

# SUNRISE OIL SANDS ACQUISITION

June 13, 2022

**cenovus**  
ENERGY

# ADVANCES STRATEGIC PRIORITIES AND VALUE PROPOSITION

## BUILDS ON CENOVUS'S OIL SANDS CORE STRENGTH



### *Asset overview*

- Cenovus-operated since Husky transaction
- Increasing working interest from 50% to 100%
- Current production ~50 Mbbls/d (gross) and potential to achieve nameplate capacity of 60 Mbbls/d through Cenovus operating model
- Proved plus probable reserve life index of ~50 years
- Favourable royalty rates with pre-payout period expected for 7 - 8 years<sup>1</sup>

### *Optimizing through 100% ownership and operatorship*

- Opportunity to further deploy Cenovus operating model to drive higher volumes and lower costs over multi-year development plan
  - Optimized layouts expected to reduce new well pads by ~25%
  - Increasing well lengths from 800m to 1,100m
  - Expected cost reductions of over \$1.0 million per well pair

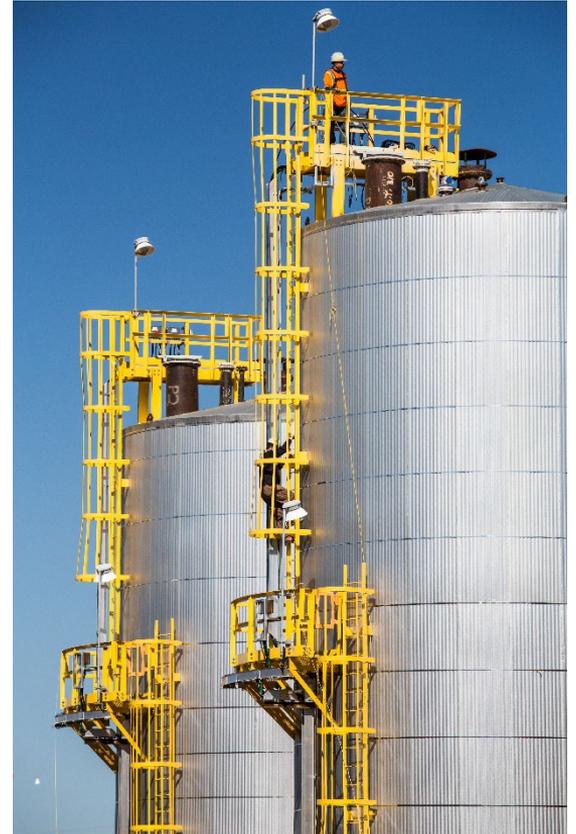
*Note: (1) At forward strip pricing as of June 1, 2022. See Advisory.*

# IMMEDIATELY ACCRETIVE ON KEY METRICS

## Transaction highlights

- Immediately accretive on adjusted funds flow and cash from operating activities prior to any synergy capture
- Total consideration:
  - \$600 million in cash before closing adjustments
  - Variable payment with maximum total value of \$600 million
    - Variable payments calculated quarterly based on \$2.8 million per dollar WCS benchmark exceeds C\$52/bbl
    - Expires after 2 years even if maximum amount not reached
    - 35% interest in undeveloped Bay du Nord offshore project
- Effective date: May 1<sup>st</sup>, 2022 (expected to reduce cash due at closing)
- Expected to close in Q3 2022

Note: See Advisory.



# ADVISORY

## Barrels of Oil Equivalent

Natural gas volumes have been converted to barrels of oil equivalent (BOE) on the basis of six Mcf to one barrel (bbl). BOE may be misleading, particularly if used in isolation. A conversion ratio of one bbl to six Mcf is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent value equivalency at the wellhead. Given that the value ratio based on the current price of crude oil compared with natural gas is significantly different from the energy equivalency conversion ratio of 6:1, utilizing a conversion on a 6:1 basis is not an accurate reflection of value.

## Presentation Basis

Cenovus presents production volumes on a net to Cenovus before royalties basis, unless otherwise stated.

## Forward-looking Information

This presentation contains certain forward-looking statements and forward-looking information (collectively referred to as “forward-looking information”) within the meaning of applicable securities legislation, including the United States Private Securities Litigation Reform Act of 1995, about our current expectations, estimates and projections about the future, based on certain assumptions made by us in light of our experience and perception of historical trends. Although we believe that the expectations represented by such forward-looking information are reasonable, there can be no assurance that such expectations will prove to be correct. Forward-looking information in this presentation is identified by words such as “achieve”, “drive”, “expect”, “opportunity”, “plan”, “potential”, “strategy” or similar expressions and includes suggestions of future outcomes, including, but not limited to, statements about: general and strategic priorities; reserves life index; production capacity; optimization at the Sunrise facility; the accretive effect of the acquisition of Sunrise on Cenovus’s adjusted funds flow and cash from operating activities; timing in respect of closing the transaction; and timing and quantum of variable payments related to Sunrise interest acquisition.

Developing forward-looking information involves reliance on a number of assumptions and consideration of certain risks and uncertainties, some of which are specific to Cenovus and others that apply to the industry generally. The factors or assumptions on which the forward-looking information in this presentation are based include, but are not limited to: closing the transaction in a timely manner; Cenovus’s success applying advanced operating techniques at Sunrise; Cenovus’s ability to realize accretions to adjusted funds flow and cash from operating activities as a result of the acquisition of Sunrise.

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## Specified Financial Measures

Advisory Certain financial measures in this presentation do not have a standardized meaning prescribed by IFRS and, therefore, are considered Specified Financial Measures. These Specified Financial Measures may not be comparable to similar measures presented by other issuers. See the Specified Financial Measures Advisory located in our Management’s Discussion and Analysis for the period ended March 31, 2022, (available on SEDAR at [sedar.com](http://sedar.com)) for information incorporated by reference about these Specified Financial Measures.

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