

**July 9, 2015**

This note is provided to analysts and associates that cover Cenovus and will be posted on the Cenovus website under Related links in the [Investors](#) section.

The company will announce its second quarter 2015 results on Thursday, July 30<sup>th</sup>, at 4:00AM MT (6:00AM ET) with a conference call to follow at 9:00AM MT (11:00AM ET).

We'd like to remind you of the following items that have been previously disclosed by Cenovus or are a summation of public information. Please note that all such information and statements were made as at the dates of the disclosure documents or conference calls specifically noted below, and this document is not intended to be an update of any such information or statements. Any updates on the prior statements and information summarized in this document will be provided in the company's announcement of its second quarter 2015 results.

**Production:**

- Production at Foster Creek was impacted by forest fires during the quarter. "Cenovus expects second-quarter production to be reduced by approximately 10,500 barrels per day (bbls/d) net due to the shutdown. For the full year, the production impact is estimated to be approximately 2,600 bbls/d net. Foster Creek had average production of approximately 67,500 bbls/d net to Cenovus (135,000 bbls/d gross) before the forest fire. Production has now essentially returned to this range. Cenovus expects full-year production from Foster Creek to remain within its previously announced annual guidance of 62,000 bbls/d to 68,000 bbls/d net." – [news release](#) (June 11, 2015)
- Production at Foster Creek in the first quarter of 2015 was 67,901 bbls/d net.

**Realized Pricing:**

- "With respect to realized pricing at Christina Lake and Foster Creek, our first quarter results were negatively impacted by a higher relative cost of condensate compared to the benchmark. Most of this impact was a result of purchase timing and inventory drawdown. Condensate that was purchased when prices were considerably higher in the fourth quarter was blended into our product and sold in the first quarter of 2015." We expect this to continue into the second quarter as condensate inventories are drawn down. – [Q1 2015 conference call](#) (April 29, 2015)

**Operating costs:**

- "We now expect to be near the low end of our guidance range on operating costs across all parts of our business. We've also made changes to our corporate spend and expect G&A costs to be near the low end of our annual guidance as well." – [Q1 2015 conference call](#) (April 29, 2015)

**Transportation:**

- "As previously mentioned, transportation costs in our oil sands business were expected to increase to approximately \$8.00\* per barrel in 2015. On a combined basis our oil sands transportation costs averaged \$6.50 per barrel in the first quarter, lower than previously indicated with less rail movements than originally planned and a pattern we expect will continue in the near-term. On a relative basis, Foster Creek's per barrel transportation costs were substantially higher than Christina Lake's

in the first quarter, due in large part to the degree of utilization of our downstream pipeline commitments to deliver our Foster Creek barrels." – [Q1 2015 conference call \(April 29, 2015\)](#)

- \*\$8.00/bbl assumes the full use of Cenovus's 30,000 bbls/d rail loading and pipeline commitments and rail tolls to end markets; transportation costs could be lower in the event only partial rail capacity is utilized.
- Q1 transportation costs at Foster Creek were \$9.39/bbl and \$4.17/bbl at Christina Lake.

## Refining:

- Cenovus's refining operating cash flow is calculated on a first-in, first-out (FIFO) inventory accounting basis. As such, Cenovus's refining operating cash flow is impacted during periods of rising or declining benchmark commodity prices. – [Q1 2015 news release \(April 29, 2015\)](#)

Selected Average Benchmark Prices	2015		2014					2013				
	Q2	Q1	Year	Q4	Q3	Q2	Q1	Year	Q4	Q3	Q2	Q1
<b>Crude Oil Prices (US\$/bbl)</b>												
Brent	63.50	55.17	99.51	76.98	103.39	109.77	107.90	108.76	109.35	109.71	103.35	112.65
West Texas Intermediate ("WTI")	57.94	48.63	93.00	73.15	97.17	102.99	98.68	97.97	97.46	105.82	94.22	94.37
Differential Brent Futures-WTI	5.56	6.54	6.51	3.84	6.22	6.78	9.22	10.79	11.89	3.89	9.13	18.28
Western Canadian Select ("WCS")	46.35	33.90	73.60	58.91	76.99	82.95	75.55	72.77	65.26	88.34	75.06	62.41
Differential - WTI-WCS	11.59	14.73	19.40	14.24	20.18	20.04	23.13	25.20	32.20	17.48	19.16	31.96
Differential - WTI-WTS	(0.60)	1.11	5.71	1.76	8.45	7.10	5.53	2.77	4.17	0.18	0.23	6.49
Condensate - (C5 @ Edmonton)	57.94	45.62	92.95	70.57	93.45	105.15	102.64	101.69	94.22	103.80	101.50	107.24
Differential - WTI-Condensate (premium)/discount	-	3.01	0.05	2.58	3.72	(2.16)	(3.96)	(3.72)	3.24	2.02	(7.28)	(12.87)
<b>Refining Margins 3-2-1 Crack Spreads<sup>(3)</sup> (US\$/bbl)</b>												
Chicago	20.77	16.53	17.61	14.60	17.57	19.72	18.55	21.77	12.29	16.19	31.06	27.53
Midwest Combined (Group 3)	19.34	17.46	16.27	13.28	16.65	17.75	17.41	20.80	10.66	17.35	27.24	27.93
<b>FIFO Adjustment (C\$ millions)</b>												
FIFO Adjustment		(55)	(101)	(163)	(53)	31	83	26	(91)	64	33	20

<sup>(3)</sup> The 3-2-1 crack spread is an indicator of the refining margin generated by converting three barrels of crude oil into two barrels of regular unleaded gasoline and one barrel of ultra-low sulphur diesel using current month WTI based crude oil feedstock prices and on a last in, first out accounting basis ("LIFO").

## Corporate:

- "To further conserve cash, the company exercised its ability under Cenovus's Dividend Reinvestment Plan (DRIP) to offer shareholders the opportunity to reinvest their dividends in Cenovus common shares issued from the company's treasury at a 3% discount to current market prices." – [Q1 2015 news release \(April 29, 2015\)](#)
  - The second quarter participation rate was approximately 43% and the average discounted market price of Cenovus shares as of the June 30<sup>th</sup> payment date was C\$20.16.
- Cenovus had 828.5 million shares outstanding as of March 31, 2015 after the issuance of 67.5 million shares on February 17. – [Q1 2015 Consolidated Financial Statements \(April 29, 2015\)](#)

## B) Issued and Outstanding

As at	March 31, 2015		December 31, 2014	
	Number of Common Shares (Thousands)	Amount	Number of Common Shares (Thousands)	Amount
Outstanding, Beginning of Year	757,103	3,889	756,046	3,857
Common Shares Issued, Net of Issuance Costs	67,500	1,463	-	-
Common Shares Issued Pursuant to Dividend Reinvestment Plan	3,930	84	-	-
Common Shares Issued Under Stock Option Plans	-	-	1,057	32
<b>Outstanding, End of Period</b>	<b>828,533</b>	<b>5,436</b>	<b>757,103</b>	<b>3,889</b>

- “Cenovus has agreed to purchase Canexus Corporation’s North American Terminal Operations (NATO), a crude-by-rail trans-loading facility, for \$75 million, subject to adjustments. The transaction is expected to close August 31, 2015, subject to certain conditions.” – [news release](#) (June 4, 2015)
- “Cenovus has reached an agreement to sell Heritage Royalty Limited Partnership (HRP), a wholly-owned subsidiary, to Ontario Teachers’ Pension Plan (Teachers’) for gross cash proceeds of approximately \$3.3 billion. The effective date of the transaction is April 1, 2015 and it is expected to close by the end of July 2015, subject to certain conditions.” – [news release](#) (June 30, 2015)
  - Given that closing of the transaction is planned for after the end of Q2, no adjustments to Q2 numbers are required.

### Hedging:

- Cenovus had the following contracts in place as of March 31, 2015 – [Q1 2015 Consolidated Financial Statements](#)

### Net Fair Value of Commodity Price Positions

As at March 31, 2015	Notional Volumes	Term	Average Price	Fair Value
<b>Crude Oil Contracts</b>				
Fixed Price Contracts				
Brent Fixed Price	1,000 bbls/d	January – June 2015	\$100.25/bbl	3
Brent Fixed Price	18,000 bbls/d	January – December 2015	\$113.75/bbl	192
Brent Fixed Price	6,000 bbls/d	January – June 2015	US\$65.03/bbl	6
Brent Fixed Price	45,000 bbls/d	March – June 2015	US\$56.45/bbl	(1)
Brent Fixed Price	18,000 bbls/d	July – September 2015	US\$60.03/bbl	2
Brent Fixed Price	1,000 bbls/d	October – December 2015	US\$64.00/bbl	-
Brent Fixed Price	4,000 bbls/d	January – December 2016	US\$65.75/bbl	2
WCS Differential <sup>(1)</sup>	4,900 bbls/d	January – June 2015	US\$(19.85)/bbl	(4)
Brent Collars	10,000 bbls/d	January – December 2015	\$105.25 – \$123.57/bbl	85
Other Financial Positions <sup>(2)</sup>				4
Crude Oil Fair Value Position				<b>289</b>
<b>Natural Gas Contracts</b>				
Fixed Price Contracts				
AECO Fixed Price	149 MMcf/d	January – December 2015	\$3.86/Mcf	44
Natural Gas Fair Value Position				<b>44</b>
<b>Power Purchase Contracts</b>				
Power Fair Value Position				<b>(15)</b>

(1) Cenovus entered into fixed price swaps to protect against widening light/heavy price differentials for heavy crudes.

(2) Other financial positions are part of ongoing operations to market the Company's production.

### Forward-Looking Information:

This document contains references to forward-looking information previously provided, identified by words such as “anticipated”, “expected”, “plan” and “intend”, and includes forecast operating and financial results. This document is prepared solely for the purposes of providing information about Cenovus Energy Inc.’s forecast operating and financial results and is not intended to be relied upon for the purpose of making investment decisions, including without limitation, to purchase, hold or sell any securities of Cenovus Energy Inc. Readers are cautioned not to place undue reliance on forward-looking information as our actual results may differ materially from those expressed or implied. The underlying assumptions, risks and uncertainties are described in the Advisories of our 2014 Fourth Quarter and Year-End News Release and the 2015 Updated Budget News Release, available at [www.sedar.com](http://www.sedar.com) and [cenovus.com](http://cenovus.com). For a full discussion of our material risk factors, see “Risk Factors” in our 2014 Annual Information Form, available at [www.sedar.com](http://www.sedar.com) and [cenovus.com](http://cenovus.com).