2022 Strategy Preview

11 January 2022
Management at Today's Meeting

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CFO  Xie Weizhi
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Agenda

- Macro Environment
- 2022 Operating Guidance
- Outlook
Macro Environment
Global Economy and Pandemic

- The World Bank forecasts a global economic growth rate of 4.3% in 2022, with China’s economic growth exceeding the global average to 5.4%.
- COVID-19 variants lead to recurring global pandemic outbreaks, creating uncertainties for future economic recovery.

Source: WHO (as of 27 December 2021)

Global economic growth

The number of newly confirmed COVID-19 cases worldwide (weekly)

Source: World Bank

Source: WHO (as of 27 December 2021)
Oil Demand

- Global and China oil demands are gradually recovering and will continue to grow
- Major economies have actively made Net Zero commitments, while oil and gas will continue to account for over 50% of world’s future primary energy consumption

Source: BP World Energy Outlook, 2020

Source: OPEC’s World Oil Outlook, 2021
International Oil Price

- International oil prices showed a general upward trend amid fluctuations in 2021, with a slight fall at year end due to recurring pandemic and other factors.
- Oil prices in the next three years are expected to remain above US$70/barrel.

Brent oil price trend in 2021

Brent oil price forecast

Source: Bloomberg
The 20th Anniversary of Listing

- Over the past 20 years since the listing, CNOOC Limited has achieved impressive results

**Net Production**
- (mmboe) 2000: 88
- (mmboe) 2020: 528
- Increase: 6.0 times

**Proved Reserves**
- (mmboe) 2000: 1,757
- (mmboe) 2020: 5,373
- Increase: 3.1 times

**Revenue**
- (RMB bn) 2000: 24.2
- (RMB bn) 2020: 155.4
- Increase: 6.4 times

**Total Assets**
- (RMB bn) 2000: 32.6
- (RMB bn) 2020: 721.3
- Increase: 22.1 times
Capital Market

- January 8, 2021, CNOOC Limited was added to the list of Chinese companies with alleged ties to the Chinese military by the U.S. government
- March 9, 2021, the ADRs were suspended from trading by the NYSE
- October 22, 2021, the Company delisted from the NYSE
- December 31, 2021, the Company delisted from the TSX
- September 26, 2021, the Company announced the plan for A-Share IPO
- October 26, 2021, the A-Share IPO proposals were passed by EGM
2022 Operating Guidance
2022 Operation Targets

- Capex budget of RMB 90-100 billion
- Production target of 600-610 mmboe
- 13 new projects to come on stream
- Reserve Replacement Ratio (RRR) of no less than 130%
- Sound QHSE performance
Capex Plan

- Capex is estimated to reach approximately RMB 90 billion in 2021
- In 2022, we will maintain robust capital expenditure and pursue profitable growth of reserves and production
2022 Capex Breakdown

- Focus on future growth and maintain an appropriate Capex structure

![Capex Breakdown Chart]

- Exploration: 21%
- Development: 20%
- Production: 57%
- Others: 2%

![Geographical Breakdown Chart]

- China: 73%
- Overseas: 27%
Exploration Strategy

- Consolidate the resource base for reserves and production growth, and strive to achieve breakthroughs in new areas, new fields, new types and new layers.

- China
  - Target both oil and gas, and weight more on gas exploration.
  - Maintain exploration activities in Bohai, accelerate exploration in South China Sea, and promote unconventional exploration.
  - Seek the reserve replacement areas through risk exploration.

- Overseas
  - Adhere to the principle of value-driven exploration.
Natural Gas Exploration

- **South China Sea Trillion-Cubic-Meters-Level Gas Fields Exploration**
  - Rely on the development of Lingshui 17-2 large deepwater gas field to promote efficient exploration and development of adjacent gas discoveries
  - Focus on four key projects including Baodao 21-1 gas field and rolling exploration around Yinggehai gas field

- **Add 100 billion cubic meters onshore unconventional gas resources**
  - Actively promote the integration of exploration and development to certify the reserves in Shenfu area
Exploration Workload

- Seek medium to large size hydrocarbon discoveries to achieve sustainable development

### Exploration wells

<table>
<thead>
<tr>
<th></th>
<th>2021 Budget</th>
<th>2021 Estimate</th>
<th>2022 Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Offshore</td>
<td>217</td>
<td>223</td>
<td>227</td>
</tr>
<tr>
<td>Onshore unconventional</td>
<td>148</td>
<td>148</td>
<td>132</td>
</tr>
</tbody>
</table>

### 3D Seismic Data (km²)

<table>
<thead>
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<th></th>
<th>2021 Budget</th>
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<tbody>
<tr>
<td>Offshore</td>
<td>430</td>
<td>800</td>
<td>500</td>
</tr>
<tr>
<td>Onshore unconventional</td>
<td>17,000</td>
<td>17,000</td>
<td>16,500</td>
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</table>
Development and Production Capex

**Development Capex**
- Actively advance the construction of new capacities
  - China: Kenli 6-1 oilfield block 5-1, 5-2, 6-1 and Enping 15-1/10-2/15-2/20-4 oilfields, etc.
  - Overseas: Mero Phase I in Brazil, Liza Phase II in Guyana and 3M in Indonesia, etc.
- Expedite the construction and increase drilling efficiency
- Promote large-scale development of heavy oil fields and economic development of low-permeability oil fields

**Production Capex**
- Continuously optimize the deployment of adjustment wells and improve single well production
- Fully utilize EOR measures and reduce the decline rate
Production Target

- 2022 production target is 600-610 mmboe
- In China, oil and gas representing 78% and 22%, respectively
New Projects in 2022

- 13 new projects are scheduled to come on stream in 2022 to boost the future production

<table>
<thead>
<tr>
<th>Project</th>
<th>Peak Production (boe/d)</th>
<th>Working interests</th>
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</thead>
<tbody>
<tr>
<td><strong>Offshore China</strong></td>
<td></td>
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<tr>
<td>Kenli 6-1 Oilfield 10-1 North Block Development Project</td>
<td>7,100</td>
<td>100%</td>
</tr>
<tr>
<td>Kenli 6-1 Oilfield Block 5-1, 5-2, 6-1 Development Project</td>
<td>36,100</td>
<td>100%</td>
</tr>
<tr>
<td>Bozhong 29-6 Oilfield Development Project</td>
<td>15,300</td>
<td>100%</td>
</tr>
<tr>
<td>Jinzhou 31-1 Gas Field Development Project</td>
<td>2,100</td>
<td>100%</td>
</tr>
<tr>
<td>Weizhou 12-8 Oilfield East Zone Development Project</td>
<td>4,700</td>
<td>51%</td>
</tr>
<tr>
<td>Dongfang 1-1 Gas Field Southeast Zone and Ledong 22-1 Gas Field South Block Development Project</td>
<td>2,900</td>
<td>100%</td>
</tr>
<tr>
<td>Enping 15-1/10-2/15-2/20-4 Oilfields Joint Development Project</td>
<td>35,500</td>
<td>100%</td>
</tr>
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<th>Working interests</th>
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<tr>
<td><strong>Onshore China</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Shenfu South Gas Field Development Project</td>
<td>9,500</td>
<td>100%</td>
</tr>
<tr>
<td>Linxingzhong 4/5 Development Zone Development Project</td>
<td>6,500</td>
<td>100%</td>
</tr>
<tr>
<td>Panhe Thin Coalbed Methane Development Project</td>
<td>2,100</td>
<td>100%</td>
</tr>
</tbody>
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<td><strong>Overseas</strong></td>
<td></td>
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<tr>
<td>Mero Phase I Project in Brazil</td>
<td>171,000</td>
<td>10%</td>
</tr>
<tr>
<td>Liza Phase II Project in Guyana</td>
<td>220,000</td>
<td>25%</td>
</tr>
<tr>
<td>3M (MDA, MBH, MAC) Project in Indonesia</td>
<td>32,300</td>
<td>40%</td>
</tr>
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Key Projects Offshore China

- Rely on shore power supply, to build green oilfields

- Kenli 6-1 Oilfield Block 5-1, 5-2, 6-1 Project
  - Located in the south of the Bohai, with a water depth of ~20 meters
  - Facilities: 1 central processing platform, 6 unmanned wellhead platforms, and 107 wells
  - Peak production: 36,100 boe/day

- Bozhong 29-6 Oilfield
  - Located in the southeast of Bohai, with a water depth of ~20 meters
  - Facilities: 1 wellhead platform, 1 unmanned wellhead platform, and 69 wells
  - Peak production: 15,300 boe/day
Key Projects Offshore China

- China's first offshore CCS demonstration project

- Enping 15-1/10-2/15-2/20-4 Oilfields Joint Development Project
  - Located about 200 kilometres from Hong Kong in the South China Sea, with a water depth of ~90 meters
  - Facilities: 1 central processing platform, 1 drilling production platform, 2 wellhead platforms, and 66 wells
  - Peak production: 35,500 boe/day
  - Reinject associated carbon dioxide, effectively reducing emissions
Key Project Onshore China

- Shenfu South Gas Field
  - Located in Shenmu County, Shaanxi Province
  - An onshore unconventional gas field
  - Facilities: 66 well pads, ancillary pipelines for gas production, 4 gas gathering stations, 1 booster station, 2 sewage treatment stations, and 328 wells
  - Peak production: \(1,600,000 \text{ m}^3/\text{day} = (9,500 \text{ boe/day})\)
Key Projects Overseas

- **Liza Phase II in Guyana**
  - Located in the Stabroek Block in northeastern Guyana, with a water depth of 1,600-2,000 meters
  - Facilities: 1 FPSO, 30 wells
  - Peak production: 220,000 boe/day
  - CNOOC Limited's interest: 25%
Key Projects Overseas

- **Indonesia 3M Gas Field (MDA, MBH, MAC)**
  - Located in the Madura Strait block in the East Java Sea Basin, Indonesia, with a water depth of 70-95 meters
  - Facilities: 1 floating production unit, 1 mobile offshore production unit, 3 unmanned wellhead platforms, and 10 wells
  - Peak production: 5,100,000 m³/day (32,300 boe/day)
  - CNOOC Limited's interest: 40%
QHSE

- Embed the concept of safe development, and ensure the Company's high-quality development with high-quality QHSE performance

  - Maintain the good performance of normalized pandemic prevention and control measures. Improve occupational health control
  - Strengthen the cultivation of safety culture. Specify safety production responsibilities
  - Increase investment to improve maritime emergency response capabilities
  - Promote ecological and environmental protection management and fulfill corporate responsibilities
Outlook
Future Operating Strategy

- Advance the three major projects of Reserves & Production Augmentation, Green Energy Transition, Independent Technology Innovation
- Implement the campaign of Quality & Efficiency Dual Upgrading
- Continuously improve value creation capability to bring more returns to shareholders
Three-year Rolling Production Target

To visualize the target production, a chart is presented showing the production targets for four years:

- **2021 Estimate**
  - China: 32%
  - Overseas: ~570 mmboe

- **2022 Budget**
  - China: 31%
  - Overseas: 600-610 mmboe

- **2023 Target**
  - China: ~35%
  - Overseas: 640-650 mmboe

- **2024 Target**
  - China: ~65%
  - Overseas: 680-690 mmboe

Note: The chart categorizes the production into China and Overseas contributions, with the estimates and targets ranging between the specified limits.
Green and Low-carbon Development

- **Produce green products**
  - Continuously increase natural gas supply capacity, and produce more green and low-carbon products
  - Increase the proportion of natural gas in our production mix

- **Build green factories**
  - Facilitate energy saving and emission reduction during the entire process of operations
  - Accelerate the construction of power-from-shore projects

- **Develop green business**
  - Develop new energy business on a selective basis
  - Promote the offshore CCS and CCUS demonstration projects
New Energy Business Plan

- **Development strategies**
  - Accelerate the development of offshore wind farms to generate green power at scale
  - Develop onshore wind power and photovoltaic integration projects on a selective basis
  - Promote R&D in key areas

- **Development goal**
  - Approximately 5%-10% of Capex in new energy business, by 2025:
    - Acquire 5-10GW offshore wind power resources, and install 1.5GW
    - Acquire 5GW onshore wind and solar power resources, and commission 0.5-1GW
Dividends and Buybacks

Subject to the approval by the general meeting of shareholders:

- **In 2022 to 2024**
  - Annual payout ratio ≥ 40%
  - Annual absolute dividend ≥ HK$0.70 /share (tax inclusive)

- **2021 annual dividend proposal**
  - In addition to the 2021 year end regular dividend, pay a special dividend for the 20th anniversary of listing

- **Implement share buybacks in 2022 within the scope authorized by the general meeting of shareholders**
Thank you!