

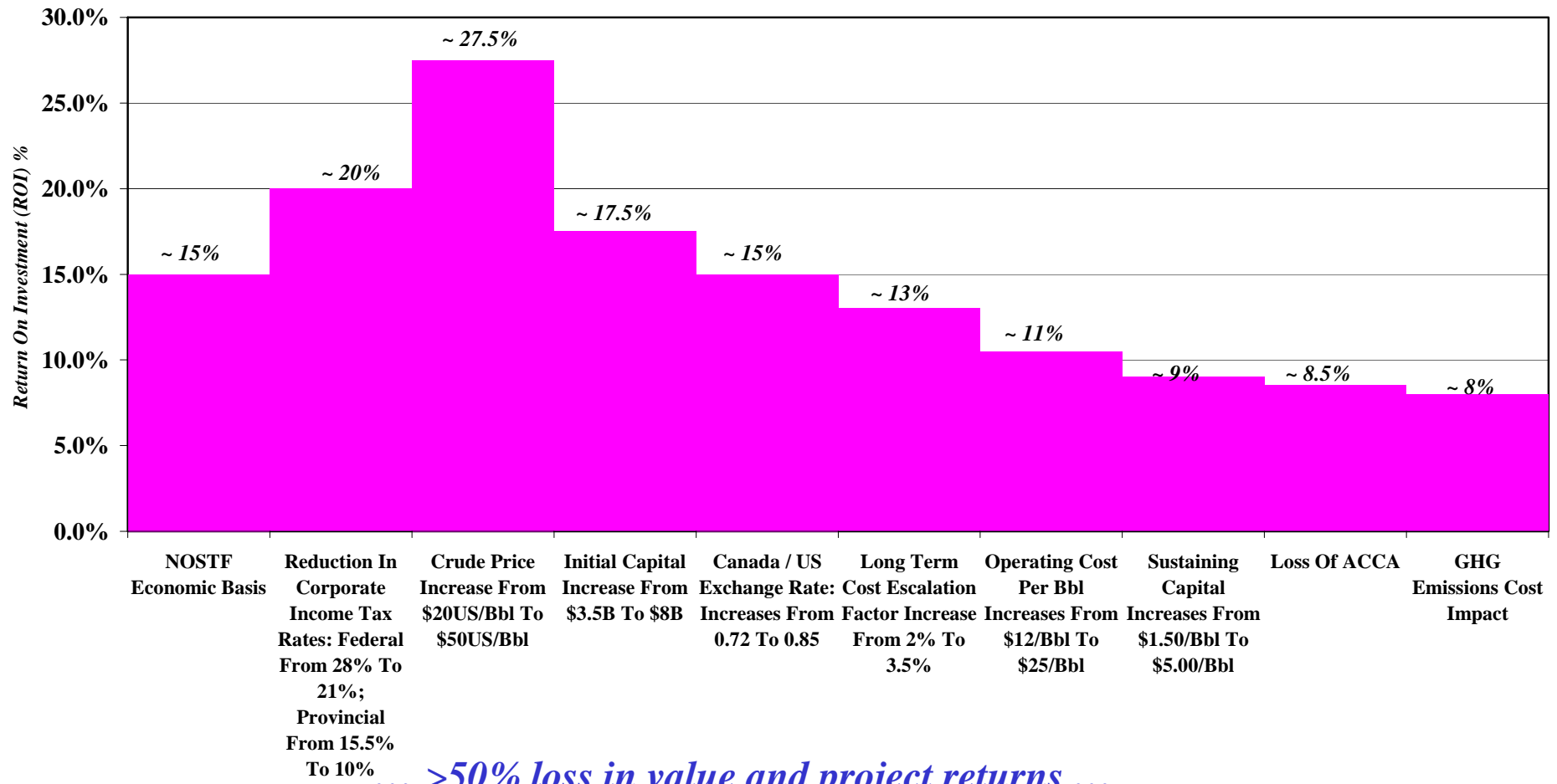


Submission To The Royalty Review Panel

June 5th, 2007

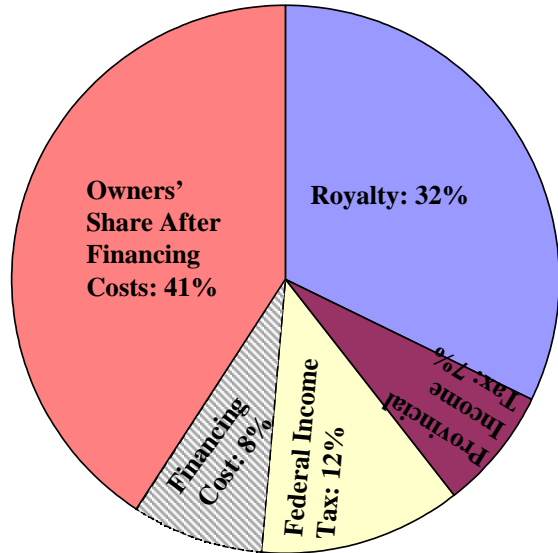
New project economics are not attractive although crude price has increased significantly...

Generic Expansion Oilsands Project Return Analysis

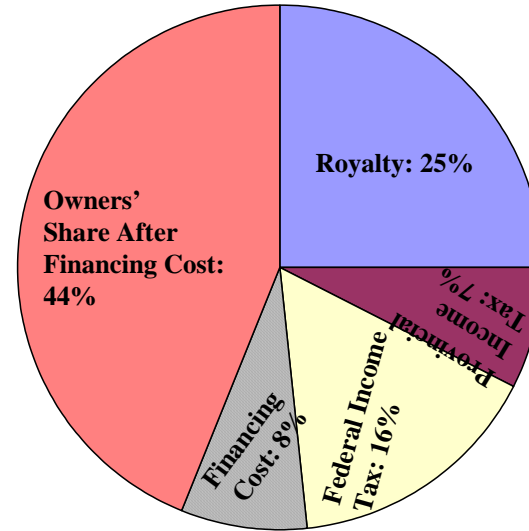


... >50% loss in value and project returns ...

Syncrude's Share Of Return 1979 -2006

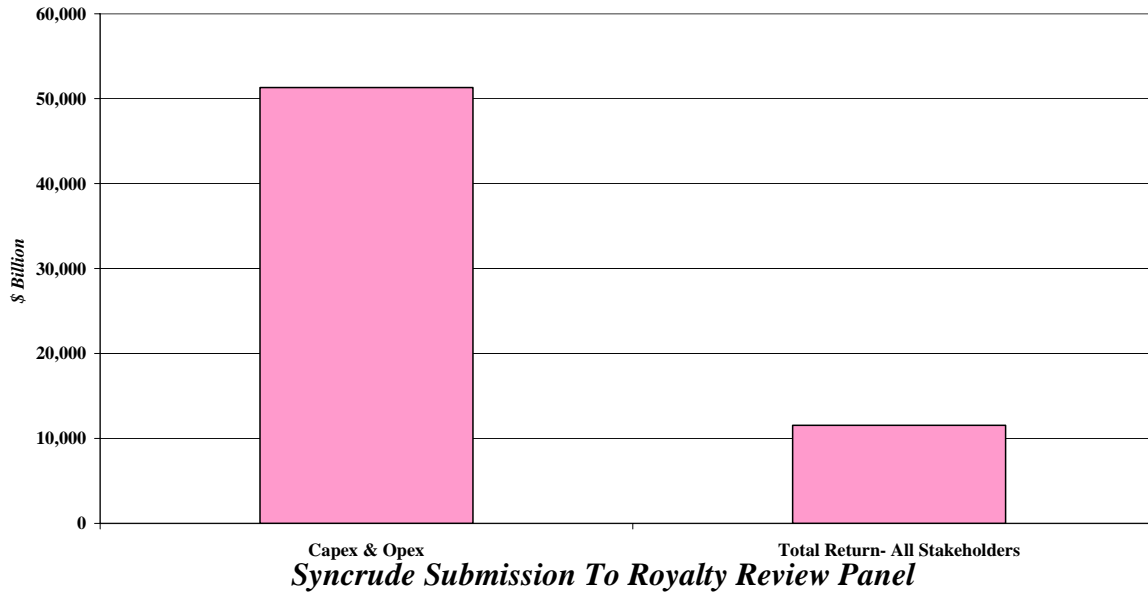


*Syncrude's Share Of Return- Go Forward Basis**



* Assumes SSP Royalty Basis

*Breakdown Of Revenues Between Costs And Stakeholder Return
1979 - 2006*



Project assumptions ...

	<u>NOSTF Basis</u>	<u>2007 Basis</u>
Production increment	35M Bbls	35M Bbls
Initial capital costs (as spent \$)	\$3.5B	\$8B
WTI assumption (07\$)	\$20/Bbl US	\$50/Bbl US
Can/US\$ exchange rate	0.72	0.85
Long term cost escalation	2%/annum	3.5%/annum
Sustaining capital (07\$)	\$1.50/Bbl	\$3/Bbl
Operating costs including natural gas (07\$)	\$12/Bbl	\$25/Bbl
Accelerated capital cost allowance	Available	Lost
Royalty terms	Generic	Generic
Modelling basis	SCL Economic Model	SCL Economic Model