New ideas.
New approaches.
Oil and natural gas: More than just fuel

We apply new thinking to unlock energy resources the world needs. Safely. Responsibly. That’s our promise.

Oil and natural gas are more than just sources of fuel. They contribute to the building blocks of thousands of products we use and rely on every day. Products that make a positive difference in our lives.

We’re proud of the way we develop the resources that provide such value. And we’re proud of the role we play in making people’s lives a little easier and a little better.

A rich history
Our roots date to the 1880s — the earliest days of the oil and gas industry in Western Canada.

Cenovus Energy is a Canadian oil company. We’re committed to applying fresh, progressive thinking to safely and responsibly unlock energy resources the world needs. Our operations include oil sands projects in northern Alberta, which use specialized methods to drill and pump the oil to the surface. As well, we have natural gas and oil production across Alberta and southern Saskatchewan. We also have 50 percent ownership in two U.S. refineries.

Nearly everything we use — from carpets, to computers, to contact lenses — is either made from oil and natural gas by-products, made by machinery or in facilities powered by oil and natural gas, or transported by fuels, like gasoline or diesel, which are refined from oil.
Canada is home to the world’s third largest oil reserves

Canada has a huge oil resource with most of the oil located in Alberta.

Unlike conventional oil, most of the oil in the oil sands doesn’t flow naturally, so unconventional methods are used to access it. Canada is fortunate to have the oil sands, with enough oil to meet the country’s current energy demand for generations.

There are two methods used to access the oil depending on how deep it is. If the oil is located close to the surface, it’s mined. If it’s deep underground, it’s drilled and pumped to the surface using specialized technology. Projects that are drilled have a smaller surface land disturbance and don’t require tailings ponds. All of Cenovus’s projects are drilled.

Did you know?
- There’s enough oil in Alberta to meet Canada’s current energy demand for generations to come. All Canadians benefit in some way from the billions of dollars generated by the oil sands – through jobs, indirect services, royalties, tax revenues and transfer payments.
- Oil from the oil sands is the heaviest grade of oil.

The oil sands are located beneath a large area of northern Alberta.

- All of Cenovus’s oil sands resources are deep underground, requiring specialized technology like steam-assisted gravity drainage (SAGD – pronounced SAG-DEE) to drill and pump the oil to the surface (see pages 9 – 10).
- We currently have two producing SAGD projects – Foster Creek and Christina Lake – as well as several emerging projects that are in various stages of development and that will play a significant part in our growth plan.

Two ways to access oil from the oil sands

Drilling
80 percent of the oil in the oil sands can only be accessed using specialized methods to drill and pump the oil to the surface. Projects that are drilled have a smaller surface land disturbance and don’t require tailings ponds.

Mining
20 percent of the oil in the oil sands can only be accessed by mining. None of Cenovus’s projects are mined.

After a well is drilled, we use steam from steam generators, like the ones shown here at our Foster Creek facility, to soften the oil so it can be pumped to the surface.
Fresh approaches to responsible development

We develop our energy resources in a way that’s both good for business and respectful of the environment.

Our growth strategy
Our strategy defines our focus for the next decade. It’s centred on developing our top-quality oil resources, building on our track record of strong project execution, progressing our environmental performance, expanding our markets and maintaining our financial strength. We plan to double net asset value in the 2010 to 2015 time frame and expect to reach 500,000 barrels per day of oil production net to Cenovus by the end of 2021.

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Fresh approaches to responsible development

Our people have decades of experience working on these assets, which are essential to the success of our company.

Funding our growth
Our low-cost natural gas operations, which we consider financial assets, provide strong cash flow to help fund our oil growth and offset the cost of the natural gas we consume within our oil sands and refining operations.

Reclaiming the land
We believe oil development and good environmental practices are not mutually exclusive. Integrating environmental considerations into what we do is making us a better oil company and is enabling us to improve how we tackle environmental challenges: from the phased approach we take to grow our oil sands projects; to the emphasis we place on researching and developing better ways to get oil and natural gas out of the ground; to the care we take in establishing detailed reclamation plans. Our environmental specialists inspect and analyze the land we’ll be using for our drilling activities before any operations begin. They then develop the plan that will reclaim the land once a well is depleted.
Our two industry-leading oil sands projects

**Foster Creek**

Located on the Cold Lake Air Weapons Range, about 330 kilometres northeast of Edmonton, Alberta, we started a pilot project at Foster Creek in 1996 with commercial production beginning in 2002. Our long-term plan for this facility is to grow it in phases, so we can apply what we learn from one phase to the next. Foster Creek is now operating its fifth phase, with further phases planned to expand production. Gross production capacity is expected to reach between 290,000 and 310,000 barrels per day by the end of 2017. The project is 50 percent owned by ConocoPhillips.

**Christina Lake**

Located about 120 kilometres south of Fort McMurray, Alberta, we started Christina Lake in 2000. In its third phase of production, it’s at an earlier stage of development than Foster Creek and it, too, will be grown in carefully planned phases. Gross production capacity is expected to reach approximately 278,000 barrels per day by the end of 2019. This project is also 50 percent owned by ConocoPhillips.

“By no means are we perfect. There are a lot of areas where we can improve, and we’re going to continue to try to reduce our impact.”

Drew Ziegelsberger – Senior Vice-President, Operations Shared Services

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Unlocking value through SAGD technology

We have a culture that fosters new ideas and new approaches, and a track record of developing innovative solutions like SAGD technology, that unlock previously inaccessible resources. We had a part in pioneering SAGD and our Foster Creek project has the distinction of being the first commercial SAGD oil operation in Alberta.

Mario Ochoa – Manager, Facilities, Technological Development

“"I’m really proud to be part of Cenovus because we have a very clear mandate coming from the highest level of this company to be innovative, to be open to new ideas, to challenge the status quo and to improve our processes.”

SAGD: A game-changing innovation

The oil located deep underground in the oil sands has only been economically accessible for about a decade. The invention of SAGD was pivotal in making that happen because it provided a way for the oil to be reached using drilling and pumping methods. SAGD is a complex technology that will keep improving as innovative advancements are made.

Steam to oil ratio: a key measure of SAGD efficiency

Steam to oil ratio (SOR) is the amount of steam used to produce a barrel of oil. Cenovus has one of the lowest SORs in the industry. In 2011, our combined SOR for Foster Creek and Christina Lake was about 2.2. A low SOR is a reflection of the quality of the reservoir and the approach used to develop the resource.

Using less steam means:
- Less water use
- Less natural gas used to create steam
- Lower emissions
- Smaller surface footprint
- Lower operating costs
- Lower capital costs

Oil recovery using SAGD

Steam is generated
1
Steam is injected underground
2
Oil and water are separated
3
Oil is softened so it can flow
4
Oil and water are brought to surface
5
Oil and water are treated for recycling
6
Oil travels by pipeline to refineries in Canada and the U.S.
7
Products we use:
- Diesel
- Jet fuel
- Chemicals
- Fertilizer and plastics
8
Recycled water
9
Reused every day, such as diesel, jet fuel, gasoline, fertilizer and plastics
10
Oil and water are separated
11
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15
Reused every day, such as diesel, jet fuel, gasoline, fertilizer and plastics
16
Refining oil into products we rely on

All oil – whether it’s light, medium or heavy – needs refining once it’s out of the ground so it can be made into usable products.

Through our 50 percent ownership in two oil refineries in the U.S. – Wood River, located in Illinois, and Borger, located in Texas – we capture the full value from crude oil production through to refined products such as gasoline, diesel and jet fuel. These two refineries are highly flexible in their ability to process different grades of oil, including oil from the oil sands.

Wood River Refinery

With over 2,200 acres of property, the Wood River Refinery touches the fence lines of four different communities. It has provided thousands of jobs and millions of dollars in tax revenue over the years. The refinery is 50 percent owned by Phillips 66.

In 2011, Cenovus produced enough oil, which was refined into gasoline and diesel, to fuel about 3.2 million cars for one year.

In 2011, we also produced enough natural gas to heat more than two million homes for one year.

“Some people are of the mindset that we don’t need all this energy from oil or from natural gas, but as we live our lives today, unless there’s a huge cultural shift, we rely on that oil, we rely on that natural gas for what we do on a day-to-day basis.”

Jason Abbate – Group Lead, Production Engineering
“I’m excited to work for a company that wants to improve and get better over time. We’re always encouraged to bring new ideas to the table.”

Lawrence Chou – Market Analyst

New ideas for reducing environmental impact

Like every industry, energy development has an impact on the environment. We want to minimize that impact as much as we can.

One of our ongoing objectives is to advance technologies that increase oil production using the smallest amount of water, energy and land. In fact, we have dedicated people working on about 140 technology development projects in various stages. Inspiring innovation is not just something we talk about. It’s what we do. While we’ve made significant progress over the years, we’re confident we can find ways to reduce our impact even more.

Using less water and using it responsibly

Water is an essential component of our operations. We’re always looking to implement new ways to reduce the amount of water we use to produce oil. In our oil sands operations we primarily use saline water with most of it being reused over and over again. Saline water is drawn from aquifers deep underground and is not suitable for human or animal consumption, or for agricultural purposes because of the naturally occurring salt content. Saline water is classified in Alberta as having more than 4,000 milligrams of salt per litre.

How salty is the water we use?

<table>
<thead>
<tr>
<th>Water Source</th>
<th>Approximate milligrams of salt per litre</th>
</tr>
</thead>
<tbody>
<tr>
<td>Acceptable drinking water</td>
<td>500 mg</td>
</tr>
<tr>
<td>Christina Lake water source</td>
<td>6,000 mg</td>
</tr>
<tr>
<td>Foster Creek water source</td>
<td>5,000 to 10,000 mg</td>
</tr>
<tr>
<td>Ocean water</td>
<td>30,000 mg</td>
</tr>
</tbody>
</table>

Graph not to scale

Innovations and inspired outlooks drive our success

Since 2003, Cenovus has committed more than $20 million towards early-stage technologies through our Environmental Opportunity Fund. Through this fund we sponsor companies and research groups developing emerging or early-stage technologies that focus on water and energy efficiencies, environmental remediation, reducing polluting emissions and mitigating land disturbances.

For more information about how to submit a proposal for funding visit cenovus.com.
We value our communities

We believe in being a part of a community so we can contribute to its well-being.

At Cenovus, many of us live in the communities close to our operations. Where we can, we train and hire locally, use businesses and services in the area and participate in community life. We also have a culture of giving and investing. But the most value comes from our staff, who volunteer their time and energy to support and strengthen communities where they live and work. We’re building a better future, together.

“I’ve lived in Cold Lake for many years and it’s a place I’m proud to call home. I’m fortunate enough to see striking landscapes and active wildlife every day, and over the years our neighbours have become our friends.” Bryon Reid – Operations Superintendent, Foster Creek

Did you know?

We are an Imagine Canada Caring company, which means we give one percent of our pre-tax profits to charitable or non-profit organizations.
Why invest in us?

We want to be known and respected for our ability to meet our commitments.

Our financial strength and long-term oil business strategy make our company a unique investment opportunity. The growth potential of our huge oil sands and conventional oil resources are anchored by stable production and cash flow from our established natural gas resources. And, with 50 percent ownership in two refineries in the U.S., we are integrated from the production of oil through to refined products. We are committed to continuously improving our approaches to the development of energy resources. We are committed to being a low-cost operator. And we are committed to applying rigour to all elements of our business – operational, environmental and social. We plan to create value for our shareholders by growing our net asset value and continuing to pay a strong and growing dividend over time.

We can sustain decades of growth with our manufacturing model

We build our oil sands projects in phases so we can apply what we learn from one phase to the next. This manufacturing approach to developing oil sands resources allows us to improve efficiencies and reduce costs while maintaining our commitment to safe operations and environmental progress.

Cenovus at-a-glance

- Canadian oil company
- More than 4,000 people
- Committed to implementing new ideas and new approaches, safely and responsibly
- Proven track record of low-cost operations and environmental leadership
- Superior financial position with a strong balance sheet and free cash flow streams from established assets
- 56 billion barrels of discovered bitumen initially-in-place¹
- Significant opportunity for oil sands production growth at Foster Creek and Christina Lake, and at our emerging projects in northern Alberta
- A 50 percent interest in our Foster Creek, Christina Lake and Narrows Lake oil sands assets with ConocoPhillips
- One of the lowest steam to oil ratios in the industry: about 2.2 at Foster Creek and Christina Lake combined
- A 50 percent interest in the Wood River Refinery (Illinois) and the Borger Refinery (Texas) with Phillips 66
- Significant near-term growth opportunities in conventional oil production
- Canada’s largest CO2 enhanced oil recovery operation and the world’s largest geological greenhouse gas storage project located at our Weyburn oil field
- Access to a predictable and reliable stream of internally-generated cash flow from our established natural gas properties to fund our oil growth
- Committed to strengthening our communities by supporting learning, safety and well-being, and helping sustain the communities where we live and work

Want to know more?

Visit cenovus.com where you can get to know us better. Or contact us at: questions&comments@cenovus.com

2011 highlights

Production

- Oil and NGLs: 134,239 barrels/day
- Foster Creek: 54,866 barrels/day
- Christina Lake: 116,655 barrels/day
- Natural gas: 656 million cubic feet/day

Proved reserves

- Oil and NGLs: 1.7 billion barrels¹
- Natural gas: 12 trillion cubic feet¹

Refining

- Borger crude oil capacity: 146,000 barrels/day (gross)
- Wood River crude oil capacity: 306,000 barrels/day (gross)

Shares outstanding

754 million

Financial

- Gross revenues: $56.2 billion
- Cash flow: $33.3 billion²
- Operating earnings: $12.1 billion³

Trading symbol

TSX and NYSE: CVE

All numbers are shown net to Cenovus (unless otherwise noted) on a before royalties basis. All financial figures are in Canadian dollars.

Industry information sources:
- Canadian Association of Petroleum Producers (CAPP)
- Canadian Energy Research Institute (CERI)
- Government of Alberta
- Health Canada.

All documents mentioned in the advisory are available on our website, cenovus.com.