

April 3, 2019

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 2019 results on Wednesday, April 24th, 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:

- "As at December 31, 2018, there were approximately 1,229 million common shares outstanding." (*Cenovus MD&A for the period ended December 31, 2018*)
- "In January 2019, we repurchased a further US\$324 million of our unsecured notes at a discount." (*Cenovus MD&A for the period ended December 31, 2018*)
- Our 2019 Corporate Guidance oil volume forecasts do not currently reflect the impact of the Government of Alberta's mandated production curtailments scheduled to take effect on January 1, 2019. (*Cenovus 2019 Guidance document, December 10, 2018*)
- Cenovus provides Adjusted Funds Flow sensitivities to benchmark commodity prices for 2019 in its 2019 guidance document. (*Cenovus 2019 Guidance document, December 10, 2018*)

2019 Corporate Guidance - C\$, before royalties

December 10, 2018

PRICE ASSUMPTIONS & ADJUSTED FUNDS FLOW SENSITIVITIES ⁽⁶⁾

| | | Independent base case sensitivities | Increase | Decrease |
|---------------------------------------|---------|--|---------------|---------------|
| | | <i>(for the full year 2019)</i> | (\$ millions) | (\$ millions) |
| Brent (US\$/bbl) | \$66.50 | Crude oil (WTI) - US\$1.00 change | 130 | (130) |
| WTI (US\$/bbl) | \$57.00 | Light-heavy differential (WTI-WCS) - US\$1.00 change | (115) | 115 |
| Western Canada Select (US\$/bbl) | \$30.00 | Chicago 3-2-1 crack spread - US\$1.00 change | 70 | (70) |
| AECO (\$/Mcf) | \$1.75 | Natural gas (AECO) - C\$1.00 change | 75 | (80) |
| Chicago 3-2-1 Crack Spread (US\$/bbl) | \$16.50 | Exchange rate (US\$/C\$) - \$0.01 change | (45) | 45 |
| Exchange Rate (US\$/C\$) | \$0.76 | | | |

(6) Sensitivities include current hedge positions applicable to the full year of 2019. 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.

IFRS 16, "Leases"

- The following excerpt is from the Cenovus MD&A for the period ended December 31, 2018:
- "IFRS 16 is effective for years beginning on or after January 1, 2019 and may be applied retrospectively or using a modified retrospective approach. We have selected to use the modified retrospective approach which does not require restatement of prior period financial information as the cumulative effect of applying the standard to prior periods is recorded as an adjustment to opening retained earnings. On initial adoption, we have elected to use the following practical expedients permitted under the standard:
 - Apply a single discount rate to a portfolio of leases with similar characteristics;

- Account for leases with a remaining term of less than 12 months as at January 1, 2019 as short-term leases;
 - Account for lease payments as an expense and not recognize a right-of-use (“ROU”) asset if the underlying asset is of low dollar value;
 - The use of hindsight in determining the lease term where the contract contains terms to extend or terminate the lease; and
 - Use the Company’s previous assessment under IAS 37, “Provisions, Contingent Liabilities and Contingent Assets” (“IAS 37”), for onerous contracts instead of reassessing the ROU asset for impairment on January 1, 2019.
- On adoption of IFRS 16, we will recognize lease liabilities in relation to leases under the principles of the new standard measured at the present value of the remaining lease payments, discounted using the interest rate implicit in the lease or our incremental borrowing rate as at January 1, 2019. The associated ROU assets will be measured at the amount equal to the lease liability on January 1, 2019 less any amount previously recognized under IAS 37 for onerous contracts with no impact on retained earnings.
 - Adoption of the new standard will result in the recognition of additional lease liabilities and ROU assets of approximately \$1.5 billion and \$0.9 billion, respectively. We have identified ROU assets and lease liabilities primarily related to office space, railcars, storage tanks, drilling rigs and other field equipment. The impact on the consolidated statement of earnings will be as follows:
 - Lower general and administrative expenses, transportation and blending costs, operating costs, purchased product and property, plant and equipment expenditures;
 - Higher finance expenses due to the interest recognized on the lease obligations; and
 - Higher depreciation expense related to the ROU assets.
 - We have reviewed office space contracts where the Company is the lessor and as a result of these assessments will recognize a \$16 million net investment from these leases on January 1, 2019.”

Production:

- “Taking into account the government-mandated production curtailments, Cenovus expects its first-quarter 2019 bitumen and crude oil production will be a maximum of 348,000 bbls/d.” *(Cenovus News release – February 13, 2018)*
- Monthly oil sands production is published by the Alberta Energy Regulator (AER) at the following website <https://www.aer.ca/data-and-publications/statistical-reports/st53>. This no longer requires a subscription.
- “Fourth quarter 2018 production in the Deep Basin was more than 106,000 BOE/d. As previously announced, Cenovus has limited its investment and drilling plans for the Deep Basin in 2019.” *(Cenovus News release – February 13, 2018)*

Oil Sands Realized Bitumen Pricing:

- “Our realized crude oil sales price is influenced by the cost of condensate used in blending. Our blending ratios range between 25 percent and 33 percent. As the cost of condensate increases relative to the price of blended crude oil, our bitumen sales price decreases. Due to high demand for condensate at Edmonton, we also purchase condensate from U.S. markets. As such, our average cost of condensate is generally higher than the Edmonton benchmark price due to transportation between market hubs and transportation to field locations.” (Cenovus MD&A for the period ended December 31, 2018)
- “In addition, up to three months may elapse from when we purchase condensate to when we blend it with our production. In a falling crude oil price environment, we expect to see a negative impact on our bitumen sales price as we are using condensate purchased at a higher price earlier in the year.” (Cenovus MD&A for the period ended December 31, 2018)
- Historical condensate benchmark pricing:

| | 2019 | | | 2018 | | | | | | | | | | | |
|---------------------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| | Mar | Feb | Jan | Dec | Nov | Oct | Sep | Aug | Jul | Jun | May | Apr | Mar | Feb | Jan |
| Condensate (C5 @ Edmonton) (US\$/bbl) | 55.38 | 52.61 | 43.70 | 30.14 | 46.24 | 59.47 | 67.42 | 64.55 | 68.51 | 66.40 | 70.81 | 69.26 | 63.03 | 60.55 | 65.54 |

Transportation:

- “Cenovus made significant progress last year in strengthening its long-term market access position through its previously announced three-year strategic agreements with major rail companies to transport approximately 100,000 bbls/d of heavy crude oil from northern Alberta to various destinations on the U.S. Gulf Coast. Cenovus expects to ramp up its rail capacity towards 100,000 bbls/d through the remainder of 2019.” (Cenovus News release – February 13, 2019)
- “The company has current firm capacity to the West Coast, U.S. Gulf Coast and PADD II of 118,000 bbls/d combined.” (Cenovus News release – February 13, 2019)

Pipelines are core to market access strategy

Optimizing takeaway capacity to provide flexibility

- Taking a portfolio approach to maximize the value of every barrel
- Secured pipeline access to key markets outside of Alberta
- Multiple pipelines provide diversification of markets and mitigate exposure to wide differentials

Sufficient near term takeaway capacity

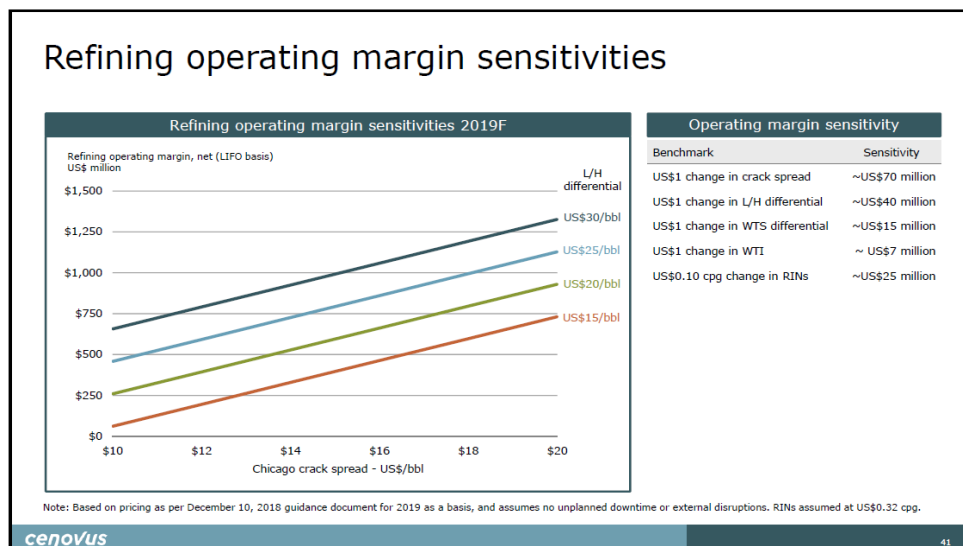
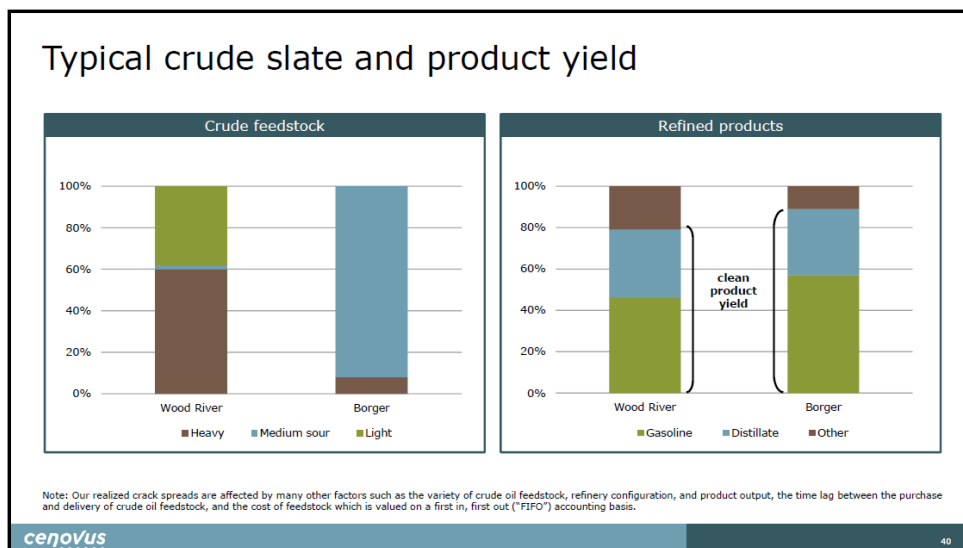
| Ex-Alberta pipeline commitments | |
|--|----------------|
| Current pipeline access | Volumes |
| PADD III: Enbridge US Gulf Coast pipelines | 82,500 bbls/d |
| PADD II: Express – Platte pipelines | 24,000 bbls/d |
| West Coast: Trans Mountain Pipeline | 11,500 bbls/d |
| Committed capacity on proposed pipelines | Volumes |
| PADD III: Keystone XL | 150,000 bbls/d |
| West Coast: Trans Mountain Expansion | 125,000 bbls/d |

Note: Values are based on total commitment and are subject to market conditions that could impact pipeline utilization due to upstream pipeline apportionment. See Advisory.

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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.”
(Cenovus News release - October 29, 2015)
- In the fourth quarter of 2018, operating margin from refining and marketing would have been \$198 million higher on a LIFO reporting basis, compared with \$83 million lower in the same quarter of 2017. (Cenovus News release – February 13, 2019)
- In 2018, Refining and Marketing gross margin increased primarily due to higher realized crack spreads from improved product pricing and significantly wider WTI-WCS and WTI-WTS crude oil differentials, which created a feedstock cost advantage. As at December 31, 2018, we recorded a \$47 million write-down of our refined product inventory due to a decline in prices. The Canadian dollar strengthened relative to the U.S. dollar compared with 2017, which had a negative impact on our gross margin of approximately \$10 million. (Cenovus MD&A for the period ended December 31, 2018)



Prices:

| Selected Average Benchmark Prices | 2019 | 2018 | | | | | 2017 | | | | |
|---|-------|-------|-------|-------|--------|--------|--------|--------|-------|--------|--------|
| | Q1 | Year | Q4 | Q3 | Q2 | Q1 | Year | Q4 | Q3 | Q2 | Q1 |
| Crude Oil Prices (US\$/bbl) | | | | | | | | | | | |
| Brent | 63.90 | 71.53 | 68.08 | 75.97 | 74.90 | 67.18 | 54.82 | 61.54 | 52.18 | 50.92 | 54.66 |
| West Texas Intermediate ("WTI") | 54.90 | 64.77 | 58.81 | 69.50 | 67.88 | 62.87 | 50.95 | 55.40 | 48.21 | 48.29 | 51.91 |
| Differential Brent Futures-WTI | 9.00 | 6.76 | 9.27 | 6.46 | 7.03 | 4.31 | 3.87 | 6.14 | 3.97 | 2.63 | 2.75 |
| Western Canadian Select ("WCS") | 42.61 | 38.46 | 19.39 | 47.25 | 48.61 | 38.59 | 38.97 | 43.14 | 38.27 | 37.16 | 37.33 |
| Differential - WTI-WCS | 12.29 | 26.31 | 39.42 | 22.25 | 19.27 | 24.28 | 11.98 | 12.26 | 9.94 | 11.13 | 14.58 |
| Differential - WTI-WTS | 1.15 | 7.53 | 6.43 | 14.03 | 8.23 | 1.41 | 1.04 | 0.47 | 1.05 | 1.12 | 1.51 |
| Mixed Sweet Blend ("MSW") (US\$) | 50.05 | 53.65 | 32.51 | 62.67 | 62.43 | 56.98 | 48.50 | 54.26 | 45.32 | 46.03 | 48.37 |
| Condensate - (C5 @ Edmonton) | 50.56 | 61.00 | 45.28 | 66.83 | 68.83 | 63.04 | 51.57 | 57.97 | 47.61 | 48.44 | 52.26 |
| Differential - WTI-Condensate (premium)/discount | 4.34 | 3.77 | 13.53 | 2.68 | (0.95) | (0.17) | (0.62) | (2.57) | 0.60 | (0.15) | (0.35) |
| Refining Margins 3-2-1 Crack Spreads (US\$/bbl) ⁽¹⁾ | | | | | | | | | | | |
| Chicago | 13.59 | 15.97 | 13.43 | 19.14 | 18.36 | 12.96 | 16.77 | 21.09 | 19.66 | 14.78 | 11.54 |
| Midwest Combined (Group 3) | 14.79 | 16.74 | 14.57 | 18.71 | 18.04 | 15.66 | 16.61 | 18.77 | 20.20 | 14.27 | 13.18 |
| Natural Gas Prices | | | | | | | | | | | |
| AECO (C\$/Mcf) | 1.94 | 1.53 | 1.90 | 1.35 | 1.03 | 1.85 | 2.43 | 1.96 | 2.04 | 2.77 | 2.94 |
| AECO (C\$/GJ) | 1.84 | 1.45 | 1.80 | 1.28 | 0.97 | 1.76 | 2.30 | 1.85 | 1.93 | 2.63 | 2.79 |
| NYMEX (US\$/Mcf) | 3.15 | 3.09 | 3.64 | 2.90 | 2.80 | 3.00 | 3.11 | 2.93 | 3.00 | 3.18 | 3.32 |
| Differential NYMEX - AECO (US\$/Mcf) | 1.69 | 1.90 | 2.19 | 1.88 | 2.00 | 1.52 | 1.26 | 1.40 | 1.39 | 1.13 | 1.10 |
| FIFO Adjustment (C\$ millions) ⁽²⁾ | | | | | | | | | | | |
| FIFO Adjustment | | (118) | (198) | 15 | 57 | 21 | 93 | 83 | 9 | (31) | 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").

⁽²⁾ Year totals are not intended to sum. These are period end balances that include impairment reclass between FIFO-LIFO presentation.

Foreign Exchange:

- "Our revenues are subject to foreign exchange exposure as the sales prices of our crude oil, NGL's, natural gas and refined products are determined by reference to U.S. benchmark prices. An increase in the value of the Canadian dollar compared with the U.S. dollar has a negative impact on our reported results. Likewise, as the Canadian dollar weakens, there is a positive impact on our reported results. In addition to our revenues being denominated in U.S. dollars, our long-term debt is also U.S. dollar denominated. In periods of a strengthening Canadian dollar, our U.S. dollar debt gives rise to unrealized foreign exchange gains when translated to Canadian dollars." (Cenovus MD&A for the period ended December 31, 2018)
- Please refer to the above sensitivities table from our guidance document if you are modelling the potential impact of changes in the foreign exchange rate.

Hedging:

- "Overall, Cenovus's 2018 upstream financial results were significantly impacted by widening light-heavy oil price differentials, which reached historical highs in the fourth quarter, as well as realized hedging losses of \$1.6 billion largely in the first three quarters of the year." (Cenovus News release - February 13, 2019)

| Current hedge positions for 2019 | | | |
|----------------------------------|--------------------|---------------|---------------------------|
| Hedges at December 31, 2018 | Terms | Volumes | Average price |
| Crude - WTI Collars | January - December | 19,000 bbls/d | US\$50.00 - US\$62.08/bbl |

Financial Instruments:

- As a reminder, "In connection with the Acquisition and related to oil sands production, we agreed to make quarterly payments to ConocoPhillips during the five years subsequent to May 17, 2017 for quarters in which the average WCS crude oil price exceeds \$52 per barrel during the quarter. As at December 31, 2018, the estimated fair value of the contingent payment was \$132 million." (Cenovus MD&A for the period ended December 31, 2018)

- “The contingent payment is carried at fair value on the Consolidated Balance Sheets. Fair value is estimated by calculating the present value of the future expected cash flows using an option pricing model (Level 3), which assumes the probability distribution for WCS is based on the volatility of WTI options, volatility of Canadian-U.S. foreign exchange rate options and WCS futures pricing, and discounted at a credit-adjusted risk-free rate of 3.9 percent.” *(Note 33C to Cenovus Interim Consolidated Financial Statements (unaudited) for the period ended December 31, 2018)*

Forward-Looking Information:

This document contains references to forward-looking information previously provided, identified by words such as “estimated”, and “expected” 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 2019 Corporate Guidance and in the Advisories for referenced News Releases, available at cenovus.com. For a full discussion of our material risk factors, see “Risk Management and Risk Factors” in our 2018 Annual Management Discussion and Analysis, available at sedar.com, sec.gov and cenovus.com