



CNOOC LIMITED
中国海洋石油有限公司

2010 Annual Results
Media Briefing

23 March 2011



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Agenda

- **Overview**
- **Operating Results**
- **Financial Performance**
- **2011 Outlook**



Overview



2010 Highlights

- **Strong production growth**
 - Net production was 328.8 million boe*, an increase of 44.4% YoY.
- **Successful exploration program**
 - We achieved 12 independent and 1 PSC discoveries.
 - Reserve replacement ratio reached 202%, highest since 2003.
- **Blooming development projects**
 - Nine projects came on stream.
- **Value-driven M&A activities**
 - Five acquisitions brought in significant reserve and production.
 - Proven track record on profitability.
- **Another record high net income of RMB 54.4 billion**
 - Final dividend of HK\$0.25 per share.
- **Satisfactory HSE performance**



Summary Results

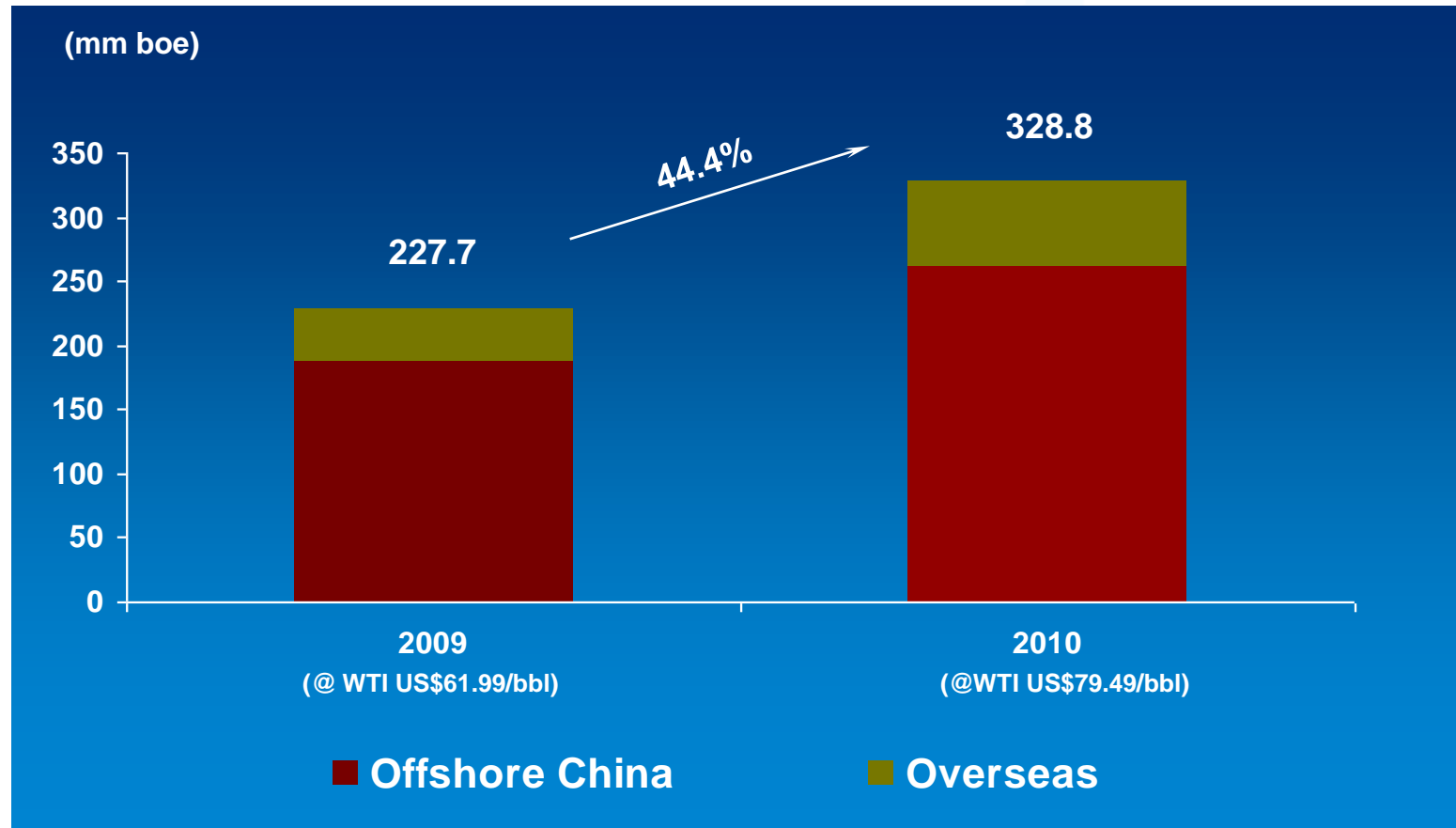
	2010	2009	Change%
Production (mm boe)	328.8	227.7	44.4%
- Oil (mm bbls)	263.4	186.0	41.6%
- Gas (bcf)	379.6	238.5	59.1%
Realized oil price (US\$/bbl)	77.59	60.61	28.0%
Realized gas price (US\$/mcf)	4.27	4.01	6.5%
Oil & gas sales (Rmb mm)	149,119	83,914	77.7%
Net marketing revenue (Rmb mm)	209	297	
EBT (Rmb mm)	72,650	40,821	
Income tax (Rmb mm)	18,240	11,336	
Net income (Rmb mm)	54,410	29,486	84.5%
Basic EPS (RMB)	1.22	0.66	84.5%



Operating Results



Strong Production Growth



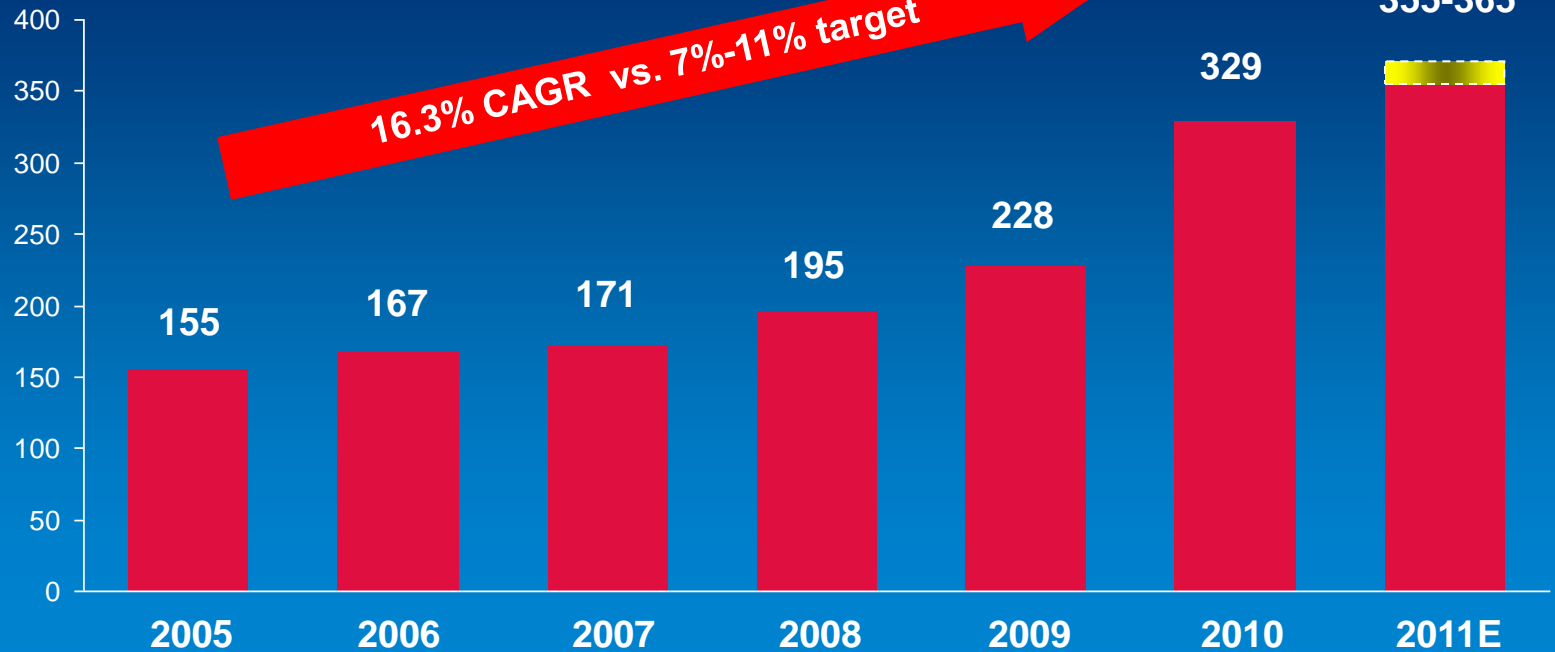
We achieved a strong production growth of 44.4% in 2010, thanks to: 1) new projects in the past 2 years; 2) outperforming producing fields, 3) contribution from new acquisitions.



Production Growth in Past 5 Years

2006-2010 Production Growth

(mm boe)



The 2006-2010 compound annual growth rate of our production was 16.3%, beating the target of 7-11% set in 2005.



Exploration Summary

	Discoveries		Appraisals	
	Independent (success + uncertain)	PSC	Independent (success + uncertain)	PSC
Bohai Bay	7 + 6	0	9 + 2	0
Eastern South China Sea	2 + 4	1	3 + 1	5
Western South China Sea	2 + 5	0	6 + 1	0
East China Sea	1 + 1	0	0 + 2	0
Offshore China Subtotal	12 + 16	1	18 + 6	5
Oversea	0	0	0	0
Total	12 + 16	1	18 + 6	5

Seismic data

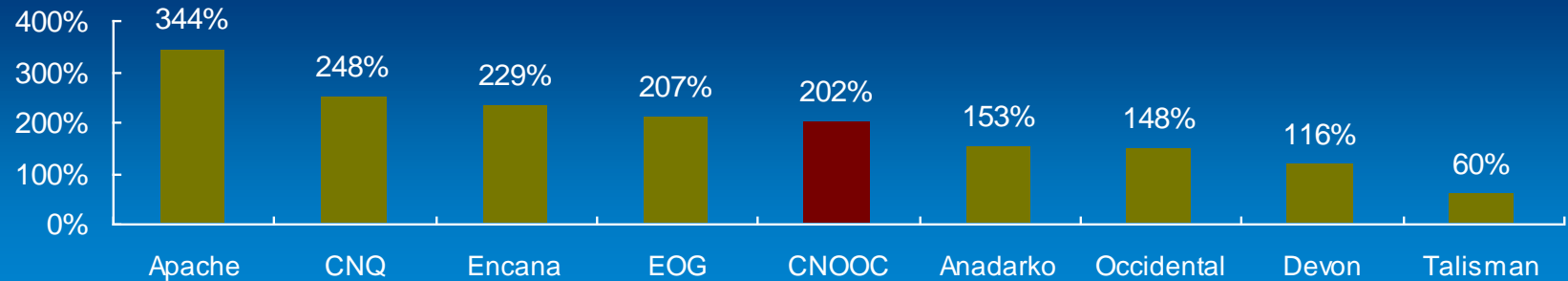
		Independent	PSC
2D	23,558 km	22,598	960
3D	14,127 km ²	10,887	3,240

Success rate of independent exploratory wells in offshore China reached 37-64%.

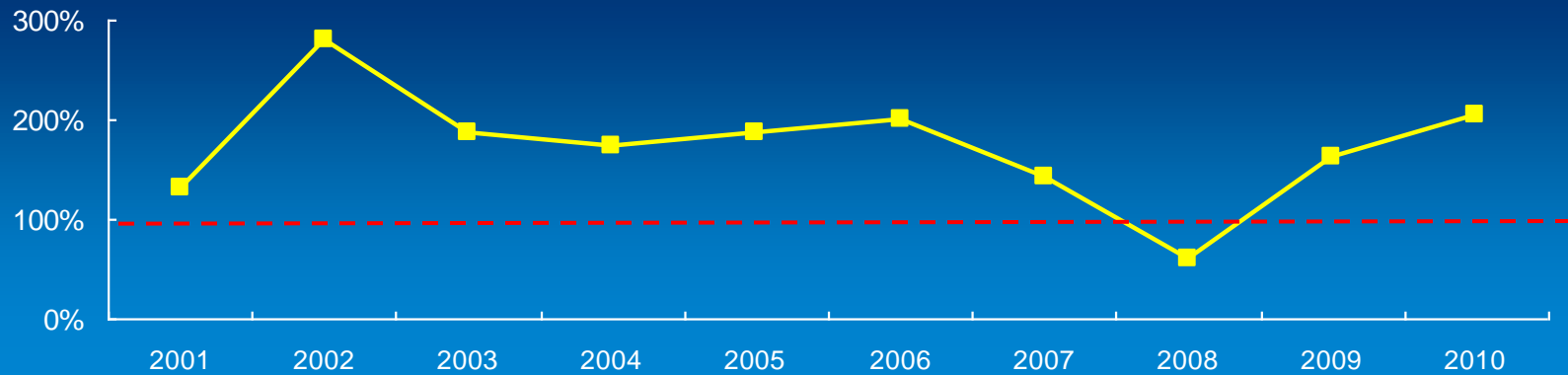


Reserve Replacement Ratio

RRR Benchmark



Historical RRR



Our 2010 RRR was the highest since 2003 although the production up 44.4% YoY.



Projects on Schedule



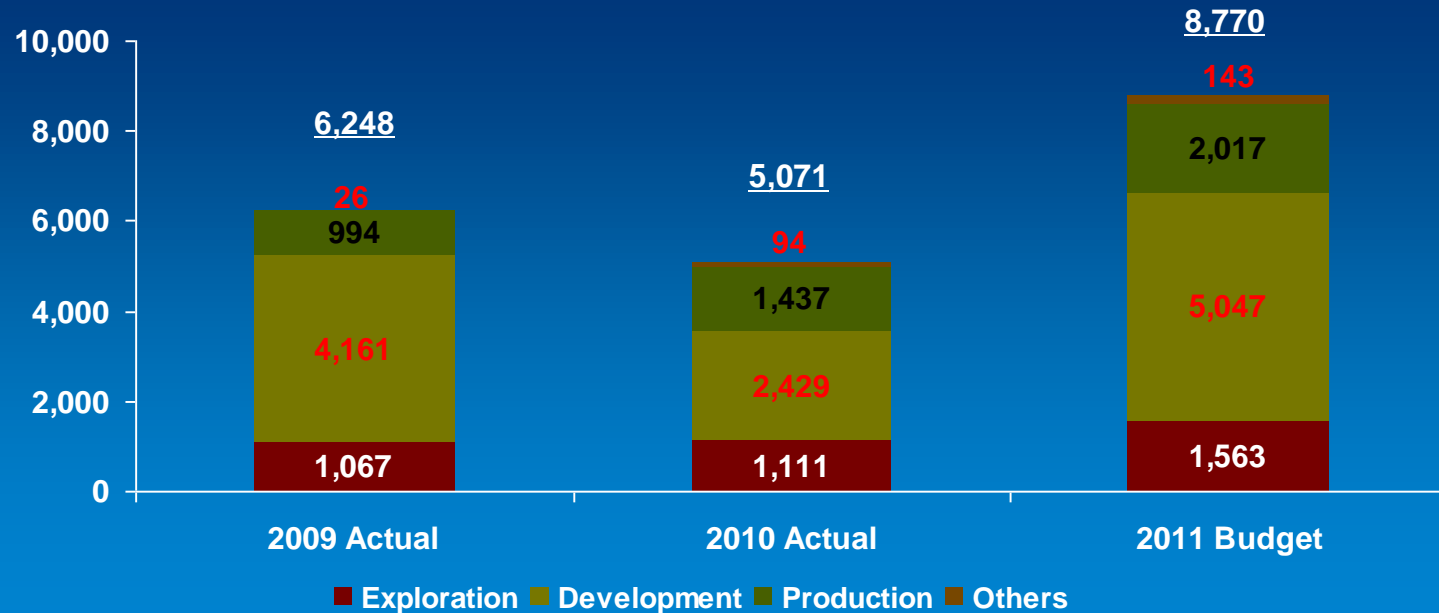
9 new projects came on stream in 2010.



Capital Expenditure

Capital Expenditure*

(US\$ mm)



As improvement on efficiency lowered costs, and some workload delayed due to weather constraints, Capex decreased 18.8% YoY. In 2011, Capex is budgeted to increase 72.9% to facilitate future production growth.



M&A Activities

Growth strategy

Reserves and production growth

Develop natural gas

Prudent financial policy

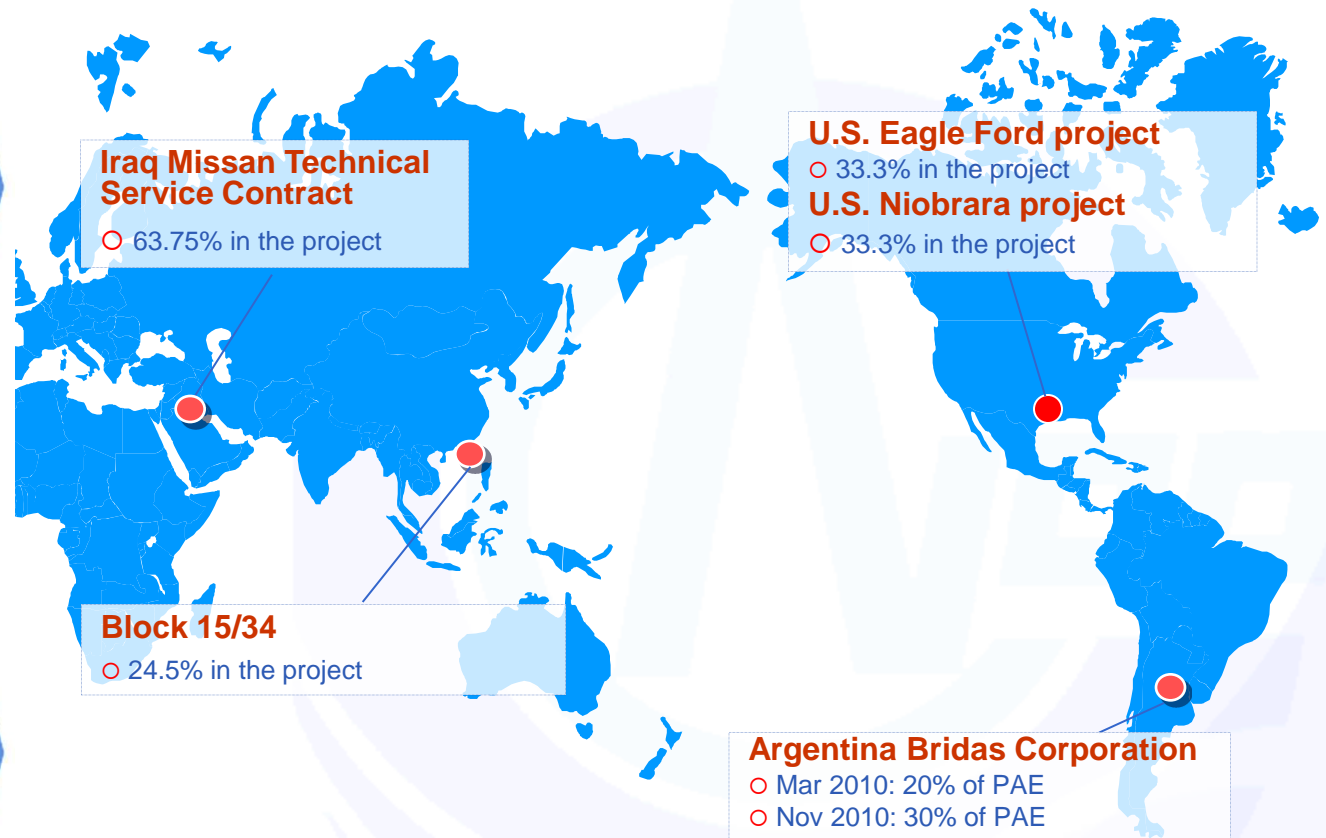


M&A tactics

Value-driven

Return & risk evaluation

- Resources
- Return
- Risk profile



Our M&A activities are consistent with our strategy and continue to create value for shareholders.



Strong HSE Records

- Health, safety and environment protection are always the top priorities of CNOOC Limited.
- In 2010, CNOOC Limited's HSE performance was satisfactory.
 - No accident of losses over RMB 1 million occurred.
 - OSHA statistics remained at a satisfactory level.

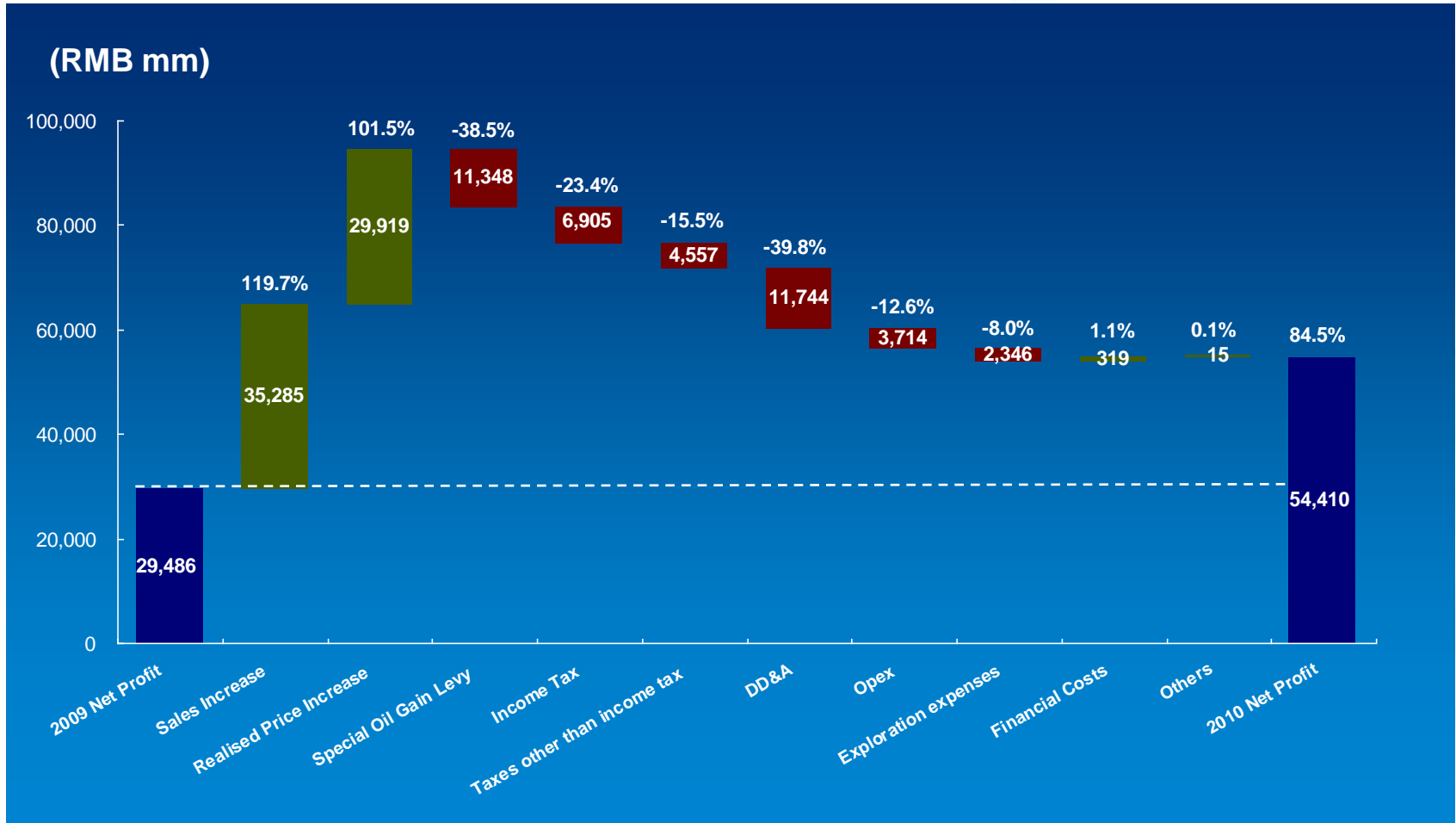
	2010	2009
Rate of Recordable Cases (per 200,000 man hours)	0.15	0.16
Rate of Lost Workdays Cases (per 200,000 man hours)	0.08	0.09



Financial Performance



2010 vs. 2009 Net Income Analysis

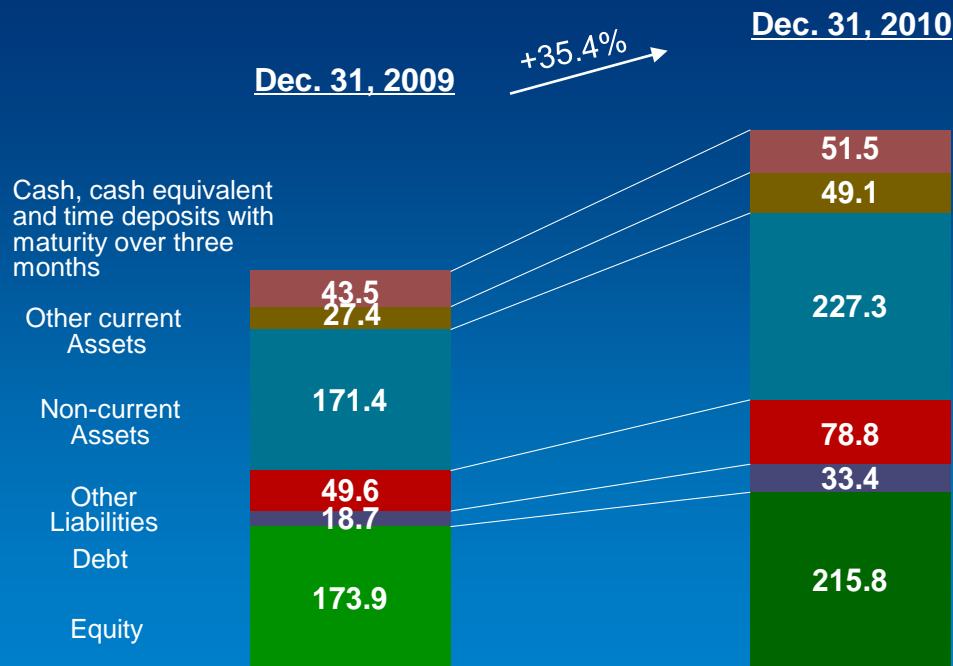


Net profit increased by 84.5% YoY mainly due to sales growth and higher realized prices.



Movement of Financial Position

(RMB bn)



Total Assets (RMB bn):

Gearing ratio*:

● **Total assets mainly include:**

- RMB212.3 bn of oil and gas assets
- RMB51.5 bn of cash, cash equivalent and time deposits with maturity over three months

● **Equity increased RMB41.8 bn**

- Net profit RMB54.4 bn
- Dividend paid RMB15.9 bn

As at Dec.31,2009

242.27

9.7%

As at Dec.31,2010

327.93

13.4%

*Gearing ratio=Interest Bearing Debts/(Interest Bearing Debts+Equity)



Change in Cash Position

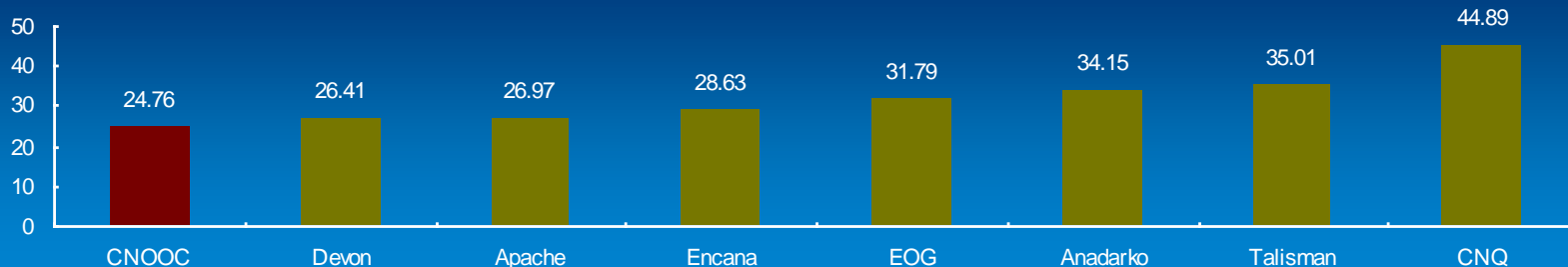
(RMB mm)	2010	2009
Cash Balance - Beginning of period	22,615	19,762
Net Cash Flow	17,414	2,914
Cash flow from operating activities	83,498	49,624
Cash flow from investing activities	(64,800)	(37,307)
Cash flow from financing activities	(1,284)	(9,403)
Effect of the change of exchange rate	(458)	(60)
Cash Balance - End of period	39,571	22,615
Time deposits with maturity over three months	11,976	20,870



Cost Analysis

All-in Cost

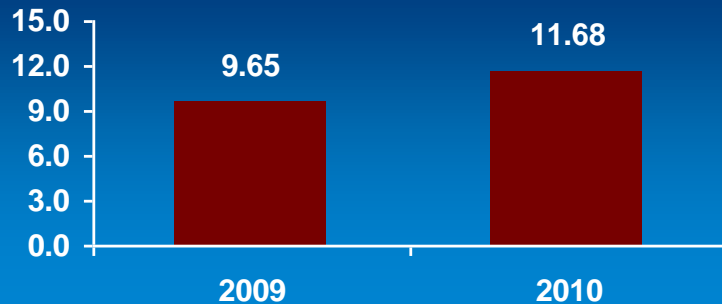
(US\$/boe)



- DD&A of US\$11.68/boe, up 21.0% yoy.
 - New projects built under the cost inflation environment drove up the overall DD&A.
- Opex of US\$7.27/boe, down 9.5% yoy.
 - Higher production caused economies of scale.

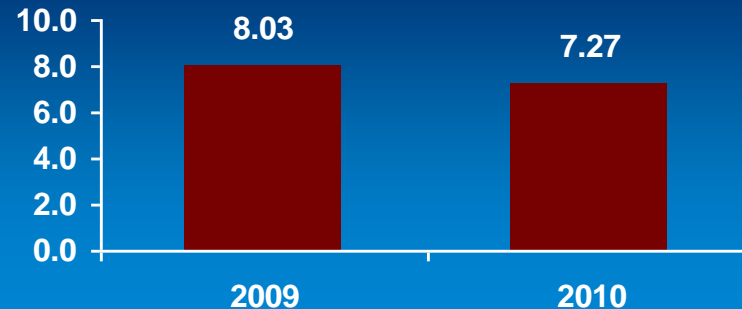
DD&A

(US\$/boe)



Opex

(US\$/boe)

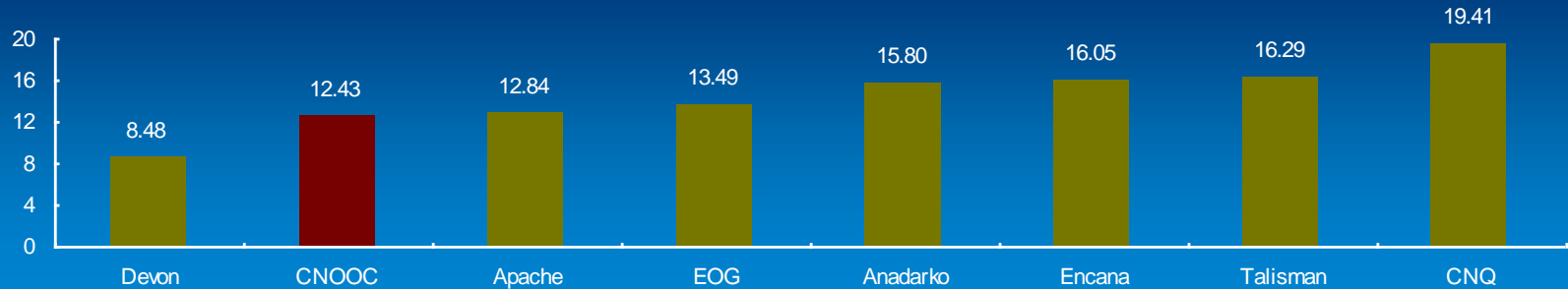




DD&A and Opex Benchmark

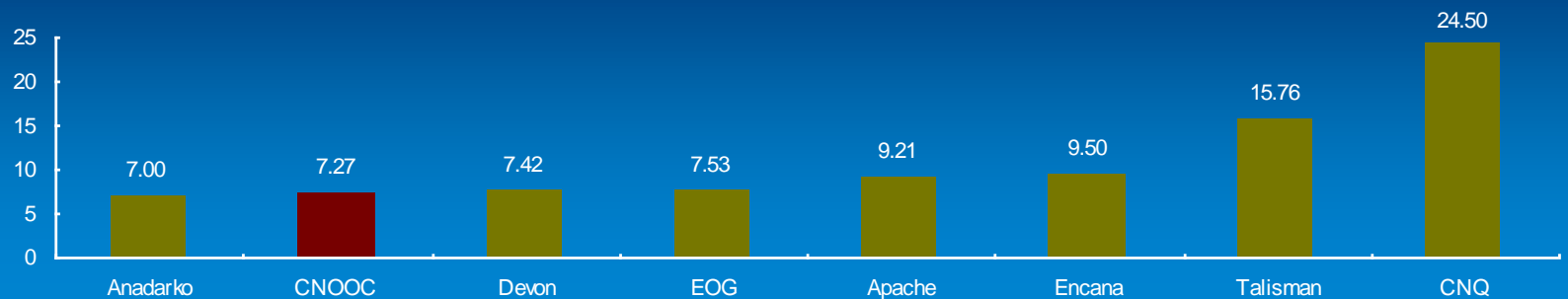
DD&A and Dismantlement

(US\$/boe)



OPEX*

(US\$/boe)

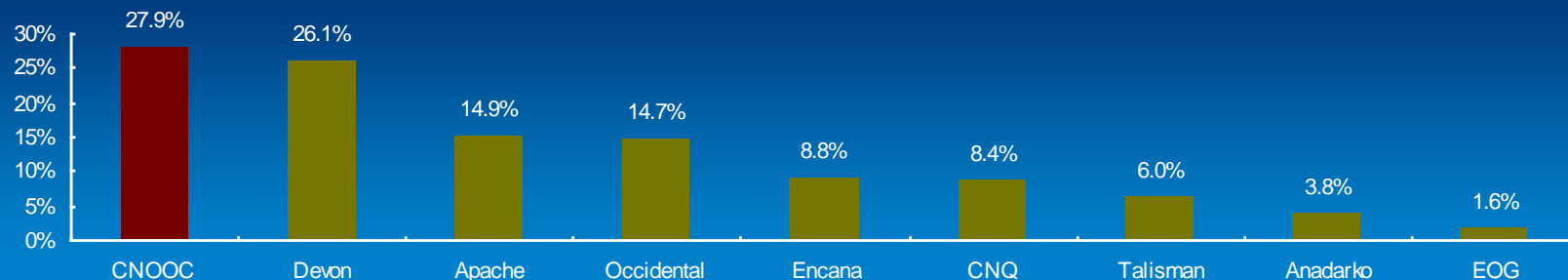


DD&A and Dismantlement of US\$12.43/boe was under pressure but still at the low end among peers.

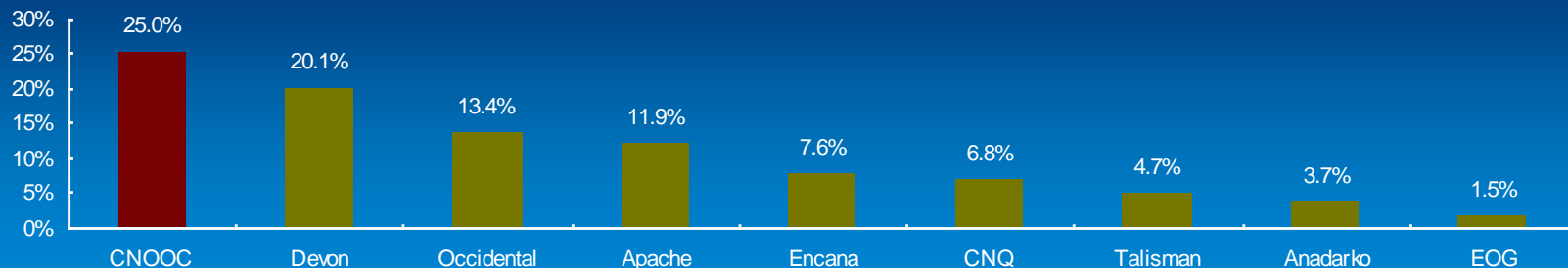


Company Profitability Leading Peers

ROE



ROCE



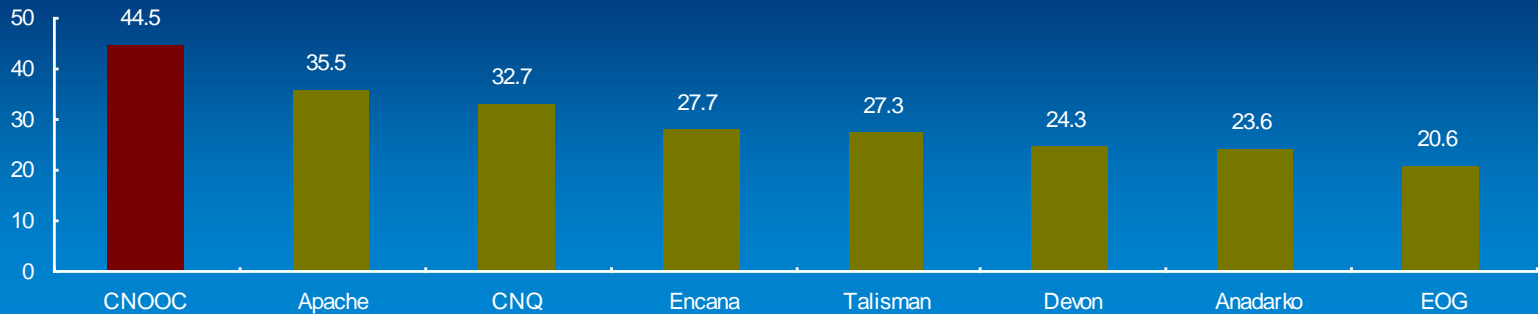
Our sound long-term strategy has brought high returns to our shareholders.



Unit profitability Leading Peers

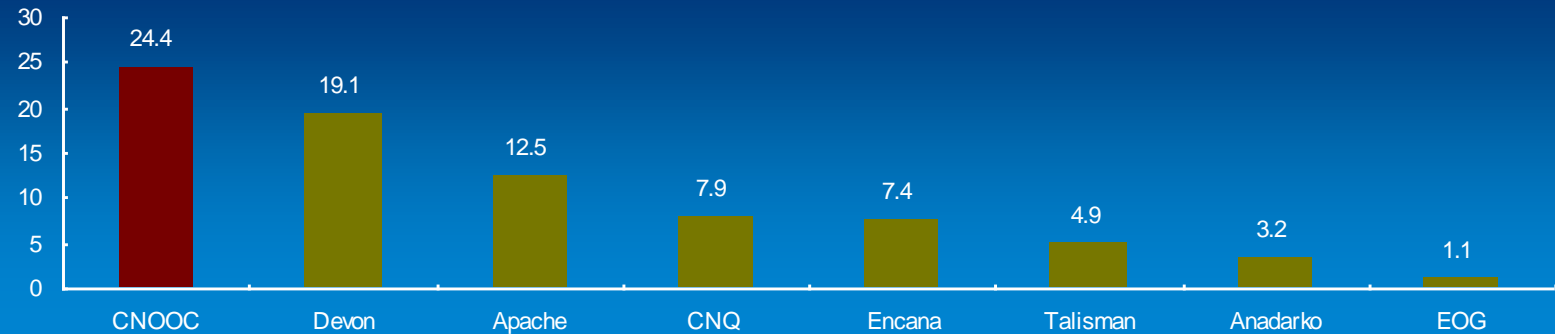
EBITDA per boe

(US\$/boe)



Net Profit per boe

(US\$/boe)



Sustainable high margin came from the disciplined and value-driven investment.



Dividend Recommendation

- **Proposed year-end normal dividend: HK\$0.25 per share**
 - An increase of HK\$0.05 of 2009 final dividend.
 - 31.8%⁽¹⁾ payout of 2010 net profit.
 - 2.6%⁽²⁾ dividend yield.
 - Final dividend payment will be approximately RMB9.42 billion⁽³⁾, representing about 17.4% of cash, cash equivalent and time deposits with maturity over three months in the end of February 2011, which will not affect cash flow requirements for operations.
- **Proposed time arrangement:**
 - **Record date: May 27**
 - **Book close period: May 20-27**
 - **Payment date: June 9**

(1). (3) Exchange rate quoted as 1 HK\$= 0.84321 Rmb of March 4, 2011

(2) Based on closing share price of HK\$17.82 as of March 4, 2011



2011 Outlook



Sustainable, Stable and Profitable Growth

Reserves

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

Development

- 4 development projects scheduled to come on stream in 2011.

Production

- Production target of 355-365 mm boe.

Financial Management

- Maintain prudent financial discipline.

HSE

- Maintain company-wide focus and high standard on HSE.



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