CNOOC Limited
中国海洋石油有限公司

2019 Third Quarter Review

Financial and Operating Highlights
for the Quarter Ended September 30, 2019

Disclaimer

This presentation includes “forward-looking statements” within the meaning of the United States Private Securities Litigation Reform Act of 1995, including statements regarding expected future events, business prospectus or financial results. The words “expect”, “anticipate”, “continue”, “estimate”, “objective”, “ongoing”, “may”, “will”, “project”, “should”, “believe”, “plans”, “intends” and similar expressions are intended to identify such forward-looking statements. These statements are based on assumptions and analyses made by the Company in light of its experience and its perception of historical trends, current conditions and expected future developments, as well as other factors that the Company believes are appropriate under the circumstances. However, whether actual results and developments will meet the expectations and predictions of the Company depends on a number of risks and uncertainties which could cause the actual results, performance and financial condition to differ materially from the Company’s expectations, including but not limited to those associated with fluctuations in crude oil and natural gas prices, macro-political and economic factors, changes in the tax and fiscal regimes of the host countries in which we operate, the highly competitive nature of the oil and natural gas industry, the exploration and development activities, mergers, acquisitions and divestments activities, environmental responsibility and compliance requirements, foreign operations and cyber system attacks. For a description of these and other risks and uncertainties, please see the documents the Company files from time to time with the United States Securities and Exchange Commission, including the Annual Report on Form 20-F filed in April of the latest fiscal year.

Consequently, all of the forward-looking statements made in this presentation are qualified by these cautionary statements. The Company cannot assure that the results or developments anticipated will be realised or, even if substantially realised, that they will have the expected effect on the Company, its business or operations.

Overview

Operation Highlights

- Net production of 124.8 million boe in Q3, up 9.7% YoY
- Net production of 367.8 million boe for the first three quarters, up 4.5% YoY
- 3 new discoveries and 19 successful appraisal wells in Q3

Financial Results in Q3

- Oil and gas sales revenue of RMB48.34 billion, up 0.8% YoY
- Capex of RMB19.53 billion, up 27.9% YoY
- Average realized oil price of US$60.89/bbl, down 14.9% YoY
- Average realized gas price of US$5.70/mcf, down 8.8% YoY

Production Summary

	2019 Q3			2018 Q3		
	Crude and Liquids (mm bbls)	Natural Gas (bcf)	Total (mm boe)	Crude and Liquids (mm bbls)	Natural Gas (bcf)	Total (mm boe)
China						
Bohai	39.4	15.1	41.9	39.1	14.3	41.5
Western South China Sea	10.1	33.2	15.5	9.3	24.1	13.4
Eastern South China Sea	15.6	34.5	21.4	12.5	30.6	17.6
East China Sea	0.4	4.2	1.1	0.3	4.8	1.1
Subtotal*	**65.5**	**87.0**	**80.2**	**61.3**	**73.7**	**73.7**
Overseas						
Asia (Ex. China)	3.0	14.0	5.5	4.4	14.8	7.0
Oceania	0.4	10.5	2.5	0.4	11.3	2.6
Africa	11.0	-	11.0	6.0	-	6.0
North America (Ex. Canada)	5.9	15.3	8.5	4.9	11.5	6.9
Canada	6.4	0.1	6.5	5.5	3.3	6.1
South America	2.9	15.1	5.6	2.6	16.0	5.4
Europe	5.1	0.5	5.2	6.0	1.2	6.1
Subtotal	**34.8**	**55.5**	**44.6**	**29.9**	**58.0**	**40.1**
Total**	**100.3**	**142.5**	**124.8**	**91.1**	**131.7**	**113.8**

*Including other production from onshore China, which is approximately 0.37 mm boe in 2019 Q3 and 0.03 mm boe in 2018 Q3.
**Including our interest in equity-accounted investees, which is approximately 5.3 mm boe in 2019 Q3 and 5.4 mm boe in 2018 Q3.

In 2019 Q3, production percentage of China and overseas was 64% v.s. 36%; Crude liquids and natural gas was 80% v.s. 20%.

Production Summary（Continued）

	2019 YTD			2018 YTD		
	Crude and Liquids (mm bbls)	Natural Gas (bcf)	Total (mm boe)	Crude and Liquids (mm bbls)	Natural Gas (bcf)	Total (mm boe)
China						
Bohai	116.7	43.1	123.8	117.7	44.5	125.1
Western South China Sea	28.8	84.7	43.0	29.2	70.8	41.2
Eastern South China Sea	47.9	104.0	65.2	41.8	89.3	56.6
East China Sea	1.2	13.2	3.4	1.1	15.0	3.6
Subtotal	**194.5**	**245.0**	**236.3**	**189.7**	**219.6**	**226.6**
Overseas						
Asia (Ex. China)	9.8	39.4	16.7	16.4	43.7	24.3
Oceania	1.0	25.7	6.0	1.1	28.5	6.7
Africa	32.1	-	32.1	17.9	-	17.9
North America (Ex. Canada)	16.4	39.3	22.9	14.2	34.7	19.9
Canada	19.1	1.4	19.3	16.8	9.8	18.5
South America	8.7	43.6	16.3	7.7	46.8	15.8
Europe	17.7	2.6	18.1	21.3	5.1	22.1
Subtotal	**104.8**	**152.0**	**131.5**	**95.5**	**168.6**	**125.3**
Total	**299.3**	**397.0**	**367.8**	**285.2**	**388.3**	**351.9**

For the first three quarters, our net production was 367.8 million boe, in line with the annual production target.

Revenue and Capital Expenditure

(Unaudited) (RMB million)	Q3			YTD		
	2019	2018	Change %	2019	2018	Change %
Sales Revenue						
Crude and Liquids	43,214	43,057	0.4%	127,498	124,137	2.7%
Natural Gas	5,122	4,876	5.0%	15,121	14,105	7.2%
Marketing Revenue, net	308	572	-46.2%	1,373	1,410	-2.6%
Others	1,482	1,318	12.4%	4,006	4,120	-2.8%
Total Revenue	**50,126**	**49,823**	**0.6%**	**147,998**	**143,772**	**2.9%**
Capital Expenditures*						
Exploration	5,498	2,669	106.0%	14,089	6,812	106.8%
Development	10,384	9,580	8.4%	28,487	21,945	29.8%
Production	3,551	2,938	20.9%	9,953	7,342	35.6%
Others	94	83	13.3%	671	151	344.4%
Total Capex	**19,527**	**15,270**	**27.9%**	**53,200**	**36,250**	**46.8%**
Average Realized Prices						
Oil (US$/bbl)	60.89	71.55	-14.9%	63.32	68.70	-7.8%
Gas (US$/mcf)	5.70	6.26	-8.8%	6.19	6.36	-2.7%

Converted to US dollars at RMB6.9819=US$1.00 for 2019 Q3; RMB6.7964=US$1.00 for 2018 Q3.
*Capitalized interests not included in above numbers, which was RMB714 million in 2019 Q3.

Exploration Highlights

Offshore China

Overseas

Bohai

Well	Type	Status
Luda 19-2-1d	Wildcat	Successful
Bozhong 13-2-4	Appraisal	Successful
Bozhong 19-6-12/16/17	Appraisal	Successful
Bozhong 22-1-4	Appraisal	Successful
Bozhong 29-6-15	Appraisal	Successful
Luda 25-1-2/3	Appraisal	Successful
Kenli 6-1-6/6Sa	Appraisal	Successful
Penglai 13-2-6d/7/8d	Appraisal	Successful

Eastern South China Sea

Well	Type	Status
Weizhou 11-1M-2d	Wildcat	Successful
Weizhou 11-1M-1d	Appraisal	Successful
Weizhou 11-1M-3d	Appraisal	Successful
Wushi 16-1W-7	Appraisal	Successful
Weizhou 12-1-9d	Appraisal	Successful

Western South China Sea

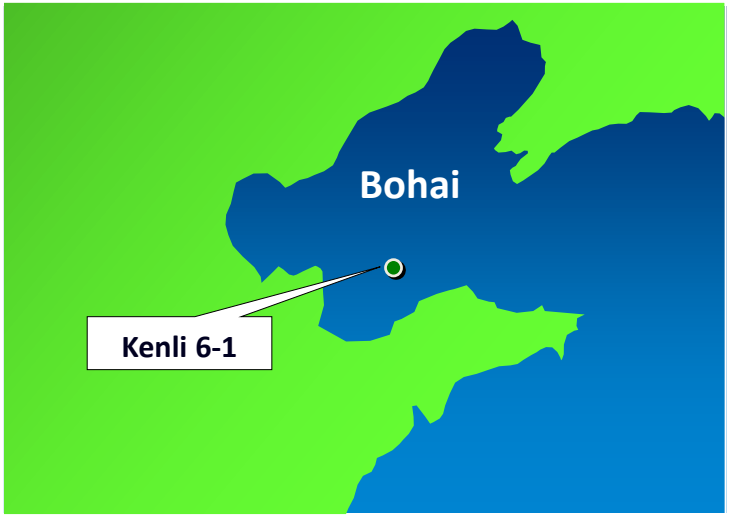
Well	Type	Status
Enping 20-5-3	Appraisal	Successful

Guyana

Well	Type	Status
Tripletail-1	Wildcat	Successful
Hammerhead-3	Appraisal	Successful

In the third quarter, we achieved 3 new discoveries and 19 successful appraisal wells.

Successful Exploration Progress



- **Successful appraisal of Kenli 6-1**
  - Located in Laibei lower uplift of Bohai, with an average water depth of 20 meters
  - 10 appraisal wells were drilled with the average depth of 1,816 meters
  - Encountered oil and gas pay zones with total thickness of ~136 meters
  - Expected to become a mid-size oil and gas structure

- **New discovery of Tripletail in Stabroek block of Guyana**
  - Represent the 14th discovery in the block
  - Average water depth of 2,003 meters
  - Discovery well Tripletail-1 encountered oil pay zone with thickness of ~33 meters
  - Support the future development of Turbot area

Note: According to the Regulation of Petroleum Reserves Estimation of China, a mid-size oil and gas structure is defined as a structure with recoverable oil resources of ≥2,500～＜25,000 thousand cubic meters.

2019 New Projects

Project	Location	Status	Expected Startup	Peak Production (boe/d)	Working Interests
Egina oil field	Nigeria	Commenced production	First half	200,000	45%
Huizhou 32-5 oil field comprehensive adjustment/Huizhou 33-1 oil field joint development project	Eastern South China Sea	Commenced production	First half	19,200	100%
Bozhong 34-9 oil field	Bohai	Offshore Commissioning	First half	22,500	100%
Appomattox project	U.S. GoM	Commenced production	Second half	175,000	21%
Caofeidian 11-1/11-6 comprehensive adjustment project	Bohai	Offshore Commissioning	Second half	28,700	51%~60%
Wenchang 13-2 comprehensive adjustment project	Western South China Sea	Offshore Commissioning	Second half	11,500	100%

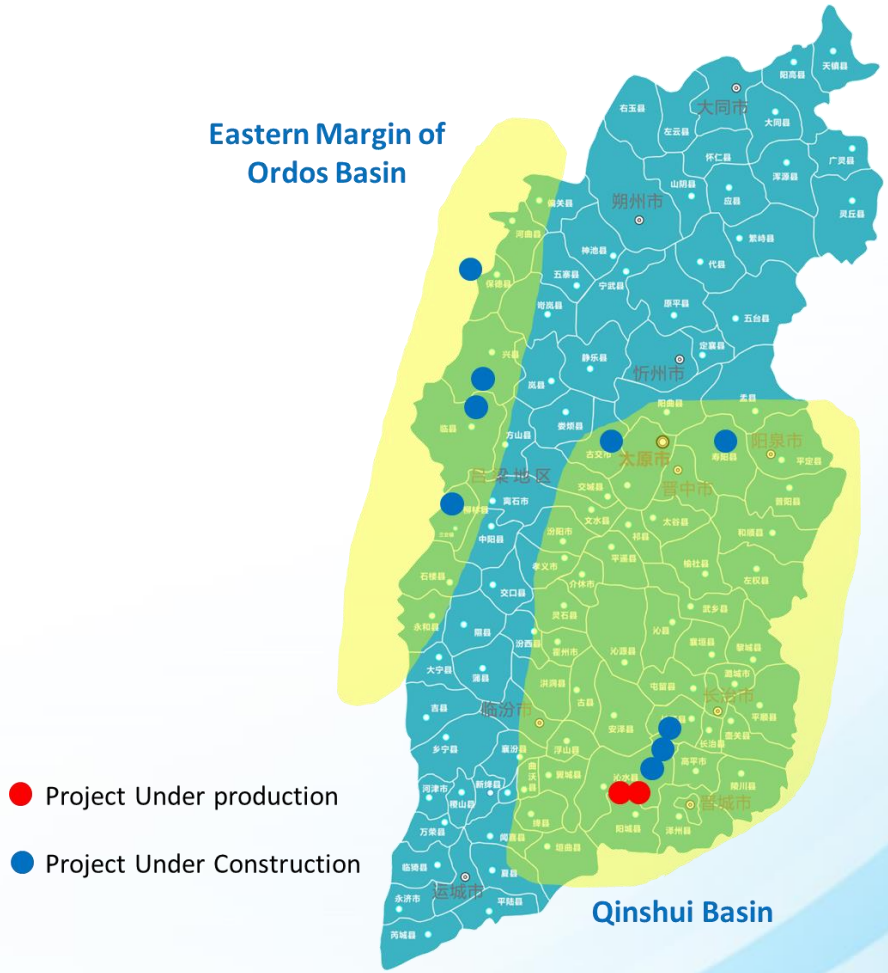
HSE Performance

- Health, safety and environmental protection are always our top priorities
- OSHA statistics maintained at a good level in the third quarter

	2019 Q3	2018 Q3
Rate of Recordable Cases	0.08	0.07
Rate of Lost Workdays Cases (per 200,000 man hours)	0.03	0.03

Continuously Implement Low Carbon Development Strategy

- **Acquired 100% equity interest of CUCBM**
  - **Completion of transaction took place on 11 October 2019**
  - **Integrated offshore and onshore, conventional and unconventional oil and gas development**
  - **CUCBM has built two production bases at Qinshui Basin and Eastern margin of Ordos Basin, which will contribute to the Company's natural gas production.**



www.cnoocltd.com