Corporate guidance

2017 Corporate Guidance - C$, before royalties

December 8, 2016

UPSTREAM

OIL SANDS

	Production (Mbbls/d)	Capital expenditures ($ millions)		Operating costs ($/bbl)	Effective royalty rates (%)	Steam to oil ratio
Foster Creek	76 - 82	325 - 375	*Fuel*	2.75 - 3.25	2 - 4	2.6 - 3.0
			Non-fuel	7.75 - 9.25		
			Total	10.50 - 12.50		
Christina Lake	96 - 102	300 - 350	*Fuel*	2.00 - 2.50	2 - 4	1.8 - 2.2
			Non-fuel	4.50 - 5.50		
			Total	6.50 - 8.00		
Narrows Lake	- -	10 - 20		- -	- -	- -
New resource plays [1]	- -	50 - 70		- -	- -	- -
Oil Sands total	172 - 184	685 - 815				

CONVENTIONAL

	Production	Capital expenditures ($ millions)	Operating costs	Effective royalty rates (%)
	(Mbbls/d)		($/bbl)	
Oil & liquids [2]	51 - 56	275 - 325	15.00 - 17.00	14 - 18
	(MMcf/d)		($/Mcf)	
Natural gas [3]	340 - 360	10 - 15	1.20 - 1.40	4 - 6

TOTAL

	Production (Mbbls/d, MBOE/d)	Capital expenditures ($ millions)
Total liquids	223 - 240	960 - 1,140
Total upstream	280 - 300	970 - 1,155

REFINING & MARKETING

	Capital expenditures ($ millions)	Operating costs ($/bbl)
Refining [4]	200 - 220	8.50 - 9.50
Marketing & transportation	10 - 20	

CORPORATE

Corporate & other expenditures ($ millions)	35 - 50	Upstream DD&A ($ billions)	1.1 - 1.3
Total capital expenditures ($ billions)	1.2 - 1.4	Other DD&A ($ millions) [5]	400 - 500
General & administrative expenses ($ millions)	250 - 270	Cash tax (recovery) ($ millions) [6]	(150) - (50)
		Effective tax rate (%) [7]	27 - 32

PRICE ASSUMPTIONS & OPERATING CASH FLOW SENSITIVITIES [8]

Brent (US$/bbl)	48.75
WTI (US$/bbl)	47.25
Western Canada Select (US$/bbl)	31.50
NYMEX (US$/MMBtu)	3.00
AECO ($/GJ)	2.60
Chicago 3-2-1 Crack Spread (US$/bbl)	11.25
Exchange Rate (US$/C$)	0.74

Independent base case sensitivities *(for the full year 2017)*	Increase ($ millions)	Decrease ($ millions)
Crude oil (WTI) - US$10.00 change	650	(660)
Light-heavy differential (WTI-WCS) - US$5.00 change	(350)	340
Chicago 3-2-1 crack spread - US$1.00 change	95	(95)
Natural gas (NYMEX) - US$1.00 change	75	(75)
Exchange rate (US$/C$) - $0.05 change	(165)	190

(1) New resource plays includes Grand Rapids, Telephone Lake, and other emerging plays.
(2) Oil & liquids includes Pelican Lake as well as oil and NGLs from Alberta and Saskatchewan.
(3) Natural gas includes all natural gas production.
(4) Refining capital and operating costs are reported in C$, but incurred in US$ and as such will be impacted by FX.
(5) Includes DD&A related to Refining and Corporate and Eliminations.
(6) A portion of which will reduce tax paid on investing activities in prior years.
(7) Statutory rates of 27% in Canada and 38% in the US are applied separately to pre-tax operating earnings streams for each country. Excludes the effect of mark-to-market gains and losses.
(8) Sensitivities include current hedge positions applicable to the full year 2017. 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.

Advisory

FORWARD-LOOKING INFORMATION. This document provides guidance on certain aspects of our business and includes forward-looking statements and other information (collectively “forward-looking information”) about our current expectations, estimates and projections, made in light of our experience and perception of historical trends and based on the assumptions and uncertainties discussed below. Although we believe that our guidance and the expectations represented by such forward-looking information are reasonable, there can be no assurance that such expectations will prove to be correct and readers are cautioned that the information presented may not be appropriate for any other purpose. Forward-looking information in this document includes: estimates of production volumes; operating costs; projected capital expenditures; estimates of general and administrative expenses; depreciation, depletion and amortization; cash tax, effective tax rates, royalty rates and price assumptions; and steam to oil ratio. Readers are cautioned not to place undue reliance on forward-looking information as our actual results may differ materially from those expressed or implied.

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 is based include: forecast oil and natural gas prices; projected capital investment levels; flexibility of capital spending plans and associated sources of funding; sustainability of achieved cost reductions, achievement of future cost reductions and sustainability thereof; expected condensate prices; estimates of quantities of oil, bitumen, natural gas and liquids from properties and other sources not currently classified as proved; expected production decline rates; future development, success, and use of technology and the impacts thereof; ability to obtain necessary regulatory and partner approvals; successful and timely implementation of capital projects or stages thereof; ability to generate sufficient cash flow to meet current and future obligations; estimated abandonment and reclamation costs, including associated levies and regulations; and other risks and uncertainties described from time to time in the filings Cenovus makes with securities regulatory authorities.

The risk factors and uncertainties that could cause Cenovus's actual results to differ materially include: volatility of and assumptions regarding oil and natural gas prices; the effectiveness of the company's risk management program, including the impact of derivative financial instruments, the success of the company's hedging strategies and the sufficiency of its liquidity position; accuracy of cost estimates; commodity prices, currency and interest rates, including fluctuations with respect thereto; product supply and demand; market competition, including from alternative energy sources; risks inherent in Cenovus's marketing operations, including credit risks; exposure to counterparties and partners, including ability and willingness of such parties to satisfy contractual obligations in a timely manner; risks inherent to operation of the company's crude-by-rail terminal, including health, safety and environmental risks; maintaining desirable ratios of debt to adjusted EBITDA, net debt to adjusted EBITDA, debt to capitalization and net debt to capitalization; ability to access various sources of debt and equity capital, generally, and on terms acceptable to Cenovus; ability to finance growth and sustaining capital expenditures; changes in credit ratings applicable to Cenovus or any of its securities; changes to dividend plans or strategy, including the dividend reinvestment plan; accuracy of reserves, resources and future production estimates; ability to replace and expand oil and gas reserves; ability to maintain the company's relationships with its partners and to successfully manage and operate its integrated business; reliability of assets, including in order to meet production targets; potential disruption or unexpected technical difficulties in developing new products and manufacturing processes; occurrence of unexpected events such as fires, severe weather conditions, explosions, blow-outs, equipment failures, transportation incidents and other accidents or similar events; refining and marketing margins; inflationary pressures on operating costs, including labour, natural gas and other energy sources used in oil sands processes; potential failure of products to achieve acceptance in the market; risks associated with fossil fuel industry reputation; unexpected cost increases or technical difficulties in constructing or modifying manufacturing or refining facilities; unexpected difficulties in producing, transporting or refining of crude oil into petroleum and chemical products; risks associated with technology and its application to Cenovus's business; risks associated with climate change; the timing and costs of well and pipeline construction; ability to secure adequate product transportation, including sufficient pipeline, crude-by-rail, marine or other alternate transportation, including to address any gaps caused by constraints in the pipeline system; availability of, and ability to attract and retain, critical talent; changes in labour relationships; changes in the regulatory framework in any of the locations in which Cenovus operates, including changes to the regulatory approval process and land-use designations, royalty, tax, environmental (including in relation to abandonment, reclamation and remediation costs, levies or liability recovery with respect thereto), greenhouse gas, carbon and other laws or regulations, or changes to the interpretation of such laws and regulations, as adopted or proposed, the impact thereof and the costs associated with compliance; the expected impact and timing of various accounting pronouncements, rule changes and standards on Cenovus's business, financial results and consolidated financial statements; changes in the general economic, market and business conditions; the political and economic conditions in the countries of operation; occurrence of unexpected events such as war, terrorist threats and the instability resulting therefrom; and risks associated with existing and potential future lawsuits and regulatory actions.

Readers are cautioned that the foregoing lists are not exhaustive and are made as at the date hereof. For a discussion of Cenovus's material risk factors, see “Risk Factors” in the company's Annual Information Form or Form 40-F for the period ended December 31, 2015, together with the updates under "Risk Management" in each of the Cenovus's first, second and third quarter 2016 Management's Discussion & Analysis, available on SEDAR at sedar.com, EDGAR at sec.gov and on the company's website at cenovus.com.