



CNOOC LIMITED

中国海洋石油有限公司

2016 Third Quarter Review

Financial and Operating Highlights
for the Quarter Ended September 30, 2016



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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 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 those associated with fluctuations in crude oil and natural gas prices, the exploration or development activities, the capital expenditure requirements, the business strategy, whether the transactions entered into by the Group can complete on schedule pursuant to the terms and timetable or at all, the highly competitive nature of the oil and natural gas industries, the foreign operations, environmental liabilities and compliance requirements, and economic and political conditions in the People’s Republic of China. For a description of these 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.

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Overview

Operation Highlights

- Net production of 117.7 mm boe, down 7.7% YoY
- One new discovery and 10 successful appraisal wells
- Weizhou 6-9/6-10 comprehensive adjustment project and Enping 18-1 oilfield came on stream

Financial Results

- Oil and gas sales revenues of RMB 30.7 billion, down 15.2% YoY
- Capex of RMB 11.7 billion, down 20.9% YoY
- Realized oil price of US\$ 42.26/bbl, down 13.5% YoY
- Realized gas price of US\$ 5.22/mcf, down 18.6% YoY



Production Summary

	2016 Q3*			2015 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	40.9	11.3	42.8	45.3	12.3	47.3
Western South China Sea	8.4	25.1	12.6	8.1	29.5	13.1
Eastern South China Sea	16.4	14.3	18.8	17.8	24.3	21.8
East China Sea	0.4	5.7	1.3	0.3	4.3	1.0
Subtotal	66.0	56.5	75.6	71.4	70.4	83.3
Overseas						
Asia (Ex. China)	4.4	15.0	7.1	4.0	13.0	6.3
Oceania	0.4	12.2	2.8	0.4	11.4	2.6
Africa	7.7	-	7.7	7.8	-	7.8
North America (Ex. Canada)	4.7	11.4	6.6	5.3	12.1	7.3
Canada	4.6	4.4	5.3	4.5	5.9	5.5
South America	2.0	14.0	4.5	2.3	13.6	4.6
Europe	7.7	2.3	8.1	9.5	3.5	10.1
Subtotal	31.6	59.2	42.1	33.8	59.5	44.3
Total	97.6	115.7	117.7	105.2	129.9	127.5

*Including our interest in equity-accounted investees, which is approximately 4.5 mm boe in 2016 Q3 and 4.7 mm boe in 2015 Q3.
In 2016 Q3, production percentage of China and overseas was 64% v.s. 36%; Crude liquids and natural gas was 83% v.s. 17%.

**The production for the first nine months of 2016 was in line with expectation,
and the Company maintains its annual production target.**



Revenues and Capital Expenditure

(Unaudited)	3 months ended Sep 30			9 months ended Sep 30		
	2016	2015	%Change	2016	2015	%Change
(RMB million)						
Sales Revenue						
Crude and Liquids	27,230	31,608	-13.9%	75,181	100,371	-25.1%
Natural Gas	3,517	4,644	-24.3%	10,649	12,915	-17.5%
Marketing Revenue, net	323	338	-4.4%	918	1,183	-22.4%
Others	1,192	1,131	5.4%	2,883	2,276	26.7%
Total	32,262	37,721	-14.5%	89,631	116,745	-23.2%
Capital Expenditure*						
Exploration	1,906	3,591	-46.9%	6,190	10,774	-42.5%
Development	8,059	9,337	-13.7%	23,312	31,386	-25.7%
Production	1,668	1,739	-4.1%	4,005	5,377	-25.5%
Others	35	86	-59.3%	137	280	-51.1%
Total	11,668	14,753	-20.9%	33,644	47,817	-29.6%
Average realized prices						
Oil (US\$/bbl)	42.26	48.84	-13.5%	39.23	54.49	-28.0%
Gas (US\$/mcf)	5.22	6.41	-18.6%	5.40	6.50	-17.0%

Converted to US dollars at RMB6.6655=US\$1.00 for 2016 Q3; RMB6.2480=US\$1.00 for 2015 Q3.

*Capitalized interests were not included in above numbers, and it was RMB375 million in 2016 Q3.



Exploration Highlights



We achieved one new discovery and 10 successful appraisal wells offshore China.



New Projects in 2016

Project	Location	Status	Startup	Peak Production (boe/d)	Working Interests
Kenli 10-4 oil field	Bohai	Commenced production	First half	9,600	100%
Panyu 11-5 oil field	Eastern South China Sea	Commenced production	First half	3,900	100%
Weizhou 6-9/6-10 oil fields comprehensive adjustment	Western South China Sea	Commenced production	Second half	3,800	100%
Enping 18-1 oil field	Eastern South China Sea	Commenced production	Second half	11,800	100%



Two new projects came on stream ahead of schedule in Q3. Currently, all 4 projects scheduled for 2016 have started production.



HSE Performance

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

	2016 Q3	2015 Q3
Rate of Recordable Cases (per 200,000 man hours)	0.12	0.13
Rate of Lost Workdays Cases (per 200,000 man hours)	0.04	0.03



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