



CNOOC LIMITED
中国海洋石油有限公司

**2009 Mid-Year Review
Analyst Briefing**

August 26, 2009



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 “believe,” “intend,” “expect,” “anticipate,” “project,” “estimate,” “plan,” “predict” and similar expressions are intended to identify such forward-looking statements.

These statements are based on assumptions and analyses made by us in light of our experience and our perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. However, whether actual results and developments will meet our expectations and predictions depend on a number of risks and uncertainties which could cause our actual results, performance and financial condition to differ materially from our expectations, including those associated with fluctuations in crude oil and natural gas prices, our exploration or development activities, our capital expenditure requirements, our business strategy, the highly competitive nature of the oil and natural gas industries, our foreign operations, environmental liabilities and compliance requirements, and economic and political conditions in the People’s Republic of China. For a description of these and other risks and uncertainties, please see the documents we file from time to time with the United States Securities and Exchange Commission, including our 2008 Annual Report on Form 20-F filed on May 8, 2009. Consequently, all of the forward-looking statements made in this presentation are qualified by these cautionary statements. We cannot assure that the actual results or developments anticipated by us will be realized or, even if substantially realized, that they will have the expected effect on us, our business or our operations.



Agenda

- **Overview**
- **Solid Operating Results**
- **Financial Performance**
- **Outlook**



Overview



Mid-Year Summary Highlights

- **Strong production growth**
 - Net production of 105.8 mm BOE, increased by 15.2% YoY, mainly driven by new fields commenced production in 2008 and 1H 2009
 - 5 projects including OML130, Tangguh LNG and Bozhong 28-2S started production
- **Successful exploration program**
 - 10 new discoveries and 8 successful appraisals
 - Breakthroughs in new areas/frontiers
- **Good control of production cost**
 - All-in cost up 3.9% YoY, down 1.4% from 2008
- **Net profit of RMB12.40 billion, a decrease of 55.0% YoY, mainly due to lower oil prices**
- **Continued high dividends payment**
 - Interim dividend of HK\$0.20 per share



Summary Results

- Net production recorded a strong growth of 15.2% YoY
- Net profit decreased by 55.0% YoY due to lower oil prices

(RMB MM)	1H 2009	1H 2008	% Change
Net Production (mm BOE)	105.8	91.8	15.2%
Oil and gas sales	32,523	54,464	-40.3%
Net marketing revenue	195	168	16.1%
Profit before tax	16,727	35,771	-53.2%
Income Tax	4,325	8,229	-47.4%
Net profit	12,402	27,542	-55.0%
EPS(RMB)	0.28	0.62	-54.8%



Production Results

1H 2009 1H 2008 change %

Net Production

Oil	mmbbl	87.3	72.7	20.1%
Gas	bcf	106.3	110.1	-3.5%
Total	mmboe	105.8	91.8	15.2%

Daily Production

Oil	bb/d	482,168	399,519
Gas	mmcf/d	587	605
Total	boe/d	584,767	504,637

Realized Price

Oil	US\$/bbl	49.35	102.49	-51.8%
Gas	US\$/mcf	3.90	3.66	6.6%

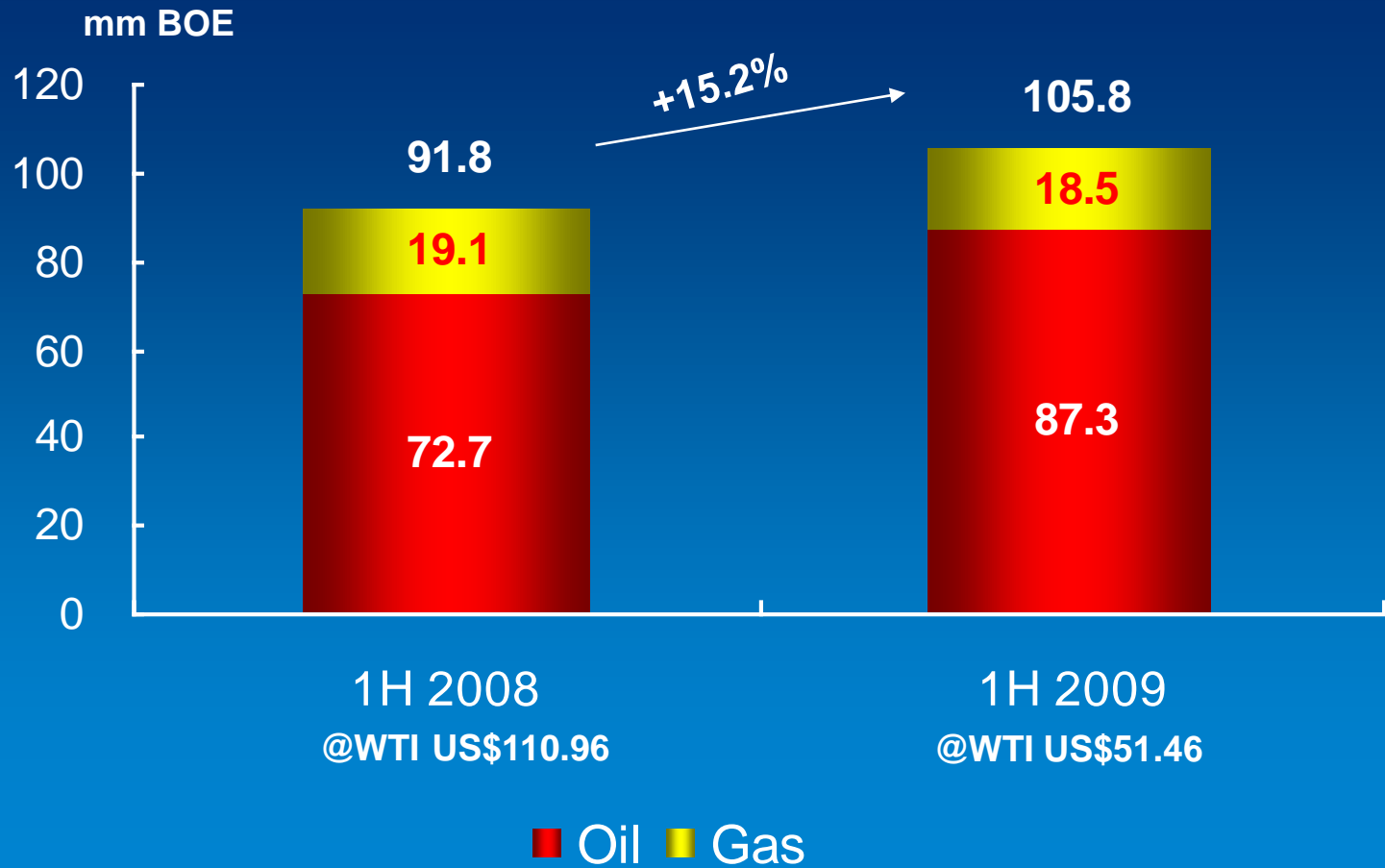
Net production of 1H 2009 is in line with our expectation, driven by stable performance of both new fields and producing fields



Solid Operating Results



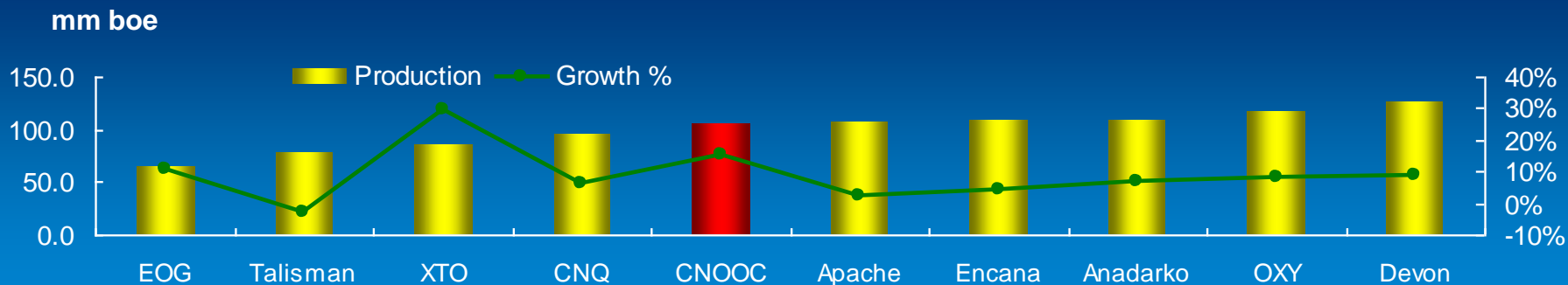
Production Growth



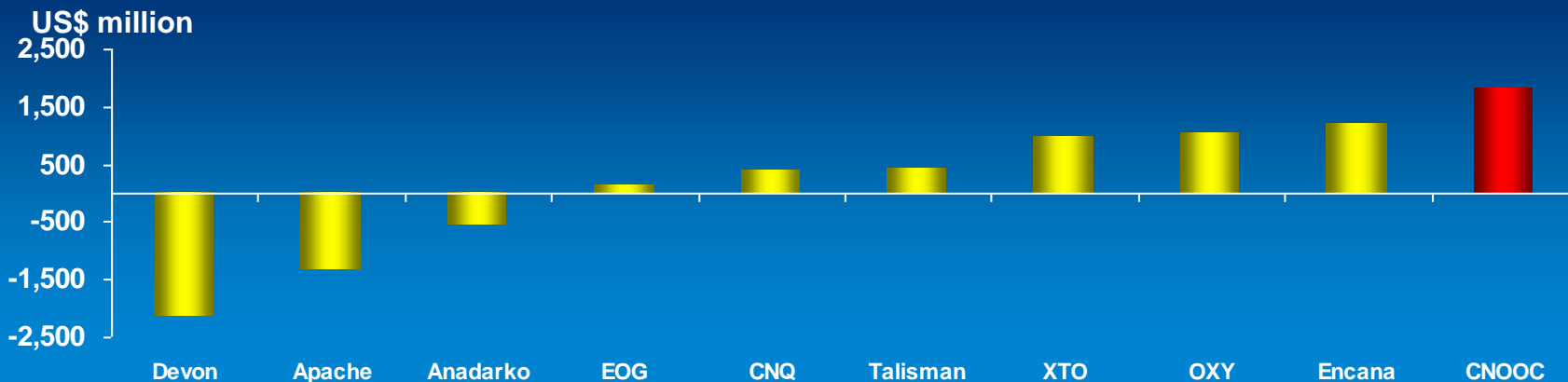


A Leading E&P Company

1H 2009 Production & Growth (YoY)



1H 2009 Net Profit





Major Development Highlights

Under Construction

On Stream



10 new projects planned to come on stream in 2009, 5 of which have started production successfully



Exploration Highlights

	2009 Planned	1H 2009 Completed	Work in Progress	Successful + uncertain Wells
<u>Exploration Wells</u>				
Offshore China				
Wildcat	42	27	3	9+9
Appraisal	42	17	5	12+4
Subtotal	84	44	8	21+13
Overseas	21	7	0	2+5

Seismic Data

2D Seismic (km) 15,041 (Independent 14,448 km, Overseas 593 km)

3D Seismic (km²) 4,656 (Independent 3,630 km², PSC 602 km², Overseas 424 km²)

- Exploratory well success rate: 48-77% (Offshore China)

We successfully maintained high success rate of 48-77% in offshore China in 1H 2009



Oil and Gas Discoveries/Appraisals

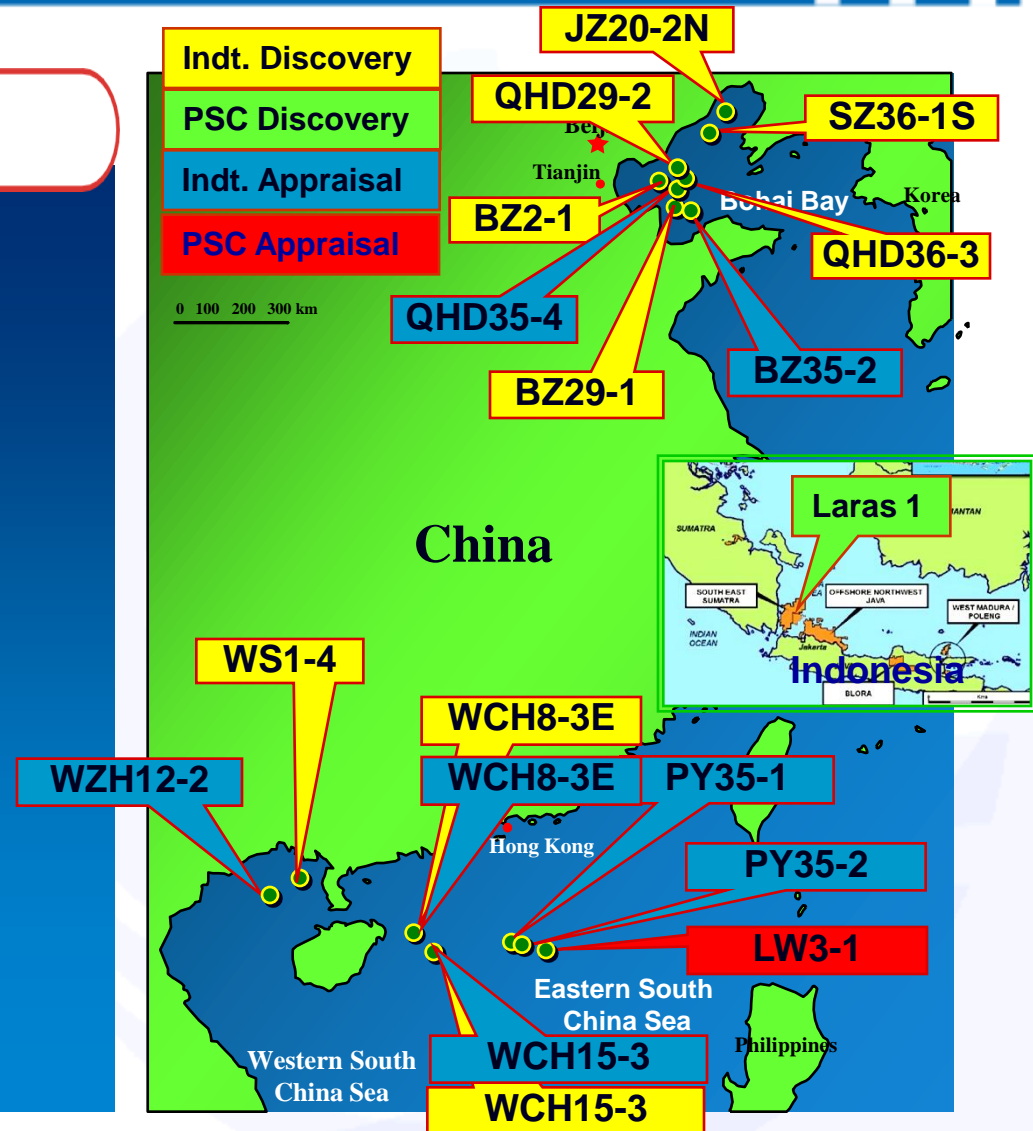
Discoveries/Appraisals

- 10 discoveries

- JZ20-2N
- SZ36-1S
- QHD29-2
- BZ2-1
- QHD36-3
- BZ29-1
- WS1-4
- WCH8-3E
- WCH15-3
- Laras 1 (PSC, Indonesia)

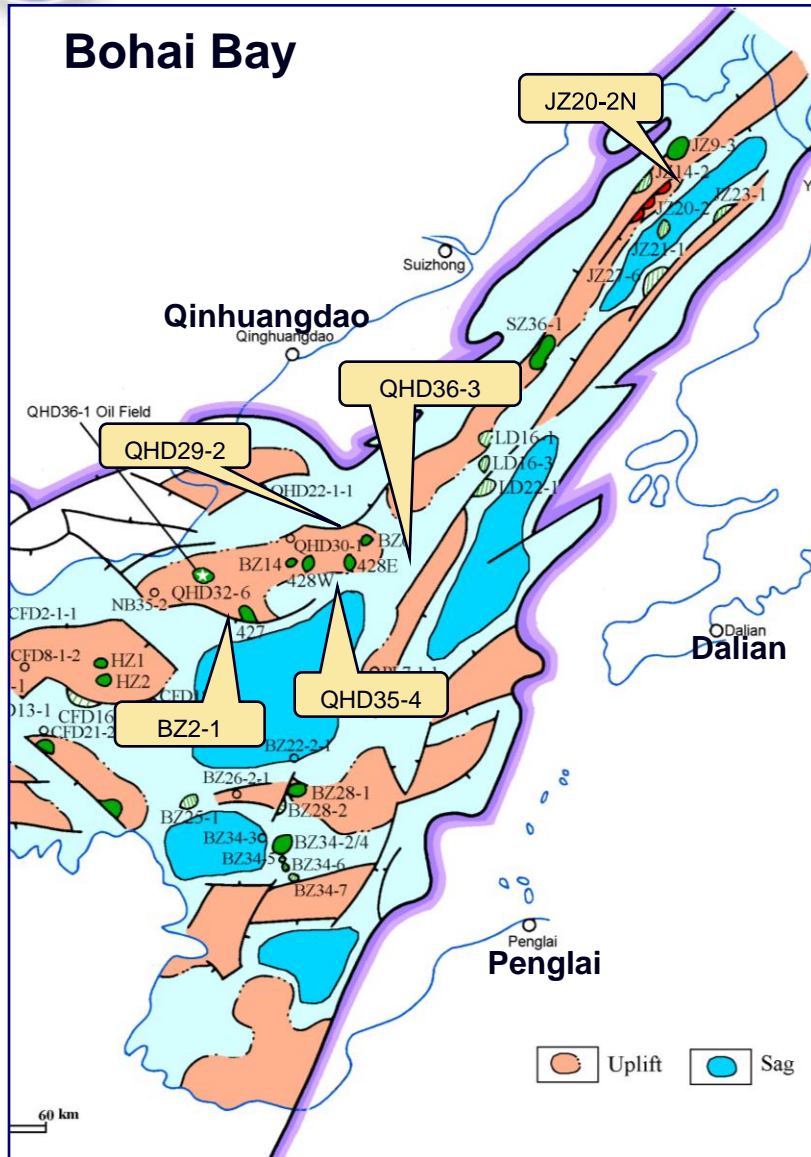
- 8 appraisals

- QHD35-4
- BZ35-2
- WZH12-2
- WCH8-3E
- WCH15-3
- PY35-1
- PY35-2
- LW3-1 (PSC)





Major Exploration Achievements



- **Jinzhou 20-2N**
 - a medium-sized discovery with light crude
 - 4km northeast of JZ20-2 gas field
 - Water depth of 16 meters
 - Oil pay zones of 33.4 meters
 - Test flow of 1,900 barrels of oil and 3,450 mcf of gas per day
- **4 discoveries in Shijiutuo Uplift adjacent area**
 - 3 medium-sized discoveries including QHD29-2, QHD35-4 and BZ2-1
 - High test flow with light crude
 - Opened new exploration area and expected to be new reserves additions area



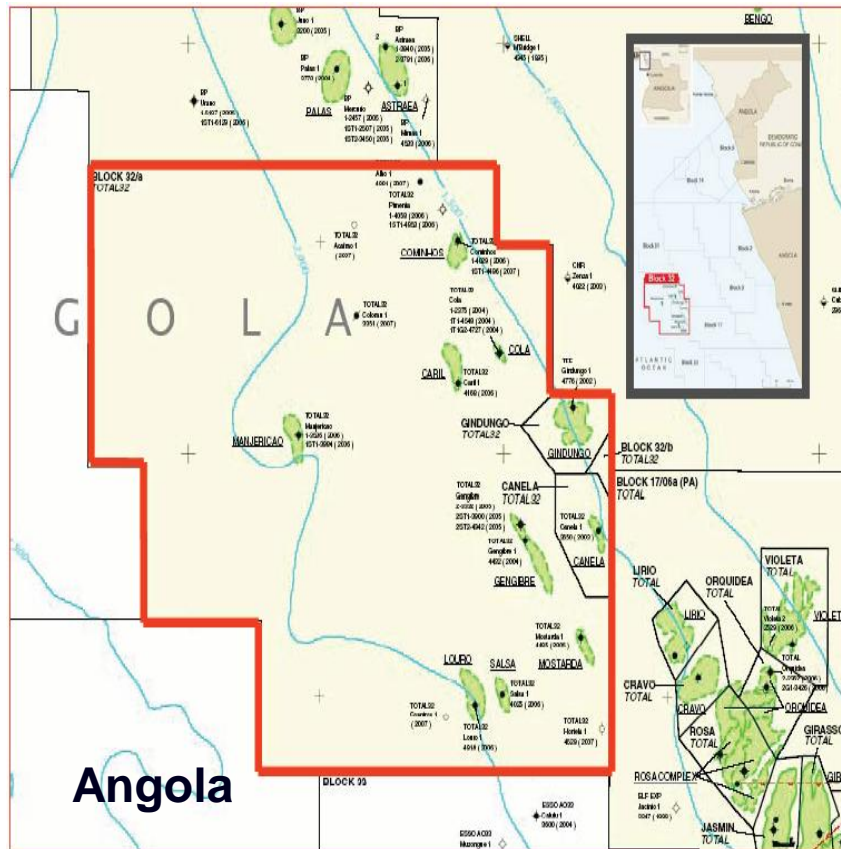
HSE Performance

- CNOOC Limited strives to achieve the highest standards in terms of its health, safety and environmental performance
 - Health and safety incidents are closely monitored and recorded and promptly reported to government agencies and organizations

	<u>1H 2009</u>	<u>1H 2008</u>
Rate of Recordable Cases (per 200,000 man hours)	0.12	0.12
Rate of Lost Workdays Cases (per 200,000 man hours)	0.05	0.01



Acquisition of Block 32 in Angola



- **Target assets :**
 - Total 20% interest of Block 32, through a 50:50 joint venture with Sinopec
- **Total consideration :**
 - US\$1.3 billion
- **Twelve previously announced discoveries include:**
 - Gindungo, Canela, Cola, Gengibre, Mostarda, Salsa, Caril, Manjericao, Louro, Cominhos, Colorau and Alho.
- **Current status:**
 - Conceptual development studies underway

We have signed a Sale and Purchase Agreement to acquire a 20% working interest in Block 32, subject to government and regulatory approvals and the pre-emption rights of other parties



Financial Performance

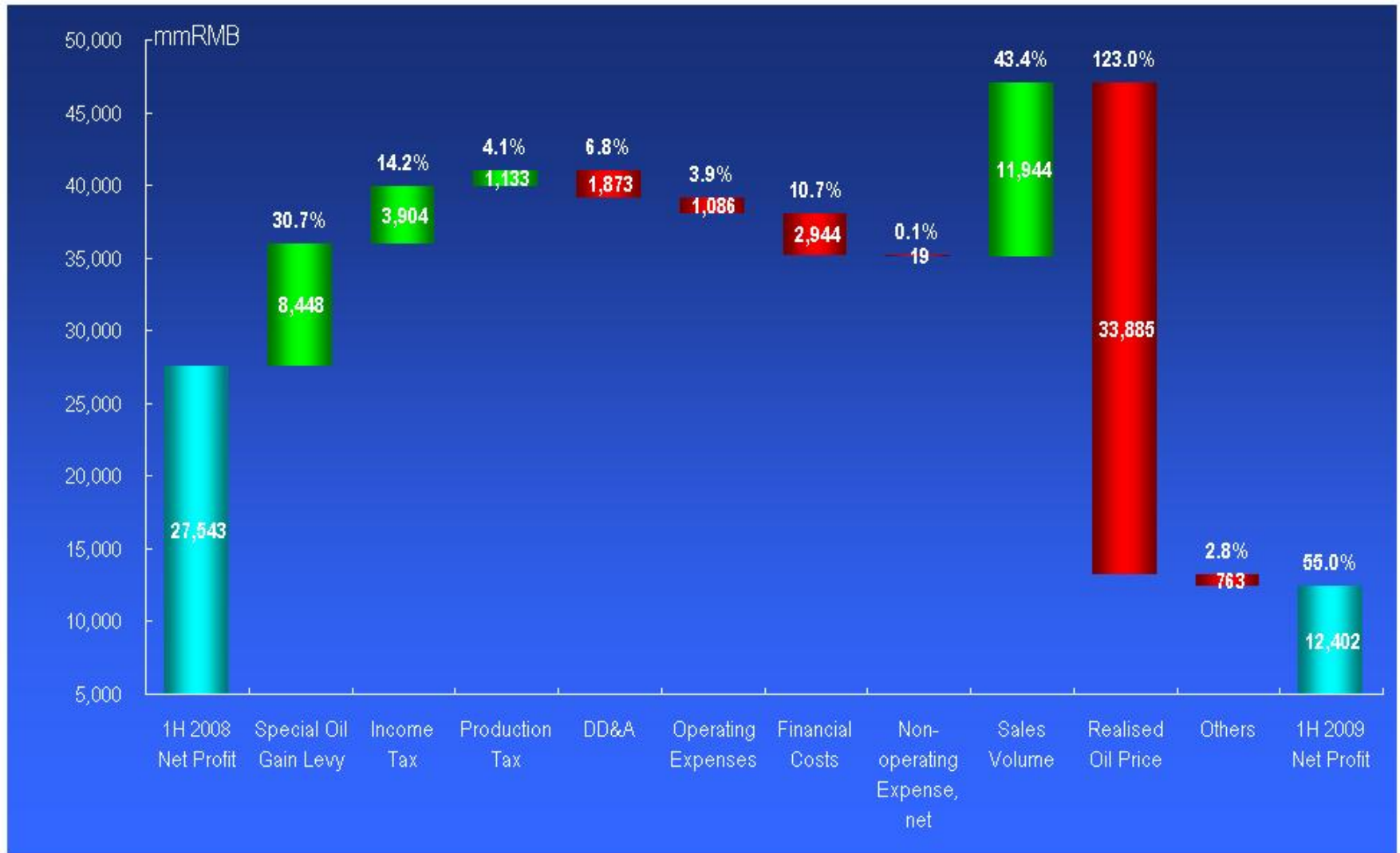


Key Financial Items - Consolidated

(mm RMB)	1H 2009	1H 2008	Change %
REVENUE			
Oil and gas sales	32,523	54,464	-40.3%
Marketing revenues, net	195	168	
Other income	338	1,390	
Revenue subtotal	33,056	56,022	-41.0%
EXPENSES			
Operating expenses	5,154	4,068	26.7%
Production taxes	1,462	2,594	-43.7%
Exploration expenses	977	1,342	-27.2%
DD&A	6,539	4,665	40.2%
Special Oil Gain levy	1,298	9,746	-86.7%
SG&A	946	832	13.8%
Others	213	459	-53.7%
Expenses subtotal	16,588	23,707	-30.0%
Interest income	357	357	0.1%
Finance cost	(252)	(194)	29.9%
Exchange gains, net	9	2,895	-99.7%
Investment income, net	73	193	
Share of profits of associates	92	206	
Non-operating expenses, net	(19)	0	
PROFIT BEFORE TAX	16,727	35,772	-53.2%
Income tax	4,325	8,229	-47.4%
PROFIT FOR THE PERIOD	12,402	27,542	-55.0%



Contributors to Net Profit Changes



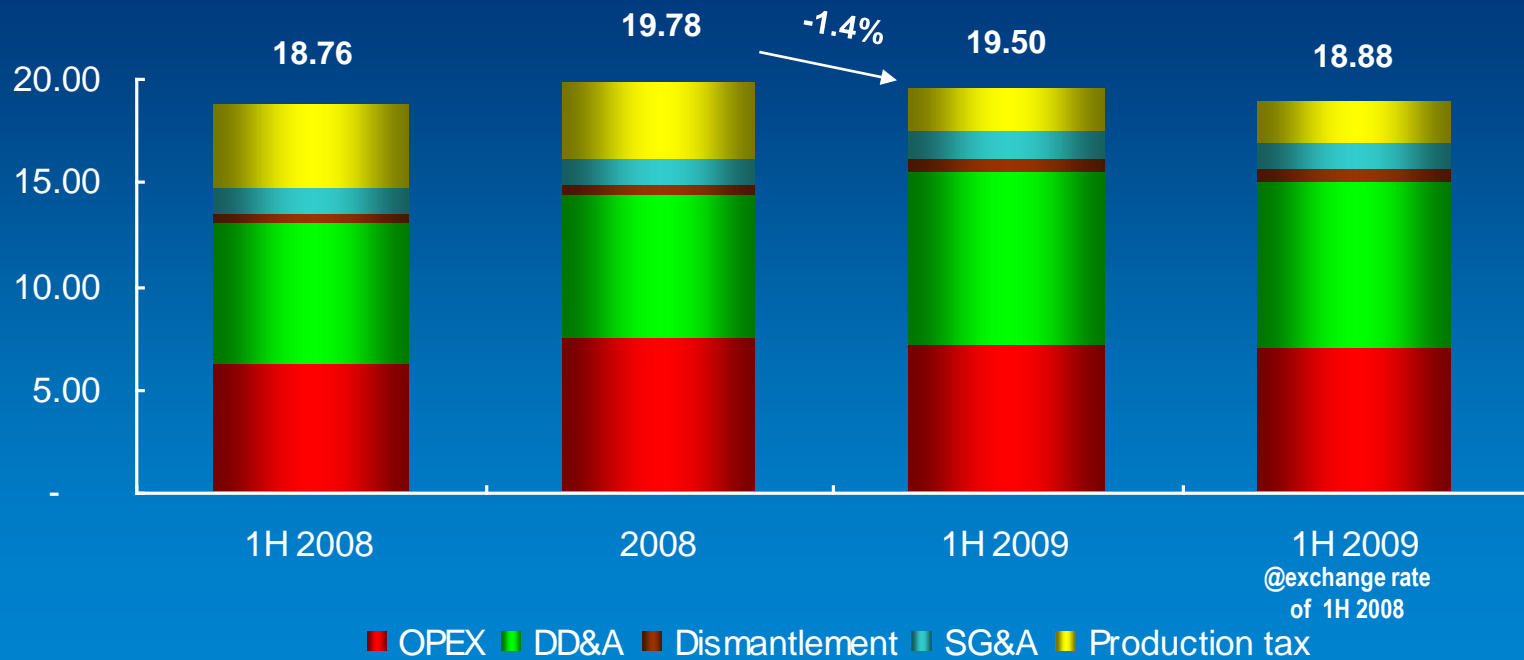
Net profit decreased by 55.0% YoY due to lower average realised oil price.



Costs Under Good Control

All-in Production Cost

US\$/BOE

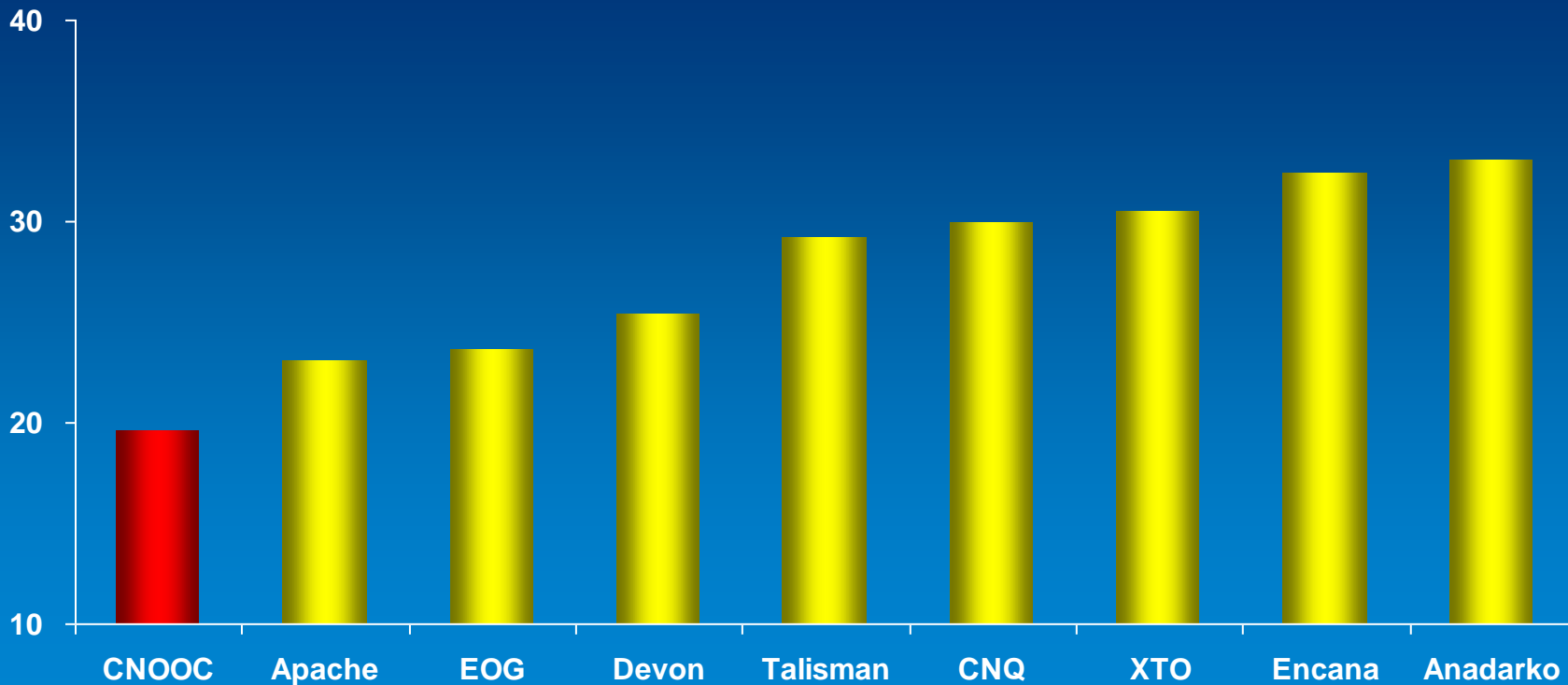




Costs Leading Peers

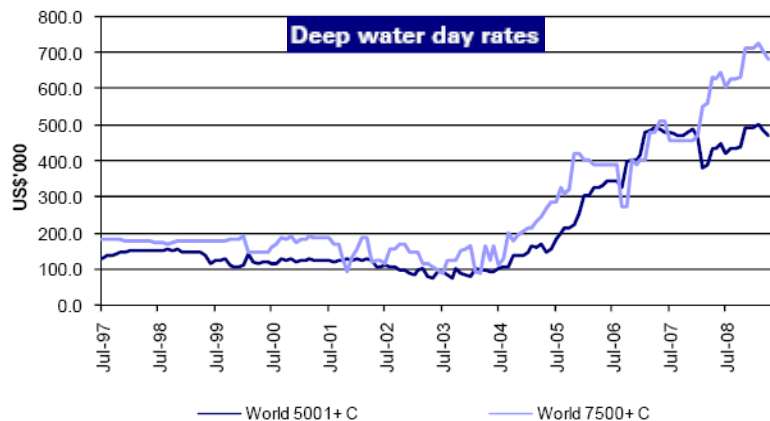
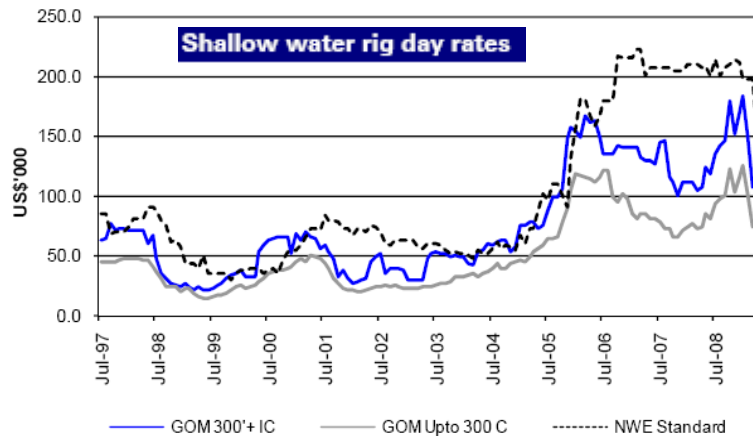
1H 2009 Unit All-in Costs

US\$/BOE





Industry Costs Remain at High Level

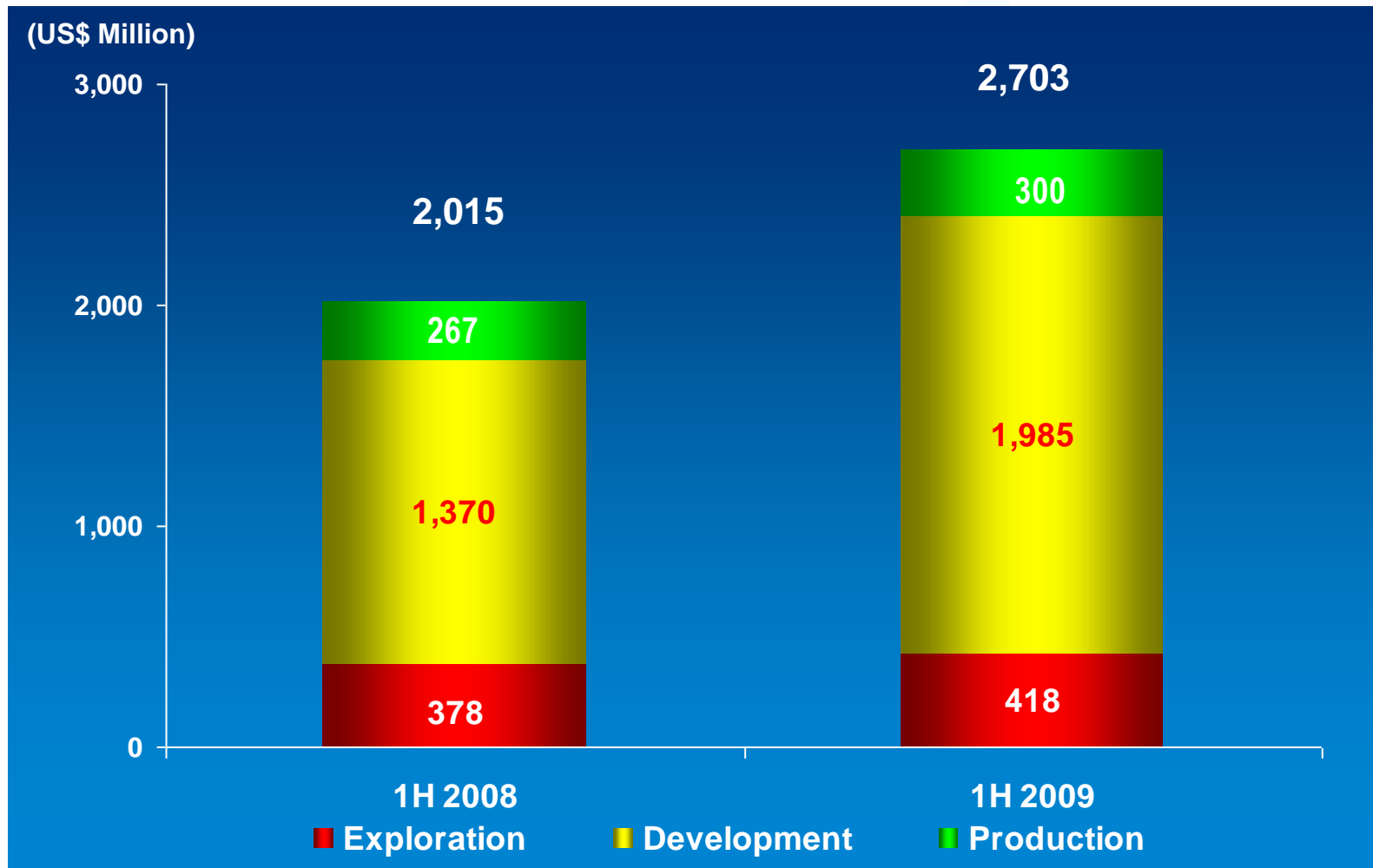


- Only modest de-escalation of shallow water rig day rates :
 - Decline of costs lags oil prices, and much more modest
 - Cost control being an important strategy along the way
- Decline of deep water rig day rates not clear :
 - Deep water day rates remain strong
 - Our cost structure faces more pressure with deepwater projects like OML130 commenced production

Source: Deutsche Bank



Capital Expenditure

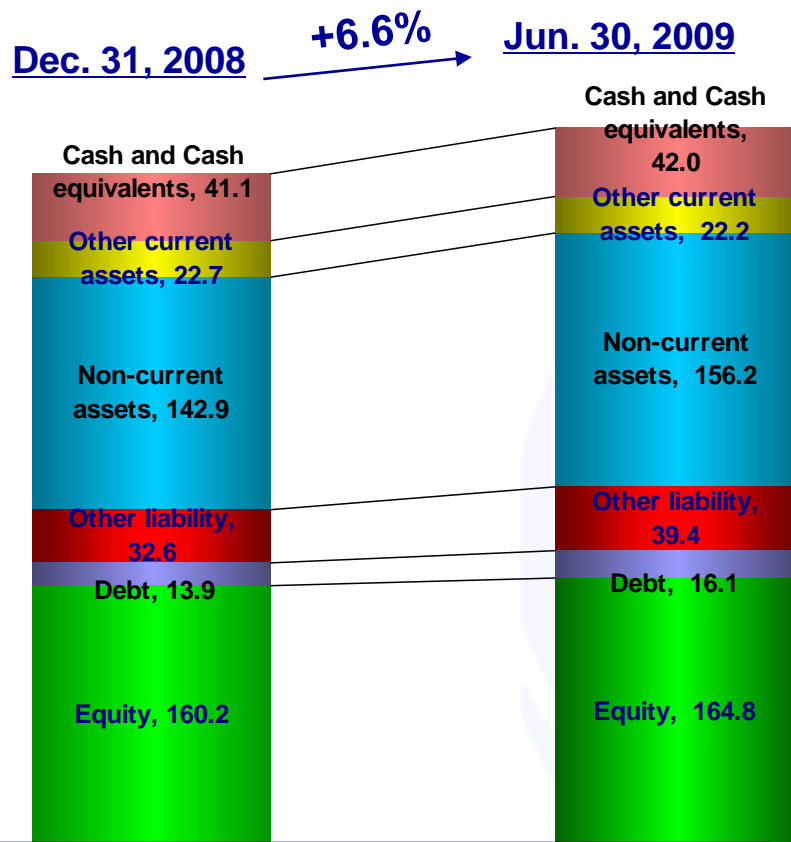


Our CAPEX mainly goes to projects including OML130, PLI9-3 Phase II, JZ25-1S



Balance Sheet Movement

Billion RMB



Including:

- 42.04bn cash and cash equivalents;
 - 4.86bn short-term investment;
 - 151.68bn property, plant and equipment;
 - 3.31bn investment in associates.
- 4.61bn increased in equity, among which
- 12.40bn net profit of 1H 2009;
 - 7.87bn dividend paid.

Total Assets:

206.67 bn

220.39 bn

Debt/(Debt+Equity)

Ratio:

7.9%

8.9%



Change in Cash Position

Million RMB

Cash inflow (outflow)	1H 2009	1H 2008
Net cash flow from operating activities	17,998	29,164
Net cash flow from investing activities	9,280	(7,340)
Net cash outflow from financing	(4,984)	(5,683)
Net increase in cash	22,294	16,141
Change by exchange rate	(17)	(279)
Cash & Equivalents at beginning of the period	19,762	23,357
Cash & Equivalents at end of the period	42,039	39,219



Mid-Year Dividend

- **The Board of Directors has approved a dividend of HK\$0.20 per share for 1H 2009**
 - **Approximately 63.5% payout of net profit**
 - **3.66%⁽¹⁾ interim dividend yield**
 - **Dividend per share flat from 2008 interim dividend**
- **This dividend is based upon our future earnings, capital requirements, financial conditions, as well as cash flows**

(1) Based on share price of HK\$10.94 as of August 10, 2009



Outlook



Sustainable, Stable and Profitable Growth

Reserves

- Continue to add reserves through exploration and acquisitions
- RRR: >100%

Development

- 10 development projects scheduled to come on stream in 2009

Production

- Production target of 225-231 mmboe

Financial Management

- Maintain prudent financial discipline

HSE

- Maintain company-wide focus and high standard on HSE



<http://www.cnooc.com>