

Rating: None  
 S&P 500: 1225

## Canadian Natural Resources Present Value Sensitivity

<i>Symbol</i>	CNQ	<i>Ebitda Next Twelve Months ending 6/30/06 (US\$mm)</i>	4,800
<i>Rating</i>		<i>North American Natural Gas/Ebitda (%)</i>	44
<i>Price (US\$/sh)</i>	40.21	<i>Natural Gas and Oil Production/Ebitda (%)</i>	100
<i>Pricing Date</i>	7/14/05	<i>Adjusted Reserves/Production NTM</i>	7.4
<i>Shares (mm)</i>	536	<i>EV/Ebitda</i>	5.5
<i>Market Capitalization (US\$mm)</i>	20,900	<i>PV/Ebitda</i>	5.9
<i>Debt (US\$mm)</i>	5,100	<i>Undeveloped Reserves (%)</i>	36
<i>Enterprise Value (EV) (US\$mm)</i>	26,000	<i>Natural Gas and Oil Ebitda (US\$/mcf)</i>	4.73
<i>Present Value (PV) (US\$mm)</i>	28,200	<i>Present Value Proven Reserves(US\$/boe)</i>	18.62
<i>Net Present Value (US\$/share)</i>	43	<i>Present Value Proven Reserves(US\$/mcf)</i>	3.10
<i>Debt/Present Value</i>	0.18	<i>Earnings Next Twelve Months (US\$/sh)</i>	3.63
<i>McDep Ratio - EV/PV</i>	0.92	<i>Price/Earnings Next Twelve Months</i>	11
<i>Dividend Yield (%/year)</i>	1.0	<i>Indicated Annual Dividend (US\$/sh)</i>	0.39

Note: Estimated cash flow and earnings tied to one-year futures prices for oil and natural gas.

Reported results may vary widely from estimates. Estimated present value per share revised only infrequently.

### Summary

Present value of US\$43 a share, assuming \$40 oil, for the conventional oil and gas business of Canadian Natural Resources combined with the Horizon Oil Sands Project would be US\$20, 66 and 89 a share for oil at \$30, 50 and 60 a barrel. That appears to be about twice the sensitivity of the typical stock to oil price, mainly because of Horizon. A summary table combines the separate calculations for conventional resources and Horizon. The detailed table for conventional resources deals primarily in US dollars per barrel of reserves. The detailed table for Horizon deals primarily in Canadian dollars for the whole project. Recent strengthening of the Canadian dollar has a partly artificial effect on the calculation.

Kurt H. Wulff, CFA

**Canadian Natural Resources**  
**Net Present Value Calculation**  
 (U.S. dollars)

Constant Oil Price (\$/bbl):	30	40	50	60
Present Value per Barrel (\$):	9.50	13.00	16.50	20.10
Oil and Gas Reserves (million barrels equivalent):	1,514	1,514	1,514	1,514
Present Value of Oil and Gas Reserves (\$mm):	14,400	19,700	25,000	30,400
Short Life Uplift	2,100	2,100	2,100	2,100
Present Value of Horizon (\$mm):	(500)	6,400	13,400	20,300
Total	16,000	28,200	40,500	52,800
Debt (\$mm):	5,100	5,100	5,100	5,100
Present Value of Equity (\$mm):	10,900	23,100	35,400	47,700
Shares (mm):	536	536	536	536
Net Present Value (\$/sh):	20	43	66	89

**Canadian Natural Resources**  
**Present Value of Oil and Gas Reserves**  
 (U.S. dollars)

Volume Decline (%/yr):	16	Nymex Oil Price Post 2006 (\$/bbl)	40
Volume Enhancement (%/yr):	9	Real Discount Rate (%/yr):	7.0
Capex/Cash Flow (%):	15	Variable Cost (%):	20

Year	Basic (bbl)	Volume Enhanced (bbl)	Total (bbl)	Price (\$/bbl)	Revenue (\$)	Fixed Cost (\$)	Var. Cost (\$)	Cash Flow (\$)	Cap Ex (\$)	Free CF (\$)	Disc Factor	Present Value (\$)
Total 2006 through 2020; years ending on 6/30												
	0.640	0.360	1.000	33.84	33.84	7.09	6.77	19.98	2.19	17.79	0.73	13.00
2006	0.110	0.000	0.110	40.87	4.48	0.47	0.90	3.11	0.47	2.65	0.97	2.56
2007	0.092	0.011	0.104	32.98	3.42	0.47	0.68	2.26	0.34	1.92	0.90	1.74
2008	0.078	0.020	0.098	32.98	3.23	0.47	0.65	2.11	0.32	1.79	0.84	1.51
2009	0.065	0.027	0.093	32.98	3.05	0.47	0.61	1.97	0.30	1.67	0.79	1.32
2010	0.055	0.032	0.087	32.98	2.88	0.47	0.58	1.83	0.27	1.56	0.74	1.15
2011	0.046	0.036	0.083	32.98	2.72	0.47	0.54	1.71	0.26	1.45	0.69	1.00
2012	0.039	0.039	0.078	32.98	2.57	0.47	0.51	1.59	0.24	1.35	0.64	0.87
2013	0.033	0.041	0.074	32.98	2.43	0.47	0.49	1.47	0.00	1.47	0.60	0.89
2014	0.028	0.034	0.062	32.98	2.05	0.47	0.41	1.16	0.00	1.16	0.56	0.65
2015	0.023	0.029	0.052	32.98	1.72	0.47	0.34	0.90	0.00	0.90	0.53	0.48
2016	0.020	0.024	0.044	32.98	1.45	0.47	0.29	0.69	0.00	0.69	0.49	0.34
2017	0.016	0.021	0.037	32.98	1.22	0.47	0.24	0.50	0.00	0.50	0.46	0.23
2018	0.014	0.017	0.031	32.98	1.03	0.47	0.21	0.35	0.00	0.35	0.43	0.15
2019	0.012	0.015	0.026	32.98	0.86	0.47	0.17	0.22	0.00	0.22	0.40	0.09
2020	0.010	0.012	0.022	32.98	0.73	0.47	0.15	0.11	0.00	0.11	0.37	0.04

**Horizon Oil Sands Project**  
**Present Value of Future Cash Flow**

Nymex Crude (US\$/b): 40      PV/share (US\$): 12      Discount rate (%/yr): 7.0

Year	Volume (mbd)	Volume (mmb)	Price (US\$/bbl)	Revenue (C\$m)	Prod Cost (C\$/bbl)	Natural Gas (C\$/bbl)	Other & NonOper (C\$/bbl)	Capital Exp. (C\$m)	Royalty (C\$m)	Cash Flow (C\$m)	Disc Factor	Present Value (C\$m)
Total 2005 through 2045; years ending on 6/30												
		2975		144800				22796	15268	46514	0.17	7800
2006								2000	0	-2000	0.97	-1933
2007								2000	0	-2000	0.90	-1807
2008								2000	0	-2000	0.84	-1689
2009	110	40.2	40.00	1954	14.00	4.04	1.80	1659	20	-521	0.79	-411
2010	110	40.2	40.00	1954	14.00	4.12	1.80	1659	20	-525	0.74	-387
2011	135	49.3	40.00	2398	14.00	4.20	1.80	1195	24	193	0.69	133
2012	135	49.4	40.00	2405	14.00	4.29	1.80	1196	24	192	0.64	124
2013	232	84.7	40.00	4121	14.00	4.37	1.80	336	41	2036	0.60	1226
2014	232	84.7	40.00	4121	14.00	4.46	1.80	336	41	2029	0.56	1141
2015	232	84.7	40.00	4121	14.00	4.46	1.80	336	41	2029	0.53	1067
2016	232	84.9	40.00	4132	14.00	4.46	1.80	337	41	2034	0.49	1000
2017	232	84.7	40.00	4121	14.00	4.46	1.80	336	517	1552	0.46	713
2018	232	84.7	40.00	4121	14.00	4.46	1.80	336	517	1552	0.43	666
2019	232	84.7	40.00	4121	14.00	4.46	1.80	336	517	1552	0.40	623
2020	232	84.9	40.00	4132	14.00	4.46	1.80	337	519	1557	0.37	584
2021	232	84.7	40.00	4121	14.00	4.46	1.80	336	517	1552	0.35	544
2022	232	84.7	40.00	4121	14.00	4.46	1.80	336	517	1552	0.33	508
2023	232	84.7	40.00	4121	14.00	4.46	1.80	336	517	1552	0.31	475
2024	232	84.9	40.00	4132	14.00	4.46	1.80	337	519	1557	0.29	445
2025	232	84.7	40.00	4121	14.00	4.46	1.80	336	517	1552	0.27	415
2026	232	84.7	40.00	4121	14.00	4.46	1.80	336	517	1552	0.25	388
2027	232	84.7	40.00	4121	14.00	4.46	1.80	336	517	1552	0.23	362
2028	232	84.9	40.00	4132	14.00	4.46	1.80	337	519	1557	0.22	340
2029	232	84.7	40.00	4121	14.00	4.46	1.80	336	517	1552	0.20	317
2030	232	84.7	40.00	4121	14.00	4.46	1.80	336	517	1552	0.19	296
2031	232	84.7	40.00	4121	14.00	4.46	1.80	336	517	1552	0.18	277
2032	232	84.9	40.00	4132	14.00	4.46	1.80	337	519	1557	0.17	259
2033	232	84.7	40.00	4121	14.00	4.46	1.80	336	517	1552	0.16	242
2034	232	84.7	40.00	4121	14.00	4.46	1.80	336	517	1552	0.15	226
2035	232	84.7	40.00	4121	14.00	4.46	1.80	336	517	1552	0.14	211
2036	232	84.9	40.00	4132	14.00	4.46	1.80	337	519	1557	0.13	198
2037	232	84.7	40.00	4121	14.00	4.46	1.80	336	517	1552	0.12	184
2038	232	84.7	40.00	4121	14.00	4.46	1.80	336	517	1552	0.11	172
2039	232	84.7	40.00	4121	14.00	4.46	1.80	336	517	1552	0.10	161
2040	232	84.9	40.00	4132	14.00	4.46	1.80	337	519	1557	0.10	151
2041	232	84.7	40.00	4121	14.00	4.46	1.80	336	517	1552	0.09	141
2042	232	84.7	40.00	4121	14.00	4.46	1.80	336	517	1552	0.08	131
2043	232	84.7	40.00	4121	14.00	4.46	1.80	336	517	1552	0.08	123
2044	232	84.9	40.00	4132	14.00	4.46	1.80	337	519	1557	0.07	115
2045	232	84.7	40.00	4121	14.00	4.46	1.80	336	517	1552	0.07	107

**Canadian Natural Resources**  
**Next Twelve Months Operating and Financial Estimates**  
 (Canadian Dollars)

	<i>Q1</i>	<i>Q2E</i>	<i>Q3E</i>	<i>Q4E</i>	<i>Year</i>	<i>Q1E</i>	<i>Q2E</i>	<i>Next Twelve Months</i>
	<i>3/31/05</i>	<i>6/30/05</i>	<i>9/30/05</i>	<i>12/31/05</i>	<i>2005E</i>	<i>3/31/06</i>	<i>6/30/06</i>	<i>6/30/06</i>
<b>Volume</b>								
Natural Gas (bcf)	105	107	108	108	<b>428</b>	105	107	<b>428</b>
Natural Gas (mmcf)	1,172	1,172	1,172	1,172	<b>1,172</b>	1,172	1,172	<b>1,172</b>
Days	90	91	92	92	<b>365</b>	90	91	<b>365</b>
Oil (mmb)	23.7	24.0	24.2	24.2	<b>96</b>	23.7	24.0	<b>96</b>
Oil (mbd)	263	263	263	263	<b>263</b>	263	263	<b>263</b>
Total (bcf)	248	250	253	253	<b>1,004</b>	248	250	<b>1,004</b>
Total (mmcfed)	2,752	2,752	2,752	2,752	<b>2,752</b>	2,752	2,752	<b>2,752</b>
<b>Price</b>								
Henry Hub (US\$/mmbtu)	6.27	6.76	7.41	8.18	<b>7.15</b>	8.97	7.74	<b>8.08</b>
Currency (US\$/C\$)	0.82	0.82	0.82	0.82	<b>0.82</b>	0.82	0.82	<b>0.82</b>
Henry Hub (C\$/mmbtu)	7.69	8.22	9.02	9.95	<b>8.72</b>	10.91	9.42	<b>9.83</b>
Differential	(0.41)	(0.39)	(0.42)	(0.47)	<b>(0.43)</b>	(0.51)	(0.44)	<b>(0.46)</b>
Company (C\$/mcf)	6.68	7.14	7.84	8.64	<b>7.58</b>	9.48	8.18	<b>8.53</b>
WTI Cushing (US\$/bbl)	49.65	53.05	59.67	61.56	<b>55.98</b>	61.90	61.58	<b>61.18</b>
WTI Cushing (C\$/bbl)	60.92	64.55	72.60	74.90	<b>68.24</b>	75.31	74.92	<b>74.43</b>
Differential	9.84	10.87	12.23	12.61	<b>11.36</b>	12.68	12.62	<b>12.54</b>
Company (C\$/bbl)	39.81	42.18	47.44	48.94	<b>44.63</b>	49.22	48.96	<b>48.64</b>
Total (\$/bbl)	39.92	42.47	47.26	50.19	<b>44.99</b>	52.48	49.02	<b>49.73</b>
<b>Revenue (\$mm)</b>								
Natural Gas	705	762	845	932	<b>3,243</b>	1,000	873	<b>3,650</b>
Oil	943	1,011	1,149	1,186	<b>4,289</b>	1,166	1,173	<b>4,674</b>
Total	1,648	1,772	1,994	2,117	<b>7,532</b>	2,166	2,046	<b>8,324</b>
<b>Expense</b>								
Ebitda (\$mm)	527	558	614	645	<b>2,345</b>	657	627	<b>2,543</b>
Deprec., Deplet., & Amort.	1,120	1,214	1,380	1,473	<b>5,187</b>	1,509	1,419	<b>5,781</b>
Hedging								
Interest	492	492	492	492	<b>1,968</b>	492	492	<b>1,968</b>
Ebt	43	43	43	43	<b>172</b>	43	43	<b>172</b>
Income tax	585	679	845	938	<b>3,047</b>	974	884	<b>3,641</b>
Net Income (\$mm)	205	238	296	328	<b>1,066</b>	341	309	<b>1,274</b>
Per share (\$)	381	441	549	610	<b>1,981</b>	633	575	<b>2,367</b>
Shares (millions)	0.71	0.82	1.02	1.14	<b>3.70</b>	1.18	1.07	<b>4.42</b>
Ebitda margin	536	536	536	536	<b>536</b>	536	536	<b>536</b>
Ebitda margin	68%	68%	69%	70%	<b>69%</b>	70%	69%	<b>69%</b>
Tax rate	35%	35%	35%	35%	<b>35%</b>	35%	35%	<b>35%</b>