

**Cenovus Energy (Q1 2026 Results)**  
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Corporate Speakers

- Patrick Read; Cenovus Energy; Vice-President, Investor Relations & Internal Audit
- Jon McKenzie; Cenovus Energy; President & Chief Executive Officer
- Geoff Murray; Cenovus Energy; Executive Vice-President, Commercial
- Eric Zimpfer; Cenovus Energy; Head of Downstream
- Kam Sandhar; Cenovus Energy; Executive Vice-President & Chief Financial Officer
- Andrew Dahlin; Cenovus Energy; Executive Vice-President & Chief Operating Officer
- Jeff Lawson; Cenovus Energy; Executive Vice-President, Corporate Development & Chief Sustainability Officer

Participants

- Dennis Fong; CIBC World Markets; Analyst
- Menno Hulshof; TD Cowen; Analyst
- Alexa Petrick; Goldman Sachs; Analyst
- Greg Pardy; RBC Capital Markets; Analyst
- Travis Wood; NBC National Bank; Analyst
- Manav Gupta; UBS; Analyst
- Patrick O'Rourke; ATB Cormark Capital Markets; Analyst

**PRESENTATION**

Operator ^ Good morning, everyone. Thank you for standing by and welcome to Cenovus Energy's First Quarter 2026 Results Conference Call.

At this time, all participants are in a listen-only mode. After the speaker's presentation, there will be a question-and-answer session. (Operator Instructions) As a reminder, this call is being recorded.

I would now like to turn the meeting over to Mr. Patrick Read, Vice-President, Investor Relations & Internal Audit. Please go ahead, Mr. Read.

Patrick Read ^ Thank you, operator. Good morning, everyone, and welcome to Cenovus's 2026 First Quarter Results Conference Call.

On the call this morning, our CEO, Jon McKenzie; and CFO, Kam Sandhar, will take you through our results.

Then we'll open the line for Jon, Kam, and other members of the Cenovus management team to take your questions.

Before getting started, I'll refer you to our advisories located at the end of today's news release. These describe the forward-looking information, non-GAAP measures, and oil and gas terms

referred to today. They also outline the risk factors and assumptions relevant to this discussion. Additional information is available in Cenovus's annual MD&A and our most recent AIF and Form 40-F. And as a reminder, all figures we reference on the call today will be in Canadian dollars unless otherwise indicated.

For the question-and-answer portion of the call, please keep to one question with a maximum of one follow-up. You're welcome to rejoin the queue for any other follow-up questions you may have.

We also ask that you hold off on any detailed modeling questions. You can follow up on those directly with our investor relations team after the call.

I will now turn the call over to Jon. Jon, please go ahead.

Jon McKenzie^ Great. Thank you, Patrick, and good morning, everyone.

As always, I'm going to start with our top priority, which is safety. At our Toledo refinery, we recently celebrated 12 consecutive months and over 3.3 million man-hours without a recordable injury. This milestone was delivered during a period which included a major turnaround on the east side of the plant, work that carries additional risk given the elevated activity and non-routine work. And the business delivered consistent execution, bringing that asset back online safely and 11 days ahead of schedule. The performance reflects the commitment and dedication of the Toledo team, supported by the strength of our safety systems, which focus on leadership engagement, a stop work culture, and recognizing strong safety behaviours. Congratulations to the Toledo refinery as they continue to reinforce a belief core to Cenovus. Strong operational performance starts with doing the work safely every day.

Now turning to our results. Our priorities this quarter remain unchanged. We've stayed focused on executing our business plan, delivering exceptional operating performance, and advancing our growth projects. The focus on execution translated into strong first quarter results, with Upstream production exceeding 972,000 BOE per day, supported by record oil sands volumes in our first full quarter following the MEG acquisition.

While geopolitical events late in the quarter resulted in increased price volatility and heightened uncertainty, our approach to operating our business remains the same. Our results reflect the strength of our business model. We are a reliable supplier of crude oil, natural gas, and refined products to both North American and global markets.

Starting with oil sands, at Christina Lake, production averaged 359,000 barrels per day in the first quarter, supported by strong well performance at Narrows Lake. Narrows Lake is now producing over 65,000 barrels a day from the first four well pads, with a steam well ratio below two. Individual well performance has been exceptionally strong and exceeds our internal expectations. Our best wells at Narrows Lake are now producing over 5,000 barrels per day. Bringing on a project of this complexity and scale to 65,000 barrels a day in just over nine months is a testament to the quality of the asset and the capability of our technical, project, and operating people.

Production from Narrows Lake will continue to ramp up as we bring on additional well pads. And we expect to reach 80,000 barrels a day later this summer.

Integration work at Christina Lake North is also progressing well. We've completed a delineation and seismic program in the quarter and initiated the redevelopment well program ahead of schedule. The first of the 42 redevelopment wells was spud in March and began producing in April.

Initial production results are exceeding our internal forecasts. As we execute our redevelopment program, we will see increased production from Christina Lake North throughout the remainder of 2026.

At the same time, installation of the first new steam generator is progressing ahead of schedule, with startup expected before the end of the year. With the acceleration of the redevelopment, well program, we will exceed the CAD \$150 million synergy target we set for ourselves in 2026.

Not to be outdone, at Foster Creek, we set another quarterly production record of 223,000 barrels per day, with peak rates exceeding 230,000 barrels a day in March. These production rates were driven by the optimization project, which was delivered ahead of schedule and strong operating performance from our new well pads. We plan to start up an additional four well pads in 2026. The turnaround at Foster Creek, Phase G began in April and has progressed well to date with limited production impact. We continue to optimize our turnaround activity across our oil sands portfolio, which will result in more efficient and lower impact turnarounds.

At Sunrise, production in the first quarter was just over 59,000 barrels per day. During the quarter, we successfully started up the first of the four new well pads on the east development area of Sunrise. These pads are some of the largest Cenovus has ever drilled, targeting high-quality rich pay of up to 50 meters thick. Early indications from the first pad have met and exceeded expectations. We've seen recent daily rates reach as high as 68,000 barrels per day. And with another three pads to come on in this area, we expect to continue to grow production from Sunrise all the way through to 2028.

The Lloydminster Thermals delivered another strong quarter, averaging 102,000 barrels per day, supported by the continued outperformance of the redevelopment well program. Recent redevelopment wells have surpassed our expectations, with some of our longer laterals nearly doubling our initial forecast. Of note, this performance excludes any contribution from Vawn, which we sold in December, and with limited initial volumes coming from Rush Lake, which continues to ramp up following the 2025 outage.

At our Asia Pacific assets, production was over 57,000 BOE per day in the quarter, and production from the region continues to impress, delivering consistent and robust free cash flow to Cenovus. In the Atlantic, production was over 18,000 barrels a day in the quarter, with strong performance from Terra Nova and the base White Rose field. Of note, we continue to benefit from the high netbacks and Brent plus pricing in that region.

At West White Rose, we have now completed all the elements of construction and commissioning and have commenced drilling from the offshore platform, marking another important milestone for the project. I just couldn't be more proud of what this team has been able to deliver through an extremely challenging winter and challenging weather conditions which really extended into the early spring. With drilling operations underway, we now expect first oil from the project later in Q3. In the Downstream, first quarter results were once again very strong. The Canadian refining business delivered throughput of 115,000 barrels a day in the quarter for a utilization rate of about 107%.

During the quarter, we entered into agreements to sell our Canadian commercial fuels business, which includes Cardlock and Travel Center locations, for expected cash proceeds of CAD \$275 million. This transaction is expected to close in the second half of 2026, pending approval from the Competition Bureau and other customary closing conditions.

In the U.S. refining business, crude throughput averaged 343,000 barrels a day or approximately 94% utilization. Our PADD II refineries continue to deliver strong operational availability, allowing us to optimize margins as the opportunities arise. Adjusted market capture was 114% in the quarter, reflecting a market environment that continued to favour our configuration, including our ability to process heavy crude and our low gasoline to distillate yield ratio.

Now I'll turn it over to Kam to walk through some of our financial results.

Kam Sandhar^ Thanks, Jon, good morning, everyone. In the first quarter, we generated approximately CAD \$4.4 billion of operating margin and CAD \$3.4 billion of adjusted funds flow. Operating margin in the Upstream was over CAD \$3.7 billion, exceeding the prior quarter due to the higher production in oil sands, rising benchmark oil prices in late February and March. Our first quarter results included over CAD \$1.5 billion of taxes and royalties, which rose alongside commodity prices. Oil sands non-fuel operating costs were CAD \$8.92 per barrel in the first quarter, about CAD \$0.50 per barrel higher than the prior quarter due to planned maintenance and work over activities as well as higher GHG compliance costs.

Downstream operating margin was CAD \$734 million, which included CAD \$504 million of inventory holding gains, with results in the quarter benefiting from competitive and reliable operations and improved product pricing. In U.S. refining, operating costs were \$11.74 per barrel or \$0.20 per barrel lower than the previous quarter, reflecting lower planned maintenance, offset in part by modestly lower throughput and higher energy and electricity costs.

Adjusted market capture, as Jon mentioned, was 114%, with economic conditions continuing to favour the configuration of our refineries. Widening heavy crude differentials, strong diesel and jet fuel margins, and the relative strength of secondary products versus gasoline were all tailwinds in our results. Looking forward, capture rates are expected to normalize through the spring and summer. However, we are seeing significantly higher volatility in product prices in the current environment and how these prices settle relative to each other over the coming months may impact our capture rates.

Capital investment in the first quarter was approximately CAD \$1.2 billion, supporting sustaining activity across the business, along with investment in growth and optimization projects at Christina Lake North, Sunrise, Foster Creek, and West White Rose. Our capital guidance for 2026 remains unchanged at CAD \$5 billion-CAD \$5.3 billion.

Turning to net debt. At the end of the quarter, our balance was approximately CAD \$8.1 billion, a modest decrease from the prior quarter with higher adjusted funds flow partially offset by a CAD \$1.1 billion increase in non-cash working capital.

This increase in working capital is typical of periods where commodity prices rise to the extent we saw through the latter part of the quarter. At current commodity prices, we would expect the pace of deleveraging to accelerate significantly in the coming quarters. Shareholder returns in the first quarter were CAD \$1 billion, including CAD \$356 million in common share purchases, CAD \$379 million through dividends, and CAD \$300 million through the redemption of our Series 1 and 2 preferred shares. These were the last outstanding series of preferred shares of the original CAD \$900 million, which we have redeemed over the past two years, resulting in a lower cost and a simplified capital structure going forward.

Consistent with our commitment to grow shareholder returns, our board of directors has approved a 10% increase to the annual base dividend to CAD \$0.88 per share. This increase reflects the growth of our business and the strength of our operations, which both fund the dividend and our sustaining capital requirements at a CAD \$45 WTI oil price. I'll now turn the call back to Jon for some closing remarks.

Jon McKenzie^ Great. Thanks, Kam. As we close the book on the first quarter, it's worth reiterating that volatility and geopolitical uncertainty are not new to our industry. We've seen many cycles over the decades. It's why we constructed our capital structure, financial framework, and operating model to perform through a wide range of market conditions. While higher benchmark prices underscore the operating leverage and the cash flow-generating capability of our business, they do not change our strategy. Our focus remains on executing the business plan that we laid out in December.

Our company responded accordingly this quarter, delivering consistently strong operational performance across both Upstream and Downstream. We increased our production rates, ran our refineries with high availability and utilization, completed the West White Rose project, and accelerated the integration of Christina Lake North.

With our unique high-quality, long reserve life assets, coupled with our disciplined capital allocation framework and dedicated and highly competent people, our business performance continues to press our competitive advantages.

Before we open the line for questions, I want to talk about an opportunity that we, as Canadians, have if we choose to seize it. The events of the last few weeks have clearly shown the world that energy security is national security, and energy security is economic security. The reality is the world needs affordable, abundant, reliable energy from all sources, regardless of how we label them. The world will require hydrocarbons to form a material component of the energy supply

mix for decades to come. There are no examples of first-world nations that don't also have access to affordable, abundant, reliable energy. It is essential and irreplaceable for a high-quality standard of living.

In Canada, we are blessed with some of the highest quality, longest life resources in the world, including the Canadian oil sands. These resources not only supply Canada with affordable, reliable, abundant energy we use and take for granted every day in our modern lives, but they also fund our social benefit network, schools, hospitals, roads, pensions through the payment of taxes and royalties and the creation of high-paying jobs. The national dialogue on further development of the oil sands has been myopically focused on the climate agenda and climate policy, which have ignored a multitude of benefits that responsible oil sands development has brought to this country. Of the top 10 global producing oil nations, Canada is recognized as the most responsible producer across a broad range of metrics.

The result of this myopic dialogue, however, is that we have created a set of national policies and regulations that make resource development and investment in Canada uncompetitive with the rest of the world. Only one greenfield oil sands project has been approved and built since 2013. Capital has left Canada to find more competitive jurisdictions. Canada has ceded high-paying jobs, taxes, and royalties to countries like Russia, Iran, Iraq, and the U.S. Our uncompetitive national climate policies and regulations have not reduced global demand for oil by one barrel. It just means that the oil the world demands and the associated benefits are not coming from or to Canada. It does the country no service to negligibly reduce the impact of climate change over the next century if we materially erode our social benefit network over the next 15 years.

Yet we have an opportunity to course-correct. If we recognize that we are in a global competition for investment and we choose to compete, we have the opportunity to become the energy superpower that our prime minister has advocated for. Continuing to add incremental costs and protracted, expansive regulatory processes to the energy industry drives investment out of Canada. For example, the industrial carbon tax is unique to Canada. No other major oil-producing nation in the world has one. The result is this tax does not incent decarbonization of the Canadian industry but instead incents industry to invest outside of Canada. This is our time. We should be an energy superpower, and we need to take the right decisions to unlock investment and growth to the benefit of our economy and all Canadians. With that, I'll open it up to your questions.

## QUESTIONS AND ANSWERS

Operator^ Thank you. Our first question comes from Dennis Fong with CIBC World Markets. You may proceed.

Dennis Fong^ Hi, good morning. Thanks for taking my questions and congrats on a great quarter as well as the higher synergy capture.

Jon McKenzie^ Great. Thanks, Dennis. How are you?

Dennis Fong^ Not too bad. Just nothing's going on in the markets this morning.

My first question is related to a lot of the geotechnical work that you alluded to in your prepared remarks, especially on the Christina Lake North or MEG legacy assets. I was just curious, as you start to see some of the results of the redevelopment wells roll in, how does that maybe change the way you're either thinking about the development across the assets or even maybe looking at the facility expansion project or the optimization of that expansion project as you go forward?

Jon McKenzie^ Yes. As I mentioned, Dennis, I'll let Andrew fill in some of the blanks that I'm going to miss, but we really took the opportunity over this winter to really start to develop our own model for the Christina Lake North asset based on the geotechnical work that we had done. We drilled about 40 delineation drill or wells, shot 3D seismic and 4D seismic across the asset. It's really confirmed, I think, what we knew before in that this is a tier 1, expandable resource, you know, that's got a reserve life that's going to be measured in decades, not in years.

As we go forward and think about development to that, the first step for us is to go after some of these redevelopment wells because this is oil that really comes back to the plant and doesn't consume any steam. It really drives down the SOR and allows us to optimize the facilities as they are in place today. What you'll see from us through the rest of this year as we finish that program is oil production today is about 110,000 barrels a day, and that's going to grow through the rest of the year. You'll see month-over-month improvements as we bring on more and more development wells.

The other thing that I mentioned is we put in our base case additional steam capacity, a fifth and a sixth OTSG. The fifth is ahead of schedule. That's going to add additional steam capacity. We'll bring that on before the end of the year, and you'll see the results of that come through in 2027. Long story short is we're well ahead of what we put in our base case in terms of the FID case for MEG. It really, to your point, gets us thinking about what is the further expansion beyond the 150 that we've put into the public domain today.

Andrew, I don't know if you've got anything else you want to add to that.

Andrew Dahlin^ Yes, maybe just add a couple of things, Dennis. Good morning, Dennis.

Yes, obviously, just to add a couple of factoids on the redevelopment program. We target drilling 40 wells this year. Five are drilled, three are on stream. I think as Jon mentioned in his opening comments, those first three wells are delivering above expectation.

I think as we look broader and further out as a function of that delineation program we executed here in Q1, we've identified something like 250 redev opportunities. We've got a rich portfolio for years ahead of us there. Then on the facility optimization, just to add one more detail there. We actually got three waves of facility projects that are all on the go at the moment.

First one is indeed the fifth OTSG coming on later this year. Second one is a expansion of the water and oil treating facility. We call that the facility expansion project. What we're also looking at is an opportunity to connect the two facilities, CLN to the CL facility. That's really where the next big wave of synergies comes from. Yes, probably a great opportunity at the investor day

here in Q1 2027 to provide you a good update on that. I'd say with some confidence, we're going to deliver this year's synergy target of CAD \$150 million. In fact, we're going to exceed that, and I'm equally very confident that we're going to deliver and exceed the CAD \$400 million per year synergy target for 2028.

Jon McKenzie^ Yes. Dennis, this has just been a great acquisition for us. For us to be able to get such a huge tier one resource that sits right next to what we do and is right in the wheelhouse of what we do and is going to provide decades of returns to investors. It's just been a terrific acquisition, and we're really happy with what we got in that acquisition.

Dennis Fong^ Definitely. Really appreciate that colour from both of you, in terms of the opportunity set going forward.

For my second question and staying in the Upstream, I wanted to focus in on Sunrise. Again, from your prepared comments, it sounds like you're getting close to that 70-ish or 70,000-plus barrel a day level at that asset, and you don't even have all of these kind of new well pads online. Can you talk towards where maybe the next phase of maybe bottleneck situations happen to be at the Sunrise asset? Is it more facility-driven? How do we think about, we'll call it exceeding the opportunities that you've highlighted in the 2028 timeframe?

What does that kind of involve or look like on a go-forward basis?

Jon McKenzie^ Dennis, one of the things is that we haven't been sitting on our hands at Sunrise, and you haven't necessarily seen the production growth until this quarter. We've always taken the opportunity to debottleneck the plant in preparation for where we're going with this. We've done a lot of work on the steam systems, a lot of work on the cooling systems, a lot of work on water handling, as well as cooling in that plant. And one of the things that may be somewhat invisible to you, in the last quarter, we took the opportunity to take one of the two trains down to do some overhead steam work, and we ran one train at 51,000-55,000 barrels a day.

There's lots of capacity inside this plant to continue to ramp up production as we go forward. I think you're kind of quite right to note that with even just the first few wells from the first of the well pads coming on, we're kind of 68,000 barrels a day. We think there's lots of opportunity before we hit the next constraint inside this plant. It's something that we're going to take a hard look at going forward, is how do we go beyond 75,000 barrels a day at Sunrise? Because it's an immense resource. A lot of good work has already happened in terms of debottlenecking those facilities in preparation for going higher.

Dennis Fong^ Thanks, Jon. I appreciate the colour. I'll turn it back.

Jon McKenzie^ Great. Thanks, Dennis.

Operator^ Thank you. Next question is from Menno Hulshof with TD Cowen. Please go ahead.

Menno Hulshof^ Thanks, and good morning, everyone.

I'll start with a question on market capture, if that's okay. You mentioned, I believe you mentioned potential normalization of the 114% that you achieved in Q1 in the coming months and in quarters. And I know there's a lot of moving parts here, but what do you think market capture normalizes to? More specifically, can we expect a higher floor on that measure going forward relative to what you were talking about in late 2025?

Jon McKenzie^ Well, I think we continue to push you towards 70%, Menno, but I'll let Eric speak to this in a little bit more detail.

Eric Zimpfer^ Thanks, Jon. Hi, Menno. It's a great question.

I would say certainly a very good quarter and I'm very proud of what the team delivered. I would say it's certainly built on the back of strong operations and strong commercial optimization, and we expect that to continue. Absolutely no change in that performance.

I think when I look at the market environment in the first quarter there were a number of things that I think very much favoured or supported our configuration. You look at the heavy diff widening, that plays certainly into our portfolio and how we're built to process heavy crude.

I think the strength of diesel as well as jet reinforced our configuration and gave us an opportunity for a higher market capture. I would also point to the relative pricing of secondary products relative to gasoline. With those secondary products pricing strongly relative to gasoline, it gives us a higher market capture potential. You put all those things together in the first quarter, and you come up with a pretty strong number that we're proud of. As I look forward into the second quarter, and as Jon talked about it normalizing to 70%, there's a couple factors I'd maybe call your attention to.

One on the feedstock side, I would say when you look at some of the pricing around domestic light sweet crudes relative to WTI, so crudes that we do run, that is becoming increasingly expensive and a widening relative to that WTI marker. That impacts the market capture available to us to the negative. I would also point to, as I mentioned, benefiting us in the first quarter, as the gasoline crack strengthens and it widens against that secondary product pricing, that also impacts the market capture available to us.

While our performance we expect to stay the same, expect to have really good reliability, really good operations, and really good commercial optimization, you know, the market environment as it evolves in the second and third quarter, and it's frankly seasonal. You see it every year. These factors show us that our market capture potential will be lower as we get into, you know, 2Q and 3Q. Again, that's back into that kind of 70% range that we've talked about previously.

Menno Hulshof^ Thank you. That was very helpful.

Maybe the follow-up question is on, because it's getting a lot of air time, Christina Lake North and the Christina Lake North development program. You mentioned, I believe, another 250 locations. My question: is 40 wells per year a reasonable cadence, or would you consider

accelerating that a little bit in 2027 and 2028? I'm just asking that because I'm assuming that would be close to the top of your opportunity set in terms of full cycle returns.

Jon McKenzie^ I'm going to let Andrew answer this more fully. You're absolutely right that the opportunity set continues to grow, the 250 locations that we had are not all equal. You also have to remember too, Menno, we've got two well pads that we're starting up this year as well. And so, the pacing and staging of your redevelopment really is limited by the internal constraints that you have inside your plant and your oil and water handling systems. But as we go forward, what you should expect from us at Christina Lake North, as we talked about, is steadily increasing production, steadily decreasing SOR. And with the additional steam, you're going to see a material movement in the production. But the pacing and staging of redevelopments and redrills, to your point, is not yet optimized. And that's something that we'll lay out when we get into Investor Day in January.

Andrew Dahlin^ Yes, I don't have a lot to add actually, Jon. Andrew speaking. It's really an optimization of a fully integrated system between the subsurface and the facilities. Obviously, we're going to - we lean towards the redevs because they come on with such instantaneous oil and such low SORs.

Menno Hulshof^ Thanks, Andrew. I'll turn it back.

Jon McKenzie^ Great. Thanks, Menno.

Operator^ Thank you. Next question is from Alexa Petrick from Goldman Sachs. Please go ahead.

Alexa Petrick^ Good morning, team, and thank you for taking our questions.

Our first one is just around capital allocation priorities. I mean, as we think about the elevated commodity price environment and incremental cash flow generation, any updated thoughts on how you're balancing debt pay down and capital returns?

Kam Sandhar^ Morning, Alexa, it's Kam. I think at the highest level, I would say not a lot has changed. Our framework, I would say we've kind of had intact now for the last few years. I think first, what I would start with is we've set our capital program this year. We've got our plan with our growth projects continuing to progress. We've got embedded growth in our business going into the fourth quarter of this year into next year. That CAD \$5 billion-CAD \$5.3 billion of capital spending, you shouldn't expect any change there. Well, even though we are seeing higher prices than what we budgeted for at the beginning of the year, I think our plan, as it relates to organic capital is unchanged.

I think beyond that, obviously you saw we also increased our dividend. Again, that's kind of normal course, I would say, too., That dividend needs to be sustained and fully funded in a lower price world. That's really anchored to the growth that you're seeing in the portfolio, not just this year, but even as we think about where we're going to be in 2027 and 2028. Beyond that, really, it comes down to what is our kind of driver between deleveraging and share repurchases.

I think, what we've outlined before, is that we've got a guideline in place where, as the debt moves from what is around CAD \$8 billion down to CAD \$6 billion, we're going to kind of be 50-50, then we will move to a higher proportion of buybacks as we get the debt down further. One of the things I would say is, clearly this price environment we're in today, it is not what we expected when we started the year. I think we are really viewing it as something that is more short term in nature. With that in mind, I think we are probably taking a bit of an opportunity to have a bit of a bias towards more debt reduction versus buybacks.

Not to say that we don't see a return on the buyback. I think we continue to see a return, and you'll see us stay in the market. When you think about proportions of our free cash flow, I think nobody should be surprised to see us have a little bit higher proportion to deleveraging in the short term.

Alexa Petrick,^ Okay. That's very helpful. Our follow-up is really just around West White Rose. I mean, any colour there around what the gating items are for first oil and timing around the cash flow inflection?

Jon McKenzie^ Sure. Andrew, why don't you take that one, and maybe just kind of draw a path between where we are today and first oil.

Andrew Dahlin^ Yes. Sure. Absolutely. West White Rose, as Jon talked in his opening comments, the project's completed. We've got the operating authority from the regulator and drilling has commenced. The first well comes in three phases. Phase 1 is obviously drilling the well, which is a roughly 6,000 meter long well. It's a horizontal well. Then we go into the completion phase and the tie-in phase. Drilling, completion, and tie-in, that's what we're saying we should have completed by late Q3 of this year and then we get the first production on-stream.

Having done that, we immediately go to the second well, and then we just continue through a repeat of that program through for roughly 30 to 35 wells, which will take us through the next four years. We'll see first production here late Q3 this year, and then a steady ramp-up of production from West White Rose from, well, current zero up to a plateau of 85,000 barrels a day by late 2028. Noting that's the gross volume.

Jon McKenzie^ Yes. It's a pretty exciting day for us. This has been a long time coming. Going through the commissioning process, and the work that was done on SIT really confirmed that the construction was first rate, high quality. We really got this to a point now where we're in operations. The project's now behind us. Really happy with how it's functioning technically. Everything is kind of all systems go as we drill the first of seven wells in the first well package. Very exciting day for us.

Andrew Dahlin^ Actually, Jon, can I just add one thing? I think it's an exciting day for many people, for us as an organization, for our partners, but also for the province of Newfoundland. This is a world-class project that's come on stream that's going to benefit the companies but also Newfoundland for decades to come.

Jon McKenzie^ Pretty cool.

Alexa Petrick^ Thank you. I'll turn it over.

Jon McKenzie^ Thank you.

Operator^ Thank you. Our next question is from Greg Pardy from RBC Capital Markets. Please go ahead.

Greg Pardy^ Yes, thanks. Good morning, and thanks for the detail rundown.

Jon, I couldn't help but think a little bit about your comments on the regulatory framework and carbon taxes and so forth. I'm trying to get at the root of that a little bit in terms of, has there been any change perhaps in your thinking maybe over the last year or so, as it relates to regulatory reform, decarbonization, export market diversification, and so forth? Like, how are you and perhaps, well, you can only speak for yourself, I realize. How are you thinking about that differently now than you might have a year ago? Has anything changed that way?

Jon McKenzie^ No, Greg, I think we've been entirely consistent through time. What we have to do, and I think this was part of where the MOU was going, is we have to have a view where pathways, production, and pipelines all come together. And the reality is that without comprehensive policy reform that allows for significant investment in this space and the production piece is lacking. And so, we need a set of policies that are consistent with investment. We need a set of policies that recognize that we, as Canadians, compete for capital, and we have to compete in a different way. We have not grown oil sands on a greenfield basis for over 10 years.

If we are going to fill a 1 million barrel a day pipeline to the West Coast, it's got to come with growth, and that growth has to come from capital, and that capital has to be competitively advantaged vis-a-vis, where else it can go.

Greg Pardy^ Okay. Okay. All right. Thanks for that. I think that's clear.

Jon, in the past, even back at the refinery tour in Ohio back in the fall, I mean, part of the strategic role that your U.S. Downstream plays is just the potential for congestion in Western Canada. Now, there have been -- there's debottlenecking underway, there's various initiatives on the mainline and so on, but what's the in-house view at Cenovus in terms of what maybe the egress picture is looking like out of Western Canada? Is the concern around congestion maybe as much as it was before?

Jon McKenzie^ I'm going to let Geoff answer the back part of your question, but you're absolutely right. Our refineries provide us with the most economic egress out of this province versus any other opportunities we have. What is kind of interesting right now is we have a number of opportunities to a number of different locations by a number of different midstreamers that potentially could offer additional egress to producers going forward. Geoff, maybe you can

talk a little bit about how you're seeing the environment for egress and midstream participation in ex-Alberta egress.

Geoff Murray^ For sure, Jon. Greg, I think Jon hit the high level on it really well, which is through some pretty hard work over the past couple years, by Cenovus and by industry and a number of midstream partners, we are seeing a nice steady flow of creative egress alternatives come to market. I would say, we've seen what's come to pass already, so I'll only speak of things that are being worked on or looking to the future. You can quickly name at least three different projects, bringing north of 1 million barrels a day of egress to diverse locations, all potentially in service by the end of this decade.

That's a big change from 2024, right when Trans Mountain came on, and there was maybe a large feeling that this might be the last. I think industry has proven creative and responsive to need. As we said, last quarter, don't be surprised to see Cenovus continue to support these initiatives.

Greg Pardy^ Okay. Terrific. Thanks very much on both fronts.

Jon McKenzie^ Great. Thanks, Greg.

Operator^ Thank you. Next question is from Travis Wood from National Bank Financial. Please go ahead.

Travis Wood ^ Yes. Thanks. Good morning, everybody.

Question is, is kind of back to what Menno was talking about in terms of market capture. Rather than the market capture, would you guys be able to share some thoughts around how you're able to capture some of the physical flow disconnects in global pricing, whether that's shifting how you're moving the crude itself or maybe shifting and optimizing the refined product sales into other markets? On that refined product side, I'm kind of thinking more jet fuel or diesel opportunities that you see kind of as an ad hoc basis through the marketing and trading team as well.

Jon McKenzie^ Yes. Travis, we're kind of doing this in two places. I mean, one of the places that we have opportunity is on the crude side, and particularly on the East Coast of Canada, where we're seeing the physical and financial markets disconnect. I'll let Geoff talk a little bit about that, and then Eric can kind of fill you in on how we're thinking about the product market and our ability to capture premiums there.

Geoff Murray^ Great. Travis Wood, just in terms of crude side, we all watch and have seen benchmarks do what they do and move around. When you get into the physical market, there's a lot of things that are less seen. I would say off the East Coast, we've managed to find some attractive pricing, both Dated Brent versus Brent. When you get into the more physical nature of things, Dated Brent sets that price and you can look for lots of headlines on it, but those prices have been anywhere from CAD \$20 to CAD \$40-plus greater than Brent. So pretty significant.

In addition, as you look to grade and location differentials, across all of light crude, we've seen opportunity to sell at increased differentials of things that would normally be CAD \$1 premium, moving to CAD \$6, CAD \$7, and CAD \$8 premium. We continue to extract that. And then we have a number of assets on the pipeline side that allow us to move crude around. There's opportunities to move between grades to gather incremental value. It really has shown up really significantly in the physical market, which is less observable than the benchmark. We just continue to optimize in that range. I think Eric will go on the refined product side.

Eric Zimpfer^ Yes. Yes, thanks, Geoff. Maybe just a little more on the feedstock side, building on Geoff's points. I think you've been able to see some really good optimization as we look at standing up the network. Whether that's understanding how do we really find the optimization opportunities from the upgrader, how do we actually, you know, optimize across our entire network with Superior and Toledo and down into Lima. A number of opportunities we see and have been able to capture. I think I would also point to being able to optimize and bust through some constraints inside the refinery to maximize our heavy crude and actually maximize the high TAN portion of the heavy crude, which becomes quite advantaged for us.

A lot of good work, even on the feedstock side, optimizing within the network. I think, turning to the product side, continuing to find ways, again, as a network to really optimize across the portfolio. I would point to, as I've spoken before around the marine facility at Toledo and using that to find new means of egress. Continuing to work to figure out how do we monetize our octane length and find different outlets for octane products as opposed to just finished products, I think has been a huge opportunity. You know, really optimizing within our jet and diesel make and making sure the right molecules are going to the right places to get the most advantaged products into the market.

Our jet make is something that I think was, you know, really strong as we looked at how do we optimize the kit in the first quarter. As I spoke to some of the market capture, you know, performance that spoke to seeing the opportunity in the market and then within the physical refinery being able to do that. I think a lot of different moving pieces that all add up to, you know, strong performance in the quarter.

Travis Wood^ Okay. No, that makes sense. I know, Jon, you've kind of been continuing to talk about 70% market capture, but if the team continues to optimize both organic feedstock for the refiners, optimize global sales from the Upstream side and then capture much more robust product pricing Downstream, is there a scenario where you think you could continue to outperform that 70% given the initiatives the team seems to be working on?

Jon McKenzie^ There's always a scenario where you capture more than 70 and there's always a scenario where you capture less. To the point you're making, Travis, we recognize that this is somewhat of a clumsy marker in terms of trying to gauge performance. What we've committed to do is come to you at our Investor Day in January and provide a lot more fidelity into how this works. I don't want to front run that, I don't want to get out over my skis in terms of promising something, you know, well above 70%.

Suffice it to say, we're really pleased, we're really happy and really proud of the work that Eric and the Downstream have done to achieve the market capture rates that we've got, and we look forward for more to come. We're obviously not finished, we owe you a better explanation going forward as to how you can gauge and forecast our refining business, and that's to come.

Travis Wood ^ Okay. Well, we'll wait for January and keep asking you on the quarterly calls. Appreciate the colour.

Jon McKenzie ^ I'd be disappointed if you didn't, Travis. Thank you, though.

Operator ^ Thank you. Next question is from Manav Gupta from UBS. Please go ahead.

Manav Gupta ^ Hi, a quick question. Your weighted average crack spread for the first quarter net of RINs was almost down CAD \$5 versus the last quarter. I know it's been only probably half a quarter, can you give us some idea where this number is trending quarter to date? I would assume it's materially higher, but if you could give us some idea where that number is trending quarter to date for you guys.

Eric Zimpfer ^ Yes, Manav, this is Eric. I don't have the specific number, but can certainly speak to a few things. As we saw in the first quarter, January and February were pretty lean. That's expected. That is pretty typical in PADD II particularly, where you just have some really tough margin environments. We saw the strength start to return in March and operated into that environment where there's a supply disruption and working to place our products into that market. We've continued to see that strength into the second quarter here. There's a couple of things I think about.

Obviously we've got quite a bit going on in the world, but I think we look at the supply-demand balance really being pretty tight. I think you've seen a number of folks move inventory into the markets. Inventory sitting at relatively low positions. There's been seasonal maintenance going on, as well as some unplanned maintenance throughout the PADD II. And so, that makes a tight supply-demand balance even tighter, and that really starts to strengthen the cracks. We've seen some really strong cracks and we continue to put our good operations to work to make sure we're, you know, putting our products into that market.

But that supply-demand balance that we see, I think, continues to show some strong cracks here in the second quarter.

Manav Gupta ^ My quick follow-up here is international crude prices are high, international gas prices are super high. Can you talk a little bit about how your international gas assets could be getting some tailwind? And maybe for couple quarters from what's going on, if you could talk about your international gas assets exposure over there.

Jon McKenzie ^ Yes. Remember, Manav, that our international gas assets are really on a fixed price basis. Those are low volatility cash flows that we get out of Asia, China and Indonesia. They don't necessarily see the exposure to the international gas price, but what tends to happen when LNG prices go up is the demand for our gas goes up as well. It's the first gas into

Guangdong when LNG prices elevate the way that they have. Where we do see some benefit is on the associated liquids. Those trade at a Brent plus basis. We do capture additional margin on that.

One thing I say about our Asian gas business. We love that business because of its low volatility and certainty. Everybody kind of loves it when the international prices of gas are low. Then they always wonder why we're not getting a bigger margin when international gas prices are high. It's been a fantastic business for us. We don't necessarily participate in LNG prices as they go up and down.

Operator^ Thank you so much. (Operator Instructions)

Next question is from Patrick O'Rourke from ATB Cormark Capital Markets. Please go ahead.

Patrick O'Rourke^ Hey, good morning, guys, and thanks for taking my question. Congratulations on another strong operational performance here, especially in the Upstream. Hopefully this isn't redundant because you've covered a lot of ground so far. Just taking a look at the Downstream here and heavy throughput in the U.S. segment was up in the quarter. Still, you know, if you were to look at nameplate, a little bit of potential upside to that. Was the driver of that, as you spoke to network optimization, or was this being driven by the heavy crude differential there? What sort of impact does this have on your market capture going forward?

Jon McKenzie^ I'm going to let Eric answer this question, but there's a couple things that, you know, are bubbling below, beneath the surface. Eric mentioned, the cracks were relatively low in January and February, and we obviously optimize our throughput based on commercial considerations. And then on the asphalt side, asphalt prices haven't necessarily kept pace with feedstock, and so we've adjusted there. When you kind of look at that utilization rate, you've also got to think through all the commercial considerations that go in and around that. It's not entirely a mechanical reliability story. Eric, maybe you can provide some colour.

Eric Zimpfer^ I think you hit it really well. Look, we're built and configured to run heavy crude, and that's what we do. I think as Jon alluded to, though, when we looked at the market environment and then certainly as the market started to strengthen, the asphalt prices did not follow the crude prices. There were some choices we needed to make around how do we position the kit economically in that environment. I think in terms of overall reliability, really strong quarter.

You know, looking at market factors and understanding, again, some of that secondary pricing I talked to earlier, how is that pricing relative to the price of crude, and how does that show how you optimize your network? That said, I will highlight a number of things we've been able to do to unlock heavy crude capacity. A lot of that comes down to reliability of our coking units. A lot of really good work to get after the reliability there, get cycle times down, get throughput up, and that really does enable the ability to process more heavy crude, essentially for the same total throughput, which is a big advantage for us.

Again, optimizing within constraints in the refinery and just having a mindset to, how do we continue to safely and reliably push our constraints to unlock incremental value. I think, you know, really seeing some of the talent of the team come through and the ability to unlock those constraints and continue to push the business forward, I think is pretty exciting.

Patrick O'Rourke^ Okay. Great. This may be a bit more of a broader philosophical question, but I really appreciate the advocacy for the industry there to start the call. I'm wondering, you've gone through a substantial growth phase here. Growth is in a sense tailing off a little bit. What would the sort of specific market conditions and regulatory parameters be that, you know, enormous opportunities set within the portfolio where we would see Cenovus start to think about upticking the growth profile again here where it makes sense?

Jon McKenzie^ Yes. Thanks for the question, Patrick. You're quite right. We have seen some modest growth in the industry, and you've seen some growth of Cenovus over the past number of years. The way I would describe that growth is a lot of it comes from acquisition and mergers, and a lot of it comes from brownfield and debottlenecking projects. I think the issue that we have to wrestle with is if we do want material growth, and the province has suggested that it's looking to actually double production, we have to have a competitive market that allows for greenfield development. Greenfield development comes at a higher cost and a higher break even than the growth that you've seen to date.

Things like what we've done at Narrows Lake or what we've done at Foster Creek, I would just describe those as optimizations versus fundamental greenfield growth. Without providing for a competitive set of policies that attract capital into this basin and allow us to meet those hurdle rates, I think we're at a point where we have to be pretty thoughtful about a set of policy environments that really do allow us to grow and fill a pipeline that's desirous of moving another 1 million barrels a day to the West Coast.

Patrick O'Rourke^ Okay. Thank you.

Jon McKenzie^ Thanks, Patrick.

Operator^ There are no further questions registered at this time. I would now like to turn the meeting over to Mr. Jon McKenzie.

Jon McKenzie^ Great, thank you, operator. Obviously, this concludes our conference call, I'd like to thank everybody for joining. We certainly appreciate your interest in the company and wish you all a great day. Thank you.

Operator^ This concludes today's program. You may all disconnect. Thank you for participating in today's conference and have a great day.