

## April 6, 2022

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

The company will announce its first quarter 2022 results on Wednesday, April 27th, 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 first quarter results.

### Corporate:

- “With free funds flow of \$1.1 billion in the quarter, and proceeds from recent divestitures, net debt was below \$9.6 billion at year end, a reduction of more than \$1.4 billion from the end of the third quarter and \$3.5 billion in 2021 following the acquisition of Husky Energy. Total long-term debt was \$12.4 billion as at December 31, 2021, down nearly \$1.7 billion from January 1, 2021, and expected to decrease by approximately US\$384 million on February 9 when Cenovus redeems the remaining principal amount of its notes due in 2023 and 2024.” *(Cenovus News Release, February 8, 2022)*
- “Cenovus continues to buy back common shares under its previously announced Normal Course Issuer Bid (NCIB) and as of February 7 had repurchased approximately 26 million common shares at a volume weighted price of \$16.31 per share.” *(Cenovus News Release, February 8, 2022)*
- “The 2022 guidance includes capital spending of \$2.6 billion to \$3.0 billion and total production of approximately 800,000 barrels of oil equivalent per day (BOE/d), factoring in major planned turnarounds and production impacts from assets sold in 2021. The company anticipates 2022 downstream throughput of about 555,000 barrels per day (bbls/d).” *(Cenovus News Release, December 8, 2021)*
- “The company plans to announce on April 27, 2022 its first-quarter results, details on its plan for increasing shareholder returns and updated 2022 corporate guidance.” *(Cenovus News Release, April 4, 2022)*
- “Cenovus agreed to sell its Husky retail fuels network for approximately \$420 million and the Wembley assets in its Conventional business for approximately \$238 million. The Wembley transaction is expected to close in the current quarter and, subject to regulatory approvals, retail in mid-2022. The company also announced the sale of its Tucker thermal asset, which closed on January 31, for approximately \$800 million. Cenovus's 2022 guidance did not reflect the sale of Tucker and the company plans to provide updated guidance with first quarter results.” *(Cenovus News Release, February 8, 2022)*

# Corporate guidance

## 2022 Corporate guidance - C\$, before royalties

December 7, 2021

UPSTREAM					
OIL SANDS					
	Production (Mbbbls/d)	Capital expenditures (\$ millions)	Operating costs (\$/bbl)	Effective royalty rates (%)	
Christina Lake	230 - 250		Fuel 2.75 - 3.50 Non-fuel 4.25 - 5.00 Total 7.00 - 8.50	23 - 27	
Foster Creek	185 - 205		Fuel 3.25 - 4.00 Non-fuel 6.25 - 7.00 Total 9.50 - 11.00	22 - 26	
Lloyd Thermal	95 - 105		14.00 - 16.00	6 - 9	
Cold/EOR	19 - 22		31.00 - 34.00	8 - 11	
Sunrise	23 - 27		15.00 - 18.00	4 - 6	
Tucker	18 - 21		18.00 - 21.00	10 - 13	
<b>Oil Sands total</b>	<b>570 - 630</b>	<b>1,350 - 1,550</b>	<b>10.50 - 12.00</b>		
CONVENTIONAL					
	Production (Mbbbls/d)	Capital expenditures (\$ millions)	Operating costs (\$/boe)	Effective royalty rates (%)	
Crude oil	8 - 10				
NGLs	20 - 24				
	(MMcf/d)				
Natural gas	540 - 600				
<b>Conventional total</b>	<b>118 - 134</b>	<b>150 - 200</b>	<b>9.50 - 11.00</b>	<b>10 - 13</b>	
OFFSHORE					
	Production (MBOE/d)	Capital expenditures (\$ millions)	Operating costs (\$/boe)	Effective royalty rates (%)	
Atlantic	12 - 15		40.00 - 45.00	6 - 9	
China	42 - 48		6.00 - 7.50	5 - 7	
Indonesia <sup>(1)</sup>	10 - 13		10.50 - 12.00	32 - 36	
<b>Offshore total</b>	<b>64 - 76</b>	<b>200 - 250</b>	<b>14.00 - 16.00</b>		
TOTAL UPSTREAM					
	Production (Mbbbls/d, MMcf/d, MBOE/d)	Capital expenditures (\$ millions)			
Total liquids	640 - 675				
Total natural gas	820 - 880				
Total upstream <sup>(2)</sup>	780 - 820	1,700 - 2,000			
DOWNSTREAM					
	Throughput (Mbbbls/d)	Capital expenditures (\$ millions)	Operating costs (\$/bbl)		
Canadian Manufacturing <sup>(3)</sup>	100 - 110		10.00 - 12.00		
U.S. Manufacturing <sup>(4)</sup>	430 - 470		10.00 - 12.00		
Superior rebuild <sup>(5)</sup>		200 - 250			
<b>Downstream total</b>	<b>530 - 580</b>	<b>850 - 950</b>	<b>10.00 - 12.00</b>		
CORPORATE					
Corporate & other expenditures (\$ millions)		50 - 70	General & administrative expenses (\$ millions) <sup>(8)</sup>	475 - 525	
Total capital expenditures (\$ billions)		2.6 - 3.0	Cash tax (\$ millions)	650 - 850	
One-time integration costs (\$ millions)		100 - 150	Effective tax rate (%) <sup>(7)</sup>	23 - 25	
PRICE ASSUMPTIONS & ADJUSTED FUNDS FLOW SENSITIVITIES <sup>(8)</sup>					
Brent (US\$/bbl)	\$ 74.00	<b>Independent base case sensitivities</b>		Increase	Decrease
WTI (US\$/bbl)	\$ 71.00	<i>(for the full year 2022)</i>		(\$ millions)	(\$ millions)
Western Canada Select (US\$/bbl)	\$ 55.00	Crude oil (WTI) - US\$1.00 change		180	(180)
Differential WTI-WCS (US\$/bbl)	\$ 16.00	Light-heavy differential (WTI-WCS) - US\$1.00 change		(90)	90
Chicago 3-2-1 Crack Spread (US\$/bbl)	\$ 18.00	Chicago 3-2-1 crack spread - US\$1.00 change		190	(190)
RINs (US\$/bbl)	\$ 5.50	RINs (RVO) - US\$1.00 change		(160)	160
AECCO (\$/Mcf)	\$ 3.70	Natural gas (AECCO) - C\$1.00 change		(10)	10
Exchange Rate (US\$/C\$)	\$ 0.79	Exchange rate (US\$/C\$) - \$0.01 change		(130)	130

(1) Indonesia capital expenditures are excluded from totals due to being accounted for under the equity method for consolidated financial statement purposes.

(2) Production ranges for assets are not intended to add to equal total upstream.

(3) Canadian Manufacturing throughput and operating costs are associated with the Lloydminster Upgrader & Refinery.

(4) U.S. Manufacturing capital and operating costs are reported in C\$, but incurred in US\$ and as such will be impacted by FX.

(5) Capital expenditure to rebuild Superior Refinery is before expected insurance proceeds.

(6) Forecasted G&A does not include stock based compensation.

(7) Statutory rates of 24% in Canada, 25% in the U.S. and 25% in China are applied separately to pre-tax operating earnings streams for each country. Excludes the effect of divestiture and mark-to-market gains and losses.

(8) Refining results embedded in the sensitivities are based on unlagged margin changes and do not include the effect of changes in inventory valuation for first-in, first-out/lower of cost or net realizable value.

### Production:

- Monthly oil sands production is published by the Alberta Energy Regulator (AER) at the following website: <https://www.aer.ca/providing-information/data-and-reports/statistical-reports/st53>.
- Monthly offshore production for Newfoundland and Labrador is published by the C-NLOPB at the following website: <https://www.cnlopb.ca/information/statistics/#rm>.

### Oil Sands Realized Bitumen Pricing:

- “Blending condensate with bitumen enables our production to be transported through pipelines. Our blending ratios, diluent volumes as a percentage of total blended volumes, range from approximately 23 percent to 31 percent. The WCS-Condensate differential is an important benchmark as a wider differential generally results in a decrease in the recovery of condensate costs when selling a barrel of blended crude oil. When the supply of condensate in Alberta does not meet the demand, Edmonton condensate prices may be driven by USGC condensate prices plus the cost to transport the condensate to Edmonton. Our blending costs are also impacted by the timing of purchases and deliveries of condensate into inventory to be available for use in blending as well as timing of sales of blended product.” *(Cenovus MD&A for the period ended December 31, 2021)*

	2021			2022		
	Oct	Nov	Dec	Jan	Feb	Mar
Condensate (C5 @ Edmonton) (US\$/bbl)	82.04	81.80	73.54	83.97	93.88	110.42

### Royalties

- See Cenovus 2022 Guidance dated December 7, 2021 for effective royalty rate ranges for each of the upstream assets. The ranges are based on the commodity price assumptions set out in the Guidance document.
- “Foster Creek, Christina Lake and Tucker are post-payout projects and Sunrise is a pre-payout project. For our Saskatchewan properties, Lloydminster thermal and Lloydminster conventional heavy oil, royalty calculations are based on an annual rate that is applied to each project, as well as each project’s Crown and freehold split. For Crown royalties, the pre-payout calculation is based on a one percent rate and the post-payout calculation is based on a 20 percent rate. The freehold calculation is limited to post-payout projects and is based on an eight percent rate.” *(Cenovus MD&A for the period ended December 31, 2021)*
- An overview of the Alberta oil sands royalty framework, including applicable sliding scale royalty rates, is available at the following website: <https://www.alberta.ca/royalty-oil-sands.aspx>

### Refining & Marketing

- “In the U.S. Manufacturing segment, the crude utilization rate was 72% with crude throughput of 361,600 bbls/d, down from 89% utilization and throughput of 445,800 bbls/d in the third quarter. The difference in the fourth quarter was primarily due to reduced throughput at the Lima Refinery related to a planned major turnaround, which occurs every five years, as well as subsequent operational challenges on secondary units at Lima, as well as planned maintenance and an unplanned outage at the Wood River Refinery, co-owned with operator Phillips 66. The challenges following completion of the Lima turnaround reduced throughput in December and most of January. These issues have been successfully resolved and the Lima facility returned to normal operations by the end of last month.” *(Cenovus News Release, February 8, 2022)*

## Prices

- Benchmark pricing as of March 31, 2022:

Selected Average Benchmark Prices	2022				2021				
	Q1	Jan	Feb	March	Year	Q4	Q3	Q2	Q1
<b>Crude Oil Prices (US\$/bbl)</b>									
Brent	<b>97.38</b>	85.57	94.10	112.46	70.73	79.73	73.47	68.83	60.90
West Texas Intermediate ("WTI")	<b>94.29</b>	82.98	91.63	108.26	67.91	77.19	70.56	66.07	57.84
Differential Brent Futures-WTI	<b>3.09</b>	2.59	2.47	4.20	2.82	2.55	2.91	2.76	3.06
Western Canadian Select ("WCS")	<b>79.76</b>	65.60	79.10	94.57	54.87	62.55	56.98	54.58	45.37
Differential - WTI-WCS	<b>14.53</b>	17.38	12.53	13.69	13.04	14.64	13.58	11.49	12.47
Differential - WTI-WTS	<b>(0.01)</b>	(0.08)	(0.11)	0.16	(0.23)	0.21	(0.03)	(0.30)	(0.80)
Mixed Sweet Blend ("MSW")	<b>91.33</b>	78.21	89.23	106.55	64.03	74.09	66.49	62.96	52.60
Condensate (C5 @ Edmonton)	<b>96.09</b>	83.97	93.88	110.42	68.21	79.13	69.24	66.40	58.04
Differential - WTI-Condensate (premium)/discount	<b>(1.80)</b>	(0.99)	(2.25)	(2.16)	(0.30)	(1.94)	1.32	(0.33)	(0.20)
<b>Refining Margins 3-2-1 Crack Spreads (US\$/bbl) <sup>(1)</sup></b>									
Chicago	<b>18.35</b>	13.41	14.95	26.70	17.53	16.03	20.67	20.50	12.93
Midwest Combined (Group 3)	<b>19.94</b>	16.97	17.64	25.22	17.82	15.82	20.35	19.44	15.67
<b>Natural Gas Prices</b>									
AECO (C\$/Mcf)	<b>4.59</b>	4.32	4.70	4.74	3.57	4.95	3.54	2.85	2.92
AECO (C\$/GJ)	<b>4.35</b>	4.10	4.46	4.49	3.38	4.69	3.36	2.70	2.77
NYMEX (US\$/Mcf)	<b>4.95</b>	4.02	6.27	4.57	3.84	5.83	4.01	2.83	2.69
Differential NYMEX - AECO (US\$/Mcf)	<b>1.34</b>	0.62	2.56	0.84	1.00	1.90	1.18	0.51	0.40
<b>RINS</b>									
RVO (US\$/bbl)	<b>6.44</b>	6.33	6.54	6.46	6.76	6.11	7.31	8.12	5.49

<sup>(1)</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").

## Risk Management

- “Realized losses on all risk management positions for the three months ending March 31, 2022 are expected to be about \$970 million. Actual realizations for the first quarter of 2022 will be reported with Cenovus’s first quarter results. Based on forward prices as of March 31, 2022, estimated realized losses on all risk management positions for the three months ending June 30, 2022 are currently expected to be about \$410 million. Actual gains or losses resulting from these positions will depend on market prices or rates, as applicable, at the time each such position is settled. Cenovus plans to close the bulk of its outstanding crude oil price risk management positions related to WTI over the next two months and expects to have no significant financial exposure to these positions beyond the second quarter of 2022.”  
(Cenovus News Release, April 4, 2022)

### Net Fair Value of Risk Management Positions

As at December 31, 2021	Notional Volumes <sup>(1) (2)</sup>	Terms <sup>(3)</sup>	Weighted Average Price <sup>(1) (2)</sup>	Fair Value Asset (Liability)
Crude Oil and Condensate Contracts				
WTI Fixed – Sell	61.8 MMbbls	January 2022 - June 2023	US\$72.19/bbl	(188)
WTI Fixed – Buy	25.3 MMbbls	January 2022 - June 2023	US\$71.55/bbl	94
Other Financial Positions <sup>(4)</sup>				24
Foreign Exchange Contracts				2
<b>Total Fair Value</b>				<b>(68)</b>

(1) Million barrels (“MMbbls”). Barrel (“bbl”).

(2) Notional volumes and weighted average price represent various contracts over the respective terms. The notional volumes and weighted average price may fluctuate from month to month as it represents the averages for various individual contracts with different terms.

(3) Contract terms represent various individual contracts with different terms, and range from one to eighteen months.

(4) Other financial positions consists of risk management positions related to WCS, heavy oil and condensate differential contracts, Belvieu fixed contracts, reformulated blendstock for oxygenate blending gasoline contracts, heating oil and natural gas fixed price contracts, and the Company’s U.S. Manufacturing and Marketing activities.

### A) Commodity Price, Interest Rate and Foreign Currency Risk

#### Sensitivities

The following table summarizes the sensitivity of the fair value of Cenovus’s risk management positions to independent fluctuations in commodity prices and foreign exchange rates, with all other variables held constant. Management believes the fluctuations identified in the table below are a reasonable measure of volatility.

The impact of fluctuating commodity prices and foreign exchange rates on the Company’s open risk management positions could have resulted in an unrealized gain (loss) impacting earnings before income tax as follows:

As at December 31, 2021	Sensitivity Range	Increase	Decrease
Crude Oil Commodity Price	± US\$5.00/bbl Applied to WTI, Condensate and Related Hedges	(225)	225
WCS and Condensate Differential Price	± US\$2.50/bbl Applied to WCS and Differential Hedges Tied to Production	4	(4)
Refined Products Commodity Price	± US\$5.00/bbl Applied to Heating Oil and Gasoline Hedges	(2)	2
U.S. to Canadian Dollar Exchange Rate	± 0.05 in the U.S. to Canadian Dollar Exchange Rate	11	(12)

(Cenovus interim consolidated financial statements for the period ended December 31, 2021)

### Contingent Payment:

- “Related to Foster Creek and Christina Lake production, Cenovus agreed to make quarterly payments to ConocoPhillips Company and certain of its subsidiaries (“ConocoPhillips”) during the five years subsequent to the closing date of the acquisition from ConocoPhillips of its 50 percent interest in the FCCL Partnership on May 17, 2017, for quarters in which the average WCS crude oil price exceeds \$52 per barrel during the quarter. The quarterly payment is \$6 million for each dollar that the WCS price exceeds \$52 per barrel. There are no maximum payment terms. The calculation includes an adjustment mechanism related to certain significant production outages at Foster Creek and Christina Lake, which may reduce the amount of a contingent payment. The agreement expires on May 17, 2022.” *(Cenovus MD&A for the period ended December 31, 2021)*
- The contingent payment is accounted for as a financial option. The fair value of \$236 million as at December 31, 2021, was estimated by calculating the present value of the future expected cash flows using an option pricing model. The contingent payment is re-measured at fair value at each reporting date with changes in fair value recognized in net earnings. For the year ended December 31, 2021, non-cash re-measurement losses of \$575 million were recorded. As at December 31, 2021, \$160 million is payable under this agreement. In 2021, we paid \$242 million under this agreement, of which \$175 million was recognized as cash flow from operating activities and reduced Adjusted Funds Flow. All future payments will be recognized as a reduction to cash flow from operating activities and Adjusted Funds Flow.” *(Cenovus MD&A for the period ended December 31, 2021)*

**Forward-Looking Information:**

This document contains references to forward-looking information previously provided, identified by words such as “expect”, “may”, “plan”, and “will” or similar expressions and includes forecast operating and financial results. This document is prepared solely for the purposes of providing information about Cenovus’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. 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 Advisory of our 2022 Corporate Guidance and in the Advisories of the above referenced News Releases and Management’s Discussion and Analysis, available at [cenovus.com](http://cenovus.com). For a full discussion of our material risk factors, see “Risk Management and Risk Factors” in our 2021 Annual Management’s Discussion and Analysis, available at [sedar.com](http://sedar.com), [sec.gov](http://sec.gov) and [cenovus.com](http://cenovus.com).

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