



RESPONSIBLE ENERGY DEVELOPMENT →

ABOUT NEXEN: IN CANADA

A CLOSER LOOK AT OUR CANADIAN OPERATIONS



ABOUT NEXEN



Canada is a nation with abundant natural resources and a strong record of reliable, responsible energy development. For more than 40 years, Nexen has been part of that success story, using technology, innovation and collaboration to grow Canadian oil and gas production and help supply the energy that fuels people's lives.

Nexen is a significant player in the Canadian oil sands and the country's

emerging shale gas industry. We are also active in conventional oil and gas, and power generation. Our Canadian-based team is committed to producing energy safely, reliably and with a shared commitment to excellence. For us, sustainable energy development is about engaging stakeholders, managing our environmental footprint and working with the communities where we operate.

“ IN 2016, WE CAN EXPECT TO FACE CHALLENGES DUE TO THE ECONOMIC ENVIRONMENT, BUT WE ARE WELL POSITIONED TO MEET THEM. WE HAVE A DIVERSE PORTFOLIO OF ASSETS AND A STRONG TEAM WHICH ARE CRUCIAL TO DELIVERING OUR KEY RESULTS. THESE FACTORS CREATE A COMPETITIVE EDGE THAT WILL ENABLE US TO TAKE ADVANTAGE OF FUTURE OPPORTUNITIES. ”

FANG ZHI
CEO, NEXEN

NEXEN >>

The Nexen group of companies are wholly owned subsidiaries of CNOOC Limited. We are strategically focused on three businesses – conventional oil and gas, oil sands and shale oil and gas. In addition to our Canadian businesses, Nexen operates in many of the world's most significant basins, including the UK North Sea, offshore West Africa and the Gulf of Mexico.

CNOOC LIMITED >>

CNOOC Limited is China's largest producer of offshore crude oil and natural gas and one of the largest independent oil and gas exploration companies in the world, with operations in more than 20 countries. In 2015, CNOOC Limited produced an average of 1.36 million boe/d.

OVERVIEW: NEXEN'S CANADIAN BUSINESSES

Nexen's Canadian operations encompass the following:

OIL SANDS >>

Nexen has an interest in more than 300,000 acres in the Wood Buffalo region of northern Alberta, with billions of barrels of contingent recoverable oil sands resources.

Our Long Lake oil sands facility uses steam-assisted gravity drainage (SAGD) to produce bitumen, which is then routed to the upgrader for processing to create high-grade Premium Synthetic Crude (PSC™) oil.

On January 15, 2016, Nexen experienced a tragic explosion that resulted in two fatalities and the suspension of upgrader operation. Nexen continues to produce bitumen for direct sale without upgrading.

Nexen also has a 25 per cent non-operating working interest in the Hangingstone SAGD project being developed by Japan Canada Oil Sands (JACOS), and manages an equity interest in MEG Energy, a Canadian oil sands developer. Nexen holds a 7.23 per cent interest in Syncrude Canada's oil sands mining and upgrading facility.

Nexen is strategically positioned for future in-situ oil sands development, with land holdings in a number of Wood Buffalo prospect areas.

SHALE GAS & OIL >>

Nexen was an early entrant in Canada's emerging shale gas industry. Starting in 2006, we began acquiring large blocks of acreage in the Horn River, Cordova and Liard basins of northeast British Columbia. Combined with our joint venture partners, we hold approximately 300,000 acres of high quality land in the region – making this asset an exciting prospect for delivering affordable, clean-burning fuel.

With a focus on operational excellence, Nexen has brought about international joint venture opportunities with INPEX Gas British Columbia Ltd. (IGBC) for shale gas development in northeast B.C.

CONVENTIONAL OIL & GAS / POWER GENERATION >>

From 1961 to 2011, Nexen operated a sour gas processing plant located northeast of Calgary, Alberta near the town of Balzac. In 2011, the Balzac gas plant was decommissioned and a stand-alone power plant remains operational, supplying enough electricity to power 100,000 homes.

Nexen is also a 50 per cent partner in the 70.5 megawatt Soderghen Wind Farm in southern Alberta and we own 100 per cent of the carbon credits associated with its production. Credits are used to help meet our greenhouse gas compliance in our Alberta-based operations.

Nexen also manages an equity interest in Northern Cross (Yukon) Ltd., which owns oil and natural gas blocks in the Yukon and is evaluating both conventional and unconventional resource prospects.



OUR CALGARY OFFICE

Our Calgary-based team supports operations in a number of locations—including the U.S., UK and offshore West Africa—and oversees our exploration business, which operates around the world.

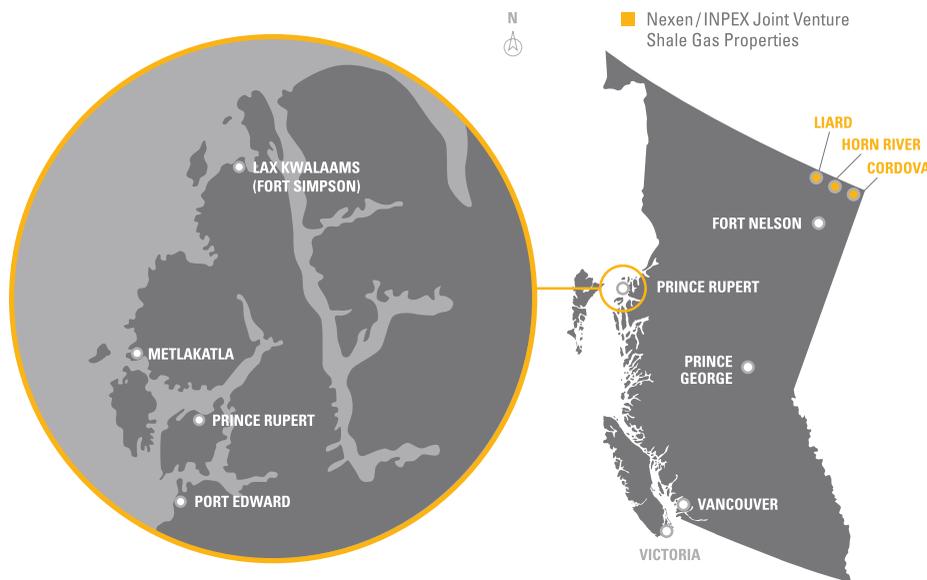
A world map with several blue location pins indicating global operations. The pins are located in North America, Europe, and Africa.



NEXEN'S LNG STRATEGY (AURORA LNG)

With a focus on safety, environmental responsibility, technical feasibility and costs, Aurora LNG is studying the viability of building and operating a liquefied natural gas (LNG) facility and marine terminal on the coast of British Columbia. The proposed LNG project will go through a comprehensive regulatory review process that will meet provincial and federal requirements. Project economics are crucial before a final investment decision is made.

Aurora LNG is a joint venture between Nexen and INPEX CORPORATION that brings a wealth of proven experience, expertise and well-established relationships in all components of the LNG value chain including: upstream natural gas production; liquefaction; transportation; regasification; marketing; and distribution of natural gas to end users.



DID YOU KNOW >>

A "LOCAL FIRST" PRINCIPLE GUIDES OUR INVESTMENTS

We believe in working with the people closest to our operations. It's a win-win for Nexen and neighbouring communities – that's because Nexen benefits from the proximity of local suppliers and working with people who know the local culture, community and environment. In turn, communities benefit from direct and indirect employment and the diversification of the local economy that our company generates.

NEXEN TO BECOME OPERATOR IN NEWFOUNDLAND: FLEMISH PASS LICENCE AWARD >>

Nexen was awarded one of the most sought-after blocks in the 2015 Flemish Pass licencing round offshore Newfoundland (Eastern Canada). The block NL15-01-10 (Block 10), covering over 1600 square kilometres, was awarded to Nexen and represents a successful entry for the company as an operator in Newfoundland.

ECONOMIC CONTRIBUTION

In 2015, Nexen's Canadian-based operations accounted for:

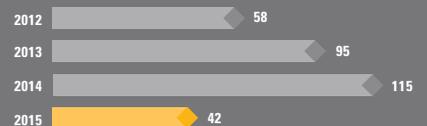
CAPITAL EXPENDITURE >>

(CAD \$BILLIONS)



TOTAL ROYALTIES¹ AND INCOME TAXES FOR CANADIAN OPERATIONS >>

(CAD \$MILLIONS)



¹ Royalties are cash payments.

SAFETY FIRST: A CORE VALUE

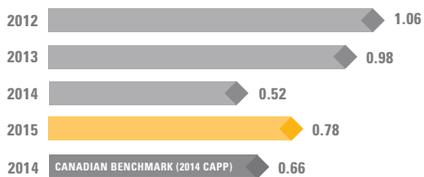
Safety is a core value at Nexen and the success of every activity we undertake is measured on our ability to conduct our work safely, each and every day.

We will continue to strive for improvement in our safety performance in 2016.

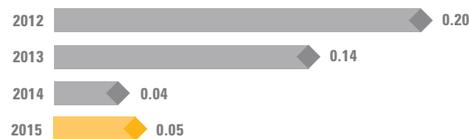
CANADA-WIDE SAFETY PERFORMANCE >>

(COMBINED EMPLOYEE AND CONTRACTOR)

TOTAL RECORDABLE INJURY FREQUENCY (TRIF)*



LOST TIME INJURY FREQUENCY (LTIF)*



* Total Recordable Injury Frequency represents the total number of fatalities, lost time injuries, medical treatment cases and modified work cases for every 200,000 hours worked.

* Lost Time Injury Frequency is a measure of safety performance calculated as the number of fatalities and lost time injuries recorded for every 200,000 hours worked.

SAFETY LEADERSHIP >>

At Nexen, we do not compromise on safety – it is integral to everything we do in the field and in the office. We rely on leaders at all levels of the organization to play a critical role in driving best-in-class safety performance and striving for continuous improvement.

Nexen is focused on building a strong Safety First culture. In 2015, Safety Leadership Workshops were held to cover the principles of safety leadership (mindful leadership) and the principles of behaviour-based safety. These workshops were intended to enhance leaders' understanding of their roles and accountability as Safety Leaders in the organization.

PROCESS SAFETY >>

Process Safety Management (PSM) sustainment and continuous improvement reduces the potential risks to people, the environment and assets from our operations and continues to be a top priority for Nexen. We continue to drive PSM implementation throughout our operations by focusing on asset integrity, facility reliability and ensuring our processes are fit for purpose.



“WE CANNOT SUCCEED UNLESS WE PUT SAFETY FIRST IN EVERYTHING WE DO – NOTHING IS SO IMPORTANT THAT IT CANNOT BE DONE SAFELY.”

FANG ZHI
CEO, NEXEN

SAFETY CAMPAIGNS 2015 >>

To raise awareness of key issues that impact our employees and contractors, safety campaigns were launched each quarter to raise awareness and provide resources to help keep our people safe.

Topics ranged from office safety including slips, trips and falls, to musculoskeletal injury/ergonomics and winter driving including journey management.



ENVIRONMENT

As a responsible energy developer, Nexen seeks to reduce our impact on air, water, land and ecosystems.

NEXEN PARTICIPATES IN IMPORTANT TECHNOLOGY FIELD TEST >>

In July 2015, an oil sands industry partnership including Nexen commenced field testing of a new technology called Enhanced Solvent Extraction Incorporating Electromagnetic Heating (ESEIEH). The project partners include Nexen, Suncor Energy, Devon Canada and Harris Corporation plus support from Alberta's Climate Change and Emissions Management Corporation. ESEIEH is now being tested at Suncor's Dover oil sands site. The test is expected to last for two years.

Instead of injecting steam, ESEIEH delivers electricity to a down-hole antenna that generates an electromagnetic (EM) field in the subsurface reservoir. The EM energy heats the bitumen, which can then be pumped to the surface. If successful and commercially viable, ESEIEH has the potential to improve economic and environmental performance in the oil sands by reducing the energy required and eliminating the need for water or steam, thereby reducing greenhouse gas emission (GHG), eliminating process water usage and lowering extraction costs.

NEXEN-LED ALGAR HABITAT RESTORATION PROJECT WINS PRESTIGIOUS AWARD >>

Nexen is collaborating with COSIA (Canada's Oil Sands Innovation Alliance), along with the province of Alberta and the local forestry industry in northern Alberta to actively restore vital caribou habitat with the Algar Habitat Restoration Project. The project is aimed at reclaiming linear disturbances such as roads and seismic lines and includes a five-year program to replant trees and shrubs in disturbed areas of the region, which covers about 570 square kilometres southwest of Fort McMurray, Alberta, Canada.

These efforts were celebrated as the project received an Alberta Emerald Foundation Award in 2014, which recognizes outstanding environmental initiatives. In 2015, the project also received an Award of Merit from the Consulting Engineers of Alberta.



A vacuum truck drains water from a bell hole on the northwest side of the spill zone. October 13, 2015.

LONG LAKE PIPELINE FAILURE

On the afternoon of July 15, 2015, an emulsion leak from a pipeline was discovered within Nexen's Long Lake operations. The leak was quickly stabilized and steps were taken to control the site. Nexen informed the Alberta Energy Regulator (AER) and continues to work with them through the ongoing investigation.

The size of the spill is estimated to be 5,000 m³ of emulsion, over an area of approximately 21,900 m² mostly within a pipeline corridor. Emulsion is a mixture of bitumen, produced water and sand. All necessary steps and precautions were taken by Nexen to protect the health and safety of employees, contractors, the public and the environment, and to contain and clean up the spill.

CLEAN-UP AND REMEDIATION >>

Extraction of the bitumen started on October 2, 2015. Cooler temperatures were needed to partially harden the emulsified bitumen, allowing Nexen to safely begin excavation and disposal while minimizing the amount of muskeg that has to be removed. Regular soil sampling in the remediated area indicates an ongoing downward trend in the salinity of surface soil, which is approaching pre-spill levels.

On Thursday April 14, 2016, Nexen achieved a significant milestone when workers successfully completed bitumen removal activities within the release area.

As part of the recovery efforts, the release area was visually inspected and removal activities were supported by confirmatory sampling both at surface and within the trench excavations. The site will now transition into a long-term monitoring program to support the site remediation. This monitoring program will be submitted to the AER for authorization prior to implementation, and will be included in our site Environmental Protection and Enhancement Act approval requirements.

We remain focused on safely mitigating impacts to the environment and continuing to consult with the AER.

MANAGING GREENHOUSE GAS EMISSIONS

Nexen's climate change action plan includes using new technologies to be more energy efficient, investing in renewable energy, participating in carbon markets and engaging in public policy discussions on climate change.

We are taking measures to reduce our GHG emissions and forging ahead with research and development projects that target energy efficiency and greenhouse gas intensity. Nexen, as a member of COSIA is supporting the NRG-COSIA Carbon X-Prize, a major international competition to find methods for turning carbon dioxide into useable products.

CANADA-WIDE GREENHOUSE GAS EMISSIONS >>

Carbon Dioxide (CO₂) Equivalent Emissions¹ (million tonnes)

2012	4.05
2013	4.60
2014	5.10
2015	3.80

Emissions per cubic metre (t CO₂ / m³ OE)

2012	1.12
2013	1.01
2014	1.07
2015	0.99

¹ Emissions include direct emissions from operations plus indirect emissions from electric power consumption.

In 2015, improvements on emission intensity levels in all areas of our Canadian business improved from 2014. The primary contributor was the improved steam-oil ratio in Oil Sands that resulted in more bitumen per unit of fuel (and emissions) than in 2014.

- **Oil Sands** – decreased due to significant improvements in the steam-oil ratio (SOR), the turnaround in June and shutdown of K1A due to the pipeline failure in July 2015.
- **Shale Gas & Oil** – decreased due to natural declines and we did not drill or complete any new wells in 2015.
- **Balzac Power** – the plant did not run for a portion of the year due to low power prices.

PIPELINE INTEGRITY MANAGEMENT SYSTEM (PROCESS SAFETY)

As part of the Process Safety Management program, Nexen initiated an internal audit of the corporate pipeline integrity management system in late 2014 and early 2015. This audit identified a number of non-compliances primarily related to documentation of maintenance activities. Subsequent to the voluntarily self-disclosure of these non-compliances, Nexen was issued a suspension order from the AER.

As a result, Nexen immediately began preparation to shut down operations at Long Lake, while working with the AER to demonstrate the impacted pipelines remained safe to operate. A series of amendments to the suspension order followed and restrictions applied to the majority of the pipelines were lifted at Long Lake, allowing full resumption of site capacity. We continue to work with the AER to come to a final resolution on the suspension order.

LONG LAKE EXPLOSION

Nexen responded to an explosion that occurred at our Long Lake site in the hydrocracker unit on January 15, 2016, and we are deeply saddened that this explosion resulted in the death of two employees. Immediately following the accident, the affected facility was shut down and the site was stabilized. The entire upgrader was shut down and we reduced SAGD bitumen production to minimum rates. We notified the regulator immediately and continue to fully cooperate with authorities investigating this accident.



WATER MANAGEMENT

Nexen is committed to safeguarding the quality and quantity of regional surface and groundwater resources and advancing technologies that reduce potential environmental risks.

In March 2015, charges were laid by the British Columbia (BC) Crown under the provincial Water Act for contravening the terms of our water licence in the summer of 2012. Nexen had fully disclosed these events to the regulator and based on our proactive response, transparent cooperation with the Province and previous record of compliance, Nexen worked with the Crown to provide a joint submission on sentencing for a reduced penalty amount. Sentencing concluded in late 2015 with Nexen receiving a penalty in the amount of \$75,000 for the violation.

The Nexen Water Monitoring Program in our shale gas operations in northeastern British Columbia is underway and we will continue to monitor and report on flows through the open water season.

ENVIRONMENTAL REGULATORY OR PERMIT VIOLATIONS >>

Geographical Region	2012	2013 ¹	2014	2015
Canadian Operations Total	192	99	53	47
Shale Gas & Oil	1	1	1	0
Oil Sands	191	98	52	47

¹ The indicator definition was revised in 2013. The revised definition includes any event-related violation of legislation (act/regulation/directive) or permit issued related to air, land or water management or environmental protection. Under the former indicator name (Environmental Exceedances) non-compliances with legislation were not included.

WORKING TOWARDS ZERO SPILLS >>

Events	2012	2013	2014	2015
Canadian Operations Total	44	35	27	29
Shale Gas & Oil	12	15	10	0
Oil Sands	32	20	17	29

Volume Released (m ³)	2012	2013	2014	2015
Canadian Operations Total	447	597	1569	5937
Shale Gas & Oil	17	49	18	0
Oil Sands	430	548	1551	5937

Volumes include liquid and solid reportable releases for 2012 - 2015.





EMPLOYEE HEALTH AND WELLNESS

Nexen is committed to the well-being and health of our employees and contractors by providing access to various health and wellness programs, and resources.

In January 2015, Nexen kicked off the year with a Health & Wellness Fair. Employees and contractors were encouraged to attend to learn more about the company wellness programs, the Wellness Centre, office ergonomics and their own health by accessing booths for blood pressure, cholesterol and blood sugar testing.

PREVENTING MUSCULOSKELETAL INJURY >>

Nexen also launched a Musculoskeletal Injuries (MSI) Awareness Campaign to help employees and contractors prevent injuries while working at computers or sitting at workstations.

The campaign raised awareness of the risk of MSI injuries and provided information to help everyone better identify the symptoms for early treatment or future prevention. Nexen has standards, policies, training and resources available to aid in the risk mitigation of injury.

Ergonomics is the science of designing and arranging the tools in a work environment to ensure individuals are interacting with these tools in the safest and most effective manner. A good ergonomic set-up is based 50 per cent on office furniture and 50 per cent on personal behavior while sitting at a workstation.

For those requiring a more detailed ergonomic assessment, an ergonomics consultant is available to assess workstations and make recommendations to employees and contractors for the prevention of or treatment of MSI injuries in the workplace.

“ENSURING OUR EMPLOYEES AND CONTRACTORS HAVE THE RIGHT INFORMATION TO HELP PREVENT THESE TYPES OF INJURIES GOES A LONG WAY AND HELPS US STRIVE TOWARD ACHIEVING OUR HEALTH, SAFETY AND ENVIRONMENT KEY RESULT OF 0/0/0 EVERY DAY.”

BERNIE HERBERT
VP, HSE

NEXEN: INVOLVED IN OUR COMMUNITY

Communities are at their best when they enrich and inspire, educate and motivate, and provide care to individuals and families who need it most. In 2015, Nexen contributed \$10.5 million to support communities where we operate globally.

Here are some of the notable contributions Nexen and its parent company made in Canada in 2015:

UNITED WAY 2015 – CALGARY AND FORT MCMURRAY

Nexen supports annual campaigns where funds raised go to United Way of Calgary and Area and United Way of Fort McMurray. The 2015 campaigns raised \$840,000 for United Way of Calgary and Area and \$105,000 for United Way of Fort McMurray.

Dollars raised is comprised of contributions from Nexen employees matched by the company dollar-for-dollar.

SUPPORTING CALGARY'S ARTS SCENE

Nexen supports a dynamic range of performing arts organizations as we believe one of the elements of a vibrant community is the quality and variety of the performing arts offered. We have a proud history of supporting arts organizations including the Alberta Ballet, Calgary Opera Association, Calgary Philharmonic Society, Honens, Lunchbox Theatre, Theatre Calgary, Theatre Junction and Vertigo Mystery Theatre.

PROVING SUPPORT TO HELP END DOMESTIC VIOLENCE

In 2015, Nexen was recognized by the Calgary Women's Emergency Shelter (CWES) for our support of helping families take courageous steps to end family violence and abuse. Nexen was awarded the annual Sustainability Award, the highest honour that organization can bestow to those who are making a difference in the lives of Calgarians struggling with family violence.

Nexen has been a proud supporter of the CWES since 1995. Over the past six years, Nexen has invested \$600,000 in the Adopt-a-Room Program, which supports the Nexen Room, one of 15 bedrooms in the shelter that hosts a mom and up to three children at a time. The investment covers the costs of all programs and services provided to the families staying in that room over a three-year period.

FORT NELSON – ENSURING ACCESS TO TRANSPORTATION FOR SENIORS

In January 2015, Nexen and joint venture partner IGBC donated \$65,000 for a new community bus for the Northern Rockies Seniors Society in Fort Nelson, a community in northeastern British Columbia, Canada. The Society is a non-profit charitable organization dedicated to enriching the lives of seniors in Fort Nelson and area by providing transportation, social and recreational opportunities.

“NEXEN IS PROUD OF THE WORK THE CALGARY WOMEN'S EMERGENCY SHELTER DOES IN OUR COMMUNITY. COMMUNITIES, GOVERNMENTS AND THE PRIVATE SECTOR ALL HAVE A ROLE TO PLAY IN BRINGING ATTENTION TO THE ISSUE AND DEVELOPING INFRASTRUCTURE AND SUPPORT FOR THOSE IN NEED.”

ANDREA BOSNJAK
MANAGER, COMMUNITY INVESTMENT

BENCHMARKING OUR COMMUNITY INVESTMENT

Nexen is a member of the London Benchmarking Group (LBG) Canada. We participate in an audit of our community investment portfolio to ensure figures stated in our reporting and communication are a true reflection of the value of our community investment portfolio, which includes cash and in-kind giving, employee volunteering and matching, and program management costs.

*Total includes program management costs

GIVING

In 2015, Nexen contributed \$6.2 million to charitable, non-profit and community organizations in Canada. Our core funding areas are in education, arts and culture, community support and environmental stewardship.

MATCHING

Nexen matched a total of \$1.1 million in employee and contractor contributions to charitable and non-profit organizations in 2015 in Canada.

Nexen supports employees by matching their contributions to registered charitable or nonprofit organizations up to a maximum of \$20,000 per individual in Canada in any one calendar year.

MATCHING EMPLOYEE DONATIONS UP TO



\$20,000/PERSON

HELPING

Nexen employees took advantage of the Helping program by contributing more than 9,300 hours of volunteer time during work hours to their communities in 2015, which when monetized provided \$327,000 in value back to our communities. We also provided grants of \$68,500 to charitable organizations and amateur sports associations in recognition of our employees' personal volunteer efforts.

SUPPORTING YOUNG ATHLETES IN THE WESTERN CANADA SUMMER GAMES

Nexen's community investments and support reflect our corporate culture and values, and enhance the wellbeing of our host communities. A great example of this commitment was our leadership contribution of \$250,000 to the 2015 Western Canada Summer Games in Fort McMurray, Alberta.

The games ran from August 7 through 16 and were the largest multi-sport event ever hosted in the Regional Municipality of Wood Buffalo. Over 10 days, approximately 2,500 young athletes from Manitoba, Saskatchewan, Alberta, British Columbia, Yukon, Northwest Territories and Nunavut competed in 18 sport disciplines. All of these events were hosted at the world-class facilities throughout the region, including the CNOOC Nexen Fieldhouse and brand-new CNOOC Nexen Stage, both located at MacDonald Island Park.

The Summer Games will leave a legacy for the community and our staff, and allowed all of us to showcase this region and the importance of our industry. Nexen was proud to be a Summer Games key sponsor and a contributor to developing arts, culture and sport capacity.



CNOOC Nexen stage at MacDonald Island Park was lit up each night of the games.



Nexen was the presenting sponsor of the 2015 Western Canada Summer Games held in Fort McMurray in August 2015. In addition, Nexen supported the Triathlon events which took place in Anzac, the closest community to our Long Lake facility.

SUPPORTING ABORIGINAL COMMUNITIES

Nexen is committed to working with indigenous communities to build capacity and support the development of sustainable businesses and future leaders. One means by which Nexen meets this commitment is through the Banff Centre's Indigenous Leadership & Management certificate program that focuses on leadership development. From 2013 to 2016, we have supported 63 participants which include past and present chiefs and council.

PROGRESSIVE ABORIGINAL RELATIONS >>

In 2015, Nexen received notification from the Canadian Council for Aboriginal Business (CCAB) that our Silver-level certification under the Progressive Aboriginal Relations (PAR) program has been renewed. PAR is a certification program that confirms corporate performance in Aboriginal relations.

NATIVE AMBASSADOR POST-SECONDARY INITIATIVE >>

Nexen has supported the University of Calgary's Native Ambassador Post-Secondary Initiative (NAPI) since 2008. NAPI is a community-based Aboriginal youth outreach program designed to motivate and empower Aboriginal youth throughout Western and Northern Canada to become future leaders. The NAPI Program is designed for Aboriginal youth aged 13-24 and consists of two main streams: Educational Outreach and Youth Leadership Training. Both avenues provide educational information, inspiration that helps youth to make informed decisions, develop vision for their future, and contribute positively to their community.

ABORIGINAL EDUCATION AWARD PROGRAM >>

Nexen's post-secondary Aboriginal Education Award program is in its 16th year. The program provides scholarships to Aboriginal students pursuing studies related to the oil and gas industry. In 2015, Nexen awarded \$22,000 in scholarships to 12 students from 8 communities across Western Canada.



SUSTAINABILITY REPORTING: LEARN MORE

This publication highlights some of the sustainability initiatives underway at Nexen's Canadian operations. More detailed information is available at www.nexencnooltd.com/responsible-development. CNOOC Limited also publishes a corporate social responsibility report which can be found at <http://www.cnooltd.com/csreport/en/index.html>

OPPORTUNITIES AT NEXEN >>

A career at Nexen is an opportunity to contribute to a team that values diversity and integrity and strives to be the best. It's also about working toward a common goal – creating value through safe and environmentally responsible energy development. This creates value for all stakeholders, including our owners, Canadian governments, local communities and all Canadians. To learn more, visit Nexen Careers at <http://www.nexencnooltd.com/en/Careers.aspx>

FORWARD LOOKING STATEMENTS >>

This report includes "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995, including statements regarding expected future events, business prospectus or financial results. The words "expect", "anticipate", "continue", "estimate", "objective", "ongoing", "may", "will", "project", "should", "believe", "plans", "intends" and similar expressions are intended to identify such forward-looking statements. These statements are based on assumptions and analyses made by the Company in light of its experience and its perception of historical trends, current conditions and expected future developments, as well as other factors the Company believes are appropriate under the circumstances. However, whether actual results and developments will meet the expectations and predictions of the Company depends on a number of risks and uncertainties which could cause the actual results, performance and financial condition to differ materially from the Company's expectations, including but not limited to those associated with fluctuations in crude oil and natural gas prices, the exploration or development activities, the capital expenditure requirements, the business strategy, whether the transactions entered into by the Group can complete on schedule pursuant to their terms and timetable or at all, the highly competitive nature of the oil and natural gas industries, the foreign operations, environmental liabilities and compliance requirements, and economic and political conditions in the People's Republic of China. For a description of these and other risks and uncertainties, please see the documents the Company files from time to time with the United States Securities and Exchange Commission, including the Annual Report on Form 20-F filed in April of the latest fiscal year.

Consequently, all of the forward-looking statements made in this press release are qualified by these cautionary statements. The Company cannot assure that the results or developments anticipated will be realised or, even if substantially realised, that they will have the expected effect on the Company, its business or operations.

All financial information in Canadian dollars.

May 2016

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