# Cenovus delivers strong operational performance in 2016
## Higher oil sands production, lower costs

**Calgary, Alberta (February 16, 2017)** – Cenovus Energy Inc. (TSX: CVE) (NYSE: CVE) delivered strong, safe and reliable operating performance in 2016. The company increased its oil sands production compared with 2015 and achieved further cost efficiencies, including decreased operating and general and administrative (G&A) expenses as well as lower oil sands sustaining capital costs. The sustaining capital improvements have contributed to lower future development costs for Cenovus's oil sands business.

"Our operations performed exceptionally well in 2016, and we remained financially resilient through a difficult macro environment that included a 13-year low in benchmark oil prices in the first quarter," said Brian Ferguson, Cenovus President & Chief Executive Officer. "Our continued focus on costs allowed us to maintain a strong balance sheet and execute our original business plan for the year with lower capital spending than we had planned. This has put us in an excellent position to pursue disciplined growth in 2017 and beyond."

**Key 2016 developments**

- Added oil sands production capacity of 80,000 barrels per day (bbls/d) gross
- Increased oil sands production by 7% compared with 2015
- Reduced oil sands per-barrel non-fuel operating costs by 13% compared with 2015
- Increased proved reserves by 5% compared with 2015
- Funded Cenovus's capital program and dividend, and generated free funds flow (previously labelled "free cash flow")* with West Texas Intermediate (WTI) averaging below US$45/bbl in 2016
- Exited the year with $3.7 billion in cash and $4 billion in undrawn credit facilities

**2016 production & financial summary**

| (for the period ended December 31) Production (before royalties) | **2016 Q4** | 2015 Q4 | % change | **2016 Full year** | 2015 Full year | % change |
|---|---|---|---|---|---|---|
| Oil sands (bbls/d) | **164,396** | 139,413 | 18 | **149,693** | 140,320 | 7 |
| Conventional oil[1] (bbls/d) | **55,155** | 60,143 | -8 | **56,165** | 66,627 | -16 |
| **Total oil** (bbls/d) | **219,551** | 199,556 | 10 | **205,858** | 206,947 | -1 |
| Natural gas (MMcf/d) | **379** | 424 | -11 | **394** | 441 | -11 |
| Financial ($ millions, except per share amounts) | | | | | | |
| Cash from operating activities | **164** | 322 | -49 | **861** | 1,474 | -42 |
| Adjusted funds flow[2] (previously labelled "cash flow")* | **535** | 275 | 95 | **1,423** | 1,691 | -16 |
| Per share diluted | **0.64** | 0.33 | | **1.71** | 2.07 | |
| Operating earnings[2] | **321** | -438 | | **-377** | -403 | |
| Per share diluted | **0.39** | -0.53 | | **-0.45** | -0.49 | |
| Net earnings | **91** | -641 | | **-545** | 618 | |
| Per share diluted | **0.11** | -0.77 | | **-0.65** | 0.75 | |
| Capital investment | **259** | 428 | -39 | **1,026** | 1,714 | -40 |

[1] Includes natural gas liquids (NGLs).

[2] Adjusted funds flow and operating earnings are non-GAAP measures. For more information, refer to the Non-GAAP Measures section of the Advisory at the end of this news release.

*For more information on this and certain other changes related to disclosure of non-GAAP measures, refer to the Non-GAAP Measures section of the Advisory at the end of this news release.

# Overview

**Oil production**

In 2016, Cenovus achieved first oil at its Christina Lake phase F and Foster Creek phase G expansion projects. The expansions increased the company's total oil sands production capacity by 26%, or 80,000 bbls/d gross, to 390,000 bbls/d gross. Incremental volumes from the new phases contributed to fourth quarter oil sands production, net to Cenovus, of more than 164,000 bbls/d and full-year production of nearly 150,000 bbls/d net, a 7% increase from full-year 2015. The ramp-up at both expansion phases is progressing well and is expected to be completed in 2017. The Christina Lake phase F expansion included the commissioning of a 100 megawatt natural gas fired cogeneration plant which provides reliable, energy-efficient power to the project.

Conventional oil production in 2016 was more than 56,000 bbls/d, a 16% decrease from the previous year, largely due to expected natural declines and the company's 2015 sale of its royalty interest and mineral fee title lands business. In 2016, Cenovus's conventional oil and natural gas assets combined generated $374 million in operating margin (previously labelled "operating cash flow")* net of capital investment to help support growth in the company's oil sands business.

Building on its successes in 2016, Cenovus will continue to pursue disciplined growth in 2017. The company plans to resume investment in its phase G expansion at Christina Lake. Cenovus anticipates the expansion can be completed with go-forward capital investment of between $16,000 and $18,000 per flowing barrel. Module assembly has already resumed for phase G, which has an expected design capacity of 50,000 bbls/d gross, and field construction is expected to ramp up to full activity by mid-year as modules are delivered to the site. First oil from phase G is expected in the second half of 2019.

Cenovus has also launched a targeted conventional drilling program on the Palliser Block in southern Alberta, where the company has a large inventory of attractive short-cycle tight oil opportunities. To date, Cenovus has identified approximately 700 drilling locations and plans to spend approximately $160 million in 2017 to drill about 50 horizontal development wells and 60 stratigraphic wells at Palliser.

At its Investor Day in June 2017, Cenovus intends to provide an update on its plans for Foster Creek phase H and Narrows Lake phase A, including expectations for capital costs and timing for each project. Foster Creek phase H has an expected design capacity of 30,000 bbls/d and Narrows Lake phase A has an expected design capacity of 45,000 bbls/d. The company continues to advance engineering work on the two deferred expansion projects using the same rigour that was applied to Christina Lake phase G.

"We have the financial strength to reinvest in Foster Creek phase H and Narrows Lake phase A, once we're confident we've defined the best possible development plans," said Ferguson. "With two new expansion phases already ramping up, our planned construction of Christina Lake phase G and potential restarts at Foster Creek and Narrows Lake, we have a clear line of sight to five years of growth that would take our oil sands production capacity to more than half a million barrels per day gross."

**Cost reductions**

In 2016, Cenovus achieved significant reductions in its per-barrel oil operating costs. Oil sands operating costs were $8.91/bbl in 2016, a 12% decrease from the previous year, while non-fuel oil sands operating costs were $6.65/bbl, a 13% decline compared with 2015 and 30% lower than in 2014. At Cenovus's conventional oil assets, despite expected production declines, per-unit operating costs continued to improve, falling 10% to $14.18/bbl compared with 2015 and 24% compared with 2014.

"I'm extremely pleased with the progress we've made to date with our overall cost structure," said Ferguson. "The cost reductions and operational improvements we've achieved over the past two years have enabled us to fund our capital program, pay our dividend and generate free funds flow in 2016 with WTI prices averaging below US$45 per barrel."

In 2016, Cenovus continued to achieve meaningful reductions in the capital required to sustain its base business and maintain ongoing production, particularly at its oil sands operations. The company had 2016 oil sands sustaining capital of approximately $7.00/bbl, a decrease of 33% from 2015 and 50% from 2014. This improvement in sustaining capital costs contributed to 2016 capital spending at the low end of Cenovus's guidance and reduced future development costs across the company's oil sands reserves and resources base.

Cenovus had G&A costs of $326 million in 2016, down from $335 million in 2015. The 2016 G&A costs included a $61 million non-cash expense related to office building leases in Calgary that exceed Cenovus's current and near-term requirements. Cenovus also had severance payments of $19 million in 2016 compared with $43 million in 2015. Excluding the lease-related and severance charges, G&A costs would have been $246 million in 2016, 16% lower than the previous year and 35% lower than in 2014.

**Financial performance**

Benchmark commodity prices remained volatile in 2016, with WTI falling to nearly US$26/bbl in the first quarter before gradually increasing to almost US$54/bbl by the end of the year. As a result, Cenovus received 12% less for its crude oil in 2016 compared with the previous year. The company also received 21% less for its natural gas than in 2015. This contributed to a 16% decline in adjusted funds flow to $1.4 billion.

The Wood River and Borger refineries in the U.S., which are jointly owned with the operator, Phillips 66, had strong operational performance in 2016. Higher crude oil runs and refined product output partially offset a decline in refining and marketing operating margin that was primarily driven by a 32% decline in average market crack spreads compared with 2015. Operating margin from refining and marketing was $346 million in 2016, a decline of 10% from the previous year.

Cenovus has an active hedging program to support cash outflows and help maintain financial resilience. As of December 31, 2016, the company had hedges in place on approximately 65,000 bbls/d of crude oil for 2017. About 39% of these barrels are hedged using costless collars, which set an average minimum price of US$44.84/bbl and average maximum price of US$56.47/bbl that the company will receive for its hedged oil. This limits downside risk on the hedged barrels while giving the company some ability to benefit in a rising price environment.

**Board succession**

Michael A. Grandin is retiring as Chair of Cenovus's Board of Directors at the conclusion of the company's Annual General Meeting on April 26, 2017. At that time, longstanding Cenovus Board member Patrick D. Daniel will succeed Mr. Grandin as Chair of the Board of Directors.

Mr. Grandin was appointed Chair of Cenovus's Board of Directors when the company launched in 2009 and has also served as the Chair of the Board's Nominating and Corporate Committee for all of that time.

"Michael Grandin's steadfast guidance of Cenovus since its earliest days has been invaluable to the success of our company. He's positioned the Board and the company well as we continue our journey, and we wish him an equally rewarding retirement," said Ferguson. "We're fortunate that Patrick Daniel, a seasoned Cenovus Board member with a wealth of business experience, is able to seamlessly transition into the role of Chair."

Mr. Daniel has also served on Cenovus's Board of Directors since the company's inception and currently sits on its Audit, Human Resources and Compensation, and Nominating and Corporate Governance committees. He was previously President & Chief Executive Officer of Enbridge Inc. More information about Mr. Grandin, Mr. Daniel and Cenovus's Board of Directors is available on the company's website at cenovus.com under About us.

# 2016 and fourth quarter details

## Oil sands

**Foster Creek**

- Production averaged 70,244 bbls/d net in 2016, 7% more than in 2015, following a targeted well maintenance program in the first half of the year and the start-up of phase G in the third quarter of 2016.
- In the fourth quarter, production averaged 81,588 bbls/d net, a 28% increase from the same period in 2015.
- Operating costs declined 16% to $10.55/bbl in 2016 from the previous year. Non-fuel operating costs were $8.09/bbl, a 17% decrease from 2015.
- The steam to oil ratio (SOR), the amount of steam needed to produce one barrel of oil, was 2.7 in 2016 compared with 2.5 in 2015.

**Christina Lake**

- Production averaged 79,449 bbls/d net in 2016, an increase of 6%, largely due to the start-up of expansion phase F, which began contributing volumes in the fourth quarter of 2016.
- In the fourth quarter, production averaged 82,808 bbls/d net, a 9% increase from the same period in 2015.
- Cenovus's new 100 megawatt natural gas fired cogeneration plant began operating in the fourth quarter. Excess power not currently required for operations at Christina Lake is being sold into the Alberta electricity grid.
- Operating costs were $7.48/bbl in 2016, a 7% decline from a year earlier. Non-fuel operating costs were $5.40/bbl, 7% lower than in 2015.
- The SOR was 1.9 in 2016 compared with 1.7 a year earlier.

### Conventional oil

- Total conventional oil production decreased 16% to 56,165 bbls/d in 2016 compared with the previous year, primarily due to expected natural reservoir declines. The 2015 sale of the company's royalty interest and mineral fee title lands business also contributed to the year-over-year decrease. The divested assets produced an average of 2,555 bbls/d in 2015.
- Production was 55,155 bbls/d net in the fourth quarter, a decline of 8% from the same period in 2015.
- Despite expected production declines, operating costs were $14.18/bbl in 2016, 10% lower than in 2015.

### Natural gas

- Natural gas production averaged 394 million cubic feet per day (MMcf/d) in 2016, down 11% from a year earlier, primarily due to expected natural declines. The 2015 sale of the company's royalty interest and mineral fee title lands business also contributed to the year-over-year decrease in natural gas volumes.
- In the fourth quarter, natural gas production declined 11% to 379 MMcf/d compared with the same period in 2015.
- Despite expected production declines, unit operating costs fell 4% to $1.15 per thousand cubic feet (Mcf) in 2016 compared with a year earlier.

### Downstream

- The Wood River Refinery in Illinois and Borger Refinery in Texas, which Cenovus jointly owns with the operator, Phillips 66, processed a combined average of 444,000 bbls/d gross of oil (97% utilization) in 2016, compared with 419,000 bbls/d gross in 2015 (91% utilization).
- Cenovus had refining and marketing operating margin of $346 million in 2016, compared with $385 million in 2015. The company's refining operating margin is calculated on a first-in, first-out (FIFO) inventory accounting basis. Using the last-in, first-out (LIFO) accounting method employed by most U.S. refiners, Cenovus's operating margin from refining and marketing would have been $108 million lower in 2016. In 2015, operating margin would have been $52 million higher on a LIFO reporting basis.

## Financial

### Corporate and financial information

- Operating margin was $1.8 billion in 2016, a 28% decrease from 2015, largely due to lower commodity prices. The decrease was also due to lower realized risk management gains of $237 million, excluding refining and marketing, compared with gains of $613 million in 2015, as well as an 11% decline in natural gas sales volumes and lower operating margin from refining and marketing.
- Cash from operating activities and adjusted funds flow declined largely due to the decrease in operating margin, partially offset by cash tax recovery and lower workforce costs. In 2016, cash from operating activities declined 42% to $861 million and adjusted funds flow declined 16% to $1.4 billion compared with 2015.
- After investing just over $1 billion in 2016, Cenovus had free funds flow of $397 million, compared with a free funds flow shortfall of $23 million a year earlier.
- Cenovus had a 2016 operating loss of $377 million compared with an operating loss of $403 million in 2015. The smaller loss in 2016 was primarily due to a decline in

depreciation, depletion and amortization (DD&A) related to lower DD&A rates and asset impairments, and a decline in exploration expense.
- Cenovus had a net loss of $545 million in 2016. This compares with net earnings of $618 million in 2015 when the company recorded an after-tax gain of approximately $1.9 billion from the sale of its royalty interest and mineral fee title lands business.
- The company had G&A costs of $326 million in 2016, down from $335 million in 2015. The 2016 G&A costs included a $61 million non-cash expense related to office building leases in Calgary that exceed Cenovus's current and near-term requirements. Cenovus also had severance payments of $19 million in 2016 compared with $43 million in 2015. Excluding the lease-related and severance charges, G&A costs would have been $246 million in 2016, 16% lower than the previous year and 35% lower than in 2014. The decrease from 2015 was primarily due to lower costs for workforce and information technology.
- The company ended 2016 with cash and cash equivalents of approximately $3.7 billion as well as $4 billion in undrawn capacity under its committed credit facility, and no debt maturities until the fourth quarter of 2019. At the end of 2016, Cenovus's net debt to capitalization was 18% compared with 16% at the end of 2015. The company's net debt to adjusted earnings before interest, taxes, depreciation and amortization (EBITDA) was 1.9 times on a trailing 12-month basis compared with 1.2 times at the end of 2015.
- For the first quarter of 2017, the Board of Directors has declared a dividend of $0.05 per share, payable on March 31, 2017 to common shareholders of record as of March 15, 2017. Based on the February 15, 2017 closing share price on the Toronto Stock Exchange of $17.97, this represents an annualized yield of about 1%. Declaration of dividends is at the sole discretion of the Board and will continue to be evaluated on a quarterly basis.

**Reserves and resources**

All of Cenovus's proved and probable reserves and resources recoverable using established technology are evaluated each year by independent qualified reserves evaluators (IQREs).

- At the end of 2016, Cenovus had total proved reserves of approximately 2.7 billion barrels of oil equivalent (BOE), an increase of 5% compared with 2015. Proved reserves additions of 221 million BOE included approximately 154 million barrels resulting from regulatory approval of an area expansion at Christina Lake, which converted probable reserves into proved reserves, and 61 million barrels from improved reservoir performance across the company's oil sands business.
- Total proved plus probable reserves were relatively unchanged at 3.8 billion BOE, as reserves additions related to improved reservoir performance at Foster Creek and Christina Lake mostly offset production.
- Based on IQRE evaluation of Cenovus's bitumen reserves, estimated future capital costs to develop the company's remaining proved undeveloped bitumen reserves declined to approximately $8.00/bbl in 2016 compared with approximately $9.00/bbl the previous year.
- Cenovus's 2016 proved reserves finding and development (F&D) costs were $3.49/BOE, excluding changes in future development costs, down 34% from $5.31/BOE in 2015, due to reduced capital spending. Three-year average F&D costs were $7.14/BOE, excluding changes in future development costs. The 2016 recycle ratio was 3.2 times.
- More details about Cenovus's reserves and contingent resources are available under Financial Information in the Advisory. Further information about the company's

reserves is also available in Cenovus's Annual Information Form (AIF), while additional details about its resources can be found in the supplemental Statement of Contingent and Prospective Resources. These documents are available on SEDAR at sedar.com, EDGAR at sec.gov and Cenovus's website at cenovus.com.

**Year-end disclosure documents**

Today, Cenovus Energy Inc. is filing its audited Consolidated Financial Statements for the year ended December 31, 2016 as well as related Management's Discussion and Analysis with Canadian securities regulatory authorities. Cenovus is also filing today its AIF for the year ended December 31, 2016, which includes disclosure relating to reserves data and other oil and gas information. In addition, the company is filing its Statement of Contingent and Prospective Resources as at December 31, 2016, which includes information relating to bitumen best estimate economic contingent resources and bitumen prospective resources. Cenovus is also filing its Annual Report on Form 40-F for the year ended December 31, 2016 with the U.S. Securities and Exchange Commission. Copies of these documents will be available today on SEDAR at sedar.com, EDGAR at sec.gov (for the Form 40-F), and the company's website at cenovus.com under Investors. They can also be requested by email at investor.relations@cenovus.com.

**Other developments**

In December 2016, Cenovus announced it had been placed in the Leadership level of the annual CDP Climate Change Report. This global ranking recognizes actions the company has taken to manage climate change impacts within its operations and beyond. The score of A-positions Cenovus in the top quartile of all global companies assessed by CDP and as one of only two Canadian energy companies at the Leadership level. These results were announced on December 8, 2016 as part of CDP's Canada Report.

## Conference Call Today

**9 a.m. Mountain Time (11 a.m. Eastern Time)**

Cenovus will host a conference call today, February 16, 2017, starting at 9 a.m. MT (11 a.m. ET). To participate, please dial 888-231-8191 (toll-free in North America) or 647-427-7450 approximately 10 minutes prior to the conference call. A live audio webcast of the conference call will also be available via cenovus.com. The webcast will be archived for approximately 90 days.

## ADVISORY

## FINANCIAL INFORMATION

**Basis of Presentation**

Cenovus reports financial results in Canadian dollars and presents production volumes on a net to Cenovus before royalties basis, unless otherwise stated. Cenovus prepares its financial statements in accordance with International Financial Reporting Standards (IFRS).

**Non-GAAP Measures**

This news release contains references to adjusted funds flow (previously labelled cash flow), operating earnings (loss), free funds flow (previously labelled free cash flow), net debt to adjusted EBITDA and net debt to capitalization. These are non-GAAP measures, which do not have standardized meanings and may not be comparable to similar measures presented by other issuers. Adjusted funds flow, operating earnings (loss) and free funds flow are defined and reconciled to IFRS measures in the Financial Results section of the company's Management's Discussion and Analysis for the year ended December 31, 2016 (the "MD&A"). Net debt to adjusted EBITDA and net debt to capitalization are defined and reconciled to IFRS measures in the Liquidity and Capital Resources section of the MD&A. These non-GAAP measures are presented because they are used by management to analyze Cenovus's liquidity and ability to generate funds to finance its operations. This information should not be considered in isolation or as a substitute for measures prepared in accordance with IFRS. For further information, refer to the MD&A.

Cenovus previously identified operating cash flow (now relabelled operating margin) as a non-GAAP measure. However, the company has determined that this measure is more appropriately characterized as an additional subtotal, as it is found in note 1 of the company's consolidated financial statements for the year ended December 31, 2016 (the "Financial Statements"). Cenovus has not changed the composition of the measure. For more information regarding operating margin, refer to note 1 of the Financial Statements.

**Oil and gas metrics**

**F&D costs** are calculated by dividing the sum of total exploration and development costs incurred in 2016 by the sum of total additions and revisions for proved reserves in the same period. Proved reserves additions and revisions for the period are determined by Cenovus's independent qualified reserves evaluators, effective December 31, 2016, and for purposes of determining F&D costs, exclude changes resulting from acquisitions, dispositions and production. F&D costs provide an indication of the unit cost of finding and developing new reserves.

**Recycle ratio** is an approximate measure used to illustrate the value realized from selling a barrel of oil relative to the cost of adding a barrel of oil to reserves. Recycle ratio is defined as the Operating Netback (in $/BOE for the year) divided by the F&D (in $/BOE). Operating Netback is defined as production revenues, excluding realized gains and losses on commodity hedging, less royalties, production and mineral taxes, transportation and production expenses, calculated on a per BOE basis.

**Sustaining capital costs per barrel** is defined as total oil sands capital investment excluding growth capital divided by total oil sands production capacity. It is used by Management to assess capital efficiency in maintaining oil sands production at capacity.

F&D costs, recycle ratio and sustaining costs are oil and gas metrics. Management uses these metrics to evaluate Cenovus's performance over time. These metrics do not have standardized meanings and may not be comparable to similar measures presented by other issuers and may be misleading when making comparisons. F&D costs, recycle ratio and sustaining costs are historical measures and are not indicators of Cenovus's future performance, which may vary materially.

**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. 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.

**Forward-Looking Information**

This news release contains certain forward-looking statements and other information (collectively "forward-looking information") about Cenovus's current expectations, estimates and projections, made in light of the company's experience and perception of historical trends. Forward-looking information in this document is identified by words such as "anticipate", "expect", "estimate", "plan", "target", "position", "project", "committed", "can be", "pursue", "capacity", "potential", "may", "on track", "confidence" or similar expressions and includes suggestions of future outcomes, including statements about: milestones and schedules, including expected timing for oil sands expansion phases and associated expected production capacities; projections for 2017 and future years; forecast operating and financial results; planned capital expenditures; expected future production, including the timing, stability or growth thereof; our ability to preserve our financial resilience and plans and strategies with respect thereto; our expectations regarding growth from our planned oil sands expansions, construction and potential restarts, and future impacts to our oil sands production capacity; achieved and forecast cost reductions, including sustainability and expected impacts thereof; and expected impacts of our hedging program. 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 and other assumptions inherent in Cenovus's current guidance, available at cenovus.com; projected capital investment levels, flexibility of capital spending plans and associated source of funding; future cost reductions; sustainability of cost reductions; expected condensate prices; estimates of quantities of oil, bitumen, natural gas and liquids from properties and other sources not currently classified as proved; future use and development of technology; ability to obtain necessary regulatory and partner approvals; successful and timely implementation of capital projects or stages thereof; the company's ability to generate sufficient cash to meet its 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 company's filings with securities regulatory authorities.

2017 guidance, as updated on December 8, 2016, assumes: Brent of US$48.75/bbl; WTI of US$47.25/bbl; WCS of US$31.50/bbl; NYMEX of US$3.00/MMBtu; AECO of $2.60/GJ; Chicago 3-2-1 crack spread of US$11.25/bbl; and an exchange rate of $0.74 US$/C$.

The risk factors and uncertainties that could cause the company'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 hedging strategies and the sufficiency of liquidity position; accuracy of cost estimates; commodity prices, currency and interest rates; 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 in operation of the company's crude-by-rail terminal, including health, safety and environmental risks; maintaining desirable ratios of debt to adjusted EBITDA and net debt to adjusted EBITDA as well as 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 relationships with partners and to successfully manage and operate the company's 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 AIF or Form 40-F for the year ended December 31, 2016, available on SEDAR at sedar.com, EDGAR at sec.gov and the company's website at cenovus.com.

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**Cenovus Energy Inc.**

Cenovus Energy Inc. is a Canadian integrated oil company. It is committed to applying fresh, progressive thinking to safely and responsibly unlock energy resources the world needs. Operations include oil sands projects in northern Alberta, which use specialized methods to drill and pump the oil to the surface, and established natural gas and oil production in Alberta and Saskatchewan. The company also has 50% ownership in two U.S. refineries. Cenovus shares trade under the symbol CVE, and are listed on the Toronto and New York stock exchanges. For more information, visit cenovus.com.

Find Cenovus on Facebook, Twitter, LinkedIn, YouTube and Instagram.


**CENOVUS CONTACTS:**

**Investor Relations**

Kam Sandhar
Vice-President, Investor Relations & Corporate Development
**403-766-5883**

Graham Ingram
Manager, Investor Relations
**403-766-2849**

**Media**

Brett Harris
Media Lead
**403-766-3420**

Sonja Franklin
Senior Advisor, News Media
**403-766-7264**

General media line
**403-766-7751**