Rating: None
S&P 500: 1549

Canadian Natural Resources
Heavy Oil, Natural Gas and Oil Sands

Symbol	CNQ	*Ebitda Next Twelve Months ending 9/30/08 (US$mm)*	7,700
Rating		*North American Natural Gas/Ebitda (%)*	35
Price (US$/sh)	83.20	*Natural Gas and Oil Production/Ebitda (%)*	100
Pricing Date	10/31/07	*Adjusted Reserves/Production NTM*	8.2
Shares (mm)	539	*EV/Ebitda*	7.6
Market Capitalization (US$mm)	44,800	*PV/Ebitda*	7.8
Debt (US$mm)	13,800	*Undeveloped Reserves (%)*	39
Enterprise Value (EV) (US$mm)	58,700	*Natural Gas and Oil Ebitda (US$/mcfe)*	6.72
Present Value (PV) (US$mm)	60,700	*Present Value Proven Reserves(US$/boe)*	23.70
Net Present Value (US$/share)	87	*Present Value Proven Reserves(US$/mcfe)*	3.95
Debt/Present Value	0.23	*Earnings Next Twelve Months (US$/sh)*	5.50
McDep Ratio - EV/PV	0.97	*Price/Earnings Next Twelve Months*	15
Dividend Yield (%/year)	0.4	*Indicated Annual Dividend (US$/sh)*	0.36

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.
Estimated present value presumes a long-term price for oil of US$66 a barrel and natural gas, $11 a million btu.

Summary

Trading at less than estimated net present value (NPV) of $87 a share, the stock of **Canadian Natural Resources (CNQ)** offers attractive participation in the rising oil price trend despite recent tax increases proposed in Alberta. Third quarter results reported today trace growing unlevered cash flow (Ebitda) from high levels of natural gas and oil production (see table Next Twelve Months Operating and Financial Estimates). Canadian heavy oil production is the largest portion of the 46% of NPV concentrated on oil (see table Functional Cash Flow and Present Value). At 24% of NPV, Horizon is the oil sands mine and upgrader set to start producing in the third quarter of 2008. Alberta's proposed higher royalties would hit nearly all of CNQ's operations except for about a quarter of current oil production from the North Sea and Africa. On the optimistic side, the renewed rise may take six-year oil price to another double as was the case from the end of 2004 to mid 2006, subject to short declines from time to time (see chart Six-Year Commodity Price Meter).

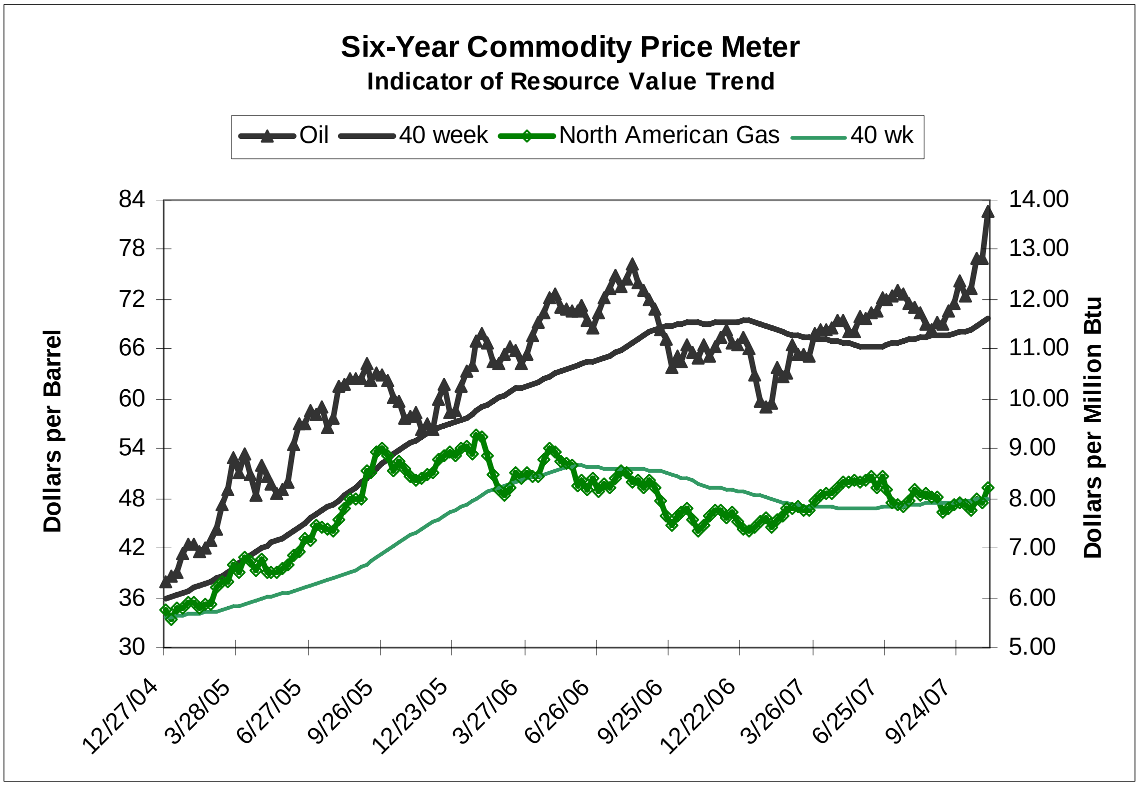
Kurt H. Wulff, CFA

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

	Q3 9/30/06	*Q2 6/30/07*	*Q3 9/30/07*	*Q4E 12/31/07*	***Year 2007E***	*Q1E 3/31/08*	*Q2E 6/30/08*	*Q3E 9/30/08*	***Next Twelve Months 9/30/08***
Volume (before royalty)									
Natural Gas (mmcfd)	1,437	1,722	1,647	1,647	**1,683**	1,647	1,647	1,647	**1,647**
Oil (mbd)	322	327	333	333	**330**	333	333	333	**333**
Total (bcf)	310	335	335	335	**1,337**	332	332	335	**1,334**
Total (mmcfed)	3,369	3,684	3,645	3,645	**3,663**	3,645	3,645	3,645	**3,645**
Price									
Henry Hub (US$/mmbtu)	6.58	7.56	6.16	7.46	**7.00**	8.26	7.90	8.11	**7.93**
Currency (US$/C$)	0.89	0.91	0.96	1.06	**0.94**	1.06	1.06	1.06	**1.06**
Henry Hub (C$/mmbtu)	7.38	8.29	6.44	7.03	**7.44**	7.78	7.45	7.65	**7.48**
Differential (C$/mmbtu)	1.55	0.85	0.57	0.62	**0.56**	0.69	0.66	0.68	**0.66**
Company (C$/mcf)	5.83	7.44	5.87	6.41	**6.87**	7.10	6.79	6.97	**6.82**
WTI Cushing (US$/bbl)	70.42	64.91	75.48	91.02	**72.37**	91.70	89.32	87.41	**89.86**
WTI Cushing (C$/bbl)	78.95	71.25	78.95	85.80	**76.92**	86.43	84.19	82.39	**84.70**
Differential (C$/bbl)	16.40	17.51	20.85	22.66	**20.17**	22.83	22.23	21.76	**22.37**
Company (C$/bbl)	62.55	53.74	58.10	63.14	**56.74**	63.61	61.96	60.63	**62.33**
Total ($/bbl)	50.79	49.49	47.76	51.98	**49.62**	54.10	52.37	52.14	**52.64**
Revenue ($mm)									
Natural Gas	771	1,166	889	971	**4,222**	1,063	1,018	1,056	**4,109**
Oil	1,853	1,599	1,780	1,934	**6,835**	1,927	1,877	1,857	**7,597**
Royalties	(310)	(331)	(341)	(371)	**(1,419)**	(382)	(370)	(372)	**(1,495)**
Total	2,314	2,434	2,328	2,534	**9,638**	2,609	2,525	2,542	**10,210**
Expense	631	708	627	720	**2,651**	753	716	723	**2,911**
Ebitda ($mm)	1,683	1,726	1,701	1,815	**6,988**	1,856	1,810	1,819	**7,299**
Deprec., Deplet., & Amort.	589	737	715	715	**2,876**	675	675	675	**2,740**
Hedging	350				**-**				**-**
Interest	25	77	65	65	**290**	65	65	65	**260**
Ebt	719	912	921	1,035	**3,822**	1,116	1,070	1,079	**4,299**
Income tax	252	319	280	362	**1,295**	390	374	378	**1,505**
Net Income ($mm)	467	593	641	672	**2,527**	725	695	701	**2,794**
Per share ($)	0.87	1.10	1.19	1.25	**4.69**	1.35	1.29	1.30	**5.18**
Shares (millions)	537	539	539	539	**539**	539	539	539	**539**
Ebitda margin (after royalty)	73%	71%	73%	72%	**72%**	71%	72%	72%	**71%**
Tax rate	35%	35%	30%	35%	**34%**	35%	35%	35%	**35%**

Canadian Natural Resources
Functional Cash Flow and Present Value

	NTM Ebitda	*Adjusted R/P*	*PV/ Ebitda*	*Present Value*	
North American Natural Gas	2,700	6.8	6.7	18,000	30%
Oil	5,000	9.3	5.6	28,200	46%
Horizon				14,500	24%
	7,700	8.2	7.9	60,700	100%
Debt					13,800
Net Present Value (US$mm)					46,900
Shares					539
Net Present Value - Standard Estimate (US$/sh)					87
NPV Approximation by Cash Flow Multiple Depending on Reserve Life (US$/sh)					90


Six-Year Commodity Price Meter
Indicator of Resource Value Trend
Oil
40 week
North American Gas
40 wk
Dollars per Barrel
Dollars per Million Btu
84
78
72
66
60
54
48
42
36
30
14.00
13.00
12.00
11.00
10.00
9.00
8.00
7.00
6.00
5.00
12/27/04
3/28/05
6/27/05
9/26/05
12/23/05
3/27/06
6/26/06
9/25/06
12/22/06
3/26/07
6/25/07
9/24/07