



**Canadian Natural**

CORPORATE  
PRESENTATION

October 2016

## SNAPSHOT

	<u>2015</u>	<u>2016F</u>
Cash flow <sup>(1)</sup> (C\$ million)	\$5,785	\$3,500 - 3,900
Per share – basic <sup>(1)</sup> (C\$)	\$5.29	\$3.20 - 3.55
Capital expenditures – net (C\$ million)	\$3,853	\$3,500 - \$3,900
Dividend (C\$/Share)	\$0.92	
Common shares (thousands)	1,094,837	
Production (annual average, before royalties)		
Oil (Mbb/d)	564	514 - 563
Natural gas (MMcf/d)	1,726	1,705 - 1,735
BOE (MBOE/d)	852	798 - 852

<sup>(1)</sup> Based upon the following actual and average strip pricing as of July 2016, including the impact of hedging.

	<u>2015</u>	<u>2016F</u>
Oil WTI (US\$/bbl)	\$48.76	\$43.67
Natural gas NYMEX (US\$/MMbtu)	\$2.67	\$2.45
Natural gas AECO (C\$/GJ)	\$2.62	\$1.96
Heavy oil diff (%)	28%	32%
Exchange rate (C\$ = XUS\$)	\$0.78	\$0.76

## Company Gross Reserves, before royalties, of crude oil and natural gas

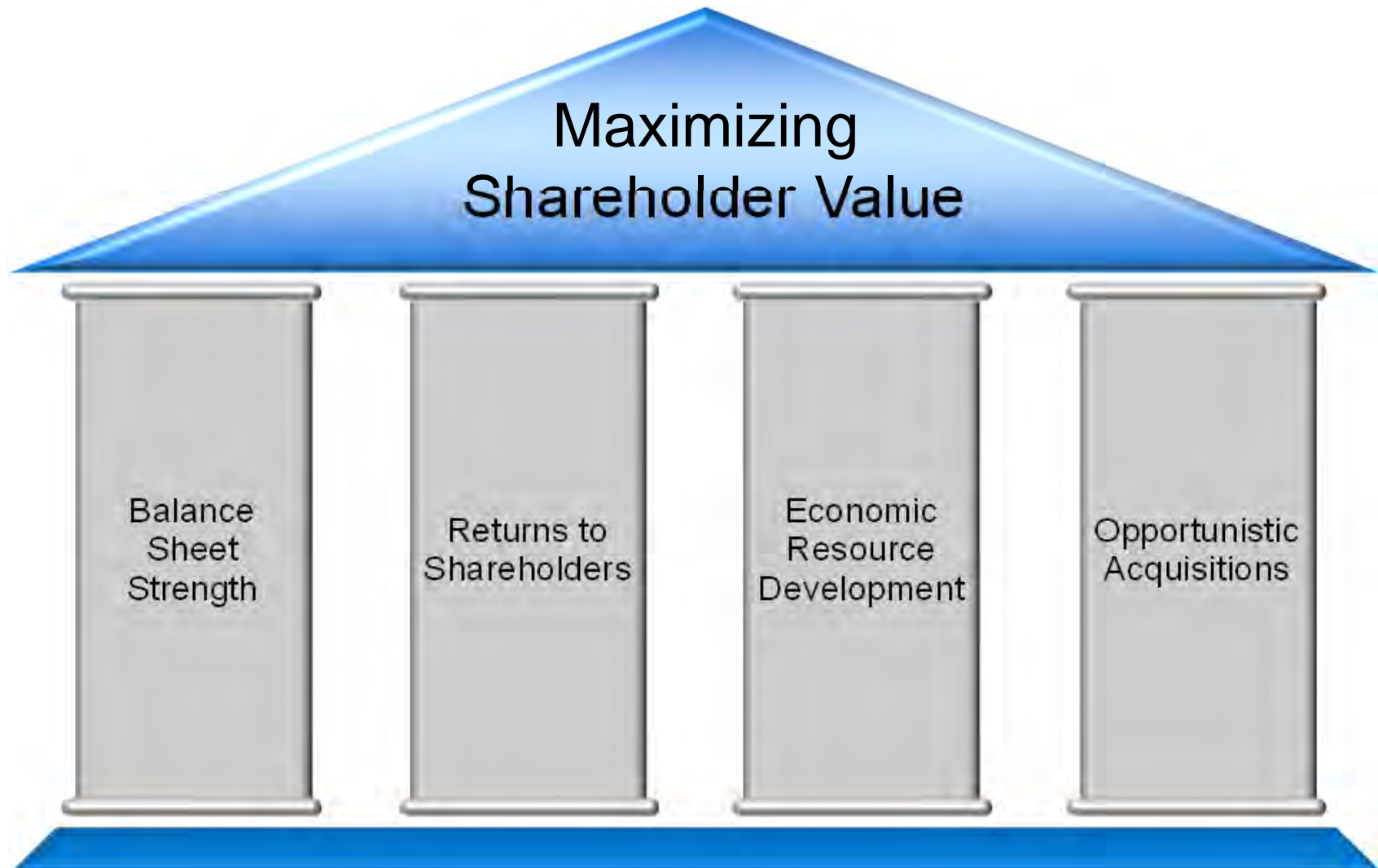
(as at December 31, 2015)

Proved crude oil and NGLs (MMbbl)	4,695
Proved natural gas (Bcf)	6,106
Proved BOE (MMBOE)	5,713
Proved and probable BOE (MMBOE)	9,041

- Proven, effective strategy
  - Flexible capital allocation
  - Nimble to capture opportunities
  - Balanced cash flow allocation
  - Cultural advantage
- Strong operations
  - Effective, efficient and reliable
  - Safe and environmentally responsible
  - Proven ability to execute
  - Operational, technical, financial expertise
- Strong, balanced portfolio
  - Large, diverse, well balanced assets
  - Long-life, low decline, low risk assets
  - Lower maintenance capital requirements
  - Owned and controlled infrastructure
- Financial resilience
  - Strong financial discipline
  - Investment grade ratings
  - Access to capital
  - Financial levers
  - Shareholder friendly

- Flexible capital allocation to maximize value
- Strong Balance Sheet to support investment grade credit
- Defined growth/value enhancement plans by product/basin
- Diverse, balanced asset base
  - Product mix
  - Project timelines
  - Drill bit and acquisitions
- Opportunistic acquisitions
- Effective and efficient operations
  - Area knowledge
  - Extensive infrastructure ownership
  - Operatorship of core areas

# Balance & Optimize the Four Pillars of Cash Flow Allocation



# Advantages of a Balanced Portfolio



- Significant portion of portfolio long-life, low decline
  - Provides robust, sustainable cash flow
  - Low reserve replacement risk
- Facilitates capital flexibility to maximize returns
- Deep inventory of mid-term projects
  - Pelican Lake and Thermal In Situ
  - Horizon debottlenecking
  - Longer-life, low decline
  - Strong return on capital
- Strong inventory of low capital exposure projects
  - Primary Heavy Oil, Light Oil in Canada and Offshore Africa, Natural Gas in the Deep Basin and Montney
  - Leverage infrastructure
  - Full capital flexibility

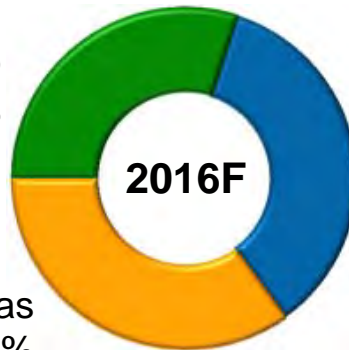
# Balanced, Diverse Portfolio



- Balanced, diverse production mix
- International exposure
- Vast, balanced resource base to develop
- Growing, sustainable cash flow

## Production Mix

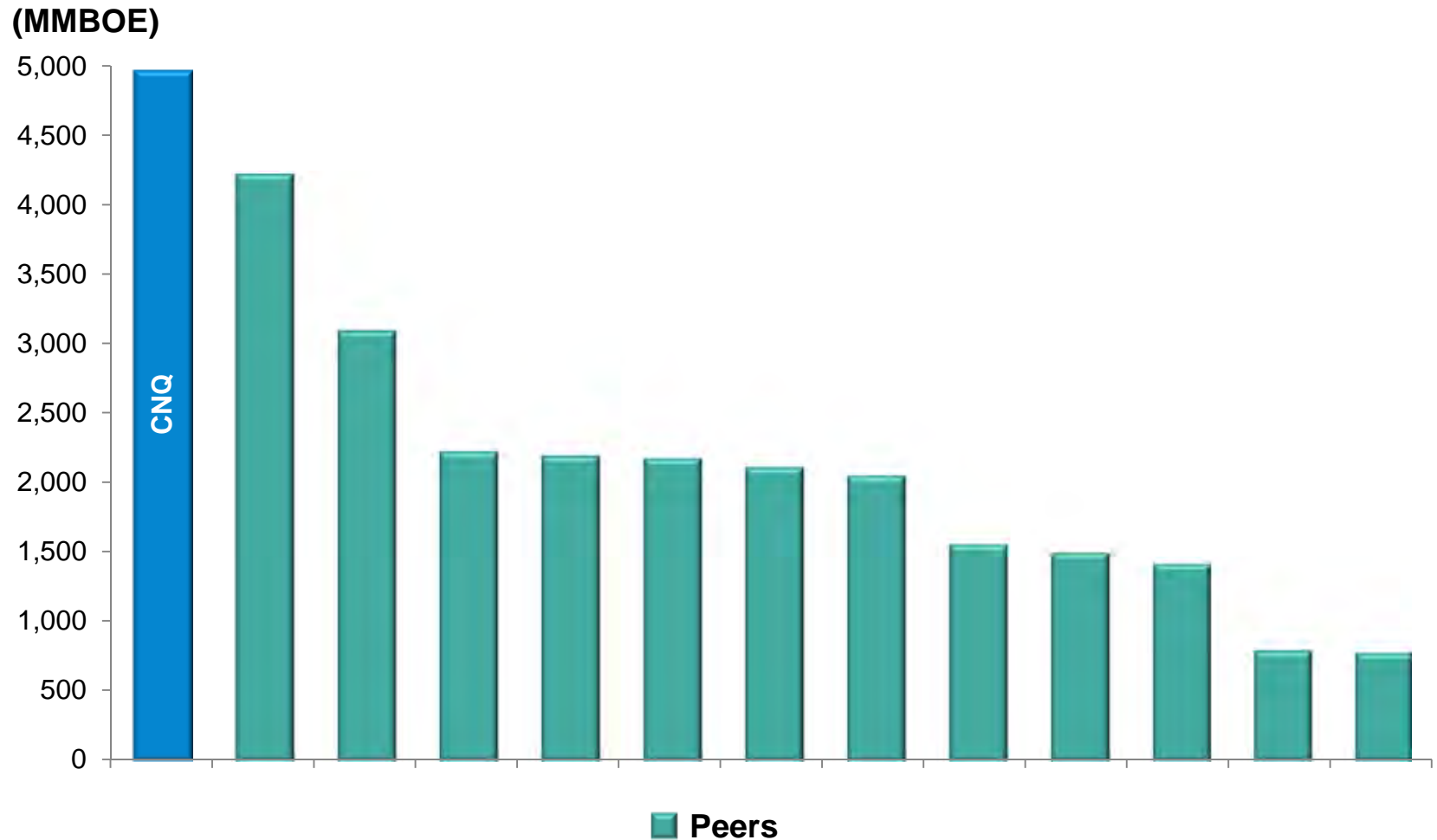
Light Crude Oil  
and NGLs/SCO  
~30%



Heavy Crude Oil  
~35%

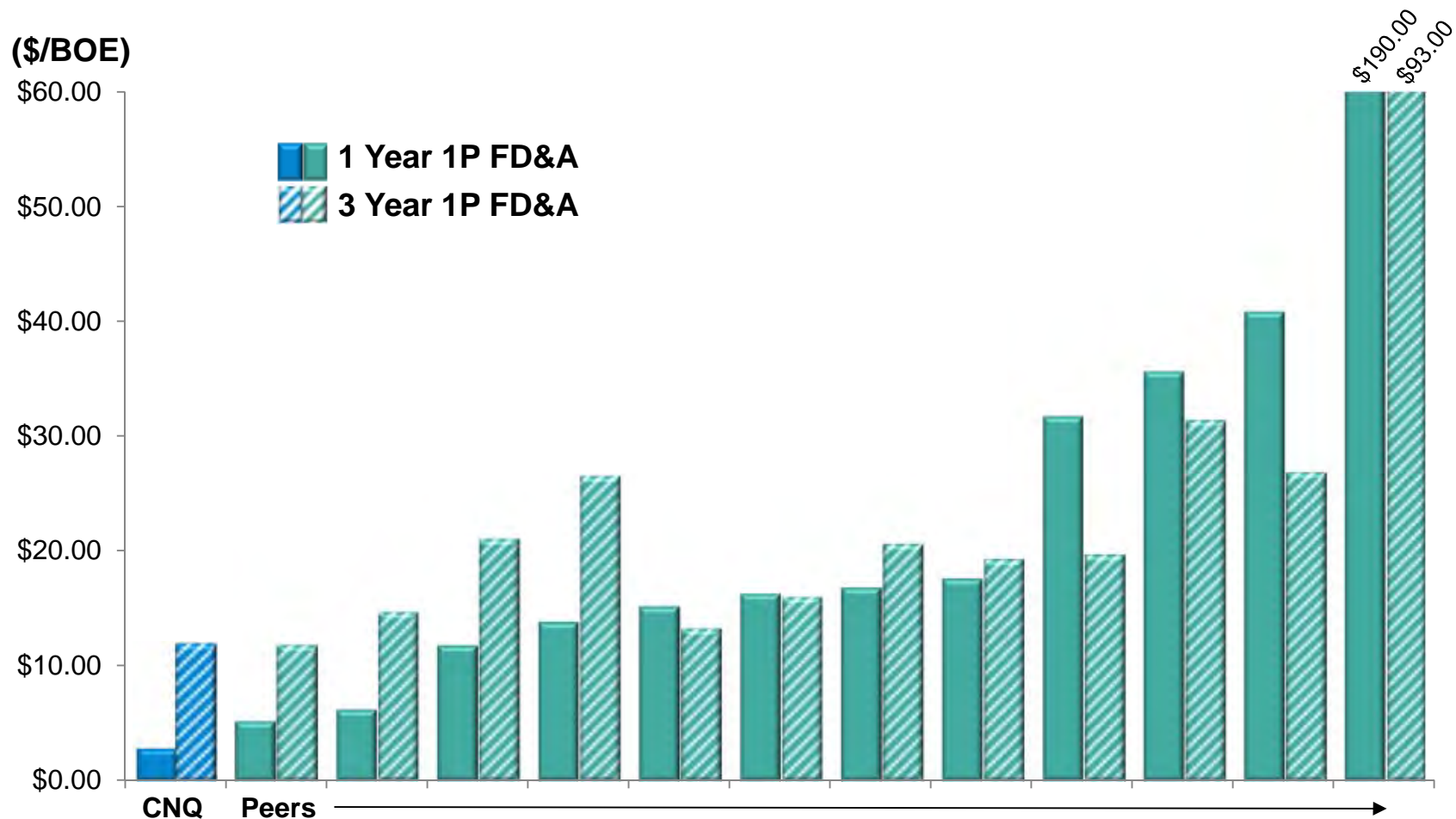
Natural Gas  
~35%

# 1P Reserves After Royalties



Note: Based on SEC reserve reporting, sourced from 2015 corporate reports. Peers include: APA, APC, EOG, CVE, CHK, DVN, ECA, HSE, IMO, OXY, NBL, SU.

# Industry Leading 1P FD&A Costs



Source: BMO Capital Markets, 2016 Global Cost Study. Peers include APA, APC, CHK, CVE, DVN, ECA, EOG, HSE, IMO, NBL, OXY, SU.  
 Note: Shown on a "normalized" basis, which excludes material revisions/impairments where applicable. Excludes change in FDC costs.

# Canadian Natural's Advantage Low Capital Exposure Projects

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- Full capital flexibility to capture market opportunities
- Quick payout, high return on capital
- Extensive land base enables repeatable, low cost drilling
- Strong inventory of assets facilitates flexibility and replication
- Significantly owned and operated infrastructure lowers costs and maximizes returns
- Exposure to proven and emerging play types
- Multiple capital allocation decision points
  - Flexible programs
- Technological enhancements improve returns over time
- Overall aggregate risk is lower

# Canadian Natural's Advantage Long-Life, Low Decline Assets

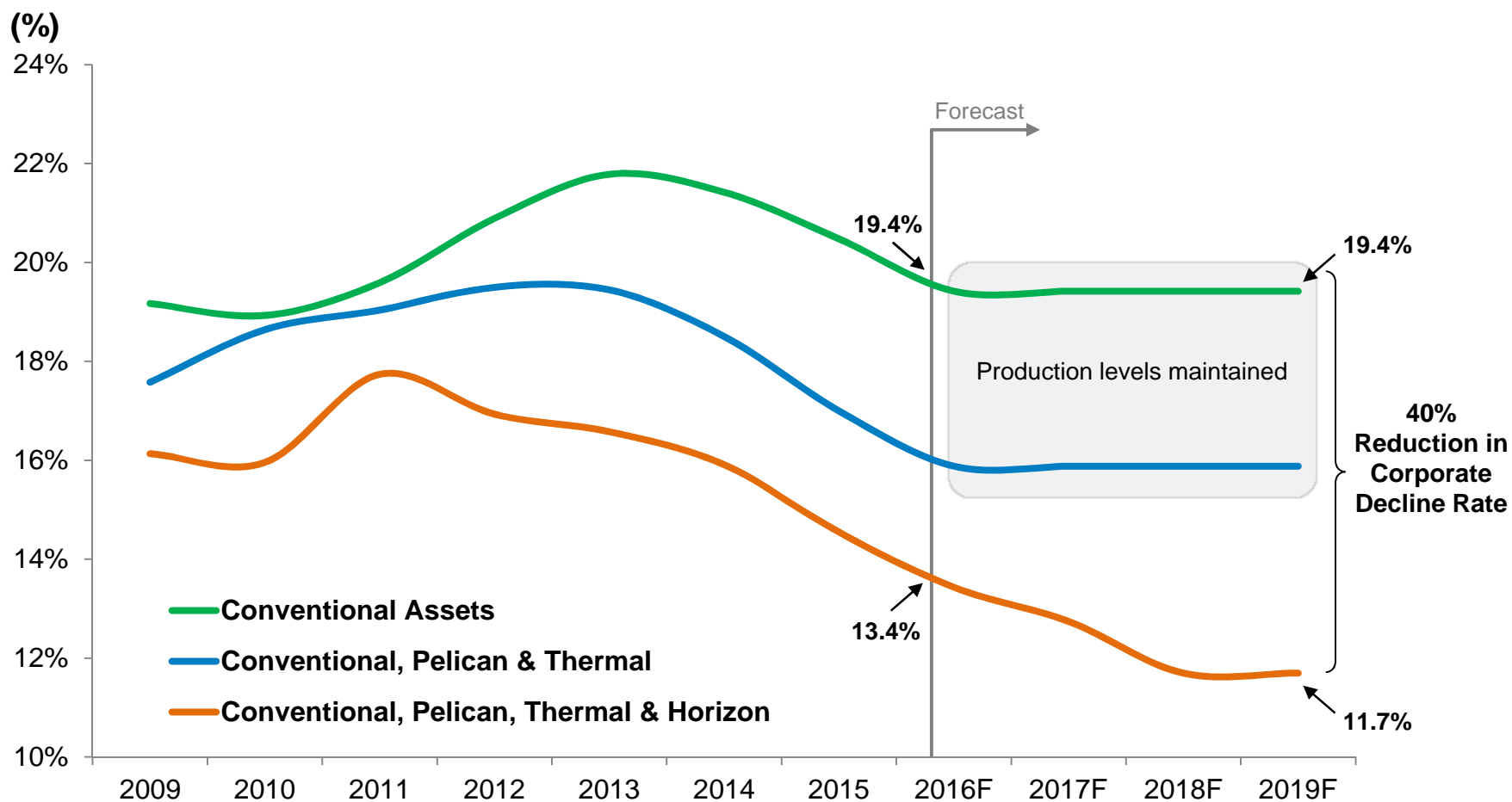
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- Low reserve replacement costs
- Significant, sustainable cash flow
- More tolerant to commodity price volatility
  - Low production decline
  - Low costs to maintain production
- Minimal to no reservoir risk
- Greater opportunity to leverage operational expertise, continuous improvement process
- Minimal to no land expiry issues
- High barrier to entry
- Technological advancement could add significant value

# Canadian Natural's Advantage

## Impact of Long-Life Assets on Decline Rates



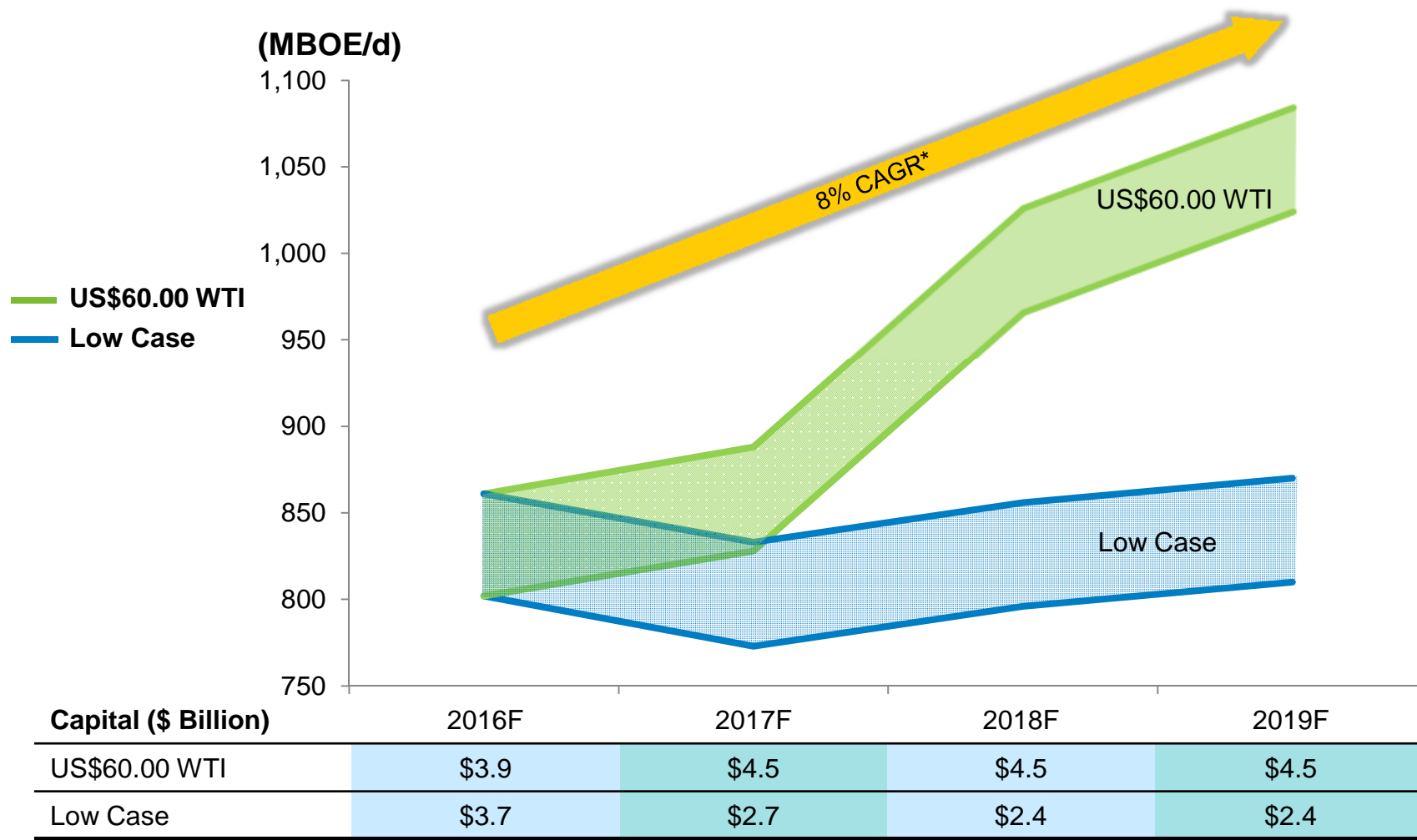
Note: Conventional Assets include North America crude oil and NGLs, International crude oil and NGLs and natural gas. Assumes Conventional, Pelican and Thermal production held constant post 2016F.

# Final Stages of Transition



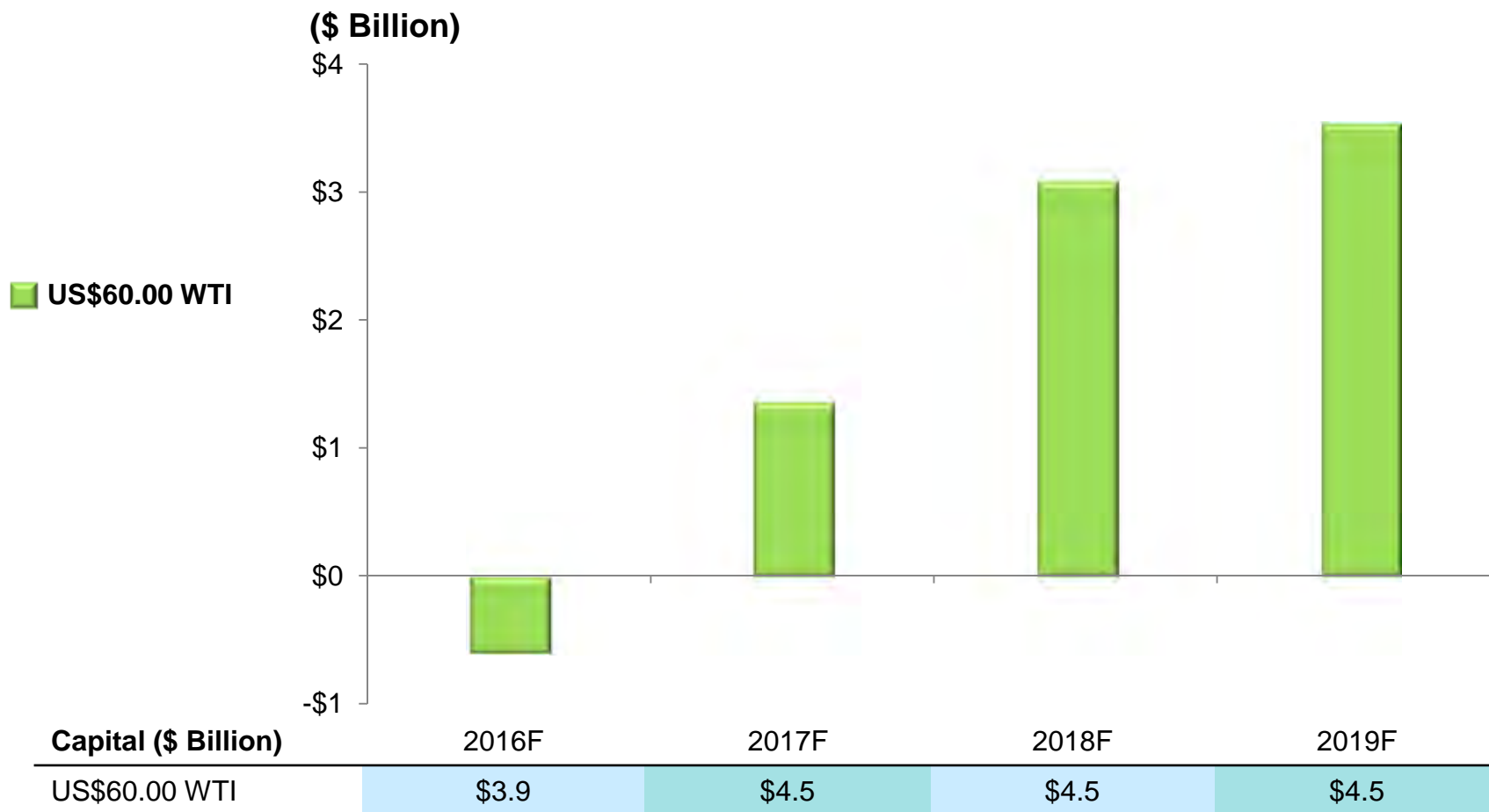
- Long-life, low decline asset base transition near completion
  - Horizon Phase 2B start-up targeted in October → 45,000 bbl/d
  - Horizon Phase 3 start-up in Q4/17 → 80,000 bbl/d
- Horizon targeted expansion capital drops significantly
  - 2016F → ~\$2 billion
  - 2017F → ~\$1 billion
  - 2018F → ~\$0
- Horizon operating costs drop significantly
  - Q4/16F → \$25.00/bbl target range
  - 2018F → <\$25.00/bbl target range
- Corporate average decline rate targeted to be ~12% in 2018F
- Targeted maintenance capital to hold company production flat
  - 2018F → \$2.4 - \$2.7 billion

# Canadian Natural 4 Year Production Growth Targets



\*2016F midpoint to 2019F midpoint at US\$60.00/bbl WTI. See Advisory for pricing assumptions and cautionary statements.

# Canadian Natural 4 Year Free Cash Flow Targets



Note: Free cash flow represents cash flow from operations less capital and dividends. See Advisory for pricing assumptions and cautionary statements.

- Committed to lowering cost structure
  - Execution/productivity step changes
  - Leverage technology
  - Regulatory effectiveness/efficiency
  - Disciplined approach driving lower unit operating costs through the supply chain
    - ~\$1.1 billion in 2015 over 2014
    - ~\$430 million in the first half of 2016 over the same period in 2015
- Advancing the completion of Horizon Phases 2 and 3
  - Phase 2B – start-up targeted in October
    - Targeted full SCO production in November → 45,000 bbl/d
  - Phase 3 → 80,000 bbl/d – Q4/17
- Continue to optimize existing assets through consolidations
- Continue to add low capital efficient volumes through workovers and recompletions

# Canadian Natural 2016 Capital Budget



(\$ million)	2015	2016F
North America natural gas and NGLs	\$375	\$160 - 195
North America crude oil	718	305 - 435
International crude oil	1,062	450 - 495
<b>Total Exploration and Production</b>	<b>\$2,155</b>	<b>\$915 - 1,125</b>
Thermal in Situ Oil Sands	\$314	\$155 - 190
Horizon		
Sustaining capital	\$301	\$280 - 310
Turnarounds, reclamation & other	254	240 - 260
Capital projects	2,186	1,890 - 1,990
Technology and Phase 4	2	5
<b>Total Horizon</b>	<b>\$2,743</b>	<b>\$2,415 - 2,565</b>
Net Acquisitions, midstream & other	(1,359)	15 - 20
<b>Total</b>	<b>\$3,853</b>	<b>\$3,500 - 3,900</b>

# Canadian Natural 2016 Production Forecast



Targeted Production	2015	2016F	% Change <sup>(1)</sup>
Natural Gas (MMcf/d)	1,726	1,705 - 1,735	(1%)
Crude Oil and NGLs (Mbbbl/d)			
North America	270	235 - 245	(11%)
North America – Thermal In Situ	130	110 - 130	(8%)
North America – Oil Sands Mining <sup>(2)</sup>	123	120 - 132	2%
International	41	49 - 56	27%
<b>Total crude oil and NGLs</b>	<b>564</b>	<b>514 - 563</b>	<b>(5%)</b>
<b>Total MBOE/d</b>	<b>852</b>	<b>798 - 852</b>	<b>(3%)</b>

(1) Percent change of 2016F midpoint over 2015.

(2) Oil Sand Mining 2016F annual production guidance reflects production downtime for planned tie-ins and turnarounds.

Note: Rounded to the nearest 1,000 bbl/d. Numbers may not add due to rounding.

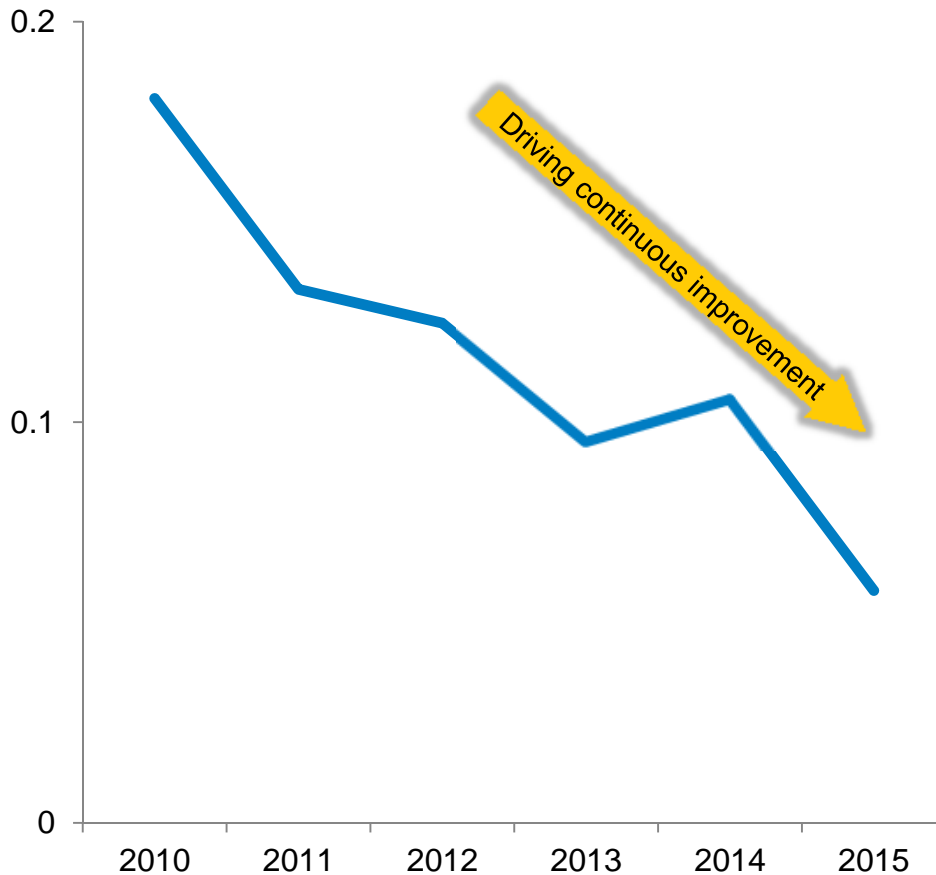
# Enhancing Effectiveness & Efficiency



- Low commodity price provides further opportunities to enhance
  - Right scoping and optimization
  - Innovation; leverage technology
  - Execution/productivity enhancements
  - Gain regulatory effectiveness/efficiency
  - Lower costs through the supply chain
- Production/reserve enhancements
  - Incremental production of ~23,000 BOE/d with capital efficiency of ~\$1,700/BOE/d – 2015
  - Incremental production of ~37,500 BOE/d with capital efficiency of ~\$2,550/BOE/d – YTD 2016
- Lowering the cost structure
  - Thermal drilling cost reductions → ~25%
  - Slant well drilling optimization cost reductions → ~27%
  - Primary heavy oil service costs reduced → ~73% per job

# Delivering Safety Excellence

Lost time incident rate  
(Incident per 200,000 hours)



- Safety is a core value
- Committed to continuous improvement
- No harm to people, no safety incidents
- Top tier recordable injury frequency in North America conventional operations

- Proactive environmentally responsible operations
- Drive continuous improvement to reduce environmental impacts
- Meet or exceed all regulatory requirements
- Reducing Greenhouse Gas Emissions Intensity

	2015 Reduction vs 2014 Levels
Conventional Operations	7%
Horizon Operations	5%
International Operations	13%

- Restoring sites to natural conditions
  - Safe abandonment of old wellbores
    - 519 wells in 2015
    - 3,825 wells or 26% of industry between 2010 and 2014

# Leveraging Technology to Create Value & Enhance Performance



## Research & Development Investment

(\$ million)



Note: Sourced from Company internal reports.

## Leading R&D Investor

- Largest crude oil and natural gas R&D investor in Canada in 2014
- 7<sup>th</sup> largest R&D investor for all industries in Canada in 2014
- 2015 → \$527 million
- 2014 → \$450 million
- 2013 → \$390 million

## Creating Value

- Reduces environmental footprint
- Lowers operating costs
- Enhances productivity
- Unlocks reserves

# Advantages of Infrastructure Ownership/Operatorship



- Control of our destiny
  - Control costs, development timing and pace – eliminates commitments
  - Operations flexibility with high working interest
- Minimal capital exposure and return on capital maximized
- Drill-to-fill strategy
  - Leverage existing infrastructure
- Optimization of reliability
- Integration of well operations and facility operations
  - Reduced labour and increased expertise
- ~62,000 km of pipelines

## Natural Gas

**37 Operated Major Natural Gas Processing Facilities**  
~50,000 km - natural gas pipelines

## Heavy Oil

**15 Crude Oil Processing Facilities**  
**8 Sand Disposal Caverns**

# Canadian Natural Operating Costs 2016

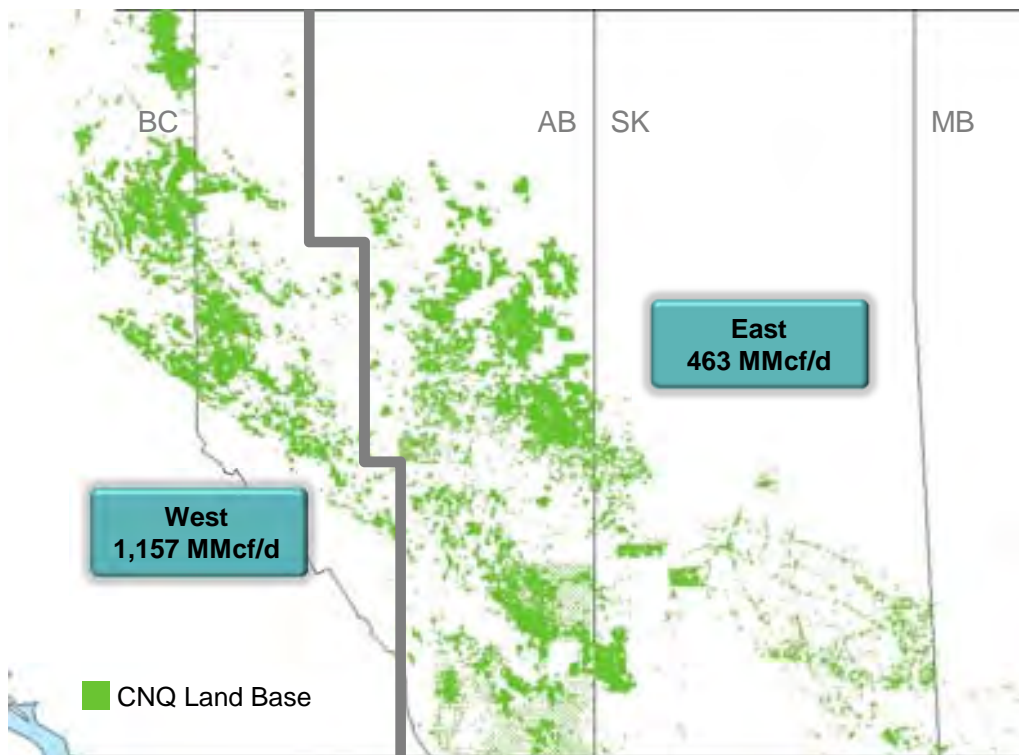


Area (C\$/bbl)	2014	2015	2016F	% Change <sup>(1)</sup>
North America Light Oil & NGLs	\$17.24	\$14.88	\$13.50 - 14.50	(19%)
Pelican Lake	8.52	7.24	5.75 - 6.75	(27%)
Primary Heavy	17.61	15.01	13.75 - 14.75	(19%)
Thermal In Situ Oil Sands	12.61	10.43	10.25 - 11.25	(15%)
Horizon Oil Sands <sup>(2)</sup>	39.60	29.61	27.00 - 30.00	(28%)
North Sea	74.04	63.67	40.50 - 46.50	(41%)
Offshore Africa	43.97	33.32	14.50 - 18.50	(62%)
North America Gas (C\$/Mcf)	\$1.42	\$1.27	\$1.05 - 1.25	(19%)
Corporate Total (C\$/BOE)	\$18.29	\$15.18	\$13.50 - 14.50	(23%)

(1) Percentage change of 2016F midpoint over 2014.

(2) Reflects production downtime for turnarounds and tie-ins.

# Natural Gas & NGLs Core Area Summary



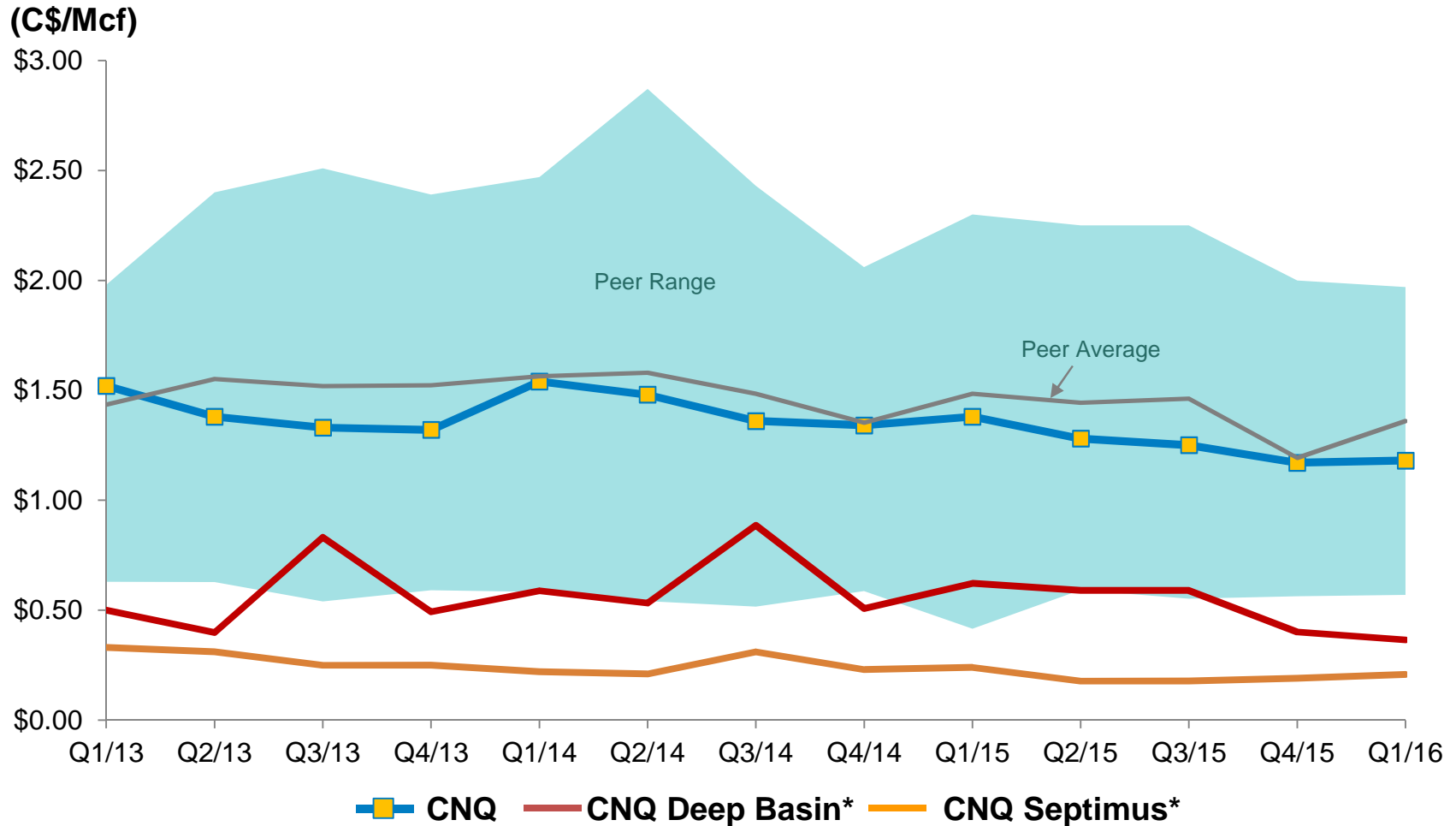
Note: Reflects Q2/16 actual production, before royalties. NGL production included in light crude oil production volumes.

- Largest natural gas producer in Canada
  - Q2/16 natural gas production
    - 1,620 MMcf/d
  - Q2/16 average NGL yield
    - ~23 bbl/MMcf
- Large resource base
  - 10.0 Tcfe reserves<sup>(1)</sup>
- Significant unconventional assets
  - Montney and Deep Basin
- Large land position
- High working interest, low decline assets
- Owned and operated infrastructure
- \$1 increase in AECO = ~\$420 million additional annual cash flow<sup>(2)</sup>

(1) Company Gross proved plus probable reserves at December 31, 2015; North America natural gas and NGLs.

(2) Dependent upon economic and regulatory conditions, commodity prices, global economic factors, project sanction and capital allocation.

# Operating Costs Natural Gas – Canada

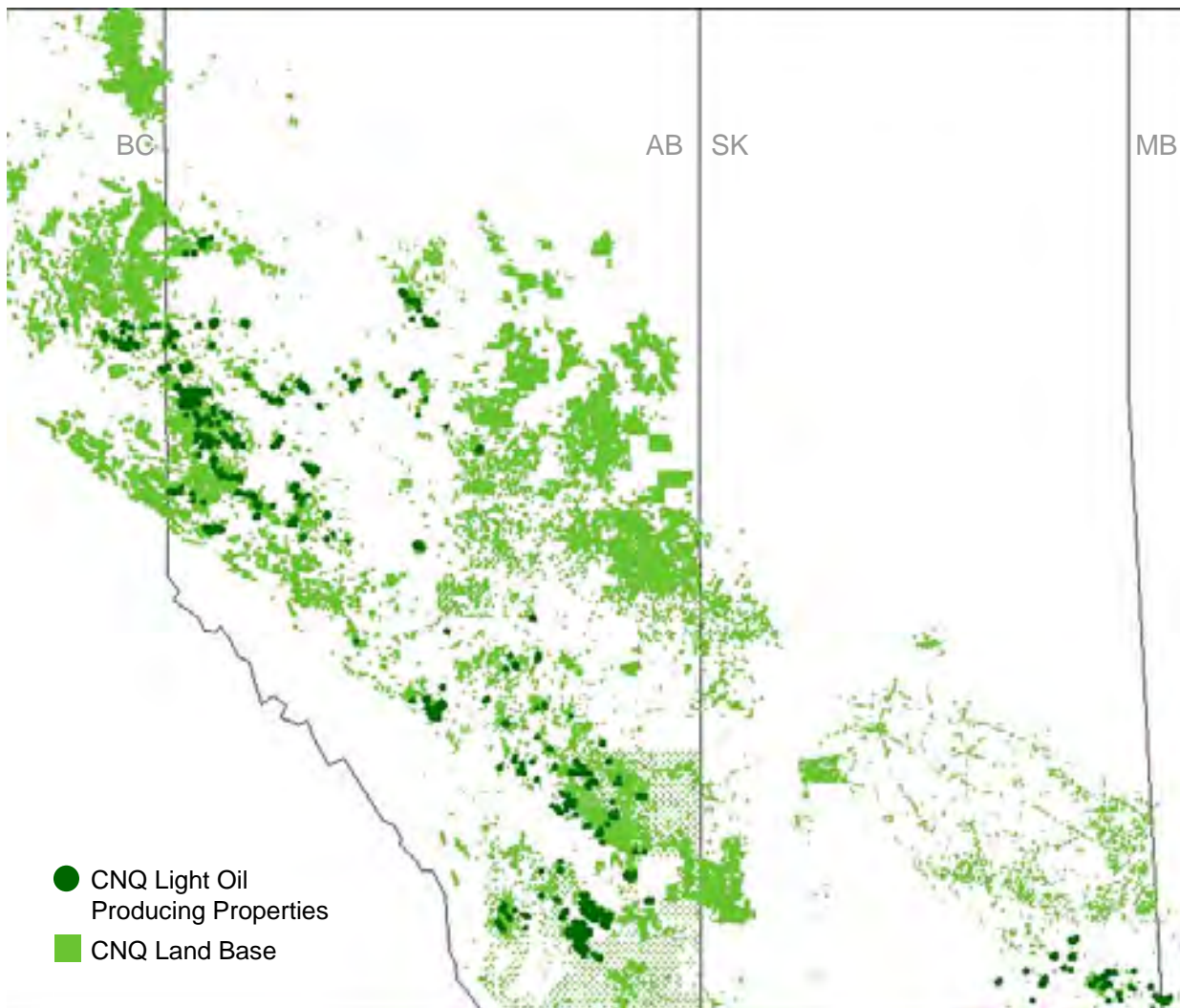


Source: Company reports.

Note: Peers include ARX, BNP, ECA, HSE, PGF, PWT.

\*Deep Basin/Septimus operating costs disclosed on a C\$/Mcf basis.

# North America Light Crude Oil Core Area Summary



- Q2/16 light crude oil and NGL production
  - ~84 Mbbbl/d
- 2P reserves
  - Light crude oil 192 million barrels\*
- High quality light crude oil horizontal multi-frac opportunities
  - Montney
  - Dunvegan
  - Halfway/Doig
  - Cardium
  - Spearfish
- ~125 active waterfloods
  - Maximize recovery
  - Shallow decline

\*Company Gross proved plus probable reserves at December 31, 2015.

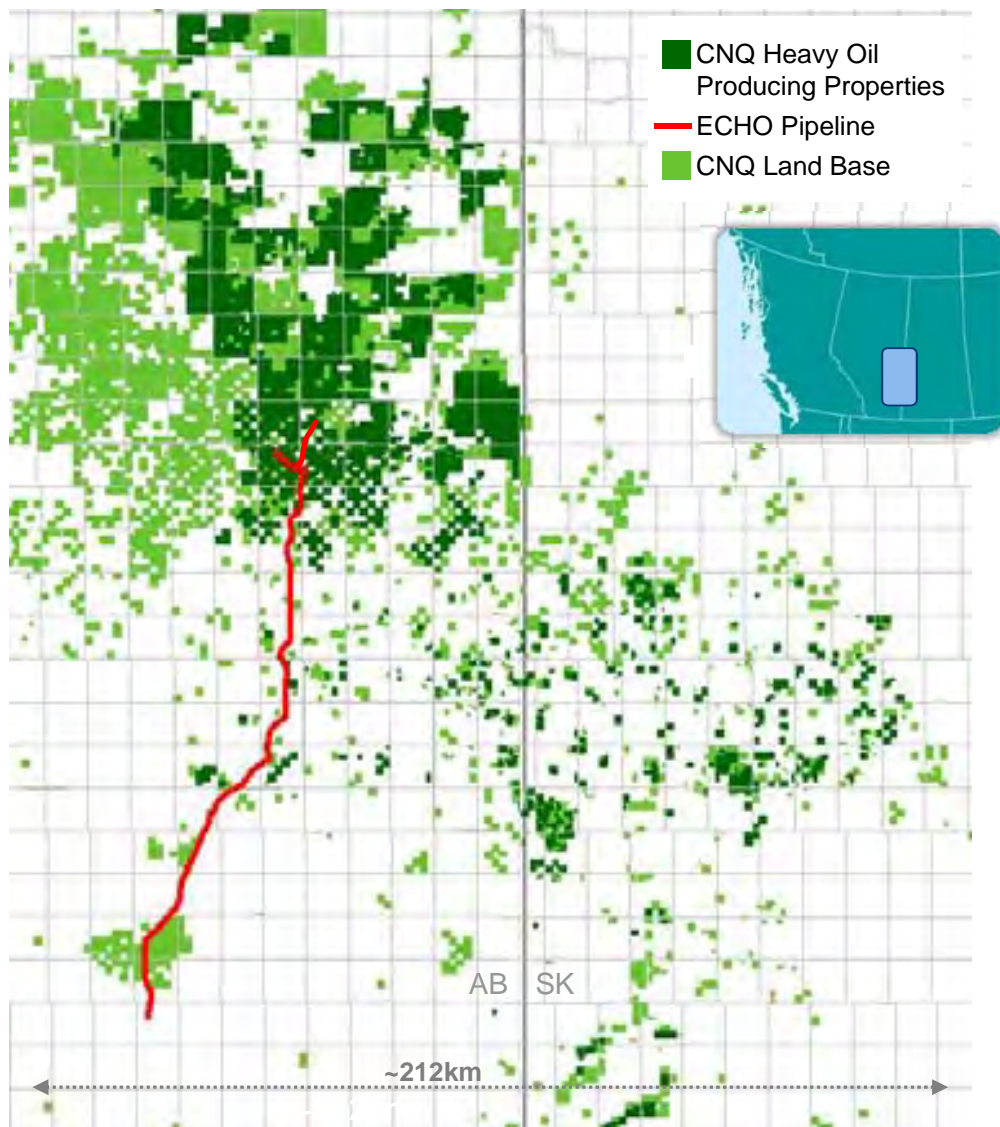
# International Light Crude Oil Summary

- Q2/16 light crude oil production
  - ~54 Mbbl/d
    - Offshore Africa increased 20% over Q1/16
- 2P light crude oil reserves
  - 426 million barrels\*
- Long reserve life
  - Low decline waterfloods
  - Exploitation based
- Offshore Africa
  - High return development opportunities
  - Low operating costs in Côte d'Ivoire
- Exploration upside



\*Company Gross proved plus probable reserves at December 31, 2015.

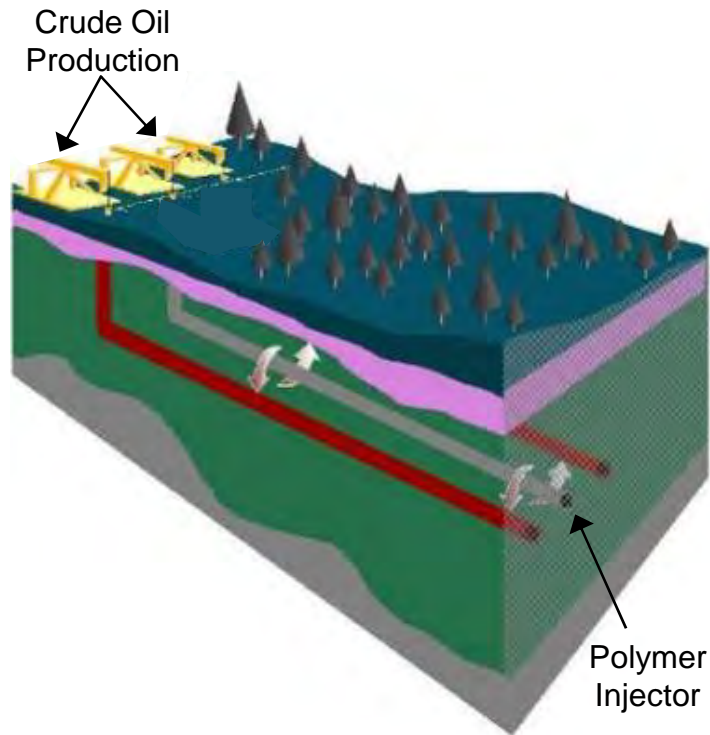
# Primary Heavy Crude Oil Core Area Summary



- Largest primary heavy oil producer in Canada
  - Q2/16 production of ~104 Mbbbl/d
- Large inventory of development opportunities
  - Potential to execute cost-effective large drilling programs
- Premium land base and extensive infrastructure
  - 15 crude oil processing facilities
  - ECHO sales pipeline
- 2P reserves
  - 294 million barrels\*
- Low operating costs

\*Company Gross proved plus probable reserves as at December 31, 2015.

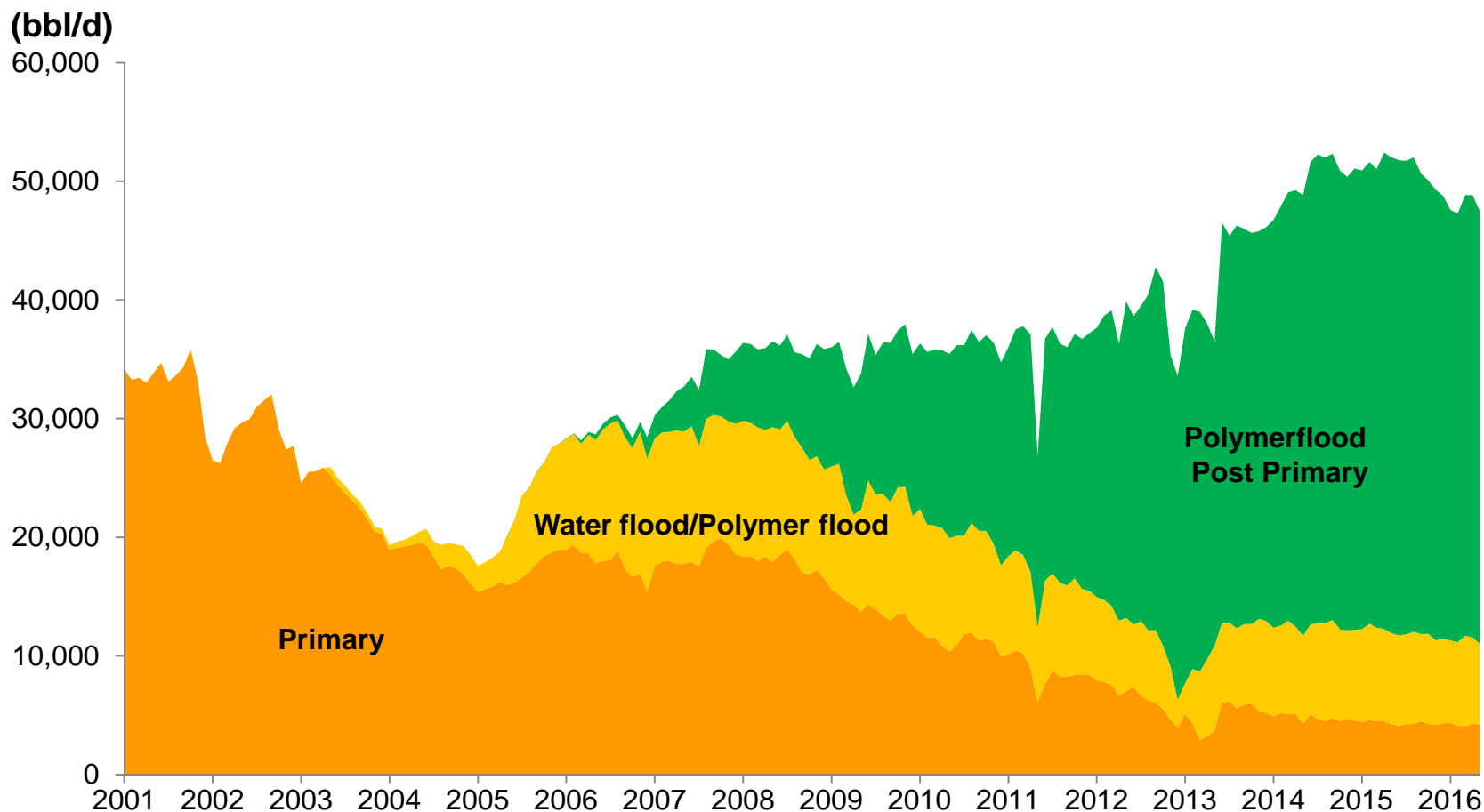
# Pelican Lake Polymerflood



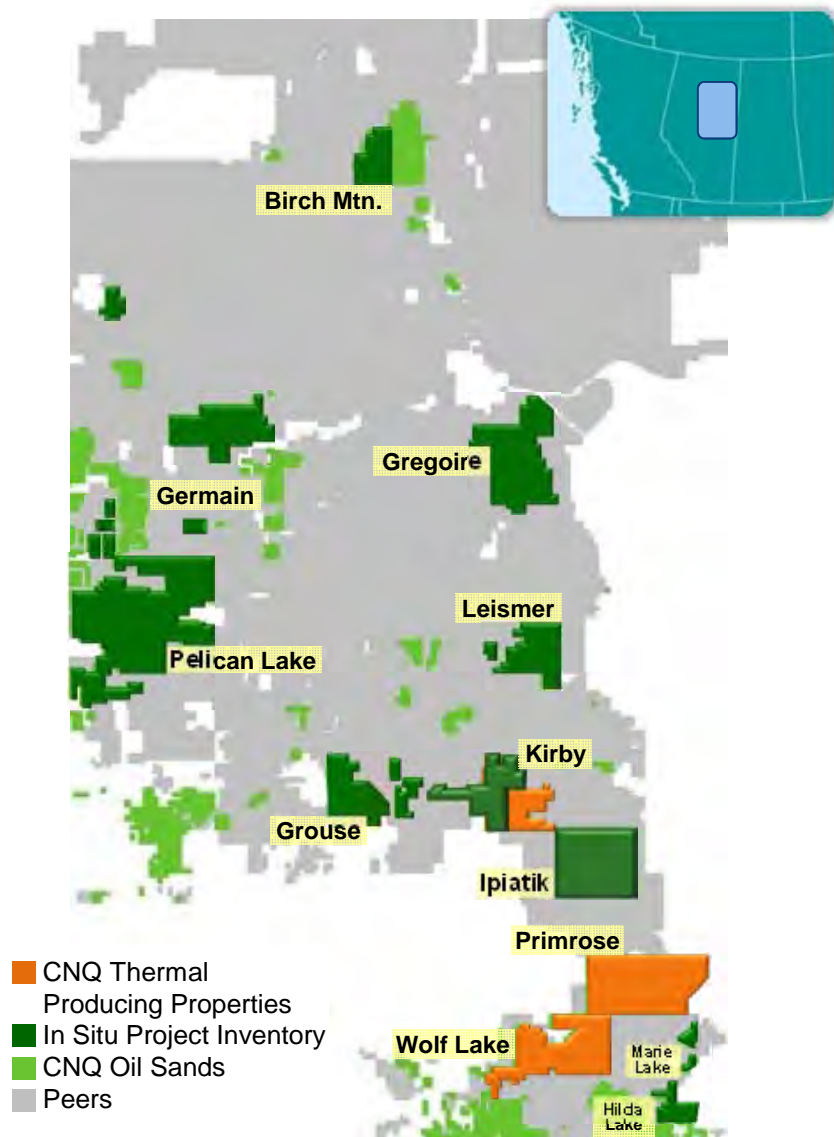
- Industry leading EOR technology
- Capital requirements are reduced and polymer driven performance is realized
  - Q2/16 production ~48 Mbb/d
- Industry leading operating costs
  - Q2/16 operating costs \$6.81/bbl
  - Drives higher netbacks
- 2P reserves – 388 million barrels\*
- High quality infrastructure
  - 3 processing facilities
- Significant expansion opportunities
  - 55% of developed pool under polymerflood

*\*Company Gross proved plus probable reserves as at December 31, 2015.*

# Pelican Lake Production by Recovery Method



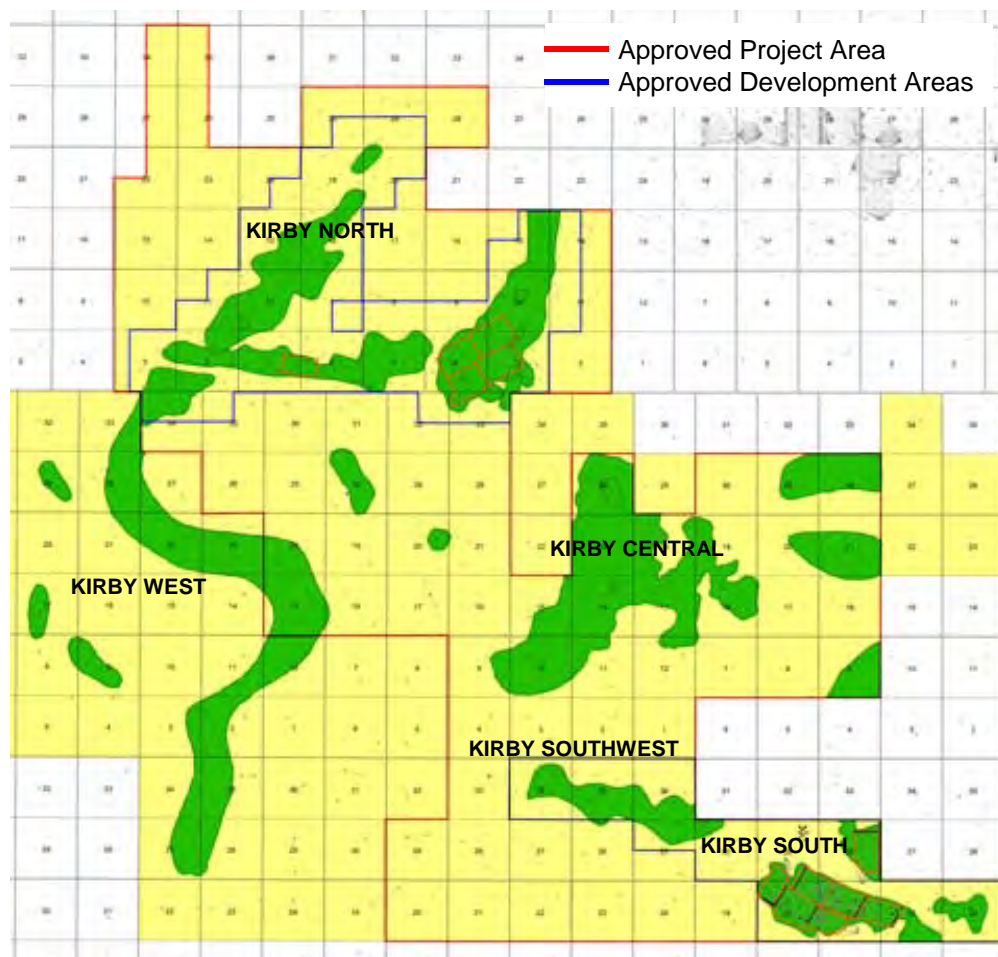
# Thermal In Situ Oil Sands Portfolio



- Vast resource base with short, mid and long-term value
  - Allows flexibility in our capital allocation
  - 2P reserves – 2.41 billion barrels\*
- Majority working interest and operatorship
- Effective and efficient thermal operator
  - Top tier in situ operating costs
  - Excellent track record of project execution
- Leverage use of technology to enhance recovery and optimize costs
  - Expertise in Cyclic Steam Stimulation (CSS), Steam Assisted Gravity Drainage (SAGD) and Steamflood

\*Company Gross proved plus probable reserves as at December 31, 2015.

# Thermal In Situ Oil Sands Kirby SAGD



## Kirby South

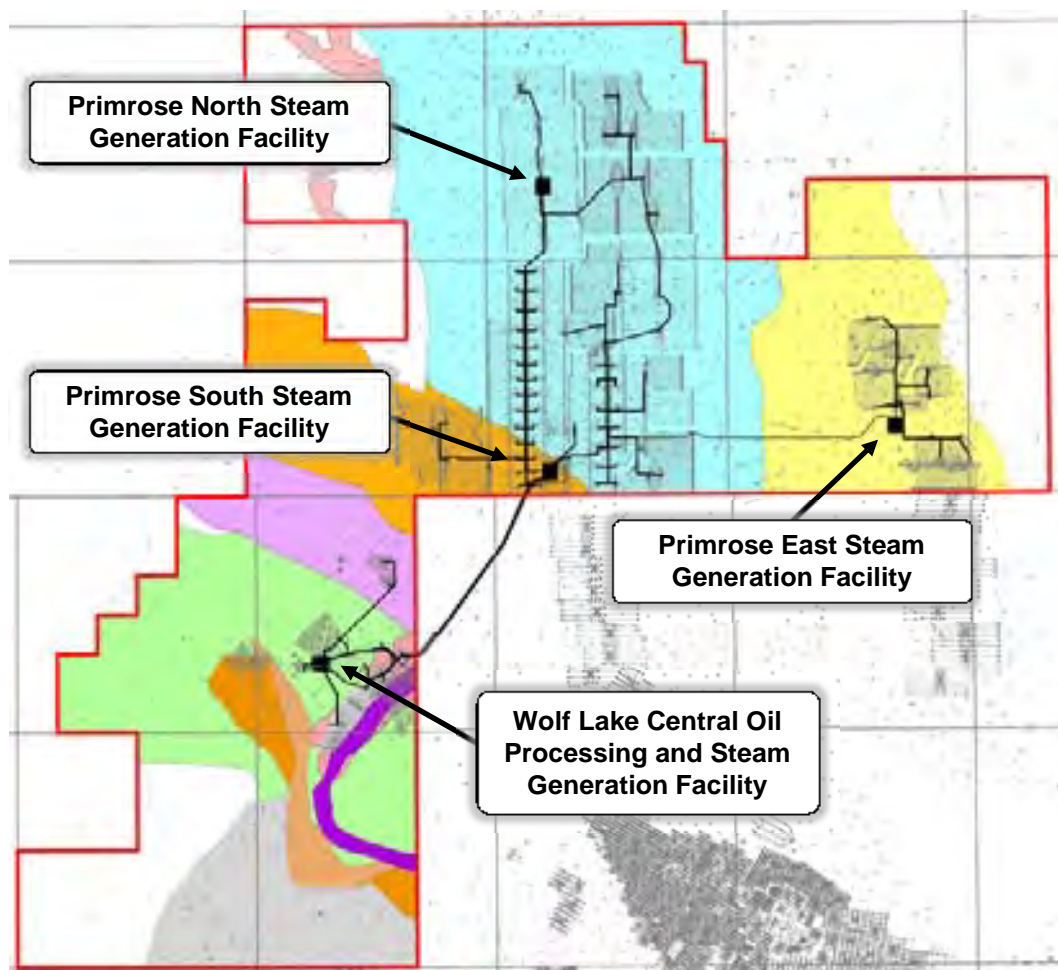
- Strong performance
  - Record quarterly production in Q2/16
    - ~39 Mbb/d
  - Instantaneous SOR = 2.55
- Strong inventory of new pads to maintain facility capacity
- 2P reserves – 176 million barrels\*

## Kirby North

- Regulatory approval in place
- Major facility equipment purchased
- Lease delineated and ready for drilling
- On hold pending economic conditions

\*Company Gross proved plus probable reserves as at December 31, 2015.

# Primrose/Wolf Lake Development Opportunities

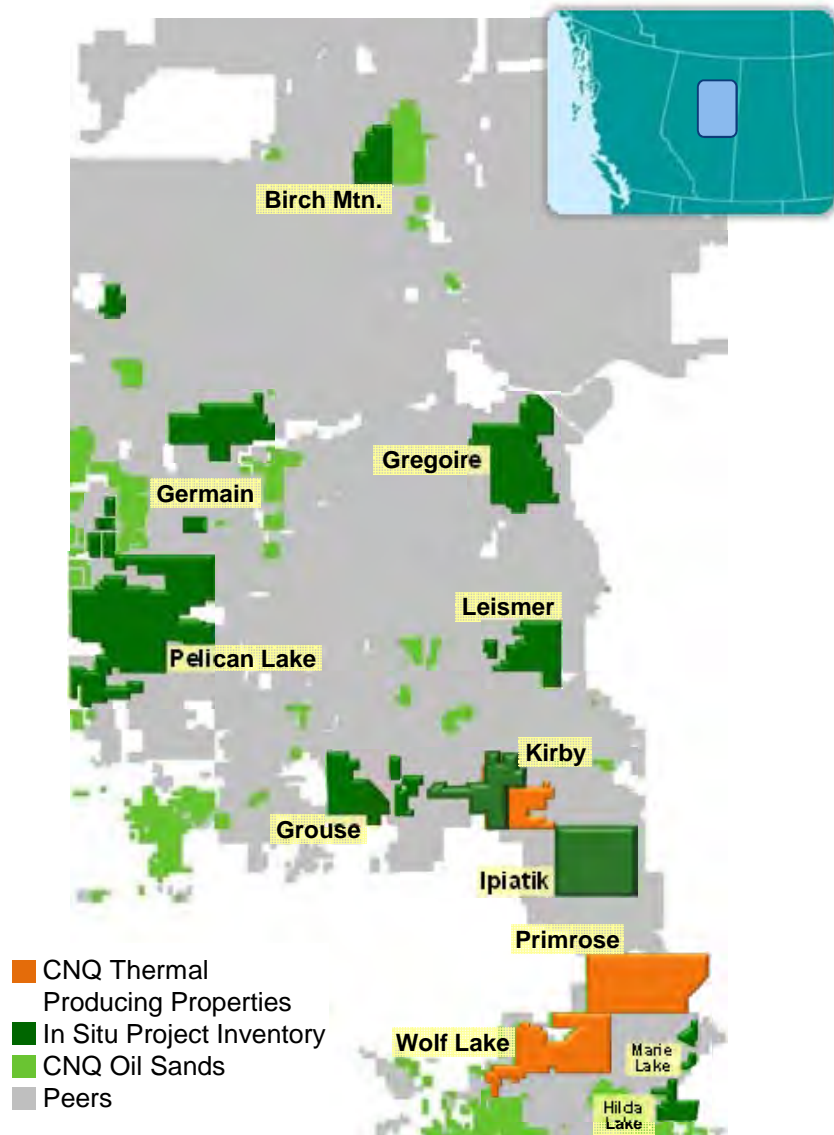


## Primrose/Wolf Lake

- Higher netbacks
  - High quality crude oil
  - Produced solution gas offsets fuel requirements
- Expansion potential
  - 864 horizontal CSS wells\*
  - 145 Wolf Lake SAGD wells\*
- Steamflooding
  - First commercial horizontal well steamflood at Primrose East
  - Follow-up process to CSS
  - Targeted recovery factor of ~69% OOIP at Primrose East
  - Targeted production ~18,000 bbl/d

\*Company Gross proved plus probable reserves at December 31, 2015.

# Thermal In Situ Oil Sands SAGD Development Opportunities



## Athabasca SAGD Projects

- Inventory of 6 additional defined projects
- Potential of 200,000-260,000 bbl/d facility capacity

## Small Scale SAGD Projects

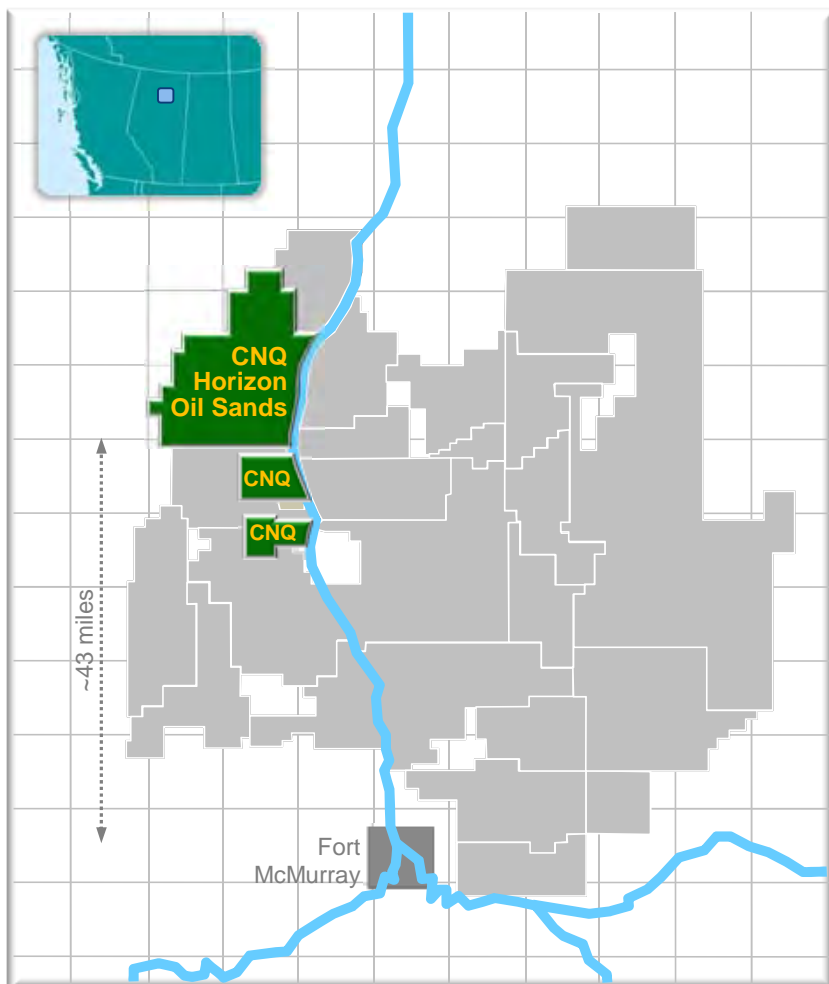
- Active commercial projects
  - Tangleflags and Senlac
    - July production ~3,000 bbl/d
- Seven opportunities identified
- Geological and engineering evaluation underway

## New Technology

- Steamflood application/enhancement
- Solvent assisted processes

# Horizon Oil Sands – Operations

## Core Area Summary



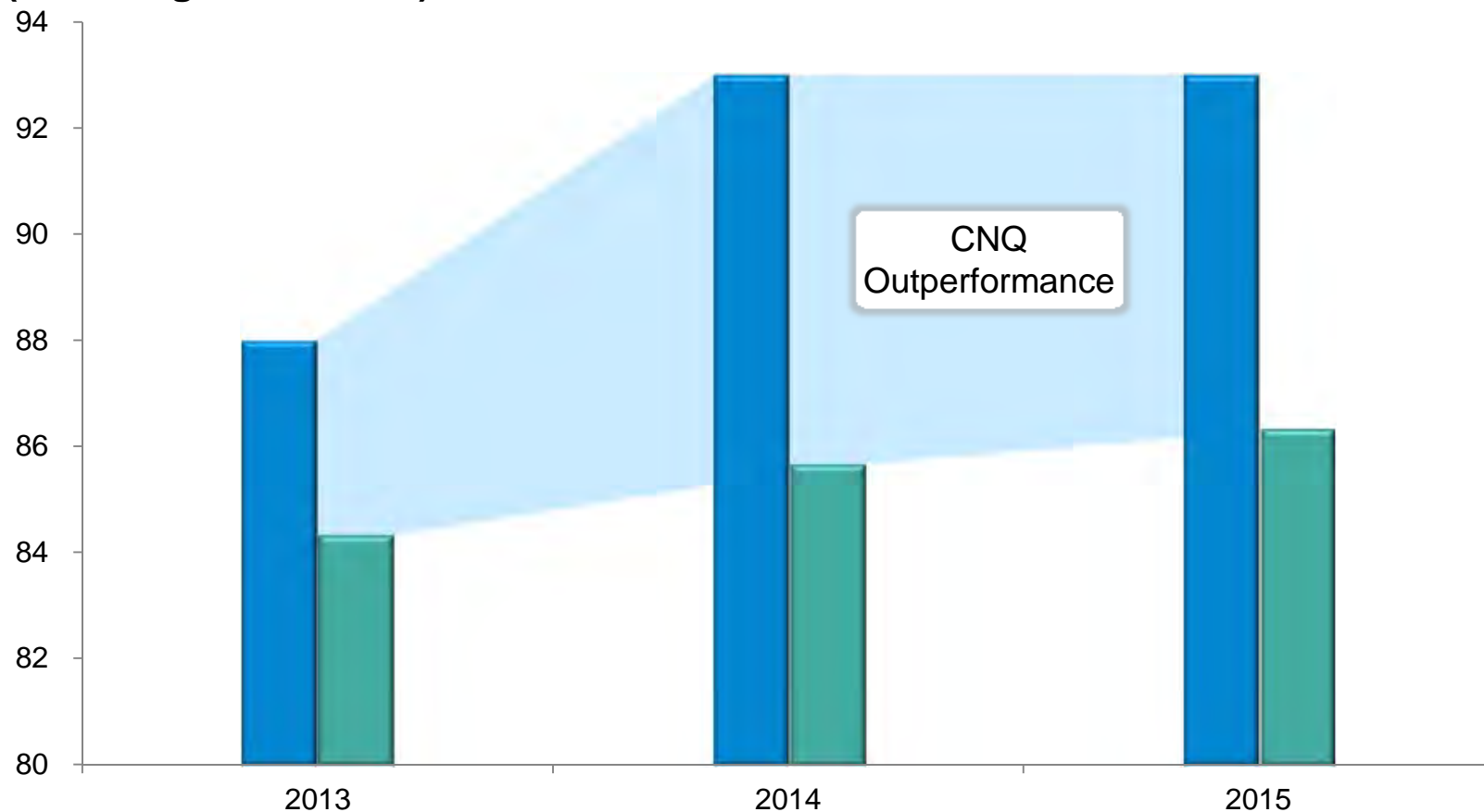
- World Class asset
- 2P SCO reserves – 3.63 billion barrels\*
- Phased development (SCO)
  - Current targeted nameplate capacity of 137,000 bbl/d
  - Targeted start-up of Phase 2B → October 2016
  - Targeted start-up of Phase 3 → Q4/17
  - Potential future expansion to ~500,000 bbl/d of SCO or Bitumen equivalent
  - 50+ years of production with no declines
- 100% working interest

\*Company Gross proved plus probable reserves as at December 31, 2015.

# Horizon Oil Sands – Operations Industry Leading Utilization Rate



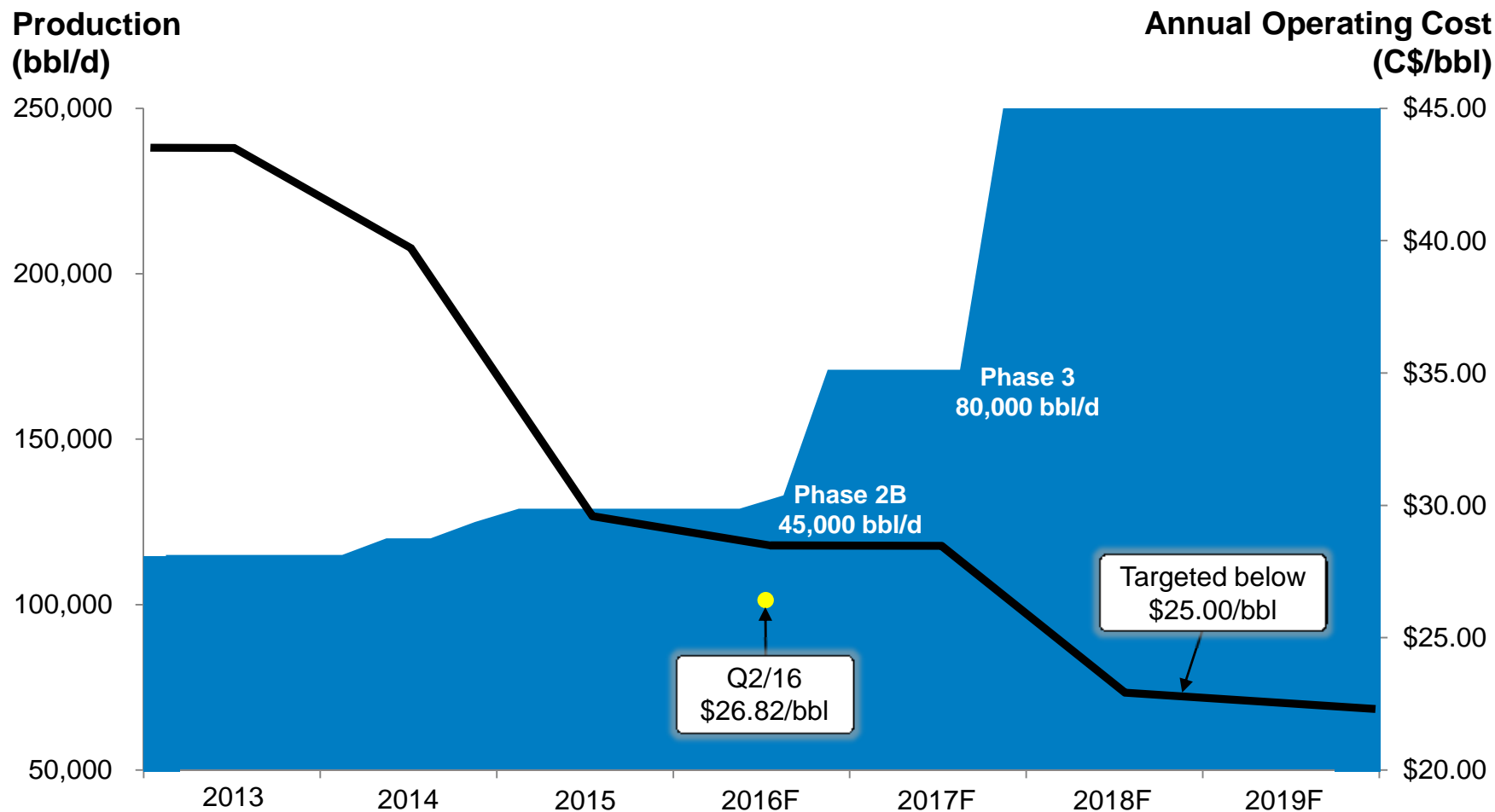
(% Average Utilization)



Note: Peers include AOSP, Suncor, Syncrude.

Source: Peer data per FirstEnergy Capital Corp. – Synopsis: Integrated, Oilsands, and Large Cap Oil & Gas Producers, April 2016.

# Horizon Oil Sands Significant Operating Cost Reductions

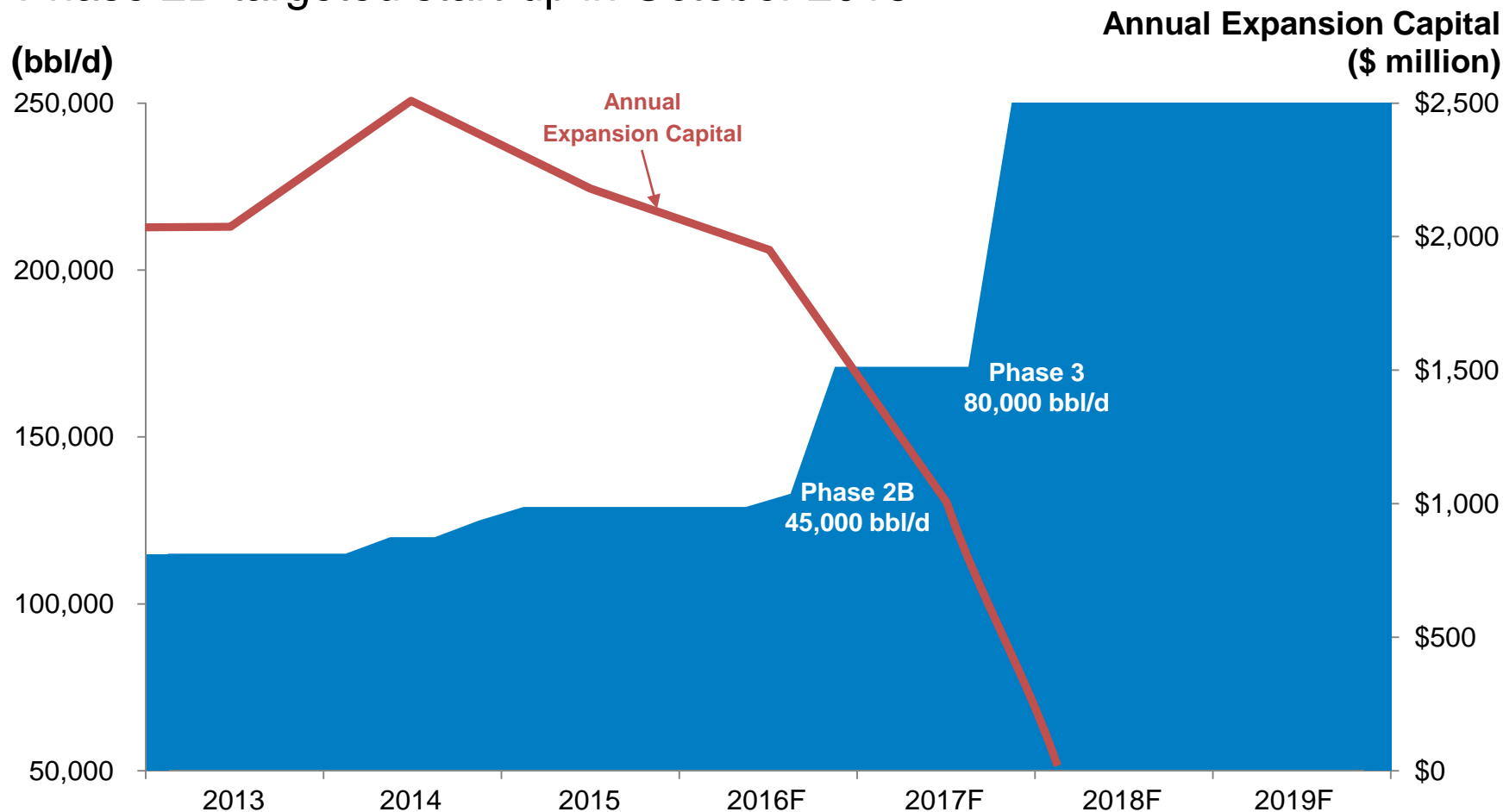


Note: Production capacity assumes 3 months ramp up to full rates and excludes planned turnaround time. Project progress dependent upon economic and regulatory conditions, commodity prices, global economic factors, project sanction and capital allocation. 2016F - 2019F based on Company internal forecast as at May 2016.

# Horizon Oil Sands Expansion Production Capacity Plan



- Phase 2B targeted start-up in October 2016



Note: Production capacity assumes 3 months ramp up to full rates and excludes planned turnaround time. Project progress dependent upon economic and regulatory conditions, commodity prices, global economic factors, project sanction and capital allocation. 2016F - 2019F based on Company internal forecast as at May 2016.

# Robust Financial Position

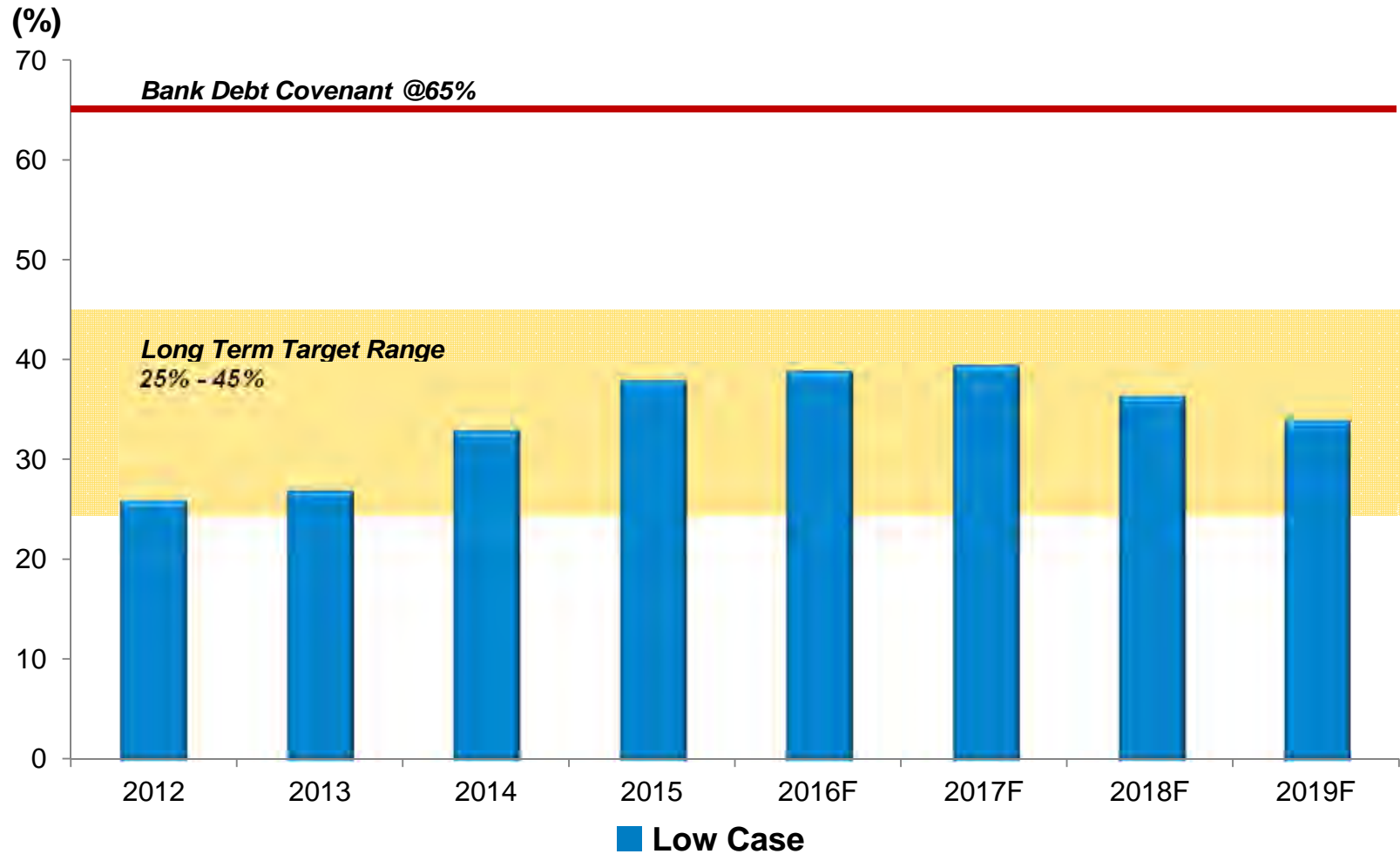


	Long-Term Ratings	Outlook	Short-Term Ratings
Standard & Poor's	BBB+	Stable	A-2
DBRS	BBB High	Negative	n/a
Moody's	Baa3	Negative	P-3

- Strong financial position as of June 30, 2016
  - Debt/book capitalization → 40%
  - Available bank lines of \$2.7 billion (Pro Forma)<sup>(1)</sup>
- Disciplined allocation of capital delivers sustainable dividend policy
  - 15 consecutive years of dividend increases
  - \$0.92 per share annualized dividend declared March 2016
  - PrairieSky share distribution ~\$542.8 million

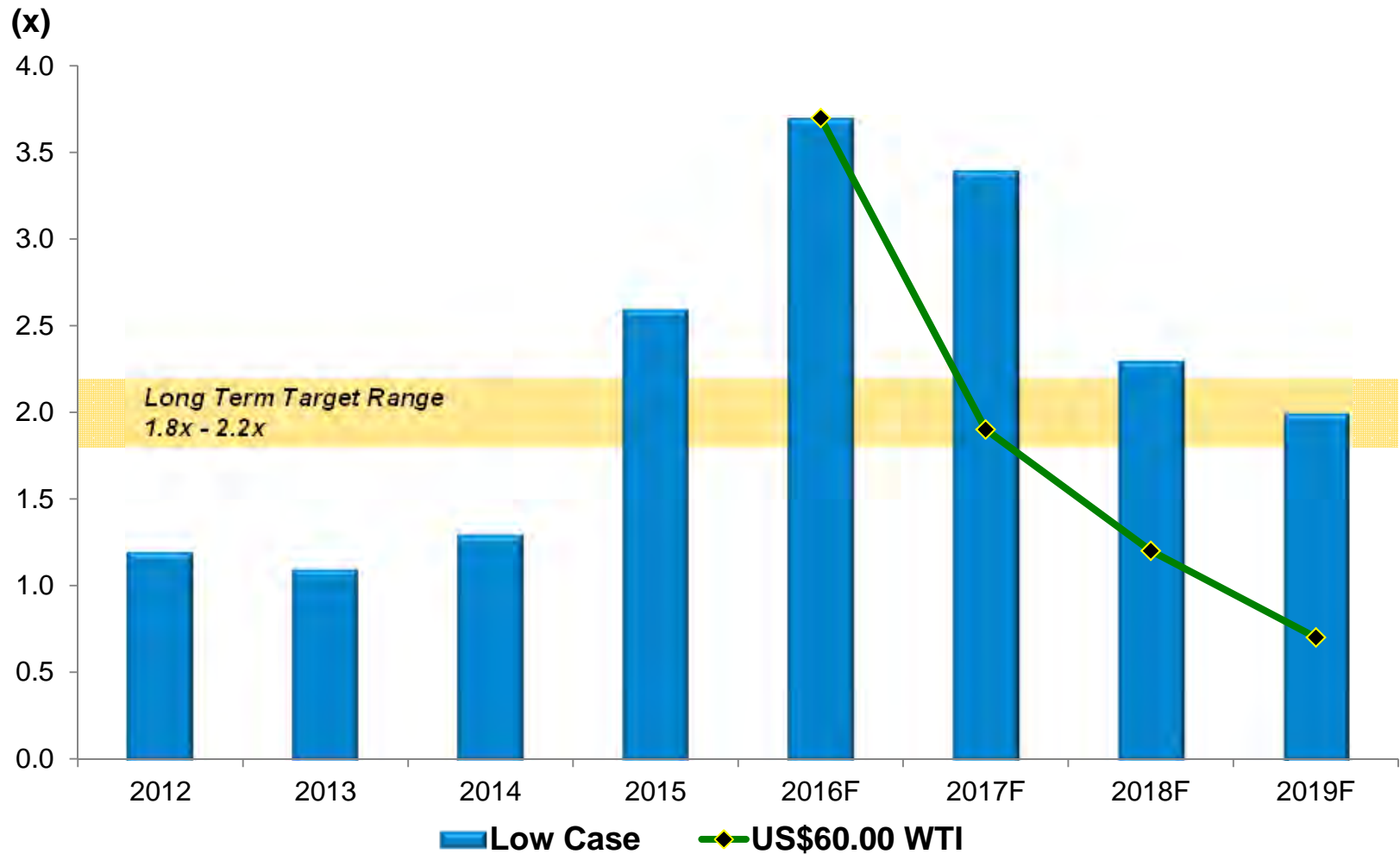
<sup>(1)</sup> In August 2016 the Company issued a C\$1.0 billion public bond in the Canadian debt capital market.

# Debt / Book Capitalization



Note: See Advisory for pricing assumptions and cautionary statements.

# Debt / Annual EBITDA



Note: See Advisory for pricing assumptions and cautionary statements.

# Credit Facility Summary

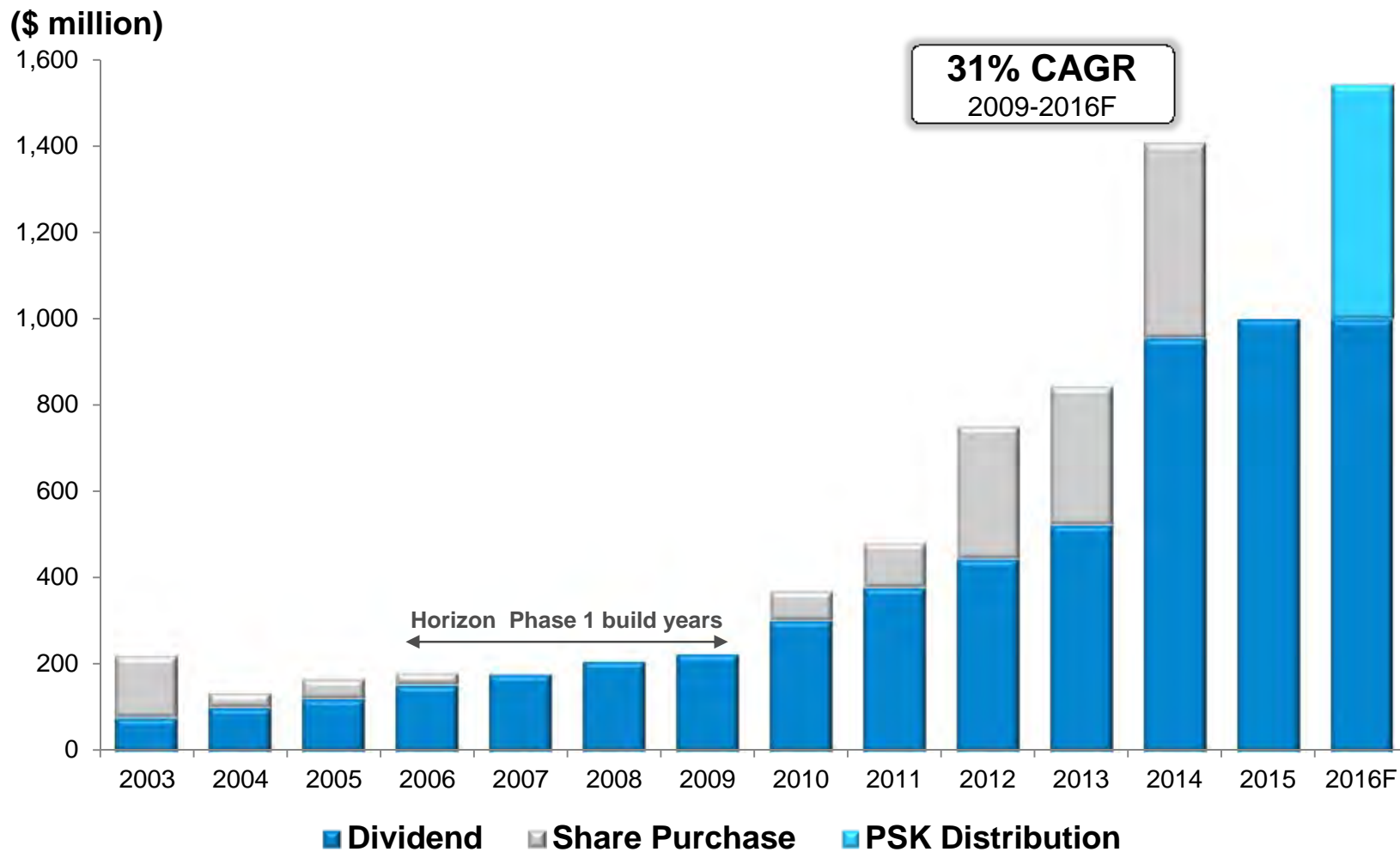


	(C\$ million)	Maturity
Revolving bank line 1 <sup>(1)</sup>	\$2,425	June 2019
Revolving bank line 2 <sup>(1)</sup>	\$2,425	June 2020
Non-revolving syndicated term facility <sup>(1)</sup>	\$1,500	April 2018
Non-revolving term facilities <sup>(1)</sup>	\$ 875	February 2019
Operating demand loan	\$ 100	Demand
North Sea operating line (£15 million)	\$ 26	Demand
<b>Total bank lines</b>	<b>\$7,351</b>	
<b>Available (Pro Forma)<sup>(2)</sup> – June 30, 2016</b>	<b>\$2,654</b>	

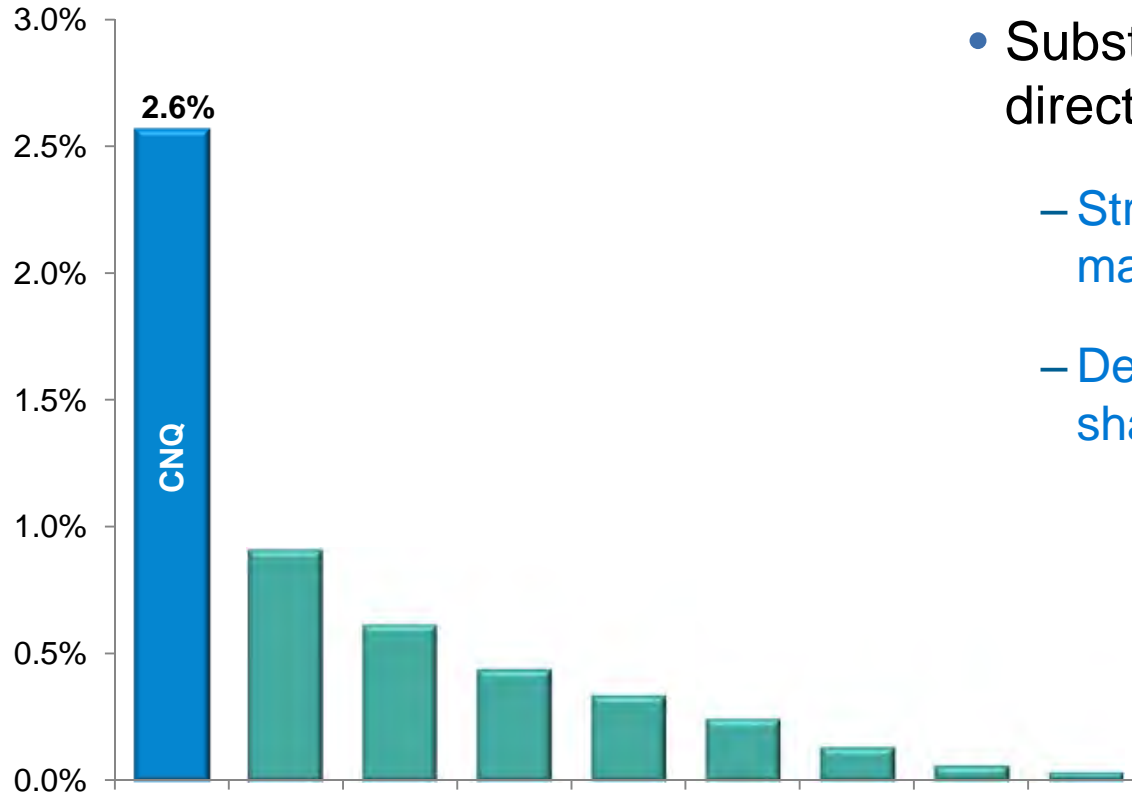
(1) Financial covenant – Consolidated Debt to Book Capital ratio not to exceed 0.65 : 1.00.

(2) In August 2016 the Company issued a \$1.0 billion public bond in the Canadian debt capital market.

# Return to Shareholders



## Management/Directors Stock Ownership (% of Outstanding Shares)



- Substantial management and director wealth at stake
  - Strong motivation for management to perform
  - Delivers clear alignment with shareholder interests

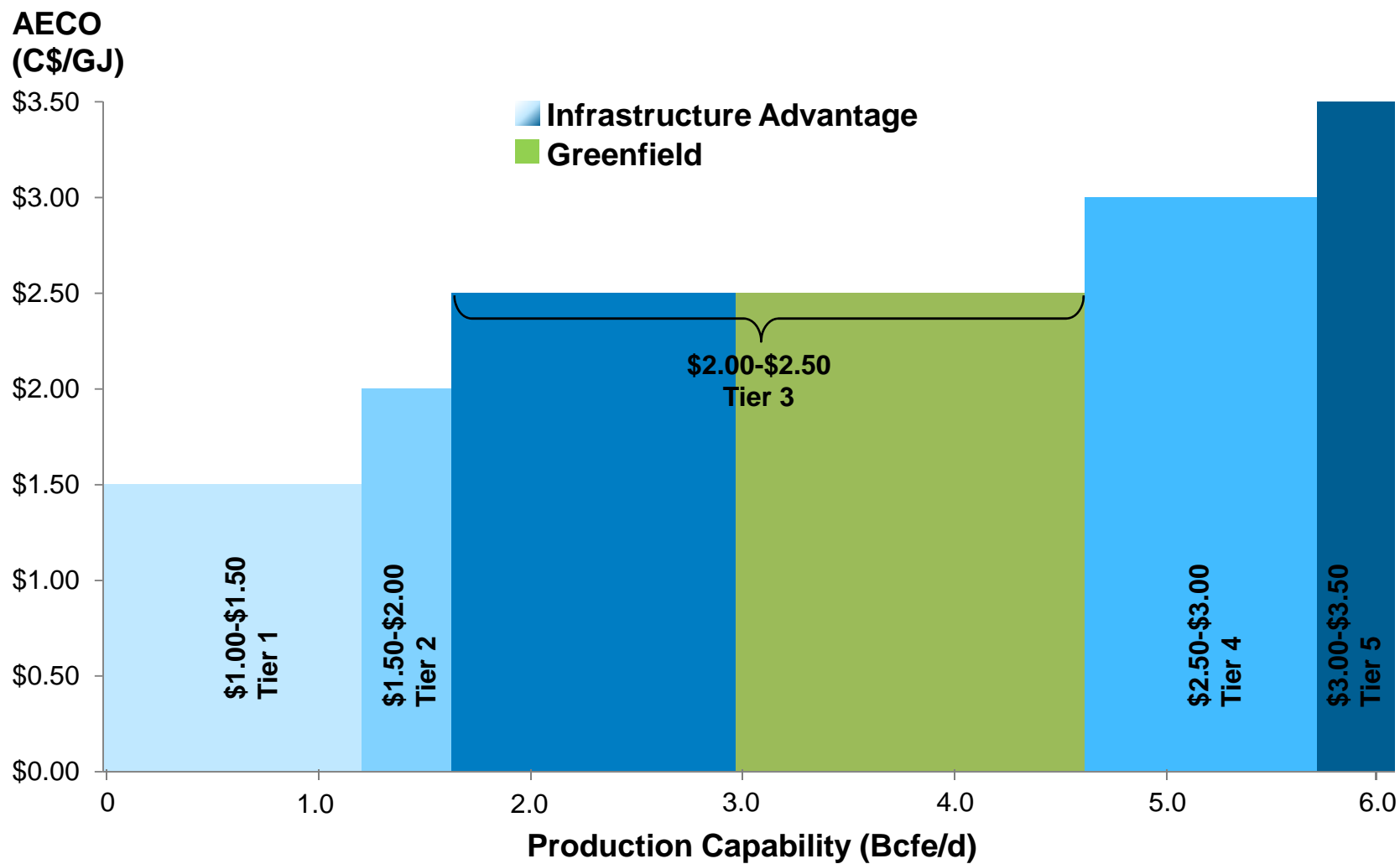
*Note: Based on share ownership data excluding options and priced at August 4, 2016. Outstanding shares as at Q2/16 as per Bloomberg. Source: SEDI and BD Corporate. Peers include APC, APA, CVE, DVN, ECA, EOG, PXD and SU.*

- Strong balance sheet
- Large, diversified, well balanced asset base
- Transition to longer-life, low decline assets reduces capital requirements while maintaining production
- Delivering increasing and more sustainable cash flow to allocate to:
  - Resource development
    - Transitioning to longer-life assets
  - Returns to shareholders
  - Balance Sheet strength
  - Opportunistic acquisitions
- Driven by:
  - Effective capital allocation
  - Effective and efficient operations
  - Strong management teams



# APPENDICES

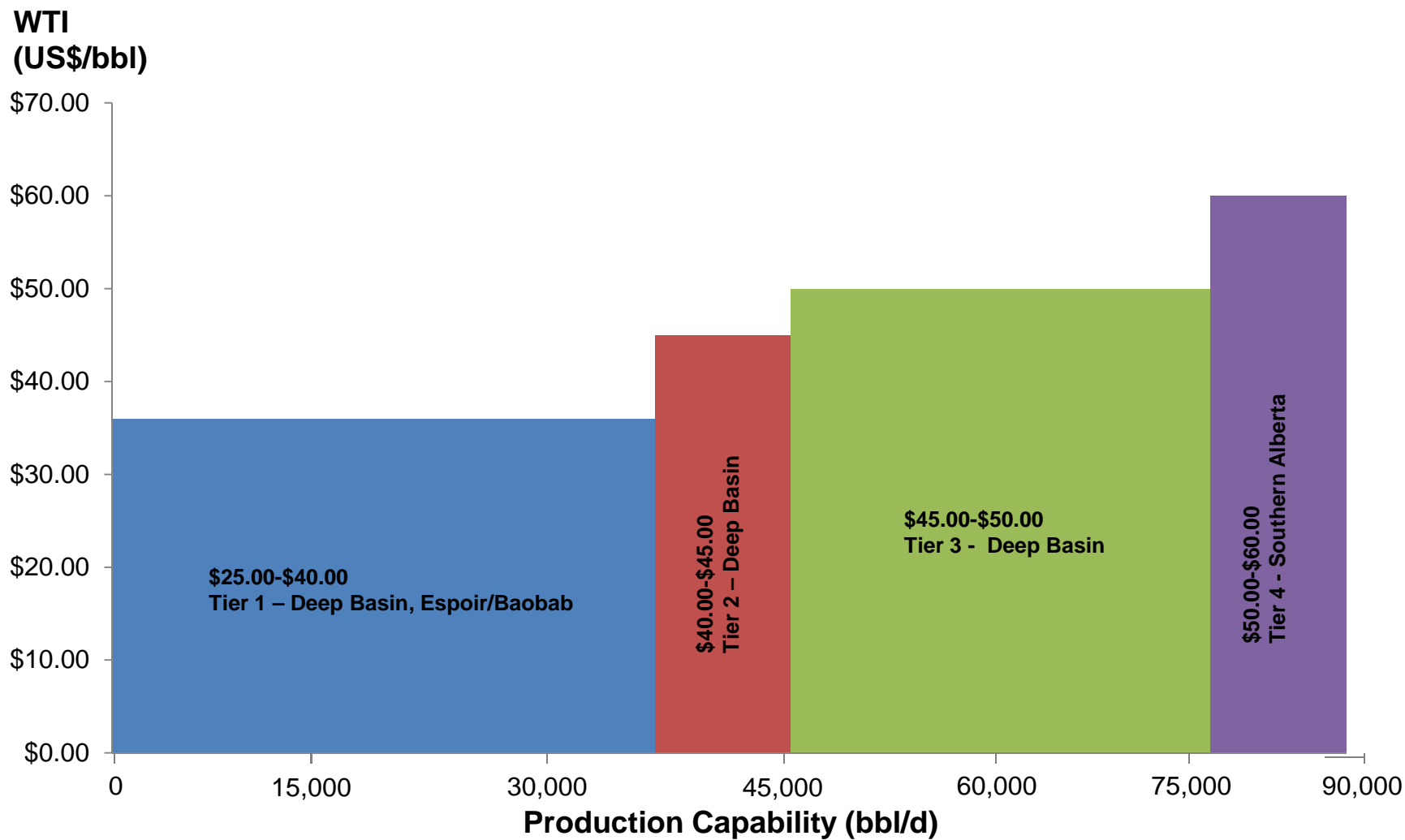
# Deep Basin/Montney Natural Gas Projects Return on Capital, 15% After Tax



Note: Assumes WTI = \$50.00 US\$/bbl benchmark for natural gas liquids. See Advisory for pricing assumptions and cautionary statements.

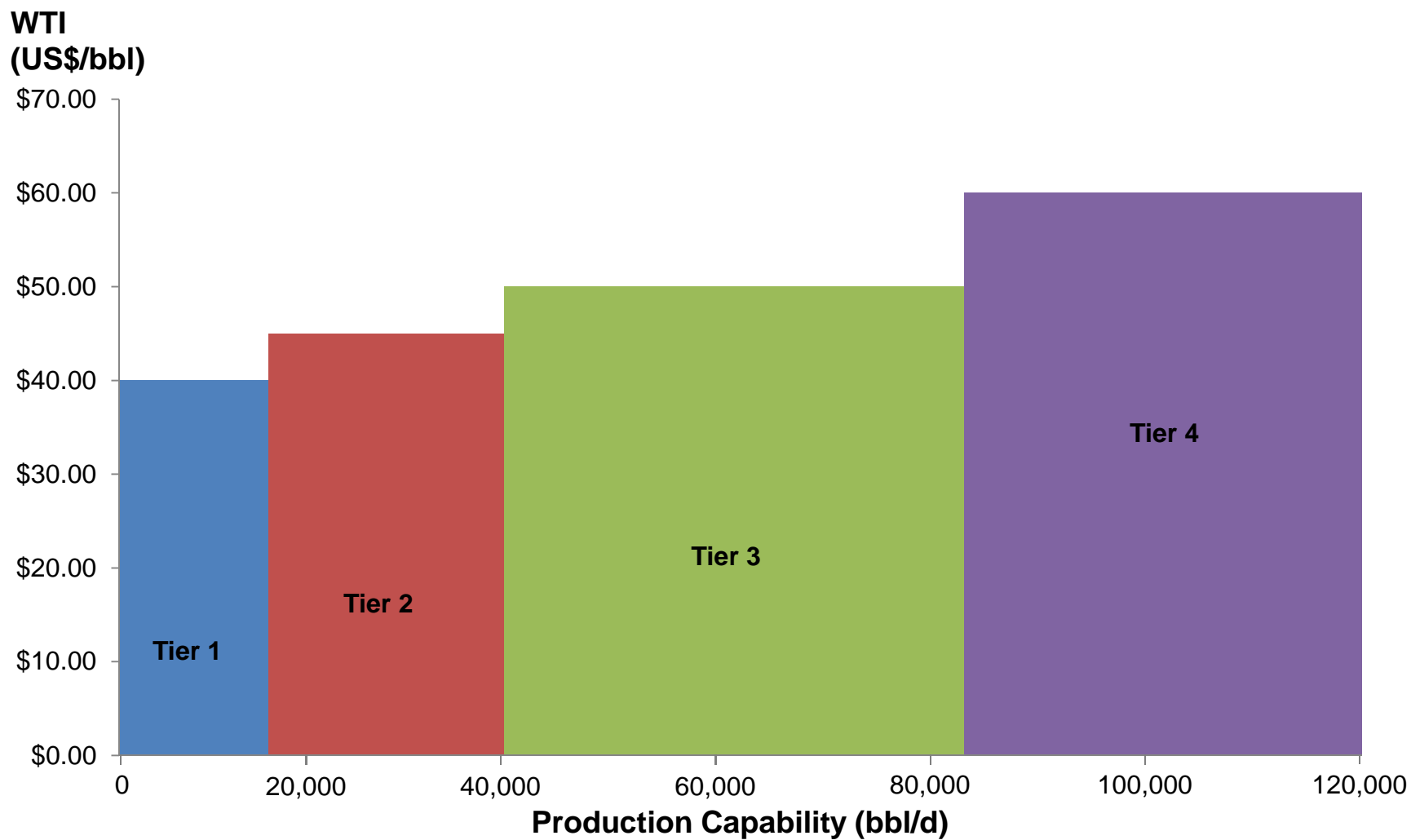
# Light Crude Oil Projects

## Return on Capital, 15% After Tax



Note: Assumes AECO= \$2.50 C\$/GJ for natural gas, and an exchange rate of US\$1.00 to C\$1.30. See Advisory for cautionary statements.

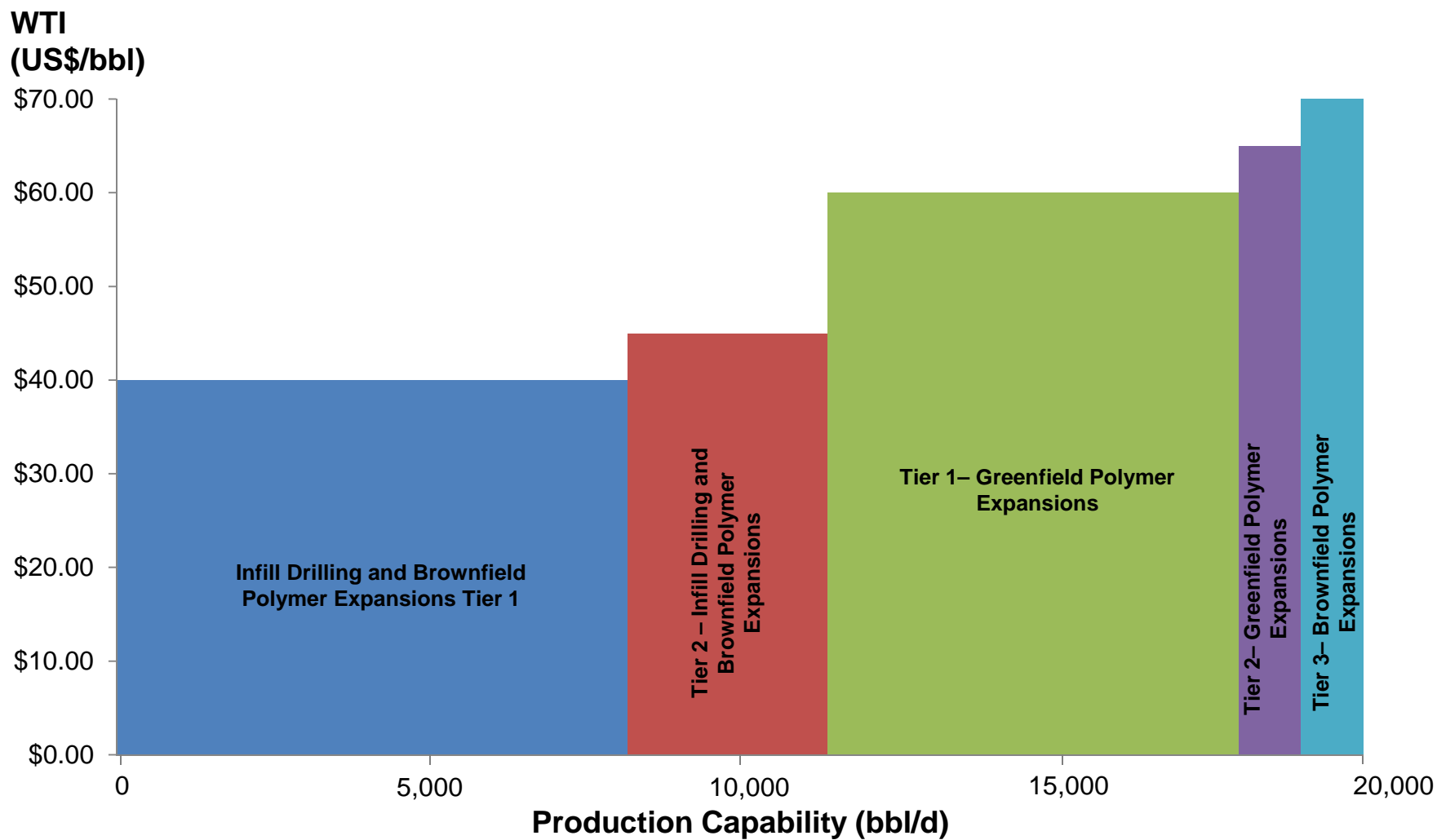
# Primary Heavy Crude Oil Projects Return on Capital, 15% After Tax



Note: Assumes an exchange rate of US\$1.00 to C\$1.30 and a WCS differential range of 22%-27%. See Advisory for cautionary statements.

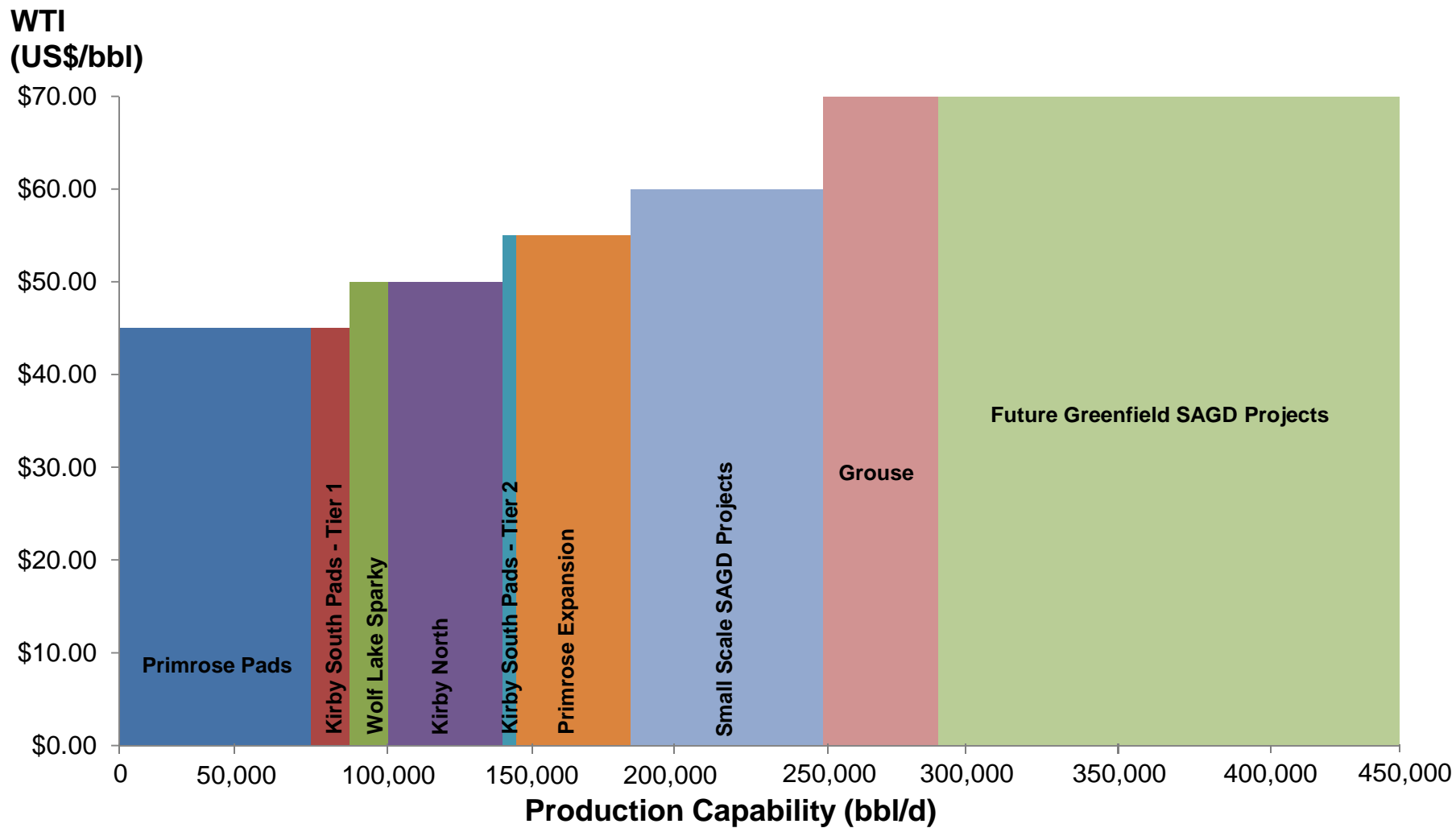
# Pelican Lake Projects

## Return on Capital, 15% After Tax



Note: Assumes an exchange rate of US\$1.00 to C\$1.30 and a WCS differential range of 22%-27%. See Advisory for cautionary statements.

# Thermal In Situ Oil Sands Projects Return on Capital, 15% After Tax



Note: Assumes AECC= \$2.50 C\$/GJ for natural gas, an exchange rate of US\$1.00 to C\$1.30 and a WCS differential range of 22%-27%.  
See Advisory for cautionary statements.







## Special Note Regarding Currency, Production and Reserves

In this document, all references to dollars refer to Canadian dollars unless otherwise stated. Reserves and production data are presented on a before royalties basis unless otherwise stated. In addition, reference is made to crude oil, natural gas and NGLs in common units called barrel of oil equivalent ("BOE") or thousand cubic feet of gas equivalent ("McGGE"). A BOE is derived by converting six thousand cubic feet of natural gas to one barrel of crude oil or NGLs (6Mcf:1bbl). An McGE is derived by converting one barrel of crude oil or NGLs to six thousand cubic feet of natural gas (1bbl:6Mcf). These conversions may be misleading, particularly if used in isolation, since the 6Mcf:1bbl ratio or the 1bbl:6Mcf ratio is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. In comparing the value ratio using current crude oil or NGL prices relative to natural gas prices, the 6Mcf:1bbl or 1bbl:6Mcf conversion ratios may be misleading as an indication of value.

This document, herein incorporated by reference, have been prepared in accordance with IFRS, as issued by the International Accounting Standards Board.

For the year ended December 31, 2015 the Company retained Independent Qualified Reserves Evaluators ("IOREs"), Sproule Associates Limited and Sproule International Limited (together as "Sproule") and GLJ Petroleum Consultants Ltd. ("GLJ"), to evaluate and review all of the Company's proved and proved plus probable reserves with an effective date of December 31, 2015 and a preparation date of February 1, 2016. Sproule evaluated the North America and International light and medium crude oil, primary heavy crude oil, Pelican Lake heavy crude oil, bitumen (thermal oil), natural gas and NGLs reserves. GLJ evaluated the Horizon SCO reserves. The evaluation and review was conducted in accordance with the standards contained in the Canadian Oil and Gas Evaluation Handbook ("COGE Handbook") and disclosed in accordance with National Instrument 51-101 – Standards of Disclosure for Oil and Gas Activities ("NI 51-101") requirements. Reserves disclosure is presented in accordance with Canadian reporting requirements using forecast prices and escalated costs.

The Company annually discloses net proved reserves and the standardized measure of discounted future net cash flows using 12-month average prices and current costs in accordance with United States Financial Accounting Standards Board Topic 332 "Extractive Activities - Oil and Gas" in the Company's Form 40-F filed with the SEC in the "Supplementary Oil and Gas Information" section of the Company's Annual Report.

## Special Note Regarding non-GAAP Financial Measures

This document includes references to financial measures commonly used in the crude oil and natural gas industry, such as adjusted net earnings from operations, cash flow from operations, cash production costs and net asset value. These financial measures are not defined by International Financial Reporting Standards ("IFRS") and therefore are referred to as non-GAAP measures. The non-GAAP measures used by the Company may not be comparable to similar measures presented by other companies. The Company uses these non-GAAP measures to evaluate its performance. The non-GAAP measures should not be considered an alternative to or more meaningful than net earnings, as determined in accordance with IFRS, as an indication of the Company's performance. The non-GAAP measures adjusted net earnings from operations and cash flow from operations are reconciled to net earnings, as determined in accordance with IFRS, in the "Net Earnings and Cash Flow from Operations" section of the Company's MD&A. The derivation of adjusted cash production costs and adjusted depreciation, depletion and amortization are included in the "Operating Highlights – Oil Sands Mining and Upgrading" section of the Company's MD&A. The Company also presents certain non-GAAP financial ratios and their derivation in the "Liquidity and Capital Resources" section of the Company's MD&A.

Volumes shown are Company share before royalties unless otherwise stated.

## Forward Looking Statements

Certain statements relating to Canadian Natural Resources Limited (the "Company") in this document or documents incorporated herein by reference constitute forward-looking statements or information (collectively referred to herein as "forward-looking statements") within the meaning of applicable securities legislation. Forward-looking statements can be identified by the words "believe", "anticipate", "expect", "plan", "estimate", "target", "continue", "could", "intend", "may", "potential", "predict", "should", "will", "objective", "project", "forecast", "goal", "guidance", "outlook", "effort", "seeks", "schedule", "proposed" or expressions of a similar nature suggesting future outcome or statements regarding an outlook. Disclosure related to expected future commodity pricing, forecast or anticipated production volumes, royalties, operating costs, capital expenditures, income tax expenses, and other guidance provided throughout this presentation constitute forward-looking statements. Disclosure of plans relating to and expected results of existing and future developments, including but not limited to the Horizon Oil Sands operations and future expansion, Septimus, Primrose thermal projects, Pelican Lake water and polymer flood project, the Kirby Thermal Oil Sands Project, construction of the proposed Keystone XL Pipeline from Hardisty, Alberta to the US Gulf coast, the proposed Kinder Morgan Trans Mountain pipeline expansion from Edmonton, Alberta to Vancouver, British Columbia, the proposed Energy East pipeline from Hardisty to Eastern Canada, and the construction and future operations of the North West Redwater bitumen upgrader and refinery also constitute forward-looking statements. This forward-looking information is based on annual budgets and multi-year forecasts, and is reviewed and revised throughout the year as necessary in the context of targeted financial ratios, project returns, product pricing expectations and balance in project risk and time horizons. These statements are not guarantees of future performance and are subject to certain risks and the reader should not place undue reliance on these forward-looking statements as there can be no assurances that the plans, initiatives or expectations upon which they are based will occur.

In addition, statements relating to "reserves" are deemed to be forward-looking statements as they involve the implied assessment based on certain estimates and assumptions that the reserves described can be profitably produced in the future. There are numerous uncertainties inherent in estimating quantities of proved and proved plus probable crude oil and natural gas and natural gas liquids (NGLs) reserves and in projecting future rates of production and the timing of development expenditures. The total amount or timing of actual future production may vary significantly from reserve and production estimates.

The forward-looking statements are based on current expectations, estimates and projections about the Company and the industry in which the Company operates, which speak only as of the date such statements were made or as of the date of the report or document in which they are contained, and are subject to known and unknown risks and uncertainties that could cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such risks and uncertainties include, among others: general economic and business conditions which will, among other things, impact demand for and market prices of the Company's products; volatility of and assumptions regarding crude oil and natural gas prices; fluctuations in currency and interest rates; assumptions on which the Company's current guidance is based; economic conditions in the countries and regions in which the Company conducts business; political uncertainty, including actions of or against terrorists, insurgent groups or other conflict including conflict between states; industry capacity; ability of the Company to implement its business strategy, including exploration and development activities; impact of competition; the Company's defense of lawsuits; availability and cost of seismic, drilling and other equipment; ability of the Company and its subsidiaries to complete capital programs; the Company's and its subsidiaries' ability to secure adequate transportation for its products; unexpected disruptions or delays in the resumption of the mining, extracting or upgrading of the Company's bitumen products; potential delays or changes in plans with respect to exploration or development projects or capital expenditures; ability of the Company to attract the necessary labour required to build its thermal and oil sands mining projects; operating hazards and other difficulties inherent in the exploration for and production and sale of crude oil and natural gas and in mining, extracting or upgrading the Company's bitumen products; availability and cost of financing; the Company and its subsidiaries' ability of exploration and development activities and the ability to replace and expand crude oil and natural gas reserves; timing and success of integrating the business and operations of acquired companies; production levels; imprecision of reserve estimates and estimates of recoverable quantities of crude oil, natural gas and NGLs not currently classified as proved; actions by governmental authorities; government regulations and the expenditures required to comply with them (especially safety and environmental laws and regulations and the impact of climate change initiatives on capital and operating costs); asset retirement obligations; the adequacy of the Company's provision for taxes; and other circumstances affecting revenues and expenses. The Company's operations have been, and in the future may be, affected by political developments and by federal, provincial and local laws and regulations such as restrictions on production, changes in taxes, royalties and other amounts payable to governments or governmental agencies, price or gathering rate controls and environmental protection regulations. Should one or more of these risks or uncertainties materialize, or should any of the Company's assumptions prove incorrect, actual results may vary in material respects from those projected in the forward-looking statements. The impact of any one factor on a particular forward-looking statement is not determinable with certainty as such factors are dependent upon other factors, and the Company's course of action would depend upon its assessment of the future considering all information then available. For additional information refer to the "Risks Factors" section of the AIF. Readers are cautioned that the foregoing list of factors is not exhaustive. Unpredictable or unknown factors not discussed in this report could also have material adverse effects on forward-looking statements.

Although the Company believes that the expectations conveyed by the forward-looking statements are reasonable based on information available to it on the date such forward-looking statements are made, no assurances can be given as to future results, levels of activity and achievements. All subsequent forward-looking statements, whether written or oral, attributable to the Company or persons acting on its behalf are expressly qualified in their entirety by these cautionary statements. Except as required by law, the Company assumes no obligation to update forward-looking statements, whether as a result of new information, future events or other factors, or the foregoing factors affecting this information, should circumstances or Management's estimates or opinions change.

## Cautionary Statement

(1) Project progress and financial results are dependent upon economic and regulatory conditions, commodity prices, global economic factors, project sanction and capital allocation.

## Pricing

(1) Refer to table below for pricing assumptions.

	2016F	2017F	2018F	2019F
<b>Low Case</b>				
US\$ WTI/bbl	\$ 44.85	\$ 47.00	\$ 48.00	\$ 48.00
C\$ AECO/GJ	\$ 1.84	\$ 2.52	\$ 2.67	\$ 2.80
WCS Differential US\$/bbl	\$ 13.82	\$ 14.67	\$ 15.15	\$ 15.15
FX 1.00 US\$ = X C\$	\$ 1.31	\$ 1.31	\$ 1.31	\$ 1.31
FX 1.00 GBP = X C\$	\$ 1.89	\$ 1.92	\$ 1.93	\$ 1.92
<b>US\$60.00 Case</b>				
US\$ WTI/bbl	\$ 44.85	\$ 60.00	\$ 60.00	\$ 60.00
C\$ AECO/GJ	\$ 1.84	\$ 3.00	\$ 3.00	\$ 3.00
WCS Differential US\$/bbl	\$ 13.82	\$ 15.00	\$ 14.00	\$ 14.00
FX 1.00 US\$ = X C\$	\$ 1.31	\$ 1.25	\$ 1.25	\$ 1.25
FX 1.00 GBP = X C\$	\$ 1.89	\$ 1.94	\$ 1.94	\$ 1.94
<b>Stress Case</b>				
US\$ WTI/bbl	\$ 34.96	\$ 38.00	\$ 43.00	\$ 43.00
C\$ AECO/GJ	\$ 2.15	\$ 2.36	\$ 3.00	\$ 3.00
WCS Differential US\$/bbl	\$ 11.68	\$ 11.40	\$ 12.40	\$ 12.40
FX 1.00 US\$ = X C\$	\$ 1.37	\$ 1.35	\$ 1.32	\$ 1.32
FX 1.00 GBP = X C\$	\$ 1.94	\$ 1.89	\$ 1.83	\$ 1.83

## Reserves Notes:

- (1) Company Gross reserves are working interest share before deduction of royalties and excluding any royalty interests.
- (2) Company Net reserves are working interest share after deduction of royalties and including any royalty interests.
- (3) BOE values may not calculate due to rounding.
- (4) Forecast pricing assumptions utilized by the Independent Qualified Reserves Evaluators in the reserve estimates were provided by Sproule Associates Limited:

	2016	2017	2018	2019	2020	Average annual increase thereafter
<b>Crude oil and NGL</b>						
WTI at Cushing (US\$/bbl)	\$ 45.00	\$ 60.00	\$ 70.00	\$ 80.00	\$ 81.20	1.50%
Western Canada Select (C\$/bbl)	\$ 45.26	\$ 57.96	\$ 65.88	\$ 75.11	\$ 77.03	1.50%
Canadian Light Sweet (C\$/bbl)	\$ 55.20	\$ 69.00	\$ 78.43	\$ 89.41	\$ 91.71	1.50%
Cromer LSB (C\$/bbl)	\$ 54.20	\$ 68.00	\$ 77.43	\$ 88.41	\$ 90.71	1.50%
Edmonton Pentanes+ (C\$/bbl)	\$ 59.10	\$ 73.88	\$ 83.98	\$ 95.73	\$ 98.19	1.50%
North Sea Brent (US\$/bbl)	\$ 45.00	\$ 60.00	\$ 70.00	\$ 80.00	\$ 81.20	1.50%
<b>Natural gas</b>						
AECO (C\$/MMBtu)	\$ 2.25	\$ 2.95	\$ 3.42	\$ 3.91	\$ 4.20	1.50%
BC Westcoast Station 2 (C\$/MMBtu)	\$ 1.45	\$ 2.55	\$ 3.02	\$ 3.51	\$ 3.80	1.50%
Henry Hub Louisiana (US\$/MMBtu)	\$ 2.25	\$ 3.00	\$ 3.50	\$ 4.00	\$ 4.25	1.50%

A foreign exchange rate of 0.7500 US\$/C\$ for 2016, 0.8000 US\$/C\$ for 2017, 0.8300 US\$/C\$ for 2018 and 0.8500 US\$/C\$ after 2018 was used in the 2015 evaluation.

## Reserves Notes

- (5) Reserve additions and revisions are comprised of all categories of Company Gross reserve changes, exclusive of production.
- (6) Reserve replacement ratio is the Company Gross reserve additions and revisions, for the relevant reserve category, divided by the Company Gross production in the same period.
- (7) Reserve Life Index is based on the amount for the relevant reserve category divided by the 2016 proved developed producing production forecast prepared by the Independent Qualified Reserve Evaluators.
- (8) Finding, Development and Acquisition (FD&A) costs are calculated by dividing the sum of total exploration, development and acquisition capital costs incurred in 2015 by the sum of total additions and revisions for the relevant reserve category.
- (9) FD&A costs including change in Future Development Capital (FDC) are calculated by dividing the sum of total exploration, development and acquisition capital costs incurred in 2015 and net change in FDC from December 31, 2014 to December 31, 2105 by the sum of total additions and revisions for the relevant reserve category. FDC excludes all abandonment and reclamation costs.
- (10) A barrel of oil equivalent ("BOE") is derived by converting six thousand cubic feet of natural gas to one barrel of crude oil (6 Mcf:1 bbl). This conversion may be misleading, particularly if used in isolation, since the 6 Mcf:1 bbl ratio is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. In comparing the value ratio using current crude oil prices relative to natural gas prices, the 6 Mcf:1 bbl conversion ratio may be misleading as an indication of value.

# Key Historic Data

<b>Operational Information</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
<u>Daily production, before royalties</u>						
Crude oil and NGLs (Mbb/d)	425	389	451	478	531	564
Natural gas (MMcf/d)	1,243	1,257	1,220	1,158	1,555	1,726
Barrels of oil equivalent (MBOE/d)	632	599	655	671	790	852
<u>Daily production, after royalties</u>						
Crude oil and NGLs (Mbb/d)	369	329	389	414	451	512
Natural gas (MMcf/d)	1,193	1,209	1,190	1,104	1,432	1,667
Barrels of oil equivalent (MBOE/d)	568	531	587	598	689	790
<u>Proved reserves, after royalties<sup>(1)</sup></u>						
Crude oil and NGLs (MMbbl)	1,519	1,572	1,677	1,767	1,898	1,864
Natural gas (bcf)	3,792	3,930	3,670	3,813	5,173	5,443
Mining reserves, SCO (MMbbl)	1,597	1,750	1,891	1,827	1,764	2,013
Barrels of oil equivalent (MMBOE)	2,151	2,227	4,179	4,230	4,524	4,784
<u>Drilling activity, net wells</u>						
Crude oil	934	1,103	1,203	1,117	1,023	115
Natural gas	92	83	35	44	75	19
Dry	33	48	33	30	19	6
Strats and service	491	657	727	384	437	166
<u>Realized product pricing, before hedging activities &amp; after transportation costs</u>						
Crude oil and NGLs (C\$/bbl)	65.81	77.46	70.24	70.24	71.59	38.53
Natural gas (C\$/Mcf)	4.08	3.73	2.44	2.44	3.30	2.78
<u>Results of operations (C\$ million, except per share)</u>						
Cash flow from operations	6,333	6,547	6,013	7,477	9,587	5,785
<i>per share – Basic</i>	5.82	5.98	5.48	6.87	8.78	5.29
Net earnings	1,673	2,643	1,892	2,270	3,929	(637)
<i>per share – Basic</i>	1.54	2.41	1.72	2.08	3.60	(0.58)
Capital expenditures (net, including combinations)	5,514	6,414	6,308	7,274	11,744	3,853
<u>Balance Sheet Info (C\$ million)</u>						
Property, plant and equipment (net)	38,429	41,631	44,028	46,487	52,480	51,475
Total assets	42,954	47,278	48,980	51,754	60,200	59,275
Long-term debt	8,485	8,571	8,736	9,661	14,002	16,794
Shareholders' equity	20,368	22,898	24,283	25,772	28,891	27,381
<b>Ratios</b>						
Debt to cash flow, trailing 12 months	1.3x	1.3x	1.5x	1.3x	1.4x	2.6x
Debt to book capitalization	29%	27%	26%	27%	33%	38%
Return on common equity, trailing 12 months	8%	12%	8%	9%	14%	(2%)
Daily production before royalties per 10,000 common shares	5.8	5.5	6.0	6.2	7.2	7.8
Proved and probable reserves before royalties MMBOE per common share*	6.9	7.2	7.2	7.3	8.1	8.3
*2009, 2010 and 2011 Horizon SCO included in Crude Oil and NGLs reserves.						
<b>Share information</b>						
Common shares outstanding	1,090,848	1,096,460	1,092,072	1,087,322	1,091,837	1,094,668
Weighted average common shares – Basic	1,088,096	1,095,582	1,097,084	1,088,682	1,091,754	1,093,862
Dividend per share (C\$)	0.3	0.36	0.42	0.575	0.90	0.92
TSX trading info						
<i>High (C\$)</i>	45.00	50.50	41.12	36.04	49.57	42.46
<i>Low (C\$)</i>	31.97	27.25	25.58	28.44	31.00	25.01
<i>Close (C\$)</i>	44.35	38.15	28.64	35.94	35.92	30.22

(1) Reserves prior to 2010 were calculated using constant prices and 2010 forward were calculated based on escalating prices due to change in disclosure requirements.

Note: All per share data adjusted for 2004, 2005 and 2010 Stock splits.

	Q3/16 Guidance	2016 Revised Guidance
<b>Daily Production Volumes</b> (before royalties)		
Natural gas (MMcf/d)	1,645 - 1,685	1,705 - 1,735
Crude oil and NGLs (Mbb/d)		
North America	235 - 241	235 - 245
North America – Thermal In Situ	102 - 110	110 - 130
North America – Oil Sands Mining*	72 - 80	120 - 132
International	49 - 53	49 - 56
	<hr/>	<hr/>
	458 - 484	514 - 563
	<hr/>	<hr/>
Total MBOE/d	732 - 765	798 - 852

\* Oil Sands Mining 2016 annual production guidance reflects production downtime for planned tie-ins and turnarounds.

<b>Capital Expenditures</b> (C\$ million)		
North America natural gas and NGLs		\$ 160 - 195
North America crude oil		305 - 435
International crude oil		450 - 495
Total Exploration and Production		<hr/>
		915 - 1,125
		<hr/>
Thermal In Situ Oil Sands		
Primrose and future		120 - 140
Kirby South		10 - 16
Kirby North Phase 1		25 - 34
Total Thermal In Situ Oil Sands		<hr/>
		155 - 190
		<hr/>
Midstream and other		<hr/>
		15 - 20
		<hr/>
Horizon Oil Sands Project		
Project capital		
Directive 74		50 - 60
Phase 2B		1,180
Phase 3		410 - 460
Owner's costs and other		250 - 290
Total capital projects		<hr/>
		1,890 - 1,990
Technology and Phase 4		5
Sustaining capital		280 - 310
Turnarounds and reclamation		110 - 120
Capitalized interest and other		130 - 140
Total Horizon Project		<hr/>
		2,415 - 2,565
		<hr/>
Total Capital Expenditures		<hr/>
		\$ 3,500 - 3,900

### Average Annual Cost Data

	Royalty Rate	Operating Cost
Natural Gas – North America (Mcf)	3.0 - 4.0%	\$1.05 - 1.25
Crude oil and NGLs (bbl)		
North America (excluding Oil Sands Mining)	10.0 - 12.0%	\$11.25 - 12.25
North America – Oil Sands Mining*	0.5 - 1.5%	\$27.00 - 30.00
North Sea	-	\$40.50 - 46.50
Offshore Africa	4.0 - 6.0%	\$14.50 - 18.50

\* Oil Sands Mining Operating cost include energy costs and reflect production downtime in 2016 as noted above.

### Other Information

Cash income and other taxes (C\$ million)	
Sask. Resources Surcharge / Capital Tax	\$13 - 18
Current income taxes (recovery) – North America	\$(160) - (220)
Current income taxes (recovery) – International and Petroleum Revenue Tax	\$(125) - (175)
Effective income tax rate on adjusted earnings	27 - 29%
Midstream cash flow (C\$ million)	\$90 - 100
Average corporate interest rate	3.80 - 4.10%

Note: Interest rates are subject to change depending upon short term rate changes. Cash income taxes are subject to variation with commodity prices and the level and classification of capital expenditures. Cash PRT is subject to variation due to commodity price and capital spending. 2016 Revised Guidance based on an average annual WTI of US\$43.67/bbl, AECO of C\$1.96/GJ and an exchange rate of US\$1.00 to C\$1.32 and £1.00 to C\$1.82.

This document contains forward-looking statements under applicable securities laws, including, in particular, statements about Canadian Natural's plans, strategies and prospects. Although the Company believes that the expectations reflected in these forward-looking statements are reasonable, such statements are subject to known or unknown risks and uncertainties that may cause actual results to differ materially from those anticipated. Please refer to the Company's Interim Report or Annual Information Form for a full description of these risks and impacts.



## Canadian Natural

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