

**CONSOLIDATED  
STATEMENTS OF  
INCOME AND  
UNITHOLDERS'  
EQUITY**

| For the years ended December 31 (\$ thousands, except per Trust unit amounts) | 2003                | 2002              |
|---|---------------------|-------------------|
| <b>Net revenues</b>   |                     |                   |
| Syncrude Sweet Blend revenues   | \$ 967,884          | \$ 722,076        |
| Transportation and marketing expense  | (35,821)            | (6,774)           |
|   | <b>932,063</b>      | 715,302           |
| <b>Expenses</b>   |                     |                   |
| Operating   | 514,912             | 308,877           |
| Non-production  | 38,235              | 19,392            |
| Crown royalties (Note 18)   | 11,936              | 7,378             |
| Administration  | 9,047               | 7,355             |
| Insurance   | 7,418               | 5,812             |
| Interest, net (Note 15)   | 67,832              | 38,737            |
| Depreciation and depletion  | 94,750              | 55,091            |
| Foreign exchange gain   | (135,165)           | (2,956)           |
| Income and Large Corporations Tax (Note 12)                                   | 17,422              | 5,413             |
| Future income tax recovery (Note 12)  | (2,246)             | –                 |
| Dividends on preferred shares of subsidiaries                                 | –                   | 275               |
|   | <b>624,141</b>      | 445,374           |
| <b>Net income</b>   | <b>\$ 307,922</b>   | <b>\$ 269,928</b> |
| <b>Unitholders' equity, beginning of year</b>                                 |                     |                   |
| As previously reported  | \$ 956,501          | \$ 804,951        |
| Prior period adjustment (Note 3)  | (244)               | (36,886)          |
| As restated   | <b>956,257</b>      | 768,065           |
| Net income  | <b>307,922</b>      | 269,928           |
| Issue of Trust units (Note 13)  | <b>999,282</b>      | 33,163            |
| Unitholder distributions (Note 16)  | <b>(169,885)</b>    | (114,655)         |
| Contributed surplus (Note 14(a))  | <b>835</b>          | –                 |
| <b>Unitholders' equity, end of year</b>                                       | <b>\$ 2,094,411</b> | <b>\$ 956,501</b> |
| <b>Weighted-average Trust units</b>   | <b>79,656</b>       | 57,182            |
| <b>Trust units, end of year</b>   | <b>87,195</b>       | 57,684            |
| <b>Net income per Trust unit</b>  |                     |                   |
| Basic and diluted   | <b>\$ 3.87</b>      | \$ 4.72           |

See Notes to Consolidated Financial Statements.

**CONSOLIDATED  
BALANCE SHEETS**

| As at December 31 (\$ thousands)                        | 2003                | 2002         |
|---|---------------------|--------------|
| <b>Assets</b>   |                     |              |
| Current assets  |                     |              |
| Cash and short-term investments                         | \$ 16,702           | \$ 229,970   |
| Accounts receivable                                     | 116,162             | 93,444       |
| Inventories (Note 5)                                    | 57,351              | 26,132       |
| Prepaid expenses  | 4,643               | 4,547        |
|   | <b>194,858</b>      | 354,093      |
| Capital assets, net (Note 6)                            | <b>4,022,927</b>    | 1,470,671    |
| Other assets  |                     |              |
| Reclamation trust (Note 19)                             | 16,553              | 12,878       |
| Deferred financing charges, net                         | 25,520              | 12,759       |
|   | <b>42,073</b>       | 25,637       |
|   | <b>\$ 4,259,858</b> | \$ 1,850,401 |
| <b>Liabilities and Unitholders' Equity</b>              |                     |              |
| Current liabilities                                     |                     |              |
| Accounts payable and accrued liabilities                | \$ 245,926          | \$ 169,279   |
| Unit distribution payable                               | 43,598              | 28,843       |
| Current portion of other liabilities (Note 7)           | 665                 | 2,740        |
|   | <b>290,189</b>      | 200,862      |
| Other liabilities (Note 7)                              | <b>93,636</b>       | 22,013       |
| Long-term debt (Note 9)                                 | <b>1,437,413</b>    | 622,283      |
| Future reclamation and site restoration costs (Note 19) | <b>57,565</b>       | 32,237       |
| Deferred currency hedging gains (Note 10)               | <b>21,886</b>       | 16,505       |
| Future income taxes (Note 12)                           | <b>264,758</b>      | —            |
|   | <b>2,165,447</b>    | 893,900      |
| Unitholders' equity (Note 13)                           | <b>2,094,411</b>    | 956,501      |
|   | <b>\$ 4,259,858</b> | \$ 1,850,401 |

Commitments and Contingencies (Note 20)

See Notes to Consolidated Financial Statements.

Approved by the Board of Directors



Director



Director

**CONSOLIDATED  
STATEMENTS OF  
CASH FLOWS**

| For the years ended December 31 (\$ thousands)     | 2003        | 2002       |
|--|-------------|------------|
| <b>Cash provided by (used in)</b>                  |             |            |
| <b>Operating activities</b>                        |             |            |
| Net income   | \$ 307,922  | \$ 269,928 |
| Items not requiring outlay of cash                 |             |            |
| Depreciation and depletion                         | 90,494      | 51,994     |
| Site restoration provision                         | 4,256       | 3,097      |
| Amortization                                       | 3,061       | 874        |
| Foreign exchange on long-term debt                 | (147,162)   | (4,065)    |
| Future income tax recovery                         | (2,246)     | –          |
| Stock-based compensation                           | 591         | –          |
| Site restoration costs                             | (1,065)     | (1,150)    |
| Net change in deferred items                       | 17,000      | 5,766      |
| Funds from operations                              | 272,851     | 326,444    |
| Change in non-cash working capital                 | (51,033)    | 29,321     |
|  | 221,818     | 355,765    |
| <b>Financing activities</b>                        |             |            |
| Issuance of medium term and senior notes (Note 9)  | 571,740     | –          |
| Net drawdown of bank credit facilities (Note 9)    | 390,552     | –          |
| Unitholder distributions (Note 16)                 | (169,885)   | (114,655)  |
| Issuance of Trust units (Note 13)                  | 999,282     | 33,163     |
| Redemption of preferred shares (Note 11)           | –           | (4,400)    |
| Net change in deferred items                       | (16,040)    | –          |
| Change in non-cash working capital                 | 14,755      | 453        |
|  | 1,790,404   | (85,439)   |
| <b>Investing activities</b>                        |             |            |
| Acquisition of Syncrude working interests (Note 4) | (1,475,260) | –          |
| Capital expenditures                               | (785,587)   | (403,203)  |
| Reclamation trust                                  | (3,675)     | (2,559)    |
| Change in non-cash working capital                 | 39,032      | 8,093      |
|  | (2,225,490) | (397,669)  |
| <b>Decrease in cash</b>                            | (213,268)   | (127,343)  |
| <b>Cash, beginning of year</b>                     | 229,970     | 357,313    |
| <b>Cash, end of year</b>                           | \$ 16,702   | \$ 229,970 |
| <b>Supplemental Information</b>                    |             |            |
| Income and Large Corporations Tax paid             | \$ 17,765   | \$ 1,507   |
| Interest charges paid                              | \$ 60,858   | \$ 50,519  |

See Notes to Consolidated Financial Statements.