approximately $60 million. These expenditures include approximately $7 million to reduce odorous emissions, $13 million to enhance sulphur recovery from the Upgrader, $35 million for limestone scrubbing technology to reduce sulphur dioxide emissions and $5 million of other environment related expenditures. The total cost of the limestone scrubbing project, which is still subject to board approval, is estimated to be $200 million to $220 million (before capitalized interest) over three years.

Suncor's mine plan, which includes plans for the optimum recovery of bitumen under the physical, technological, environmental and economic constraints associated with the mining operation, requires approval annually by the Energy Resources Conservation Board of Alberta ("ERCB"). Due to the change in mining technology, the mine plan for 1993 was modified with the modifications approved by the ERCB. With the higher plant capability, Suncor will apply to the ERCB in 1994 for an amendment to its operating approval to increase the current allowable production of 23.5 million barrels a year to approximately 25 million barrels.

Leasehold Interests and Royalties

Suncor's current oil sands mining operations are conducted on a site of approximately 6,100 acres (2,470 hectares) covered by two oil sands leases granted by the Province of Alberta known as Lease 86 and Lease 17. Lease 86 and Lease 17 are adjacent and located on the west bank of the Athabasca River, about 20 miles (32 kilometres) north of Fort McMurray. Lease 86 expires in the year 2008, Lease 17 expires in 2000 and each is renewable as 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.

Lease 86 covers approximately 4,500 acres (1,822 hectares). At December 31, 1993, approximately 59 percent of Suncor's proved reserves of synthetic crude oil were located on the property covered by Lease 86. Lease 17 covers approximately 1,600 acres (648 hectares) adjacent to Lease 86. At December 31, 1993, Lease 17 contained approximately 41 percent of Suncor's proved reserves of synthetic crude oil. In 1993, Lease 86 accounted for 96 percent of Suncor's production. Suncor expects that mining operations on both Lease 86 and Lease 17 will be completed in approximately 2002.

The Province of Alberta is entitled to royalties under the leases at rates which the Province establishes from time to time. Under the royalty structure the royalty paid to the Province of Alberta is calculated as the greater of five percent of revenues or 30 percent of the sum of revenues minus allowed operating and capital costs. In 1992 the government of Alberta agreed to provide Suncor with an adjustment to the Crown royalty payment mechanism between January 1, 1992 and December 31, 1997 in conjunction with approved environmental expenditures. The adjustment depends on crude pricing, timing of expenditures and actual spending. The maximum annual payment reduction is four percent of gross revenues. The royalty is payable in the form of synthetic crude oil, but the Crown may request that Suncor dispose of the Crown share of synthetic crude oil on its behalf and pay the proceeds to the Crown. The Crown currently chooses the latter option. See "Management's Discussion and Analysis" for further details.

Norcen International Ltd. has a gross overriding royalty pursuant to an agreement dated March 1, 1989 (the "Norcen Royalty"). The Norcen Royalty is based on a graduated scale expressed as a percentage of gross revenue from production of the lease. As of December 31, 1993, under the Norcen Royalty, no payment is required if synthetic crude prices are below $18.10 per barrel. Payment of one and one half percent of gross revenue is required if the synthetic crude price ranges from $18.10 to $19.10 per barrel. For every $1.00 per barrel increase in the price of synthetic crude in the range of $19.10 to $24.10 per barrel, the percentage rate of the royalty increases by one half percent. For every $1.00 per barrel increase in the price of synthetic crude in the range of $24.10 to $35.10 per barrel, the percentage rate of the royalty increases by a further one quarter percent until a maximum royalty of seven percent is reached. All synthetic crude prices are calculated on a monthly average basis and the crude price break points are adjusted annually on March 1 by a contractually determined inflation component.

Royalties were as follows for the years indicated.

	Year ended December 31	
	1993	1992
	($ millions)	
Crown Royalty (1)	17	23
Norcen Royalty (2)	14	18

(1) Payable with respect to Lease 86 and Lease 17.

(2) Payable with respect to Lease 86.

In 1992, Suncor acquired two leases that could extend the life of the operation to 2040, one adjacent to the existing leases and the other approximately seven kilometers from the existing leases. Management estimates that these leases contain enough mineable bitumen resources to produce approximately one billion barrels of crude oil. Drilling is being carried out this winter, and further drilling will take place in future years, to gain a better understanding of these properties. Work also continues to determine the best technologies to be used in the mining, transportation and extraction of the oil sands from a new mine. Based upon current information, the capital cost of opening a new mine could be significantly higher than the earlier preliminary estimate of approximately $100 million depending upon such factors as lease selection, mining, transportation, utility and extraction technologies, method of operation, inflation and financing costs. Suncor still expects to make decisions on these issues over the next three years with spending on new mine development commencing in 1997 and spread over three years. Suncor also holds Leases 98 and 14 which are two other potentially mineable oil sands leases in the Athabasca area approximately 25 miles (40 kilometres) from the oil sands plant.

Synthetic Crude Oil Gross Proved Reserves

Suncor engaged Coles Gilbert Associates Ltd. ("CGA"), independent petroleum consultants, to report on its reserves of synthetic crude oil on leases 86 and 17, the leases currently being mined as of December 31, 1993. The independent CGA assessment does not take into account the economic aspects of future production. The reported proved reserves are those considered with a high degree of certainty to be mineable using current and planned future mining methods and are based on the ERCB approved pit limit. This includes the impact of the reserve transfer agreement with Syncrude Canada Ltd. of October, 1992. Future improvements in the extraction and upgrading process have not been considered. On-site fuel consumption has been deducted. On that basis, CGA determined that the gross proved reserves of synthetic crude oil as of December 31, 1993 were 231 million barrels before deduction of Crown and applicable royalties on the leases currently being mined.

Production

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

	Year ended December 31	
	1993	1992
Overburden removed (millions of cubic yards)	12.1	14.6
Oil sands mined (millions of tons)	43.5	44.3
Average bitumen content of oil sands mined (percent by weight)	12.2	11.9
Average crude yield of oil sands mined (barrels per ton)	0.51	0.48
Partially and fully processed synthetic crude oil production (1) (millions of barrels)	22.4	21.4

(1) Before royalties and after plant usage.

Revenues from Synthetic Crude Oil

Under an agreement made in 1965 at the outset of the oil sands project, which has been amended from time to time, Shell Canada Products Limited ("Shell") is entitled to purchase approximately 25 percent plus 2,950 barrels daily of Suncor's synthetic crude oil production attributable to Lease 86. The agreement was renewed in December 1992 and is renewable, at Shell's option, for further five-year periods. In 1993, 6 million barrels were sold to Shell. The price at which synthetic crude oil is sold to Shell is based on the average price of three Alberta reference crude oils and 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 1993, the refinery processed approximately 41 percent of Suncor's synthetic crude oil production. The balance, after sales to Shell and the Sarnia refinery, is sold to others under contracts terminable by short notice or on a spot basis.

Total revenue for Oil Sands Group was $487 million in 1993 compared with $491 million in 1992. The following table provides information as to Suncor's synthetic crude oil sales revenues and costs for the years indicated.

	Year ended December 31	
	1993	1992
	($ per barrel)	
Average sales revenue of synthetic crude oil (including partially processed) (1)	22.49	22.99
Average cost of synthetic crude oil sold (including partially processed) (2)	18.53	20.86

(1) 1993 includes the sale of 1,220,000 barrels of intermediate product at a price of $17.65 per barrel and the effects of hedging. 1992 includes the sale of 830,000 barrels of intermediate product at a price of $17.05 per barrel during the second quarter of 1992.

(2) Includes all operating (including non-cash) costs and royalties; excludes corporate office overhead and interest.

Although revenues per barrel are marginally higher for synthetic crude, currently operating costs to produce synthetic crude oil are higher than the finding, development and operating costs needed to produce conventional crude. The costs associated with synthetic crude are largely fixed due to the nature of the operations required to produce it and as a result, operating costs per unit are largely dependent on levels of production. Oil Sands announced changes in 1992 to operations that should reduce total cash costs by $5 to $7 per barrel (in 1992 dollars). See "Outlook" section of Suncor Management's Discussion and Analysis for details.

Labour Relations

Oil Sands Group employs directly approximately 1,450 people, of whom approximately 855 are unionized. The current collective agreement with the Communications, Energy and Paper Workers Union of Canada expires in April of 1994 and a new collective agreement is currently being negotiated. Management believes that the contract will be renegotiated to the mutual satisfaction of both parties. See "Management's Discussion and Analysis" for further details.

Capital Expenditures

Continued operation of the oil sands plant requires ongoing capital expenditures. Main feed conveyor systems have been extended at a total cost of $48 million over the three year period ended in 1992. These extensions are required as mining activities have moved further away from the processing facilities. Equipment, including mobile equipment, must be replaced as it wears out. It is expected that as a result of strategic decisions made in 1992, Oil Sands' total cash costs per barrel, including sustaining capital expenditures and reclamation cash expenditures should be reduced in the future. These actions are expected to reduce sustaining capital from the $50-$60 million range to an estimated level of $40 million per year by mid-1996. These expenditures are made on an on-going basis primarily to refurbish or enhance the plant facilities.

The following table summarizes capital expenditures by Oil Sands Group for the years indicated.

	Year ended December 31	
	1993	1992
	($ millions)	
Mining		
Conveyor extension	—	13
Mine and mobile equipment	2	15
Truck and Shovel Project	72	—
Gas oil unifiner rebuild	—	13
Upgrading, utilities and other plant	33	22
Capitalized interest	—	2
Production Improvement	9	—
Total	116	65

Environmental Compliance

Oil Sands Group has all licences required to operate including a development and reclamation approval, which expires on April 25, 1995. Oil Sands Group anticipates that all necessary licences will either be renewed or extended upon expiry.

Oil Sands Group's reclamation plan includes tailings pond reclamation and all surface reclamation and remediation at the site. The major component of the plan relates to the tailings ponds. The current plan includes moving the fine tailings and water in the four active ponds to a fifth pond designed for this purpose. The aim of this fifth "wet pond" alternative is to reduce the volume of solids and treat the water through biological means. Suncor is conducting further testing on the "wet pond" and other alternatives to ensure that the most cost effective and environmentally acceptable reclamation plan is followed. The viability and cost of other alternatives, which could be more expensive, are being researched and evaluated on an ongoing basis.

Suncor is required to submit an update of its development and reclamation plan (D&R) with the Alberta Government every five years, which can result in changes to factors such as security requirements, the nature of the D&R plan and the timing of work. The next plan is to be submitted in 1994 for approval in 1995. With respect to the fine tailings management component of the plan, in 1994 Suncor will make application for a three year extension to the plan to allow all parties to further study and evaluate management options.

Oil Sands Group estimates that the total cost for reclamation of the site will be approximately $179 million (1992 dollars). This estimate is primarily based on the current development and reclamation approval which will expire in 1995. Suncor's 1993 earnings reflect a before tax charge of approximately $6 million for future reclamation costs. As of December 31, 1993, approximately $104 million of the estimated $179 million reclamation costs has been accrued in Suncor's Consolidated Financial Statements.

As discussed in the "Outlook" section of Suncor "Management's Discussion and Analysis", Oil Sands has selected a limestone scrubber technology to meet more stringent sulphur dioxide emission guidelines that come into effect in mid-1996. Installation of this equipment along with the modifications to the sulphur plant in the upgrader should reduce plant-wide sulphur dioxide emissions by at least 75 percent and permit compliance with the new requirements.

In 1991, Oil Sands received an emission control order from the Province of Alberta in response to odour emanating from the tailings ponds. Oil Sands Group complied with the order by monitoring sources of odorous emissions to identify problem areas and using the monitoring results to develop solutions. While progress was made in reducing odorous emissions from the upgrading and extraction operations, further work is planned. In 1994 $7 million will be spent to further reduce odorous emissions. Although not all the odours are expected to be eliminated, the potential for odorous emissions should be significantly reduced.

RESOURCES GROUP

Suncor is active in the exploration, acquisition, development and production of crude oil, natural gas liquids and natural gas in Canada and the marketing of natural gas, natural gas liquids and crude oil in North America through Resources Group. Suncor's strategy is to significantly increase the reserve and production base through highly focused exploration, development and acquisition programs, with an emphasis on natural gas and a performance target in the top quartile of the industry. Suncor concentrates on conventional crude oil and natural gas activities in western Canada with increasing emphasis on natural gas. Additionally, in situ recovery methods are evaluated and, when economically viable, will be used to initiate production from major heavy oil reserve holdings.

The following table sets forth earnings, cash flow provided from operations and capital and exploration expenditures of Resources Group for the years indicated.

	Year ended December 31	
	1993	1992
	($ millions)	
Earnings*	18	11
Cash flow provided from operations	93	75
Capital and exploration expenditures	100	120

* Excluding the impact of a positive 1993 asset restructuring charge adjustment of $10 million and a 1992 asset restructuring charge of $153 million as explained in Note 2 to the "Consolidated Financial Statements".

Improved results have been achieved due to higher volumes, lower costs and aggressive reserve replacement. During 1993 and 1992, Resources Group continued to add selectively to its crude oil and natural gas portfolio. In 1993, the exploration and development programs added proved reserves equalling more than 200 percent of the 1993 production on a BOE basis, compared to the achievement of the 1992 programs of approximately 95 percent of the 1992 production on a BOE basis. Resources Group finding and development cost per BOE of proved reserves was $4.43 in 1993. In 1992, it was $6.91 per BOE. Management believes that a finding and development cost of under $7 per BOE should create shareholder value.

A natural gas marketing function was established in 1986 enabling Resources Group to develop in-house direct marketing expertise to exploit opportunities resulting from deregulation of natural gas. The gas marketing group sells natural gas acquired from other producers in addition to Suncor's natural gas production.

Resources Group also reduced its administrative costs by reducing management layers and improving business processes. Administrative costs of Resources Group declined from $2.22 per BOE in 1989 to $2.01 per BOE in 1993. Management believes that Resources Group is capable of operating a significantly larger property portfolio with minor increases in overhead costs.

Exploration, Development and Acquisitions

Over the last two years, Resources Group spent approximately $210 million on exploration, development and acquisition programs directed towards developing large natural gas and light crude oil production capability. Exploration has been focused in selected areas. In this way, the productivity of the exploration teams and the ability to develop a competitive advantage in a given region are enhanced. In 1993, the exploration and development programs found gross proved reserves of approximately 20 million BOE.

Natural gas exploration is concentrated in northeastern British Columbia, in the Triassic/Mississippian reservoirs located in the Peace River Arch areas of Alberta and British Columbia and in the Devonian formations of central Alberta. Oil exploration is focused on the Triassic and Devonian formations in northwest Alberta and northeast British Columbia.

In 1993, Suncor participated in the drilling of 25 gross exploration status wells (19 net). Oil and gas was found in 12 gross wells (ten net) for a success rate of 53 percent. In addition, Resources Group farmed out 18 prospects on which 12 oil and gas discoveries were made by others. Suncor retains varying interests in these discoveries.

No wells were drilled on Resources Group's frontier lands in 1993. Suncor continues to hold interests in frontier properties, including 27 long term "significant discovery licences", which have currently uneconomic resources of

1.5 trillion cubic feet of natural gas and 50 million barrels of oil. Suncor has no plans to develop these resources in the foreseeable future.

Higher exploration spending in 1993 was primarily related to work in the Grande Prairie area of west-central Alberta where 8.1 million proven barrels of oil equivalent (BOE) reserves have been discovered (11.6 on a proven and probable basis). The 8.1 million barrels of oil equivalent includes 50 billion cubic feet of gas, 1.9 million barrels of natural gas liquids and 1.2 million barrels of oil (the 11.6 million barrels of proved and probable reserves includes 70 billion cubic feet of natural gas, 2.5 million barrels of natural gas liquids and 2.1 million barrels of oil). Suncor will be participating in a joint venture to construct a gas plant in the area, to be on-stream by mid-1995. In 1995 natural gas liquids and conventional crude production from Grande Prairie is expected to reach 1,700 barrels per day, with marketable natural gas production of 30 million cubic feet per day by mid-1995. The total exploration and development program resulted in the discovery of 20 million BOE of proven reserves compared to 10 million BOE in 1992. Higher development spending in 1993 reflects increased drilling to bring properties into production and largely offset the loss of production from the sale of properties.

Suncor's major development activities in 1993 occurred at Blueberry and East Mel in British Columbia and Glacier, Pine Creek, Simonette and Medicine River in Alberta. These efforts resulted in an increase in proved producing reserves of 83.4 billion cubic feet of gas and 5.4 million barrels of oil and natural gas liquids.

In 1993, acquisition opportunities were less economically favourable than in 1992, where the $47 million program increased proved reserves by 20 million BOE, primarily in the areas of Simonette, Stolberg and Medicine River. Acquisition spending in 1993 was $7 million which added approximately 1.6 million BOE of proved reserves. Management reviews acquisition opportunities on an ongoing basis to see if properties can be successfully integrated within its portfolio, and if value can be added.

Conventional Oil

The following table shows estimates of Suncor's proved crude oil reserves before royalties as prepared by CGA (see "Reserves") and Suncor's average daily production of crude oil before royalties represented by the major conventional oil fields identified in the table. The fields specified in the table represent over 76 percent of Resources Group's proved reserves and 69 percent of the Group's production.

Fields	Proved Reserves Before Royalties at December 31, 1993		1993 Average Daily Production Before Royalties	
	(millions of barrels)	(%)	(barrels of oil per day)	(%)
Medicine River	5.02	16.1	1,547	14.9
Oungre	4.94	15.8	945	9.1
Simonette	2.86	9.2	964	9.3
Swan Hills	1.68	5.4	427	4.1
Pembina	1.86	6.0	444	4.3
Steelman	1.63	5.2	400	3.9
Youngstown	1.54	4.9	1,359	13.1
Blueberry	1.73	5.5	469	4.5
Grande Prairie	1.19	3.8	90	0.9
Boundary Lake	0.82	2.6	247	2.4
Mitsue	0.58	1.8	280	2.7
Other (1)	7.36	23.7	3,228	30.8
Total	31.21	100	10,400	100

(1) Includes fields in which Suncor holds overriding royalty interests.

(2) The reserves and production in this table do not include natural gas liquids.

Most of the large conventional oil fields in the western provinces have been in production for a number of years and the rate of production in these fields is subject to natural decline. In some cases, additional amounts of crude oil can be recovered by using various methods of enhanced oil recovery, infill drilling and production optimization schemes.

The most commonly used enhanced oil recovery mechanism is waterflooding where water is injected into the reservoir to pressurize the formation. Waterflood programs are used in 7 of Suncor's top 11 oil producing fields. At Mitsue and Swan Hills, Alberta sophisticated miscible flooding is employed involving high pressure natural gas and solvent injection into the reservoir. At the end of 1993, approximately 75 percent of Suncor's proved conventional oil reserves were under enhanced oil recovery programs.

Some reserves are capable of production using primary methods which utilize the reservoir's natural pressure. Primary recovery methods are used at 2 of Suncor's top 11 producing fields. Suncor has employed horizontal and directional drilling techniques in order to increase oil recovery, reduce development costs and minimize environmental disturbance. Horizontal drilling techniques have been applied at the Oungre field in Saskatchewan, at Bonanza, Alberta and at Blueberry Hoffard in British Columbia. Suncor plans to continue to apply this technology where technically and economically feasible.

Natural Gas

Over the years since natural gas deregulation in 1985, Suncor has focused exploration, development and acquisition programs on increasing natural gas production. In 1993, drilling and facilities projects at such properties as Simonette, Pine Creek and Glacier, Alberta and Blueberry and East Mel, British Columbia provided important contributions to this gas expansion strategy. In total, these projects added 27 million cubic feet per day to Suncor's gas production by the end of 1993.

The following table shows estimates of Suncor's proved natural gas reserves before royalties as prepared by CGA (see "Reserves") and Suncor's average daily production before royalties represented by the major natural gas fields identified in the table. The fields specified in the table represent 85 percent of Suncor's proved reserves and over 73 percent of gross production.

Fields	Proved Reserves Before Royalties at December 31, 1993		1993 Average Daily Production Before Royalties	
	(billions of cubic feet)	(%)	(millions of cubic feet per day)	(%)
Stolberg	90.6	14.3	14.9	10.1
Rosevear	83.4	13.2	31.9	21.6
Glacier	72.8	11.5	6.8	4.6
Blueberry	57.6	9.1	5.8	4.0
Simonette	51.6	8.2	10.1	6.8
Grande Prairie	49.8	7.9	0	0
Pine Creek	39.4	6.2	8.6	5.8
Bonanza	28.6	4.5	9.2	6.2
Blackstone/Brown	20.2	3.2	0	0
Medicine River	16.9	2.7	9.6	6.5
East Mel	13.6	2.2	5.6	3.8
Mountain Park	10.8	1.7	5.8	3.9
Other (1)	96.7	15.3	39.7	26.7
Total	632	100	148	100

(1) Includes fields in which Suncor holds overriding royalty interests.

By December 1993, Suncor operated major gas processing plants at South and North Rosevear, Pine Creek and Simonette with a total design capacity of approximately 140 mmcf/d. Suncor also has varying working interests in natural gas processing plants operated by other companies. This provides Suncor with control of strategically located plant capacity and opportunities to generate significant processing revenues and scale related reductions in unit operating costs. Increasing environmental concerns and regulation of new plant construction are likely to make these plant assets increasingly valuable.

Non-Conventional Heavy Oil

In 1992, the decision was made to write-off the $143 million carrying value of the Burnt Lake heavy oil project due to concerns about the long-term outlook for North American heavy oil prices and mixed "cold" production testing results (See Note 2 in the Consolidated Financial Statements). It now appears that some steam assisted

process will be required. Resources Group, in cooperation with partners, will continue testing technology to identify methodology with potential for future economic development of the property.

Resources Group has various interests in heavy oil leases in Cold Lake and the Athabasca regions of Alberta with heavy oil resources of 19 billion barrels. These properties are carried at little or no book value. Suncor has no current plans to develop any of these leases. Current technology and crude oil prices result in unattractive economics for major heavy oil development projects.

Land Holdings

The following table sets forth the undeveloped and developed lands in which Resources Group held petroleum and natural gas interests at the end of 1993 and 1992, except as indicated in notes (3) and (4) below. 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 Acres (2)		Net Acres (2)		Gross Acres (2)		Net Acres (2)	
	1993	1992	1993	1992	1993	1992	1993	1992
	(thousands)				(thousands)			
Undeveloped Lands								
Western Provinces (3)								
British Columbia	102.6	137.3	68.9	89.0	136.0	162.8	91.6	113.9
Alberta (4)	314.9	341.1	186.5	173.6	396.4	418.8	210.6	217.5
Saskatchewan	55.4	55.4	55.4	55.4	1.6	15.6	1.6	7.2
United States of America								
Montana	—	—	—	—	2.3	—	1.5	—
Total	472.9	533.8	310.8	318	536.3	597.2	305.3	338.6
Frontier (Canada Lands)								
Mackenzie Delta	—	—	—	—	6.7	6.7	3	3
Beaufort Sea	—	29.6	—	1.1	58.2	34.6	4.1	3.7
Arctic Islands	—	—	—	—	401.6	391.7	55.7	55.7
Offshore Labrador	—	—	—	—	62.2	62.2	6.2	6.2
Total	—	29.6	—	1.1	528.7	495.2	69	68.6
Developed Lands								
Western Provinces (3)								
British Columbia	1.6	2.6	1.1	1.9	101.4	123.8	31.3	43.8
Alberta (4)	8.4	24.2	6.5	13.0	428.2	727.4	262.7	338.5
Saskatchewan	—	—	—	—	22.5	24.2	19.4	19.4
Total	10	26.8	7.6	14.9	552.1	875.4	313.4	401.7
Frontier (Canada Lands)								
Northwest Territories	—	—	—	—	14.0	14.0	14.0	14.0
Mackenzie Delta	—	—	—	—	7.1	7.1	2.9	2.9
Total	—	—	—	—	21.1	21.1	16.9	16.9

(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 acres" means all acres in which Suncor has an interest. "Net acres" means gross acres after deducting interests of others.

(3) Includes 170,272 gross developed acres and 5.417 gross undeveloped acres (1992 — 202,014 and 13,917) in western Canada in which Suncor held overriding royalty interests at the end of the years indicated and from which it received revenues of about $2.1 million in 1993 and $3.1 million in 1992.

(4) Not included in the table are the oil sands (including non-conventional heavy oil) leases comprising 157,167 gross (115,168 net) undeveloped acres and 68,666 gross (7,654 net) developed acres at the end of both years.

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

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, all in western Canada.

	Year ended December 31			
	1993		1992	
	Gross	Net	Gross	Net
Exploratory Wells				
Oil	2	2	1	0
Gas	10	8	9	6
Dry	13	9	11	7
Total	25	19	21	13
Development Wells				
Oil	52	18	49	15
Gas	17	10	6	2
Dry	11	7	11	3
Total	80	35	66	20
Total	105	54	87	33

Not included are wells completed under farm-out agreements on Suncor properties, since Suncor did not incur cash expenditures in connection with such wells. In addition to the above wells, Suncor had interests in 3 gross (2 net) exploratory wells in progress at the end of 1993.

Reserves

CGA has reported on Suncor's reserves of crude oil, natural gas and natural gas liquids. The following table sets forth CGA's determination of Suncor's estimated recoverable reserves based on constant year end prices and costs with no escalation into the future as of the dates indicated. The accuracy of any reserve estimate is a function of the quality and quantity of available data and of engineering interpretation and judgment. While reserve and production estimates presented in this Annual Information Form are considered reasonable, the estimates should be accepted with the understanding that reservoir performance subsequent to the date of the estimate may justify revision, either upward or downward.

	Gross		Net	
	Crude oil and natural gas liquids (millions of barrels)	**Natural gas** (billions of cubic feet)	**Crude oil and natural gas liquids** (millions of barrels)	**Natural gas** (billions of cubic feet)
Proved:				
December 31, 1992	42	617	34	475
Revisions	1	28	1	26
Acquisitions	1	6	1	5
Other additions	7	93	5	74
Production	(5)	(53)	(4)	(42)
Sales	(2)	(59)	(2)	(46)
December 31, 1993	44	632	35	492
Proved Producing:				
December 31, 1992	38	474	31	370
Revisions	2	45	1	25
Acquisitions	1	4	—	3
Other additions	3	19	3	15
Production	(5)	(53)	(4)	(42)
Sales	(1)	(42)	(1)	(33)
December 31, 1993	38	447	30	338
Probable additional:				
December 31, 1992	18	366	15	285
December 31, 1993	20	332	16	255

(1) Proved reserves are those reserves estimated as recoverable under current technology and existing economic conditions, from that portion of a reservoir which can be reasonably evaluated as economically productive on the basis of analysis of drilling, geological, geophysical and engineering data, including the reserves to be obtained by enhanced recovery processes demonstrated to be economic and technically successful in the subject reservoir. Proved producing reserves are those proved reserves that are actually on production or, if not producing, that could be recovered from existing wells or facilities and where the reason for the current non-producing status is the choice of the owner rather than the lack of markets or some other reason. An illustration of such a situation is where a well or zone is capable of production but is shut-in because its deliverability is not required to meet contract commitments. Probable additional reserves are those reserves which analysis of drilling, geological, geophysical and engineering data does not demonstrate to be proved under current technology and existing economic conditions, but where such analysis suggests the likelihood of their existence and future recovery. Probable additional reserves to be obtained by the application of enhanced recovery processes will be the increased recovery over and above that estimated in the proved category which can be realistically estimated for the pool on the basis of enhanced recovery processes which can be reasonably expected to be instituted in the future.

(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.

(3) No amounts have been included for non-conventional reserves.

Production

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

	Year ended December 31			
	1993		1992	
	Gross	Net	Gross	Net
Crude Oil (thousands of barrels)				
Alberta	2,717	2,202	2,864	2,235
British Columbia	403	309	414	312
Saskatchewan	671	478	671	479
Manitoba	0	0	48	39
Total	3,791	2,989	3,997	3,065
Natural Gas Liquids (thousands of barrels)				
Alberta	897	646	911	632
British Columbia	61	49	18	16
Saskatchewan	1	1	1	1
Total	959	696	930	649
Total Liquids	4,750	3,685	4,927	3,714
Natural Gas (millions of cubic feet)				
Alberta	46,461	36,072	45,128	34,661
British Columbia	7,332	6,031	8,259	7,357
Saskatchewan	129	112	341	303
Total	53,922	42,215	53,728	42,321

As of December 31, 1993 Suncor had interests in 2,962 gross (387 net) producing oil wells in 37 oil fields. Of the gross wells, 1,633 gross (198 net) were in Alberta, 1,035 gross (170 net) in Saskatchewan, and 294 gross (19 net) in British Columbia. Suncor had interests in 271 gross (81 net) natural gas wells in 50 gas fields. Of the gross wells, 250 gross (73 net) were in Alberta and 21 gross (8 net) were in British Columbia at the end of 1993. At the end of the year, 450 gross oil wells and 150 gross gas wells were shut-in.

Sales and Sales Revenues

In 1993, total revenue for Resources Group was $180 million, consisting of $85 million from crude oil and natural gas liquid sales, $82 million from natural gas sales, $9 million from pipeline revenue and $4 million from other sales. This compares to total revenue of $167 million in 1992, consisting of $89 million for crude oil and natural gas liquids sales, $65 million for natural gas sales, $9 million for pipeline revenue and $4 million from other sales. The following table shows sale prices and lifting costs in connection with Suncor's crude oil and natural gas operations for the years indicated.

	Year ended December 31	
	1993	1992
Average sales price		
Crude oil ($ per barrel)	20.28	20.71
Natural gas liquids ($ per barrel)	16.47	16.40
Natural gas ($ per thousand cubic feet)	1.67	1.22
Average lifting costs of oil and gas ($ per BOE of gross production)	3.14	3.42

Marketing, Pipeline and Other Operations

Suncor's crude oil production is used in its refining operations, exchanged for other crude oil with Canadian or U.S. refiners or sold to Canadian and U.S. purchasers, including certain subsidiaries of Sun Company, Inc. ("Sun"). Sales are generally made under contracts which are terminable by relatively short notice or on a spot basis.

Prior to deregulation of the Canadian natural gas industry in 1985, western Canadian natural gas production was sold primarily to large supply aggregators for resale into eastern Canadian and U.S. markets ("system sales"). With deregulation, it became feasible for producers to make sales arrangements directly with the end user ("direct sales").

Resources Group's natural gas production developed prior to 1986 is generally sold under long-term system sales contracts. Proceeds received by producers under these sales arrangements are determined on a net-back basis, whereby each producer receives revenue equal to its proportionate share of sales less regulated transportation charges and a marketing fee. Most of Resources Group's system sales volumes are contracted to Western Gas Marketing Limited and Pan-Alberta Gas Ltd. These companies resell this natural gas primarily to eastern Canadian and midwest and eastern U.S. markets.

During 1993 Suncor contracts related to a long-term sale of natural gas to Alberta and Southern Gas Company Ltd. (A&S) were terminated as part of a restructuring of gas supply from Alberta producers to Pacific Gas and Electric Company, a California utility. In 1993, Suncor sold 24 mmcf/d of its proprietary gas to A&S. The gas supply released from the A&S contracts will be sold on a direct basis.

Resources Group's natural gas production developed after 1985 is generally marketed under direct sales arrangements to customers in eastern Canada, the U.S. midwest and California. Contracts for these direct sales arrangements are generally for a term of one year and incorporate pricing which is either fixed over the term of the contract or determined on a monthly basis in relation to a specified market reference price. The pricing reference for direct sales to eastern Canadian customers is usually the Alberta border at Empress, Alberta, with the customer being responsible for the transportation of the purchased volume from the point of sale to its facility. The price reference for sales to Resources Group's midwest U.S. customers is usually Ventura, Iowa, a delivery point on the Northern Border Pipeline system. Resources Group is responsible for transportation arrangements to this point of sale. California sales are made under a variety or arrangements with differing transportation and pricing terms.

To ensure ongoing market access for natural gas marketed on a direct basis, Suncor has contracted for 53 mmcf/d of capacity on the Northern Border Pipeline to the US midwest. This contract extends through to the year 2003. Resources Group also has firm capacity (40 mmcf/d) contracted on the Pacific Gas Transmission pipeline to the California border extending to the year 2023.

Suncor consumes a significant volume of natural gas in its oil sands plant at Fort McMurray and in its Sarnia refinery. Resources Group contracts for the supply of natural gas to each facility. Natural gas consumption at the oil sands plant in 1993 was 22.3 mmcf/d and in 1992 was 21.4 mmcf/d. Natural gas consumption at the refinery in 1993 was 18.7 mmcf/d and in 1992 was 17.6 mmcf/d.

The Albersun pipeline is a facility owned and operated by Suncor, which was originally constructed in 1968 to transport natural gas to the oil sands plant. It extends approximately 180 miles (288 kilometres) south of the plant and connects with the NOVA intraprovincial pipeline system. The Albersun pipeline has the capacity to move in excess of 100 mmcf/d of natural gas. Suncor contracts and controls most of the gas on the system under delivery based contracts. The pipeline moves gas both north and south for Suncor and other shippers. In 1993, throughput on Albersun was 99.1 mmcf/d and transportation and compression revenues were approximately $9.2 million.

The following table summarizes the volumes of gas marketed directly or indirectly by Resources Group for the last two years.

	Year ended December 31	
	1993	1992
	(millions of cubic feet per day)	
Sales for Suncor's Own Account (Proprietary):		
System	72.6	69.0
Direct	75.1	77.8
Total	147.7	146.8
Sales on Behalf of Other Parties (Brokered):		
Direct	101.1	76.8
Total Proprietary and Brokered	248.8	223.6
Direct Sales (included in the above):		
Oil sands	22.3	21.4
Sarnia refinery	18.7	17.6
Other domestic	63.0	61.8
U.S. sales	72.2	53.8
Total Direct Sales	176.2	154.6

Resources Group arranges for the marketing of its own sulphur production as well as sulphur production from Suncor's Oil Sands Group. In 1993 sales from the two groups totalled 133 thousand long tons and generated gross revenues of $2.3 million. Suncor's sulphur is sold into markets in Canada, the U.S. and offshore. Offshore sales in 1992 and 1993 were arranged through Prism Sulphur Corporation, a producer owned consortium of which Suncor was a founding member. World sulphur prices have been in constant decline since 1990. Prices in 1990 averaged approximately US$90/tonne. Prices in 1993 averaged approximately US$30/tonne.

Capital and Exploration Expenditures

The following table summarizes costs incurred, including exploration expenditures, in Resources Group for the years indicated.

	Year ended December 31	
	1993	1992
	($ millions)	
Exploration	41	31
Acquisitions	7	47
Development	49	37
Other	0	3
Capitalized Interest	3	2
Total	100	120

Environmental Compliance

Resources Group has all licences required to operate including clean water licences and clean air licences. Resources Group anticipates that all necessary licences will either be renewed or extended upon expiry.

SUNOCO GROUP

Suncor conducts its refining and marketing of petroleum products and petrochemicals chiefly through its principal subsidiary, Sunoco Inc., and its subsidiaries (the operations collectively referred to as "Sunoco Group"). Sunoco Inc. is incorporated under the laws of Ontario and is wholly owned by Suncor.

During the recent period of low industry returns and declining demand, Sunoco Group has been able during the last five years to increase the proportion of its sales of gasoline and other higher margin refined products in its product mix. This increase has been in part due to the flexibility of its Sarnia refinery configuration, its ability to process synthetic crude oil and its management focus on becoming a niche regional marketer.

The following table sets forth earnings, cash flow provided from operations and capital expenditures of Sunoco Group for the years indicated.

	Year ended December 31	
	1993	1992
	($ millions)	
Earnings*	22	9
Cash flow provided from operations	54	51
Capital and joint venture expenditures	41	30

* Excludes a 1993 $16 million restructuring charge as explained in note 2 to Consolidated Financial Statements.

During the last decade, the demand for refined petroleum products has declined significantly in response to private and public sector initiatives at oil conservation, more fuel efficient vehicles, taxation policies, lower alternate energy prices, economic conditions and environmental concern over the burning of fossil fuels. Sunoco Group sells refined products on both a wholesale and retail basis primarily in Ontario and Quebec, where demand for all such products declined by 15 percent and 31 percent, respectively, in the period 1980 to 1990 primarily in the fuel oil and heavy fuel oil segments. Since 1990, demand has declined in both Ontario and Quebec. As a result of these demand declines, the industry has refining and marketing overcapacity which has resulted in low and volatile margins. However, in the period 1980 to 1990, demand for the transportation fuels segment of the refined product market, where Sunoco Group's business is focused declined only nine percent in Quebec and increased by one percent in Ontario. In 1992 demand in Ontario remained flat and increased in Quebec by approximately two percent. In 1993, Ontario and Quebec demand remained essentially flat.

Based upon this situation and management's view that little real growth in product demand and product margins was foreseeable, Suncor undertook a strategic study that confirmed that real growth would not likely come from product demand and margins. The study assessed whether Sunoco Group could compete within the North American industry, based on this demand and margin outlook. The study scope also encompassed a review of the linkages between Suncor's heavy oil upgrader in Fort McMurray, Alberta, its refinery in Sarnia, Ontario, and its marketing businesses in Ontario and Quebec. As a result of the study, management believes that Sunoco Group can compete and create shareholder value by improving returns, cost competitiveness, customer focus and product mix. For details of the strategy see "Management's Discussion and Analysis."

Refining

Located in Sarnia, the Sunoco Group refinery has a complex and efficient configuration. Economic refining capacity is approximately 70,000 barrels of crude oil per day. The refinery has cracking capacity of 40,200 barrels per day arising from a catalytic cracker and a hydrocracker. The hydrocracker, which is capable of processing approximately 24,000 barrels per day, adds flexibility by producing premium distillate and naphthas. An alkylation unit, capable of processing 5,500 barrels per day, complements a petrochemical plant for flexibility in gasoline, octane and petrochemical production. The performance of the refinery has been enhanced through the addition of computer process control (65 percent of the plant controls have been updated).

The refinery has considerably greater flexibility to vary the gasoline/distillate ratio than other Ontario and Quebec refineries. In addition, the refinery manufactures high value petrochemicals, a capability possessed by only a few Ontario and Quebec refiners.

Average daily crude input was 65,000 barrels per day in 1993 and 64,000 barrels per day in 1992. The average utilization rate of the refinery, based upon crude unit processing capacity and input to crude units was 93 percent in 1993 and 91 percent 1992. The refinery utilization rate for cracking was 90 percent in 1993 and 1992.

Approximately 40 percent of the cracking capacity at the refinery is attributable to the catalytic cracker, an older technology. Sunoco Group believes that it is capable of operating the unit throughout the 1990's, but given its age and potential environmental issues, various alternatives are being explored. Such alternatives include

replacement, assessing joint venture opportunities with other manufacturers, establishing alternate feedstock arrangements or shutting down the unit. Other than an estimated $17 million in environmental upgrades for this unit which may be necessary over the next few years if environmental legislation becomes more stringent, it is not anticipated that significant expenditures will be required until late in this decade.

Sunoco Group's refining operation uses both synthetic and conventional crude oil. In 1993, 69 percent of the crude oil refined at the Sarnia refinery was synthetic crude oil, compared with 64 percent in 1992, the remainder being conventional crude oil. The value of synthetic crude oil to Sunoco Group has been further enhanced through small expenditures to debottleneck facilities thereby increasing production of jet fuel and minimizing lower value products. Of the synthetic crude, approximately 55 percent in 1993 was from Suncor's oil sands plant production compared to 54 percent in 1992, with the balance purchased from others under month-to-month contracts. Conventional crude oil refined by Sunoco Group 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. Crude oil from other countries can also be delivered to Sarnia via pipeline from the United States Gulf Coast providing additional flexibility and security of supply. 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 Sunoco Group's account equalled 111 percent for both 1993 and 1992.

The Interprovincial Pipeline from Sarnia to Montreal was shut down in 1991. For economic reasons, this line was restarted to transport crude in a west to east direction in 1992. However, the volume transported was well below capacity. A group of Ontario refiners has proposed reversing the flow in the pipeline between Montreal and Sarnia to allow an alternate means of transporting foreign sourced crude oil into Ontario. The National Energy Board in hearings will continue to consider issues surrounding this matter. If this reversal were to occur, it may be less economic to transport western Canadian crude oil to the Sarnia refinery and may have an adverse impact on Suncor. Management believes, along with the majority of western Canadian crude oil producers, that there is sufficient western Canadian crude oil to meet demand requirements for the foreseeable future and that the reversal at this point is premature.

The refinery produces transportation fuels, heating oils, heavy fuel oils, petrochemicals and liquified petroleum gases. To optimize production, the Sarnia refinery has a refinery feedstock and component purchase sales agreement with a nearby petrochemical complex. This has been a long standing agreement. Sunoco Group's petrochemical facilities, with a design capacity of 10,000 barrels per day, produce benzene, toluene and mixed xylenes and recover orthoxylene from mixed xylenes.

Sunoco Group uses reciprocal product exchanges with other refiners to minimize transportation costs, balance product availability in particular locations, and optimize refinery utilization. The largest exchange is with another regional refinery which receives products in Ontario from Sunoco Group and which supplies a similar volume of products to Sunoco Group in Quebec. On occasion, Sunoco Group purchases refined products to supplement its own refinery production.

Marketing

Sunoco Group markets transportation fuels (including gasoline, diesel, jet fuel and propane), heating oils, liquified petroleum gases, residual fuel oil and asphalt feedstock primarily under the Sunoco brand to retail, industrial, commercial and wholesale customers and refiners, primarily in Ontario and Quebec. In addition, petrochemicals are marketed in North America and Europe through a joint venture with Sun.

Sunoco Group has increased its gasoline sales volume by 12 percent since 1989 and increased its other transportation fuels volume (including jet fuel) by 73 percent, largely through improvement in distillate production capabilities at the Sarnia refinery, including a new jet tower in 1993. Sunoco has secured strong domestic contract sales of diesel and jet fuels and is the second largest supplier of jet fuel at Pearson International Airport. In addition, Sunoco Group's transportation fuels volume, which generally has higher margins than other refined products, has increased from 64 percent of its total refined product volumes in 1989 to 77 percent in 1993.

To position its retailing business for the long-term Sunoco Group has been restructured into three distinct portfolios. First, 260 high volume, branded Sunoco sites in core urban areas will continue to be operated and managed by Sunoco. As part of the restructuring, Sunoco will end its contracts with approximately 130 dealers. In

total, Sunoco expects to retail gasoline through approximately 410 controlled sites (260 core sites, 115 managed by the joint venture described below and 35 managed by Sunoco for others) when the restructuring is complete in 1995.

Second, a new joint venture with Pioneer Petroleums Inc. operates approximately 90 of Pioneer's retail service stations and manages approximately 115 of Sunoco's retail sites, all in Ontario. As a leading low-cost independent retailer located primarily in secondary markets, Pioneer achieves both site throughput superior to the industry average as well as lower overhead costs, and is expected to improve the profitability of the Sunoco sites that the joint venture manages.

Third, an existing 50/50 joint venture, UCO Petroleum Inc., formed in late 1991 to market petroelum products, will continue to operate retail sites in rural Ontario and sell to commercial and farm operations.

While Sunoco will be selling its gasoline through fewer sites, management believes that the total gasoline volumes will remain at approximately current levels as a result of higher overall retail network throughput.

Sunoco Group also markets toluene, mixed xylenes, benzene and orthoxylene in Canada, the United States and Europe through a petrochemical marketing and distribution arrangement with Sun. This arrangement, established in 1992, covers petrochemicals produced at Sunoco's Sarnia and the Sun's Toledo refineries. These petrochemicals are used in manufacturing plastics, rubber and synthetic fibres, as industrial and agricultural solvents and as gasoline octane enhancers. All Sunoco Group's benzene production is sold directly by pipeline to other petrochemical manufacturers in Sarnia. Sunoco Group also sells liquified petroleum gases to various industrial users and to resellers.

The following table sets forth the average daily volumes of refined products sold by Sunoco Group for the years indicated.

	Year ended December 31	
	1993	1992
	(thousands of M^3 per day)	
Gasolines — Retail	4.1	4.0
— Other	2.7	3.0
Jet fuel	0.9	0.6
Other transportation fuel (1)	2.4	1.8
Petrochemicals	0.8	1.1
Heating oils	1.1	1.2
Heavy fuel oils (2)	0.4	0.7
Other (2)(3)	0.7	1.0
Total	13.1	13.4

(1) Includes diesel fuel and propane for vehicles.

(2) These products generally sell below crude cost.

(3) Includes lubricants, refinery feedstocks and liquified petroleum gases.

Sales to third parties of gasolines and other transportation fuels represented 71 percent of Suncor's consolidated sales and other operating revenues in 1993 and 68 percent in 1992.

Transportation and Distribution

Sunoco Group employs a variety of transportation modes to deliver products by pipeline, water, rail and road. It owns and operates petroleum transportation, terminal and dock facilities in support of its refining and marketing activities. Such assets include storage facilities and bulk distribution plants in Ontario and Quebec and a 55 percent interest in a refined products pipeline between Sarnia and Toronto.

Sunoco Group's major mode of transportation for gasolines, diesel, jet fuel and heating oils from the Sarnia refinery to its core markets in Ontario is the pipeline owned and operated by Sun-Canadian Pipe Line Company Limited. This pipeline serves terminals in London, Hamilton and Toronto, and has a capacity of 116,000 barrels (18,500 m^3) per day of which 87 percent was utilized in 1993 (80 percent in 1992). The pipeline was originally built

in 1953 and expanded in 1974. Ownership of the pipeline company is divided between Suncor with a 55 percent interest and another refiner with a 45 percent interest. The pipeline operates as a private facility for its owners and provides a low cost method of distribution.

Sunoco Group also has direct pipeline access to petroleum markets in the Great Lakes region of the United States by way of connection to a Sun subsidiary's pipeline system at Sarnia. This link to the United States allows Sunoco to quickly capitalize on purchase and sales opportunities primarily in the Michigan and Ohio markets.

Sunoco Group's efforts to upgrade and automate its key distribution facilities and to close and decommission less economically attractive facilities have resulted in an improvement in the average throughput and unit costs of its facilities. In 1989, average throughput at Sunoco Group terminals was 500 thousand cubic metres per year which increased to 775 thousand cubic metres per year in 1993. At the same time, by the negotiation of exchange and throughput arrangements with other refiners and marketers, Sunoco Group has been able to achieve facility efficiencies while retaining long term access to terminal facilities in all its major markets at a level sufficient for its current and foreseeable needs.

Capital Expenditures

The following table sets forth Sunoco Group's capital and joint venture expenditures in respect of refining and marketing operations for the years indicated.

	Year ended December 31	
	1993	1992
	($ millions)	
Refining	17	19
Marketing	13	10
Joint Venture Investments	11	1
Total	41	30

Environmental Compliance

Sunoco Group has all licences required to operate its refinery and other business assets, including land, water and air licences. Sunoco Group expects that all necessary licences will be renewed or extended on expiry. While environmental standards are quickly evolving, Sunoco Group's refinery is currently in compliance in all material respects with existing regulations as a result of investments and management's actions. At service stations in Ontario and Quebec environmental risks have been reduced through the implementation of a voluntary tank replacement program that exceeds current legislative and regulatory requirements.

Sunoco currently has provisions to cover the cost of remediating retail service stations that are already closed or are to be closed, including those identified in the 1993 asset restructuring charge as more fully described in Note 2 of the "Consolidated Financial Statements". The cost is based on expenditure estimates less the estimated proceeds from the sale of the properties. Changes in any of these estimates will affect future earnings. The timing of the removal of sites from the retailing network will be determined by marketplace conditions so as to minimize any negative impact on Sunoco's marketing activities or presence.

As Sunoco Group pursues its plan to improve the efficiency of its marketing and distribution network, it is anticipated that other terminals, plants and retail sites may close. It is possible that further remediation will be required but the cost and timing of such remediation cannot be reasonably estimated until environmental assessments have been completed and the means of remediation determined. Remediation costs, which will be incurred over an extended period of time, may be substantial.

EMPLOYEES

As at December 31, 1993, Suncor had approximately 2,451 full-time employees and 495 part-time and other employees which are counted on a full-time equivalent basis. The following table shows the distribution among the operating groups for the past two years.

	Year ended December 31	
	1993	1992
Oil Sands Group	1,448	1,779
Resources Group	257	257
Sunoco Group	693	709
Corporate	53	53
Total	2,451	2,798
Sunoco Group retail service stations	495	494

In addition to the Suncor employees, independent contractors supply a range of services to the operating, maintenance and support functions.

Approximately 855 Oil Sands Group employees are represented by a labour union. See "Oil Sands Group — Labour Relations". Approximately 200 employees at Suncor's Sarnia refinery and approximately 70 employees in Resources Group's field operations are represented by employee associations. Relations with the union and these associations have been constructive for many years.

GOVERNMENT REGULATION

The oil and gas industry in Canada operates under federal, provincial and municipal legislation and regulations governing various aspects of its activities all of which are matters of public record.

Environmental Regulation

Environmental legislation applies to all aspects of Suncor's operations. These regulatory regimes are laws of general application which apply to Suncor in the same fashion as they apply to other companies and enterprises in the energy resources industry. They require Suncor to obtain air, water and waste management licences and impose certain standards and controls on activities relating to oil and gas exploration, development and production, and refining and distribution of petroleum products and petrochemicals, including plant design, reclamation projects, drilling activity, decommissioning of closed facilities and well control, oil spills, leaks from transportation and storage facilities and emission standards. Environmental assessments may be required before initiating new projects or undertaking significant changes to existing projects. In September 1993, the Alberta Environmental Protection and Enhancement Act, which revised, updated and consolidated the environmental legislation then in effect in Alberta, came into force. This Act raises environmental standards and increases the range of regulatory actions available and severity of penalties for non compliance. The full impact of the new legislation will not be known until the Government of Alberta's enforcement policy is developed and made public but at this time Suncor does not expect that the Act will have any material adverse effects upon its operations. As societal standards evolve, Suncor is committed to meeting its responsibilities to protect the environment wherever it operates. Suncor expects to make increased expenditures of both a capital and expense nature as a result of the increasingly stringent laws relating to the protection of the environment. These laws will likely have an effect on methods of production, distribution and manufacturing of products, as well as on the nature of those products, for example cleaner burning gasolines. Failure to comply with such laws may result in the suspension or revocation of necessary licenses and authorizations, imposition of remediation orders, civil liability for damages sustained by others as a result of such failure to comply and the imposition of fines and penalties. Environmental concern and regulations are also likely to result in lower growth rates in demand for most petroleum products.

Investment Canada Act

The Investment Canada Act came into force on June 30, 1985 and replaced The Foreign Investment Review Act. The Investment Canada Act requires the approval of the Government of Canada with respect to certain acquisitions of control of Canadian businesses, which may in certain circumstances include the acquisition of natural resource properties, by an entity that is not controlled by Canadians. By virtue of Sun being its majority shareholder, Suncor is considered to be an entity not controlled by Canadians. Where a new, unrelated business in Canada is established by entities not controlled by Canadians, notification only, and not Government of Canada approval, is required unless the new business is related to Canada's cultural heritage or national identity.

ITEM 4 SELECTED CONSOLIDATED FINANCIAL INFORMATION

The following selected consolidated financial information for each of the years in the five year period ended December 31, 1993 is derived from Suncor's consolidated financial statements. The consolidated financial statements for each of the years in the five year period ended December 31, 1993 have been examined by Coopers & Lybrand, Chartered Accountants, whose report thereon appears in the Annual Report to Shareholders for the year ended December 31, 1993. The information set forth below should be read in conjunction with "Management's Discussion and Analysis", Suncor's consolidated financial statements and related notes and other financial information included in the Annual Report to Shareholders for the year ended December 31, 1993.

	Year ended December 31 (1)				
	1993	1992	1991	1990	1989
	($ millions except per share amounts)				
Revenues (excluding federal sales tax)	1,523	1,539	1,566	1,657	1,399
Net earnings (loss)	75	(228)	77	124	57
Per common share	1.38	(4.19)	1.42	2.27	1.05
Cash flow provided from operations	225	193	303	254	206
Per common share	4.13	3.55	5.57	4.67	3.79
Capital and exploration expenditures	246	214	232	179	141

	As at December 31				
	1993	1992	1991	1990	1989
	($ million)				
Total assets	2,023	1,973	2,264	2,285	2,091
Long-term borrowings (2)	196	180	141	222	223
Preferred Shares Series A	—	—	6	6	7
Common shareholders' equity	970	952	1,236	1,216	1,114

(1) As more fully described in Note 3 to Suncor's consolidated financial statements, certain figures have been restated to reflect changes in accounting policy. As more fully explained in Note 1, certain figures have been restated to reflect a prior period adjustment.

(2) Includes current portion.

	Three months ended							
	Dec. 31 1993	Sept. 30 1993	June 30 1993	Mar. 31 1993	Dec. 31 1992	Sept. 30 1992	June 30 1992	Mar. 31 1992
	($ million except per share amounts — unaudited)							
Revenues	378	384	382	379	429	388	361	361
Net earnings (loss)	23	29	10	13	9	(228)	(15)	6
Per common share	0.42	0.53	0.19	0.24	0.18	(4.20)	(0.28)	0.11
Cash flow provided from operations	75	93	6	51	53	61	24	55
Per common share	1.37	1.72	0.10	0.94	0.98	1.12	0.44	1.01

DIVIDEND POLICY AND RECORD

Suncor's board of directors has established a policy of paying dividends on a quarterly basis. A dividend for the first quarter of 1994 has been declared of $0.26 per common share payable on March 25, 1994 to shareholders of record on March 15, 1994. This policy will be reviewed from time to time in light of Suncor's financial position, its financing requirements for growth, its cash flow and other factors considered relevant by Suncor's board of directors.

The following table sets forth the per share amount of dividends paid by Suncor during the last five years.

	Year ended December 31				
	1993	1992	1991	1990	1989
Preferred Shares, Series A	—	$1.44	$1.92	$1.92	$1.92
Common Shares					
Cash dividends	1.04	$1.04	$1.05	$ .40	—
Dividends paid in common shares	—	—	—	—	$ .40

ITEM 5 MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis as set forth on pages 21 to 37 in the Company's 1993 Annual Report to Shareholders is incorporated herein by reference.

ITEM 6 MARKET FOR THE SECURITIES OF THE ISSUER

The common shares of Suncor are listed on the Toronto Stock Exchange, the Montreal Stock Exchange, The Alberta Stock Exchange and the Vancouver Stock Exchange in Canada and on the American Stock Exchange in New York.

ITEM 7 DIRECTORS AND OFFICERS

Directors

Suncor's Articles stipulate that there shall be no more than 15 nor fewer than 8 directors, as the board of directors may determine from time to time. The board of directors currently consists of 12 directors. Sun Company, Inc. has indicated its intention to reduce the size of the Suncor board of directors to 11 directors and to increase its representation from three to five of the eleven directors to be elected at Suncor's next annual meeting of shareholders on April 28, 1994. It is expected that the slate of directors to be voted upon at the meeting will consist of eight incumbents and three new nominees. (For additional information see Suncor's Management Proxy Circular dated March 10, 1994.) The term of office of each director is from the date of the meeting at which he is elected until the next annual meeting of shareholders or until a successor is elected or appointed.

Name and Municipality of Residence	Director Since (1)	Principal Occupation
ROBERT M. AIKEN, JR. (2) Berwyn, Pennsylvania	1990	Senior Vice President and Chief Financial Officer, Sun Company, Inc.
HARVIE ANDRE Calgary, Alberta	1993	President, Cresvard Corporation (a strategic planning consulting company)
HARRY BOOTH, (2) Calgary, Alberta	1984	Retired Chairman and Chief Executive Officer, Alberta Natural Gas Company Ltd. (a company with natural gas transportation and petrochemical interests)
MAX B.E. CLARKSON Toronto, Ontario	1977	Professor Emeritus and Director, Centre for Corporate Social Performance and Ethics, Faculty of Management, University of Toronto
BRYAN P. DAVIES (2) Toronto, Ontario	1991	Vice President, Business Affairs and Chief Administrative Officer, University of Toronto
RICHARD L. GEORGE Oakville, Ontario	1991	Chairman, President and Chief Executive Officer, Suncor Inc.
ARDAGH S. KINGSMILL, Q.C. (2) Toronto, Ontario	1964	Partner, McCarthy Tétrault (a law firm)
DAVID E. KNOLL Chester Springs, Pennsylvania	1991	Senior Vice President, Marketing and Logistics, Sun Company, Inc.
HAL M. NELDNER Edmonton, Alberta	1993	President and Chief Executive Officer, Telus Corporation (a telecommunication services company)

Name and Municipality of Residence	Director Since (1)	Principal Occupation
J.A. GUY SAINT-PIERRE, O.C. (2) .. Montréal, Québec	1980	President and Chief Executive Officer, The SNC-Lavalin Group Inc. (a company with operations in engineering, construction and defence manufacturing)
ROBERT H. WRITZ, JR..... Devon, Pennsylvania	1992	Senior Vice President, Other Businesses, Sun Company, Inc.
W. ROBERT WYMAN..... West Vancouver, British Columbia	1987	Chairman of the Board, Finning Ltd. (a company with heavy duty construction and related equipment marketing and leasing operations)

(1) Suncor was formed by the amalgamation of Sun Oil Company Limited and Great Canadian Oil Sands Limited on August 22, 1979. Each director has served as a director of Suncor or one of the amalgamating companies since the date shown, with the exception of Mr. Kingsmill, who was not a director of either amalgamating company from October 18, 1968 to March 28, 1969 and from June 23, 1971 to April 25, 1974.

(2) Member of Audit Committee.

In addition to the Audit Committee of the Board of Directors of Suncor, the Suncor Board has constituted a Board Policy and Strategic Planning Committee, Human Resources and Compensation Committee and an Environment, Health and Safety Committee.

Except as otherwise indicated below, each director has been engaged for the past five years in the specified principal occupations or in other executive or employment capacities with the companies or firms or government ministries or agencies referred to, or with affiliates or predecessors. Prior to November 1993 Mr. Harvie Andre was a senior cabinet minister of the Government of Canada. Prior to February, 1992 Mr. Bryan P. Davies was Deputy Treasurer of Ontario and Deputy Minister of Economics; prior to September 1989, he was the Deputy Minister of the Ontario Ministry of Housing. Mr. Wyman was Chairman and Chief Executive Officer, British Columbia Hydro and Power Authority prior to June, 1992; he was Vice-Chairman of RBC Dominion Securities, Inc. prior to March 1991; and he was Chairman of the Board of Pemberton Securities Inc. prior to June 1989.

Officers

Name and Municipality of Residence	Position	Officer Since (1)
RICHARD L. GEORGE..... Oakville, Ontario	Chairman, President and Chief Executive Officer	1991
MICHAEL W. O'BRIEN..... Toronto, Ontario	Executive Vice President, Sunoco Group	1986
EDYTHE A. PARKINSON..... Fort McMurray, Alberta	Executive Vice President, Oil Sands Group	1991
BARRY D. STEWART..... Calgary, Alberta	Executive Vice President, Resources Group	1991
TIMOTHY R. HUGHES ..... Markham, Ontario	Senior Vice President, Finance	1993
PETER T. SPELLISCY ..... Etobicoke, Ontario	Senior Vice President, Human Resources and Administration	1984
DONALD R. BROWN, Q.C. ..... Toronto, Ontario	Vice President, General Counsel and Secretary	1988
ANTHONY A. L. WRIGHT ..... Toronto, Ontario	Treasurer and Assistant Secretary	1969

(1) Includes service as an officer of Sun Oil Company Limited or Great Canadian Oil Sands Limited, which amalgamated to form Suncor Inc.

The principal occupation of each officer is the office held with Suncor. Each officer has been engaged for the past five years in the specified principal occupation or employment capacities with Suncor or with affiliates or with predecessors thereof, other than as follows: Ms. Parkinson was General Manager, Refining — Western Region of

Petro-Canada Inc. prior to January 1990 and was Vice President, Supply and Services of Ontario Hydro prior to September 1991; Mr. Stewart was President, Products Division of Petro-Canada Inc. prior to September 1990.

As of March 10, 1994, the directors and senior officers of Suncor, as a group, beneficially owned, directly or indirectly, less than one percent of the issued common shares of Suncor.

ITEM 8 ADDITIONAL INFORMATION

Additional information, including directors' and executive officers' remunerations and indebtedness, principal holders of Suncor securities, options to purchase securities and interests of insiders in material transactions is contained in Suncor's Management Proxy Circular dated March 10, 1994 for the annual meeting of shareholders to be held on April 28, 1994. Additional financial information is provided on pages 39 to 56, and in the Auditors' Report on page 38, of Suncor's Annual Report to Shareholders for the year ended December 31, 1993. The foregoing information is incorporated herein by reference.

One copy of the documents set out below may be obtained without charge by any person upon request, to the Secretary, Suncor Inc., 36 York Mills Road, North York, Ontario, M2P 2C5:

1. The Suncor Annual Information Form together with one copy of any pertinent information incorporated by reference;
2. The current Suncor annual report containing financial statements for the most recently completed financial year and the report of the auditors relating thereto together with any subsequent interim financial statements;
3. Suncor's most recent management proxy circular; and
4. Any other documents incorporated by reference into the most recent preliminary short form prospectus or short form prospectus.

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