

2022 Mid-Year Review

26 August 2022



CNOOC Limited
中国海洋石油有限公司

Board of Directors and Management at Today's Conference



Chairman

Wang Dongjin



CEO

Zhou Xinhuai



President

Xia Qinglong



CFO

Xie Weizhi



Joint Company Secretary

Wu Xiaonan

Disclaimer

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.

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.

A-Share IPO

- On April 21, CNOOC Limited was listed on the main board of Shanghai Stock Exchange and successfully completed its first RMB share issuance
- The IPO will broaden the financing channels for its sustainable development while adding high-quality investment target to domestic capital market



Agenda

- Operating Results
- Business Highlights
- Outlook

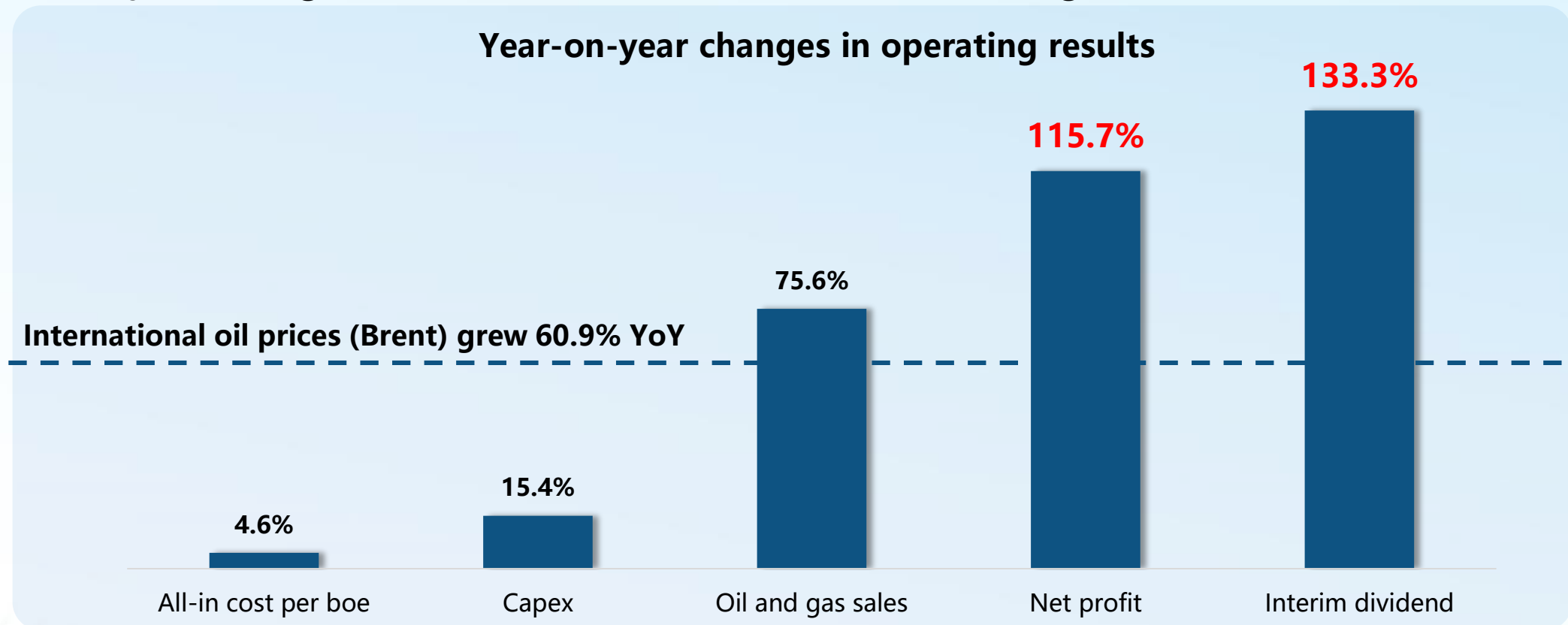
Operating Results



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Key Facts

- Capturing the cycle of high oil prices, oil and gas sales and net profit both registered the best performance in history
- All-in cost was under effective control and Capex was well under way
- Actively rewarding shareholders, interim dividend hit a record high



Unless otherwise noted, the net profit of this presentation refers to net profit attributable to equity shareholders of the Company

Operating Overview

- **Significant growth in reserve and production**
 - 9 new discoveries were made and 16 oil and gas structures were successfully appraised
 - Net production reached 304.8 million boe*, up 9.6% YoY
- **Remarkable results of cost control and efficiency enhancement**
 - Net profit reached RMB 71.89 billion, up 115.7% YoY
 - Oil & gas sales was RMB 176.68 billion, up 75.6% YoY
 - All-in cost was US\$30.32 per boe
- **Interim dividend of HK\$0.70 per share (tax inclusive)**
- **Stable HSE performance**



** Including our interests in equity-accounted investees*

Results Summary

	1H 2022	1H 2021	Change%
Production (mm boe)	304.8	278.1	9.6%
- Crude and liquids (mm bbls)	240.5	222.6	8.0%
- Natural gas (bcf)	374.7	323.1	16.0%
Realized oil price (US\$/bbl)	103.85	62.38	66.5%
Realized gas price (US\$/mcf)	8.07	6.60	22.3%
Revenue (RMB mm)	202,355	110,233	83.6%
Oil & gas sales (RMB mm)	176,681	100,625	75.6%
Net profit (RMB mm)	71,887	33,329	115.7%
Basic earnings per share (RMB Yuan)	1.57	0.75	109.3%

Unless otherwise noted, the financial data of this presentation are based on IFRS, and there is no difference between IFRS and CAS on this page

Business Highlights



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Exploration Results - China

Continue to search for middle-to-large sized oil and gas fields, and promote the exploration in new fields, new types and new strata



- **Bozhong 26-6 confirmed as a middle-to-large sized discovery**
 - Located in the west section of Bonan lower uplift
 - The proved in-place volume exceeds 50 million tons of oil equivalent, showing a good exploration prospect for the Archaean buried hills in Bonan
- **Bozhong 19-2 confirmed as a middle-to-large sized discovery**
 - Located in the southwest of Bozhong sag
 - The proved in-place volume is nearly 60 million tons of oil equivalent, showing the huge exploration potential of large-scale contiguous lithologic traps in Bozhong sag

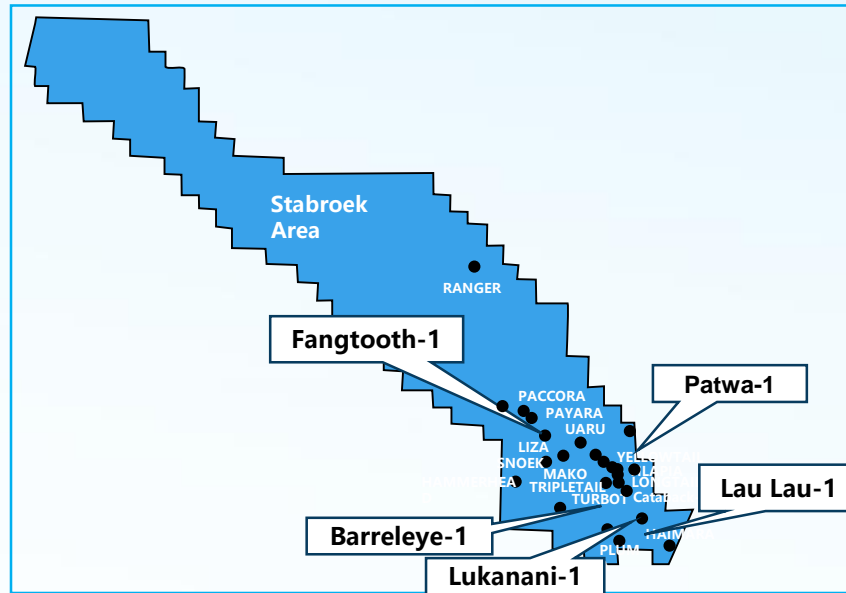
** According to China's "Standard for Calculation of Offshore Oil and Natural Gas Reserves", the recoverable reserves of crude oil in medium-sized oil fields are $\geq 2.5 \sim < 25$ million cubic meters, and the recoverable reserves of crude oil in large-sized oil fields are $\geq 25 \sim < 250$ million cubic meters*

Exploration Results - China



- **Breakthrough in offshore unconventional exploration**
 - Offshore shale oil well Weiye-1 was successfully tested in July
 - The potential is huge, with resources in the Beibu Gulf of the South China Sea alone reaching 1.2 billion tons
- **Remarkable progress in onshore unconventional exploration**
 - Fracturing of onshore deep coalbed methane layers was successfully completed

Exploration Results - Overseas

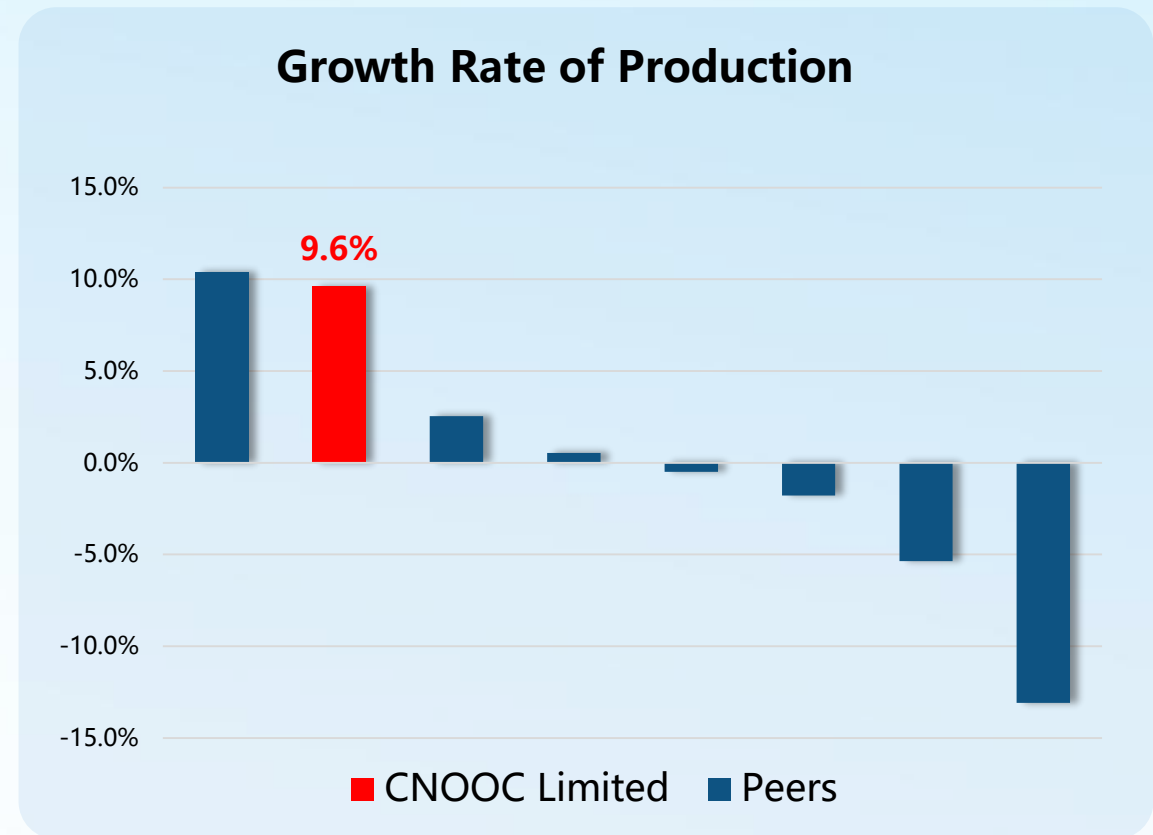
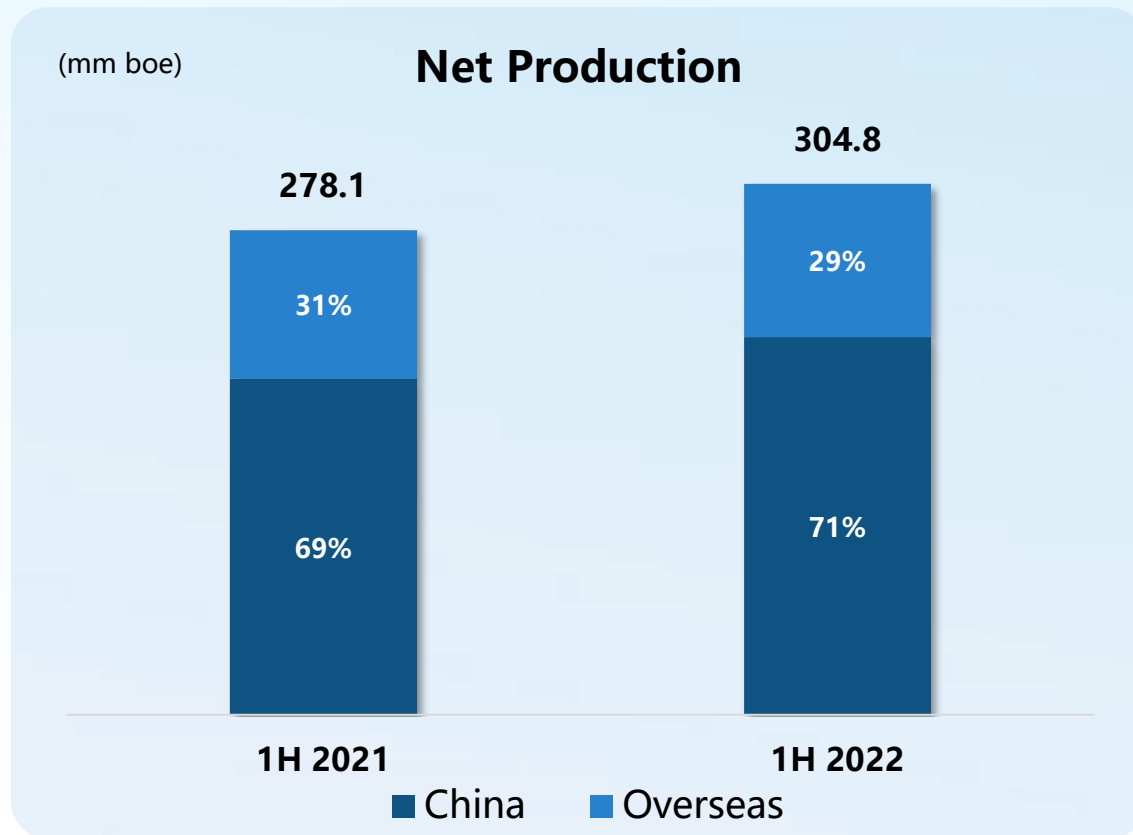


- **New Discoveries in Stabroek Block in Guyana**
 - 2 new discoveries in Q1: Fangtooth and Lau Lau
 - 3 new discoveries in Q2: Patwa, Barreleye and Lukanani
 - Patwa-1 encountered ~33m oil and gas layer, further expanded the condensate bearing range in the southeast area
 - Barreleye-1 encountered ~70m oil and gas layer, and Lukanani-1 encountered ~35m oil and gas layer, making breakthroughs in new fields in the updip direction in the southeast area
 - 2 new discoveries were made in July: Seabob and Kiru-Kiru
- **Recoverable resource of nearly 11 billion boe*, which is expected to be further improved**

** According to the disclosure of the Operator*

Another Record High for Net Production

- Net production reached 304.8 mm boe, hit another record high
- Production rose 9.6% YoY, a leading growth rate among peers



Peers: ConocoPhillips, BP, ExxonMobil, Total, Equinor, Oxy, Shell

New Projects in 2022

Project	Status	Peak Production (boe/d)	Working interests
Offshore China			
Kenli 6-1 Oilfield 10-1 North Block Development Project	Construction	7,100	100%
Kenli 6-1 Oilfield 5-1, 5-2, 6-1 Block Development Project	Construction	36,100	100%
Bozhong 29-6 Oilfield Development Project	Construction	15,300	100%
Jinzhou 31-1 Gas Field Development Project	Construction	2,100	100%
Weizhou 12-8 Oilfield East Zone Development Project	Commenced production	4,700	51%
Dongfang 1-1 Gas Field Southeast Area and Ledong 22-1 Gas Field South Block Development Project	Installation	2,900	100%
Enping 15-1/10-2/15-2/20-4 Oilfields Joint Development Project	Installation	35,500	100%

Project	Status	Peak Production (boe/d)	Working interests
Onshore China			
Shenfu South Gas Field Development Project	Construction	9,500	100%
Central Linxing 4/5 Development Project	Construction	6,500	100%
Panhe Thin Layer Coalbed Methane Development Project	Installation	2,100	100%
Overseas			
Mero Phase I Project in Brazil	Commenced production	171,000	10%
Liza Phase II Project in Guyana	Commenced production	220,000	25%
3M (MDA, MBH, MAC) Project in Indonesia	Installation	32,300	40%

Major Projects under Good Progress

New projects during the year

- **Kenli6-1 oilfield 5-1, 5-2, 6-1 block development project**
 - First 100 million-ton large-scale oil field in the north of Laizhou Bay
 - Completed the construction of jackets and platforms one week ahead of schedule
- **Enping 15-1/10-2/15-2/20-4 oilfields joint development project**
 - Completed the installation of Enping 15-1 jacket and platform
 - Equipped with China's first offshore CCS demonstration project

Future new projects

- **Lufeng 15-1 oilfield development project**
 - Completed the offshore installation of the first 300m deep water jacket in China
 - Create a new model for deep water hydrocarbon development
- **Bozhong 19-6 condensate gas field phase I**
 - The first 100 billion-cubic meter gas field in Bohai Bay
 - The construction started smoothly, and well under way



Breakthroughs in Technological Innovation

■ Technological breakthroughs

- The first set of shallow-water subsea production system and the first set of deep-water subsea production system independently developed and built in domestic China have been successfully installed
- Successfully installed Asia's first deep-water jacket platform "Haiji-1"
- Commissioned the world's first large-scale offshore ultra-heavy oil thermal recovery development project

■ Digitalization

- Qinhuangdao 32-6 became benchmark project for offshore intelligent oilfields utilizing onshore power
- Create a new model of "intelligent, safe and efficient" offshore oil and gas development
- Downsize offshore staff by 20%, improve the production efficiency by 30%, and reduce the operation cost by 5%-10%



Solid Progress in Green Development

- **Accelerating the pace of carbon emission reduction**
 - First time large-scale use of green power on offshore platforms, and 186 million KWh of green power to be used during the year
 - Jointly launched China's first large-scale offshore CCS/CCUS hub research project
- **Actively expanding new energy business**
 - Started the construction of the first deep-sea floating wind farm demonstration project, utilize domestic technologies and products
 - Jointly won the bid of Jinshan offshore wind farm phase I project
 - Distributed photovoltaic demonstration project in Weizhou terminal was successfully connected to the grid



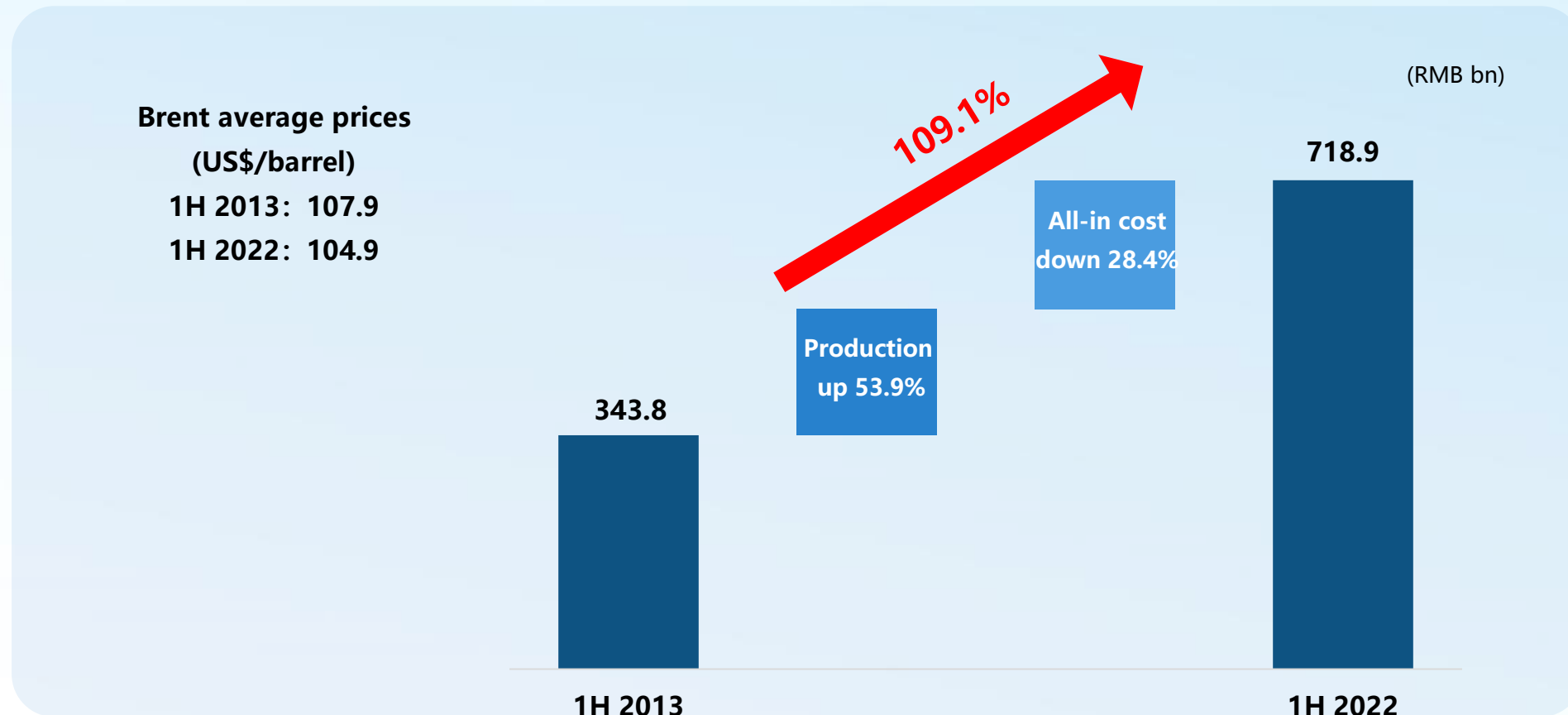
HSE

- **Various measures adopted for pandemic prevention and control**
 - Continued to implement regular prevention and control measures and effectively responded to sudden outbreaks
 - Production and operation were not affected
- **Safety management strengthened**
 - Strictly implemented safety measures and actively promoted special actions to ensure production safety
 - Full coverage of safety risk assessment of offshore facilities, cross-check and mutual inspection to reduce potential risks



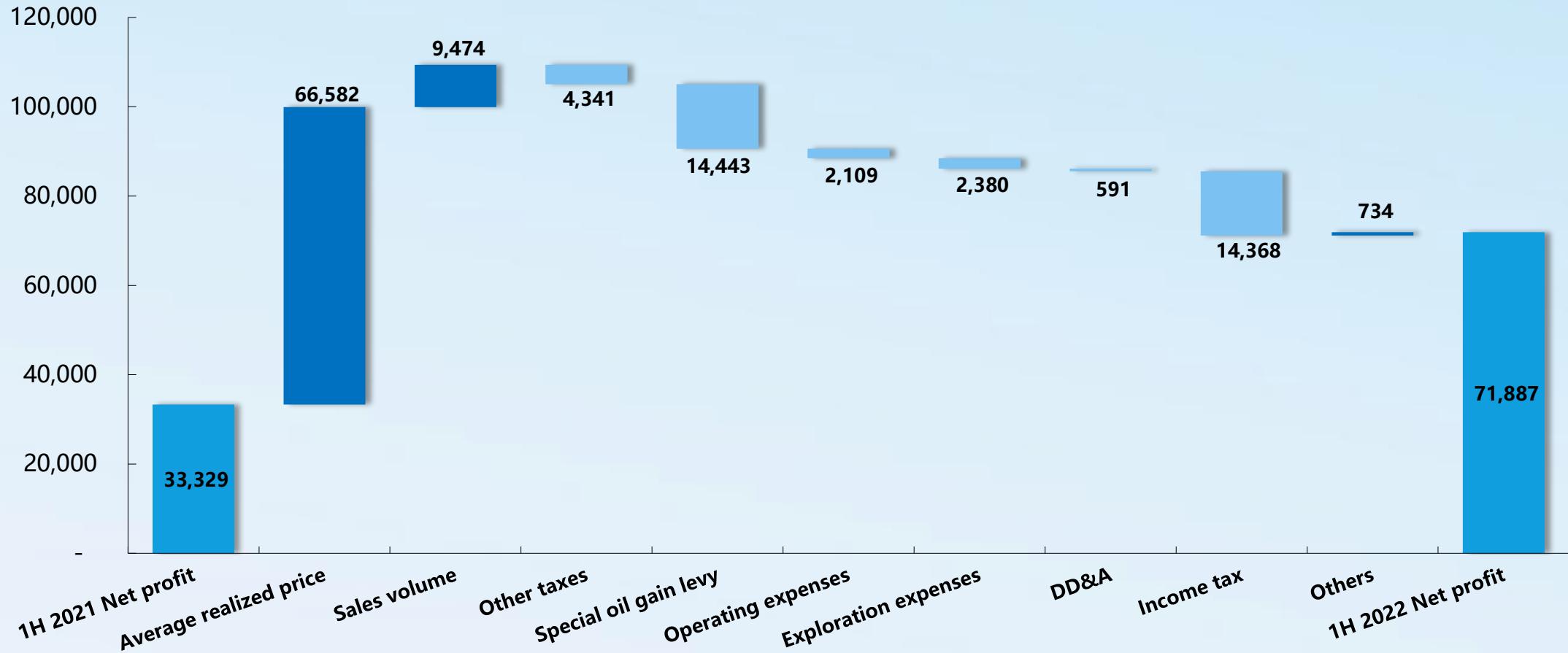
Strong Profitability

- The profitability has increased significantly because of years of effective cost control, efficiency enhancement and growth of reserves and production
- Net profit doubled that of the first half of 2013 despite the slightly lower international oil prices



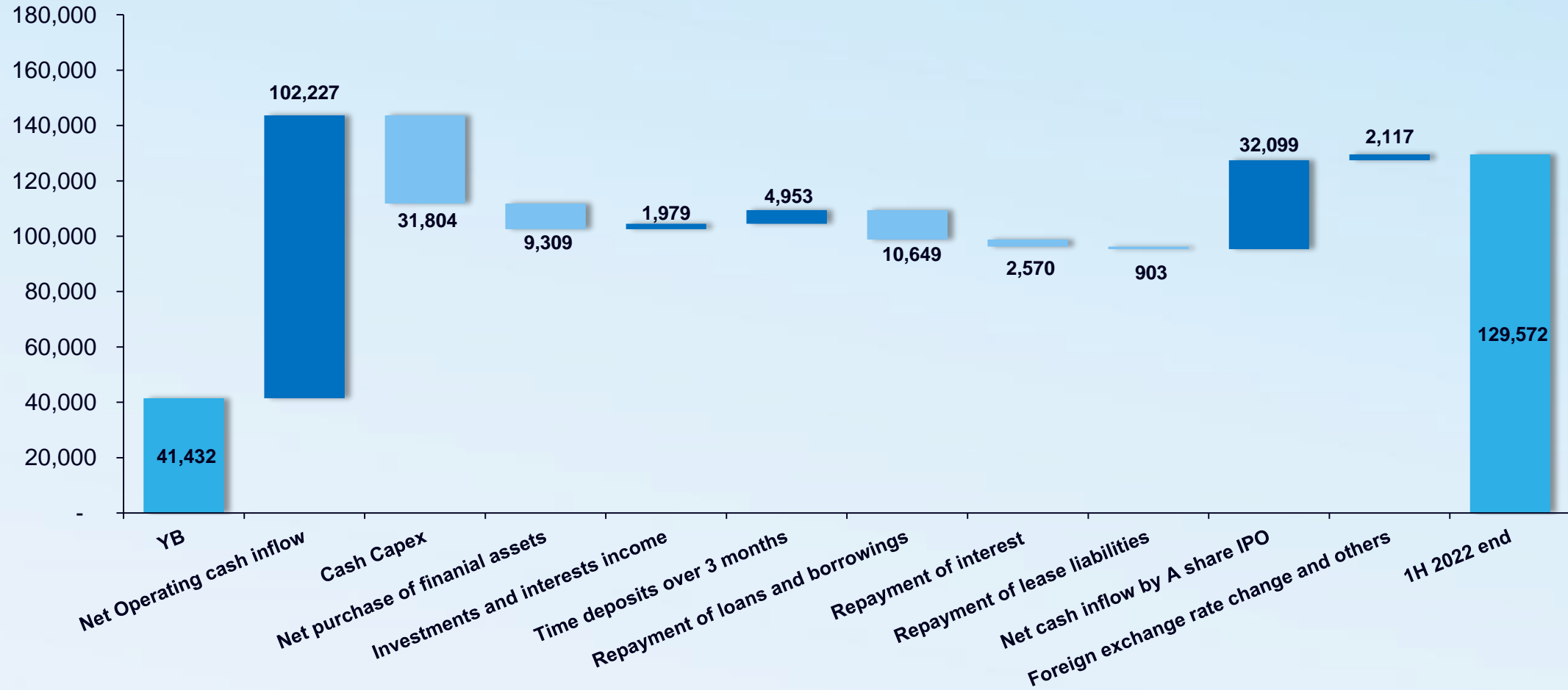
Change Analysis of Net Profit

(RMB mm)



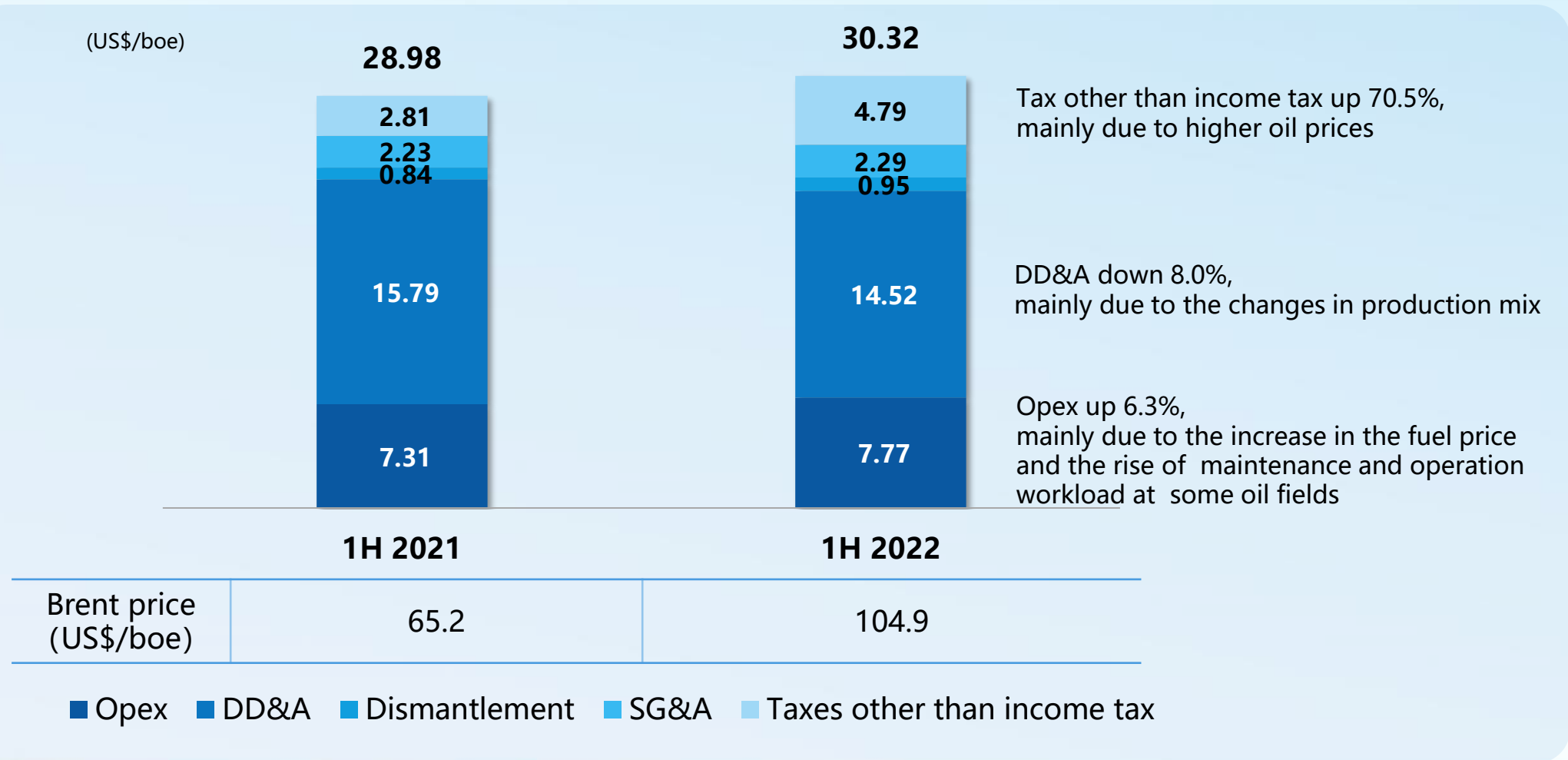
Movement of Cash and Cash Equivalents

(RMB mm)



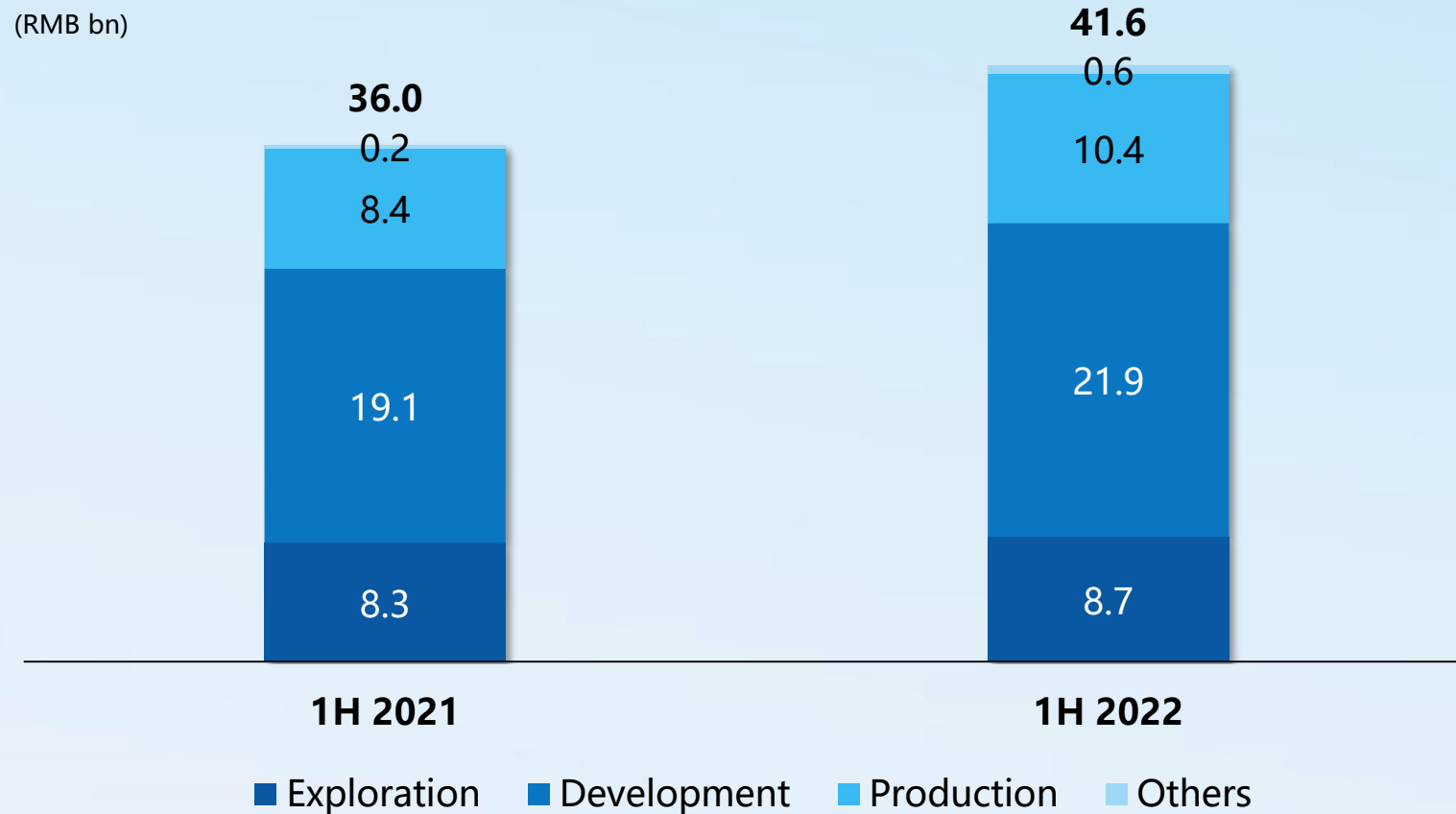
All-in Cost per BOE

- The all-in cost per boe was well controlled, and the increase was mainly due to the rising taxes other than income tax at higher oil prices



Capex

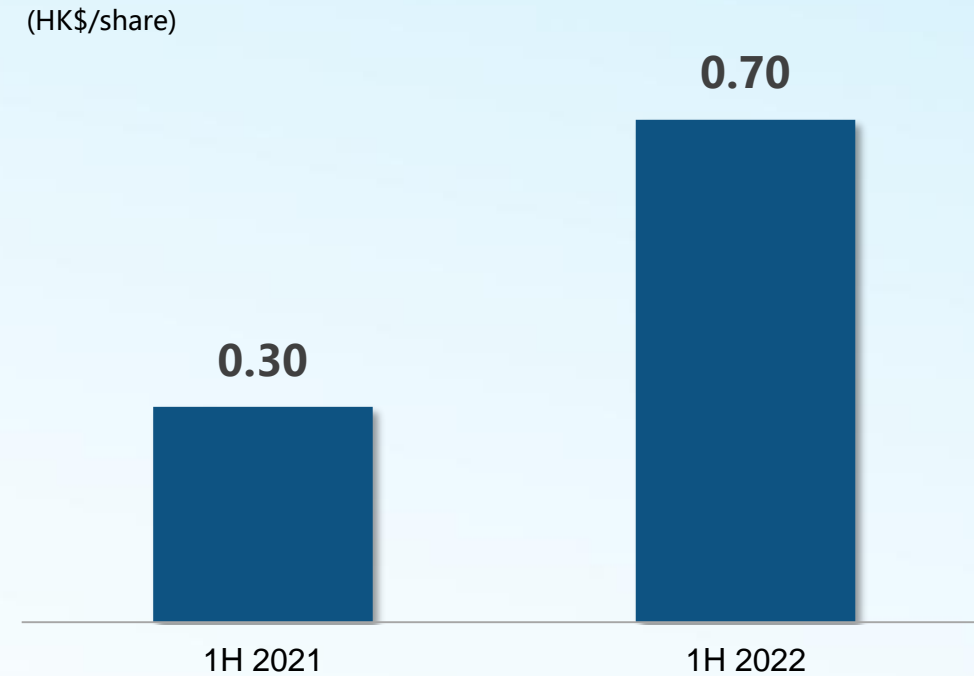
- Capex significantly increased, up 15.4% YoY, providing a strong support for future reserves and production growth



Note: Above amounts exclude capitalized interest of RMB1.1 bn and RMB0.9 bn in 1H 2021 and 1H 2022 respectively.

Dividend

- **Actively rewarding our shareholders**
- **2022 interim dividend: HK\$0.70 per share (tax inclusive)**
 - Payout ratio of 40%*
 - Interim dividend increased by 133.3% YoY



* Exchange rate quoted HK\$1= RMB0.85908 as of July 29, 2022

Outlook



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2H 2022 Plan

- **Continue to increase reserves and production**
 - Production target of 600-610 mmeob
 - Capex budget of RMB 90-100 billion
 - Reserve Replacement Ratio (RRR) of no less than 130%
- **Strive to reduce cost, improve quality and increase efficiency**
 - Promote the construction and commissioning of new projects as planned
 - Control the all-in cost
- **Stick to high standards on HSE performance**





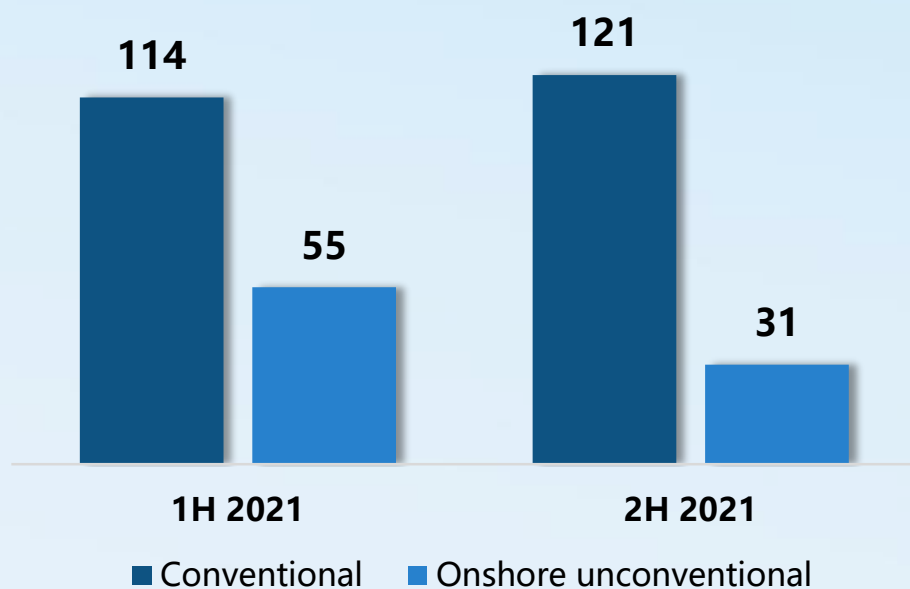
Thank you!

Appendix



Exploration Activities

Exploration wells



Exploration Workload in 1H 2022

Type	Offshore China		Unconventional onshore China	Overseas
	Independent	PSC		
Wildcat	37	1	16	5
Appraisal	74	2	15	2
3D Seismic (km ²)	9,836	-	331	-

Production Summary

	1H 2022			1H 2021		
	Crude and Liquids (mm bbls)	Natural Gas (bcf)	Total (mm boe)	Crude and Liquids (mm bbls)	Natural Gas (bcf)	Total (mm boe)
China						
Bohai	96.0	32.3	101.4	87.8	30.7	92.9
Western South China Sea	18.8	116.1	38.9	19.2	80.7	33.3
Eastern South China Sea	53.4	73.3	65.6	46.0	71.7	58.0
East China Sea	1.3	13.7	3.6	1.2	13.2	3.3
Onshore	–	43.7	7.3	-	31.9	5.3
Subtotal	169.5	279.1	216.8	154.1	228.1	192.8
Overseas						
Asia (Ex. China)	8.6	24.8	13.0	11.9	27.3	16.8
Oceania	0.7	20.6	4.8	0.7	19.0	4.4
Africa	14.1	3.0	14.6	15.9	-	15.9
North America (Ex. Canada)	10.9	20.3	14.3	11.9	22.1	15.5
Canada	11.3	–	11.3	11.3	-	11.3
South America	17.4	25.7	21.9	9.9	26.0	14.3
Europe	7.9	1.2	8.1	7.0	0.6	7.1
Subtotal	71.0	95.7	88.0	68.5	95.0	85.4
Total*	240.5	374.7	304.8	222.6	323.1	278.1

* Including our interests in equity-accounted investees, which is approximately 10.0 mm boe in 1H 2022 and 9.6 mm boe in 1H 2021. In 1H 2022, production from China and overseas was 71.1% v.s. 28.9%; Crude liquids and natural gas was 78.9% v.s. 21.1%.

Key Financial Items - Consolidated

(RMB mm)	1H 2022	1H 2021	Change %
Revenue			
Oil and gas sales	176,681	100,625	75.6%
Marketing revenues	21,527	6,370	237.9%
Other revenue	4,147	3,238	28.1%
Revenue subtotal	202,355	110,233	83.6%
Expenses			
Operating expenses	(14,820)	(12,711)	16.6%
Taxes other than income tax	(9,220)	(4,879)	89.0%
Exploration expenses	(7,405)	(5,025)	47.4%
DD&A	(29,507)	(28,916)	2.0%
Special oil gain levy	(14,778)	(335)	4311.3%
Impairment and provision	(103)	(57)	80.7%
Crude oil and product purchases	(20,619)	(6,251)	229.9%
SG&A	(4,378)	(3,872)	13.1%
Others	(4,461)	(2,738)	62.9%
Expenses subtotal	(105,291)	(64,784)	62.5%
Profit from Operating Activities	97,064	45,449	113.6%
Interest income	1,115	542	105.7%
Finance costs	(3,105)	(2,838)	9.4%
Exchange gains, net	484	177	173.4%
Investment income	1,404	1,079	30.1%
Share of profits of associates	302	365	-17.3%
Profits attributable to a joint venture	563	104	441.3%
Other income, net	71	95	-25.3%
Profit before tax	97,898	44,973	117.7%
Income tax expense	(26,015)	(11,647)	123.4%
Net profit	71,883	33,326	115.7%
Net profit attributable to non-controlling interests	(4)	(3)	33.3%
Net profit attributable to equity shareholders of the Company	71,887	33,329	115.7%