

2023 Strategy Preview

11 January 2023



CNOOC Limited
中国海洋石油有限公司

Management at Today's Meeting



CEO Zhou Xinhuai



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This presentation includes forward looking information, including statements regarding the likely future developments in the business of the Company and its subsidiaries, such as expected future events, business prospects 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 as of this date 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 currently believes are appropriate under the circumstances. However, whether actual results and developments will meet the current expectations and predictions of the Company is uncertain. Actual results, performance and financial condition may differ materially from the Company's expectations, including but not limited to those associated with macro-political and economic factors, fluctuations in crude oil and natural gas prices, the highly competitive nature of the oil and natural gas industry, climate change and environment policies, the Company's price forecast, mergers, acquisitions and divestments activities, HSSE and insurance policies and changes in anti-corruption, anti-fraud, anti-money laundering and corporate governance laws.

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Agenda

- **2023 Operating Guidance**
- **Outlook**



2023 Operating Guidance

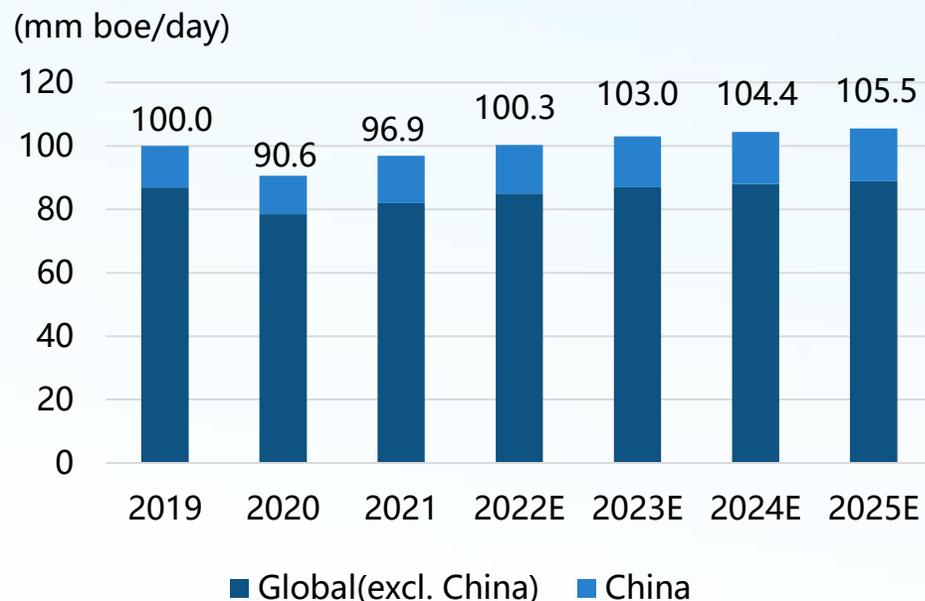


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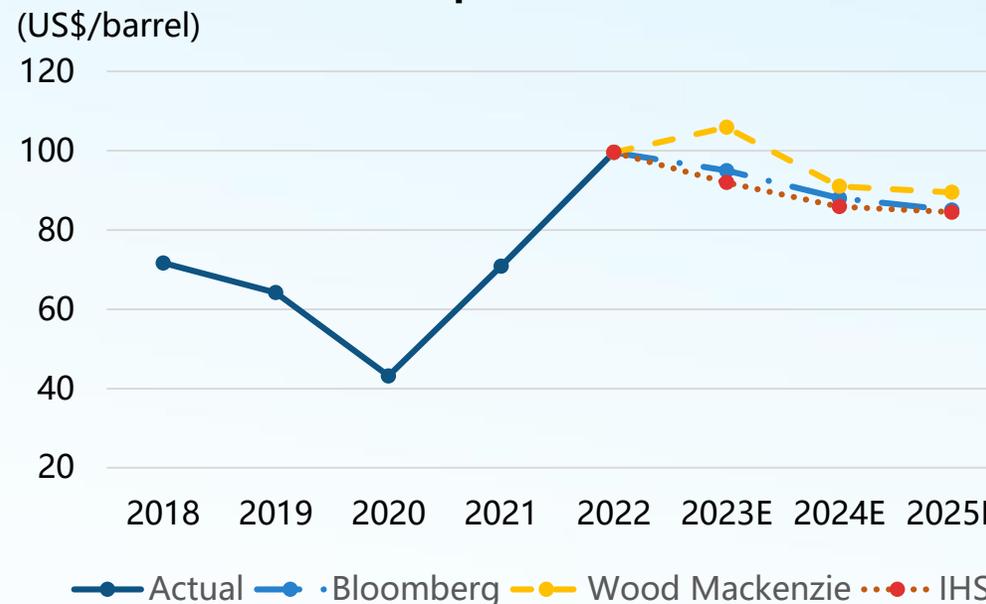
Macro Environment

- In 2023, the global economy is expected to grow by 2.7% and China's economic growth is expected to reach 5.1% in 2023
- Global and China's oil demands have recovered to pre-pandemic levels and will continue to grow
- International oil prices are expected to remain at high levels in the coming years

Global oil demand



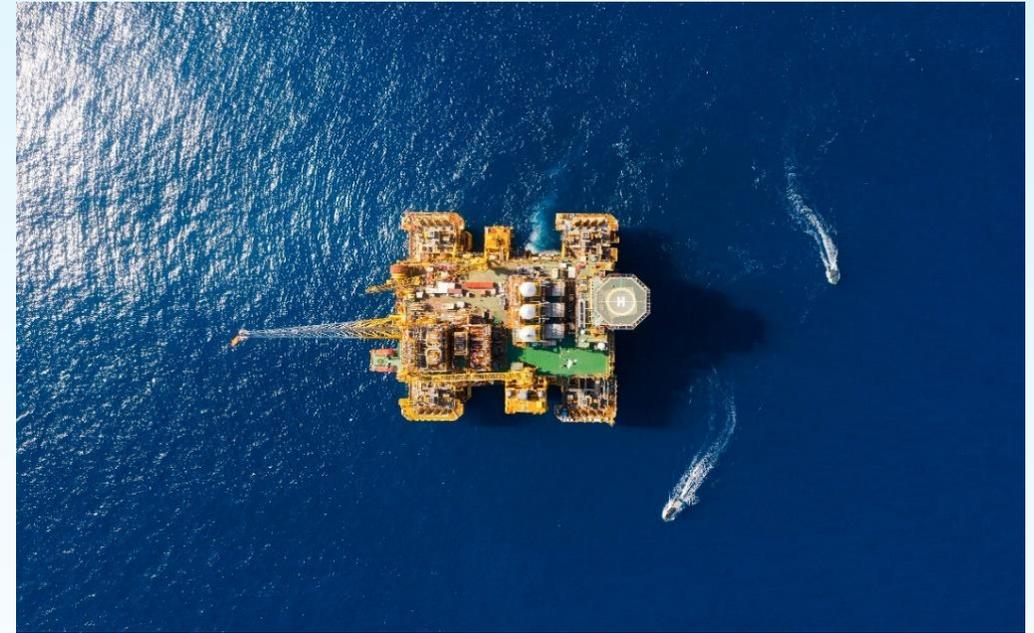
Brent oil price and forecast



Source: Global economic growth from IMF's World Economic Outlook (October 2022), China's economic growth from the forecast of BOC Research Institute in December 2022, and global oil demand from OPEC's World Oil Outlook (2021, 2022)

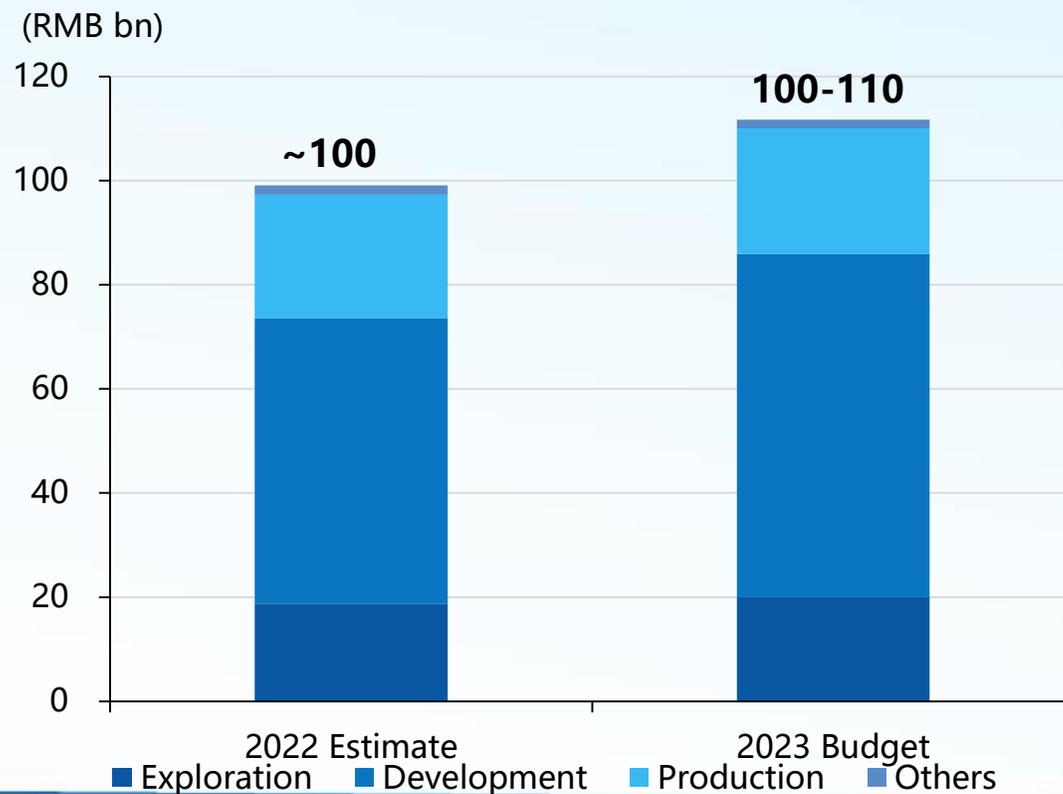
2023 Operation Targets

- Capex budget of RMB 100-110 billion
- Production target of 650-660 mmboe
- 9 new projects to come on stream
- Reserve Replacement Ratio (RRR) of no less than 130%
- Sound QHSE performance



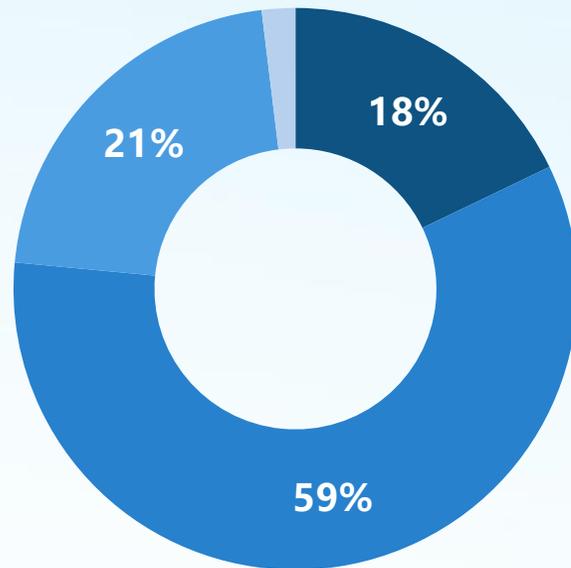
Capex Plan

- The schedules of the projects were well managed and capital expenditure were well executed in 2022
- Higher capital expenditure budget is set for 2023 mainly due to increasing development capex

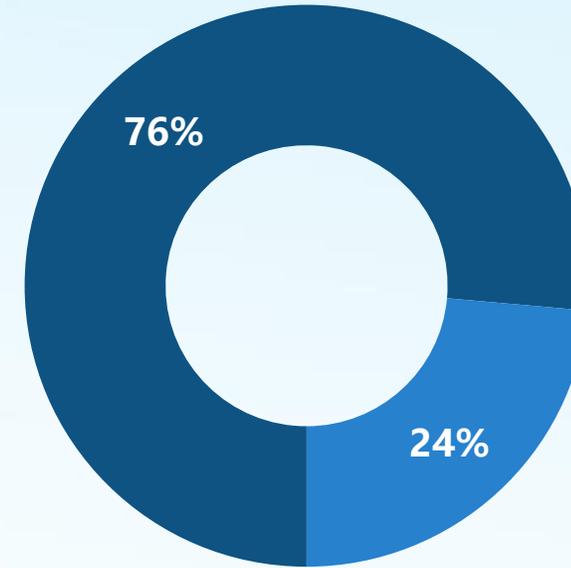


2023 Capex Breakdown

- Focus on investment efficiency and maintain a reasonable Capex structure



■ Exploration ■ Development ■ Production ■ Others



■ China ■ Overseas

Exploration Strategy

- **Strive to achieve breakthroughs in new areas, new fields, new types and new layers**
 - Target both oil and gas, and weight more on gas exploration
 - Intensity exploration in Bohai and accelerate exploration in the South China Sea
 - Seek reserve replacement areas through venture exploration
 - Explore unconventional resources, especially deep layer coalbed methane
 - Adhere to the principle of value-driven exploration in overseas



High potential Exploration Areas

- **Deepwater and deep-layer**
 - Accelerate multi-stratal exploration around the Baodao Depression to enhance the scale of reserves
 - Explore for natural gas in Bozhong deep layer and expand the exploration in new layers
 - Strengthen the exploration in ultra deep water in Baiyun Depression and look for medium and large size targets
- **New areas and new fields**
 - Explore for shale oil in the Weixinan Depression and accelerate the construction of pilot production area



Natural Gas Exploration

- **South China Sea Trillion-Cubic-Meters-Level Gas Fields Exploration**
 - Rely on the development of "Shenhai-1" gas field to promote efficient exploration and development of adjacent gas discoveries
 - Focus on five key projects including multi-stratal exploration around Baodao 21-1 gas field and rolling exploration around Yinggehai gas field
- **Bohai Gas Fields Exploration**
 - Focus on Bozhong 19-6 buried hill belt and the mesozoic hurried hills in Bozhong Depression
- **China Onshore 100-billion-cubic-meters Unconventional Gas Resources Exploration**
 - Actively promote the integration of exploration and development to increase resources in Shenfu area



Development and Production Capex

■ Development Capex

- Actively advance key projects
 - China: "Shenhai-1" phase II project (Lingshui 25-1 gas field development project), Bozhong 19-6 condensate gas field phase I development project, etc.
 - Overseas: Projects in Guyana and Uganda, etc.
- Strengthen drilling quality management and schedule control to achieve the goal of production and efficiency enhancement

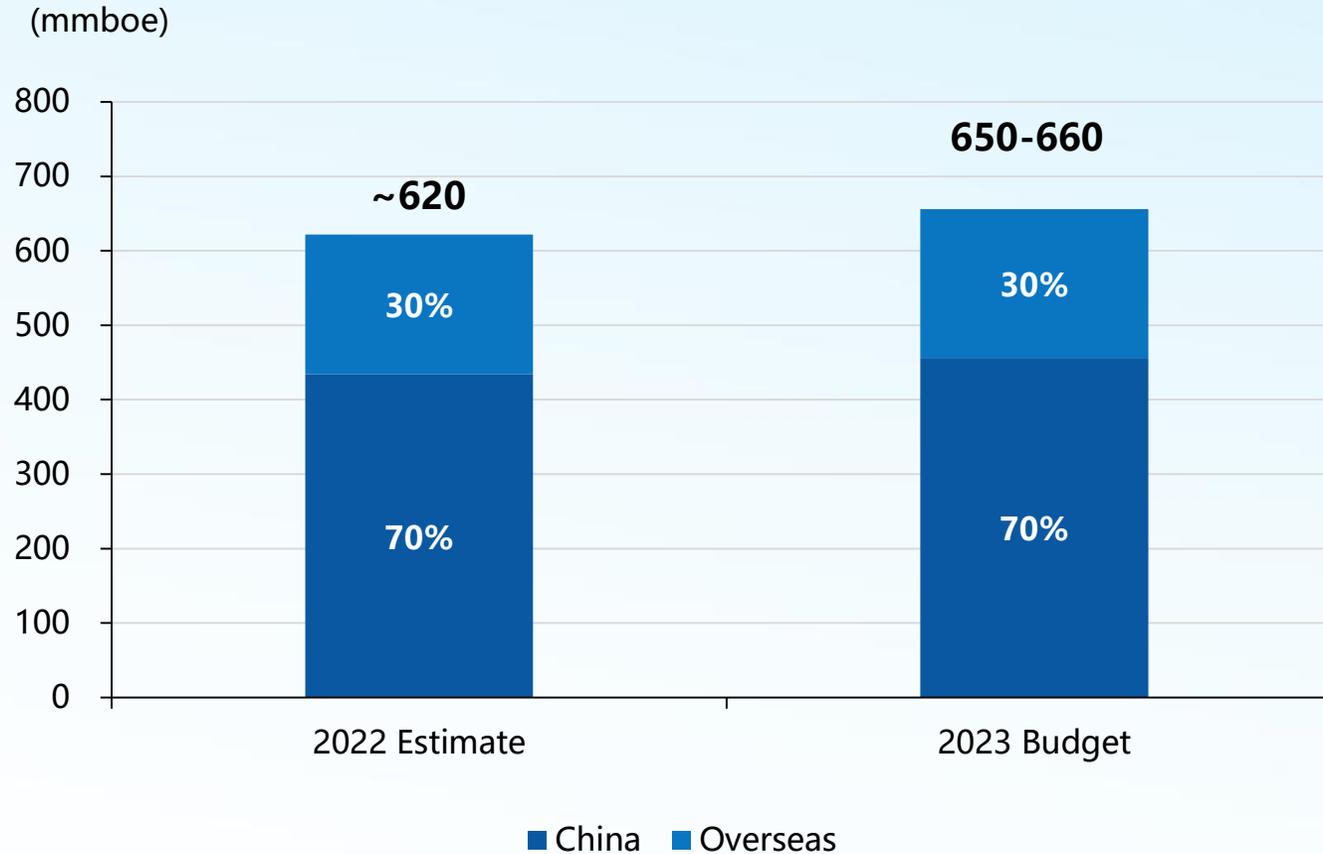
■ Production Capex

- Continuously optimize the deployment of adjustment wells and improve single well production
- Firmly carry out refined studies of oil and gas reservoirs to reduce the natural decline rate
- Strictly control project costs and strengthen project review after completion



Production Target

- 2023 production target is 650-660 mmboe



New Projects in 2023

- 9 new projects are scheduled to come on stream in 2023 to boost the future production

Project	Peak Production (boe/d)	Working Interest
Offshore China		
Bozhong 19-6 Condensate Gas Field Phase I Development Project	37,000	100%
Bozhong 28-2 South Oilfield Second Adjustment Project	7,600	100%
Weizhou 5-7 Oilfield Development Project	2,100	100%
Enping 18-6 Oilfield Development Project	9,300	100%
Lufeng 12-3 Oilfield Development Project	29,500	60.8%

Project	Peak Production (boe/d)	Working Interest
Onshore China		
Shenfu Block Mugua Zone Tight Gas Exploration and Development Integrated Project	1,980	100%
Overseas		
Mero2 Project in Brazil	180,000	10%
Buzios5 Project in Brazil	204,400	7.34%
Payara Project in Guyana	220,000	25%

Key Projects Offshore China



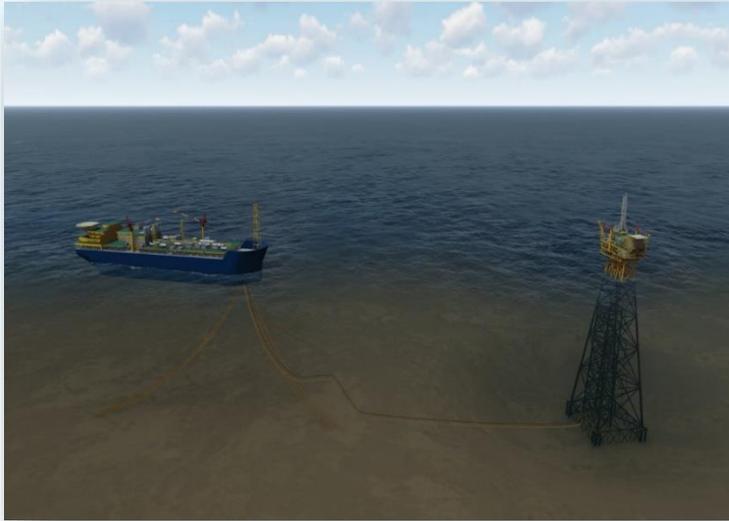
■ **Bozhong 19-6 Condensate Gas Field**

- Discovered in 2016, which is the first large integrated condensate gas field in Bohai
- Located in central Bohai, with a water depth of ~20 meters
- Proved in-place volume of over 200 billion cubic meters natural gas and over 200 million cubic meters condensate oil
- 3 phases were planned, with the pilot area project commenced production in 2020

■ **Gas Field Phase I Development Project**

- Facilities: 1 central processing platform, 3 unmanned wellhead platforms and 65 wells
- Peak production: 37,000 boe/day
- CNOOC Limited's interest: 100%

Key Projects Offshore China



- **Lufeng 12-3 Oilfield Development Project**

- Located in the northeastern part of Eastern South China Sea, with a water depth of ~240 meters
- Facilities: 1 wellhead platform, 1 FPSO, and 13 wells
- Peak production: 29,500 boe/day
- CNOOC Limited's interest: 60.8%

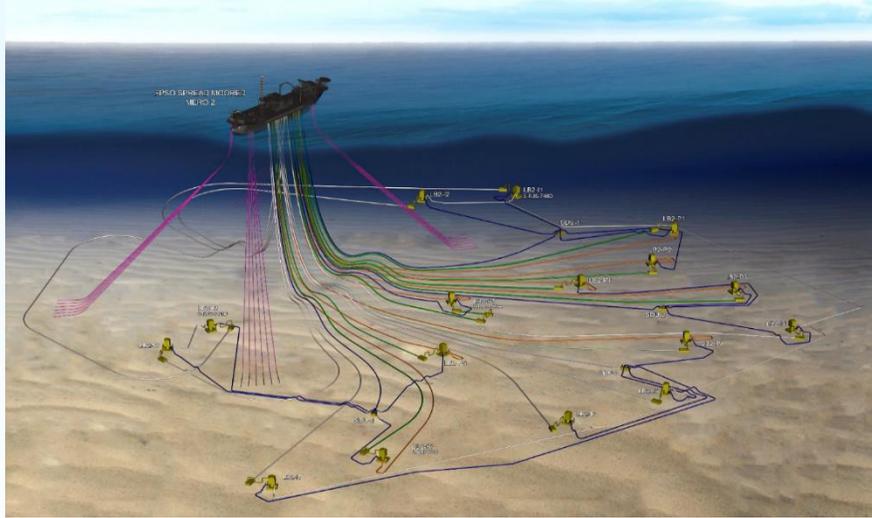
Key Projects Overseas



■ Payara Project in Guyana

- Located in the Stabroek Block in northeastern Guyana, with a water depth of 1,600-2,000 meters
- Facilities: 1 FPSO, and 41 wells
- Peak production: 220,000 boe/day
- CNOOC Limited's interest: 25%
- The first two phases (Liza Phase I and Liza Phase II) commenced production in 2019 and 2022 respectively, with an average production of ~380,000 boe per day at present

Key Projects Overseas



■ Mero2 Project in Brazil

- Located in the Santos Basin in southeastern Brazil, with a water depth of 2,000-2,200 meters
- Facilities: 1 FPSO, and 16 wells
- Peak production: 180,000 boe/day
- CNOOC Limited's interest: 10%
- Mero1 project commenced production in 2022 with peak production of 171,000 boe per day

Outlook



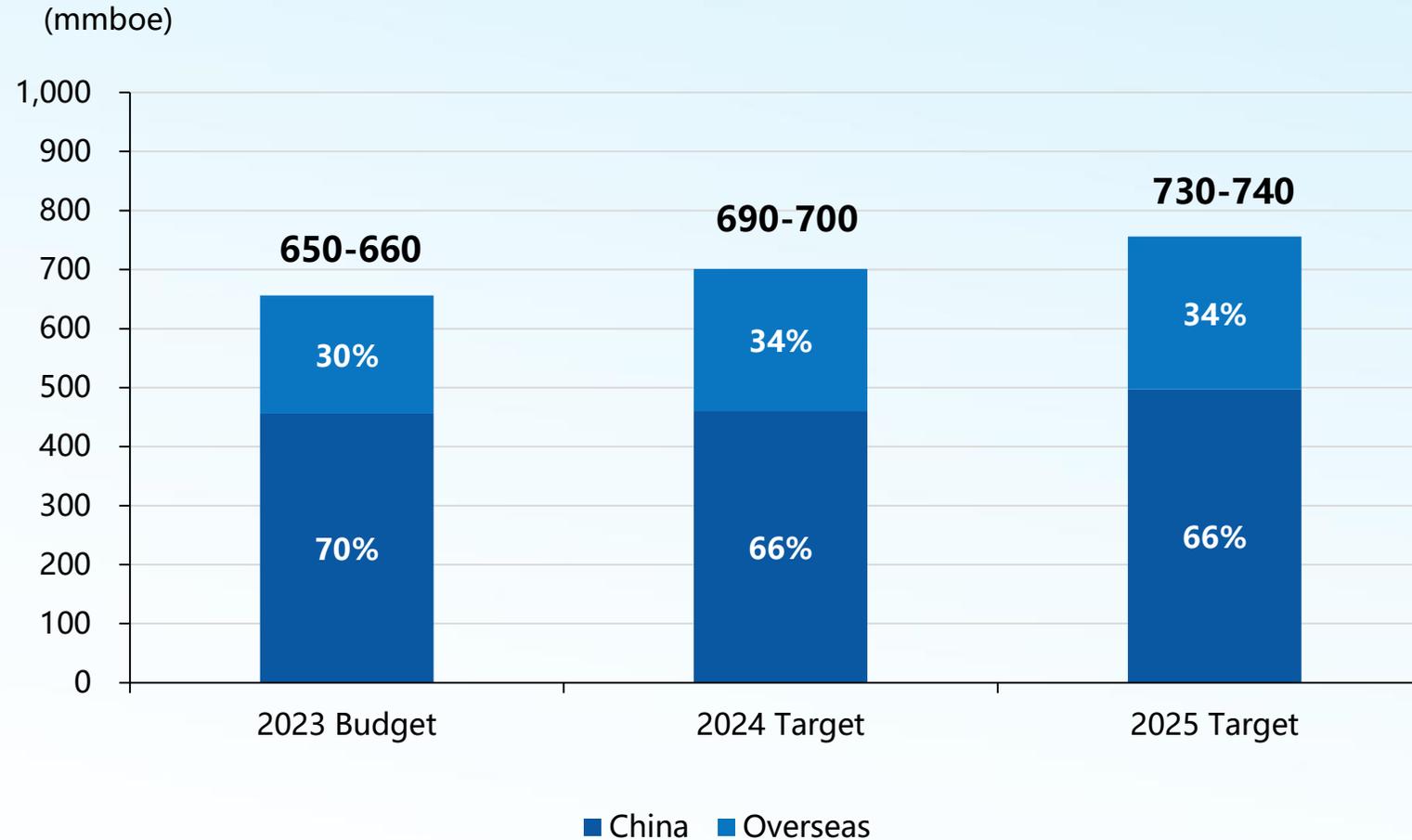
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Future Operating Strategy

- Advance the three major programs of Reserves & Production Augmentation, Independent Technological Innovation and Green Transition, and implement the Initiative of Quality & Efficiency Enhancement
- Continuously improve value creation capability to bring more returns to our shareholders



Three-year Rolling Production Target



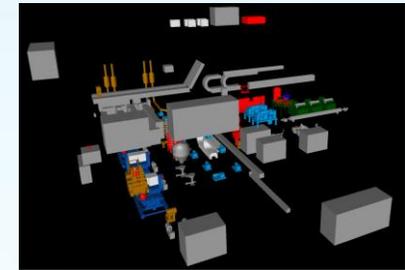
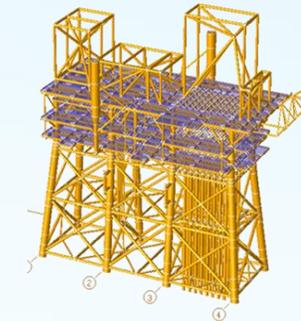
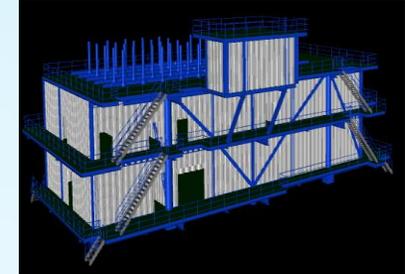
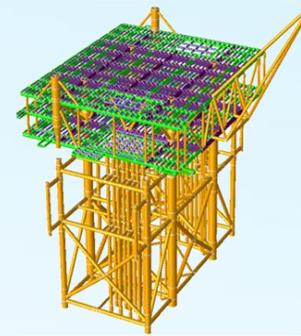
Technological Innovation

- **Research on key technologies for increasing oil and gas reserves and production**
 - Deepen research on deep water/deep layer exploration, recovery enhancement and heavy oil/low permeability development technologies
 - Strengthen the promotion and application of proven technologies such as water flooding in Bohai and exploration potential enhancement and subsea production systems
- **Development and application of intelligent production**
 - Continue to promote the construction of the Qinhuangdao 32-6 intelligent oilfield and the "Shenhai-1" intelligent gas field
 - Accelerate application scenarios construction of digitalization
- **Research on low carbon technologies**
 - Strengthen the research on the complete set of technologies for the development of deep and remote offshore floating wind farm



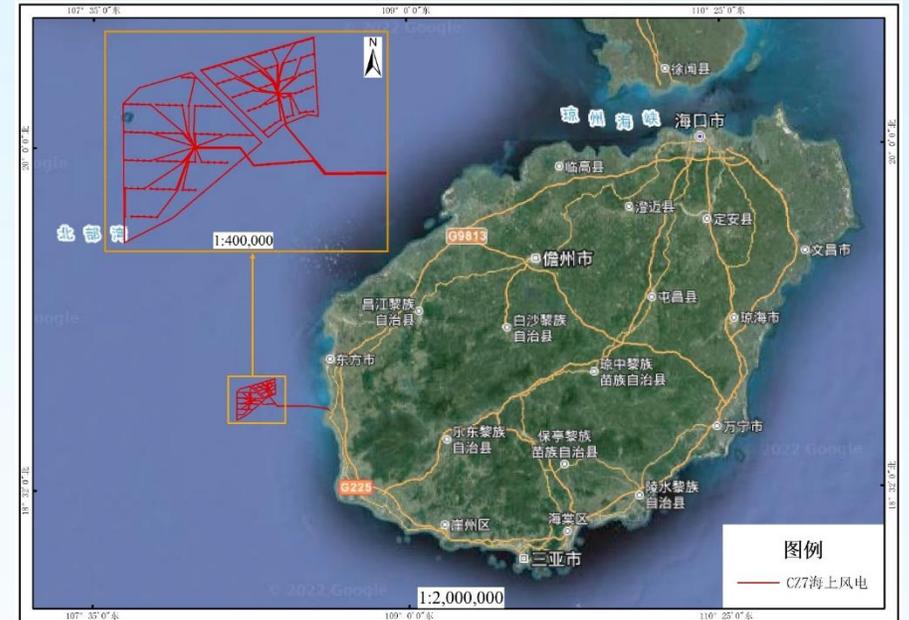
Engineering Standardization

- Fully leverage the advantages of regional development
- Optimize the design, procurement and construction methods of offshore platform
 - Standardization of technical specifications to enhance the efficiency of "design + procurement"
 - Integration of facility modules to maximize comprehensive benefits
 - Utilization of same series of materials and equipment to effectively reduce procurement costs and material inventory
 - Productization of common components to improve efficiency and quality and reduce costs of onshore construction
- **Expect to reduce the overall project construction period by 20% and improve project profitability**



Key Offshore Wind Power Project

- **Hainan CZ7 Offshore Wind Power Demonstration Project**
 - Located in the western waters of Dongfang City, Hainan Province
 - Total installed capacity of 1.5 GW
 - Upon completion, it will provide clean electricity of about 5 billion kWh to the grid, saving 1.47 million tons of standard coal and reducing CO₂ by about 2.64 million tons per year



Environmental, Social and Governance (ESG)

- **Continuously improve ESG performance and promote high-quality development**
- **Strive for energy saving and carbon reduction in the whole process of exploration, development and production to facilitate the green development of the Company**
- **Strengthen environmental protection, actively participate in public welfare, and fulfill corporate social responsibility in multiple aspects**



Focus on Shareholders' Return

- **The Company always focus on shareholders' return and strive to share the results of its development with the shareholders**
- **In 2022 to 2024**
 - Annual dividend payout ratio $\geq 40\%$
 - Annual absolute dividend \geq HK\$0.70 /share (tax inclusive)





Thank you!