

2021 Strategy Preview

4 February 2021



CNOOC Limited
中国海洋石油有限公司

Management at Today's Meeting



CEO Xu Keqiang



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Agenda

- **Macro-environment Overview**
- **2021 Operating Guidance**
- **Outlook**



Macro-environment Overview

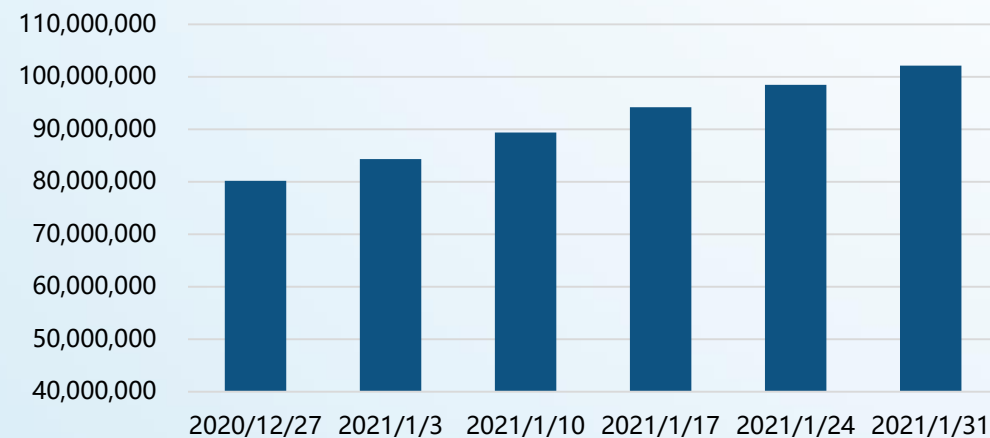


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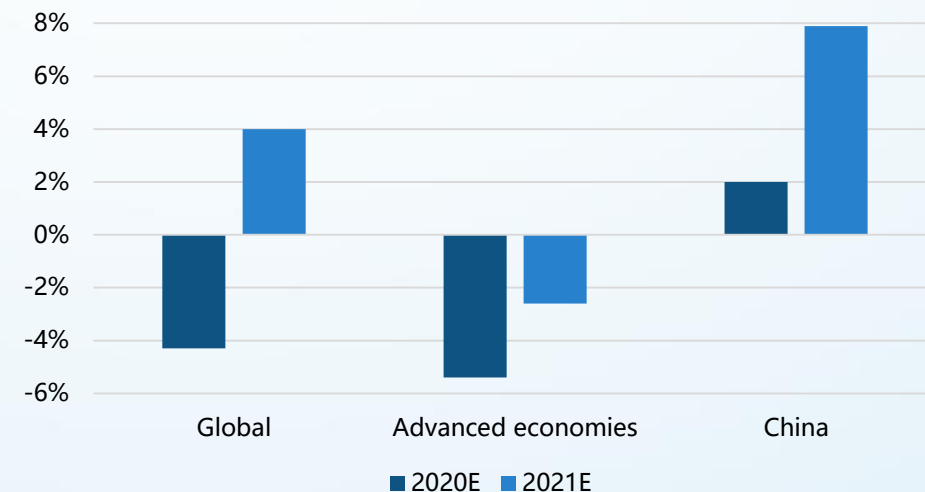
COVID-19 Pandemic and the Global Economy

- COVID-19 continues to spread around the world, and vaccination has officially begun
- The World Bank predicts the global economy to grow 4% in 2021 and China's economy will grow 7.9%

Cumulative confirmed cases of COVID-19 worldwide

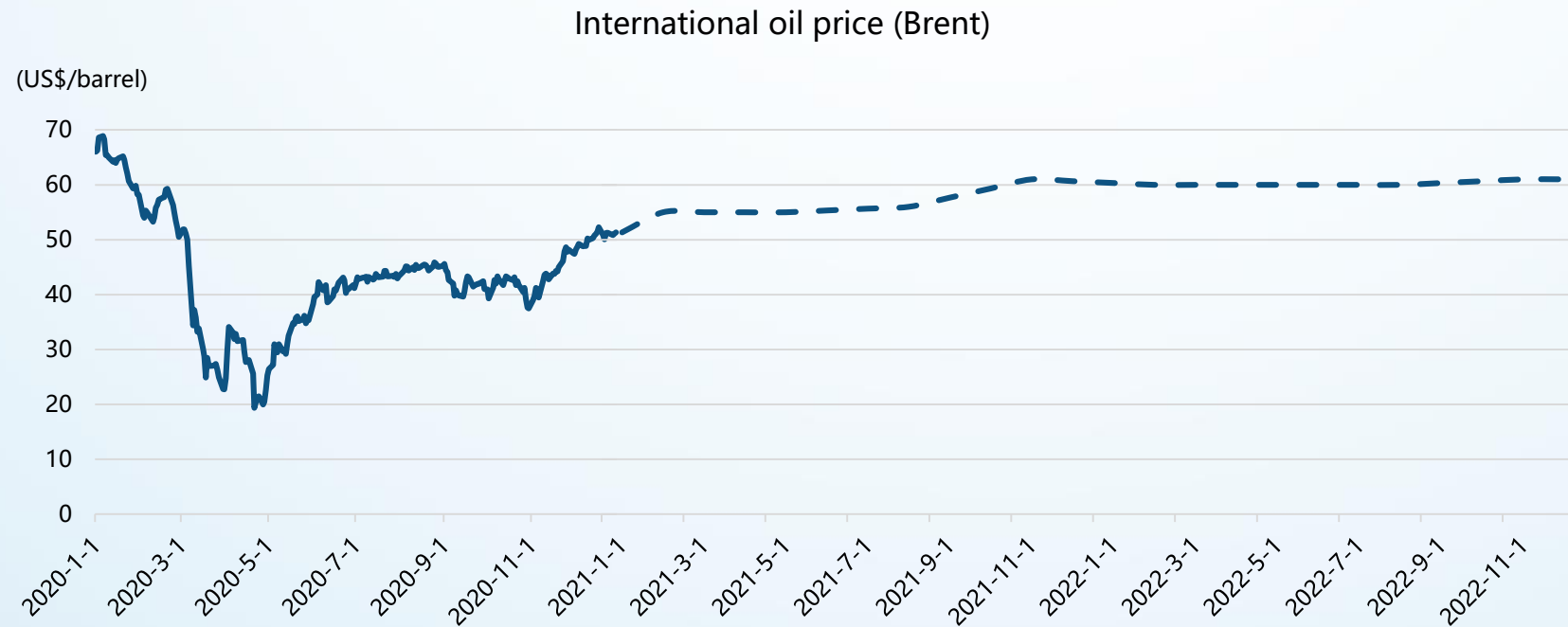


Global economic growth forecast



International Oil Prices

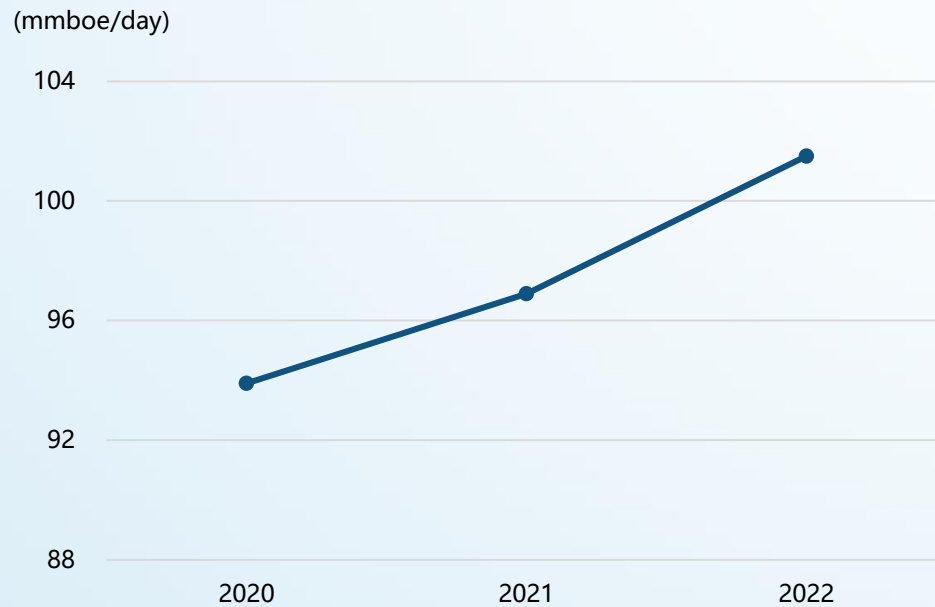
- International oil prices fell sharply in 2020 due to the COVID-19 pandemic and the unbalanced supply and demand in the crude oil market
- With large scale vaccination and the recovery of the global economy, international oil prices are expected to rebound



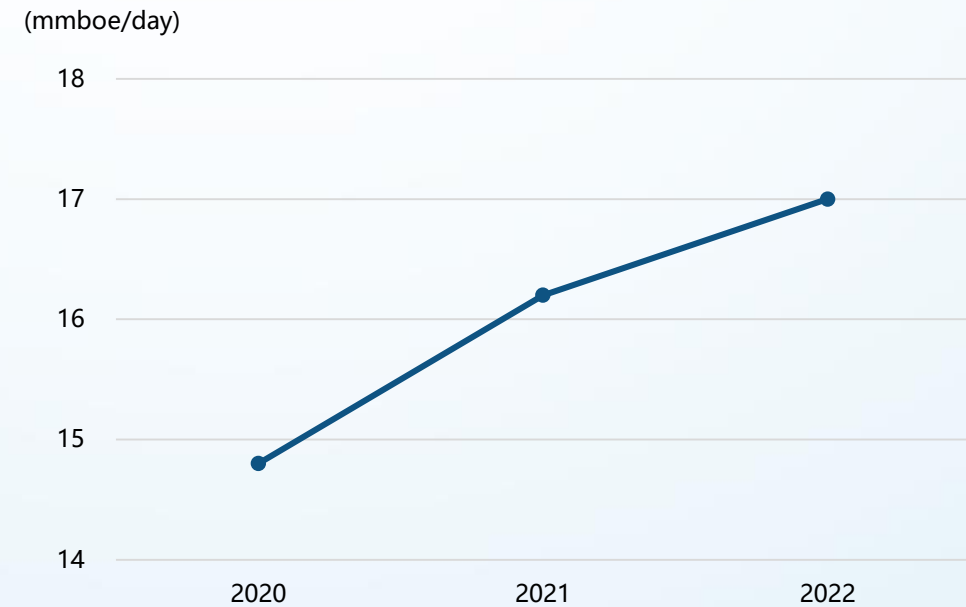
Demand for Crude and Liquids

- Demand for crude and liquids will grow steadily around the world and in China

Global crude and liquids demand forecast



China's crude and liquids demand forecast



2021 Operating Guidance



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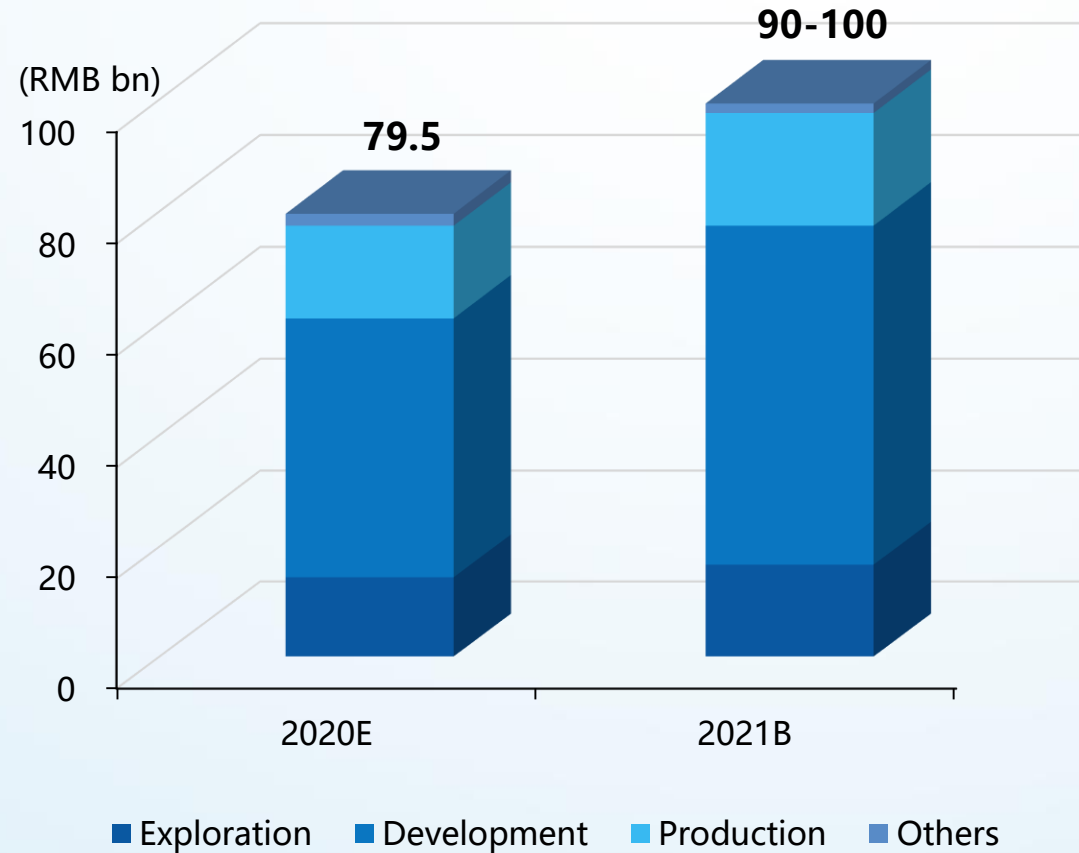
2021 Operation Target

- Capex budget of RMB90-100 billion
- Production target of 545-555 mmboe
- 19 new projects to come on stream
- Reserve Replacement Ratio (RRR) of 120%
- High standards on HSE performance



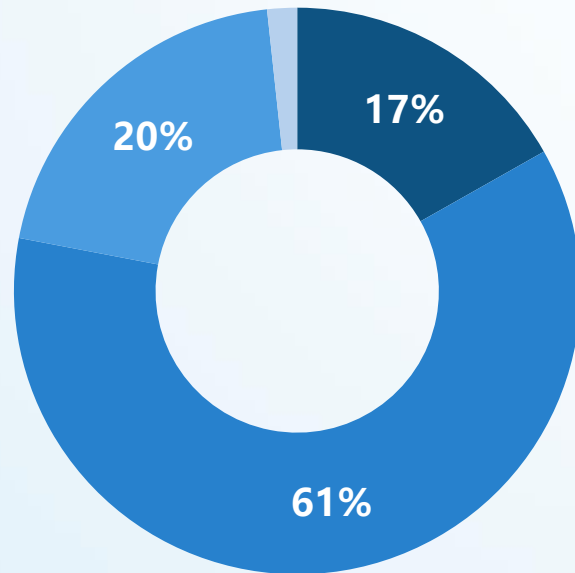
Capex Plan

- Maintain prudent financial policy and pursue profitable growth of reserves and production

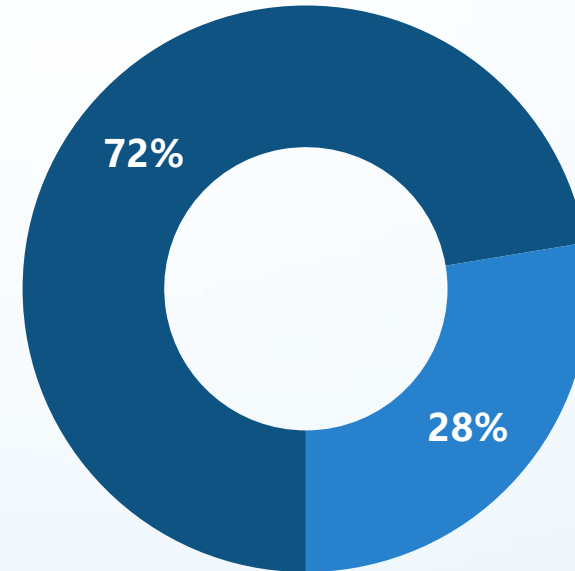


2021 Capex Breakdown

- Focus on investment return and increase the investment in offshore China



■ Exploration ■ Development ■ Production ■ Others



■ China ■ Overseas

Exploration Strategy

- Offshore China
 - Make efforts on both oil and gas exploration and strengthen gas exploration activities
 - Maintain workload in middle-shallow layers, strengthen exploration in middle-deep layers and actively prepare for deep layers exploration
 - Increase efforts in risk exploration to achieve multiple breakthroughs in frontiers and new areas
- Overseas
 - Focus on strategic core areas
 - Focus on both operating and non-operating projects



Exploration in Offshore China

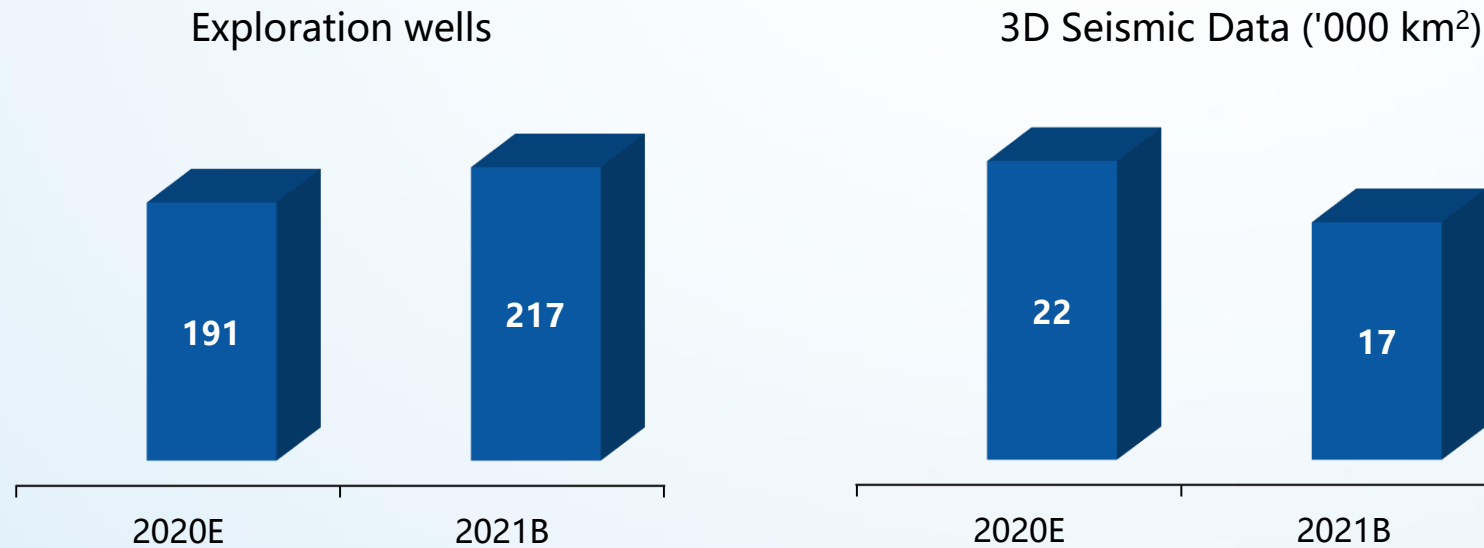
Continue to strengthen exploration on three levels and strive to achieve breakthroughs in new areas, new types and new layers

- Strategic discovery
 - Make strategic discovery in new areas and frontiers to ensure potential targets
 - Drill 34 exploration wells in 26 areas/frontiers including the southeast zone of Bozhong Sag
- Strategic breakthrough
 - Make strategic breakthrough in strategic discovery areas to expand the exploration layout
 - Drill 55 exploration wells in 25 areas/frontiers including Meishan Formation on the north slope of Lingshui
- Strategic expansion
 - Make strategic expansion in strategic breakthrough areas to consolidate the reserve base
 - Drill 111 exploration wells in 29 areas/frontiers including the north slope of Baiyun Sag



Exploration Workload

- Focus on mid-to-large sized oil and gas discoveries to achieve sustainable development



Note: Exclude unconventional exploration wells (100 estimated in 2020 and 148 planned in 2021). Exclude 3D Seismic Data acquired in unconventional fields (665 km² estimated in 2020 and 430 km² planned in 2021).

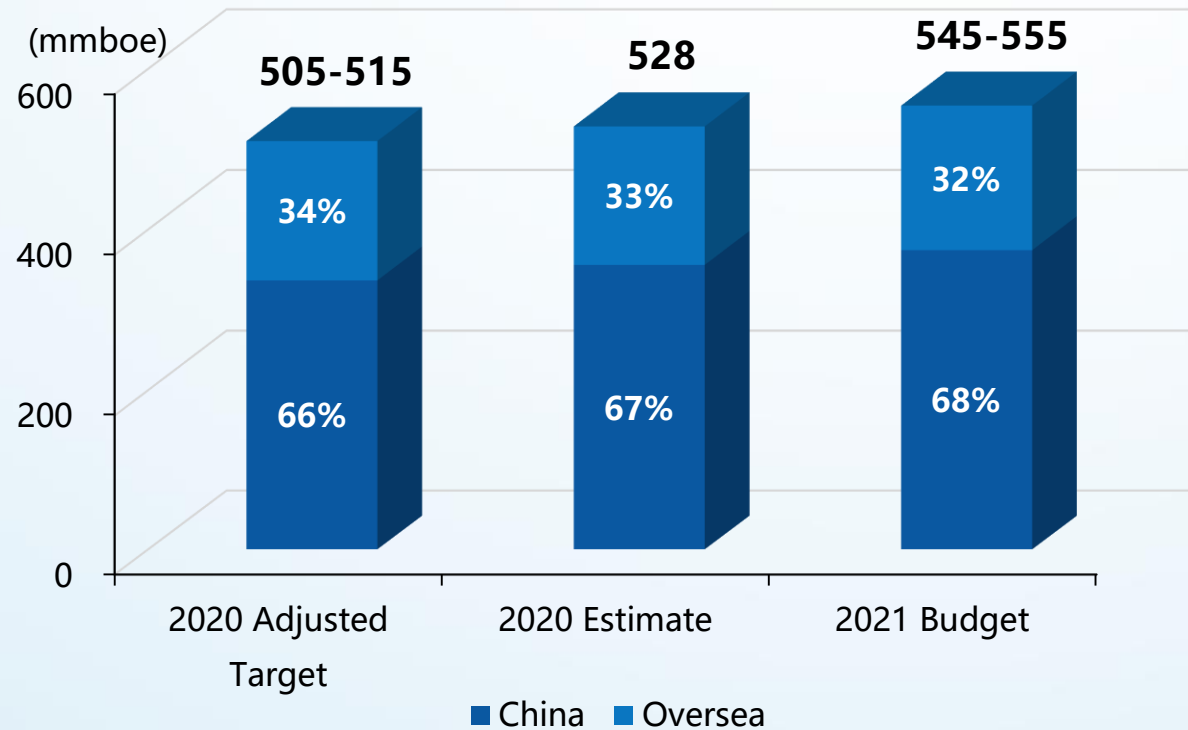
Development and Production Capex

- Development Capex
 - Actively promote key projects
 - China: Lingshui 17-2, Liuhua 21-2, etc.
 - Overseas: Mero Phase I in Brazil, Buzzard Phase II in UK, etc.
 - Accelerate the construction of projects and increase drilling efficiency
 - Promote the development of oil fields with heavy oil and low permeability reservoir
- Production Capex
 - Optimize the infill drilling program to improve oilfield recovery, increase single well production and reduce the decline rate



Production Target

- 2021 production target of 545-555 mmboe, with oil and gas representing 80% and 20%, respectively
- Adjusted production target of 2020 was 505-515 mmboe, while the expected production is 528 mmboe



New Projects in 2021

- 19 new projects are scheduled to come on stream in 2021 to boost the future production

Project	Peak Production (boe/d)	Working interests
Offshore China		
Bozhong 19-4 oil field adjustment	9,300	83.8%
Bozhong 26-3 oil field expansion	2,060	100%
Caofeidian 11-6 oil field expansion	4,600	51%
Caofeidian 6-4 oil field	15,000	100%
Jinzhou 31-1 gas field	2,100	100%
Kenli 16-1 oil field	7,500	100%
Kenli 6-1 oil field block 4-1 development project	3,400	100%
Luda 29-1 oil field	2,890	100%
Luda 4-2 oil field block 4-3	5,900	100%

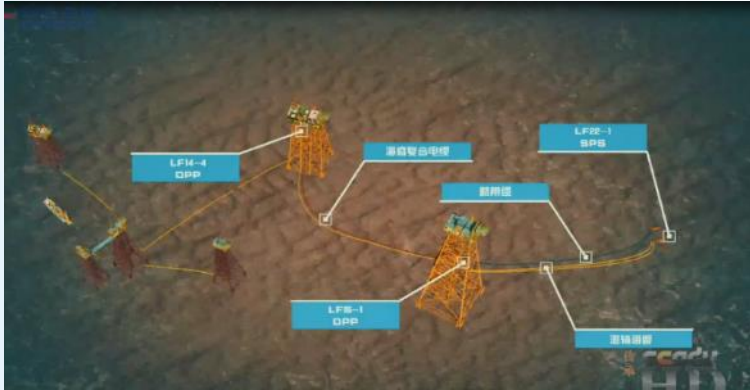
Project	Peak Production (boe/d)	Working interests
Luda 5-2N oil field	6,900	100%
Luda 6-2 oil field	9,000	100%
Qinhuangdao/Caofeidian onshore power project	7,400	75.5%
Lingshui 17-2 gas fields development	58,000	100%
Weizhou 11-2 oil field phase II	5,600	100%
Liuhua 21-2 oil field	15,070	100%
Liuhua 29-2 gas field	7,200	100%
Lufeng oil fields regional development	42,600	100%
Overseas		
Buzzard oil field phase II	12,000	43.21%
Mero oil field phase I	171,000	10%

Key Projects in Offshore China



- Lingshui 17-2 Gas Fields Development
 - Located around 150 kilometres from Sanya, Hainan Province in South China Sea
 - First large-sized deep-water independent gas fields with a water depth of ~1,450 meters
 - Created the world's first deepwater development model of semi-submersible platform with 10,000-ton oil storage
 - Facilities: One semi-submersible platform for production and processing, one subsea production system and 11 wells
 - Stable gas supply of more than 3 billion cubic meters per year for the Guangdong-Hong Kong-Hainan area

Key Projects in Offshore China

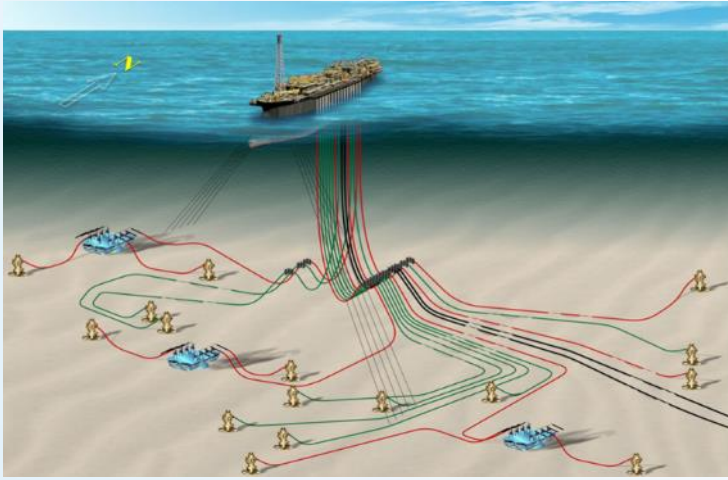


- Lufeng oil fields regional development
 - Located 220-265 kilometres from Hong Kong in the South China Sea
 - Water depth of 140-330 meters
 - Facilities: Two DPP platforms, one subsea production system and 35 wells
 - Peak production: 42,600 boe/day
 - CNOOC Limited's interest: 100%



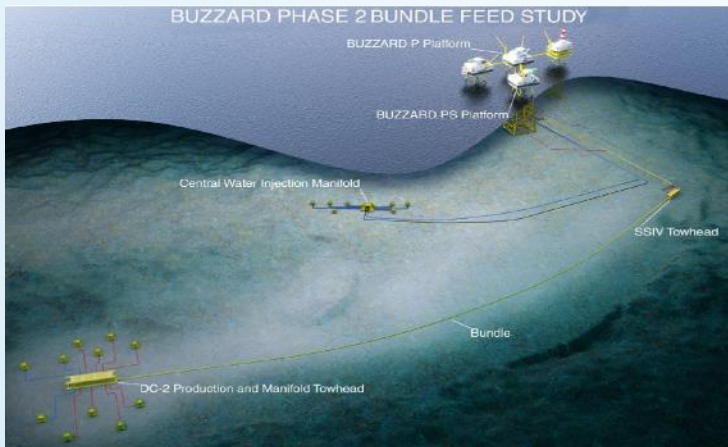
- Caofeidian 6-4 oil field
 - Located in the West-central of Bohai
 - Water depth of ~20 meters
 - Facilities: One CEP platform and 42 wells
 - Peak production: 15,000 boe/day
 - CNOOC Limited's interest: 100%

Key Projects Overseas



- Mero oil field phase I in Brazil

- Located in the Santos Basin in southeast of Brazil
- Ultra-deep water pre-salt project with a water depth of 1,800-2,400 meters
- Facilities: One FPSO and 17 wells
- Peak production: 171,000 boe/day
- CNOOC Limited's interest: 10% (Petrobras acts as operator)

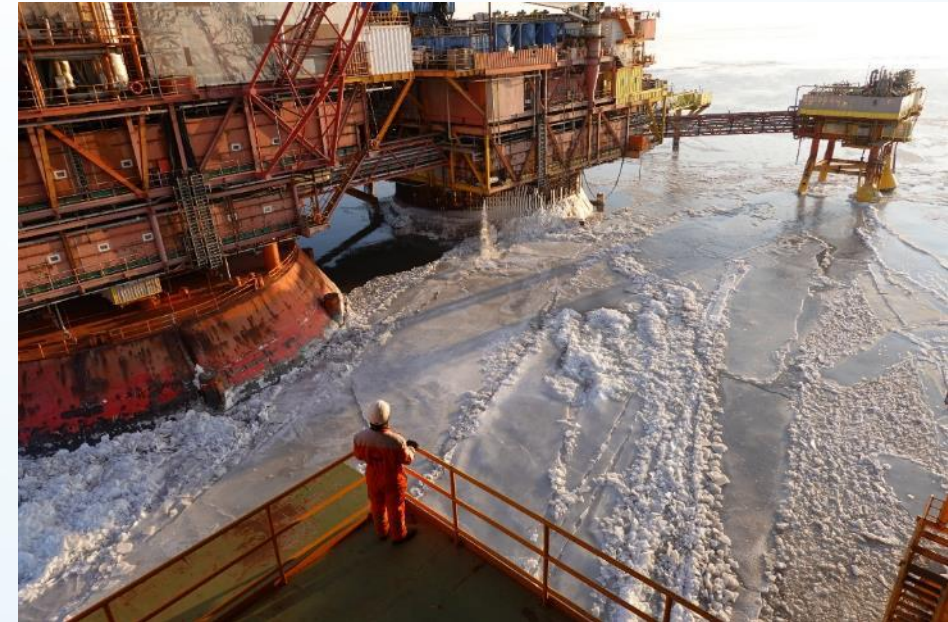


- Buzzard oil field phase II in UK

- Located in UK North Sea
- Shallow water adjustment project with a water depth of ~100 meters
- Facilities: 4 wells
- Peak production: 12,000 boe/day
- CNOOC Limited's interest: 43.21% (acts as operator)

Maintain Safe and Stable Production and Operation

- Adhere to bottom line of safe and healthy development, and maintain the good performance on the normalization of pandemic prevention
- Focus on improving risk management, and scientifically prevent the impact of natural disasters such as sea ice and typhoons



Outlook



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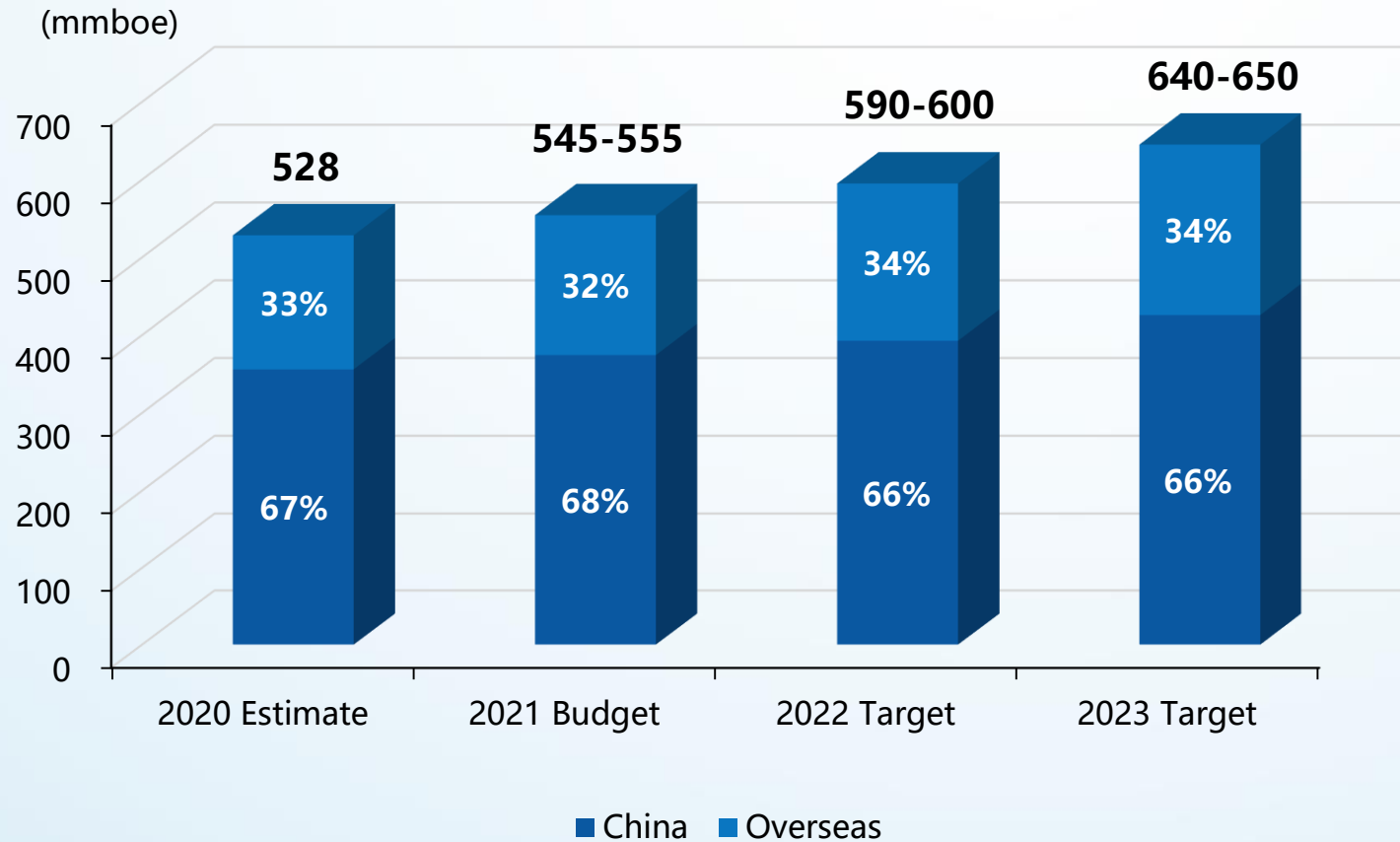
Future Operating Strategy

Continuously improve value creation capabilities to bring more returns to shareholders

- Strengthen the efforts in nature gas exploration
- Promote further production growth
- Focus on investment returns
- Maintain cost competitiveness
- Optimize the layout of overseas assets
- Adhere to the low-carbon development principle



Three-year Rolling Target



Adhere to the Low-carbon Development Principle

Actively respond to climate change and build a low-carbon company

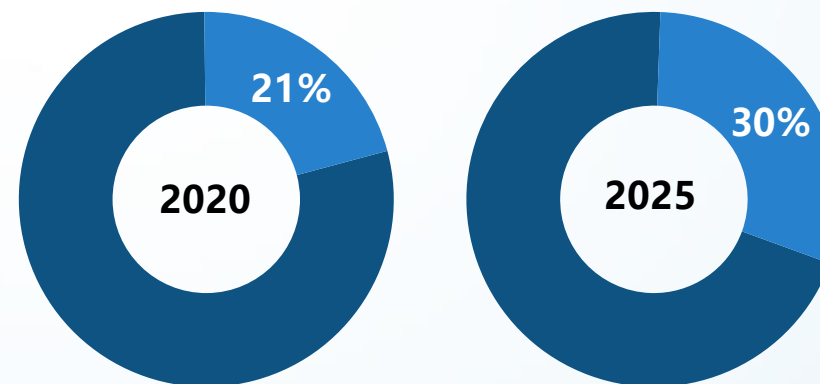
- Promote low-carbon transformation
 - Increase the supply of clean energy such as natural gas
 - Drive energy conservation and emission reduction by innovation
 - Gradually implement carbon capture, reinjection and reuse
- Actively explore new energy development
 - Steadily advance offshore wind power
 - Invest in new energy development research



Promote Low-carbon Transformation

- Stabilize oil production and promote natural gas supply
 - Promote major natural gas projects such as Lingshui 17-2 and Bozhong 19-6
 - Strengthen the efforts in onshore unconventional gas development

Proportion of natural gas production



- Strengthen "innovation-driven" principle and use new technologies to promote energy conservation and emission reduction
 - Implement technical measures such as energy-saving by large pumps, waste heat utilization, power supply optimization and associated gas recovery
 - Qinhuangdao/Caofeidian onshore power project will commence production in 2021, reducing CO₂ emission of approximately 170,000 tons per year

Actively Explore New Energy Development

- Focus on offshore new energy business
 - Invest ~5% of annual Capex in new energy sector
 - Steadily advance offshore wind power business
 - Carry out exploratory research of technologies in frontier fields





Thank you!



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