



CNOOC Limited

Toronto Stock Exchange Listing

September 2013



Disclaimer

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 analysis made by the Company in light of its experience and perception of historical trends, current conditions and expected future developments, as well as other factors that the Company believes are appropriate under the circumstances. However, whether actual results and developments will meet the Company’s expectations and predictions depends on a number of risks and uncertainties which could cause the actual results, performance and financial conditions 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 and other risks and uncertainties, please see the documents the Company files from time to time with the United States Securities and Exchange Commission, including the 2012 Annual Report on Form 20-F filed on April 24, 2013.

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 realized or, even if substantially realized, that they will have the expected effect on the Company, its business or operations.



Content

- **Corporate History**
- **CNOOC Limited Today**
- **Recent Performance**
- **Outlook**
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Corporate History



CNOOC Limited Snapshot

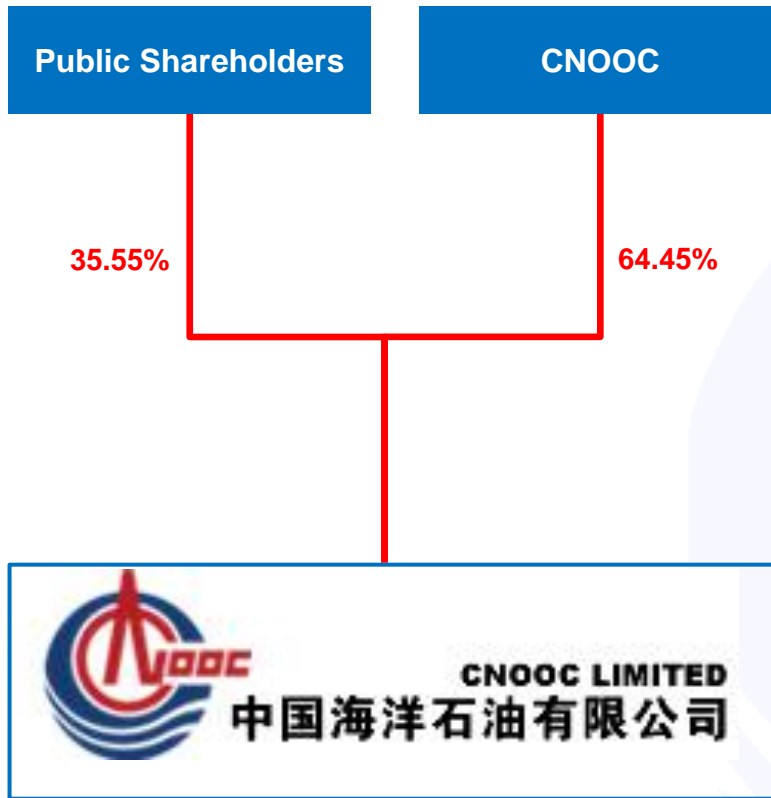
- **Dominant producer of offshore crude oil and natural gas in China**
- **One of the largest independent oil and gas exploration and production companies in the world**
- **A listed company in HKEx and NYSE**
- **Market cap: US\$93.7 billion**



Note: Market cap as of September 10, 2013



Shareholding Structure



- A national oil company founded in 1982
- Represents the state with exclusive rights for the exploitation of oil and gas resources offshore China in co-operation with foreign companies
- One of three main oil & gas players in China

- A public subsidiary under CNOOC group engaged in exploration and production of crude oil and natural gas
- Evolve from a domestic upstream player to an international oil company
 - Adopt international industry practices
 - Maintain prudent financial policy
 - Address all stakeholder interests
 - Act with a strong sense of corporate responsibility



CNOOC Limited IPO in 2001

- As an exclusive E&P business of the parent company, CNOOC Limited conducted its IPO in both Hong Kong and New York in 2001

IPO Date	<ul style="list-style-type: none">○ February 28, 2001 on Hong Kong Stock Exchange (HKEx)○ February 27, 2001 on New York Stock Exchange (NYSE)
Type of Security	<ul style="list-style-type: none">○ Common share on HKEx○ American Depository Receipts (ADRs) on NYSE, 1 ADR = 100 common shares
Currency	<ul style="list-style-type: none">○ HKD and USD
IPO Net Proceeds	<ul style="list-style-type: none">○ RMB10,101,564,000 (US\$1,220 million) *

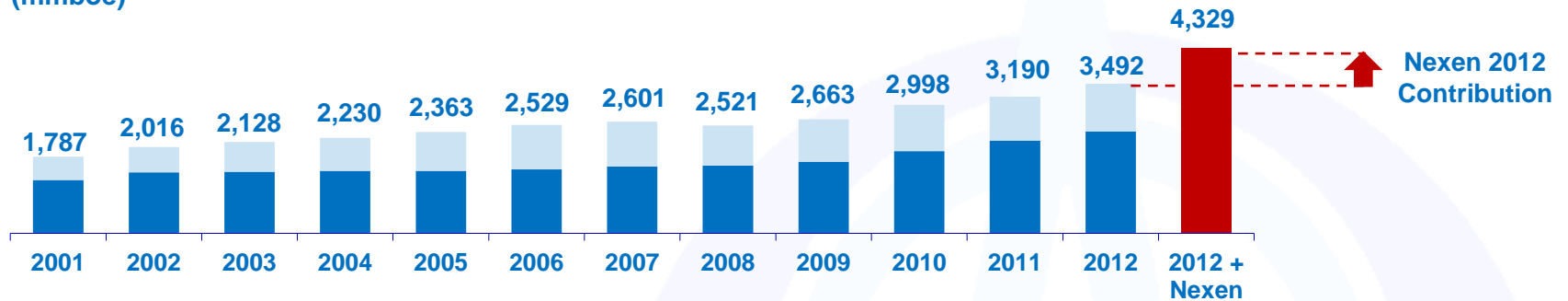
Note: Net of expenses and converted to USD at 1.0 USD= 8.2783 RMB



Reserves and Production Growth

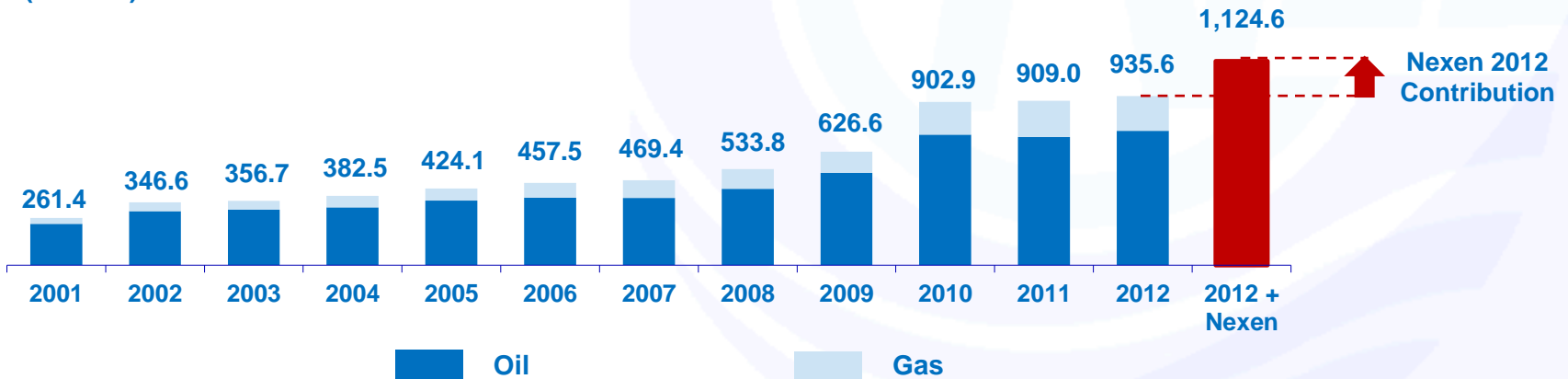
Proven Reserve Growth

(mmboe)



Production Growth

(mboe/d)

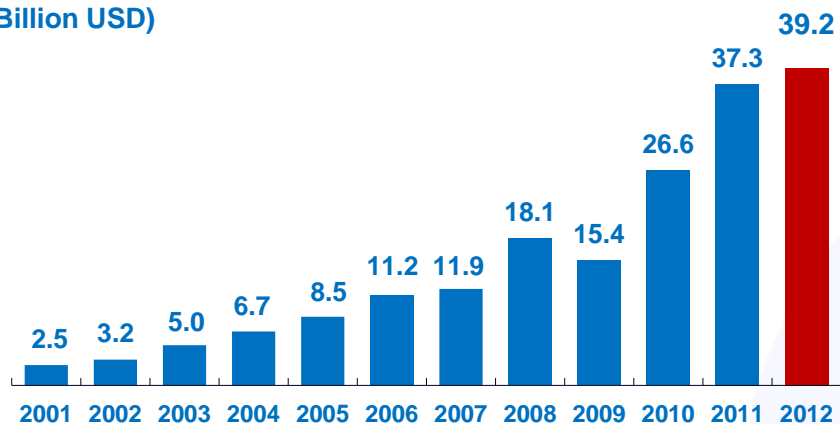




Historical Financial Performance

Sales Revenue

(Billion USD)



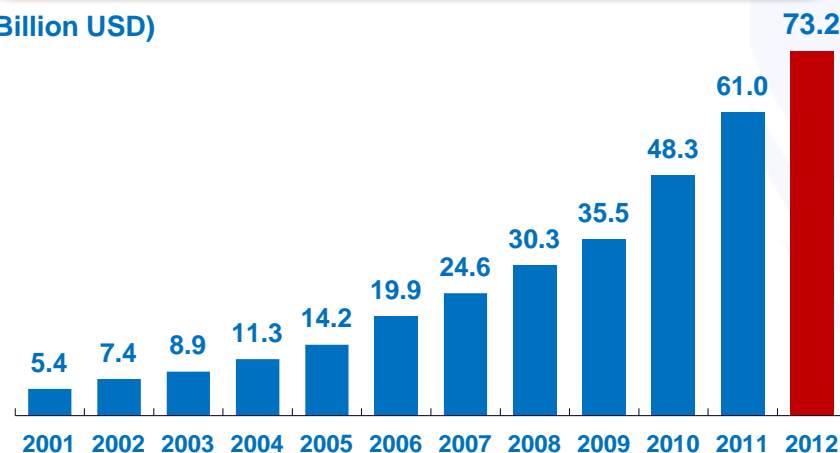
Net Profit

(Billion USD)



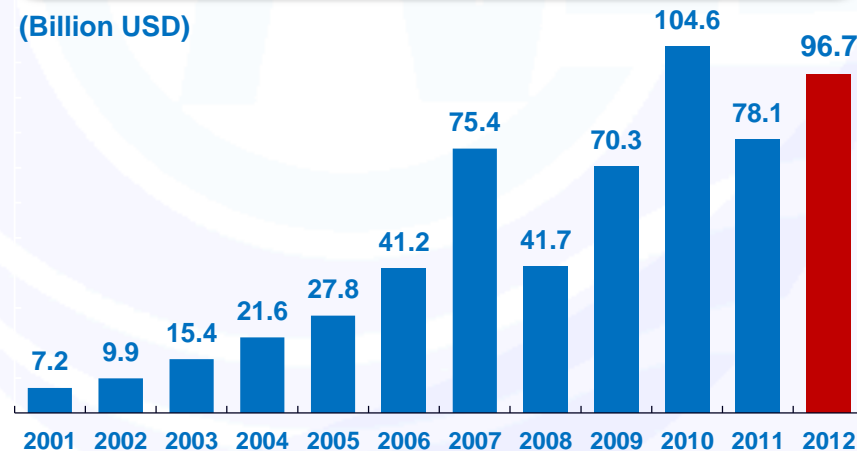
Total Assets

(Billion USD)



Year End Market Capitalization

(Billion USD)

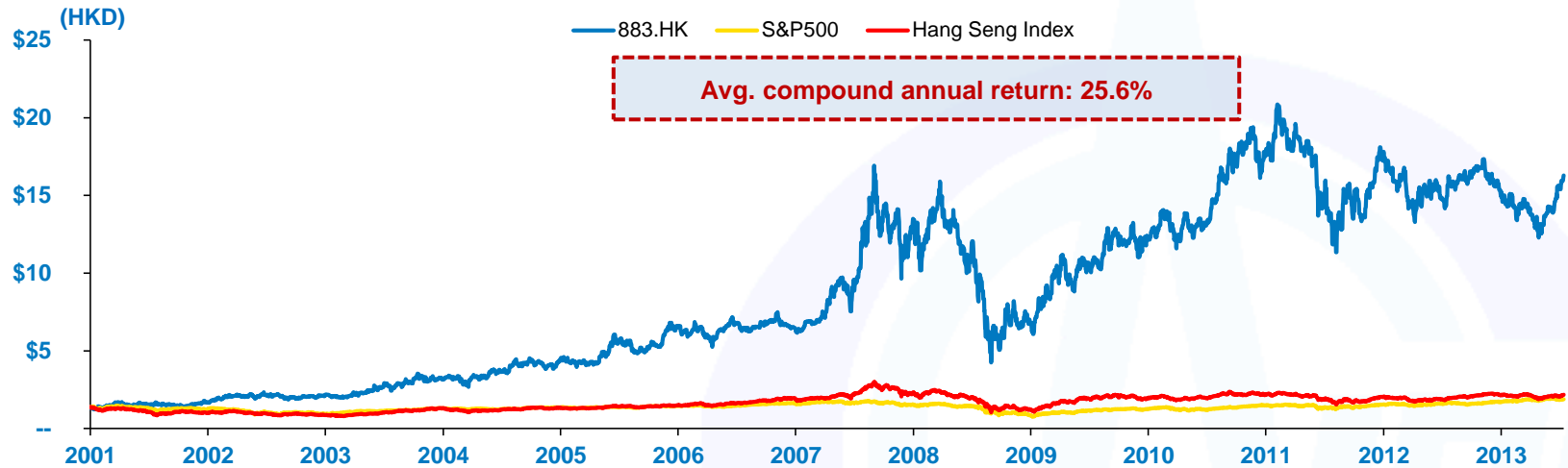


Note: Sales revenue and Net Profit converted to USD at average of period exchange rates and Total Assets and Market Capitalization converted to USD at end of period exchange rates



A Leader in Shareholders' Return

Historical Stock Price



Historical Dividend Payment



Source: FactSet

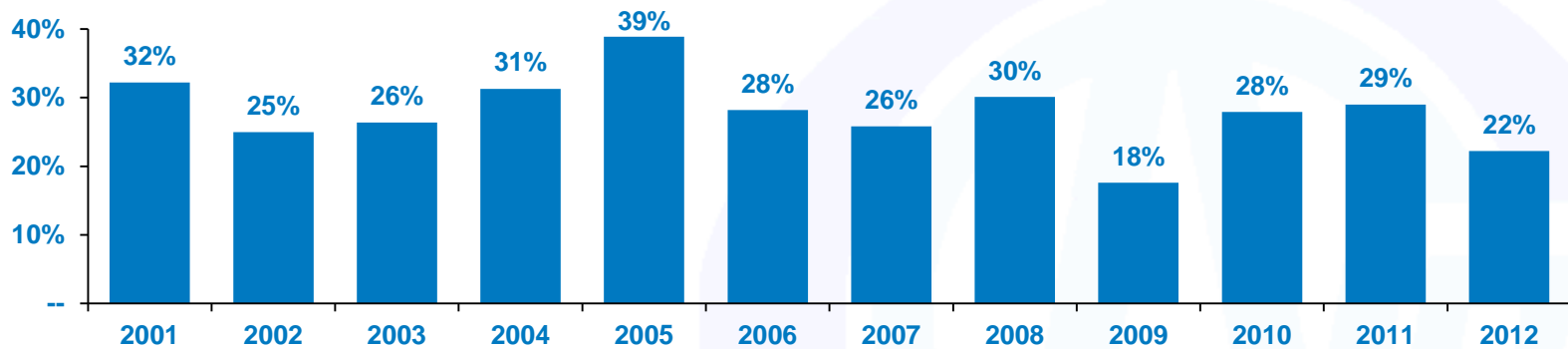
Note: Historical share price performance adjusted for stock splits



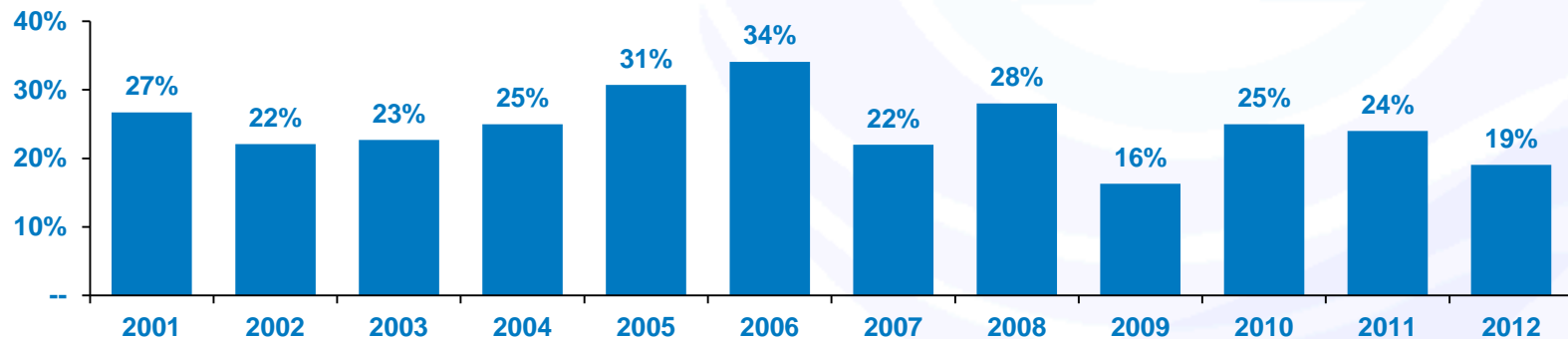
Return on Capital

We have maintained strong track record of generating high returns and competitive ROE and ROCE among peers

ROE



ROCE



Note: ROE = Net Income / Average Shareholders' Equity
ROCE = Net Income / Average (Shareholders' Equity + Total Debt)



CNOOC Limited Today



Offshore China



○ Core operation areas offshore China

- Bohai
- Western South China Sea
- Eastern South China Sea
- East China Sea

○ Production Sharing Contracts

- Foreign partners bear all exploration costs, which can be recovered after production begins
- CNOOC has the right to take participating interests up to 51% in case of commercial discovery

○ Successful independent exploration and development

- At the end of 2012, in offshore China, 79.6%/75.3% of our proved reserves/production came from independent projects



CNOOC Limited Global Operations

We have assets in Asia, Africa, North America, South America, Oceania and Europe:

- Reserves outside of China account of 44% of 2012 year end total (plus Nexen)*
- Production outside of China account for 33% of 1H 2013 total production*

Europe and Africa

Asia Pacific

America





Corporate Governance

Value the importance of sound corporate governance and have always upheld and executed high standard of business ethics

Board of Directors

- **Direct, guide and oversee business conduct and ensure shareholder interests are served**
- **10 members board:**
 - 2 Executive directors
 - 4 Non-executive directors
 - 4 Independent non-executive directors
- **Board meetings are held at least 4 times a year**

Board Committees

- **Audit (3 members)**
 - Review company's accounts; evaluate audit scope, procedures and internal control systems
- **Nomination (3 members)**
 - Nominate directors and senior management candidates
- **Remuneration (3 members)**
 - Establish remuneration packages for all executive directors and senior management

Recognitions

EUROMONEY

- ✓ Awarded the “Best Managed Asian Company in the Oil/Gas Sector” from 2010-2012

Corporate Governance Asia

- ✓ Awarded the “Corporate Governance Asia Recognition Awards — One of the Best Companies in China” from 2009-2012

platts

- ✓ Awarded “Energy Company of the Year”, the highest award of Platts Global Energy Awards, and “Energy Producer of the Year” in 2010 by Platts



Core Competencies

Diversified Asset Portfolio

- Large proved reserve base across offshore China and globally
- Significant exploration potential with diversified global portfolio

Leadership Position Offshore China

- Exclusive rights to explore and develop oil and gas offshore China in co-operation with foreign companies
- Successful independent exploration and development track record

Proven Execution Capability

- Management team with extensive industry experience
- Consistent historical production and reserve growth
- Achieving strategic targets and diversifying globally

Strong Project Management and Cost Control

- Strong track record of completing projects on time and on budget
- Maintaining competitive operating cost structures

Solid Team

- Professional and highly motivated workforce
- Strong technical expertise and extensive industry experience
- Stable workforce



Recent Performance



Production Summary

	1H 2013		1H 2012	
	Oil (mm bbls)	Gas (bcf)	Oil (mm bbls)	Gas (bcf)
China				
Bohai	72.3	23.7	72.0	22.9
Western South China Sea	12.7	60.2	12.6	63.9
Eastern South China Sea	27.3	26.6	20.1	25.3
East Sea	0.23	5.5	0.26	6.0
Subtotal	112.5	116.0	104.9	118.1
Overseas				
Asia	5.0	22.7	2.1	32.0
Oceania	0.7	15.5	0.7	14.1
Africa	13.0	--	11.4	--
North America	12.7	32.6	3.5	8.5
South America	4.1	23.0	4.3	22.9
Europe	13.1	4.6	--	--
Subtotal	48.6	98.4	22.0	77.6
Total	161.2	214.4	127.0	195.7
Total Net Production (mm boe)	198.1		160.9	
2013 Production Target	338-348 mm boe (excluding Nexen)			
Nexen Production Contribution	~59 mm boe			

Note: Including interest in equity-accounted investees, approximately 8.0 mmboe in 1H 2013 and 8.7 mmboe in 1H 2012. Production in 1H 2013 includes contribution from Nexen of 24.8 mmboe (20.7 mmbbls of oil and 23.8 bcf of gas)



Exploration Highlights

In 1H 2013, we made 7 new discoveries and 18 successful appraisal wells in offshore China, and 1 new discovery in overseas

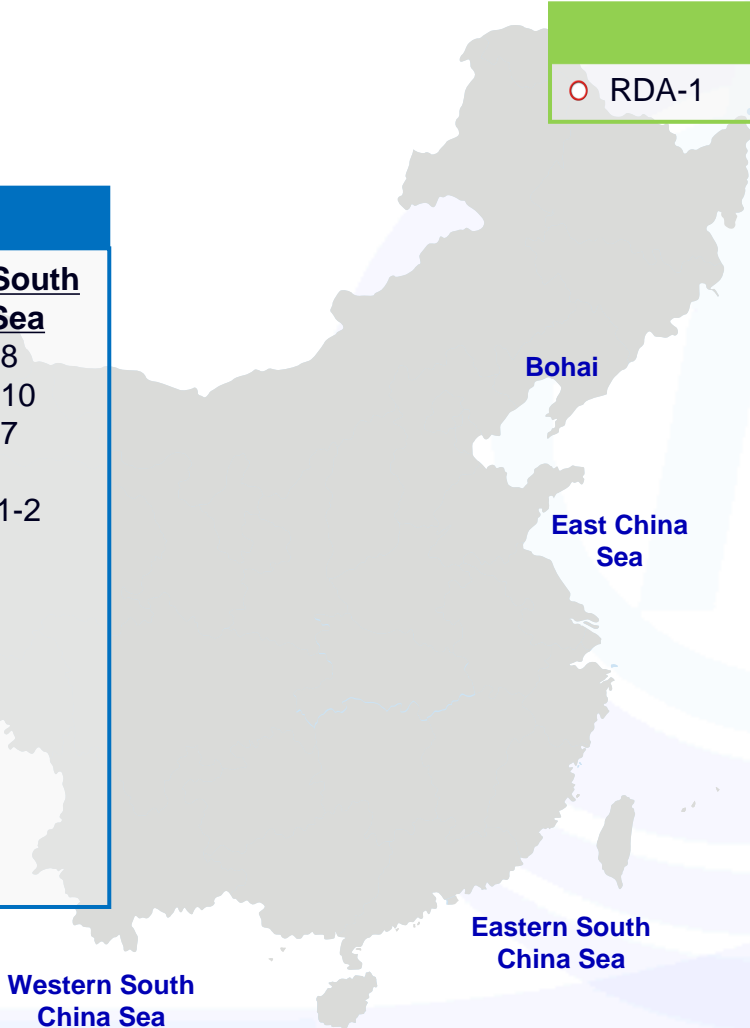
- Offshore China
- Overseas

Successful Appraisals	
<u>Bohai</u>	<u>Western South China Sea</u>
○ PL15-2-6	○ DF13-1-8
○ PL15-2-7	○ DF13-1-10
○ PL15-2-8d	○ DF13-2-7
○ PL15-2-9d	○ DF1-4-2
○ PL15-2-10d	○ WZ12-11-2
○ PL9-1-18	
○ PL9-1-19	
○ QHD29-2E-5	
○ QHD29-2E-6	
○ KL2-1-3	
○ BZ8-4-3	
○ BZ8-4-4	
○ BZ8-4-5d	

Algeria
○ RDA-1



Successful Wildcats
<u>Bohai</u>
○ BZ23-3-1
○ KL9-6-1
○ BZ8-4-2
○ BZ34-9-1
○ KL10-4-1
<u>Western South China Sea</u>
○ DF1-4-1
○ WZ12-11-1d





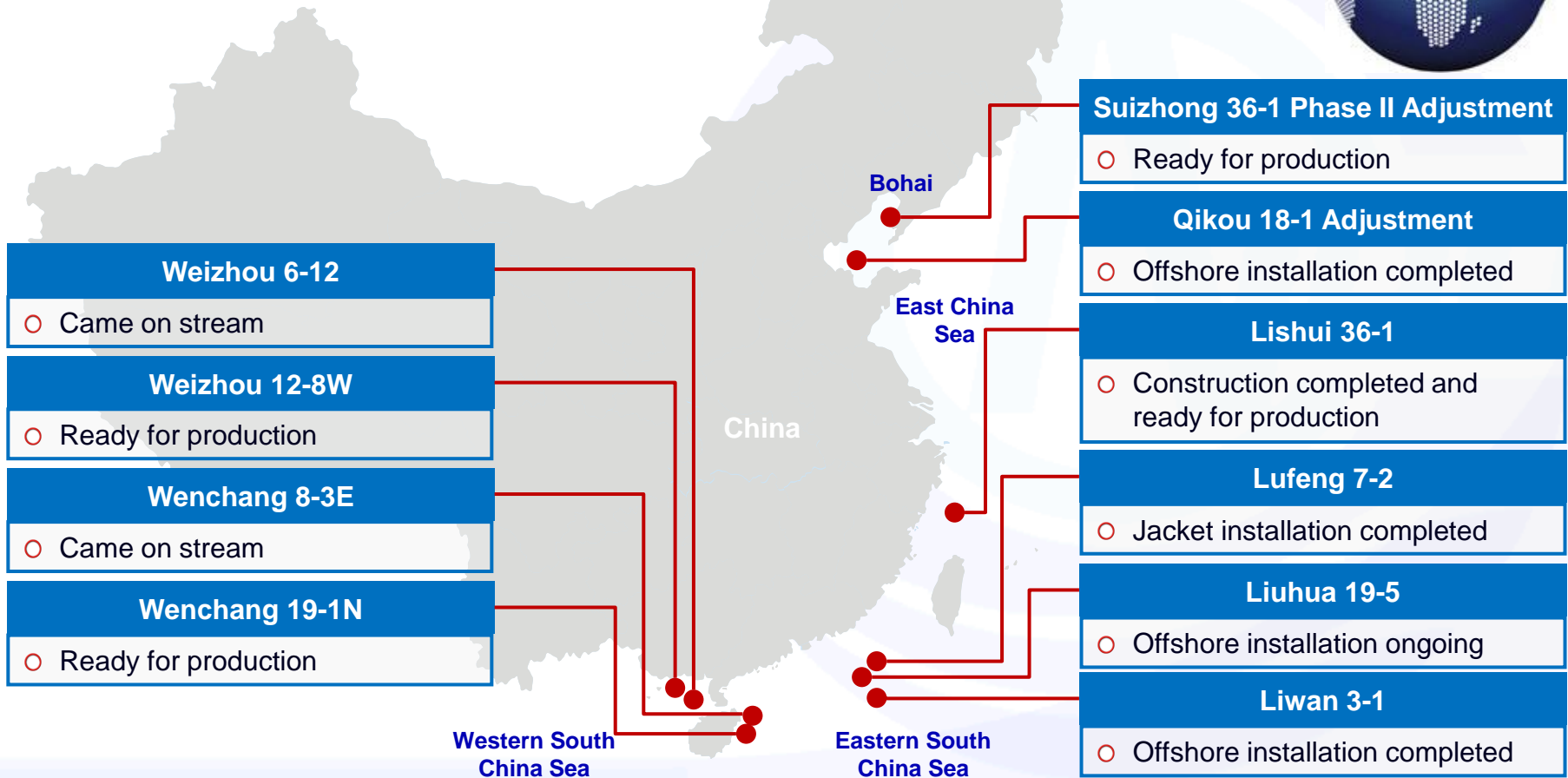
Major New Projects in 2013

*2013 new projects progressed on schedule
Weizhou 6-12 and Wenchang 8-3E came on stream*

- Offshore China
- Overseas

Rochelle Gas Field in North Sea

To come on stream in 2H





1H 2013 Financial Summary

(unaudited)

	RMB millions			USD millions*	
	1H 2013**	1H 2012	%Change	1H 2013**	1H 2012
Sales Revenue					
Oil and Gas Sales	110,799	95,658	15.8%	17,903	15,103
Marketing Revenue	26,586	21,884	21.5%	4,296	3,455
Others	1,642	726	126.2%	265	115
Total Revenue	139,027	118,268	17.6%	22,465	18,673
Profit for the Period	34,383	31,869	7.9%	5,556	5,032
Capital Expenditures					
Exploration	7,693	6,758	13.8%	1,243	1,067
Development	25,590	15,296	67.3%	4,135	2,415
Production	4,697	2,426	93.6%	759	383
Others	415	13	3,173%	67	2
Total Capex	38,395	24,493	56.8%	6,204	3,867
Balance Sheet Items (Period End)					
Total Assets	614,574	414,221	48.4%	100,133	65,179
Equity	329,616	284,225	16.0%	53,704	44,724
Gearing Ratio***	28.3%	15.7%	80.3%	28.3%	15.7%

Note: 1H 2013 results includes Nexen's net profit contribution of RMB197 mm (US\$31.8 mm)

*Balance Sheet Items converted to US dollars at RMB6.1376=USD1.00 for 1H 2013; RMB6.3551=USD1.00 for 1H 2012; Sales Revenue and Capital Expenditures converted to RMB at average rate at RMB6.1887=USD1.00 for 1H 2013; RMB6.334=USD 1.00 for 1H 2012.

**Nexen Inc. became a wholly-owned subsidiary of CNOOC Limited after completion of the transaction, and has been consolidated in the financial statement.

*** Gearing Ratio = interest bearing debt / (interest bearing debt + equity)



Dividend

- **Established dividend policy**
 - Consider net earnings, capital requirements, near term business plan and financial flexibility
- **2013 Interim dividend: HK\$0.25 per share (tax inclusive)**
 - 25.9%⁽¹⁾ payout of 1H 2013 net profit
 - 4.1%⁽²⁾ dividend yield
- **Dividend schedule:**
 - Record date: September 13, 2013
 - Book close period: September 9 - 13, 2013
 - Payment date: October 10, 2013

(1) Exchange rate quoted as 1 HK\$=0.79672 RMB of July 31, 2013

(2) Based on closing share price of HK\$14.00 as of July 31, 2013



Nexen Update

- **Nexen's Calgary headquarters responsible for all of Nexen's assets as well as CNOOC Limited's North and Central American assets**
- **Nexen assets performing according to plan**
 - No disruptions to operations as a result of change of control
 - CNOOC Limited and Nexen conducting a major review to optimize development and exploration plans
- **Integration is progressing well with primary focus directed at integrating the business strategies and collaborating to leverage each other's capabilities**
- **Strictly adhere to our strategy of "localization" as a first step of "going global"**
 - High retention rate post transaction
- **Two company cultures reinforcing each other**



Health, Safety and Environment

Based on systematic management, we obtained good results in safety production through continuous improvement over the years

Overview of HSE

- Health, safety and environmental protection are always our top priority
- Continue to strengthen the company's safety and environmental protection management efforts, further refine and improve the relevant measures

Recent HSE Performance

	1H2013	1H2012
Rate of recordable cases (per 200,000 man hours)	0.08	0.09
Rate of lost work days cases (per 200,000 man hours)	0.05	0.04



Outlook



Our Vision

Our Vision is to become a world leading and respected international oil company with diversified portfolio

- Strengthen foothold at home in offshore China**
- Expand and optimize our overseas business**
- Leverage from core competences and diversify**
 - From shallow water to deepwater
 - From conventional to unconventional assets (e.g. shale gas, oil sands)
- Lead our future development through management and technology innovation**



2013 Objectives and Outlook

2013 Key Objectives

Reserves

- Target RRR ratio: >100%

Development

- 10 new projects in offshore China scheduled to come on stream in 2013, more than 20 projects under construction

Production

- Production target of 338 - 348 mmboe (excluding Nexen) for 2013

Financial Management

- Maintain prudent financial discipline

Health, Safety and Environment

- Maintain company-wide focus and high standard on HSE

Nexen

- Focus on the integration efforts

We maintain the 2011-2015 production growth target of 6-10% CAGR(excluding Nexen), within which, offshore China will grow at 4-5% CAGR



Social Responsibility and Corporate Citizen

- **Striving to be a good corporate citizen**
- **Fulfilling the company's commitment to social responsibility in three key areas**

Driving Force for Sustainable Energy Supply

- Pursuing sustainable growth, enhancing energy supply capability
- Making contribution to the resolution of energy issues

Leading Force for Clean, Healthy and Green Energy Development

- Developing resources in a safe and environment-friendly approach
- Developing natural gas business
- Responding actively to the climate change

Motivating Force for Joint Progress with Stakeholders and Society

- Proactively participating in community activities
- Contributing to public welfare
- Respecting the rights and interests of the stakeholders and pursuing win-win situation



TSX Listing Overview



Overview of TSX Listing

Rationale for Toronto Stock Exchange Listing

- Canada is an important investment destination for CNOOC Limited following its acquisition of Nexen
- TSX listing demonstrates our commitment to Canada
- Consistent with our commitment to transparency and good corporate governance
- TSX listing offers CNOOC Limited shareholders more choice in the exchange venues and currencies that they can trade
- Provides the company with a broader shareholder base

TSX Listing Details



Date of Listing	Mid September, 2013
Type of Security	American Depositary Receipts (ADRs) of CNOOC Limited Common Shares
Currency	Canadian dollar
Issuance Type	No new shares issued
Transferability	ADRs can be traded on NYSE and TSX



<http://www.cnooc.com>