
Imperial
2017
November 1
Business Update

Cautionary statement

Statements of future events or conditions in this report, including projections, targets, expectations, estimates, and business plans are forward-looking statements. Actual future financial and operating results, including demand growth and energy source mix; production growth and mix; project plans, dates, costs and capacities; production rates; production life and resource recoveries; cost savings; product sales; financing sources; and capital and environmental expenditures could differ materially depending on a number of factors, such as changes in the supply of and demand for crude oil, natural gas, and petroleum and petrochemical products and resulting price and margin impacts; limitations on transportation for accessing markets; political or regulatory events, including changes in law or government policy, applicable royalty rates and tax laws; the receipt, in a timely manner, of regulatory and third-party approvals; third party opposition to operations and projects; environmental risks inherent in oil and gas exploration and production activities; environmental regulation, including climate change and greenhouse gas restrictions; currency exchange rates; availability and allocation of capital; performance of third party service providers; unanticipated operational disruptions; management effectiveness; commercial negotiations; project management and schedules; response to unexpected technological developments; operational hazards and risks; disaster response preparedness; the ability to develop or acquire additional reserves; and other factors discussed in in Item 1A of Imperial Oil Limited's Form 10-K for the year ended December 31, 2016 and in the management's discussion and analysis of financial condition and results of operations contained in Item 7. Forward-looking statements are not guarantees of future performance and involve a number of risks and uncertainties, some that are similar to other oil and gas companies and some that are unique to Imperial Oil Limited. Imperial Oil Limited's actual results may differ materially from those expressed or implied by its forward-looking statements and readers are cautioned not to place undue reliance on them. Imperial Oil Limited undertakes no obligation to update any forward-looking statements contained herein, except as required by applicable law.

All financial information is presented in Canadian dollars, unless otherwise indicated.

In these materials, certain natural gas volumes have been converted to barrels of oil equivalent (BOE) on the basis of six thousand cubic feet (Mcf) to one barrel (bbl). BOE may be misleading, particularly if used in isolation. A BOE conversion ratio of 6 Mcf to one bbl is based on an energy-equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. Given that the value ratio based on the current price of crude oil as compared to natural gas is significantly different than the energy equivalency ratio of 6 Mcf to 1 bbl, using a 6:1 conversion ratio may be misleading as an indication of value.

All reserves and contingent resources estimates provided in these materials are effective as of December 31, 2016, and based on definitions contained in the Canadian Oil and Gas Evaluation Handbook (COGEH) and are presented in accordance with National Instrument 51-101, as disclosed in Imperial's Form 51-101F1 for the fiscal year ending December 31, 2016.

Except as otherwise disclosed herein, reserves and contingent resource information are an estimate of the company's working interest before royalties at year-end 2016, as determined by Imperial's internal qualified reserves evaluator.

Reserves are the estimated remaining quantities of oil and natural gas and related substances anticipated to be recoverable from known accumulations, from a given date forward, based on: analysis of drilling, geological, geophysical and engineering data, the use of established technology, and specified economic conditions, which are generally accepted as being reasonable. Proved reserves are those reserves which can be estimated with a high degree of certainty to be recoverable. Probable reserves are those additional reserves that are less certain to be recovered than proved reserves.

Contingent resources do not constitute, and should not be confused with, reserves. Contingent resources are those quantities of petroleum considered to be potentially recoverable from known accumulations using established technology or technology under development, but are currently not considered to be commercially recoverable due to one or more contingencies. Contingencies that preclude the classification of Imperial's contingent resources as reserves include, but are not limited to, the need for further design and the associated uncertainty in development costs and timelines; regulatory approvals; need for internal approvals to proceed with development; lack of market access; and the need for further delineation analysis to improve certainty of resources.

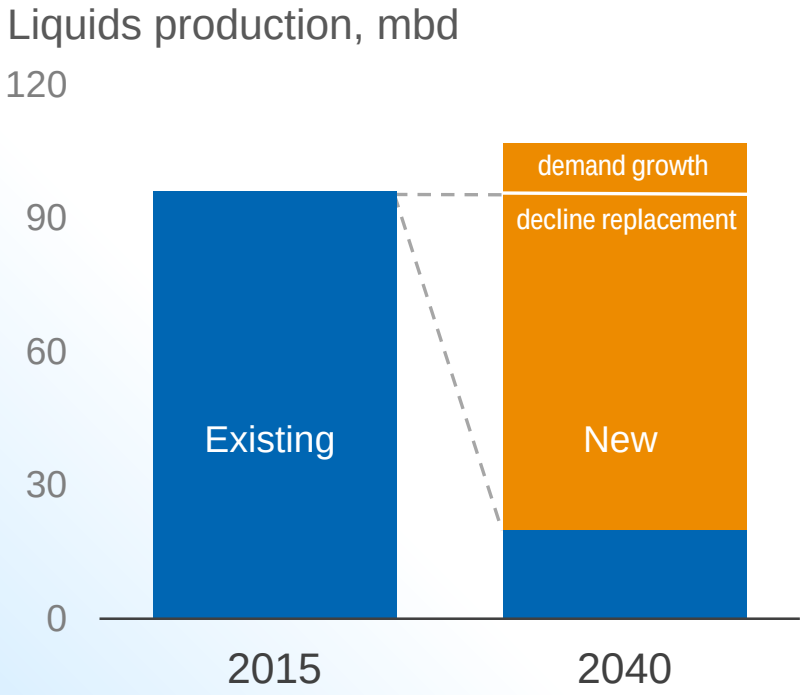
Contingent resource volumes represented in these materials are technical best estimate volumes, considered to be a realistic estimate of the quantity that may actually be recovered; it is equally likely that the actual quantities recovered may be greater or less than the technical best estimate. Estimates of contingent resources have not been adjusted for risk based on the chance of development. There is uncertainty that it will be commercially viable to produce any portion of the resource, nor is there certainty as to the timing of any such development. Significant positive and negative factors relevant to the estimate include, but are not limited to, the commodity price environment and regulatory and tax uncertainty.

The estimates of various classes of reserves (proved and probable) and of contingent resources in these materials represent arithmetic sums of multiple estimates of such classes for different properties, which statistical principles indicate may be misleading as to volumes that may actually be recovered. Readers should give attention to the estimates of individual classes of reserves and contingent resources and appreciate the differing probabilities of recovery associated with each class.

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

Global energy outlook

Demand expected to increase 25% by 2040, oil and gas to remain key



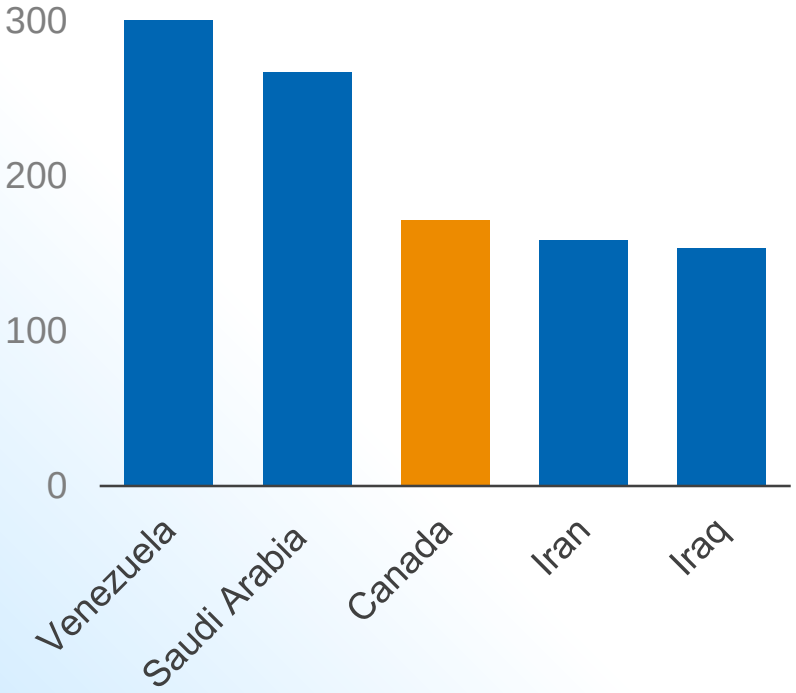
- ± 5% annual base decline
- 80% of 2040 demand from new supplies
- Supplies needed from multiple sources
- Requires major ongoing investment

Source: International Energy Agency, ExxonMobil 2017 Energy Outlook, WoodMac

Canada's opportunity

Uniquely positioned to meet demand, requires global competitiveness

Oil reserves, billion barrels



- Stable, trade-driven economy
- World scale resources
- High regulatory standards
- Technology key to growth

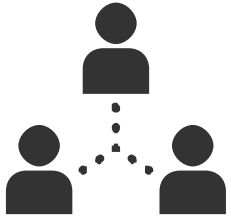
Source: 2017 BP Statistical Review

Imperial's winning formula

Increase cash flow, deliver industry-leading returns throughout the cycle

Deliver industry leading performance in reliability, safety and operations integrity

Leverage technology, integration and ExxonMobil to differentiate versus competition



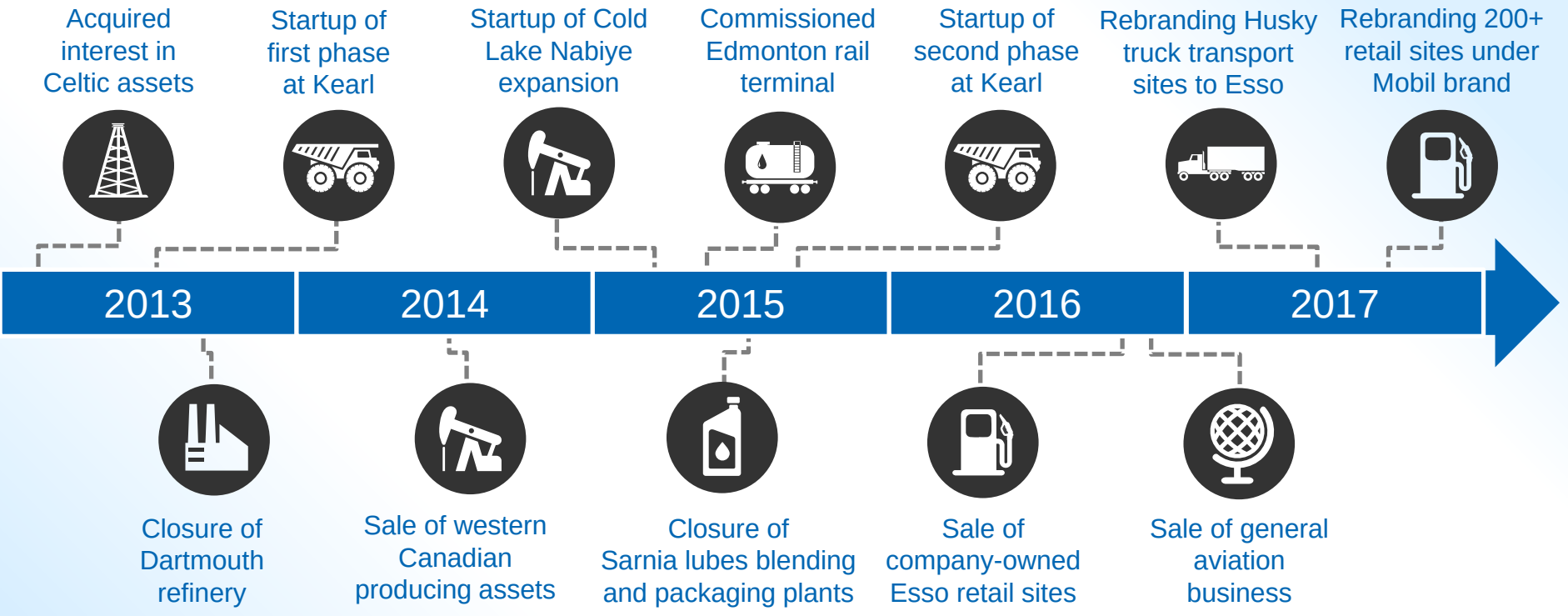
Continue to achieve improvements in organizational efficiency & effectiveness

Be the most valued partner with key stakeholders within our industry

Aggressively capture new opportunities and manage existing portfolio to maximize value

Enhancing our portfolio

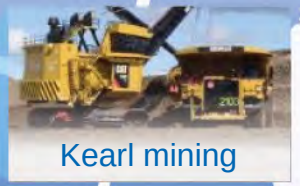
Focusing on highest value assets and core competencies



Scope of operations

Nationwide leadership across the full value chain


Syncrude mining


Kearl mining

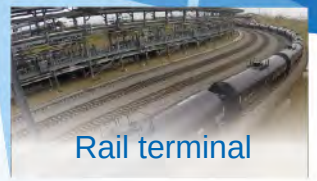

Distribution network

F&L marketing


Strathcona refinery


Sarnia refinery


Cold Lake in situ


Rail terminal


Sarnia chemical


Research


Nanticoke refinery

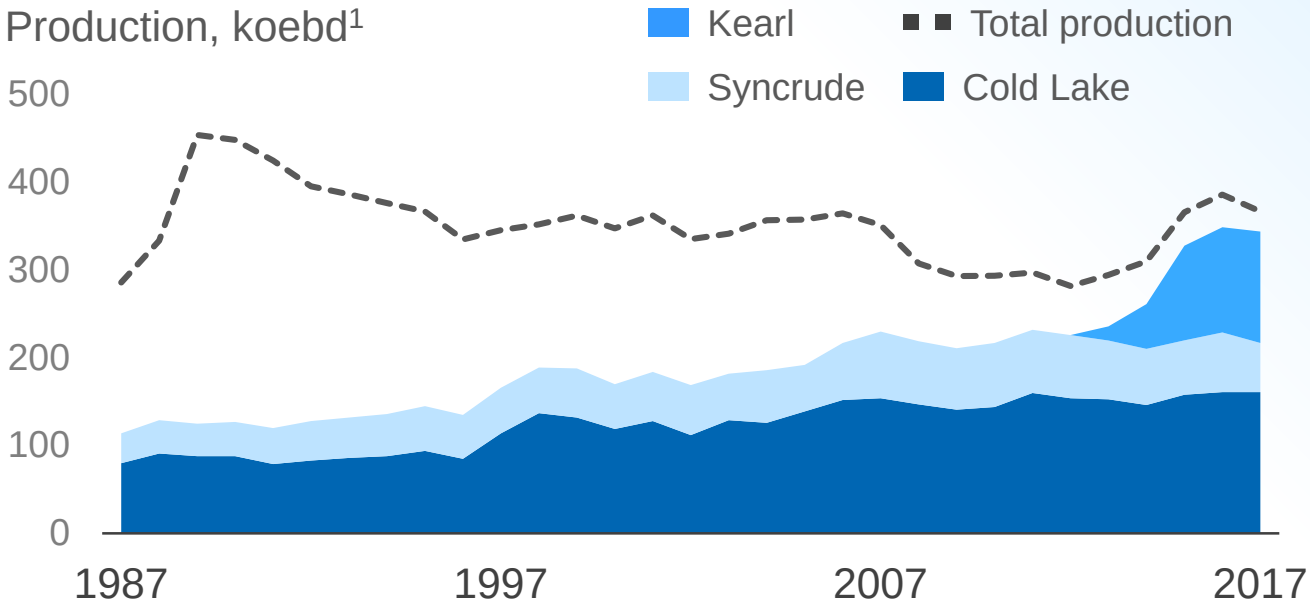
Upstream assets

Large, long-life predominantly oil sands portfolio

Kearl
Mining - PFT
71% interest

Syncrude
Mining - upgrader
25% interest

Cold Lake
In situ – CSS
100% interest



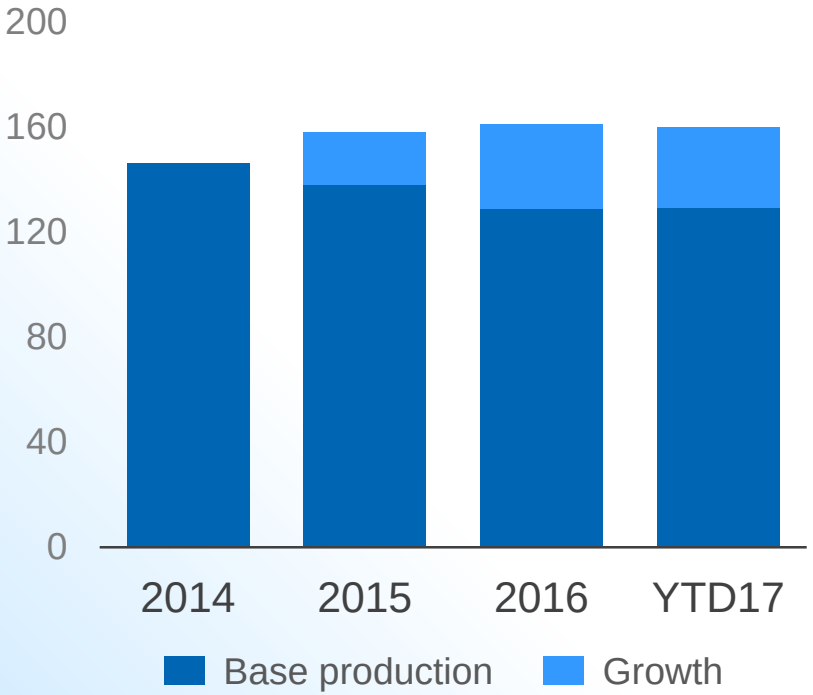
- $7.5 billion cash from operating activities over last five years

[1]*Gross production, IMO share*

Cold Lake

Industry-leading in situ operation with continued growth potential

Production, kbd[1]



- History of strong performance
- Recent growth with Nabiye start-up
- 160 kbd near-term average
- <$12/bbl US cash opex, ⅓ energy

[1]*Gross production*

Cold Lake enhancement

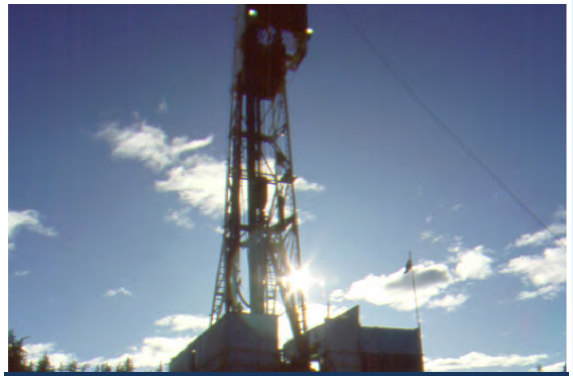
Initiatives to further drive performance and offset natural decline

Steam management

- Optimize distribution to highest value areas
  - + LASER application
  - + Facility debottlenecking

Wellbore utilization

- Maximize use of existing wellbores
  - + Enhanced surveillance
  - + Service rig utilization

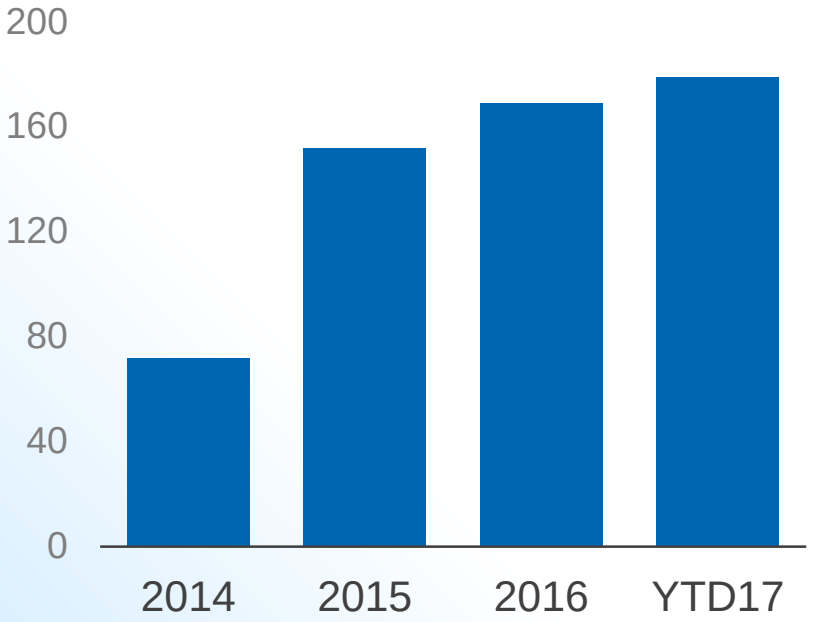


- Add wells to sustain and grow production
  - + Drilling program restart
  - + Completion efficiencies

Kearl

Large, long-life mining operation focused on improving reliability

Production, kbd[1]



- **Producing below design capacity**
  - + PFT technology operating as planned
  - + Challenges associated with ore prep
- **Progressing improvement plan**
  - + Meet or exceed 220 kbd[1] annual average
  - + Targeting $20/bbl US cash opex “all-in”

[1]*Gross production, 100% interest*

2017 reliability improvements

Actions completed to achieve annual production of 200 kbd

Mine equipment

Flow system

- Improved ore prep performance
  - + Crushers and dump hoppers
  - + Ore conveyor drive chains
  - + Crusher teeth and bearings
- Enhanced piping durability
  - + Primary separation cells
  - + Hydro-transport lines
  - + Froth interface monitors

Ongoing reliability improvements

Identified opportunities to increase annual production to 240 kbd

Front-end redundancy

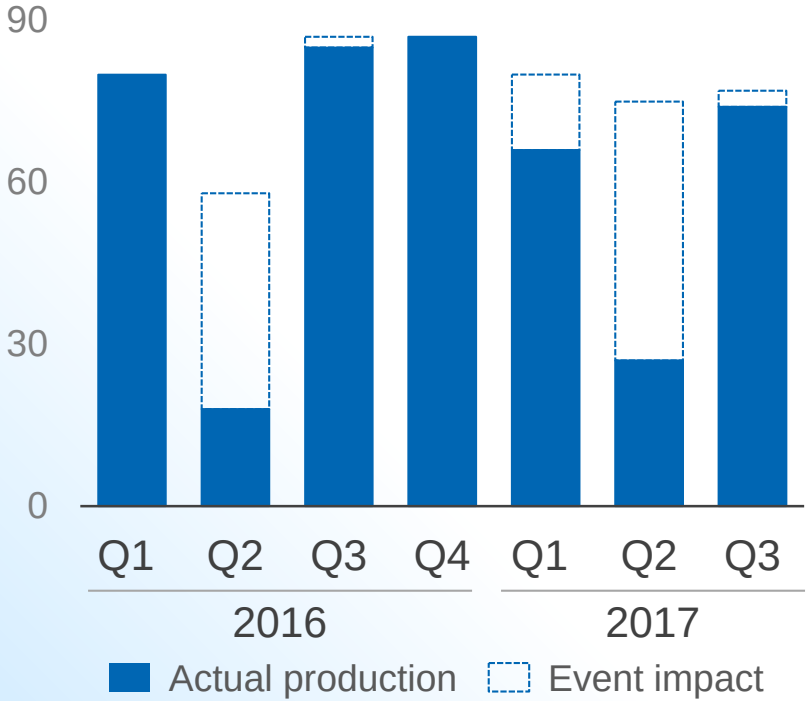
Flow distribution optionality

- Add supplemental crushing capacity
  - + Offset equipment downtime
  - + Create surge bin conveyor redundancy
- Install slurry piping interconnections
  - + Minimize maintenance impacts
  - + Ability to optimize flow to facilities

Syncrude

High-potential asset with priority on eliminating one-time events

Production, kbd[1]

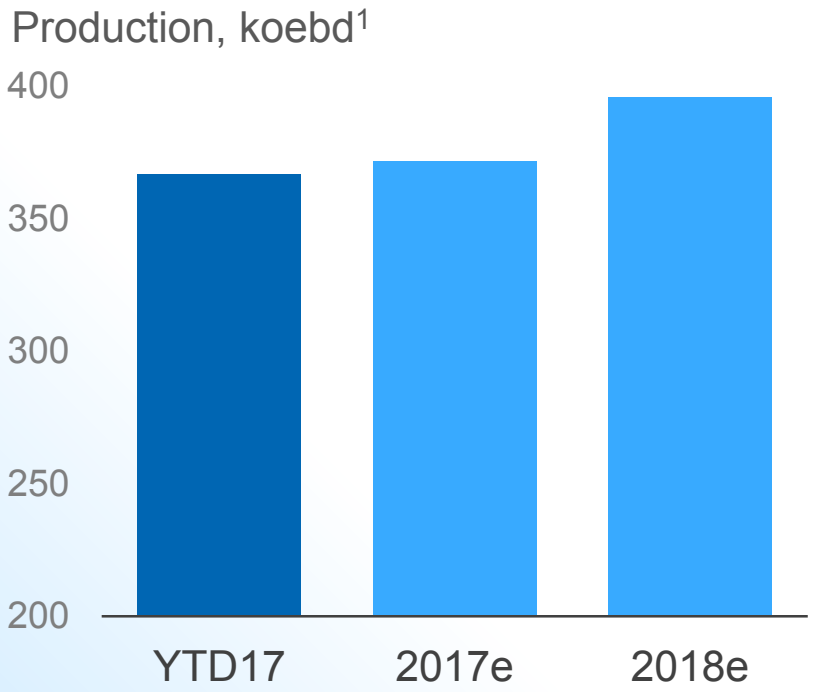


- **Unplanned downtime reduction**
  - + Rigorous inspection, maintenance plans
  - + “Bad actor” performance improvement
- **Leverage collective capabilities**
  - + Operational and administrative synergies
  - + Best practice application
- **75-80 kbd annual target**

[1]*Gross production, IMO share*

Near-term production

Growth associated with reliability at Kearl and Syncrude



Improve ore prep performance at Kearl

Eliminate one-time events at Syncrude

[1]*Gross production, IMO share*

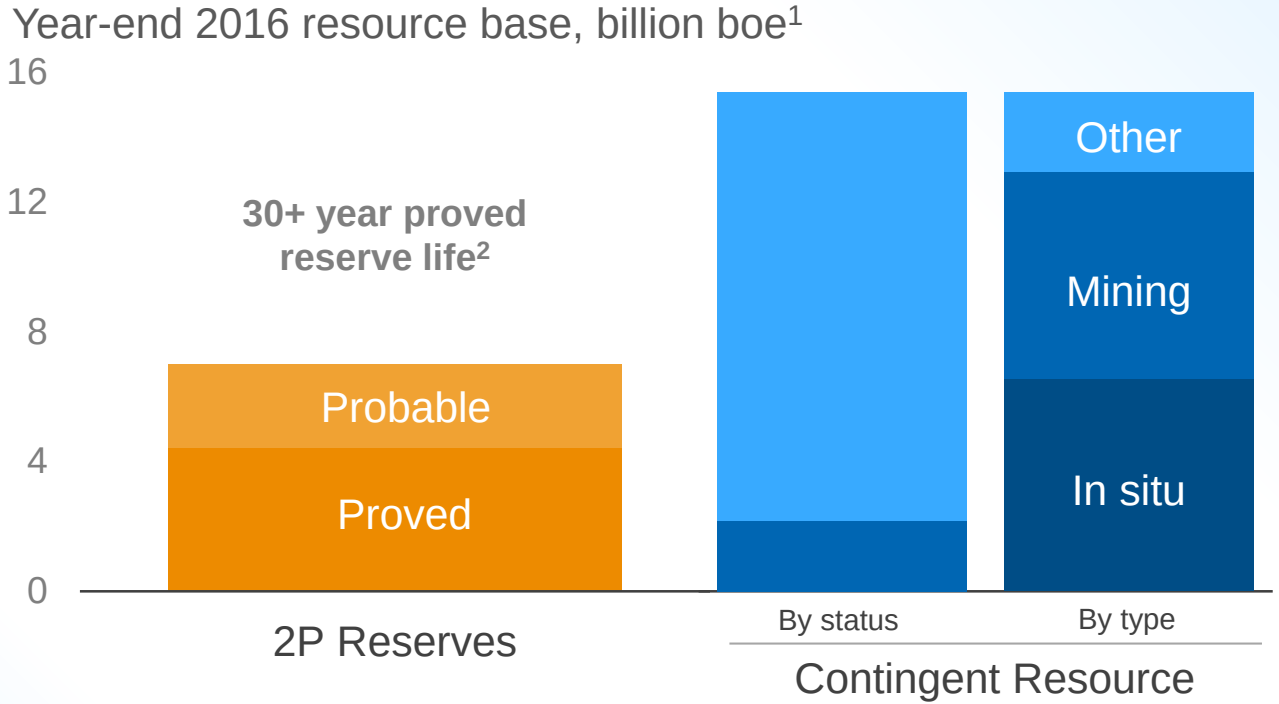
Upstream resources

Large, high quality resource base offers significant potential

In situ
SA-SAGD, CSP, other technologies

Mining
Non-aqueous extraction

Unconventional
Liquids-rich natural gas assets



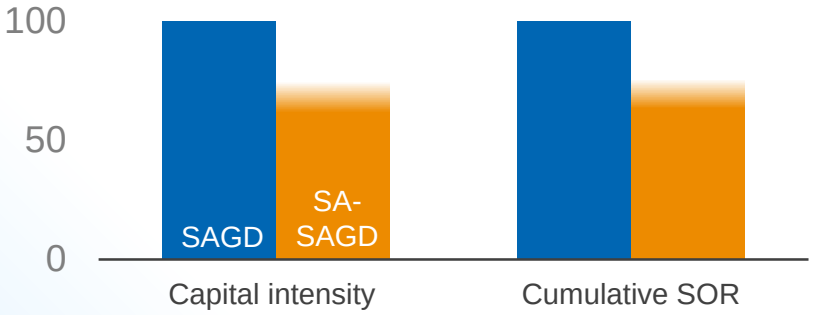
[1] *IMO share, before royalties, definitions from the Canadian Oil and Gas Evaluation Handbook, Presented in accordance with National instrument 51-101*

[2] *Proved reserve life based on 2016 production rates*

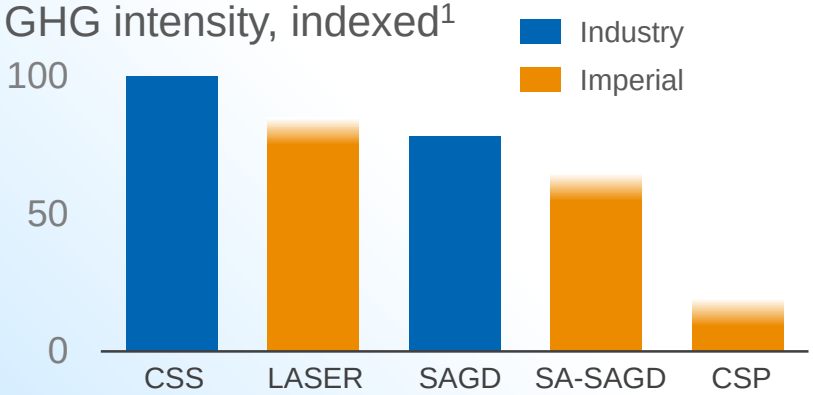
In situ growth

Technology key to meeting economic and environmental objectives

Pilot results, indexed



GHG intensity, indexed[1]

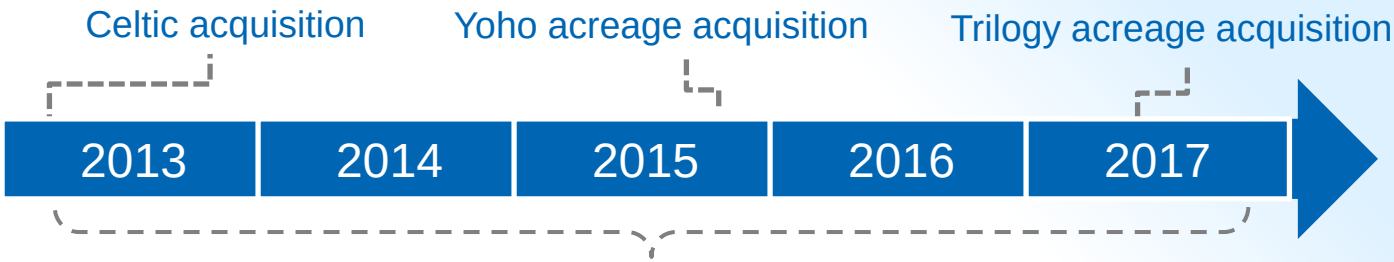


- **Projects under regulatory review**
  - + Aspen: 2 phases, 75 kbd each
  - + Cold Lake Expansion: 1 phase, 55 kbd
- **Proprietary technology development**
  - + Lab designed and tested
  - + Field proven via pilots at Cold Lake
  - + Technology tailored to maximize results

[1]*Boone World Heavy Oil Conference, industry reports, internal estimates*

Unconventional growth

Completed asset evaluations and acquisitions of contiguous acreage



- Duvernay and Montney optionality
  - + 50% interest in 694,000 gross acres[1]
  - + Develop liquids rich gas opportunities
  - + Supply for potential export project
- Finalizing plans for initial development

[1]*Year-end 2016*

Downstream assets

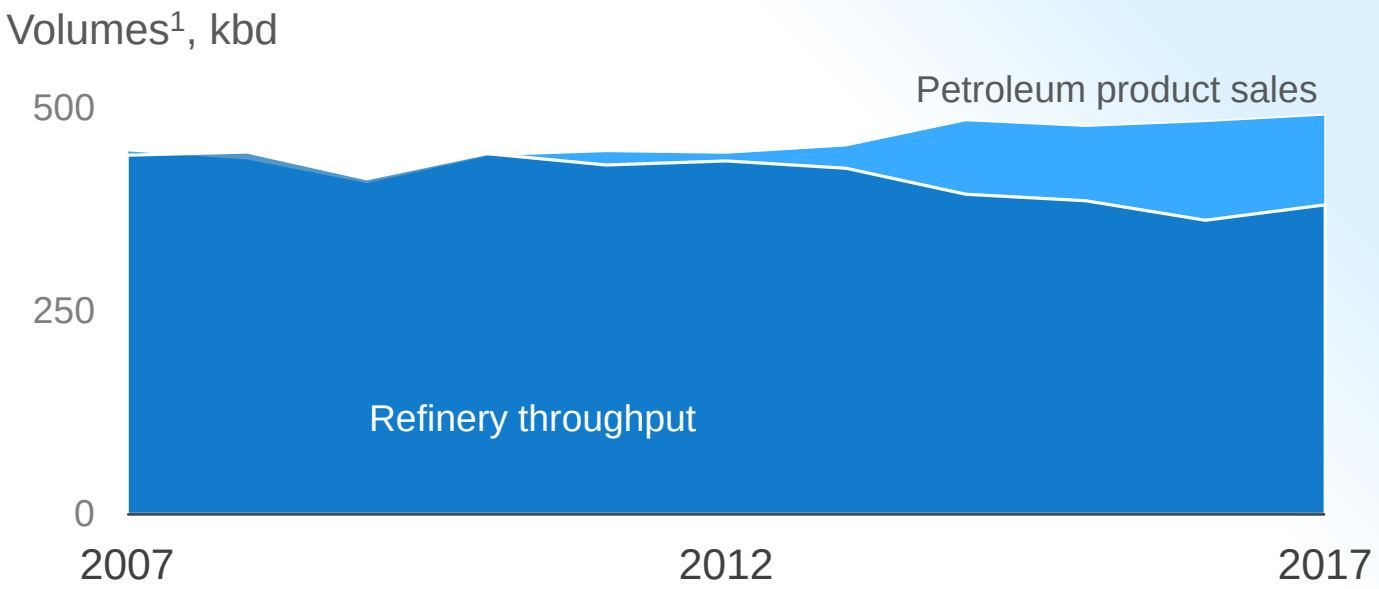
Leveraging operational excellence and integration to capture market value

Strathcona refinery
Capacity 191 kbd

Sarnia refinery
Capacity 119 kbd

Nanticoke refinery
Capacity 113 kbd

Fuels marketing
Leading marketer in all products

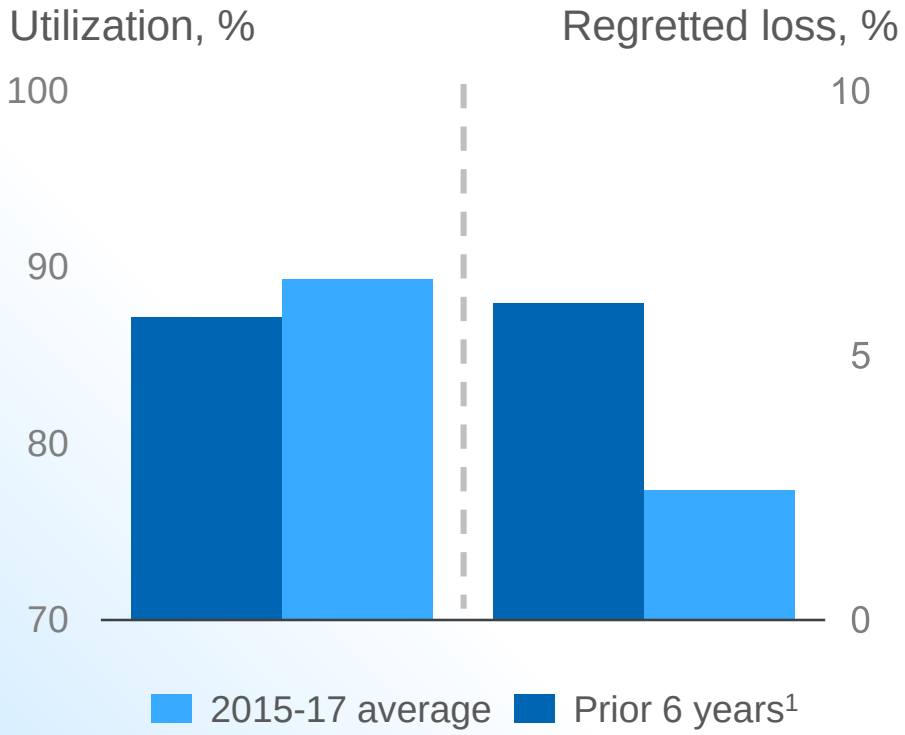


- $8.3 billion cash from operating activities over last five years

[1]*Dartmouth Refinery closure in September 2013*

Refining performance

Relentless pursuit of reliability and profitability

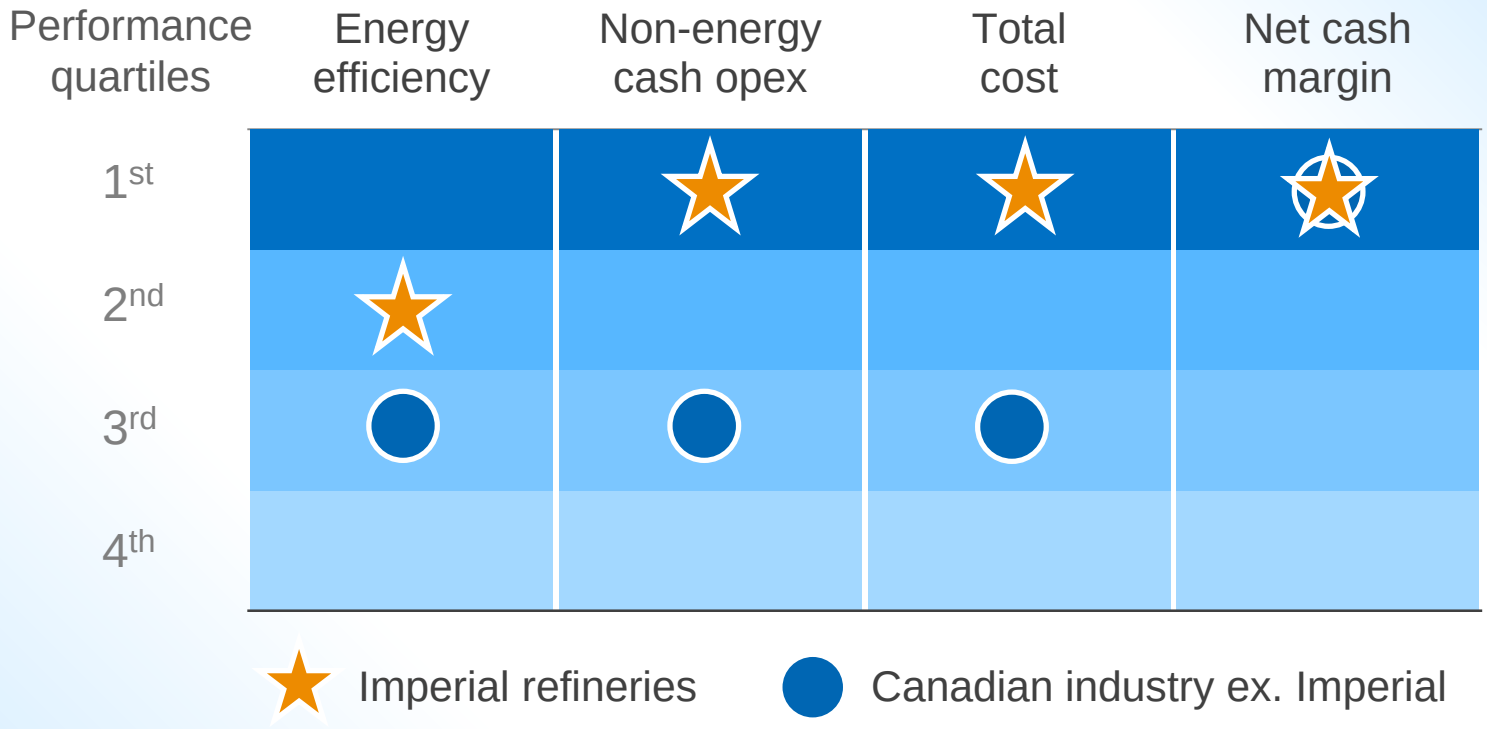


- **Global best practices**
  - + Equipment strategies
  - + Maintenance planning
  - + Turnaround execution
- **Enhancing profitability**
  - + Disciplined cost management
  - + Optimized economic sparing
  - + Integrated marketing plans

[1]*Excludes Dartmouth refinery*

Competitive ranking

Leading refining performance in North America, top-tier in Canada



Source: 2016 Solomon survey, includes 96 refineries in North America (13 in Canada)

Strathcona refinery cogeneration

Improve energy efficiency, reduce GHGs and lower operating costs

Cogeneration facility

What is Cogeneration?

Production of power and steam, at the same time from the same fuel, for use in operations.

1. Natural gas fueled generator produces electricity
2. Generator exhaust used to produce steam

Supports energy efficiency objectives

+ Similar facilities in use at other operations
+ Sarnia refinery / Cold Lake / Kearl / Syncrude
+ Significant net GHG emissions reduction

$250 million project advancing

+ Robust economics under a range of conditions
+ Start-up targeted for 2020

Downstream synergies

Value captured through integrated manufacturing and marketing plans

Refining and supply

Logistics and distribution

Fuels and lubricants

- Premium customer offering
  - + Quality brands and loyalty programs
  - + Coast to coast supply and customer support
  - + Global leadership in product R&D
- Superior position in core markets
  - + Uniquely strong in Ontario and western regions
  - + Comprehensive distribution network
  - + Value chain based decision making

Fuels marketing

Aggressively capturing new business and meeting customer needs

New customer offerings

+ Introduction of Synergy fuels nationwide
+ Conversion of former Loblaw's locations to Mobil brand

+ Conversion of Husky truck transport network to Esso brand
+ Exclusive lubricants supplier to Mr. Lube across Canada

Strategic nationwide accounts

+ Leverage supply chain strength to expand into new markets
+ Ability to tailor offering to fit customer needs

Chemical

Highly profitable business, leader in North American polyethylene

PE rotational and injection molding

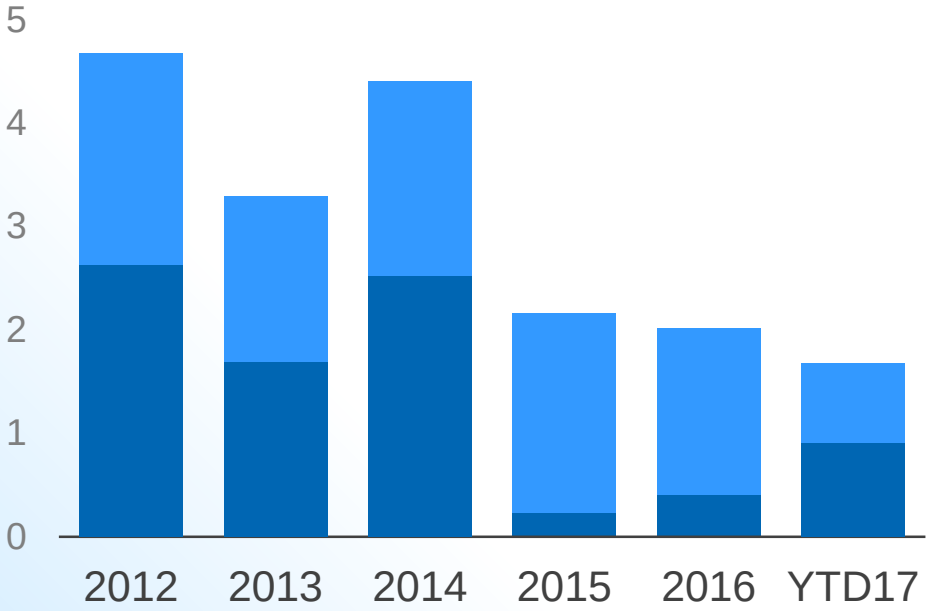
Specialty customers and products

- **Operational excellence**
  - + Facility integrated with Sarnia refinery
  - + Proximity to major customers
- **Enhancing profitability**
  - + Investment in new gas cracker furnace
  - + 90% cost advantaged feedstock
- **$1.2 billion cash from operating activities over the past five years**

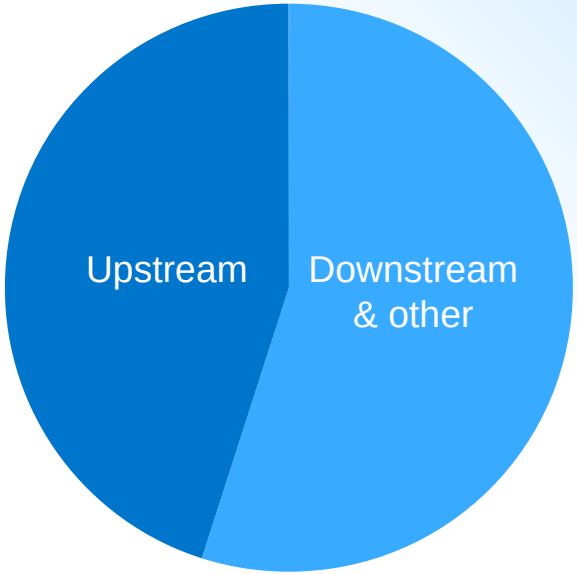
Financial performance

Demonstrating value of integration throughout the business cycle

Cash from operating activities, $ billion



Five-year average[1], %

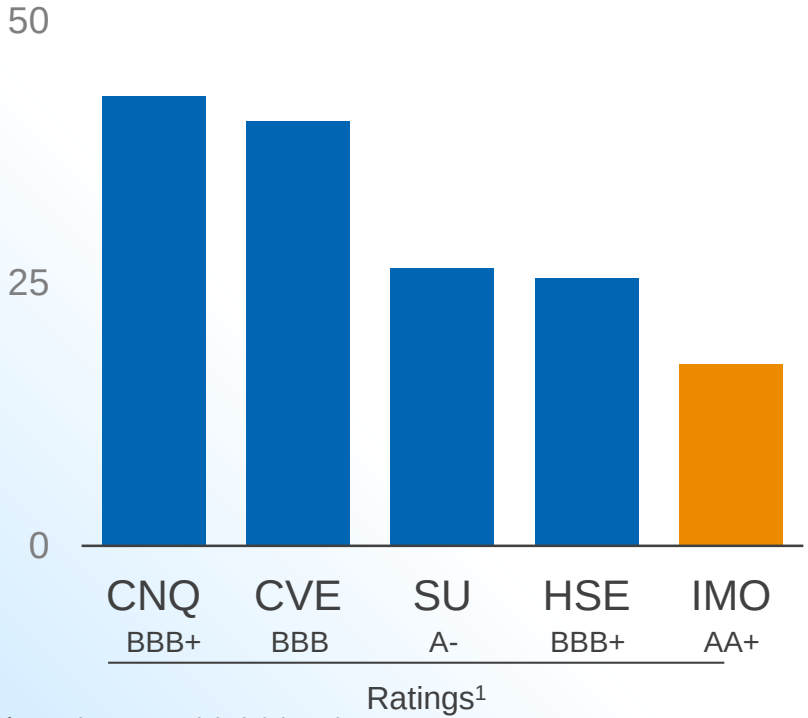


[1] *For the five year period ended December 31, 2016*

Financial strength

Strong balance sheet, optionality and priority access to financial markets

2Q17 debt to capital, %

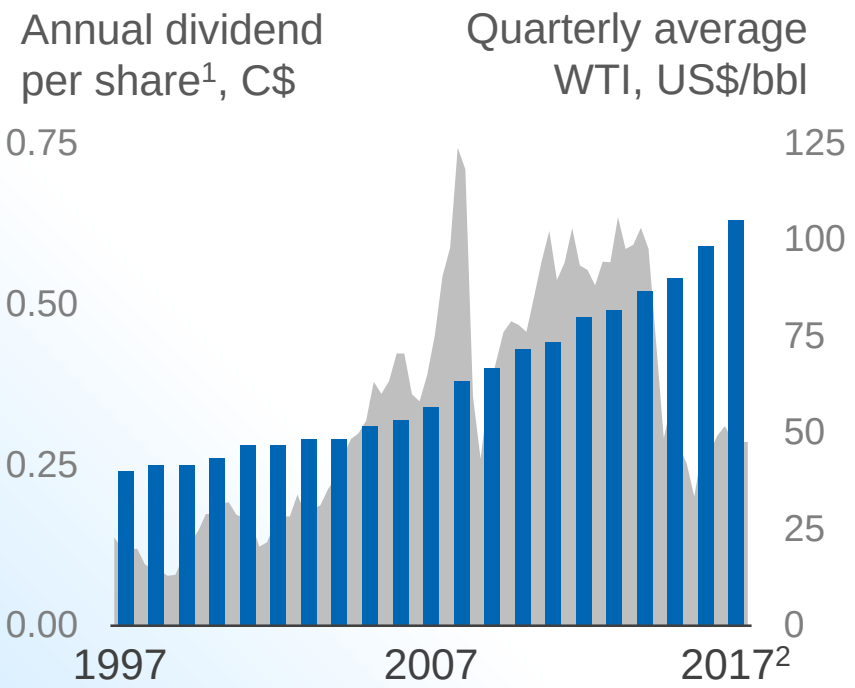


- Leverage XOM relationship
- Borrow on most attractive terms
- Maintain capital structure flexibility

[1]*Based on S&P Global debt rating*

Dividends

Committed to paying shareholders a reliable and growing dividend



- 100+ years of consecutive payment
- 23 years of consecutive growth
- 6.5% 10-yr compounded growth rate

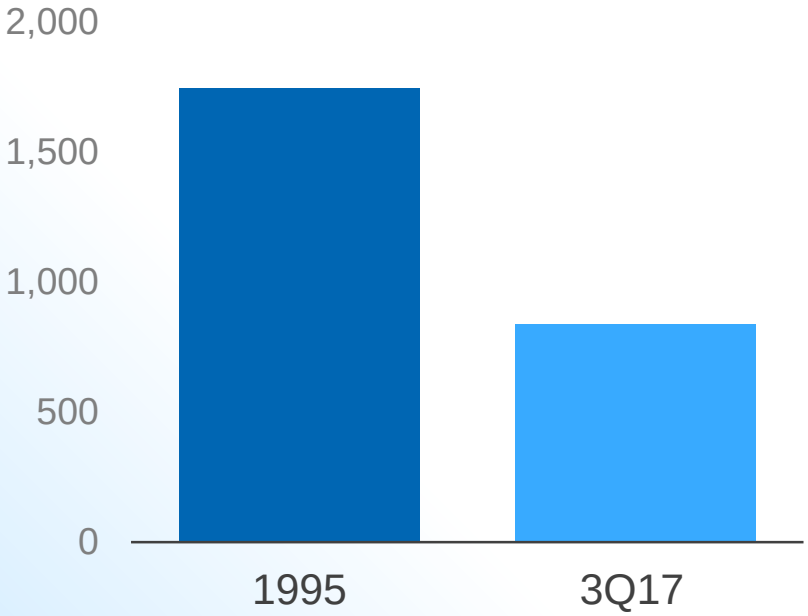
[1]*Adjusted for three-for-one stock splits (May 15, 1998 and May 23, 2006)*

[2]*At current rates*

Share buybacks

History of returning cash to shareholders and preserving value

Shares outstanding, millions[1]



- Repurchased 50% of shares since 1995
- Expanded buyback program June 2017

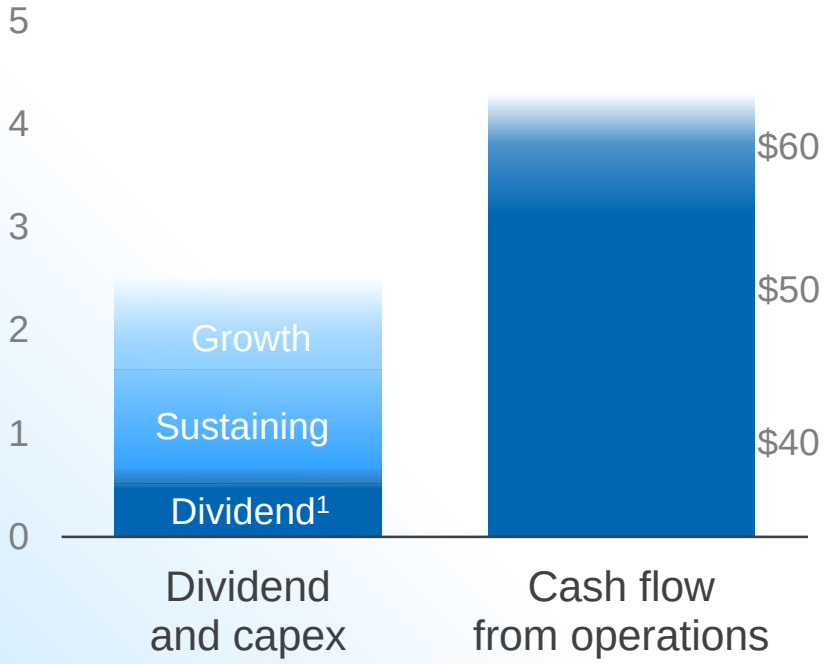
  + Increased NCIB to 3% shares outstanding
- Returned ~$375M year-to-date

[1]*Adjusted for three-for-one stock splits (May 15, 1998 and May 23, 2006)*

Financial resilience

Strength provides flexibility under a range of oil prices

2017-21 annual average, C$ billion



- Ability to meet highest priorities
- Significant cash flow leverage
- Flexibility for new opportunities

[1]*Dividend at current rate*
Assumptions: Oil prices are US$ Brent, nominal cash flow, inflation 2.5%, FX = US$0.75/C$

Why Imperial?

Distinct competitive advantages that deliver long-term value

Asset base

High quality, long-life assets across the portfolio

Operational excellence

Technical, operational and financial risk management that enhances value

Value chain integration

Synergies across the full value chain including ExxonMobil relationship

Growth opportunities

Large inventory of opportunities to support future upstream growth

Technology leadership

Unparalleled history of creating value through research and innovation

Shareholder value

Demonstrated commitment to delivering value in all business environments


Question period

Imperial

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