

Rating: None
 S&P 500: 1502

Canadian Natural Resources Record Results

<i>Symbol</i>	CNQ	<i>Ebitda Next Twelve Months ending 3/31/08 (US\$m)</i>	7,300
<i>Rating</i>		<i>North American Natural Gas/Ebitda (%)</i>	45
<i>Price (US\$/sh)</i>	63.25	<i>Natural Gas and Oil Production/Ebitda (%)</i>	100
<i>Pricing Date</i>	5/3/07	<i>Adjusted Reserves/Production NTM</i>	8.1
<i>Shares (mm)</i>	539	<i>EV/Ebitda</i>	6.3
<i>Market Capitalization (US\$m)</i>	34,100	<i>PV/Ebitda</i>	7.4
<i>Debt (US\$m)</i>	12,400	<i>Undeveloped Reserves (%)</i>	39
<i>Enterprise Value (EV) (US\$m)</i>	46,500	<i>Natural Gas and Oil Ebitda (US\$/mcfe)</i>	6.31
<i>Present Value (PV) (US\$m)</i>	53,900	<i>Present Value Proven Reserves(US\$/boe)</i>	20.88
<i>Net Present Value (US\$/share)</i>	77	<i>Present Value Proven Reserves(US\$/mcfe)</i>	3.48
<i>Debt/Present Value</i>	0.23	<i>Earnings Next Twelve Months (US\$/sh)</i>	5.43
<i>McDep Ratio - EV/PV</i>	0.86	<i>Price/Earnings Next Twelve Months</i>	12
<i>Dividend Yield (%/year)</i>	0.5	<i>Indicated Annual Dividend (US\$/sh)</i>	0.31

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\$60 a barrel and natural gas, \$10 a million btu.

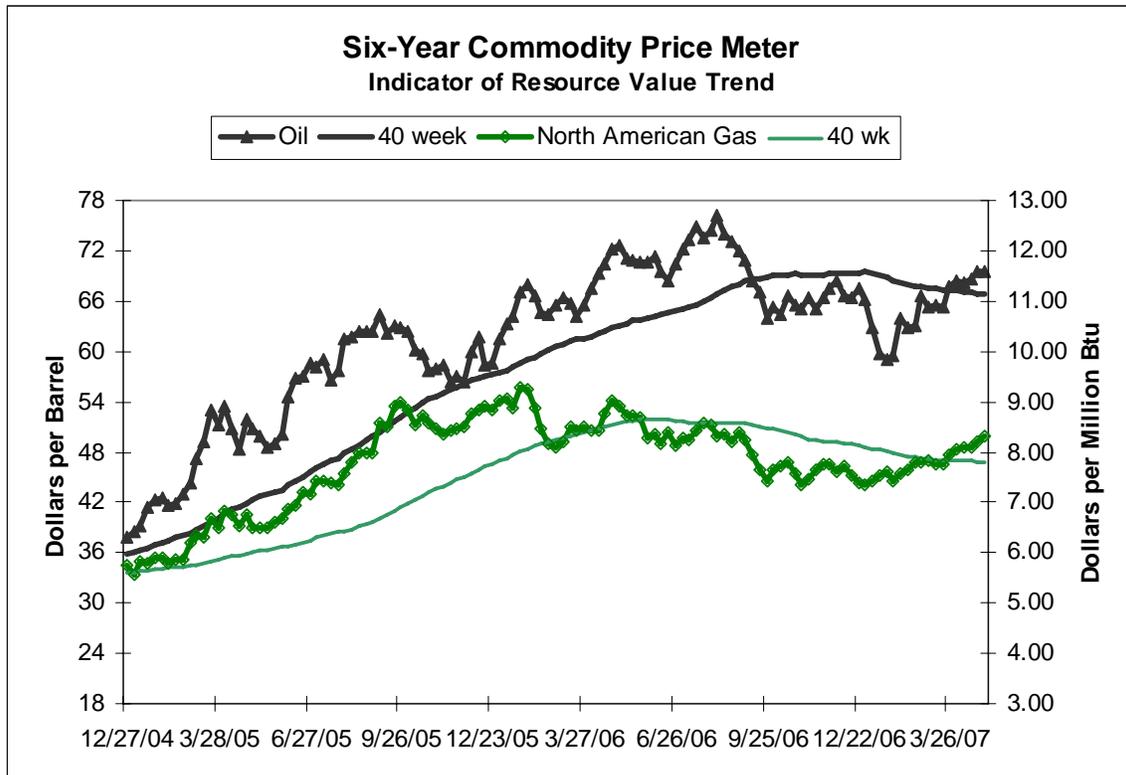
Summary

Record results for the first quarter 2007 reported on May 3 support estimated Net Present Value (NPV) of US\$77 a share and a McDep Ratio that ranks **Canadian Natural Resources (CNQ)** at the median of seven large cap independent producers in our coverage. A temporarily high price for Canadian oil compared to the global benchmark contributes to making NPV look low compared to a correlation of present value, reserve life and next twelve months cash flow for thirty producers (see table [Functional Cash Flow and Present Value](#)). On the conference call, President Steve Laut emphasized that CNQ had 5 trillion cubic feet (tcf) of natural gas resources to develop in addition to 5 tcf of proven reserves. He also implied that there were defined plans to develop 1.5 billion barrels of heavy oil beyond proven reserves of almost 1.5 billion barrels before royalty. Those resources might be worth \$1.5 billion by the measure of the recent purchase by the Norwegian company, Statoil. Meanwhile, costs are inevitably rising on the Horizon Oil Sands construction project, but not by more than can be accommodated in our estimate of US\$13.2 billion present value for the oil sands mine and upgrader. With representation in natural gas, heavy oil and oil sands, CNQ stock ought to participate in the newly resumed uptrend for long-term global natural gas and oil price (see chart [Six-Year Commodity Price Meter](#))

Kurt H. Wulff, CFA

**Canadian Natural Resources
 Functional Cash Flow and Present Value**

	<i>NTM</i> <u>Ebitda</u>	<i>Adjusted</i> <u>R/P</u>	<i>PV/</i> <u>Ebitda</u>	<i>Present</i> <u>Value</u>	
North American Natural Gas	3,310	6.6	5.1	17,000	32%
Oil	3,990	9.5	5.9	23,700	44%
Horizon				13,200	24%
	7,300	8.1	7.4	53,900	100%
Debt					12,400
Net Present Value (US\$mm)					41,500
Shares					539
Net Present Value - Standard Estimate (US\$/sh)					77
Net Present Value - Approximation by Correlation (US\$/sh)					87



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

	<i>Q3</i>	<i>Q4</i>	<i>Year</i>	<i>Q1</i>	<i>Q2E</i>	<i>Q3E</i>	<i>Q4E</i>	<i>Year</i>	<i>Next Twelve Months</i>
	<i>9/30/06</i>	<i>12/31/06</i>	<i>2006</i>	<i>3/31/07</i>	<i>6/30/07</i>	<i>9/30/07</i>	<i>12/31/07</i>	<i>2007E</i>	<i>3/31/08</i>
Volume (before royalty)									
Natural Gas (mmcf)	1,437	1,620	1,492	1,717	1,717	1,717	1,717	1,717	1,717
Oil (mbd)	322	344	332	327	327	327	327	327	327
Total (bcf)	310	339	1,272	331	335	338	338	1,343	1,343
Total (mmcf)	3,369	3,684	3,485	3,679	3,679	3,679	3,679	3,679	3,679
Price									
Henry Hub (US\$/mmbtu)	6.58	6.57	7.23	6.81	7.66	8.11	8.98	7.89	8.66
Currency (US\$/C\$)	0.89	0.88	0.88	0.90	0.90	0.90	0.90	0.90	0.90
Henry Hub (C\$/mmbtu)	7.38	7.48	8.20	7.56	8.50	9.01	9.97	8.76	9.62
Differential (C\$/mmbtu)	1.55	0.82	1.48	(0.18)	-	-	-	(0.05)	0.00
Company (C\$/mcf)	5.83	6.66	6.72	7.74	8.50	9.01	9.97	8.81	9.61
WTI Cushing (US\$/bbl)	70.42	59.99	66.05	58.08	65.13	68.03	69.72	65.24	68.39
WTI Cushing (C\$/bbl)	78.95	68.32	74.90	64.46	72.29	75.50	77.38	72.41	75.90
Differential (C\$/bbl)	16.40	21.05	21.49	12.75	14.30	14.93	15.30	14.28	15.02
Company (C\$/bbl)	62.55	47.27	53.41	51.71	57.99	60.57	62.08	58.12	60.89
Total (\$/bbl)	50.79	44.06	47.82	49.25	54.74	57.52	61.02	55.67	59.39
Revenue (\$mm)									
Natural Gas	771	993	3,663	1,196	1,329	1,423	1,575	5,522	6,024
Oil	1,853	1,496	6,473	1,522	1,726	1,822	1,868	6,937	7,267
Royalties	(310)	(317)	(1,245)	(376)	(423)	(449)	(476)	(1,724)	(1,839)
Total	2,314	2,172	8,891	2,342	2,632	2,796	2,966	10,735	11,453
Expense	631	604	2,494	596	727	801	877	3,001	3,323
Ebitda (\$mm)	1,683	1,567	6,397	1,746	1,905	1,995	2,089	7,735	8,129
Deprec., Deplet., & Amort.	589	742	2,442	709	709	709	709	2,836	2,802
Hedging	350	126	1,253					-	-
Interest	25	62	140	83	83	83	83	332	332
Ebt	719	637	2,562	954	1,113	1,203	1,297	4,567	4,995
Income tax	252	223	897	334	390	421	454	1,598	1,748
Net Income (\$mm)	467	414	1,665	620	723	782	843	2,968	3,247
Per share (\$)	0.87	0.77	3.10	1.15	1.34	1.45	1.56	5.51	6.02
Shares (millions)	537	538	537	539	539	539	539	539	539
Ebitda margin (after royalty)	73%	72%	72%	75%	72%	71%	70%	72%	71%
Tax rate	35%	35%	35%	35%	35%	35%	35%	35%	35%