

## July 7, 2016

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 2016 results on Thursday, July 28<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 2016 results.

### Production:

- "Both Christina Lake phase F and Foster Creek phase G expansions remain on track for first oil in the third quarter of this year. We expect these phases to ramp up over a twelve to eighteen month period, bringing our total production capacity to 390,000 barrels per day on a gross basis." – [Q1 2016 conference call](#) (April 27, 2016)
- "We have now brought on two of the seven new well pads planned for this year, which is the start of a measured ramp-up of volumes from Foster Creek throughout this year. We have also brought back roughly half of the wells that went down in 2015 and are now at a normal inventory level." – [Q1 2016 conference call](#) (April 27, 2016)
- "Cenovus anticipates production at Foster Creek to average between 60,000 bbls/d and 65,000 bbls/d net in the first half of 2016 and between 65,000 bbls/d and 70,000 bbls/d net in the second half of the year, exiting 2016 above 70,000 bbls/d net, in line with the company's February guidance." – [Q1 2016 news release](#) (April 27, 2016)
- "Foster Creek volumes in March were as expected, averaging just over 62,000 bbls/d net, with the SOR tracking at the high end of our guidance range of 2.6 to 3.0 as we continue to steam new well pads. We expect to see SORs at these levels through much of the year, as we start up new well pads associated with the phase G ramp up." – [Q1 2016 conference call](#) (April 27, 2016)
- "Christina Lake continues to demonstrate top-tier performance, averaging an SOR of 1.9 in the quarter, and it continues to produce at or near the design capacity of 80,000 barrels per day, net." – [Q1 2016 conference call](#) (April 27, 2016)
- On June 7, 2016, our Pelican Lake facilities were temporarily shut down due to a wildfire close to the main complex. Operations returned to normal production levels on June 13, 2016. As a reminder, we produced just under 23,000 bbls/d of heavy oil at our Pelican Lake operations in the first quarter of 2016. – [Recent news](#) (June 13, 2016)

## Refining:

- “I would like to stress that some of these bigger factors on condensate are transitory in nature. We expect overall bitumen realizations to improve in the second quarter as we benefit from blending less expensive condensate into our product and selling into a rising price environment.” - [Q1 2016 conference call](#) (April 27, 2016)
- “At the current prices, if the current pricing levels are sustained, yes the expectation is we would actually see a FIFO benefit in Q2, much as we did in Q2 of last year. So it is heavily tied to the direction of crude. The lag time between acquisition and processing is not as long as it is for example on the diluent supply side to the upstream but there is a lag. But Q2 at this point would look to be positive from a FIFO's impact basis.” – [Q1 2016 webcast](#) (April 27, 2016)
- 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. – [Q3 2015 news release](#) (October 29, 2015)

| Selected Average Benchmark Prices                                     | 2016         |              |        | 2015  |       |       |                 |       |       |
|---|--------------|--------------|--------|-------|-------|-------|-----------------|-------|-------|
|   | Year to Date | Q2           | Q1     | Year  | Q4    | Q3    | Q2 Year to Date | Q2    | Q1    |
| <b>Crude Oil Prices (US\$/bbl)</b>                                    |              |              |        |       |       |       |                 |       |       |
| Brent   | <b>41.03</b> | <b>46.97</b> | 35.08  | 53.64 | 44.71 | 51.17 | <b>59.33</b>    | 63.50 | 55.17 |
| West Texas Intermediate ("WTI")                                       | <b>39.52</b> | <b>45.59</b> | 33.45  | 48.80 | 42.18 | 46.43 | <b>53.29</b>    | 57.94 | 48.63 |
| Differential Brent - WTI  | <b>1.51</b>  | <b>1.38</b>  | 1.63   | 4.84  | 2.53  | 4.74  | <b>6.04</b>     | 5.56  | 6.54  |
| Western Canadian Select ("WCS")                                       | <b>25.75</b> | <b>32.29</b> | 19.21  | 35.28 | 27.69 | 33.16 | <b>40.13</b>    | 46.35 | 33.90 |
| Differential WTI - WCS  | <b>13.77</b> | <b>13.30</b> | 14.24  | 13.52 | 14.49 | 13.27 | <b>13.16</b>    | 11.59 | 14.73 |
| Condensate (C5 @ Edmonton)  | <b>39.23</b> | <b>44.07</b> | 34.39  | 47.36 | 41.67 | 44.21 | <b>51.78</b>    | 57.94 | 45.62 |
| Differential WTI - Condensate (Premium)/Discount                      | <b>0.29</b>  | <b>1.52</b>  | (0.94) | 1.44  | 0.51  | 2.22  | <b>1.51</b>     | -     | 3.01  |
| <b>Refining Margins 3-2-1 Crack Spreads <sup>(1)</sup> (US\$/bbl)</b> |              |              |        |       |       |       |                 |       |       |
| Chicago   | <b>13.36</b> | <b>17.15</b> | 9.58   | 19.11 | 14.47 | 24.67 | <b>18.65</b>    | 20.77 | 16.53 |
| Group 3   | <b>11.78</b> | <b>13.03</b> | 10.52  | 18.16 | 13.82 | 22.03 | <b>18.40</b>    | 19.34 | 17.46 |
| <b>Natural Gas Prices</b>   |              |              |        |       |       |       |                 |       |       |
| AECO (C\$/Mcf)  | <b>1.68</b>  | <b>1.25</b>  | 2.11   | 2.77  | 2.65  | 2.80  | <b>2.81</b>     | 2.67  | 2.95  |
| NYMEX (US\$/Mcf)  | <b>2.02</b>  | <b>1.95</b>  | 2.09   | 2.66  | 2.27  | 2.77  | <b>2.81</b>     | 2.64  | 2.98  |
| Differential NYMEX - AECO (US\$/Mcf)                                  | <b>0.77</b>  | <b>0.98</b>  | 0.56   | 0.49  | 0.27  | 0.61  | <b>0.53</b>     | 0.50  | 0.57  |

<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").

## Hedging:

- As a reminder, we updated our 2016 hedge position as at April 22, 2016. – [Corporate presentation](#)

## Mitigating financial risk

|      | Hedge contracts as at April 22, 2016  | Hedge position  | Hedge price  | Volume % hedged <sup>(2)</sup> and average price      |
|------|---|---|--|---|
| 2016 | <b>Crude – Brent Fixed Price</b><br>January – June<br>January – December<br>July - December | 17,000 bbls/d<br>38,000 bbls/d<br>10,000 bbls/d<br>5,000 bbls/d | C\$75.80/bbl<br>US\$46.62/bbl<br>US\$66.93/bbl<br>C\$75.46/bbl | 21% of remaining year volumes hedged at –C\$66.10/bbl |
|      | <b>Crude – Brent Collars</b><br>July – December   | 10,000 bbls/d   | US\$45.55 – \$56.55/bbl  |   |
|      | <b>Crude – WTI Fixed Price</b><br>July – December   | 10,000 bbls/d   | US\$39.02  |   |
|      | <b>Condensate – Mont Belvieu Fixed Price</b><br>January – December (purchase)               | 3,000 bbls/d  | US\$39.20  |   |
|      | <b>WCS Differential<sup>(1)</sup></b><br>January – December                                 | 31,600 bbls/d   | US\$(13.96)/bbl  |   |
| 2017 | <b>Crude – WTI Fixed Price</b><br>January – June  | 53,000 bbls/d   | US\$45.51/bbl  |   |
|      | <b>WTI – Costless Collars</b><br>July – December  | 5,000 bbls/d  | US\$43.00 – \$53.06/bbl  |   |

<sup>(1)</sup> Cenovus entered into fixed-price swaps and futures to mitigate the impact of light/heavy price differential for heavy crudes.

<sup>(2)</sup> Percent volume hedged is based on 2016F liquids of 204.5 Mbbls/d as per February 11, 2016 guidance.

### 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 Advisory of our 2016 Corporate Guidance, available at [cenovus.com](http://cenovus.com). For a full discussion of our material risk factors, see “Risk Factors” in our 2015 Annual Information Form, available at [www.sedar.com](http://www.sedar.com) and [cenovus.com](http://cenovus.com)