

January 11, 2023

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 fourth quarter 2022 results on Thursday February 16th, 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 fourth quarter results.

Corporate:

- “Cenovus Energy Inc. (TSX: CVE) (NYSE: CVE) is providing an update on its Downstream operations following recent extreme winter storms and severe cold temperatures at the company’s U.S. and Canadian refining operations, coupled with unplanned operational challenges and third-party pipeline outages, which impacted refinery throughput and operational availability. Cenovus’s priority remains the safety of its people and the reliability and integrity of its operations. The Lloydminster Refinery has continued to run well through December and into January. However, the company’s refineries in the U.S. and the Lloydminster Upgrader experienced various degrees of unplanned operational issues, weather-related impacts and third-party pipeline outages. As a result, downstream throughput was significantly reduced in December. Cenovus now expects Q4 2022 downstream throughput in the ranges set out below.”

Estimated Q4 2022 Throughput (Mbbls/d)	
Canadian Manufacturing	90 – 95
U.S. Manufacturing	370 – 380

(Cenovus News Release January 8, 2023)

- “The Lima Refinery is now operating at full rates. The Lloydminster Upgrader and Borger Refinery are each expected to return to full rates by about the middle of January. The Wood River Refinery, currently operating at approximately 65% capacity, is expected to continue to increase rates through the first quarter. As a result of these impacts, Q1 2023 downstream refinery throughput will be lower than anticipated. If necessary, Cenovus will provide an update to its 2023 Corporate Guidance in February when its 2022 fourth-quarter and full-year results are announced.” *(Cenovus News Release January 8, 2023)*
- “In accordance with Cenovus’s shareholder returns framework, which has a target of returning 50% of excess free funds flow to shareholders when net debt is between \$9 billion and \$4 billion, on November 1, 2022 the Board declared a variable dividend of \$0.114 per common share to shareholders of record on November 18, 2022, payable on December 2, 2022, which will deliver a total of \$219 million to shareholders.” *(Cenovus MD&A for the period ended September 30, 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	-
June	26.2	\$24.75	\$649	2022-07-05
July	18.5	\$22.93	\$425	2022-08-10
August	9.1	\$22.06	\$201	2022-09-09
September	2.3	\$21.45	\$49	2022-10-06
October	3.3	\$23.75	\$78	2022-11-10
November	2.9	\$26.02	\$77	2022-12-09
December	8.6	\$25.26	\$217	2023-01-10

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/>

Guidance

- “Our 2022 capital program is forecast to be between \$3.3 billion and \$3.7 billion. Our Future Capital Investment is focused on maintaining safe and reliable operations, while positioning the Company to drive enhanced shareholder value. We expect our annual upstream production to average between 780 thousand BOE per day and 810 thousand BOE per day. Given the incident at the Toledo Refinery, we now expect our downstream crude oil throughput to fall modestly outside the guidance range of 530 thousand barrels per day to 580 thousand barrels per day in 2022.” (Cenovus MD&A for the period ended September 30, 2022)

2022 Corporate guidance - C\$, before royalties

July 27, 2022

UPSTREAM					
OIL SANDS					
	Production (Mbbbls/d)	Capital investments (\$ millions)	Operating costs (\$/bbl)	Effective royalty rates (%)	
Christina Lake	235 - 250		Fuel 3.75 - 4.50 Non-fuel 4.25 - 5.00 Total 8.00 - 9.50	30 - 34	
Foster Creek	190 - 205		Fuel 4.75 - 5.50 Non-fuel 6.25 - 7.00 Total 11.00 - 12.50	28 - 32	
Lloydminster Thermal	100 - 110		16.00 - 18.00	10 - 12	
Lloydminster Conventional Heavy	16 - 19		41.00 - 44.00	9 - 12	
Sunrise	33 - 36		18.00 - 21.00	7 - 9	
Oil Sands total	574 - 620	1,550 - 1,750	12.50 - 14.00		
CONVENTIONAL					
	Production (Mbbbls/d)	Capital investments (\$ millions)	Operating costs (\$/boe)	Effective royalty rates (%)	
Crude oil	8 - 10				
NGLs	23 - 25				
Natural gas	560 - 600				
Conventional total	124 - 135	250 - 300	10.00 - 11.50	14 - 17	
OFFSHORE					
	Production (MBOE/d)	Capital investments (\$ millions)	Operating costs (\$/boe)	Effective royalty rates (%)	
Atlantic	12 - 15		40.00 - 45.00	1 - 2	
China	42 - 48		6.00 - 7.50	5 - 7	
Indonesia ⁽¹⁾	10 - 13		12.00 - 13.00	42 - 44	
Offshore total	64 - 76	300 - 350	14.00 - 16.00		
TOTAL UPSTREAM					
	Production (Mbbbls/d, MMcf/d, MBOE/d)	Capital investments (\$ millions)			
Total liquids	640 - 665				
Total natural gas	820 - 880				
Total upstream ⁽²⁾	780 - 810	2,100 - 2,400			
DOWNSTREAM					
	Throughput (Mbbbls/d)	Capital investments (\$ millions)	Operating costs (\$/bbl)		
Canadian Manufacturing ⁽³⁾	100 - 110		12.50 - 13.50		
U.S. Manufacturing ⁽⁴⁾	430 - 470		13.50 - 14.50		
Superior rebuild ⁽⁵⁾		500 - 550			
Downstream total	530 - 580	1,150 - 1,250	13.00 - 14.00		
CORPORATE					
Corporate & other expenditures (\$ millions)		50 - 70	General & administrative expenses (\$ millions) ⁽⁶⁾	475 - 525	
Total capital investments (\$ billions)		3.3 - 3.7	Cash tax (\$ billions)	2.3 - 2.6	
One-time integration costs (\$ millions)		100 - 150	Effective tax rate (%) ⁽⁷⁾	23 - 25	
PRICE ASSUMPTIONS & ADJUSTED FUNDS FLOW SENSITIVITIES ⁽⁸⁾					
Brent (US\$/bbl)	\$ 103.00	Independent base case sensitivities		Increase	Decrease
WTI (US\$/bbl)	\$ 100.00	<i>(As at June 30, 2022 for the remainder of 2022)</i>		(\$ millions)	(\$ millions)
Western Canada Select (US\$/bbl)	\$ 84.00	Crude oil (WTI) - US\$1.00 change		75	(75)
Differential WTI-WCS (US\$/bbl)	\$ 16.00	Light-heavy differential (WTI-WCS) - US\$1.00 change		(30)	30
Chicago 3-2-1 Crack Spread (US\$/bbl)	\$ 38.00	Chicago 3-2-1 crack spread - US\$1.00 change		85	(85)
RINs (US\$/bbl)	\$ 7.25	RINs (RVO) - US\$1.00 change		(55)	55
AECO (\$/Mcf)	\$ 5.30	Natural gas (AECO) - C\$1.00 change		(5)	5
Exchange Rate (US\$/C\$)	\$ 0.78	Exchange rate (US\$/C\$) - \$0.01 change		(115)	115

(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 22 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 September 30, 2022)

	2022											
	Jan	Feb	Mar	April	May	June	July	Aug	Sep	Oct	Nov	Dec
Condensate (C5 @ Edmonton) (US\$/bbl)	83.97	93.88	110.42	105.56	109.15	110.31	92.48	87.59	81.72	84.97	84.71	80.49

Royalties

- See Cenovus 2022 Guidance dated July 27, 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 pre-payout project are based on a monthly calculation that applies a royalty rate (ranging from one percent to nine percent, based on the Canadian dollar equivalent WTI benchmark price) to the gross revenues from the project. 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 calculated as 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 September 30, 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, which includes 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 September 30, 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>

Prices

- Benchmark pricing as of December 31, 2022:

Selected Average Benchmark Prices	2022						
	Q4	October	November	December	Q3	Q2	Q1
Crude Oil Prices (US\$/bbl)							
Brent	88.59	93.59	90.85	81.34	97.81	111.79	97.38
West Texas Intermediate ("WTI")	82.65	87.03	84.39	76.52	91.55	108.41	94.29
Differential Brent Futures-WTI	5.95	6.56	6.46	4.82	6.26	3.38	3.09
Western Canadian Select ("WCS")	56.98	66.38	57.43	47.14	71.69	95.61	79.76
Differential - WTI-WCS	25.66	20.65	26.96	29.38	19.86	12.80	14.53
Differential - WTI-WTS	0.95	0.57	0.77	1.51	(0.81)	0.24	(0.01)
Mixed Sweet Blend ("MSW")	81.07	85.82	82.14	75.26	89.50	107.91	91.33
Condensate (CS @ Edmonton)	83.40	84.97	84.71	80.49	87.26	108.34	96.09
Differential - WTI-Condensate (premium)/discount	(0.75)	2.06	(0.32)	(3.97)	4.29	0.07	(1.80)
Refining Margins 3-2-1 Crack Spreads (US\$/bbl) ⁽¹⁾							
Chicago	32.87	48.33	34.49	15.39	38.87	46.50	18.35
Midwest Combined (Group 3)	29.99	42.63	28.67	18.28	38.57	44.35	19.94
Natural Gas Prices							
AECO (C\$/Mcf)	5.58	4.66	5.67	6.41	5.81	6.27	4.59
AECO (C\$/GJ)	5.29	4.41	5.38	6.07	5.50	5.95	4.35
NYMEX (US\$/Mcf)	6.26	6.87	5.19	6.71	8.20	7.17	4.95
Differential NYMEX - AECO (US\$/Mcf)	2.14	3.46	1.02	1.94	3.74	2.23	1.34
RINs							
RVO (US\$/bbl)	8.54	8.36	9.04	8.23	8.11	7.80	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").

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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