



CNOOC LIMITED
中国海洋石油有限公司

2009 Annual Results
Media Briefing

31 March 2010



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Agenda

- **Overview**
- **Operating Results**
- **Financial Performance**
- **2010 Outlook**



Overview



2009 Highlights

- **Strong production growth**
 - Total net production 227.7 mm boe, an increase of 17.2% YoY
 - Successful production enhancement in producing fields
- **Successful exploration program**
 - 15 independent discoveries and 2 PSC discoveries in offshore China, and 2 discoveries in overseas
 - Deepwater breakthrough: successful appraisal of LW 3-1 and discovery of LH 34-2
 - Reserve replacement ratio reached 163%
- **Development projects went smoothly despite hurdles**
 - 11 projects started production
 - More than 20 projects underway
- **Strong profitability remains despite lower oil price**
- **Continually focus on HSE performance**



Summary Results

- Oil & gas sales decreased 16.8% YoY :
 - Average realized oil price decreased 32.2% to US\$60.61 per barrel due to lower international oil prices
 - Average realized natural gas price increased 4.6% to US\$4.01 per mcf
 - Net production increased 17.2% YoY
- Net profit declined 33.6%

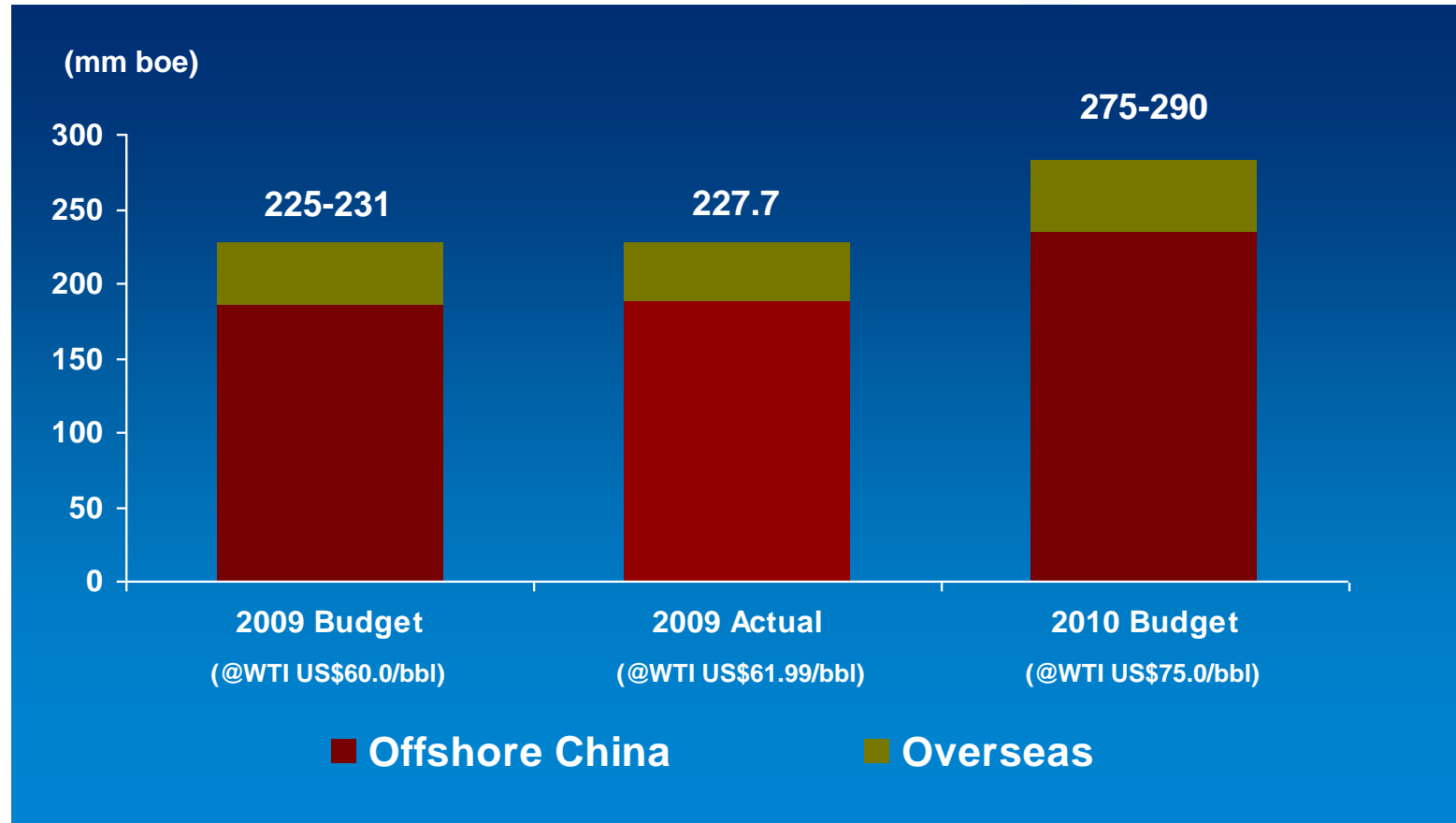
(RMB mm)	2009	2008	Change%
Production (mm boe)	227.7	194.2	17.2%
Oil & gas sales	83,914	100,831	-16.8%
Net marketing revenue	297	292	
EBT	40,821	57,880	
Income tax	11,336	13,505	
Net income	29,486	44,375	-33.6%
EPS(RMB)	0.66	0.99	-33.6%



Operating Results



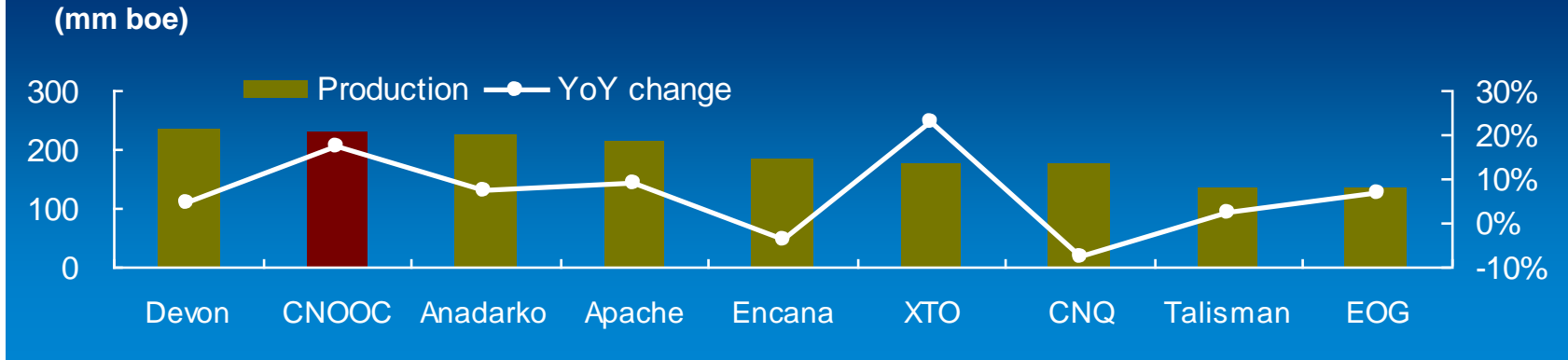
Strong Production Growth



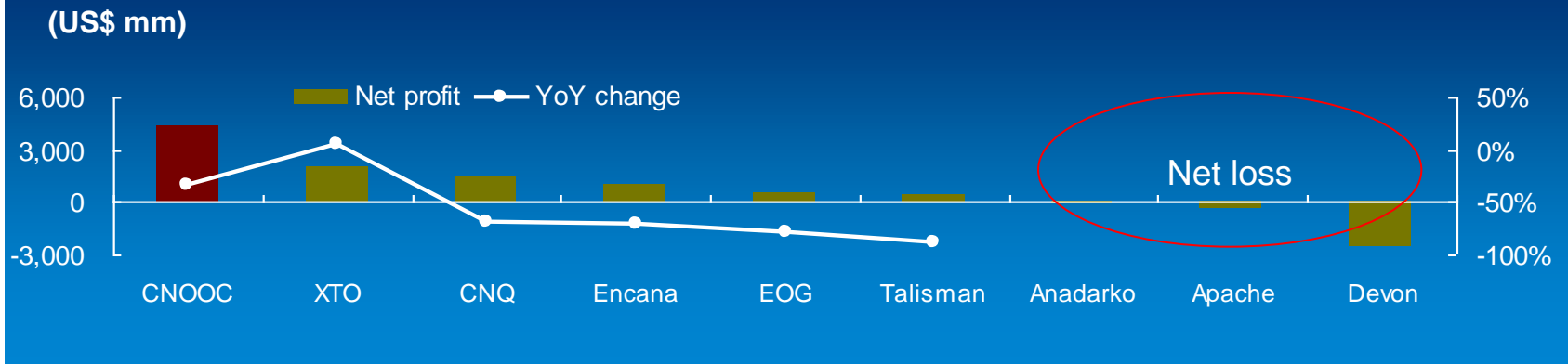


A Leading E&P Company

2009 Production & YoY change



2009 Net Profit & YoY Change





Exploration Highlights

	Discoveries		Appraisals	
	Independent	PSC	Independent	PSC
Bohai	8	0	6	0
Eastern South China Sea	2	2	2	1
Western South China Sea	4	0	3	0
East China Sea	1	0	0	0
Offshore China Total	15	2	11	1
Overseas Total	0	2	0	1
Total	15	4	11	2

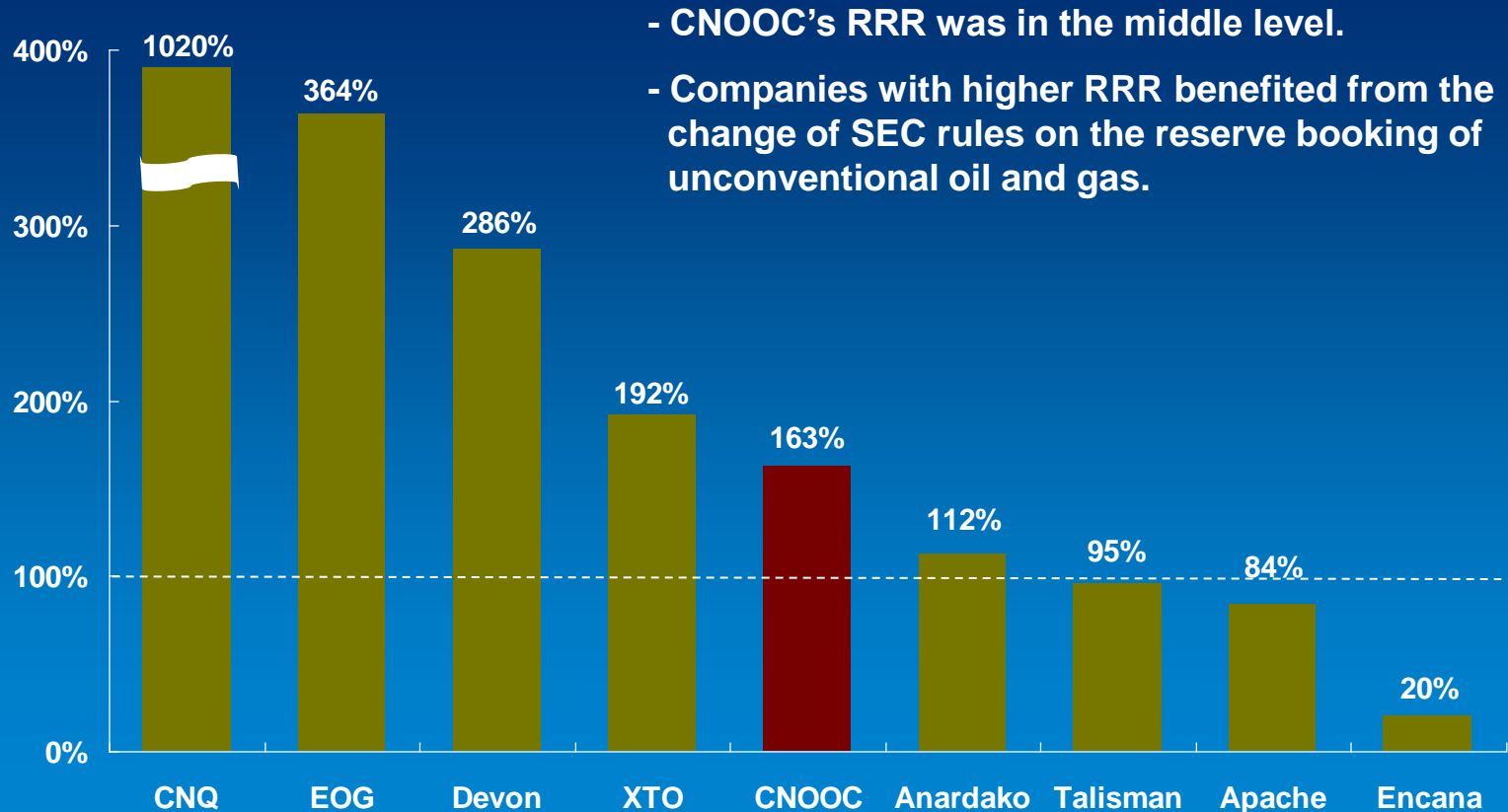
Seismic acquisition

		Independent	PSC
2D:	34,150 km	29,912	4,238
3D:	12,364 km ²	8,834	3,530



RRR Benchmark

Reserve replacement ratio



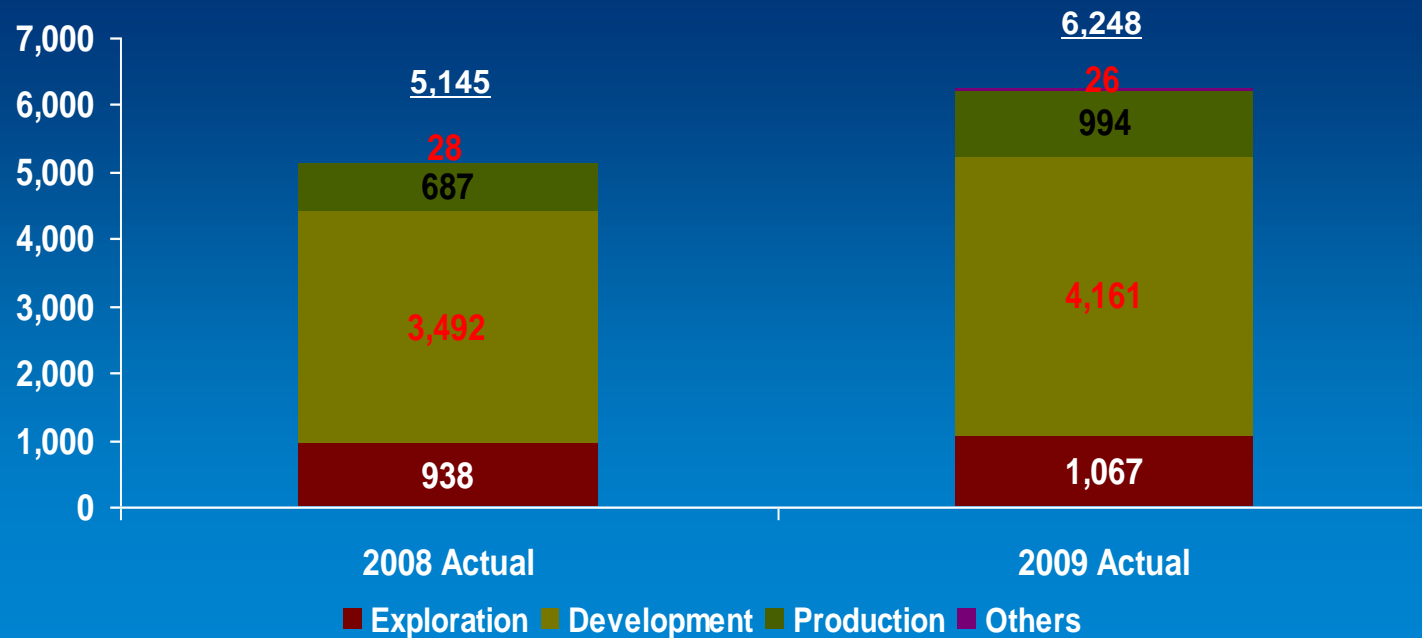
- CNOOC's RRR was in the middle level.
- Companies with higher RRR benefited from the change of SEC rules on the reserve booking of unconventional oil and gas.



Capital Expenditure

Capital Expenditure⁽¹⁾

(US\$ mm)



Capex increased 20% YoY to support extensive exploration program and strong development pipeline. Exploration, development and production capex increased 13.8%, 19.2% and 44.7% YoY respectively.

(1) Excluding M&A expenditure



Disciplined M&A Strategy

Growth strategy

Reserves and production growth

Develop natural gas

Prudent financial policy



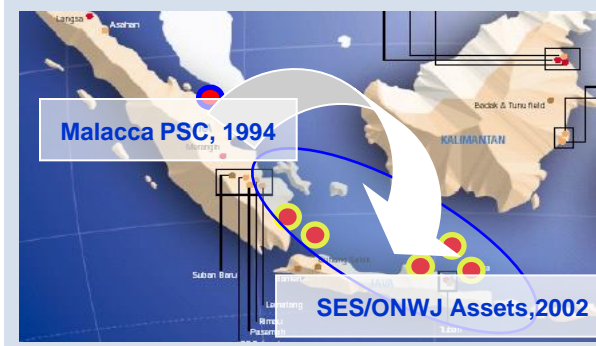
M&A tactics

Opportunistic

Value-driven

Return & risk evaluation

- Resources
- Return
- Risk profile



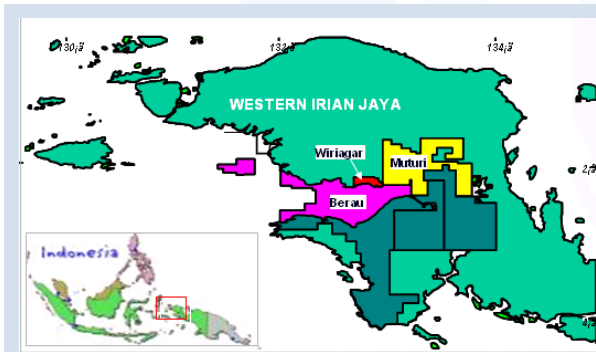
Indonesia: Malacca, SES/ONWJ, etc.

- Indonesia SES: 2002
- Consideration: US\$585mm



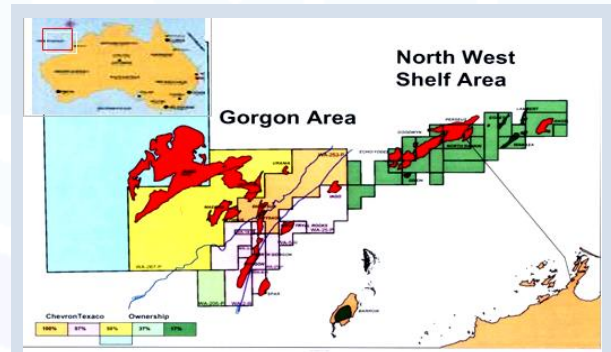
Nigeria: OML 130

- 45% interest in Nigeria OML130: 2006
- Consideration: US\$2.268bn



Indonesia: Tangguh LNG Project

- 16.96% interest in Indonesia Tangguh: 2003–2004
- Consideration: US\$275mm

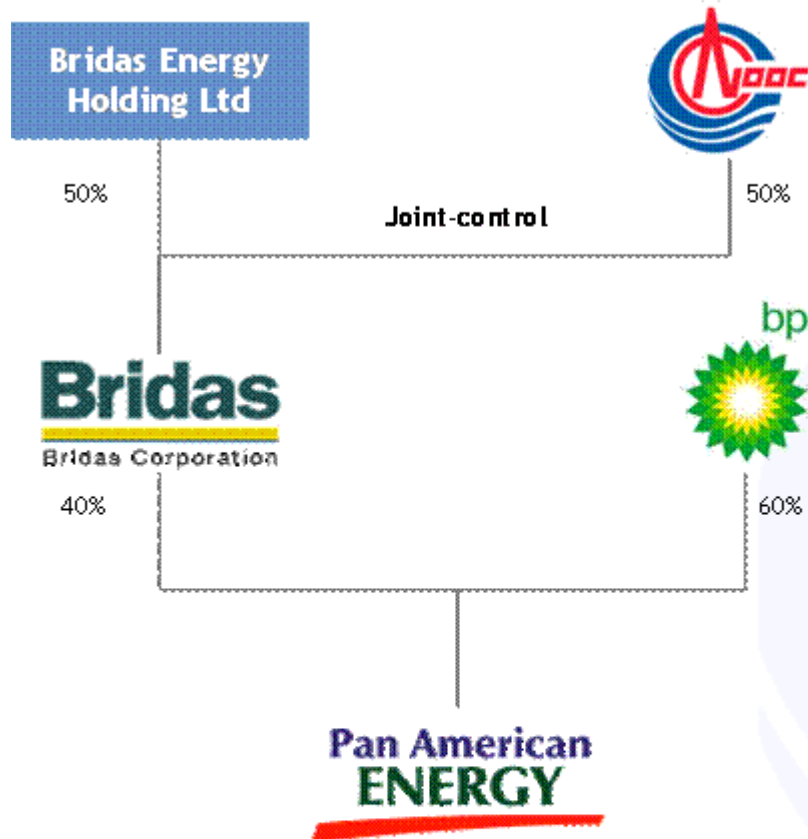


Australia: NWS LNG Project

- 5.3% interest in Australia NWS: 2003
- Consideration: US\$348mm



Joint Venture With BEH

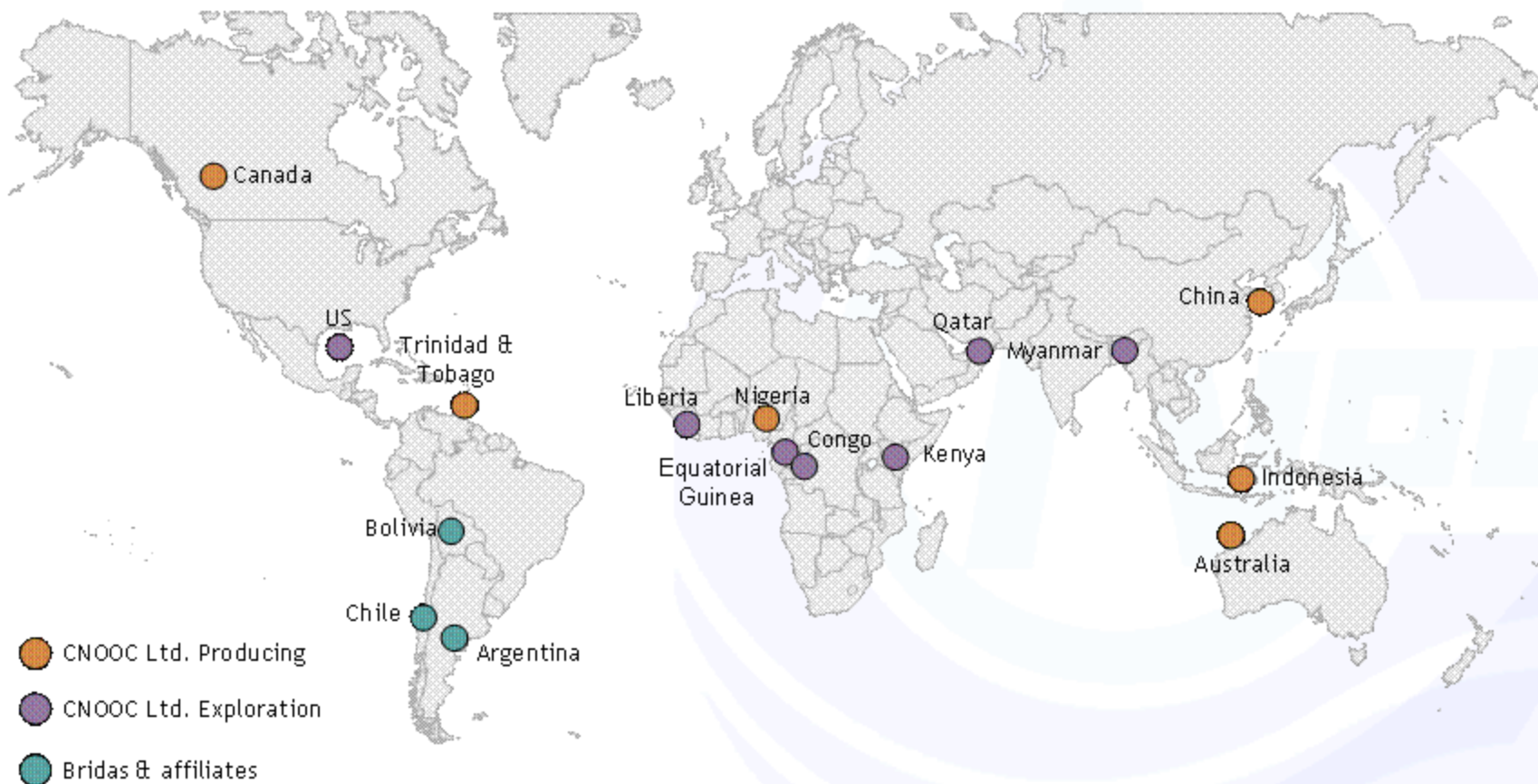


- CNOOC Ltd. will form a 50%/50% joint venture with Bidas Energy Holdings Ltd (“BEH”) in Bidas Corporation (“Bidas”).
- CNOOC Ltd. and BEH will jointly make management decisions for Bidas.
- Bidas is a holding company with a 40% interest in Pan American Energy (“PAE”), the second largest Argentine E&P company that is jointly owned by Bidas and BP.
- Closing is subject to necessary government and regulatory approvals of People’s Republic of China, and is anticipated to occur in the first half of 2010.
- The consideration for this transaction is approximately US\$3.1 billion in cash.



An Important Step of Our Globalization Plan

Key assets of CNOOC around the globe



Strategic entry into Latin America through partnership with BEH



Strong HSE Records

- Health, safety and environment protection are always the top priorities of CNOOC Limited
- In 2009, CNOOC Limited's HSE performance was good.
 - No accident of losses over RMB 1 million occurred.
 - OSHA statistics remained at a satisfactory level.

	2009	2008
Rate of Recordable Cases (per 200,000 man hours)	0.16	0.16
Rate of Lost Workdays Cases (per 200,000 man hours)	0.09	0.04

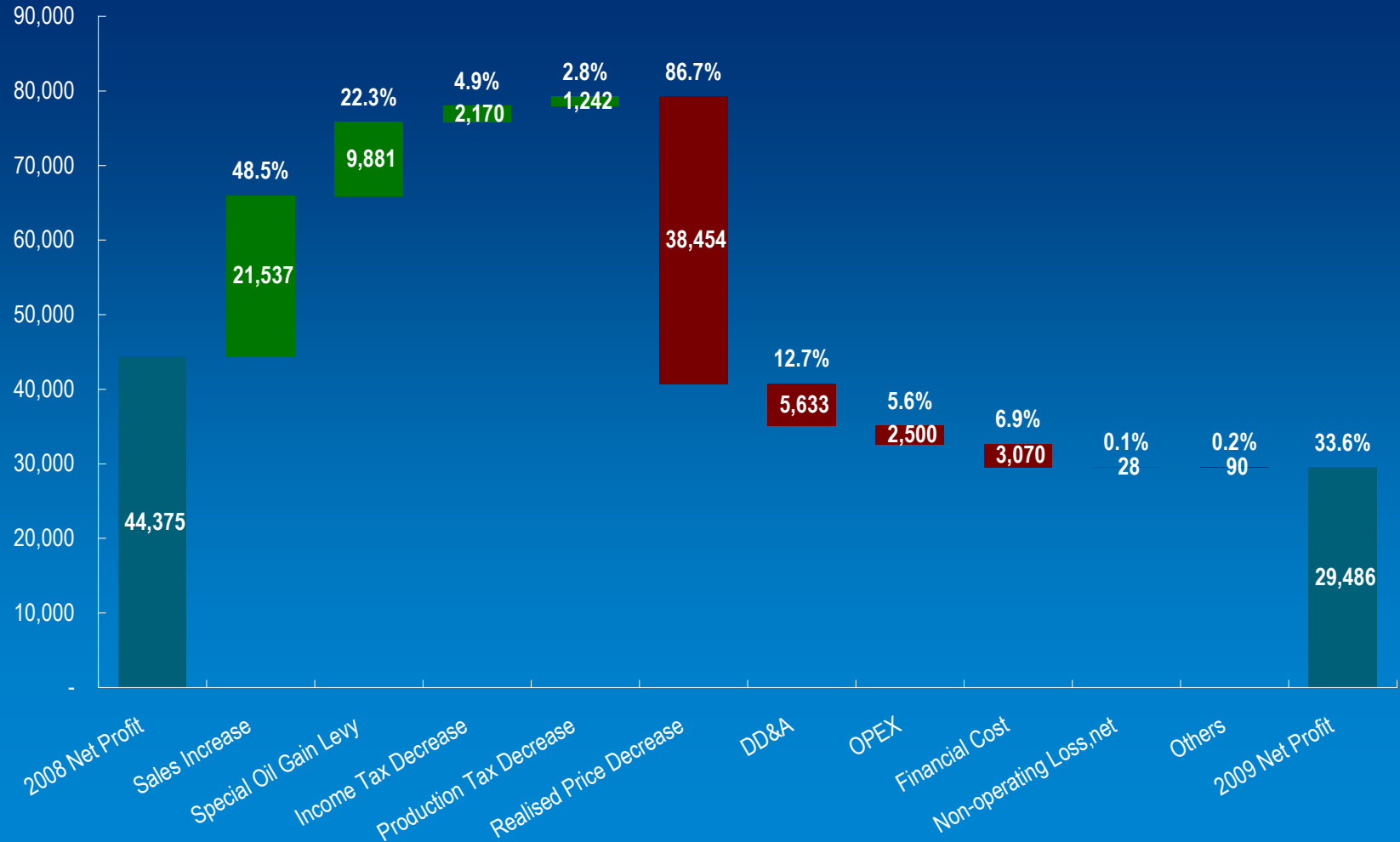


Financial Performance



2009 vs. 2008 Net Income Analysis

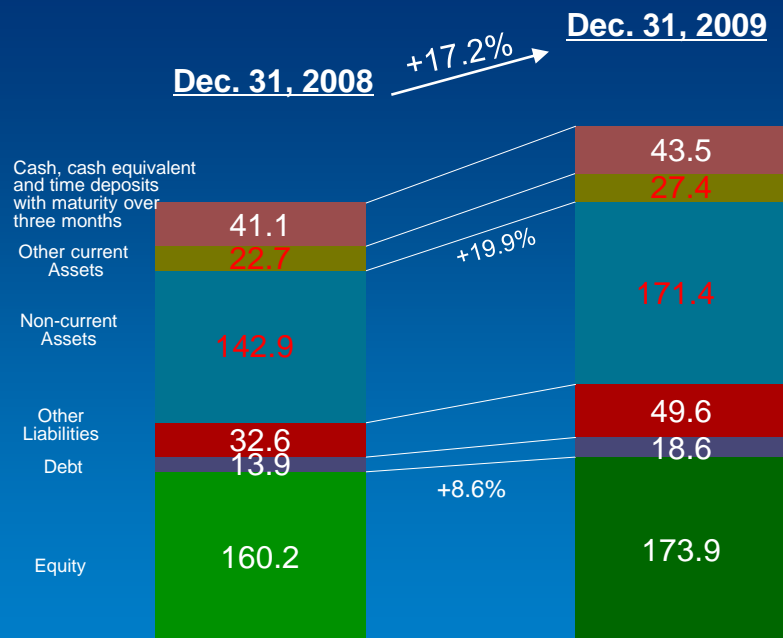
(RMB mm)





Movement of Financial Position

(RMB bn)



Total assets mainly include

- RMB165.3 bn of oil and gas assets
- RMB43.5 bn of cash, cash equivalent and time deposits with maturity over three months

Equity increased RMB13.7 bn

- Net profit RMB29.5 billion
- Dividend paid RMB15.7 billion

Total Assets (RMB bn):

Total Debt/ Total book Capital⁽¹⁾:

As at Dec.31,2008

206.67

8.0%

As at Dec.31,2009

242.27

9.7%

(1) Interest Bearing Debts/ (Interest Bearing Debts+ Equity)



Change in Cash Position

(RMB mm)

2009

2008

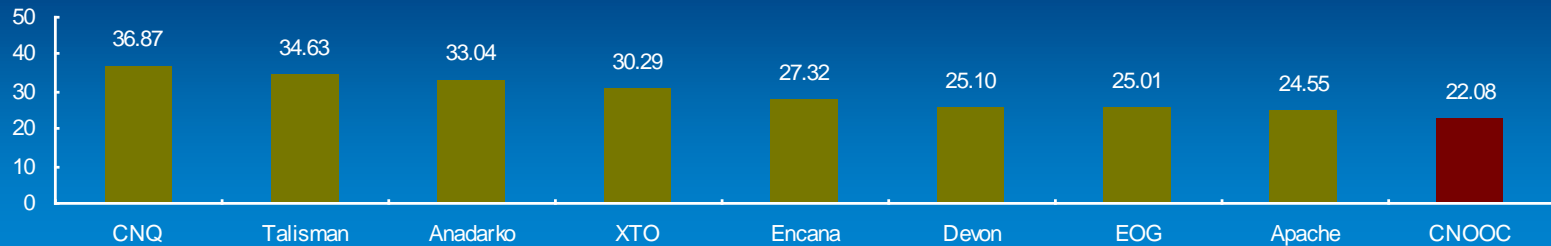
Cash flow from operating activities	52,858	55,738
Cash flow from investing activities	(40,541)	(48,984)
Cash flow from financing activities	(9,403)	(10,129)
Net Cash Flow	2,914	(3,375)
Cash Balance - Beginning of period	19,762	23,357
Effect of the change of exchange rate	(60)	(220)
Cash Balance - End of period	22,615	19,762
Time deposits with maturity over three months	20,870	21,300



All-in Cost Leading Peers

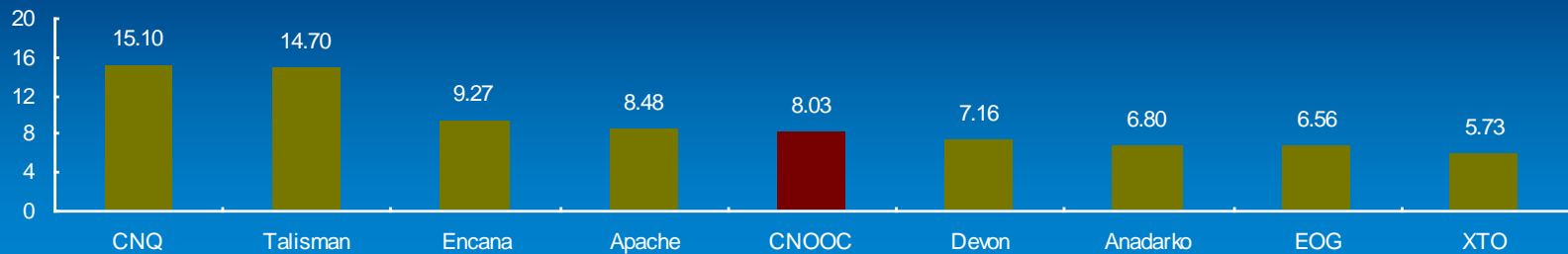
All-in cost

(US\$/boe)



OPEX

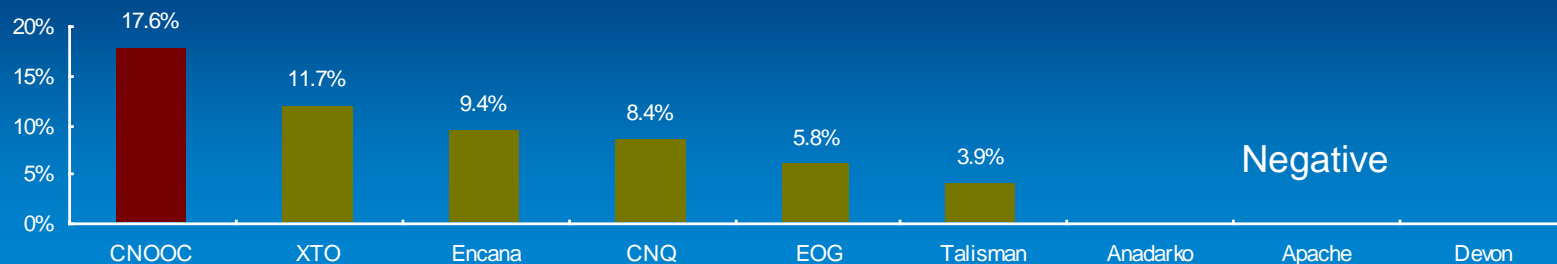
(US\$/boe)



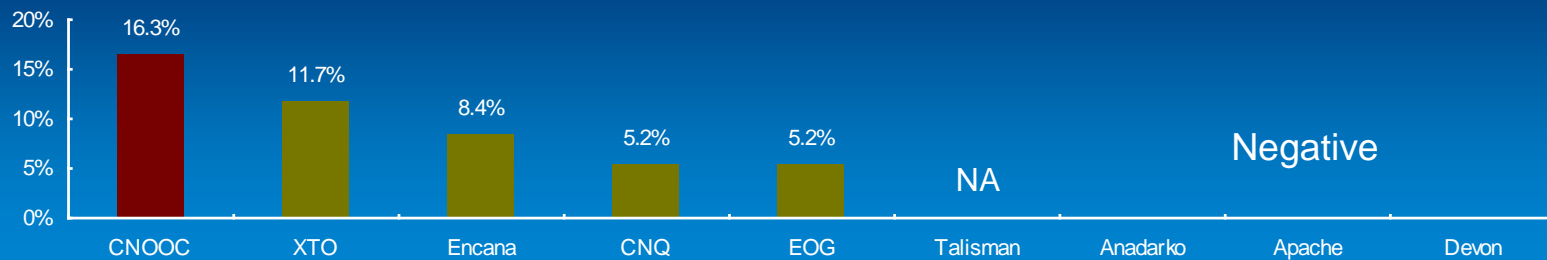


ROE/ROCE Leading Peers

ROE



ROCE





Dividend Recommendation

- **Proposed year-end normal dividend: HK\$0.20 per share**
 - At the same level of 2008 final dividend
 - 53.3%⁽¹⁾ payout of 2009 net profit
 - 3.12%⁽²⁾ dividend yield
 - Final dividend payment will be approximately RMB7.85 billion⁽³⁾, representing about 18.1% of cash balance in the end of February 2010, which will not affect cash flow requirements for operations
- **Proposed time arrangement:**
 - **Record date: May 20**
 - **Book close period: May 13-20**
 - **Payment date: June 4**

(1). (3) Exchange rate quoted as 0.8799 of March 15, 2010

(2) Based on closing share price of HK\$12.82 as of March 15, 2010



2010 Outlook



Sustainable, Stable and Profitable Growth

Reserves

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

Development

- 9 development projects scheduled to come on stream in 2010

Production

- Production target of 275-290 mm boe

Financial Management

- Maintain prudent financial discipline

HSE

- Maintain company-wide focus and high standard on HSE



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