Alberta Petroleum Marketing Commission

2025 ANNUAL REPORT

Dated: May 22, 2025

Alberta Petroleum Marketing Commission

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Alberta Petroleum Marketing Commission

Report from the CEO

As we reflect on our fiscal year ended March 31, 2025, the Alberta Petroleum Marketing Commission ("APMC") has continued to deliver value for Albertans despite navigating an increasingly complex energy landscape. Our commitment to maximizing the value of Alberta's petroleum resources remains steadfast, and this year's results underscore the strength of our commercial focus, operational execution, and long-term vision.

This is an especially important time for the APMC; following a strong year, the team is now able to focus on future prospects. Expanding our presence and portfolio will enhance our capacity to serve Albertans by actively managing crown volumes and strategically supporting key policy initiatives.

In this last fiscal year, APMC generated $2.5 billion in gross revenues for the province through the marketing of approximately 74 thousand barrels per day of conventional crude oil royalty-in-kind volumes. Our marketing team achieved a net realized price that exceeded market comparative pricing, ensuring that Albertans received maximum value from our resource base.

The Sturgeon Refinery continued to meaningfully contribute to our portfolio, generating EBITDA of $23.3 million despite global economic pressures, short maintenance-related shutdowns, and softened refining margins, reflecting strong operational performance. Our commitment to responsible operations and emissions reduction is demonstrated by the 1.2 million tonnes of CO_2 captured by the refinery in fiscal 2024-2025. We continue to make progress in Alberta's low-carbon transition, with the refinery's total CO_2 capture since 2020 reaching 5.4 million tonnes. Meanwhile, we advanced the wind-down of the Keystone XL Expansion Project. Since June 2021, we have received $119.3 million in cumulative asset liquidation proceeds.

Looking ahead, our priority is to ensure Alberta's resources are positioned to generate sustained value, even as global energy dynamics continue to evolve. As the Government of Alberta seeks ways to take a more active role in the management of its resources, we know our role will continue to grow and change.

Thanks to our strong performance marketing the Crown's conventional crude, the Government of Alberta has endorsed expanding APMC's role in the marketing of Crown in-kind volumes. As a first step on that front, Cabinet recently approved regulations allowing the APMC to effectively access and market the Crown's share of bitumen production. This, like other activities we undertake, will be leveraged in a mindful, deliberate manner to the benefit of Albertans.

Through a disciplined and strategic approach, we remain focused on fiscal responsibility, operational efficiency, and identifying opportunities that serve the long-term interests of the province. This is an exciting time, and the APMC is strongly positioned to deliver exceptional value for the people of Alberta.

Adrian Begley
Chief Executive Officer
May 22, 2025

MANAGEMENT DISCUSSION AND ANALYSIS

For the year ended March 31, 2025

This Management Discussion and Analysis ("MD&A") reviews the financial condition and results of operations of the Alberta Petroleum Marketing Commission ("APMC" or the "Commission") for the years ended March 31, 2025 and 2024. This MD&A was prepared as of May 22, 2025 and should be read in conjunction with the audited consolidated financial statements as at and for the years ended March 31, 2025 and 2024 and including the notes thereto.

All financial information disclosed for the years ended March 31, 2025 and 2024 present information prepared in accordance with International Accounting Standards Board ("IASB") and related interpretations as issued by the IFRS Interpretations Committee ("IFRIC") and are presented in Canadian dollars.

The APMC is a corporation created under the *Petroleum Marketing Act (Alberta)* to act as agent for the Government of Alberta ("GOA" or "Crown") in accepting delivery and dealing with the Crown's royalty share of hydrocarbons; and engaging in other hydrocarbon-related activities in a manner that is in the public interest of Albertans. Under this mandate, the APMC performs commercial activities to receive and market crude oil royalty volumes on behalf of the Crown, and to transact or invest in energy projects which seek to expand access to global energy markets or otherwise maximize the long-term sustainable value of the Crown's resources. The Commission is wholly owned by the Crown. The Commission is overseen by a majority-independent Board of Directors and operates at arm's length from the GOA; however, it is accountable to and may receive policy and other direction from the Alberta Minister of Energy and Minerals ("EM"). The consolidated financial statements disclose the transactions the APMC incurs while marketing crude oil on behalf of the Crown, and the APMC's investment in the North West Redwater Partnership ("NWRP" or the "Partnership"), the Sturgeon Refinery ("Refinery"), and the Keystone XL Expansion Pipeline ("KXL Expansion Project").

The APMC operates a business development group to identify and analyze business proposals that provide strategic value to Alberta and are financially feasible. As an Alberta Crown agent, the APMC is not subject to Canadian federal or provincial corporate income taxes.

FORWARD-LOOKING INFORMATION

Certain statements relating to APMC in this document constitute forward-looking information. Forward-looking information typically contains statements with words such as "anticipate", "believe", "expect", "target", "intends", "strategy", "may", "will", "plans" or similar words suggesting future outcomes. By their nature, such statements are subject to various risks and uncertainties that could cause the APMC's actual results and experience to differ materially from the anticipated results. Disclosure related to expected future commodity pricing, forecast of anticipated royalty volumes, capital expenditures, and other targets provided in this MD&A constitute forward-looking statements. Disclosure of plans related to and expected results from the refinery; the expectation of fair value and final costs to the GOA for the investment in the KXL Expansion Project; assumptions used to estimate the Refinery Processing Agreement provision; construction by third parties of new, or expansion of existing pipeline capacity or other means of transportation that the APMC may be reliant on, also constitute forward-looking statements. These forward-looking statements are based on current expectations, estimates and projections about APMC and the industry in which APMC operates, and are subject to known and unknown risks and uncertainties that could cause the actual results, performance or achievements of APMC to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such risk and uncertainties include commodity pricing, fluctuation in currencies and interest rates, general economic and business conditions (including global pandemics or natural disasters), the actions of the Organization of the Petroleum Exporting Countries Plus ("OPEC+") and inflation which may impact, among other things, demand and supply for and market prices of royalty volumes, or refined products, and the availability and cost of resources required by the Commission's operations; volatility of and assumptions regarding crude oil and other product prices, including due to actions of OPEC+, or import or export taxes or tariffs; changes and uncertainty in the international trade environment, export restrictions, embargoes and key trade agreements (including the tariffs on certain goods announced by the USA government and Canadian countermeasures subsequently announced, both of which are anticipated to evolve), uncertainty in the regulatory framework governing greenhouse gas emissions; impact of competition; ability to secure adequate transportation for its products; access to appropriate bitumen feedstock volumes; unexpected disruptions or delays in upgrading bitumen products; the flexibility of APMC's capital structure; and other circumstances affecting revenues and expenses. APMC's operations have also been, and in the future may be, affected by provincial political developments, and by national, federal, provincial and local laws and regulations, such as environmental protection regulations. Should one or more of these risks or uncertainties materialize, or should any of APMC's assumptions prove incorrect, actual results may vary in material respects from those projected in the forward-looking statements. Readers should also carefully consider the risks discussed in the section titled "Risk Management" contained within this MD&A. The impact of any one factor on a particular forward-looking statement is not determinable with certainty, as such factors are dependent upon other factors. The APMC's course of action would depend upon its assessment of the future, considering all information then available.

Readers are cautioned that the foregoing list of factors is not exhaustive. Unpredictable or unknown factors not discussed in this MD&A could also have adverse effects on forward-looking statements. Although APMC believes that the expectations conveyed by the forward-looking statements are reasonable based on information available to it on the date such forward-looking statements are made, no assurances can be given as to future results, levels of activity and achievements. All subsequent forward-looking statements, whether written or oral, attributable to APMC or persons acting on its behalf, are expressly qualified in their entirety by these cautionary statements. APMC assumes no obligation to update forward-looking statements in this MD&A, whether as a result of new information, future events or other factors, or the foregoing factors affecting this information, should circumstances or APMC's estimates or opinions change.

FINANCIAL HIGHLIGHTS

RESULTS OF OPERATIONS	Years ended March 31,			
($000s), unless otherwise noted	**2025**	2024	**Change**	**Change %**
Financial Highlights				
Net loss and comprehensive loss	**(615,998)**	(1,637,273)	1,021,275	62 %
Net (loss) income by business segment:				
Conventional Crude Oil Marketing ("CORIK")	**—**	—	—	— %
Sturgeon Refinery	**(588,982)**	(1,561,972)	972,990	62 %
NWRP[1]	**29,472**	(18,156)	47,628	262 %
KXL Expansion Project	**(56,488)**	(57,145)	657	1 %

1. APMC accounts for its investment in NWRP as a joint venture under IFRS.

The APMC manages its daily operations based upon commercial activity as segmented between crude oil products refined and sold, marketing services and ownership structure. The APMC's mandate supports diverse operations in support of Alberta's crude oil and natural gas industry. To facilitate a transparent understanding of the operations, the APMC provides reporting by business segments. Accordingly, the APMC's business segments consist of conventional crude oil marketing, the Sturgeon Refinery, the Investment in the NWRP and the KXL Expansion Project.

BUSINESS SEGMENT HIGHLIGHTS

As agent marketing the Crown's crude oil royalty in kind barrels, the APMC marketed 73,670 barrels per day ("bbls/d") of crude oil royalty volumes in the 2025 fiscal year, generating $2.5 billion, in conventional crude oil royalties in-kind revenues for the Crown. After the deduction of costs for selling oil, the net revenue delivered to the Crown was $2.1 billion for the 2025 fiscal year. Conventional crude oil royalties in-kind revenue increased 2 percent and net revenue increased 1 percent for the 2025 fiscal year, over the prior year due to higher producer volumes. The fees earned for marketing the Crown's crude oil royalty volumes by APMC were $18.1 million for the 2025 fiscal year, offset by expenses primarily relating to general and administration, resulting in segmented net income of nil.

The business highlights for the Sturgeon Refinery segment represent APMC's 75 percent interest as Tollpayer in the Sturgeon Refinery. Production remained strong despite several unit outages and maintenance-related shutdowns in the year. EBITDA reflects the significant impact of weaker gross margin product spreads, together with a minor decline in volumes, resulting in an EBITDA decrease of $250.1 million, to $23.3 million for the year ended March 31, 2025. The Refinery's net loss improved by $973.0 million to $589.0 million for the current year, primarily as a result of a positive revision to the onerous contract provision.

NWRP generated segment net income of $29.5 million for the year ended March 31, 2025. The income for the year ended March 31, 2025 was primarily derived from the recognition of carbon credits associated with Clean Fuel Regulations ("CFR") which came into effect on July 1, 2023. The loss for the year ended March 31, 2024 includes costs incurred when existing agreements were amended for the supply of the Refinery's carbon dioxide ("CO2") and the related product transportation systems, as well as a $41.9 million increase to the license fee provision.

The KXL Expansion Project segment net loss of $56.5 million for the year ended March 31, 2025, reflects financing costs associated with the segment's outstanding debt. In the year ended March 31, 2025, $8.8 million was received as proceeds from asset dispositions, with the estimated fair value of the remaining investment being $2.5 million as at March 31, 2025. Cumulative disposition proceeds received since June 2021 total $119.3 million.

OPERATIONAL REVIEW BY REPORTABLE SEGMENT

CONVENTIONAL CRUDE OIL MARKETING

FINANCIAL RESULTS	Years ended March 31,			
($000s), unless otherwise noted	**2025**	2024	**Change**	**Change %**
Marketing Activities as Agent for the Crown				
Conventional crude oil royalties in-kind revenue	**2,541,747**	2,482,771	58,976	2 %
Cost of selling oil	**399,234**	366,486	32,748	9 %
Net revenue from CORIK	**2,142,513**	2,116,285	26,228	1 %
CORIK gross sales volumes (bbls/d)	**73,670**	72,641	1,029	1 %
CORIK net sales volumes (bbls/d)[1]	**67,861**	66,522	1,339	2 %
Average realized price (Cdn$/bbl)[2]	**94.53**	93.38	1.15	1 %
Average realized price on net revenue (Cdn$/bbl)[3]	**86.50**	86.92	(0.42)	— %
Crude Oil Benchmark Prices				
West Texas Intermediate (“WTI”) (US$/bbl)	**74.34**	77.83	(3.49)	(4)%
West Texas Intermediate (Cdn$/bbl)	**103.25**	105.18	(1.93)	(2)%
Mixed Sweet Blend ("MSW") (Cdn$/bbl)	**98.25**	98.83	(0.58)	(1)%
Western Canadian Select (“WCS”) (Cdn$/bbl)	**85.06**	81.77	3.29	4 %
Peace Sour ("PSO") (Cdn$/bbl)	**94.78**	93.05	1.73	2 %
Central Alberta ("CAL") (Cdn$/bbl)	**95.58**	93.55	2.03	2 %
Condensate (Cdn$/bbl)	**100.31**	101.12	(0.81)	(1)%
Alberta Light Crude Oil Par Price (Cdn$/bbl)	**93.45**	93.30	0.15	— %
Exchange rate US$/Cdn$	**0.72**	0.74	(0.02)	(3)%
APMC as Agent for the Crown				
Marketing fee income	**18,092**	14,585	3,507	24 %
General and administrative	**17,595**	13,324	4,271	32 %
Depreciation and other[4]	**497**	1,261	(764)	(61)%
Net income and comprehensive income	**—**	—	—	— %

1. Net of purchased volumes of 5,809 bbls/d for the year ended March 31, 2025 (year ended March 31, 2024 - 6,119 bbls/d).
2. Based on gross sales volumes.
3. Based on net sales volumes.
4. Includes loss (gain) on foreign exchange, finance income and finance costs.

BENCHMARK PRICING

Substantially, all the Crown's royalty volumes are based on US dollar pricing. The Crown recognizes revenues in Canadian dollars and therefore realized prices are directly impacted by fluctuations in the US$/Cdn$ exchange rate.

Starting in the second quarter of fiscal 2025, weak economic growth in China and weakness in the United States of America ("USA") labour market, coupled with signs that inflation was trending towards target rates, led central banks to initiate monetary stimulus measures. Both the USA Federal Reserve and the People's Bank of China implemented rate cuts, with China also announcing additional measures to boost economic activity.

In January 2025, the election of a USA Republican government led to the implementation of various trade policies, including global tariffs, and the potential for retaliatory measures. These actions further weakened market sentiment, exerting downward pressure on oil prices.

Supply disruption concerns from ongoing military clashes in the Middle East, Ukraine, and Russia remain prevalent but have not significantly impacted global supply. OPEC+ production cuts continue; however, in April 2025, production targets were raised, putting downward pressure on oil prices. Additionally, the USA instituted a ban on certain Venezuelan oil imports to the Gulf Coast, which has reduced supply and positively impacted demand for Canadian heavy crude.

Overall, energy markets will continue to experience volatility as geopolitical risks remain high and uncertainty persists around potential demand destruction resulting from monetary policy.

CORIK contracts are typically based on US dollar WTI benchmark pricing. In Canadian dollars, WTI averaged $103.25/bbl for the year ended March 31, 2025, a decrease of $1.93 or 2 percent, from $105.18/bbl for the same period in 2024. The impact of the weakening WTI benchmark price for the year ended March 31, 2025, was partially offset by the weakening Canadian dollar.

The MSW and condensate benchmark prices declined alongside WTI for the year ended March 31, 2025, however, the decline was partially offset by narrowing differentials associated with increased egress capacity from the Trans Mountain Pipeline Expansion ("TMX") and increased access to Washington and California refineries.

For the year ended March 31, 2025, the benchmark prices for WCS, PSO, and CAL increased due to a narrower WTI differential and incremental pipeline capacity from TMX, partially offset by a weakening WTI benchmark.

Marketing Activities as Agent for the Crown

The APMC oversees the administration of the Alberta crude oil par prices, which determines the royalty volume to be delivered by the producers to the Crown. With a rise in crude oil par prices, the royalty volume to be delivered is greater, and with a decrease in crude oil par prices, the royalty volume to be delivered is reduced. The crude oil par price trends alongside crude oil benchmark prices, however, it is based on prices two months in arrears and includes adjustments for quality and transportation costs. Alberta light par prices for the year ended March 31, 2025 averaged $93.45/bbl, consistent with the comparative period, resulting in a stable royalty volume rate available for APMC's marketing portfolio.

For the year ended March 31, 2025, approximately 60 percent of CORIK sales were priced on MSW, 20 percent on WCS and the remaining 20 percent of CORIK sales were primarily priced on the PSO, CAL and condensate benchmarks which is consistent with the sales mix in the prior year. The average realized price received for CORIK volumes is reflected in the sales volume composition.

For the year ended March 31, 2025, the Crown's CORIK revenue was $2.54 billion, an increase of 2 percent compared to $2.48 billion for the prior year. The increase in CORIK revenue is a result of higher royalty volumes and stronger crude oil benchmark pricing. CORIK gross royalty sales volumes increased by 1 percent to 73,670 bbls/d for the year, compared to 72,641 bbls/d in the prior year, primarily related to growth in the Clearwater play. In the prior year, producer volumes were negatively impacted in May and June 2023 by the Alberta wildfires. The average realized crude oil price on CORIK revenue was $94.53/bbl, an increase of 1 percent compared to the $93.38/bbl in the same period in 2024, which correlates with the movements in MSW and WCS benchmark prices for the period.

The impact of the changes in volumes and realized prices on CORIK revenues is as follows:

($000s)	**Year ended March 31,**
CORIK revenue, March 31, 2024	**2,482,771**
Impact from change in gross sales volumes	**28,290**
Impact from change in realized price	**30,686**
CORIK revenue, March 31, 2025	**2,541,747**

For the year ended March 31, 2025, the cost of selling oil was $399.2 million, an increase of 9 percent compared to $366.5 million for the prior year. Cost of selling oil for CORIK activities is comprised of purchased volumes, pipeline tariffs, trucking costs and marketing fees. The amount by which crude oil royalty in-kind revenues exceeds the cost of selling crude oil represents the net revenues and benefit the Crown receives from CORIK activities. Volumes are purchased in order to meet diluent requirements, manage buy/sell deals and to fulfill contractual obligations when actual deliveries differ from forecasted volumes. As a result, the cost of selling oil is variable and does not necessarily trend directly with CORIK volumes. Increased blending costs related to colder weather and higher tariff charges are the primary cause of fluctuations in the cost of selling oil.

For the year ended March 31, 2025, the net revenues from CORIK activities were $2.14 billion, an increase of 1 percent from $2.12 billion for the prior year. The increase in net revenues from CORIK activities reflects higher commodity prices primarily realized in the first quarter and higher royalty volumes, partially offset by an increase in cost of selling oil.

APMC as Agent for the Crown

The APMC markets and trades CORIK barrels delivered from approximately 300 producers across Alberta. The marketing fee paid by the EM operates to recover general and administrative expenses.

For the year ended March 31, 2025, APMC's marketing fee income was $18.1 million, compared to $14.6 million for the same period in 2024, a marketing fee increase of 24 percent. The increase in marketing fee income over the prior year is primarily due to a higher marketing fee rate for the current fiscal year to recover increased business development activities.

General and administrative expenses encompass corporate head office costs as well as the Refinery and CORIK specific activities. For the year ended March 31, 2025, general and administrative expenses were $17.6 million, compared to $13.3 million for the 2024 period, representing an increase of $4.3 million. The increase was primarily due to higher salary costs and additional consulting activities required to support business development activities.

STURGEON REFINERY - APMC AS TOLLPAYER

The APMC has exercised judgment in determining that the Tollpayer arrangement is accounted for as a joint operation in which it has a 75 percent interest in the assets, liabilities, revenue, and expenses of the Refinery, and records its 75 percent interest in the APMC financial statements. The Commission is unconditionally obligated to pay its 75 percent pro rata share of the debt component of the monthly fee-for-service toll over the 40-year tolling period. Sales of diesel and refined products and associated refining tolls are recognized in the Refinery segment.

The following table summarizes the operations of the Refinery for the years ended March 31, 2025 and 2024 under the Tollpayer agreement.

OPERATIONAL

Feedstock and production volumes disclosed in the following table represent 75 percent of the Refinery's total volumes:

	Years ended March 31,			
	2025	2024	**Change**	**Change %**
Total feedstock volumes (bbls/d)	**57,970**	59,011	(1,041)	(2)%
Production volumes (bbls/d)				
Ultra-low sulphur diesel	**28,918**	29,604	(686)	(2)%
Diluent	**22,636**	24,175	(1,539)	(6)%
Unconverted crude oil	**2,703**	2,106	597	28 %
Other	**4,215**	3,996	219	5 %
Total production	**58,472**	59,881	(1,409)	(2)%

Sales volumes disclosed in the table below represents APMC's 75 percent interest as a Tollpayer:

	Years ended March 31,			
	2025	2024	**Change**	**Change %**
Sales volumes (bbls/d)[1]				
Ultra-low sulphur diesel	**28,960**	29,692	(732)	(2)%
Diluent	**25,069**	25,483	(414)	(2)%
Other	**9,116**	8,525	591	7 %
Total hydrocarbon sales volumes	**63,145**	63,700	(555)	(1)%
Benchmark Prices (Cdn$/bbl)				
West Texas Intermediate ("WTI")	**103.25**	105.18	(1.93)	(2)%
Western Canadian Select ("WCS")	**85.06**	81.77	3.29	4 %
Western Canadian Select differential ("WCS/WTI")	**18.19**	23.41	(5.22)	(22)%
Average realized prices ($/bbl)				
Ultra-low sulphur diesel	**122.22**	136.51	(14.29)	(10)%
Diluent	**103.03**	104.20	(1.17)	(1)%
Other	**66.93**	68.35	(1.42)	(2)%
Total realized sales price[2]	**106.82**	114.50	(7.68)	(7)%

1. Sales volumes include the sale of hydrocarbon products that are purchased for resale.
2. Total realized sales price ($/bbl) is calculated as Refinery sales divided by total hydrocarbon sales volumes.

Feedstock benchmarks

The Sturgeon Refinery was initially designed to process approximately 79,000 bbl/d of diluted bitumen from Alberta's oil sands. Diluted bitumen feedstock comprises a variety of heavy sour oil grades and is generally discounted to the WCS benchmark price. When differentials for WCS are widening, the cost of feedstock declines which provides a natural hedge to the Crown's bitumen royalties.

The WCS benchmark price averaged $85.06/bbl for the year ended March 31, 2025, an increase of $3.29 or 4 percent from $81.77/bbl for the same period in 2024, primarily driven by changes in WTI pricing and WCS/WTI differentials. In 2024, oil prices saw a boost due to reduced production from Russia and supply cuts by OPEC+. This trend persisted in the first fiscal quarter of 2025, with WCS/WTI differentials tightening as the TMX pipeline eased egress constraints. However, the latter half of fiscal 2025 saw weak economic growth from China and weakness in the USA labour market, which put downward pressure on prices. Despite this, geopolitical tensions in the Middle East and the ongoing conflict in Ukraine provided some support to prices. In January 2025, the election of a USA Republican government led to the implementation of various trade policies, including global tariffs, and the potential for retaliatory measures. These actions further weakened market sentiment, exerting downward pressure on oil prices.

Refining benchmarks

The Sturgeon Refinery converts processed diluted bitumen and light crude into lower carbon, ultra-low sulphur diesel, diluent, naptha, vacuum gas oil and various other light oil products such as butane and propane. Over 80 percent of the refinery's production is ultra-low sulphur diesel and diluent. Ultra-low sulphur diesel is generally priced at a premium to WTI while diluent, typically condensate, also trends alongside WTI and the discount or premium is dependent largely on seasonality driven demand.

Refined product prices, including ultra-low sulphur diesel, reduced as a percentage of WTI benchmark price between the year ended March 31, 2024 and 2025, caused by many contributing factors including balancing global supply/demand fundamentals, shrinking premiums due to refinery capacity coming back online, increased biodiesel production and lower demand forecasts mainly driven by tariff concerns and recessionary fears.

Refining gross margins or crack spreads are defined as the price difference between the crude oil feedstock and the refined products they produce. Refining gross margins are affected by additional factors such as quality and location of crude oil feedstock, refinery configuration and product output, and the delay between the date the feedstock is purchased and the date the refined product is sold.

Financial information below represents the APMC's share of segmented results for the Refinery:

RESULTS OF OPERATIONS[1]	**Years ended March 31,**			
($000s)	**2025**	2024	**Change**	**Change %**
Refinery sales[2]	**2,461,972**	2,669,457	(207,485)	(8)%
Refinery feedstock purchases	**2,002,895**	1,917,715	85,180	4 %
Gross margin	**459,077**	751,742	(292,665)	(39)%
Refinery tolls - operating[3]	**435,673**	478,148	(42,475)	(9)%
General and administrative	**68**	158	(90)	(57)%
EBITDA[1]	**23,336**	273,436	(250,100)	(91)%
Other non-operating expenses[4]	**650,306**	569,354	80,952	14 %
Turnaround expenditures[6]	**63,804**	1,498	62,306	n/a
Loss on foreign exchange[6]	**2,441**	51	2,390	n/a
Change in Sturgeon Refinery Processing Agreement provision	**(104,065)**	1,263,135	(1,367,200)	(108)%
Change in credit loss provision	**(168)**	1,370	(1,538)	(112)%
Net loss and comprehensive loss	**(588,982)**	(1,561,972)	972,990	62 %

($/bbl)[5]				
Refinery sales[2]	**106.82**	114.50	(7.68)	(7)%
Refinery feedstock purchases	**86.90**	82.26	4.64	6 %
Gross margin	**19.92**	32.24	(12.32)	(38)%
Refinery tolls - operating[3]	**18.90**	20.51	(1.61)	(8)%
General and administrative	**—**	0.01	(0.01)	(100)%
EBITDA[1]	**1.02**	11.72	(10.70)	(91)%
Other non-operating expenses[4]	**28.21**	24.42	3.79	16 %
Turnaround expenditures[6]	**2.77**	0.06	2.71	n/a
Loss on foreign exchange[6]	**0.11**	—	0.11	n/a
Change in Sturgeon Refinery Processing Agreement provision	**(4.52)**	54.18	(58.70)	(108)%
Change in Credit loss provision	**(0.01)**	0.06	(0.07)	(117)%
Net loss and comprehensive loss	**(25.54)**	**(67.00)**	41.46	62 %

1. Refer to the "Non-GAAP & Other Financial Measures" section of this MD&A.
2. Refinery sales include sulphur sales of $4.7 million for the year ended March 31, 2025 (year ended March 31, 2024 - $0.9 million).
3. When evaluating the profitability of Refinery operations, management segregates the Refinery tolls into the respective cost drivers underlying the toll itself; namely the operating and sustaining capital component, the debt principal repayment component and an interest component. For financial statement presentation, the segregated Refinery tolls are consolidated for cumulative Refinery tolls of $846.6 million for the year ended March 31, 2025 (year ended March 31, 2024 - $930.7 million).
4. Other non-operating expenses include refining tolls - non-operating (includes debt principal repayment and debt service costs)[(3)], finance costs, net of finance and other income.
5. Based on total hydrocarbon sales volumes.
6. The change percent is not informative.

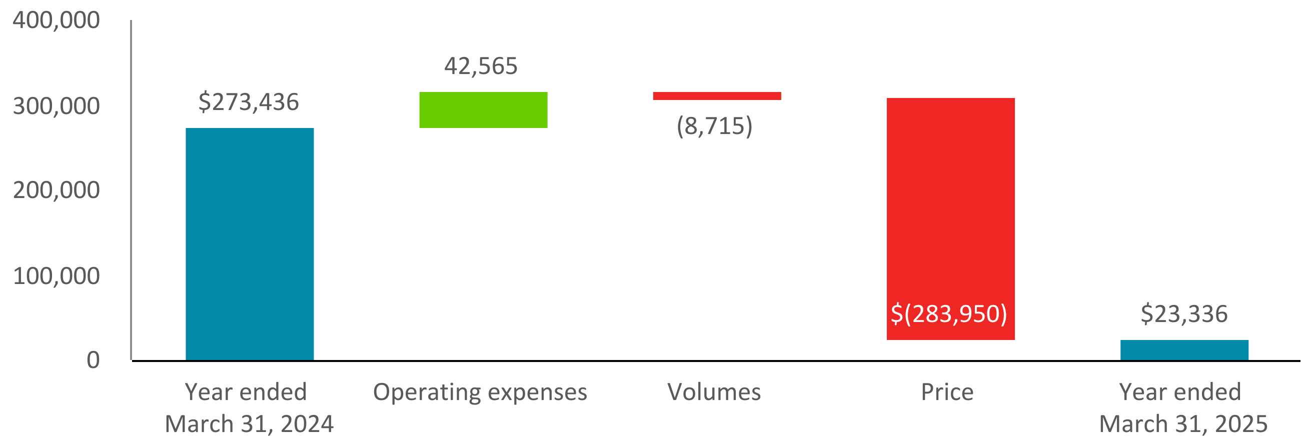
Results from the Refinery

APMC continues to manage the GOA's commitment to the Refinery as a 50 percent owner in NWRP and as a 75 percent Tollpayer. As Tollpayer, APMC has a 75 percent interest in the assets, liabilities, revenue, and expenses of the Refinery. APMC also has obligations to the Refinery encompassing the purchase and supply of 75 percent of Refinery feedstock from third-party producers of bitumen and the obligation to pay 75 percent of Refinery tolls, which provide for the flow-through of costs related to senior debt obligations and operations of the Refinery. The amounts shown in the following commentary represent APMC's 75 percent interest as Tollpayer in the Refinery.

Refinery production volumes were 58,472 bbls/d, a decrease of 2 percent from 59,881 bbls/d for the year ended March 31, 2025 when compared to the prior year. The decrease in production was due to refinery unit outages and maintenance related shutdowns.

Refinery feedstock volumes were 57,970 bbls/d, a decrease of 2 percent from 59,011 bbls/d for the year ended March 31, 2025 when compared to the prior year. The decrease in feedstock was due to refinery unit outages and maintenance related shutdowns. The Refinery’s feedstock volumes primarily consist of bitumen, diluent and synthetic crude oil.

Sturgeon EBITDA analysis
($000s)



In fiscal 2025, EBITDA decreased 91 percent to $23.3 million from $273.4 million in the prior year as a result of the following key changes:

Operating expenses - Operating expenses decreased by 9 percent from the prior year primarily due to lower utility and renewable diesel costs. However, sustaining capital costs were higher this year, partially offsetting the reduction in operating expenses.

Volumes - Sales volumes decreased slightly by 1 percent to 63,145 bbls/d from 63,700 bbls/d in the prior year as the refinery experienced the impacts of several refinery unit outages, and planned maintenance related shutdowns.

Price - Gross margin decreased by 38 percent to $19.92/bbl from $32.24/bbl in the prior year as refined product prices decreased and feedstock prices increased. The average sales price realized was $106.82/bbl, down from $114.50/bbl realized in the prior year, a decrease of 7 percent. The reduced realized price is primarily related to lower ultra-low sulphur diesel prices. Refinery feedstock price per barrel increased by 6 percent to $86.90/bbl from $82.26/bbl in the prior year. The increase in the average feedstock price is primarily due to the 4 percent improvement in the WCS benchmark, which is a proxy for the refinery's bitumen blend feedstock and the use of higher value synthetic products utilized during refinery unit outages.

The other non-operating expenses increased by 14 percent to $650.3 million, for the year ended March 31, 2025, compared to the prior year. The increase in other non-operating expenses was driven by higher accretion due to the increase in the Sturgeon Refinery Processing Agreement Provision in the prior year, combined with additional interest expense from higher debt balances, offset partially by lower interest rates on the outstanding debt.

During the year ended March 31, 2025, a total of $63.8 million was incurred for catalyst costs, pre-turnaround planning and pre-turnaround work for the next planned turnaround in June 2025. By comparison, in the prior year, $1.5 million was recognized for preliminary turnaround planning costs.

The Refinery's operating performance remained strong and the net loss for the year ended March 31, 2025 decreased 62 percent to $589.0 million, in comparison to the prior year. The net loss in 2025 reflects a weaker refined product market, negatively impacting the Refinery's gross margin and increasing turnaround costs as the refinery approaches its next planned turnaround. The year ended March 31, 2025 was also positively impacted by a non-cash recovery of the Sturgeon Refinery Processing Agreement Provision of $104.1 million (see Sturgeon Refinery Processing Agreement provision).

Sturgeon Refinery Processing Agreement Provision

APMC assesses the onerous contract provision related to the Sturgeon Refinery processing agreements ("Processing Agreement") and partnership agreements annually. APMC uses a discounted cash flow model to assess if the unavoidable costs related to the agreements with NWRP exceed the economic benefits to be received. The contracts were determined to be onerous and APMC has recognized a provision calculated as the net present value of revenues from the sales of refined products less feedstock costs and the Refinery tolls charged by NWRP under the Processing Agreement, as well as the net present value of expected net benefit to be realized by APMC pursuant to the Partnership Agreement as a result of its 50 percent partnership interest in NWRP.

As at March 31, 2025, the Commission recognized a non-cash $104.1 million recovery of the onerous contract provision due to lower forecasted electricity costs offset partially by lower forecasted crack spreads and recorded related accretion of $169.1 million (2024 - $56.9 million) resulting in an ending provision of $2.054 billion. By comparison, as at March 31, 2024, the Commission recognized a charge of $1.263 billion as a result of lower forecasted crack spreads, resulting in a net $1.989 billion provision.

The undiscounted future cash net inflows are estimated to be $4.9 billion over the expected life of the project. The provision has been recognized by discounting these cash flows using a discount rate of 8.5 percent. The onerous contract provision is projected to be settled in periods up to May 2083.

APMC uses the GOA budgeted commodity price forecast for WTI, WCS, condensate and foreign exchange to estimate future cash flows. The most significant pricing variables that would impact the future cash flows of the contract are the forecasted WTI-WCS differential and foreign exchange rates. Due to the long-term nature of the contract, management has performed a sensitivity analysis on the forecasted WTI-WCS differential and the US$/Cdn$ foreign exchange rates by decreasing both variables by 5 percent. The onerous contract provision would decrease by $155 million if, with all other variables held constant, the forecasted WTI-WCS differential and US$/Cdn$ foreign exchange rates decreased by 5 percent.

Changes to interest rates also impact the future cash flows under the contract. The onerous contract would increase by $53 million if, with all other variables held constant, the forecasted interest rates increased by 50 basis points.

INVESTMENT IN NORTH WEST REDWATER PARTNERSHIP

APMC is a 50 percent owner in NWRP, in addition to being a 75 percent Tollpayer in the Sturgeon Refinery. The Commission is unconditionally obligated to pay to NWRP its 75 percent pro rata share of the debt component of the monthly fee-for-service toll over the 40-year tolling period.

The APMC has applied joint venture accounting for its 50 percent ownership in NWRP, recognizing the rights to the net assets of an arrangement and uses the equity method wherein the Commission's initial investment was recognized at cost and subsequently adjusted for the APMC's share of the joint venture's income or loss, less distributions received.

In connection with APMC's investment in NWRP on June 30, 2021, NWRP entered into an agreement with NWU LP to utilize certain CO2 capture technologies in exchange for an annual licensing fee based on CO2 captured at the Refinery and paid annually on condition of certain economic criteria being met. Where economic, the licensing fee is payable at a rate of approximately $7.82 per tonne (escalated annually) ($7.64 per tonne for 2024) of CO2 captured and transported via the Alberta Carbon Trunk Line ("ACTL"). APMC has recognized the fair value of its share of amounts expected to be payable in future periods for the licensing fee as contingent consideration of $132.0 million.

The table below summarizes the change in the investment in NWRP joint venture:

($000s)	**March 31, 2025**	March 31, 2024
Balance, beginning of year	**259,168**	230,324
APMC's share of gain from the investment in NWRP	**27,472**	28,844
Balance, end of year	**286,640**	259,168

The table below presents the segmented net income from the NWRP joint venture:

	Years ended March 31,	
($000s)	**2025**	2024
APMC's share of income from the investment in NWRP	**27,472**	28,844
Adjustments to NWRP license fee provision	**8,880**	(41,860)
Income (loss) from North West Redwater Partnership	**36,352**	(13,016)
Finance costs	**(6,880)**	(5,140)
Net income and comprehensive income (loss)	**29,472**	(18,156)

For the year ended March 31, 2025, APMC recorded income of $27.5 million on the 50 percent investment in NWRP as compared to an income of $28.8 million for the same period in 2024. The income primarily relates to an increase in the recognition of carbon credits (net of associated costs) as a result of the Clean Fuel Regulations which became effective July 1, 2023 and increasing carbon credit pricing. The twelve months ended March 31, 2024 included costs incurred in April 2024 when existing agreements were amended for the supply of the Refinery's CO2 and the related product transportation systems. APMC also recorded a $8.9 million decrease to its license fee payable provision in the current year, compared to $41.9 million increase in prior year, reflecting a downward revision in the discount rate and revisions to estimated timing and amounts of future license fee cash flows. Finance costs relate to the accretion of the license fee provision.

KXL EXPANSION PROJECT

	Years ended March 31,			
($000s)	**2025**	2024	**Change**	**Change %**
Finance Income	**175**	147	28	19 %
General and administrative	**91**	261	(170)	(65)%
(Gain) loss on foreign exchange[1]	**(616)**	118	(734)	n/a
Finance costs	**58,227**	48,216	10,011	21 %
Fair value (gain) loss on investment in KXL Expansion Project	**(1,039)**	14,273	(15,312)	(107)%
Net loss and comprehensive loss before income taxes	**(56,488)**	(62,721)	6,233	10 %
Income tax recovery	**—**	(5,576)	5,576	(100)%
Net loss and comprehensive loss	**(56,488)**	(57,145)	657	1 %

1. The change percent is not informative.

On June 9, 2021, the APMC entered into the Final KXL Agreement (“the Final KXL Agreement”) with TC Energy for an orderly exit from the KXL project and partnership. APMC provided total contributions of $1.035 billion on behalf of the TC Energy partnerships to fund debt guarantee cancellation payments to the lenders as part of the original investment agreement.

The debt guarantee cancellation payments were paid on June 16, 2021 and the APMC has no further obligations relating to the investment agreement and/or the debt guarantee. In exchange for APMC making the guarantee cancellation payments through its wholly owned Canadian and USA subsidiaries, Class C Interests were received from the TC Energy partnerships. The Final KXL Agreement also provides a mechanism for future distribution of proceeds from liquidated assets of the KXL project to APMC, for its Class C interests, and to TC Energy. Upon the completion of the liquidation of the KXL assets and the distribution of the gross proceeds thereof, the Final KXL Agreement also provides that all Canadian and USA Class C Interests held by APMC subsidiaries shall be redeemed for nominal consideration.

Finance costs relate to interest charges on the Commission's outstanding debt associated with the KXL Expansion Project. Finance costs increased to $58.2 million for the year ended March 31, 2025, from $48.2 million in the comparative 2024 period. The increase in finance costs is primarily due to maturity of a lower interest bond replaced by a higher interest rate bond.

A reconciliation of the change in the KXL Expansion Project investment is as follows:

($000s)	**March 31, 2025**	March 31, 2024
Balance, beginning of year	**9,743**	33,000
Liquidation proceeds on Class C interests	**(8,812)**	(8,924)
Foreign exchange	**544**	(60)
Net change in fair value	**1,039**	(14,273)
Balance, end of year	**2,514**	9,743

The investment in KXL Expansion Project represents the fair value of the assets that will be liquidated by TC Energy due to the project being discontinued. Cumulative disposition proceeds received since June 2021 total $119.3 million. As the liquidation process under the abandonment scenario continues, more information is likely to become available that will impact the determination of the estimated fair value of the KXL assets. On October 1, 2024, TC Energy completed the spin off of its liquids pipeline business, as South Bow Corporation ("South Bow"). Liquidation of the remaining KXL Expansion Project assets continues through South Bow.

On February 9, 2022, the APMC, on behalf of the GOA, filed a Notice of Intent as a formal step in preparation for a claim against the USA over the cancellation of the presidential permit for the Keystone XL pipeline. On April 27, 2023, the APMC filed a Notice of Arbitration to formally initiate the arbitration claim. The action is a legacy North American Free Trade Agreement claim under the new Canada-United States-Mexico Agreement. An arbitration panel was formally constituted on December 3, 2023 and initial procedural orders were settled in December 2023 and February 2024. On April 16, 2024, APMC filed its Memorial on the Merits and Quantum, which claims not less than approximately $1.6 billion in damages related to APMC’s investment in the cancelled KXL pipeline. The USA filed a Request for Bifurcation of Preliminary Objections in May 2024 seeking a separate hearing process to consider jurisdictional challenges to the claim, including that the claimants are not entitled to rely on substantive standards of protection under the NAFTA legacy claim provisions. On August 7, 2024, the arbitration panel determined that the proceedings should be bifurcated to allow for the separate consideration of USA's jurisdictional arguments. The parties are engaged in the submissions phase of jurisdictional review with a hearing on jurisdiction matters scheduled for September 2025.

CAPITAL RESOURCES AND LIQUIDITY MANAGEMENT

The Commission's objective when managing capital is to maintain a flexible capital structure and sufficient liquidity to meet its financial obligations and to execute its business plans. The Commission considers its capital structure to include equity (deficit), the borrowing capacity available under outstanding debt agreements, and net working capital (deficit). The Commission’s objectives when managing capital are to safeguard the Commission’s ability to continue as a going concern and provide returns to the EM through responsible marketing of conventional crude oil royalty volumes and its other business activities. The Commission does not have any externally imposed restrictions on its capital. The Commission monitors its current and forecasted capital structure in response to changes in economic conditions and the risk characteristics of its business activities. Adjustments are made on an ongoing basis in order to meet its capital management objectives. In light of the continued uncertainty in the macroeconomic environment, the Commission continues to monitor interest rate volatility amongst persistent inflationary pressures and is balancing its short term and long term borrowings accordingly.

The APMC anticipates that its current financial obligations including current commitments and working capital deficit (defined as current assets, less current liabilities), will be adequately funded over the next twelve months.

TREASURY BOARD AND FINANCE BORROWINGS

The Commission entered into a Lending and Borrowing Agreement ("Agreement") with the GOA effective April 1, 2014, which was subsequently amended April 1, 2023. The Agreement provides the framework under which APMC may, from time to time, request the GOA lend money to the APMC. The APMC must obtain an Order in Council (approved by the Lieutenant Governor in Council) to authorize the borrowing dollar limits. Treasury Board & Finance ("TB&F") is the government unit responsible for lending on behalf of the GOA. The Commission has two Order in Councils; one for the Sturgeon Refinery and another for the KXL Expansion Project.

The Sturgeon Refinery Order in Council allows the Commission to borrow up to $2.9 billion for funding related to the Sturgeon Refinery. Subsequent to the year ended March 31, 2025, on April 9, 2025, the borrowing capacity was increased on the Sturgeon Order in Council by $1.2 billion to $4.1 billion. The Commission draws on the Sturgeon Order in Council monthly, to pay Sturgeon Refinery cash shortfalls and for temporary funding to purchase feedstock. Any cash received from the Sturgeon Refinery is used to repay borrowings.

The KXL Expansion Project Order in Council allows the Commission to borrow up to $2.0 billion for the KXL Expansion Project. The Commission draws on the KXL Expansion Project Order in Council to pay for debt service costs. Cash received from liquidation proceeds are used to repay borrowings.

The weighted average interest rate for the year ended March 31, 2025 was 4.3 percent (year ended March 31, 2024 - 4.5 percent).

Borrowing capacity

	TB&F borrowings		
($000s)	**Sturgeon Refinery**	**KXL Expansion Project**	**Total**
Available borrowing capacity under Order in Council	2,900,000	2,000,000	4,900,000
Long term debt (par value)	(800,000)	(1,050,000)	(1,850,000)
Short term debt (par value)	(1,329,600)	(410,100)	(1,739,700)
Undrawn borrowing capacity, March 31, 2025	**770,400**	**539,900**	**1,310,300**

Short term debt

($000s)	**Sturgeon Refinery**	**KXL Expansion Project**	**Total**
Balance, March 31, 2023	592,232	648,427	1,240,659
Additions	357,787	57,504	415,291
Repayments	(145,247)	(14,792)	(160,039)
Balance, March 31, 2024	**804,772**	**691,139**	**1,495,911**
Additions	**643,126**	**466,927**	**1,110,053**
Repayments	**(150,348)**	**(757,687)**	**(908,035)**
Balance, March 31, 2025	**1,297,550**	**400,379**	**1,697,929**

As at March 31, 2025, the short term debt includes tranches of borrowing repayable over various interest rates and terms, not exceeding one year.

Long term debt

($000s)	**Sturgeon Refinery**	**KXL Expansion Project**	**Total**
Balance, March 31, 2023	661,624	716,768	1,378,392
Amortization of discount (premium) on long term debt	2,409	(8,894)	(6,485)
Balance, March 31, 2024[1]	**664,033**	**707,874**	**1,371,907**
Additions	**—**	**746,865**	**746,865**
Repayment	**—**	**(408,000)**	**(408,000)**
Amortization of discount (premium) on long term debt	**2,523**	**(996)**	**1,527**
Balance, March 31, 2025	**666,556**	**1,045,743**	**1,712,299**

1. Includes current portion of long term debt of $410 million that matured on June 1, 2024.

In June 2024, the Commission issued a new bond with a $750 million face value, bearing a coupon of 4.10 percent to fund the maturity of a $408 million 3.10 percent bond and to convert short term debt to longer term maturities.

As at March 31, 2025, long term debt consists of the following bonds:

	Issue Date	Maturity Date	Coupon	Face value ($000s)
Sturgeon Refinery				
	July 5, 2022	June 1, 2033	4.15 percent	$300,000
	November 14, 2022	June 1, 2052	2.95 percent	$500,000
KXL Expansion Project				
	July 5, 2022	June 1, 2033	4.15 percent	$300,000
	June 4, 2024	June 1, 2029	4.10 percent	$750,000

COMMITMENTS

The estimated NWRP tolls under the Processing Agreement are as follows for future years ended:

(In $ millions)	March 31, 2026	March 31, 2027	March 31, 2028	March 31, 2029	March 31, 2030	Beyond 2030	Total
NWRP Tolls	**1,055**	**805**	**815**	**946**	**726**	**31,283**	**35,630**

Under the Processing Agreement, after Commercial Operation Date ("COD"), the Commission is obligated to pay a monthly toll comprised of debt principal repayment, debt service costs and operating components. The Processing Agreement has a term of 40 years starting with the Toll Commencement Date (June 1, 2018). The Commission has very restricted rights to terminate the Processing Agreement, and is unconditionally obligated to pay its 75 percent pro rata share of the debt component of the monthly fee-for-service toll over the 40-year tolling period. The tolls, under the Processing Agreement, assuming market interest rates and a 2 percent operating cost inflation rate, are estimated above. The toll commitments above are undiscounted and are estimated up to the end of the Processing Agreement term (May 31, 2058). These undiscounted tolls do not take into account the net margin received on the sale of APMC's bitumen feedstock.

The estimated commitments for office lease, photocopier lease and parking costs are as follows for future years ended:

(In $000s)	March 31, 2026	March 31, 2027	March 31, 2028	March 31, 2029	March 31, 2030	Beyond 2030	Total
Office lease and parking [1,2]	**463**	**460**	**450**	**450**	**450**	**300**	**2,573**

1. Includes estimates for annual operating costs and property taxes.
2. Includes expected renewals consistent with those utilized to determine right-of-use assets and lease obligations.

CRITICAL ACCOUNTING ESTIMATES AND ACCOUNTING POLICIES

The preparation of the consolidated financial statements in conformity with IFRS requires the APMC to make judgments, estimates, and assumptions that affect the reported amounts of assets, liabilities, and the disclosure of contingencies, if any, at the date of the consolidated financial statements and reported amounts of revenues and expenses during the year. Estimates are subject to measurement uncertainty, and changes in such estimates in future years could require a material change in the consolidated financial statements. Estimates and judgements are continuously evaluated and based on the APMC's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future period affected.

Refer to notes 3 and 4 of the APMC's consolidated financial statements for the years ended March 31, 2025 and 2024 for a description of the accounting policies and critical accounting estimates and judgments.

Refer to note 5 for new accounting policy changes implemented for the years ended March 31, 2025 and 2024.

RISK MANAGEMENT

The APMC recognizes that risk is present in its business activities and that risk management is critical in maximizing performance and helping the APMC achieve its strategic objectives.

Risk management is the culture, capabilities, and practices integrated within strategy setting and execution, influenced by the APMC's Board of Directors, executive management, and staff. It is a continuous process applied strategically across the APMC in its day-to-day operations, designed to identify, assess, and prioritize potential events that could affect the APMC's performance and enable the APMC to respond to and monitor key risks.

Risk Factors

The following discussion describes the financial, operational, regulatory, policy, and other risks related to the APMC. Each risk identified in this MD&A may individually, or in combination with other risks, have a material impact on, among other things, our business, financial condition, results of operations, cash flows, reputation, access to capital, cost of borrowing, access to liquidity, and ability to fund business plans. These factors should be considered when evaluating the APMC's results and outlook presented in this MD&A.

APMC, through its investment in NWRP, processes Alberta's bitumen into higher value ultra-low sulphur diesel and other refined products, and is well positioned in an environment that is shifting to lower carbon emissions and more stringent fuel standards. There are inherent risks and uncertainties in operating the Refinery. APMC is exposed to these risks through its 50% ownership in the partnership and through its 75% Tollpayer commitment. APMC is also exposed to risks inherent across all its business segments. The following is a list of risk factors that could impact APMC on an ongoing basis. This list is not exhaustive.

Financial Risk

The APMC is exposed to the following financial risks:

- *Volatility of commodity prices:* The prices of crude oil, liquids and refined products, such as diesel and diluent, are driven by external market factors such as future supply expectations, global inventory levels, fluctuations in the value of the US dollar, imposition of tariffs by trade partners and shifting consumer demand. Changes in prices affect APMC's gross margins, financial performance and cash flows.
- *Credit, liquidity and availability of future financing:* APMC, primarily through its role as Tollpayer, has a significant financial commitment to fund operating, debt, and capital expenses related to all of its business segments. APMC's ability to fund these commitments is dependent on its ability to generate cash flow either from operations or through the ability to obtain financing.
- *Inflation, cost management, and rising interest rates:* APMC is exposed to fluctuations in interest rates on its short term debt and potential new debt financing it may incur to fund its operations. Also, as a result of ongoing supply/ demand uncertainty, APMC has experienced and is continuing to experience high fluctuations in commodity prices, and inflationary pressures on operating and capital expenditures. In addition, the insurance market is changing with respect to coverage and premiums, which may have adverse impacts on NWRP's ability to procure required levels of insurance, or if insurance is available, it may not be at a reasonable cost.
- *Import and export taxes or tariffs:* APMC currently purchases diluted bitumen feedstock for processing at the Sturgeon refinery. It sells ultra-low sulphur diesel, diluent, naphtha, vacuum gas oil, and various other light products such as butane and propane. The benchmark pricing for these products is both North American and global. Therefore, a global trade war, including import and export taxes or tariffs, could impact the demand for and price of products purchased or sold.

Operational Risk

The APMC is exposed to operational risk primarily associated with its investment in NWRP and Sturgeon Refinery operations:

- APMC, including the Refinery, may be adversely affected by work stoppages.
- The ability of NWRP to resolve known and unknown operational hazards and challenges on an ongoing basis.
- There may be disruptions in the transportation of refined products which relies on rail supply lines and other networks. NWRP's ability to distribute refined products is limited to the rail and truck rack terminals, which are operated by a third-party service provider.
- Breaches of APMC's cyber-security and loss of, or unauthorized access to, electronic data may adversely impact APMC's operations.

Regulatory and Policy Risk

The APMC is indirectly exposed to regulatory risk associated with its investment in NWRP and Sturgeon Refinery operations:

- The Refinery is subject to government regulations, including safety and environmental laws and climate change initiatives. The associated expenditures required to comply with these regulations may increase the liabilities of the Refinery. Abandonment and reclamation costs may be greater than anticipated.
- Potential changes to Provincial and Federal Carbon Tax regimes may adversely impact the business margins, including but not limited to, amounts received in respect of greenhouse gas credits and their ability to fully offset the Sturgeon Refinery's future emissions reduction obligations.

NON-GAAP & OTHER FINANCIAL MEASURES

Throughout this MD&A and in other materials disclosed by the Commission, APMC employs certain measures to analyze financial performance, financial position and cash flow. These non-GAAP and other financial measures do not have any standardized meaning prescribed under GAAP and therefore may not be comparable to similar measures presented by other entities. The non-GAAP and other financial measures should not be considered to be more meaningful than GAAP measures, which are determined in accordance with IFRS, such as net income (loss), and cash flow from operating activities. Management believes that the presentation of these non-GAAP measures provides useful information to its stakeholders, as the measures provide increased transparency and the ability to better analyze performance against prior periods on a comparable basis.

Gross margin

Gross margin is a non-GAAP measure which is defined as total revenue less cost of goods sold, including product purchases. Management believes that gross margin provides readers with a single measure to indicate the margin on sales before operating expenses that is comparable between periods. Management utilizes gross margin to compare consecutive results.

Earnings before interest, tax, depreciation and amortization ("EBITDA")

EBITDA is defined as revenues less cost of sales, including directly attributable costs such as refinery feedstock purchases, refinery operating tolls and general and administrative expenses. Management uses EBITDA to assess the performance of the Sturgeon Refinery. This measure excludes other non-operating expenses, turnaround expenditures, depreciation and amortization and other non-operating items.

Other non-operating expenses

Other non-operating expenses include debt principal repayment tolls, debt service costs, finance costs, net of finance and other income.

Years ended March 31, 2025 and 2024

	Conventional Crude Oil Marketing		Sturgeon Refinery (Tollpayer)		NWRP Joint Venture (Refinery Owner)		KXL Expansion Project		Total	
($000s)	**2025**	2024	**2025**	2024	**2025**	2024	**2025**	2024	**2025**	2024
REVENUES										
Refinery sales	**—**	—	**2,461,972**	2,669,457	**—**	—	**—**	—	**2,461,972**	2,669,457
Marketing fee income	**18,092**	14,585	**—**	—	**—**	—	**—**	—	**18,092**	14,585
	18,092	14,585	**2,461,972**	2,669,457	**—**	—	**—**	—	**2,480,064**	2,684,042
Refinery feedstock purchases	**—**	—	**2,002,895**	1,917,715	**—**	—	**—**	—	**2,002,895**	1,917,715
Gross margin	**18,092**	14,585	**459,077**	751,742	**—**	—	**—**	—	**477,169**	766,327
Refinery tolls - operating	**—**	—	**435,673**	478,148	**—**	—	**—**	—	**435,673**	478,148
General and administrative	**17,595**	13,324	**68**	158	**—**	—	**91**	261	**17,754**	13,743
EBITDA	**497**	1,261	**23,336**	273,436	**—**	—	**(91)**	(261)	**23,742**	274,436
Other non-operating expenses	**5**	(24)	**650,306**	569,354	**6,880**	5,140	**58,052**	48,069	**715,243**	622,539
Turnaround expenditures	**—**	—	**63,804**	1,498	**—**	—	**—**	—	**63,804**	1,498
Depreciation and amortization	**1,171**	1,174	**—**	—	**—**	—	**—**	—	**1,171**	1,174
(Gain) loss on foreign exchange	**(679)**	111	**2,441**	51	**—**	—	**(616)**	118	**1,146**	280
(Income) loss from North West Redwater Partnership	**—**	—	**—**	—	**(36,352)**	13,016	**—**	—	**(36,352)**	13,016
Change in Sturgeon Refinery Processing Agreement provision	**—**	—	**(104,065)**	1,263,135	**—**	—	**—**	—	**(104,065)**	1,263,135
Change in Sturgeon Refinery credit loss provision	**—**	—	**(168)**	1,370	**—**	—	**—**	—	**(168)**	1,370
Fair value (gain) loss investment in KXL Expansion Project	**—**	—	**—**	—	**—**	—	**(1,039)**	14,273	**(1,039)**	14,273
Net (loss) income and comprehensive (loss) income before income taxes	**—**	—	**(588,982)**	(1,561,972)	**29,472**	(18,156)	**(56,488)**	(62,721)	**(615,998)**	(1,642,849)
Income tax recovery	**—**	—	**—**	—	**—**	—	**—**	(5,576)	**—**	(5,576)
Net (loss) income and comprehensive (loss) income	**—**	—	**(588,982)**	(1,561,972)	**29,472**	(18,156)	**(56,488)**	(57,145)	**(615,998)**	(1,637,273)

Alberta Petroleum Marketing Commission

CONSOLIDATED FINANCIAL STATEMENTS

For the year ended March 31, 2025

Alberta Petroleum Marketing Commission

Management's Responsibility for Financial Reporting

The accompanying consolidated financial statements of the Alberta Petroleum Marketing Commission ("APMC") have been prepared and presented by management, who is responsible for the integrity and fair presentation of the information.

These consolidated financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS"). The consolidated financial statements necessarily include some amounts that are based on informed judgments and best estimates of management.

Management has developed and implemented appropriate systems of internal controls and supporting procedures which have been designed to provide reasonable assurance that assets are protected; transactions are properly authorized, executed and recorded; and the consolidated financial statements are free from material misstatements.

The Auditor General of Alberta, APMC's external auditor appointed under the *Auditor General Act*, performed an independent external audit of these consolidated financial statements in accordance with Canadian auditing standards, and has expressed his opinion in the accompanying Independent Auditor's Report.

The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal controls. The Board of Directors exercises this responsibility through the Audit Committee. The Board of Directors is comprised of Directors who are not employees of APMC.

The Audit Committee meets regularly with management and external auditors to review the scope and findings of audits and to satisfy itself that the committee's responsibility has been properly discharged. The Audit Committee has reviewed the consolidated financial statements and has recommended their approval by the Board.

[Original signed by Adrian Begley]
Adrian G. Begley, P. Eng.
Chief Executive Officer

[Original signed by Karyssa Ergon]
Karyssa Ergon, CPA, CA
Vice President, Finance

May 22, 2025

Independent Auditor's Report

To the Board of Directors of the Alberta Petroleum Marketing Commission

Report on the Consolidated Financial Statements

Opinion

I have audited the consolidated financial statements of the Alberta Petroleum Marketing Commission (the Group), which comprise the consolidated statement of financial position as at March 31, 2025, and the consolidated statements of loss and comprehensive loss, changes in deficit, and cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In my opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2025, and its financial performance, and its cash flows for the year then ended in accordance with IFRS Accounting Standards.

Basis for opinion

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of my report. I am independent of the Group in accordance with the ethical requirements that are relevant to my audit of the consolidated financial statements in Canada, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Other information

Management is responsible for the other information. The other information comprises the information included in the *Annual Report*, but does not include the consolidated financial statements and my auditor's report thereon. The *Annual Report* is expected to be made available to me after the date of this auditor's report.

My opinion on the consolidated financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the consolidated financial statements, my responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work I will perform on this other information, I conclude that there is a material misstatement of this other information, I am required to communicate the matter to those charged with governance.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless an intention exists to liquidate or to cease operations, or there is no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

My objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the group financial statements. I am responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. I remain solely responsible for my audit opinion.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

[Original signed by W. Doug Wylie FCPA, FCMA, ICD.D]
Auditor General

May 22, 2025
Edmonton, Alberta

Alberta Petroleum Marketing Commission

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(Expressed in thousands of dollars)

	Note	**March 31, 2025**	March 31, 2024
ASSETS			
Cash and cash equivalents	6	**31,973**	28,711
Restricted cash	7	**55,119**	54,123
Accounts receivable	8	**457,732**	546,381
Inventory	9	**58,160**	72,010
Total current assets		**602,984**	701,225
Investment in KXL Expansion Project	10	**2,514**	9,743
Investment in North West Redwater Partnership	11	**286,640**	259,168
Corporate assets		**444**	545
Intangible assets	12	**4,524**	5,588
Inventory	9	**6,877**	6,877
Total assets		**903,983**	983,146
LIABILITIES			
Accounts payable and accrued liabilities	13	**410,040**	473,377
Due to the Department of Energy and Minerals	14	**182,017**	194,722
Short term debt	15	**1,697,929**	1,495,911
Accrued interest payable	16	**38,567**	31,043
Long term debt	15	**—**	409,509
Lease liabilities		**64**	61
Sturgeon Refinery Processing Agreement provision	18	**241,000**	231,800
Total current liabilities		**2,569,617**	2,836,423
Long term debt	15	**1,712,299**	962,398
License fee provision	17	**132,000**	134,000
Lease liabilities		**304**	364
Sturgeon Refinery Processing Agreement provision	18	**1,813,000**	1,757,200
Total liabilities		**6,227,220**	5,690,385
SHAREHOLDERS' DEFICIT			
Deficit		**(5,323,237)**	(4,707,239)
Total liabilities and shareholders' deficit		**903,983**	983,146

Commitments (note 20)
Subsequent event (note 15)

The accompanying notes are an integral part of these consolidated financial statements.

Alberta Petroleum Marketing Commission

CONSOLIDATED STATEMENT OF LOSS AND COMPREHENSIVE LOSS
(Expressed in thousands of dollars)

	Note	Years Ended March 31, 2025	2024
REVENUES			
Refinery sales	22	**2,461,972**	2,669,457
Marketing fee income		**18,092**	14,585
		2,480,064	2,684,042
Finance income		**3,751**	4,619
Total revenue		**2,483,815**	2,688,661
EXPENSES			
Refinery feedstock purchases		**2,002,895**	1,917,715
Refinery tolls		**846,561**	930,666
Turnaround expenditures	23	**63,804**	1,498
General and administrative	24	**17,754**	13,743
Depreciation and amortization		**1,171**	1,174
Loss on foreign exchange		**1,146**	280
Finance costs	26	**308,106**	174,640
(Income) loss from North West Redwater Partnership	11	**(36,352)**	13,016
Change in Sturgeon Refinery Processing Agreement provision	18	**(104,065)**	1,263,135
Change in Sturgeon Refinery credit loss provision	19	**(168)**	1,370
Fair value (gain) loss on investment in KXL Expansion Project	10	**(1,039)**	14,273
Total expenses		**3,099,813**	4,331,510
Net loss and comprehensive loss before income taxes		**(615,998)**	(1,642,849)
Income tax recovery	27	**—**	(5,576)
Net loss and comprehensive loss		**(615,998)**	(1,637,273)

The accompanying notes are an integral part of these consolidated financial statements.

Alberta Petroleum Marketing Commission

CONSOLIDATED STATEMENT OF CASH FLOWS

(Expressed in thousands of dollars)

	Note	Years Ended March 31, 2025	2024
OPERATING ACTIVITIES			
Net loss and comprehensive loss		**(615,998)**	(1,637,273)
Adjusted for items not involving cash:			
Amortization of discount (premium) on long term debt	15	**1,527**	(6,485)
Depreciation and amortization		**1,171**	1,174
Accretion	26	**175,945**	62,005
Fair value (gain) loss on investment in KXL Expansion Project	10	**(1,039)**	14,273
Unrealized foreign exchange (gain) loss		**(544)**	60
(Income) loss from North West Redwater Partnership	11	**(36,352)**	13,016
Change in credit loss provision	19	**(170)**	(16,334)
Change in provision for Sturgeon Refinery Processing Agreement	18	**(104,065)**	1,263,135
Changes in accrued interest payable	16	**7,524**	3,560
Changes in non-cash working capital	28	**25,631**	22,129
Net cash used in operating activities		**(546,370)**	(280,740)
FINANCING ACTIVITIES			
Payment of lease liabilities		**(63)**	(62)
Proceeds from short term and long term debt	15	**1,856,918**	415,291
Repayment of short term debt	15	**(908,035)**	(160,039)
Repayment of long term debt	15	**(408,000)**	—
Net cash provided by financing activities		**540,820**	255,190
INVESTING ACTIVITIES			
Liquidation proceeds received on KXL investment	10	**8,812**	8,924
Net cash provided by investing activities		**8,812**	8,924
Net change in cash and cash equivalents		**3,262**	(16,626)
Cash and cash equivalents, beginning of year		**28,711**	45,337
Cash and cash equivalents, end of year		**31,973**	28,711
Cash paid			
Interest received		**3,751**	4,619
Interest paid		**123,110**	115,560
Taxes received		**—**	5,576

The accompanying notes are an integral part of these consolidated financial statements.

Alberta Petroleum Marketing Commission

CONSOLIDATED STATEMENT OF CHANGES IN DEFICIT
(Expressed in thousands of dollars)

	Years ended March 31,	
($000s)	**2025**	2024
Deficit, beginning of year	**(4,707,239)**	(3,069,966)
Net loss and comprehensive loss for the period	**(615,998)**	(1,637,273)
Deficit, end of year	**(5,323,237)**	(4,707,239)

The accompanying notes are an integral part of these consolidated financial statements.

1. AUTHORITY AND STRUCTURE

The Alberta Petroleum Marketing Commission ("APMC" or the "Commission") is a corporation created under the *Petroleum Marketing Act* (Alberta) to act as agent for the Government of Alberta ("GOA" or "Crown") in accepting delivery and dealing with the Crown's royalty share of hydrocarbons; and engaging in other hydrocarbon-related activities in a manner that is in the public interest of Albertans. Under this mandate, the APMC performs commercial activities to receive and market crude oil royalty volumes on behalf of the Crown, and to transact or invest in energy projects which seek to expand access to global energy markets or otherwise maximize the long-term sustainable value of the Crown's resources. The Commission is wholly owned by the Crown. It is overseen by a majority-independent Board of Directors and operates at arm's length from the GOA; however, it is accountable to and may receive policy and other direction from the Alberta Minister of Energy and Minerals. The consolidated financial statements disclose the transactions the APMC incurs while marketing crude oil on behalf of the Crown, and the APMC's investment in the North West Redwater Partnership ("NWRP" or the "Partnership"), the Sturgeon Refinery ("Refinery"), and the KXL Expansion Pipeline ("KXL Expansion Project" or "KXL Investment").

The Commission operates a Business Development group to identify and analyze business ideas and proposals that provide strategic value to Alberta and are financially feasible.

As an Alberta Crown agency, the Commission is not subject to Canadian federal or provincial corporate income taxes.

The Commission is located at the following address: 1050, 250 – 5 Street S.W., Calgary, Alberta, T2P 0R4. These consolidated financial statements were authorized for issue by the Board of Directors on May 22, 2025.

The Commission conducts its principal business in four reportable operating segments (note 29).

2. BASIS OF PRESENTATION

(a) Statement of compliance

The consolidated annual financial statements (the "Annual Financial Statements") have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and related interpretations as issued by the IFRS Interpretations Committee ("IFRIC").

(b) Basis of measurement

The Annual Financial Statements have been prepared on a historical cost basis except for the Investment in KXL Expansion Project that has been measured at fair value.

(c) Functional and presentation currency

The Annual Financial Statements are presented in Canadian dollars, which is also the APMC's functional and presentation currency.

(d) Use of estimates, assumptions and judgements

In preparing the Annual Financial Statements management has made judgements, estimates and assumptions that affect the application of APMC's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized prospectively. Critical estimates and judgments used in the preparation of the Annual Financial Statements are described in note 4.

(Expressed in thousands of dollars, unless stated otherwise)

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in the Annual Financial Statements.

(a) Basis of consolidation

The Annual Financial Statements include the accounts of the APMC and its wholly owned subsidiaries. Subsidiaries are consolidated from the date the Commission obtains control and continues to be consolidated until the date such control ceases. Control is achieved when the APMC is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Some of the APMC's subsidiaries have a December 31 year end for statutory purposes, however, the results of the subsidiaries are prepared for the same reporting period as the APMC, using consistent accounting policies. All inter-entity transactions have been eliminated upon consolidation between the APMC and its subsidiaries in these Annual Financial Statements. The APMC's operations are viewed as four operating segments by the Chief Executive Officer of the Commission for the purpose of resource allocation and assessing performance.

The following table details the APMC's subsidiaries:

Name	Principal activities	Country of Incorporation	% Equity Interest
2254737 Alberta Ltd. [1]	Facilitate APMC's financial support of the Canadian portion of the KXL Expansion Project and assist with various governance related matters	Canada	100%
2254755 Alberta Ltd. [1]	Facilitate APMC's financial support for the project costs related to the Canadian portion of the KXL Expansion Project	Canada	100%
2254753 Alberta Ltd. [1]	Facilitate APMC's financial support for the project costs related to the United States of America ("USA") portion of the KXL Expansion Project and assist with various governance related matters	Canada	100%
2254746 Alberta Ltd. [1, 2]	Facilitate APMC's financial support for the project costs related to the USA portion of the KXL Expansion Project	Canada	100%
2254746 Alberta Sub. Ltd. [1]	Facilitate APMC's financial support for the project costs related to the USA portion of the KXL Expansion Project	USA	100%
APMC (Redwater) L.P.	Holds a 50% interest in the North West Redwater Partnership	Canada	100%
APMC (Redwater) Corp.	General partner in APMC (Redwater) L.P.	Canada	100%

1. Denotes subsidiaries with a December 31 year end.
2. 2254746 Alberta Ltd. is the sole shareholder of 2254746 Alberta Sub. Ltd.

(b) Joint arrangements

Joint arrangements represent arrangements in which two or more parties have joint control established by a contractual agreement. Joint control only exists when decisions about the activities that most significantly affect the returns of the investee are unanimous. Joint arrangements can be classified as either a joint operation or a joint venture. The classification of joint arrangements requires judgment. In determining the classification of its joint arrangements, the Commission reviews numerous criteria including the contractual rights and obligations of each investor, whether the legal structure of the joint arrangement gives the entity direct rights to the assets and obligations for the liabilities, and whether substantially all of the economic output and benefit is to be received by the parties over the estimated economic life of the asset.

Where the APMC has rights to the assets and obligations for the liabilities of a joint arrangement, such arrangements are classified as a joint operation and the Commission's proportionate share of the joint operation's assets, liabilities, revenues and expenses are included in the consolidated financial statements, on a line-by-line basis.

Where the APMC has rights to the net assets of an arrangement, the arrangement is classified as a joint venture and accounted for using the equity method of accounting. Under the equity method, the Commission's initial investment is recognized at cost and subsequently adjusted for the APMC's share of the joint venture's income or loss, less distributions received. When the APMC transacts with a joint venture, profits and losses resulting from the transactions are recognized in the Commission's financial statements only to the extent of interests in the joint venture that are not related to the APMC. Should the Commission's share of losses of a joint venture exceed APMC's interest in that joint venture, the Commission discontinues recognizing its share of further losses. Additional losses are recognized only to the extent that the APMC has incurred legal or constructive obligations or made payments on behalf of the joint venture.

An investment in a joint venture is accounted for using the equity method from the date on which the APMC obtains joint control in the investee. On acquisition of the investment in a joint venture, any excess of the cost of the investment over the APMC's share of the net fair value of the identifiable assets and liabilities of the investee is recognized as goodwill, which is included within the carrying amount of the investment. Any excess of the APMC's share of the net fair value of the identifiable assets and liabilities over the cost of the investment is recognized immediately in the Consolidated Statement of Loss and Comprehensive Loss in the period in which the investment is acquired.

The APMC assesses whether there is objective evidence that the interest in a joint venture may be impaired. When any objective evidence exists, the investment is tested for impairment as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any reversal of impairment losses are recognized to the extent that the recoverable amount of the investment subsequently increases.

(c) Foreign currencies

The Commission's Annual Financial Statements are presented in Canadian dollars, which is also the functional and presentation currency of its subsidiaries. Functional currencies of the Commission's individual entities are the currency of the primary economic environment in which the entity operates. Transactions in foreign currencies are translated to the appropriate functional currency at foreign exchange rates that approximate those on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated to the appropriate functional currency at foreign exchange rates as at the Consolidated Statement of Financial Position date. Foreign exchange differences arising on translation are recognized in the Consolidated Statement of Loss and Comprehensive Loss. Non-monetary assets that are measured in a foreign currency at historical cost are translated using the exchange rate at the date of the transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rate at the date when the fair value is determined.

(d) Cash and cash equivalents

Cash and cash equivalents consist primarily of cash in banks, term deposits, certificates of deposit and all other highly liquid investments at the time of purchase.

Cash and cash equivalents that are not available for use are classified as restricted cash.

(e) Prepaid expenses

Prepaid expenses relate to payments made in advance of receiving the related services and include tolls paid to NWRP in respect of turnaround costs under the Sturgeon Refinery Processing Agreement. The payments are expected to yield economic benefits over one or more future periods. Subsequent to initial recognition, prepaid expenses are recognized as expenses in the Consolidated Statement of Loss and Comprehensive Loss as the services are received, or are de-recognized when it is determined there is no longer future economic benefit.

(f) Inventory

Inventory is maintained to support APMC's operations at the Refinery. Inventory is comprised of blended feedstock, intermediates and products. Product inventories are carried at the lower of cost and net realizable value. APMC contracts with third parties to directly deliver its share of feedstock supply to the Refinery. The cost of APMC's share of feedstock is the invoiced amount from those third parties. Net realizable value methodology for blended feedstock, intermediates and products uses a combination of weighted average index prices and actual sales prices. If the carrying amount exceeds net realizable value, a write-down is recognized.

As part of the marketing activities, oil inventory is managed on behalf of the Department of Energy and Minerals ("EM"). Inventory represents the royalty oil in feeder and trunk pipelines and consists of both purchased oil and royalty share oil. The Commission purchases oil to fulfill pipeline and quality requirements as part of the conventional crude oil marketing activities. As the Commission does not hold title to the oil and will not benefit from the ultimate sale as a principal, this inventory is not recognized.

(g) Software development assets

The Commission has internally developed operations software to handle actualization and settlement of royalty and marketing transactions. In addition, APMC purchased accounting software for reporting and financial settlement of transactions.

These software related assets are amortized on a straight-line basis over the estimated useful life of the software. The software systems have an estimated useful life of 10 years.

(h) Impairment of long-lived assets

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. In addition, an annual review is performed. Assets are grouped at the lowest level where there are separately identifiable cash inflows for the purpose of assessing impairment.

If there is an indication of impairment, the asset's recoverable amount is estimated. The recoverable amount is the greater of an asset's fair value less cost to sell and its value in use. If the carrying amount of the asset exceeds the recoverable amount, an impairment loss is recognized. Impairment losses are recognized in the Consolidated Statement of Loss and Comprehensive Loss.

If the circumstances leading to the impairment are no longer present, an impairment loss may be reversed. The extent of the impairment loss that can be reversed is determined by the carrying cost net of amortization that would have existed if the impairment had not occurred. The impairment loss reversals are recognized in the Consolidated Statement of Loss and Comprehensive Loss.

(i) Revenue from contracts with customers

Revenue from contracts with customers is recognized when or as APMC satisfies a performance obligation by transferring a promised good or service to a customer. For marketing activities, the Commission earns revenue through marketing fees paid by the EM. Collection of revenue occurs on or about the 25th of the month following delivery. Marketing fees are recognized when earned which corresponds to the service period in which the conventional crude oil marketing activities take place.

The Refinery achieved the Commercial Operations Date ("COD") as of June 1, 2020. Revenue from product sales is recognized when performance obligations in the sales contracts are satisfied and it is probable that the Commission will collect the consideration to which it is entitled. Performance obligations are satisfied at the point in time when the product is lifted from the Refinery facility and control passes to the customer. The customers are assessed for creditworthiness before entering into contracts and throughout the revenue recognition process. The larger contracts for the sale of products generally have terms of greater than a year. There are also spot deals and contracts less than a year. Revenues are typically collected in the current month or the following month.

(j) Financial instruments

(i) Financial assets:

The Commission classifies its financial assets in the following categories: measured at amortized cost, fair value through other comprehensive income ("FVTOCI") and fair value through profit or loss ("FVTPL"). The classification is made at initial recognition and depends on the Commission's business model for managing financial assets and the contractual terms of the cash flows. In order for a financial asset to be classified and measured at amortized cost or FVTOCI, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Commission's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortized cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at FVTOCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Subsequent measurement of financial instruments is based on their initial classifications. The Commission does not currently have any financial assets classified or measured at FVTOCI.

Financial assets measured at amortized cost:

The Commission classifies cash and cash equivalents, restricted cash and accounts receivable as financial assets at amortized cost. Amortized cost is defined as the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective interest rate ("EIR") method of any difference between the initial amount and the maturity amount and, for financial assets, as adjusted for any loss allowance. Gains and losses are recognized in the Consolidated Statement of Loss and Comprehensive Loss when the asset is derecognized, modified or impaired.

Financial assets measured at FVTPL:

The Commission has determined that it does not have control, joint control or significant influence over its Investment in the KXL Expansion Project and this investment does not meet the SPPI test. Therefore, the Commission measures the Investment in KXL Expansion Project at FVTPL. Financial assets at FVTPL are carried in the Consolidated Statement of Financial Position at fair value with net changes in fair value recognized in the Consolidated Statement of Loss and Comprehensive Loss.

Impairment:

The Commission’s accounting policy for impairment of financial assets is as follows: at each reporting date, on a forward looking basis, the Commission assesses the expected losses associated with its financial assets carried at amortized cost. For trade accounts receivable, the simplified approach permitted by IFRS 9 is applied, which requires expected lifetime credit losses to be recognized from initial recognition of the receivable. To measure expected the credit loss ("ECL"), accounts receivable are grouped based on the counterparty investment rating as reported by the credit rating agencies and an anticipated default rate is applied to each rating multiplied by the receivable balance outstanding at a reporting date. For counterparties not rated by the credit rating agencies, the simplified approach and a provision matrix is used to calculate the impairment provision. The matrix looks at a different percentage applied against each aging category, including the current amounts. The internal and external credit rating of a counterparty are considered as part of this overall process.

Credit risk for longer term receivables is assessed based on an external credit rating of the counterparty. ECLs are recognized in two stages. For financial instruments where there has not been a significant increase in credit risk since initial recognition, a 12-month ECL is recognized. This represents the credit losses that result from default events that are possible within the next 12 months. For financial instruments where there has been a significant increase in credit risk since initial recognition, a lifetime ECL is recognized. This represents the credit losses expected over the remaining life of the exposure, irrespective of the timing of the default. In assessing whether there has been a significant increase in the credit risk since initial recognition, the Commission considers the changes in the risk that the specified debtor will default on the contract.

Changes in the provision for ECL are recognized on the Consolidated Statement of Loss and Comprehensive Loss.

The Commission considers a financial asset to be in default when contractual payments are 90 days past due. However, in certain cases, the Commission may also consider a financial asset to be in default when internal or external information indicates that APMC is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

(ii) Financial liabilities:

Financial liabilities are classified, at initial recognition, as financial liabilities at FVTPL, loans and borrowings or payables, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Commission’s financial liabilities include accounts payable, due to Department of Energy and Minerals, short term and long term debt, and accrued interest payable.

For purposes of subsequent measurement, financial liabilities are classified in two categories:

- financial liabilities at FVTPL; or
- financial liabilities at amortized cost.

All of the Commission’s financial liabilities are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

(iii) Fair value measurement:

The Commission measures financial instruments such as the Investment in the KXL Expansion Project at fair value at each Consolidated Statement of Financial Position date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Commission. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Commission uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the Annual Financial Statements at fair value on a recurring basis, the Commission determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Commission determines the policies and procedures for fair value measurement. At each reporting date, senior management reviews the values of assets and liabilities that are required to be re-measured or re-assessed as per the Commission's accounting policies. When estimating the fair value, the Commission develops key assumptions based on objective observable data, to the extent possible, and agrees major inputs to contracts and other relevant documents.

The Commission compares the key assumptions and major input used in the determination of the fair value of each asset and liabilities to relevant external sources when available.

At each reporting period, the Commission presents the valuation results to the Board. This includes a discussion of the major assumptions used in the valuations.

For the purpose of fair value disclosures, the Commission has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

(k) Provisions and onerous contracts

Provisions

Provisions, including contingent consideration, are recognized when the Commission has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated. Provisions are not recognized for future operating losses. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized in finance costs.

Onerous contracts

At each year-end, APMC performs an onerous contract assessment. A provision for an onerous contract is recorded when the unavoidable costs of meeting an obligation under a contract exceed the economic benefits expected to be received under it. Where a provision is required, it is measured as the net present value of the unavoidable net cash flows, and is recorded as an expense on the Consolidated Statement of Loss and Comprehensive Loss and offsetting liability on the Consolidated Statement of Financial Position. For each subsequent year-end, the Commission will perform an assessment to determine if the contract remains onerous, and if so, update the provision accordingly.

The Consolidated Statement of Financial Position provision will be adjusted each year to the new net present value (either higher or lower) with the offset being recorded through the Consolidated Statement of Loss and Comprehensive Loss. If the contract is no longer onerous, then the provision is reversed in its entirety (i.e. the contract cannot become an asset).

(l) Finance income and finance expenses

Finance income is comprised of interest income earned daily on cash and cash equivalents and restricted cash.

Finance expenses consist of interest expense on debt obligations, net of the unwinding of premiums and discounts recognized on the issuance of debt, and accretion on the license fee provision and Surgeon Refinery Processing Agreement provision.

(m) Income taxes

As stated in note 1 above, the Commission is exempted from Canadian federal and provincial corporate income taxes. However, 2254746 Alberta Sub Ltd., a Delaware incorporated company and 2254746 Alberta Ltd., an Alberta incorporated company have exposure to USA federal and state corporate income taxes.

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the country in which the Commission generates taxable income.

Current income tax relating to items recognized directly in equity is recognized in equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is accounted for using the liability method on temporary differences between the tax basis of assets and liabilities and their carrying value for financial reporting purposes as at the reporting date.

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits, and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable income will be available against which the deductible temporary differences, the carry forward of unused tax credits, or the unused tax losses can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that taxable income will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable income will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of these Annual Financial Statements in conformity with IFRS requires the Commission to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets, liabilities, and the disclosure of contractual obligations and contingencies, if any, at the date of the Annual Financial Statements. Estimates are subject to measurement uncertainty and changes in such estimates in future years could require a material change in the Annual Financial Statements. Estimates and judgements are continuously evaluated and based on the Commission's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. Revisions to accounting estimates are recognized prospectively.

The following are judgements, estimates and assumptions that the Commission has made in the process of applying APMC's accounting policies and that have the most significant effect on the amounts recognized in these Annual Financial Statements.

(a) Revenue recognition

The Commission has exercised judgment in determining whether it is acting as a principal or agent with respect to conventional crude oil marketing activities. The Commission is providing services to the Crown as delegated in the Petroleum Marketing Act. The Commission accepts delivery of and markets the Crown's royalty share of crude oil, and has the ability to determine which customers to transact with, and whether it should purchase additional product for blending activities to change the composition of crude oil sold. The Commission has the responsibility for ensuring the crude oil meets the customers' specifications and for the establishment of prices. However, the Commission does not have the ability to direct the use of the crude oil, as the use is mandated by the Crown. The Commission remits the net proceeds from the sale of product to the EM, and therefore does not have the ability to obtain the benefits from the crude oil. As the APMC does not direct the use of the crude oil, nor obtain the economic benefits from it, management has determined that it does not have control and is therefore an agent with respect to the conventional crude oil marketing activities. Therefore, the gross inflows and economic benefits of conventional crude oil marketing activities are considered collected on behalf of the Crown and are not recognized as revenue.

APMC has also exercised judgment in determining whether it is acting as a principal or agent with respect to Sturgeon Refinery Tollpayer activities. As part of the processing agreements, NWRP processes the feedstock provided by APMC and Canadian Natural Resources Limited ("CNRL") (collectively, the "Tollpayers") into refined products and will sell the refined products and by-products on behalf of APMC and CNRL. APMC and CNRL take the financial responsibility for the refined products and by-products meeting customer specifications, including inventory, and price risk relating to the products. Therefore, APMC is acting as the principal in this arrangement and the gross inflows and economic benefits of the Refinery activities are recognized as revenue.

(b) Interests in Refinery

APMC indirectly owns a 50 percent partnership interest in NWRP. APMC has exercised judgement in determining that it has joint control over NWRP and that the joint arrangement is a joint venture. This determination was based upon the assessment that APMC and CNRL, under the terms of the existing processing agreements, are currently not expected to receive substantially all of the economic output of the Refinery as it is anticipated the life of the refinery will exceed the contractual term of the processing agreements.

NWRP processes bitumen and sells the refined products on behalf of the Tollpayers. APMC is providing the Refinery with 37,500 barrels a day ("bbl/d") of bitumen feedstock and the other Tollpayer provides the remaining 12,500 bbl/d of bitumen feedstock under a 40 year cost-for-service tolling agreements (collectively, the "Processing Agreements"). As required by the terms of the Processing Agreements, a trust account (the "Initial Proceeds Trust Account" or "IPTA") has been established to facilitate the payments to and from the Tollpayers and NWRP. APMC has exercised judgment in determining that IPTA, on behalf of the Tollpayers, is a joint operation in which the Commission has a 75 percent interest in the assets, liabilities, revenue and expenses.

(c) NWRP - Monthly toll commitment

The Commission has used judgment to estimate its toll commitments pursuant to the Processing Agreement included in note 20. The toll has both a debt component and a monthly operating component. To estimate the future toll, management has used estimates for factors including future interest rates, operating costs, oil prices (West Texas Intermediate ("WTI") and light/heavy differentials), refined product prices, gas prices and foreign exchange rates.

(d) Sturgeon Refinery Processing Agreement assessment

The Commission uses a cash flow model to determine if the unavoidable costs of meeting the obligations under the NWRP Processing Agreement exceed the economic benefits expected to be received. The model uses a number of variables to calculate the cash flows for APMC. Those variables include technical variables that arise from the design of the project such as pricing related variables including crude oil prices (WTI), heavy-light differentials, ultra-low sulphur diesel-WTI premiums, exchange rates, capital costs, operating costs, interest rates, and discount rates.

Technical inputs may be estimated with reasonable accuracy for a particular operating plan; however revenues and costs that depend upon market prices are challenging to estimate, particularly over long future time periods. The amended Processing Agreement has a term of 40 years and may be renewed for successive five year periods at APMC’s option. In order to perform the onerous contract analysis, APMC management developed estimates for the key variables based primarily on GOA forecasts.

(e) Contingent consideration

In connection with APMC's acquisition of a 50 percent equity interest in NWRP on June 9, 2021, NWRP entered into an agreement with NWU LP to utilize certain carbon dioxide ("CO2") capture technology in exchange for an annual licensing fee based on CO2 captured from the Refinery, resulting in the recognition of a fair value provision for contingent consideration relating to APMC's acquisition of a partnership interest in NWRP.

The Commission uses a cash flow model to determine the fair value of the contingent consideration, recorded in the Consolidated Statement of Financial Position as License Fee Provision. The model uses a number of variables to calculate the cash outflows for APMC. Those variables include estimates and technical variables that arise from the design of the project such as the forecast of annual CO2 volumes to be captured by the Refinery over its life until the estimated date of reclamation of December 31, 2100, an assumption that the annual licensing fee will meet the economic tests in certain future periods and the calculation of a credit adjusted risk free discount rate.

Technical inputs for annual CO2 licensing fee may be adjusted in future periods based upon the operating performance of the Refinery.

(f) ***Interests in other entities***

APMC applies judgement in determining the classification of its interest in other entities, such as: (i) the determination of the level of control or significant influence held by the Commission; (ii) the legal structure and contractual terms of the arrangement; (iii) concluding whether the Commission has rights to assets and liabilities or to net assets of the arrangement; and (iv) when relevant, other facts and circumstances. The Commission has determined that the Investment in the KXL Expansion Project is a financial asset measured at fair value through profit or loss as described in IFRS 9 *Financial Instruments*.

(g) Fair value measurement of financial instruments

When the fair values of financial assets recorded in the Consolidated Statement of Financial Position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques.

The Commission has estimated the fair value of the KXL Investment at March 31, 2025 and 2024 using a probability-weighted valuation technique. The fair value of the KXL Investment is included in Level 3 of the fair value hierarchy (note 10 and 19) because it requires the use of significant unobservable assumptions in the valuation techniques used to determine the fair value estimate. The determination of the fair value of the KXL Investment is complex and relies on several critical judgements and estimates. These critical assumptions and estimates used in determining the fair value of the KXL Investment are: the identification of potential scenarios that would impact the amount and timing of cash flows relating to the KXL Investment, the expected probability of those outcomes, and the estimated cash inflows and outflows relating to potential outcomes. Fair value estimates may not necessarily be indicative of the amounts that could be realized or settled, and changes in assumptions could affect the reported fair value of the financial instrument. Assumptions used in the determination of the fair value of the KXL Investment will continue to be refined as outcomes become known and more information becomes available.

(h) Operating segments

The Commission has reviewed and determined its operating segments as disclosed in note 29.

(i) Tariffs

In 2025, the government of the USA announced tariffs on certain goods, including Canadian energy imports, effective March 4, 2025. The Canadian government announced that it would respond with tariffs on certain goods imported from the USA, in addition to other measures. Since the initial announcement, an exception has been granted for goods that are compliant with the Canada-United States-Mexico Agreement. The Commission will continue to assess the impacts of such tariffs and measures as the situation develops. The impact of potential tariffs on the company's financial results cannot be quantified at this time.

5. NEW ACCOUNTING POLICIES

a. Amended standard adopted by APMC

Amendments to IAS 1: Classification of Liabilities as Current or Non-current

In January 2020, the IASB issued amendments to paragraphs 69 to 76 of *IAS 1: Presentation of Financial Statements ("IAS 1")* to specify the requirements for classifying liabilities as current or non-current, depending on the existence of the substantive right at the end of the reporting period for an entity to defer settlement of the liability for at least twelve months after the reporting period.

In October 2022, the IASB made further amendments to *IAS 1* in response to concerns raised about these changes to the classification of liabilities as current or non-current.

The new amendments clarify that covenants of loan arrangements will not affect classification of a liability as current or non-current at the reporting date if the entity must only comply with the covenants after the reporting date. However, if the entity must comply with a covenant either before or at the reporting date, this will affect the classification as current or non-current, even if the covenant is only tested for compliance after the reporting date.

These amendments were adopted April 1, 2024 and applied retrospectively. The amendments did not have a material impact to APMC's financial statements.

b. Future accounting pronouncements

Issuance of IFRS 18: Presentation and Disclosure in the Financial Statements

In April 2024, the IASB issued *IFRS 18: Presentation and Disclosure in the Financial Statements ("IFRS 18"),* which provides presentation and disclosure requirements for the primary financial statements and related notes and replaces *IAS 1. IFRS 18* will not impact the recognition or measurement of items in the financial statements, but it changes the required structure of the statement of profit or loss and the statement of cash flows. The key changes introduced in *IFRS 18* are:

- Income statement items will now be classified under five defined categories including operating, financing, investing, income taxes and discontinued operations. These categories may result in expenses being reclassified from investing or financing activities to operating activities;
- The inclusion of required subtotals within the statement of profit or loss;
- The statement of cash flows will now start at operating profit and include changes to the categorization of interest and dividends;
- New disclosures for management-defined performance measures ("MPM's") may require certain non-GAAP measures to be included in a separate note, including a reconciliation between the most similar IFRS subtotal and the MPM; and
- Increased guidance around the aggregation and disaggregation of financial information within the primary statements and financial statement notes.

IFRS 18 is effective for reporting periods beginning on or after January 1, 2027 and is required to be adopted retrospectively. The Commission is currently assessing the impacts of the new standard on APMC's financial statements.

6. CASH AND CASH EQUIVALENTS

Cash and cash equivalents as at March 31, 2025 was $32.0 million (March 31, 2024 - $28.7 million). Cash and cash equivalents consist of deposits in a cash pooling structure managed by Alberta Treasury Board & Finance ("TB&F") to provide competitive interest income while maintaining appropriate security and liquidity of depositors' capital. For the year ended March 31, 2025, the Commission earned $0.3 million (year ended March 31, 2024 - $0.3 million).

7. RESTRICTED CASH

Restricted cash, including cash and cash equivalents, as at March 31, 2025 was $55.1 million (March 31, 2024 – $54.1 million) and relates to the Refinery. Restricted cash is held on behalf of the Refinery Tollpayers, namely APMC and CNRL. The amount reported is the 75 percent portion attributable to APMC as a Tollpayer. The Commission does not have immediate access to the cash held in the trust account. The cash is to be used for funding the Refinery processing operations and for paying all tolls. Any cash distributions will be in accordance with the Processing Agreement.

Excess trust account funds at the Refinery are invested in low-risk, liquid short-term investments, with no longer than a 90 day term to maturity. For the year ended March 31, 2025, the short-term investments earned $3.4 million (March 31, 2024 - $4.3 million).

8. ACCOUNTS RECEIVABLE

($000s)	**March 31, 2025**	March 31, 2024
Accounts receivable	**459,240**	548,059
Credit loss provision (note 19)	**(1,508)**	(1,678)
Balance, end of year	**457,732**	546,381

Accounts receivable is comprised of receivables from crude oil royalty marketing activities on behalf of the Province of Alberta and receivables from Sturgeon Refinery product sales.

As at March 31, 2025, there was $201.4 million (March 31, 2024 – $198.6 million) of accounts receivable for marketing transaction activities primarily for the March 2025 delivery month, which was settled in cash on April 25, 2025. In addition, there was $256.4 million (March 31, 2024 – $347.7 million) of accounts receivable related to the Refinery which consisted primarily of the sale of refined products delivered in March 2025. The settlement terms related to the sale of refined products are not greater than net 21 days.

9. INVENTORY

($000s)	**March 31, 2025**	March 31, 2024
Current		
Balance, beginning of year	**72,010**	70,607
Additions	**1,989,045**	1,919,118
Cost of sales	**(2,002,895)**	(1,917,715)
Balance, end of year – current portion	**58,160**	72,010
Long term		
Balance, beginning of year	**6,877**	6,877
Additions	**—**	—
Balance, end of year – long-term portion	**6,877**	6,877

Product inventory is comprised of synthetic crude oil, blended feedstock, intermediate products, ultra-low sulphur diesel, unconverted oil, diluent and sulphur. As at March 31, 2025 there was $58.2 million (March 31, 2024 - $72.0 million) of hydrocarbon inventory classified as current as the Commission expects to sell it within the next twelve months of the financial reporting period.

As at March 31, 2025 there was $6.9 million (March 31, 2024 - $6.9 million) of long term inventory consisting of line fill and tank bottoms. The Commission does not anticipate to sell these volumes within the next 12 months.

10. INVESTMENT IN KXL EXPANSION PROJECT

On June 9, 2021, the APMC, as directed by the Alberta Government entered into the Final KXL Agreement (“the Final KXL Agreement”) with TC Energy for an orderly exit from the KXL project and partnership. On October 1, 2024, TC Energy completed the spin off of its liquids pipeline business, as South Bow Corporation ("South Bow"). Liquidation of the remaining KXL Expansion Project assets continues through South Bow with no significant new developments.

A reconciliation of the change in the KXL Expansion Project investment is as follows:

($000s)	**March 31, 2025**	March 31, 2024
Balance, beginning of year	**9,743**	33,000
Liquidation proceeds on Class C interests	**(8,812)**	(8,924)
Foreign exchange	**544**	(60)
Net change in fair value	**1,039**	(14,273)
Balance, end of year	**2,514**	9,743

The fair value of the KXL Investment as at March 31, 2025 and 2024 was estimated using a market approach to value Keystone XL pipeline assets under an abandonment scenario incorporating inputs for the estimated realizable value of the assets. For the year ended March 31, 2025, the Commission recognized a gain of $1.0 million (March 31, 2024 - loss of $14.3 million) on the estimated fair value of its Investment in the KXL Expansion Project.

The determination of the fair value estimate included significant unobservable inputs (fair value measurement hierarchy – level 3). Estimated cash inflows and outflows are calculated based on an abandonment scenario. If the estimated cash flows relating to the abandonment scenario increase (decrease), the fair value estimate increases (decreases).

As the liquidation process under the abandonment scenario continues, more information is likely to become available that will impact the significant unobservable inputs used in the determination of the estimated fair value of the KXL assets. As a result, the estimated fair value will be impacted by events after the reporting period.

On February 9, 2022, the APMC, on behalf of the GOA, filed a Notice of Intent as a formal step in preparation for a claim against the USA over the cancellation of the presidential permit for the Keystone XL pipeline. On April 27, 2023, the APMC filed a Notice of Arbitration to formally initiate the arbitration claim. The action is a legacy North American Free Trade Agreement claim under the new Canada-United States-Mexico Agreement. An arbitration panel was formally constituted on December 3, 2023 and initial procedural orders were settled in December 2023 and February 2024. On April 16, 2024, APMC filed its Memorial on the Merits and Quantum, which claims not less than approximately $1.6 billion in damages related to APMC's investment in the cancelled KXL pipeline. The USA filed a Request for Bifurcation of Preliminary Objections in May 2024 seeking a separate hearing process to consider jurisdictional challenges to the claim, including that the claimants are not entitled to rely on substantive standards of protection under the NAFTA legacy claim provisions. On August 7, 2024, the arbitration panel determined that the proceedings should be bifurcated to allow for the separate consideration of USA's jurisdictional arguments. The parties are engaged in the submissions phase of jurisdictional review with a hearing on jurisdiction matters scheduled for September 2025.

11. INVESTMENT IN NORTH WEST REDWATER PARTNERSHIP

On June 30, 2021, the APMC through certain of its subsidiaries, acquired a 50 percent equity investment in NWRP. The other 50 percent interest holder in NWRP is CNR (Redwater) Limited, a wholly-owned subsidiary of CNRL.

The table below summarizes the change in the investment in NWRP joint venture:

($000s)	**March 31, 2025**	March 31, 2024
Balance, beginning of year	**259,168**	230,324
APMC's share of income from the investment in NWRP	**27,472**	28,844
Balance, end of year	**286,640**	259,168

The table below presents the net income (loss) from the NWRP joint venture:

	Years ended March 31,	
($000s)	**2025**	2024
APMC's share of income from the investment in NWRP	**27,472**	28,844
Adjustments to NWRP license fee provision	**8,880**	(41,860)
Income (loss) from North West Redwater Partnership	**36,352**	**(13,016)**
Finance costs	**(6,880)**	**(5,140)**
Net income (loss) and comprehensive income (loss)	**29,472**	**(18,156)**

Summarized financial information of the joint venture, based on its IFRS financial statements adjusted to reflect APMC's accounting policies, and reconciliation with the carrying amount of the investment is as follows:

($000s)	**March 31, 2025**	March 31, 2024
Current assets, including cash and cash equivalents of $677 (March 31, 2024 - $574)	**540,304**	430,999
Non-current assets	**10,771,999**	11,004,645
Short term borrowings	**(97,938)**	(76,375)
Other current liabilities[1]	**(1,970,745)**	(858,619)
Long term debt[2]	**(9,006,811)**	(10,248,362)
Other non-current liabilities	**(954,552)**	(1,024,976)
Deficit - 100%	**(717,743)**	(772,688)
APMC's share - 50%	**(358,872)**	(386,344)
Goodwill	**645,512**	645,512
APMC’s carrying amount of the investment	**286,640**	259,168

1. As at March 31, 2025, other current liabilities included commercial paper of $1.4 billion (March 31, 2024 - $500.0 million), and $248.3 million outstanding under the current portion of the credit facility (March 31, 2024 - $61.9 million). The credit facility is due June 30, 2025. One of the secured notes, Series A of $500 million matured on July 22, 2024 and is included in other current liabilities as at March 31, 2024.
2. As at March 31, 2025, long term debt of NWRP consisted of senior secured notes of $9.0 billion and $nil outstanding under the long-term portion of the credit facility (March 31, 2024 - $7.7 billion and $2.0 billion, respectively). As at March 31, 2025, the weighted average interest rate on all senior secured notes outstanding was 3.77 percent (March 31, 2024 - 3.54 percent).

Summarized statement of income of NWRP is as follows:

	Years ended March 31,	
($000s)	**2025**	2024
Revenue from Tollpayers[1]	**1,242,894**	1,336,662
Net income and comprehensive income for the year[2,3]	**54,944**	57,687
APMC’s share of net income for the year	**27,472**	28,844

1. Included in NWRP's revenue for the year ended March 31, 2025 is $932.2 million, representing the Commission's 75 percent share of the refining toll, adjusted to reflect APMC's accounting policies (year ended March 31, 2024 - $1,002.5 million).
2. Included in the net income for the year ended March 31, 2025 is revenue recognized with respect to carbon offset credits of $164.7 million (year ended March 31, 2024 - $214.5 million).
3. Included in the net income for the year ended March 31, 2025 is the impact of depreciation and amortization expense of $370.0 million (year ended March 31, 2024 - $410.0 million), and finance costs of $412.8 million (year ended March 31, 2024 - $427.3 million).

12. INTANGIBLE ASSETS

($000s)	**March 31, 2025**	March 31, 2024
Cost:		
Balance, beginning and end of year	**10,644**	10,644
Accumulated depreciation and amortization:		
Balance, beginning of year	**(5,056)**	(3,992)
Depreciation and amortization	**(1,064)**	(1,064)
Balance, end of year	**(6,120)**	(5,056)
Net book value, end of year	**4,524**	5,588

The Commission internally developed operations software to handle actualization and settlement of royalty and marketing transactions. In addition, APMC purchased accounting software for reporting and financial settlement of transactions. Both systems became operational in 2019. The intangible assets are amortized on a straight-line basis over the estimated useful life of the software of 10 years. The Commission has completed its review of intangible assets and determined there is no impairment.

13. ACCOUNTS PAYABLE

($000s)	**March 31, 2025**	March 31, 2024
Trade payables	**118,990**	121,767
Accrued liabilities	**291,050**	351,610
Balance, end of year	**410,040**	473,377

Accounts payable and accrued liabilities are comprised of payables from marketing transactions and from Sturgeon Refinery activities.

As at March 31, 2025, there was $55.1 million (March 31, 2024 – $39.1 million) of payables for marketing activities. March 2025 delivery month payables were cash settled on April 25, 2025.

In addition, there was $354.9 million (March 31, 2024 – $434.3 million) of accounts payable and accrued liabilities related to Sturgeon Refinery activities consisting of purchase of Refinery feedstock, and processor tolls for the March 2025 delivery month. The purchases of Refinery feedstock were settled on April 25, 2025. The processor tolls are net settled against refined product sales proceeds on April 25, 2025.

14. DUE TO THE DEPARTMENT OF ENERGY AND MINERALS

($000s)	**March 31, 2025**	March 31, 2024
Balance, beginning of year	**194,722**	211,359
Amount to be transferred	**2,142,513**	2,116,285
Amount remitted	**(2,155,218)**	(2,132,922)
Balance, end of year	**182,017**	194,722

The Commission acts as agent of the Crown in accepting delivery of and managing the Crown's royalty share of hydrocarbons. The Commission remits net crude oil royalty-in-kind revenue to the Crown on a monthly basis.

15. DEBT

TB&F borrowings:

The Commission entered into a Lending and Borrowing Agreement ("Agreement") with the GOA effective April 1, 2014, which was subsequently amended April 1, 2023. The Agreement provides the framework under which APMC may, from time to time, request the GOA lend money to the APMC. The APMC must obtain an Order in Council (approved by the Lieutenant Governor in Council) to authorize the borrowing dollar limits. TB&F is the government unit responsible for lending on behalf of the GOA. The Commission has two Order in Councils; one for the Refinery and another for the KXL Expansion Project.

The Sturgeon Refinery Order in Council allows the Commission to borrow up to $2.9 billion for funding related to the Sturgeon Refinery. Subsequent to the year ended March 31, 2025, on April 9, 2025, the borrowing capacity was increased on the Sturgeon Order in Council by $1.2 billion to $4.1 billion. The Commission draws on the Sturgeon Order in Council monthly, to pay Sturgeon Refinery cash shortfalls and for temporary funding to purchase feedstock. Cash received from the Sturgeon Refinery is used to repay borrowings.

The KXL Expansion Project Order in Council allows the Commission to borrow up to $2.0 billion for the Investment of the KXL Expansion Project. The Commission draws on the KXL Expansion Project Order in Council to pay for debt service costs. Cash received from liquidation proceeds are used to repay borrowings.

The weighted average interest rate for the year ended March 31, 2025 was 4.3 percent (year ended March 31, 2024 - 4.5 percent).

Short term debt

($000s)	Sturgeon Refinery	KXL Expansion Project	Total
Balance, March 31, 2023	592,232	648,427	1,240,659
Additions	357,787	57,504	415,291
Repayments	(145,247)	(14,792)	(160,039)
Balance, March 31, 2024	**804,772**	**691,139**	**1,495,911**
Additions	**643,126**	**466,927**	**1,110,053**
Repayments	**(150,348)**	**(757,687)**	**(908,035)**
Balance, March 31, 2025	**1,297,550**	**400,379**	**1,697,929**

As at March 31, 2025, the Refinery's and KXL Expansion Project's short term debt includes tranches of borrowing repayable over various interest rates and terms, not exceeding one year.

Long term debt

($000s)	Sturgeon Refinery	KXL Expansion Project	Total
Balance, March 31, 2023	661,624	716,768	1,378,392
Amortization of discount (premium) on long term debt	2,409	(8,894)	(6,485)
Balance, March 31, 2024[1]	**664,033**	**707,874**	**1,371,907**
Additions	**—**	**746,865**	**746,865**
Repayment	**—**	**(408,000)**	**(408,000)**
Amortization of discount (premium) on long term debt	**2,523**	**(996)**	**1,527**
Balance, March 31, 2025	**666,556**	**1,045,743**	**1,712,299**

1. Includes current portion of long term debt of $410 million that matured on June 1, 2024.

In June 2024, the Commission issued a new bond with a $750 million face value, bearing a coupon of 4.10 percent to fund the maturity of a $408 million, 3.10 percent bond, and to convert short term debt to longer term maturities.

As at March 31, 2025, long term debt consists of the following bonds:

	Issue Date	Maturity Date	Coupon	Face value ($000s)
Sturgeon Refinery				
	July 5, 2022	June 1, 2033	4.15 percent	$300,000
	November 14, 2022	June 1, 2052	2.95 percent	$500,000
KXL Expansion Project				
	July 5, 2022	June 1, 2033	4.15 percent	$300,000
	June 4, 2024	June 1, 2029	4.10 percent	$750,000

16. ACCRUED INTEREST PAYABLE

($000s)	March 31, 2025	March 31, 2024
Accrued interest on TB&F short term debt	**15,100**	13,611
Accrued interest on TB&F long term debt	**23,467**	17,432
Balance, end of year	**38,567**	31,043

17. LICENSE FEE PROVISION

($000s)	March 31, 2025	March 31, 2024
Balance, beginning of year	**134,000**	87,000
Accretion	**6,880**	5,140
Change in estimate	**(8,880)**	41,860
Balance, end of year	**132,000**	134,000

In connection with APMC's acquisition of a 50 percent equity interest in NWRP (note 11), APMC recognized a provision for contingent consideration associated with a licensing fee. NWRP has an agreement with NWU LP to utilize certain CO2 capture technologies in exchange for a licensing fee based on the quantity of CO2 captured from the Refinery.

The fair value estimate of the contingent consideration was calculated based upon the following: 1) management's forecast of annual CO_2 volumes to be captured by the Refinery over its life until the estimated date of reclamation of December 31, 2100; 2) an assumption that the annual licensing fee will meet certain specific economic criteria in certain future periods; and 3) the calculation of a net present value of the license fee payments are discounted using a credit adjusted risk free rate of 4.98 percent as at March 31, 2025 (March 31, 2024 – 5.05 percent).

18. STURGEON REFINERY PROCESSING AGREEMENT PROVISION

As at March 31, 2025, APMC assessed the Refinery Processing Agreement to determine if it represents an onerous contract. APMC uses a discounted cash flow model to assess if the unavoidable costs related to the Processing Agreement with NWRP exceed the economic benefits to be received. The contract was determined to be onerous and APMC has recognized a provision which is calculated as the net present value of revenues from the sales of refined products less feedstock costs and the Refinery tolls charged by NWRP under the Processing Agreement, as well as the net present value of expected net benefit to be realized by APMC pursuant to the Processing Agreement as a result of its 50 percent partnership interest in NWRP.

In connection with APMC's equity investment in NWRP, on June 30, 2021, certain components of the Refinery tolls were eliminated. In addition, the interest rate on NWRP’s term debt was renegotiated, reducing the debt components of the Refinery toll. The expected net economic benefits have also increased as a result of the cash flows which APMC will realize from the Processing Agreement as a 50 percent partner in NWRP.

As at March 31, 2025, the Commission recognized a non-cash $104.1 million recovery of the onerous contract provision due to lower forecasted electricity costs offset partially by lower forecasted gross margin and recorded related accretion expense of $169.1 million (2024 - $56.9 million) resulting in an ending provision of $2.054 billion. By comparison, as at March 31, 2024, the Commission recognized a charge of $1.263 billion as a result of lower forecasted gross margin, resulting in a net $1.989 billion provision.

The undiscounted future cash net inflows are estimated to be $4.9 billion over the expected life of the project. The provision has been recognized by discounting these cash flows using a discount rate of 8.5 percent. The onerous contract provision is projected to be settled in periods up to May 2083.

During the years ended March 31, 2025 and March 31, 2024, the movement in the Refinery Processing Agreement provision is as follows:

($000s)	**March 31, 2025**	March 31, 2024
Balance, beginning of year	1,989,000	669,000
Change in provision	(104,065)	1,263,135
Accretion (note 26)	169,065	56,865
	2,054,000	**1,989,000**
Less: current portion	**(241,000)**	**(231,800)**
Balance, end of year	**1,813,000**	**1,757,200**

APMC uses the GOA budgeted commodity price forecast for WTI, Western Canadian Select ("WCS"), condensate and foreign exchange to estimate future cash flows. The most significant pricing variables that would impact the future cash flows of the contract are the forecasted WTI-WCS differential and foreign exchange rates. Due to the long-term nature of the contract, management has performed a sensitivity analysis on the forecasted WTI-WCS differential and the US$/Cdn$ foreign exchange rates by decreasing both variables by 5 percent. The onerous contract provision would decrease by $155 million if, with all other variables held constant, the forecasted WTI-WCS differential and US$/Cdn$ foreign exchange rates decreased by 5 percent.

Changes to interest rates also impact the future cash flows under the contract. The onerous contract would increase by $53 million if, with all other variables held constant, the forecasted interest rates increased by 50 basis points.

19. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Commission’s financial instruments consist of cash and cash equivalents, restricted cash, accounts receivable, Investment in KXL Expansion Project, accounts payable and accrued liabilities, due to EM, short term debt, accrued interest on short term debt, long term debt, license fee provision and lease obligations. Except for the Investment in KXL Expansion Project, long term debt, license fee provision, and lease obligations, the carrying values of the Commission's financial instruments approximate the fair value due to the short term nature of these instruments. Refer to note 3 for further information related to the Commission’s accounting policies related to *IFRS 9 – Financial Instruments.*

($000s)		**March 31, 2025**		**March 31, 2024**	
	Hierarchy	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**
Financial assets:					
Cash and cash equivalents	Level 1	**31,973**	**31,973**	28,711	28,711
Restricted cash	Uncategorized[1]	**55,119**	**55,119**	54,123	54,123
Accounts receivable	Uncategorized[1]	**457,732**	**457,732**	546,381	546,381
Investment in KXL Expansion Project	Level 3	**2,514**	**2,514**	9,743	9,743
Financial liabilities:					
Accounts payable and accrued liabilities	Uncategorized[1]	**410,040**	**410,040**	473,377	473,377
Due to EM	Uncategorized[1]	**182,017**	**182,017**	194,722	194,722
Short term debt	Uncategorized[1]	**1,697,929**	**1,697,929**	1,495,911	1,495,911
Accrued interest on short term debt	Uncategorized[1]	**38,567**	**38,567**	31,043	31,043
Long term debt	Level 2	**1,712,299**	**1,820,084**	1,371,907	1,396,866
License fee provision	Level 3	**132,000**	**132,000**	134,000	134,000
Lease obligations	Uncategorized[1]	**368**	**368**	425	425

1. Carrying value approximates fair value due to the short term of this instrument.

The Commission is exposed to a variety of financial risks: interest rate risk, credit risk, liquidity risk and commodity price risk. The nature of the risks faced by the Commission and its policies for managing such risks are detailed below.

(a) Interest rate risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Commission is exposed to interest rate risk from fluctuations in rates on its cash and cash equivalents balance and the interest charged on the floating rate portions of its short term debt. As Tollpayer, the Commission is also exposed to interest rate risk on the floating rate portions of the debt held by NWRP. If interest rates applicable to floating rate debt increased by 1%, it is estimated that the Commission's annual earnings would decrease by $29.3 million.

The Commission manages its exposure to interest rate risk through the use of long term fixed rate debt.

(b) Credit risk

Credit risk is the risk of financial loss to the Commission if a customer or party to a financial instrument fails to meet its contractual obligation and arises principally from the Commission's cash and cash equivalents, cash held in trust, accounts receivable and other financial instruments. The maximum amount of credit risk exposure of these instruments is limited to the carrying value of the balances disclosed in these Annual Financial Statements.

The Commission manages its exposure to credit risk on cash and cash equivalents by placing these financial instruments within a cash pooling structure maintained by TB&F (note 6).

A substantial portion of the Commission's accounts receivable are with its customers in the oil and gas industry and are subject to normal industry credit risk. The Commission monitors the credit risk and credit rating of all customers on a regular basis. Aged receivable balances are monitored and a credit loss provision is provided in the period in accordance with IFRS 9. Any credit losses on accounts receivable from conventional crude oil marketing would be costs of APMC that would be recoverable from the EM through the marketing fee.

Credit loss provision

	Years ended March 31,	
($000s)	**2025**	2024
Accounts receivable – trade		
Balance, beginning of year	**1,343**	609
Change to loss provision	**(2)**	734
Balance, end of year	**1,341**	1,343
Accounts receivable – Sturgeon Refinery		
Balance, beginning of year	**335**	17,403
Receivables written off during the year	**—**	(18,438)
Change to loss provision	**(168)**	1,370
Balance, end of year	**167**	335
Total change to loss provision for the year	**(170)**	2,104

The loss provision for trade accounts receivable was recorded to General and Administrative Expenses in the Consolidated Statement of Loss and Comprehensive Loss. The loss provision for Sturgeon Refinery accounts receivable has been recorded to Change in Sturgeon Refinery credit loss provision in the Consolidated Statement of Loss and Comprehensive Loss.

(c) Liquidity risk

Liquidity risk is the risk that the Commission will not be able to meet its financial obligations as they come due. The Commission actively manages its liquidity through cash, accounts receivables and debt management strategies. The APMC has the ability to obtain financing from TB&F, or through external banking credit facilities with GOA approval.

As at March 31, 2025, excluding short term debt, the Commission's non-derivative financial liabilities with contractual maturities (including interest payments where applicable) are summarized below.

($000s)	Total	< 1 Year	1-3 Years	3-5 Years	More than 5 Years
Accounts payable and accrued liabilities	410,040	410,040	—	—	—
Due to the Department of Energy and Minerals	182,017	182,017	—	—	—
Long term bonds - KXL Expansion Project[1]	1,050,000	—	—	750,000	300,000
Interest on KXL Expansion Project bonds	244,200	43,200	86,400	71,025	43,575
Long term bonds - Sturgeon Refinery[1]	800,000	—	—	—	800,000
Interest on Sturgeon Refinery bonds	511,450	27,200	54,400	54,400	375,450
Sturgeon Refinery Processing Agreement provision[2]	2,054,000	241,000	138,000	255,000	1,420,000
Lease liabilities	368	64	129	130	45
License fee provision	132,000	—	7,000	7,000	118,000
Total financial liabilities	**5,384,075**	**903,521**	**285,929**	**1,137,555**	**3,057,070**

1. Represents the face value due at maturity.
2. The amount more than 5 years represents the discounted present value of estimated net cash outflows from the Refinery in later years.

(d) Commodity price risk

Commodity price risk is the risk that future cash flows will fluctuate as a result of changes in commodity prices. Commodity prices for oil and natural gas are impacted not only by the relationship between the Canadian and United States dollars but also worldwide economic events that influence supply and demand.

The Commission’s operational results and financial condition are impacted by prices realized on sales of refined products, feedstock purchases and tolls at the Refinery. In addition, the Commission’s financial position and results are also impacted by changes in estimates of future commodity prices used in the estimation of the net cash flows of the Processing Agreement used in the assessment of the onerous contract provision. As at March 31, 2025, the Commission does not have any commodity price risk management contracts. Movement in commodity prices could have a significant positive or negative impact on the Commission’s net loss.

(e) Foreign exchange risk

Foreign exchange risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Commission mitigates foreign exchange risk by minimizing its US currency held.

Capital Management and Liquidity

The Commission's objective when managing capital is to maintain a flexible capital structure and sufficient liquidity to meet its financial obligations and to execute its business plans. The Commission considers its capital structure to include equity (deficit), the borrowing capacity available under outstanding debt agreements, and net working capital (deficit). The Commission's objectives when managing capital are to safeguard the Commission's ability to continue as a going concern and provide returns to the EM through responsible marketing of conventional crude oil royalty volumes and its other business activities. The Commission does not have any externally imposed restrictions on its capital. The Commission monitors its current and forecasted capital structure in response to changes in economic conditions and the risk characteristics of its business activities. Adjustments are made on an ongoing basis in order to meet its capital management objectives. In light of the continued uncertainty in the macroeconomic environment, the Commission continues to monitor interest rate volatility given the current economic environment with increased inflationary pressures and has converted a portion of short term borrowings into longer maturity borrowings (note 15).

The APMC believes that its current financial obligations including current commitments and working capital deficit (as defined as current assets, less current liabilities) will be adequately funded by the available borrowing capacity on the Order in Councils over the next twelve months.

20. COMMITMENTS

The estimated NWRP tolls under the Processing Agreement are as follows for future years ended:

(In $ millions)	March 31, 2026	March 31, 2027	March 31, 2028	March 31, 2029	March 31, 2030	Beyond 2030	Total
NWRP Tolls	**1,055**	**805**	**815**	**946**	**726**	**31,283**	**35,630**

Under the Processing Agreement, the Commission is obligated to pay a monthly toll comprised of debt principal repayment, debt service costs and operating components. The processing agreement has a term of 40 years starting with the Toll Commencement Date (June 1, 2018). The Commission has very restricted rights to terminate the Processing Agreement, and is unconditionally obligated to pay its 75 percent pro rata share of the debt component of the monthly fee-for-service toll over the 40-year tolling period. The tolls, under the Processing Agreement, assuming market interest rates and a 2 percent operating cost inflation rate, are estimated above. The toll commitments above are undiscounted and are estimated up to the end of the Processing Agreement term (May 31, 2058). These undiscounted tolls do not take into account the net margin received on the sale of APMC's processed bitumen feedstock.

The estimated commitments for office lease, photocopier lease and parking costs are as follows for future years ended:

(In $000s)	March 31, 2026	March 31, 2027	March 31, 2028	March 31, 2029	March 31, 2030	Beyond 2030	Total
Office lease and parking [1,2]	**463**	**460**	**450**	**450**	**450**	**300**	**2,573**

1. Includes estimates for annual operating costs and property taxes.
2. Includes expected renewals consistent with those utilized to determine right-of-use asset and lease obligation.

The office lease has been capitalized as a right-of-use-asset and is with a related party as detailed in note 21.

21. RELATED PARTY TRANSACTIONS

The EM pays the Commission a fee to market crude oil on its behalf under conventional crude oil marketing activities, reported as marketing fees within the Consolidated Statement of Loss and Comprehensive Loss. The total amounts owing to the EM have been disclosed in note 14.

The Commission enters into transactions with the EM, a related party, in the normal course of business. For the year ended March 31, 2025, the Commission reimbursed the EM for salary costs of EM employees shared with the Commission, as recognized under wages and benefits, for $1.1 million (year ended March 31, 2024 - $1.2 million) within the Consolidated Statement of Loss and Comprehensive Loss.

Technology and Innovation, a related party providing software and maintenance services totaling $0.6 million for the year ended March 31, 2025 (year ended March 31, 2024 - $0.6 million). These expenditures were recognized within the Consolidated Statement of Loss and Comprehensive Loss.

The Commission has a sublease agreement for office premises with the Alberta Energy Regulator (the "AER"), a related party. For the year ended March 31, 2025, the APMC paid $0.3 million (year ended March 31, 2024 - $0.4 million) to the AER for office rent and parking, and shared services.

The Commission has outstanding short term debt and long term debt with TB&F (note 15).

Summarized financial information for NWRP is found in note 11. Refer to note 4(b) for a description of the Refinery, note 4(c) for the NWRP monthly toll commitment and note 18 for the Refinery Processing Agreement Provision.
The Board members of the Commission, executive management and their close family members are deemed related parties of the Commission under IFRS. Compensation for Board members and executive management is disclosed in note 25.

22. REFINERY SALES

Pursuant to the Processing Agreements, NWRP processes bitumen and sells the refined products on behalf of the Tollpayers. As Tollpayer the Commission has a 75 percent interest in the revenues from the refinery. For the year ended March 31, 2025, the Commission earned $1.4 billion from three customers (year ended March 31, 2024 - $1.6 billion from three customers).

23. TURNAROUND EXPENDITURES

The Commission paid $63.8 million (2024 - $1.5 million) to NWRP for tolls related to turnaround costs. As the Commission has recognized an onerous contract provision at March 31, 2025 and March 31, 2024, the tolls related to turnaround costs have been expensed as incurred and not recognized as a prepaid expense.

24. GENERAL AND ADMINISTRATIVE EXPENSES

	Years ended March 31,	
($000s)	**2025**	2024
Wages and benefits	**8,609**	7,304
Consulting	**7,265**	3,742
Software and maintenance	**972**	929
Office rent and property taxes	**345**	359
Dues and subscriptions	**181**	257
Director fees	**94**	100
Change in loss provision for accounts receivable	**(2)**	734
Other	**290**	318
Total general and administrative expenses	**17,754**	13,743

25. KEY MANAGEMENT COMPENSATION

Key management personnel include the Commission's Board Members, Chief Executive Officer, Vice President Finance[1], General Counsel, Vice President, Operations and Vice President, Business Development and Marketing. The amounts relating to board members and key management compensation for the years ended March 31, 2025 and 2024 are as follows:

	Years ended March 31,	
($000s)	**2025**	2024
Base salary[1]	**1,960**	1,540
Other short term benefits[2]	**422**	344
Director fees[3]	**94**	92
Total key management compensation	**2,476**	1,976

1. Prior to October 29, 2024, key management personnel included a Chief Financial Officer. Termination payments paid as required under the related employment contract are included in base salary.
2. As per their employment contracts, the key management personnel receive cash payments in lieu of retirement benefits, as well as perquisites such as parking. There is no bonus program as part of the Commission's compensation.
3. The Chair of the Board (Deputy Minister, EM) and one director (Assistant Deputy Minister, EM) are unpaid. There were five independent Board Members (March 31, 2024 –five). The independent Board Members receive annual retainer and meeting fees.

26. FINANCE COSTS

Finance costs consist of the following:

($000s)	**March 31, 2025**	March 31, 2024
Accretion - license fee provision (note 17)	**6,880**	5,140
Amortization of premium on long term debt (note 15)	**1,527**	(6,485)
Accretion - Sturgeon Refinery Processing Agreement Provision (note 18)	**169,065**	56,865
Interest Expense	**130,634**	119,120
Total finance costs	**308,106**	174,640

27. INCOME TAXES

The Commission is exempt from Canadian federal and provincial corporate income taxes. However, 2254746 Alberta Sub Ltd. (the "USA subsidiary"), a Delaware incorporated company, and 2254746 Alberta Ltd. (the "Canadian holding company"), an Alberta incorporated company, have exposure to USA federal and state corporate income taxes.

Through the tax year ended December 31, 2023, the USA subsidiary has estimated USA net operating losses for income tax purposes of US$409.4 million, which carry forward indefinitely. The IRS completed their review of USA tax returns for the tax year ended December 31, 2021 and they concluded that business losses resulting from the liquidation of KXL assets in the USA partnership could be utilized against previously realized accretion income and withholding taxes paid on inter-corporate dividends paid to the Canadian holding company. As a result, the IRS issued a refund of $5.6 million (US$4.1 million) for previously paid taxes. The income tax recovery was booked for the year ended March 31, 2024 when it was certain that the taxes would be recoverable.

The Commission does not currently have any deferred income tax assets or liabilities.

28. SUPPLEMENTAL CASH FLOW

Details of changes in non-cash working capital from operating activities include the following:

	Years ended March 31,	
($000s)	**2025**	2024
Restricted cash	**(996)**	22,510
Accounts receivable	**88,819**	(66,609)
Inventory	**13,850**	(1,403)
Accounts payable and accrued liabilities	**(63,337)**	84,268
Due to the Department of Energy and Minerals	**(12,705)**	(16,637)
Changes in non-cash working capital from operating activities	**25,631**	22,129

29. SEGMENT INFORMATION

These reportable segments of the APMC have been derived because they are the segments: (a) that engage in business activities from which revenues are earned and expenses are incurred; (b) whose operating results are regularly reviewed by the APMC's executive leadership team to make decisions about resources to be allocated to each segment and assess its performance; and (c) for which discrete financial information is available.

The Commission's reportable segments were determined based on differences in products and support services offered under its mandate as disclosed in note 1. The Commission has four reportable segments: Conventional Crude Oil Marketing operations, the Sturgeon Refinery, the Investment in NWRP and the KXL Expansion Project. The Sturgeon Refinery segment accounts for the APMC's 75 percent interest as a Tollpayer in the Refinery. As a result, the APMC provides financial information on revenues and expenses of each segment, but not total assets or liabilities by segment.

Years ended March 31, 2025 and 2024

	Conventional Crude Oil Marketing		Sturgeon Refinery (Tollpayer)		NWRP Joint Venture (Refinery Owner)		KXL Expansion Project		Total	
($000s)	**2025**	2024	**2025**	2024	**2025**	2024	**2025**	2024	**2025**	2024
REVENUES										
Refinery sales	—	—	**2,461,972**	2,669,457	—	—	—	—	**2,461,972**	2,669,457
Marketing fee income	**18,092**	14,585	—	—	—	—	—	—	**18,092**	14,585
	18,092	14,585	**2,461,972**	2,669,457	—	—	—	—	**2,480,064**	2,684,042
Finance income	—	30	**3,576**	4,442	—	—	**175**	147	**3,751**	4,619
	18,092	14,615	**2,465,548**	2,673,899	—	—	**175**	147	**2,483,815**	2,688,661
EXPENSES										
Refinery feedstock purchases	—	—	**2,002,895**	1,917,715	—	—	—	—	**2,002,895**	1,917,715
Refinery tolls	—	—	**846,561**	930,666	—	—	—	—	**846,561**	930,666
Turnaround expenditures	—	—	**63,804**	1,498	—	—	—	—	**63,804**	1,498
General and administrative	**17,595**	13,324	**68**	158	—	—	**91**	261	**17,754**	13,743
Depreciation and amortization	**1,171**	1,174	—	—	—	—	—	—	**1,171**	1,174
(Gain) loss on foreign exchange	**(679)**	111	**2,441**	51	—	—	**(616)**	118	**1,146**	280
Finance costs	**5**	6	**242,994**	121,278	**6,880**	5,140	**58,227**	48,216	**308,106**	174,640
(Income) loss from North West Redwater Partnership	—	—	—	—	**(36,352)**	13,016	—	—	**(36,352)**	13,016
Change in Sturgeon Refinery Processing Agreement provision	—	—	**(104,065)**	1,263,135	—	—	—	—	**(104,065)**	1,263,135
Change in Sturgeon Refinery credit loss provision	—	—	**(168)**	1,370	—	—	—	—	**(168)**	1,370
Fair value (gain) loss on investment in KXL Expansion Project	—	—	—	—	—	—	**(1,039)**	14,273	**(1,039)**	14,273
	18,092	14,615	**3,054,530**	4,235,871	**(29,472)**	18,156	**56,663**	62,868	**3,099,813**	4,331,510
Net (loss) income and comprehensive (loss) income before income taxes	—	—	**(588,982)**	(1,561,972)	**29,472**	(18,156)	**(56,488)**	(62,721)	**(615,998)**	(1,642,849)
Income tax recovery	—	—	—	—	—	—	—	(5,576)	—	(5,576)
Net (loss) income and comprehensive (loss) income	—	—	**(588,982)**	(1,561,972)	**29,472**	(18,156)	**(56,488)**	(57,145)	**(615,998)**	(1,637,273)