

July 5, 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 second quarter 2022 results on Thursday, July 28th, 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 results.

Corporate:

- "As at March 31, 2022, our long-term debt was \$11.7 billion and our Net Debt position was \$8.4 billion." *(Cenovus MD&A for the period ended March 31, 2022)*
- "Cenovus will target to return 50% of quarterly excess free funds flow to shareholders when reported net debt is less than \$9 billion. The company will do this through share buybacks and/or variable dividends while also continuing to pay down the balance sheet." *(Cenovus News Release, April 27, 2022)*
- "Cenovus Energy Inc. announced today that on June 28, 2022 (the "Redemption Date") it will redeem the entire outstanding principal amount of its 3.55% notes due March 12, 2025 (the "Notes")." *(Cenovus News Release, May 24, 2022)*
- "Included in the West White Rose Project capital estimate is \$120 million net to Cenovus to be spent in 2022 as the company works towards full restart of the West White Rose Project in 2023. This amount will be added to Cenovus's 2022 Corporate Guidance at its next update later this year." *(Cenovus News Release, May 31, 2022)*
- Cenovus Energy Inc. has reached an agreement to purchase the remaining 50% of the Sunrise oil sands project in northern Alberta from bp. Total consideration for the transaction includes \$600 million in cash, a variable payment with a maximum cumulative value of \$600 million expiring after two years, and Cenovus's 35% position in the undeveloped Bay du Nord project offshore Newfoundland and Labrador. The transaction has an effective date of May 1, 2022 and is anticipated to close in the third quarter of this year, subject to closing conditions and normal purchase price adjustments. *(Cenovus News Release, June 13, 2022)*

Share Repurchases

2022 Summary of shares repurchased

Period	Shares (millions)	Average price (C\$)	Repurchases (millions)	Date of filing
January	8.5	\$17.65	\$150	2022-02-10
February	14.2	\$19.53	\$277	2022-03-10
March	2.0	\$19.88	\$39	2022-04-08
April	16.9	\$21.79	\$369	2022-05-10
May	0.0	-	\$0	-

Note: Transactions in USD have been converted to CAD

- Public filings of insider transactions, including share repurchases and cancellations, are available at the following website: <https://www.sedi.ca/sedi/>

Corporate guidance

2022 Corporate guidance - C\$, before royalties

April 26, 2022

UPSTREAM				
OIL SANDS				
	Production (Mbbbls/d)	Capital expenditures (\$ millions)	Operating costs (\$/bbl)	Effective royalty rates (%)
Christina Lake	230 - 250		Fuel 3.75 - 4.50 Non-fuel 4.25 - 5.00 Total 8.00 - 9.50	30 - 34
Foster Creek	185 - 205		Fuel 4.75 - 5.50 Non-fuel 6.25 - 7.00 Total 11.00 - 12.50	28 - 32
Lloydminster Thermal	95 - 105		16.00 - 18.00	10 - 12
Lloydminster Conventional Heavy	19 - 22		36.00 - 39.00	9 - 12
Sunrise	23 - 27		18.00 - 21.00	7 - 9
Oil Sands total	552 - 609	1,350 - 1,550	12.50 - 14.00	
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			
Conventional total	118 - 134	150 - 200	10.00 - 11.50	14 - 17
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 ⁽¹⁾	10 - 13		10.50 - 12.00	38 - 40
Offshore total	64 - 76	200 - 250	14.00 - 16.00	
TOTAL UPSTREAM				
	Production (Mbbbls/d, MMcf/d, MBOE/d)	Capital expenditures (\$ millions)		
Total liquids	620 - 655			
Total natural gas	820 - 880			
Total upstream ⁽²⁾	760 - 800	1,700 - 2,000		
DOWNSTREAM				
	Throughput (Mbbbls/d)	Capital expenditures (\$ millions)	Operating costs (\$/bbl)	
Canadian Manufacturing ⁽³⁾	100 - 110		10.00 - 12.00	
U.S. Manufacturing ⁽⁴⁾	430 - 470		10.00 - 12.00	
Superior rebuild ⁽⁵⁾		500 - 550		
Downstream total	530 - 580	1,150 - 1,250	10.00 - 12.00	
CORPORATE				
Corporate & other expenditures (\$ millions)		50 - 70	General & administrative expenses (\$ millions) ⁽⁶⁾	475 - 525
Total capital expenditures (\$ billions)		2.9 - 3.3	Cash tax (\$ millions)	1,400 - 1,700
One-time integration costs (\$ millions)		100 - 150	Effective tax rate (%) ⁽⁷⁾	23 - 25
PRICE ASSUMPTIONS & ADJUSTED FUNDS FLOW SENSITIVITIES ⁽⁸⁾				
Brent (US\$/bbl)	\$ 99.00	Independent base case sensitivities		Increase
WTI (US\$/bbl)	\$ 94.00	<i>(As at March 31, 2022 for the remainder of 2022)</i>		Decrease
Western Canada Select (US\$/bbl)	\$ 81.00	Crude oil (WTI) - US\$1.00 change		(\$ millions) (\$ millions)
Differential WTI-WCS (US\$/bbl)	\$ 13.00	Light-heavy differential (WTI-WCS) - US\$1.00 change		95 (95)
Chicago 3-2-1 Crack Spread (US\$/bbl)	\$ 26.00	Chicago 3-2-1 crack spread - US\$1.00 change		(35) 35
RINs (US\$/bbl)	\$ 5.50	RINs (RVO) - US\$1.00 change		105 (105)
AECO (\$/Mcf)	\$ 5.20	Natural gas (AECO) - C\$1.00 change		(95) 95
Exchange Rate (US\$/C\$)	\$ 0.80	Exchange rate (US\$/C\$) - \$0.01 change		5 (5)
				(110) 110

(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.

Upstream 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, calculated as diluent volumes as a percentage of total blended volumes, range from approximately 25 percent to 35 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 March 31, 2022)

	2022					
	Jan	Feb	Mar	April	May	June
Condensate (C5 @ Edmonton) (US\$/bbl)	83.97	93.88	110.42	105.56	109.15	110.31

Royalties

- See Cenovus 2022 Guidance dated April 26, 2022 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.
- “Royalties for a post-payout project are based on an annualized calculation which uses the greater of: (1) the gross revenues multiplied by the applicable royalty rate (one percent to nine percent, based on the Canadian dollar equivalent WTI benchmark price); or (2) the net revenues of the project multiplied by the applicable royalty rate (25 percent to 40 percent, based on the Canadian dollar equivalent WTI benchmark price). Gross revenues are a function of sales revenues less diluent costs and transportation costs. Net revenues are a function of sales revenues less diluent costs, transportation costs, and allowed operating and capital costs. Foster Creek and Christina Lake are post-payout projects and Sunrise is a pre-payout project.” (Cenovus MD&A for the period ended March 31, 2022)
- “For our Saskatchewan assets, 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 March 31, 2022)
- 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>

Planned Maintenance

- “The following table provides details on planned turnaround activities at Cenovus assets in 2022 and anticipated production or throughput impacts. These planned turnarounds were already reflected in Cenovus’s original 2022 Corporate Guidance announced in December 2021 and remain reflected in the updated guidance.” (Cenovus News Release, April 27, 2022)

2022 Planned maintenance			
Potential quarterly production/throughput impact (Mbbbls/d)			
	Q2	Q3	Q4
Upstream			
Foster Creek		11 - 14	5 - 8
Christina Lake	14 - 17		
Lloydminster Thermals	2 - 3	1 - 2	
Downstream			
Lloydminster Upgrader	9 - 14		
Lloydminster Refinery	11 - 16		
U.S. Manufacturing	60 - 70	20 - 25	10 - 15

- “The turnaround activity underway at the Wood River and Borger refineries is expected to be completed in the middle of the second quarter. A scheduled turnaround at the Toledo Refinery began in mid-April. After the second quarter, Cenovus expects to have completed most of its planned major maintenance this year, positioning the company for even stronger operational momentum in the second half of the year.” (Cenovus News Release, April 27, 2022)

Prices

- Benchmark pricing as of June 30, 2022:

Selected Average Benchmark Prices	2022				
	Q2	April	May	June	Q1
Crude Oil Prices (US\$/bbl)					
Brent	111.79	105.92	111.96	117.50	97.38
West Texas Intermediate ("WTI")	108.41	101.64	109.26	114.34	94.29
Differential Brent Futures-WTI	3.38	4.28	2.70	3.16	3.09
Western Canadian Select ("WCS")	95.61	89.06	96.60	101.17	79.76
Differential - WTI-WCS	12.80	12.58	12.66	13.17	14.53
Differential - WTI-WTS	0.24	1.00	0.09	(0.36)	(0.01)
Mixed Sweet Blend ("MSW")	107.91	102.25	108.36	113.12	91.33
Condensate (C5 @ Edmonton)	108.34	105.56	109.15	110.31	96.09
Differential - WTI-Condensate (premium)/discount	0.07	(3.92)	0.11	4.03	(1.80)
Refining Margins 3-2-1 Crack Spreads (US\$/bbl) ⁽¹⁾					
Chicago	46.50	34.82	45.16	59.51	18.35
Midwest Combined (Group 3)	44.35	36.60	41.97	54.48	19.94
Natural Gas Prices					
AECO (C\$/Mcf)	6.27	4.81	6.23	7.78	4.59
AECO (C\$/GJ)	5.95	4.56	5.91	7.37	4.35
NYMEX (US\$/Mcf)	7.17	5.34	7.27	8.91	4.95
Differential NYMEX - AECO (US\$/Mcf)	2.23	1.49	2.43	2.77	1.34
RINS					
RVO (US\$/bbl)	7.80	7.25	8.30	7.84	6.44

⁽¹⁾ 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

- “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 March 31, 2022	Notional Volumes ^{(1) (2)}	Terms ⁽³⁾	Weighted Average Price ^{(1) (2)}	Fair Value Asset (Liability)
Crude Oil Sales Price Related WTI ⁽⁴⁾				
WTI Fixed – Sell	27.0 MMBbbls	April 2022 - June 2022 ⁽⁴⁾	US\$86.31/bbl	(436)
WTI Fixed – Buy	15.4 MMBbbls	April 2022 - June 2022 ⁽⁴⁾	US\$96.60/bbl	56
WTI Fixed – Sell	14.9 MMBbbls	July 2022 - December 2024 ⁽⁴⁾	US\$84.35/bbl	(153)
WTI Fixed – Buy	9.8 MMBbbls	July 2022 - December 2024 ⁽⁴⁾	US\$78.26/bbl	153
Other WTI ⁽⁵⁾				
WTI Fixed – Sell	6.5 MMBbbls	April 2022 - December 2022	US\$103.37/bbl	28
WTI Fixed – Buy	3.0 MMBbbls	April 2022 - December 2022	US\$108.14/bbl	(32)
Other Financial Positions ⁽⁶⁾				2
Foreign Exchange Rate Contracts				3
Total Fair Value				(379)

(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 33 months.

(4) On April 4, 2022, Cenovus announced the suspension of its crude oil sales price risk management activities related to WTI. The terms noted above are as at March 31, 2022. Contracts with terms between April 2022 and June 2022, are expected to naturally decay. Contracts with terms between July 2022 and December 2024, started to be liquidated in April 2022 and will be closed by June 30, 2022.

(5) Other WTI positions consist of WTI contracts to help manage condensate price exposure as well as feedstock costs and refined products price exposure.

(6) Other financial positions consists of risk management positions related to WCS, heavy oil and condensate differential contracts, Belvieu fixed price contracts, reformulated blendstock for oxygenate blending gasoline contracts, heating oil and natural gas fixed price contracts, renewable energy 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 March 31, 2022	Sensitivity Range	Increase	Decrease
Crude Oil Commodity Price ⁽¹⁾	± US\$5.00/bbl Applied to WTI, Condensate and Related Hedges	(114)	114
WCS and Condensate Differential Price	± US\$2.50/bbl Applied to WCS and Differential Hedges Tied to Production	(10)	10
Refined Products Commodity Price	± US\$5.00/bbl Applied to Heating Oil and Gasoline Hedges	(5)	5
Power Commodity Price	± C\$20.00/MWH Applied to Renewable Energy Contracts	34	(34)
U.S. to Canadian Dollar Exchange Rate	± 0.05 in the U.S. to Canadian Dollar Exchange Rate	15	(17)

(1) On April 4, 2022, Cenovus announced the suspension of its crude oil sales price risk management activities related to WTI. At March 31, 2022, the increase/decrease associated with the sensitivity range tied to the WTI contracts affected by this announcement was \$105 million.

(Cenovus interim consolidated financial statements for the period ended March 31, 2022)

Contingent Payment:

- Cenovus agreed to make quarterly payments to ConocoPhillips Company and certain of its subsidiaries (“ConocoPhillips”) subsequent to the closing date of the acquisition from ConocoPhillips of its 50 percent interest in the FCCL Partnership related to Foster Creek and Christina Lake production. The quarterly payment is \$6 million for each dollar that the WCS price exceeds \$52 per barrel. The agreement ends on May 17, 2022.” *(Cenovus MD&A for the period ended March 31, 2022)*
- The contingent payment is accounted for as a financial option. The fair value of \$178 million as at March 31, 2022, 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 quarter ended March 31, 2022, non-cash re-measurement losses of \$236 million were recorded. As at March 31, 2022, \$294 million is payable under this agreement.” *(Cenovus MD&A for the period ended March 31, 2022)*

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. 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, sec.gov and cenovus.com.

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