February 28, 2009 will be fondly remembered by Canadian Natural Resources Limited as a landmark date for the company. It was when production at Horizon Oil Sands officially began.

That day marked the end of a flurry of construction activity that spanned four years on Phase 1 of the project. The process to build the plant began back in February 2005, when Horizon Oil Sands was officially sanctioned.

At times, the combined workforce of Canadian Natural and contract employees topped the 10,000 mark. More than 56 million man hours were worked on-site and the result was a world class oil sands mining, processing and upgrading facility.

“As a team, we accomplished a major milestone in the success of the Horizon Project,” says Réal Doucet, senior vice-president, Horizon Projects.

“From vision to planning, design, construction and operation, the team made a tremendous effort to keep this project on the move despite all the challenges.”

Canadian Natural ramped up to full Phase 1 production capacity (110,000 barrels per day) throughout 2009 as the plant continued to be fine tuned to design rates with a focus on safety, reliability, and cost control.

Future construction phases to increase the production capacity at Horizon Oil Sands are planned.
Looking towards a future of cooperation

When I look back on 2009, I characterize it as an extremely busy, exciting and challenging year for the staff at Horizon Oil Sands.

After officially beginning production in February, the subsequent months were spent working diligently to ramp up to capacity.

Our success is the direct result of the hard work and commitment of our talented Canadian Natural employees and I thank them for their tireless efforts.

Priorities for us in 2010 include ensuring our production remains consistent and continuing to put a premium on employee safety. We also remain focused on supporting the communities in which we operate.

Throughout the construction of Horizon Oil Sands’ first phase, our company worked closely with stakeholders to develop ongoing relationships based on open communication.

Now in full production mode, we are working hard to strengthen those relationships even further.

We also continue to manage our environmental commitments responsibly, often going the extra mile to find new and unique solutions to the challenges faced by our industry.

Canadian Natural management is keenly aware of the concerns associated with oil sands and we genuinely care about addressing them. In this report to our stakeholders you’ll find numerous examples of how we are doing that and helping to build a better, more sustainable energy industry.

Canadian Natural appreciates the support we’ve received from our many stakeholders and we look forward to working cooperatively with you in the years to come. Thank you.

- Réal Doucet,
Senior vice-president, Horizon Projects

Taking care of the air at our site

GHG Emissions
- Horizon Oil Sands is designed to be highly energy efficient, and as a new plant using the best available technology, we are able to operate with about 15% less carbon dioxide (CO2) emissions than comparable oil sands mine operations.

Sulphur recovery
- Horizon is capable of a 99.8% sulphur recovery rate.
- The Horizon plant emits approximately one fifth the sulphur emissions of comparable mining/upgrading facilities.

The Horizon Air Monitoring Station continually measures air quality, wind speed and direction. It is part of the Wood Buffalo Environmental Association’s network of monitoring stations.
Horizon Lake earns CAPP award for environmental excellence

Horizon Oil Sands’ compensation lake earned Canadian Natural the Environmental Performance Award during the Canadian Association of Petroleum Producers’ (CAPP) 2009 Steward of Excellence Awards.

Wāpan Sākahikan (Cree for Horizon Lake) is the first fisheries compensation lake constructed in the oil sands. It represents a unique alternative to address operational impacts.

The surface area of the lake is 76.7 square hectares, which is about the size of the community of Fort McKay. It will be home to at least eight species of fish — lake whitefish, northern pike, yellow perch, white sucker, brook stickleback, lake chub, pearl dace and fathead minnow. To aid in the success of a self-sustaining fish population, habitat enhancements have also been made. These include shoreline diversity, islands and a variety of vegetation.

An important component in developing the lake was recognizing the concerns and ideas of stakeholders, especially Aboriginal people. Open houses and joint meetings with government regulators and Aboriginal representatives were held throughout the planning process.

They also played a key role in developing the final species list for the lake. Fish that were traditionally important food resources to those who lived in the region were of particular interest to Canadian Natural.

One of the central goals was to develop a lake that could be used as a gathering place for Aboriginal people to continue to practice their traditional lifestyle.

The years of planning and stakeholder involvement coupled with scientific expertise and detailed habitat construction have resulted in Wāpan Sākahikan exceeding performance expectations.

CAPP presents Steward of Excellence Awards every year to various projects, recognizing great performance in environment, health and safety, and social performance. By allowing companies to share best practices with one another, today’s exceptional achievements can become the standard used tomorrow.

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**Horizon Lake**

...did you know?

- Thousands of fish were relocated to the lake from a 38.3 kilometre section of the Tar River.

- Canadian Natural created the lake to compensate, at a 2:1 ratio, for the loss of fish habitat in the Tar and Calumet river watersheds.
First reclamation tree planted at lake

It takes a tremendous amount of hard work, determination and patience to return an area disturbed by development to a state capable of supporting vegetation and wildlife. In June 2009, Horizon Oil Sands took a huge step on the road to reclamation success when we planted our first spruce seedling at Wāpan Sākahikan (Horizon Lake).

But it’s not just about planting a few trees and calling it a day. It’s about working together to do it right.

“Canadian Natural is committed to including local Aboriginal people in our reclamation activities and it was extremely important to us to have Wilfred and Magloire Grandjambe involved in our first tree planting,” says Bob Dunn, lead, Stakeholder Relations.

The lake area is personally significant to both men as it sits on a trap line that has been in the Grandjambe family for decades.

“Their traditional knowledge of the land and this area runs deep, so it means a lot to receive their ‘thumbs up’ on this work,” adds Dunn.

In addition to the thousands of seedlings that were planted, Canadian Natural also plans to plant shrubs such as Saskatoon, blueberry and cranberry in large patches and to allow aspen to propagate naturally.

Reclamation at Horizon
…did you know?

- Horizon completed 80 hectares of reclamation before first oil was even achieved.

- In 2009, we planted 91,980 stems of one and two-year-old white spruce in areas reclaimed around Horizon Lake.
Investing in the community
a top priority at Horizon

Canadian Natural believes in being a good corporate citizen and is proud to support initiatives that help develop the quality of life and economic health of the communities where we operate.

To facilitate the company's ideals when it comes to giving back in the Fort McMurray area, the Horizon Stakeholder Relations team oversees a local Community Investment Program. The program puts aside an annual budget dedicated to funding local organizations and events.

The program helps keep area residents healthy, well and safe and at the same time allows Canadian Natural to build mutually beneficial relationships.

Examples of the many organizations we've been proud to support are: Fort McMurray Family Crisis Society, Center of Hope, Fort McMurray Food Bank Association, Big Brother and Big Sisters of Wood Buffalo, Fort McMurray Interplay Society, Fort McMurray SPCA and Keyano College Foundation.

The company's values with regards to community assistance all begin with its leadership. Canadian Natural chairman Allan Markin is a strong supporter of the Northern Lights Health Foundation and as one of its top donors his gifts to support healthcare total $1.5 million.

Markin's most recent donation was a house in Eagle Ridge, to be used for attraction and retention of medical professionals to the Wood Buffalo area.

“Ultimately, my philanthropic goal is to create and support positive change in people's lives...by supporting and strengthening the Alberta Healthcare system,” says Markin.

Fundraising campaign a Horizon tradition

Our company is fortunate to have a team of employees who are just as generous as they are hard-working.

The staff is always quick to support a number of special fundraising initiatives each year, but the biggest is the annual United Way Campaign. The United Way mission is to improve lives and build community by engaging individuals and mobilizing collective action.

It's a cause that our employees really enjoy getting behind because they know they are making a real difference of the lives of people who need our help. Ninety-nine per cent of the funds raised through the Horizon United Way Campaign stay in Fort McMurray so we know that we're helping strengthen our own community.

The campaign at Horizon runs for three weeks every fall and is always packed with fun events and activities for our employees — and of course numerous opportunities for them to donate. Campaign organizers set up prize draws, sell 50/50 tickets, organize email bingo games and put together special events like our Chili Cook-Off and Tug-O-War.

Last year, Horizon employees set a new record, collecting a total of $235,857 for the United Way of Fort McMurray. The total was matched by both the company and the company chairman Allan Markin, bringing the total to $707,571.
Keeping the water bodies at the Horizon Oil Sands site clear of waterfowl is a major priority and we’re using state of the art technology to do it.

An ‘On Demand’ bird deterrent system was introduced at the Horizon site in the spring of 2009. It uses several radar and satellite stations to detect birds and 14 Long Range Acoustic Devices (LRAD) have been deployed to cover the surface area of the tailings pond.

When birds are detected, the LRAD activate by emitting a focused beam of sound (such as bird distress calls, sirens, etc.) sent out at up to 140 dB to disperse birds from the pond area. Because the system is triggered only when birds are detected, they do not get used to the sounds (referred to by scientists as habituation).

The system also includes laser units to provide an extra dusk and dawn deterrent. The lasers create patterns on the water surface making it unattractive for birds to land on.

LRAD was developed by the military and the same on demand system is used at the Calgary airport to protect airplane passengers.

“It has a high standard of performance,” says Calvin Duane, manager of Environment for Canadian Natural.

Horizon’s bird deterrent program also includes the use of propane cannons, effigies, vegetation removal to discourage nesting, and crews to perform manual hazing. The many steps that have been taken in the area of bird deterrence at the Horizon site show just how important the issue is to our company.

“We’ve expended a great amount of effort to ensure that birds don’t come into contact with the water bodies on site — we take this issue extremely seriously,” says Duane.

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**Horizon tailings pond**

...did you know?

- The Horizon tailings pond is built on clay soils, which prevents seepage.
- The pond is located approximately 11 km from the Athabasca River to further reduce the risk of seepage into the river.
- The pond has ditches and monitoring wells to test for any seepage.
**Horizon Oil Sands**

...by the numbers

1,200 – The number of permanent staff who work at the Horizon site, just one of Canadian Natural’s many operations worldwide.

9 – The number of people employed by Canadian Natural in 1989.

75,000 – The approximate number of items stored at Horizon’s main warehouse.

34 – The number of buses we use on a regular basis to transport employees to and from the Horizon site.

$7 million – The amount of money that Horizon’s Community Investment Program has donated to local non-profit organizations and special events during the past five years.

90% – The estimated water recycle rates at Horizon.


400 feet – The height of our tallest structure on-site (cokers plus derek).

623,690 kg – The weight of just one of the biggest haul trucks we use, the Cat 797B.

3 – The number of days it takes for the oil we ship by pipeline to reach refineries in Edmonton.

500 degrees Celsius – The temperature to which bitumen is heated during the upgrading process.

110,000 – The average number of barrels of oil produced at Horizon on a daily basis.

12,000 tonnes – The amount of oil sands our Ore Preparation Plant has the capacity to process each hour.

5 km/h – The speed at which oil that is shipped from our plant is transported through the pipeline.

1.7 million m³ – The volume of our water storage pond. It holds 27 days worth of water to assist us during Athabasca River low flow periods.

70 km – The approximate distance of our site from the city of Fort McMurray.

6 - 8 billion – The estimated number of recoverable barrels of oil within our lease area (using current mining technologies).

50 – The number of years the Horizon plant is expected to be in operation.
...is your Horizon Oil Sands newsletter and is published by Canadian Natural to provide information and promote stakeholder input. Your comments and suggestions are welcome.

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