Horizon Oil Sands

Investor Open House
May 2010
Certain statements in the document or documents incorporated herein by reference constitute forward-looking statements or information (collectively referred to as “forward-looking statements”). A forward-looking statement is made on the basis of certain assumptions and is subject to a number of risks and uncertainties. Although the Company believes that the expectations reflected in forward-looking statements are reasonable, when read in conjunction with the information included herein, forward-looking statements cannot be guaranteed. Actual results may vary materially. Readers are cautioned not to place undue reliance on forward-looking statements as the actual results may vary materially from those reflected in forward-looking statements due to a number of risks and uncertainties. Special emphasis is placed on forward-looking statements in the “Corporate Overview”, “Results of Operations”, “Economic Reserves”, “Risk Factors”, “Forward-Looking Statements” and other parts of the documents under the captions “Forward-Looking Statements” and “Risk Factors”. Readers are also referred to the “Forward-Looking Statements” and “Risk Factors” for a discussion of the important factors that could cause actual results to differ materially from those expressed or implied by the forward-looking statements.

Special Note Regarding Currency, Production and Reserves

In this document, all references to U.S. dollars are to the Canadian dollar or, unless otherwise stated, the Canadian dollar. Production volumes are expressed in barrels of crude oil equivalent (bbl) on the basis of one barrel of crude oil equal to 42 U.S. gallons; 1,000 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 at the burner tip and does not represent the value equivalency at the wellhead or production plant.

Reserves

Reserves, as defined under the guidelines and standards of the Canadian Securities Administrators (CSA), are the quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations using established technology or technology under development, but are not currently considered commercially viable due to one or more contingencies. These reserves are subject to the risk that the plans, expectations, and estimates are not necessarily indicative of the future performance and are subject to certain risks. No assurance can be given that the reserves and contingent resources disclosed in this presentation will be realized or that the future performance will be as estimated. Readers are cautioned not to place undue reliance on forward-looking statements as the actual results may vary materially from those reflected in forward-looking statements due to a number of risks and uncertainties.

Reporting Disclosures

Special Note Regarding non-GAAP Financial Measures

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Agenda

- Horizon Oil Sands Overview
- First Oil to Sustainable Production
- Costs and Economics
  - Peter Janson
    Senior Vice-President, Horizon Operations
- Future Expansion
- Summary - “The Big Picture”
  - Réal Doucet
    Senior Vice-President, Horizon Projects

Canadian Natural’s Mineable Assets - Horizon Oil Sands

- Mining resources
  - 16 billion barrels of bitumen in place, with best estimate contingent resource of 6 billion barrels of bitumen
    - Phased development (SCO)
      - 110 mbbl/d capacity (Phase 1)
      - Target expansion to 232 to 250 mbbl/d
      - Target future expansions to ~500 mbbl/d
- Significant free cash flow generation for decades
Site Layout Maximizes Resource Recovery and Optimizes Economic Returns

The History of Horizon Oil Sands

1999  Received Regulatory Approval
2004  Board Sanction & Plant Construction Commenced
2005  First Production & First SCO Sale
2009  Sustainable Production
Mid-2010

Total Production to Date is 30.5 Million Barrels of SCO
Horizon Project Plant Site

Production of 110,633 bbl on October 6th, 2009

Horizon Production Ramp-up

- Production ramp-up plan
  - Ramp-up to design capacity of SCO planned by mid-2010
  - Replacement / repair of equipment with premature failures and wear
  - Focus is on fine tuning plant to design rates and sustained design rates
  - Lessons learned during first year of operations are being captured in Operating and Maintenance practices

- 2009 production
  - First Synthetic Crude Oil (SCO) production occurred Q1/09
  - Annual equivalent daily production was 50,250 barrels SCO

- 2010 production
  - Guidance
    - Annual equivalent daily production of 90,000 to 105,000 barrels SCO
  - Q1/10 equivalent daily production was 86,995 barrels SCO
  - April 2010
    - YTD equivalent daily production was >90,000 barrels SCO
    - Continuing to ramp-up to design rates
Hurdles Overcome to Date

2009/2010 Production Data

Steady Improvement

First Oil to Sustainable Production

- Successes
  - Plant is working as expected
  - Strength of the team
    - Strong problem solving ability
    - Determination and willingness to learn
  - Improvements in maintenance response times and execution
    - Staff / contractors working together to implement repairs
  - Resolution / replacement of equipment with premature failures
  - Implementation of new / different production strategies
    - Fines (clay) management, chemical and CO₂ injection, dilbit quality and storage capacity improvements
Path to Sustainability

- Ore fines management (ongoing)
  - Ore blending to increase bitumen production / recovery
- Sulphur plant optimization (targeted for Q2/10)
  - Burner replacements
  - Testing for long term sustainable capacity
- Additional untreated gasoil swing tank (targeted for 2011)
- Third OPP and hydrotransport (targeted for early 2012)
  - Provides increased reliability and allows extended preventive maintenance in the front of the plant
- Continuing further optimization / de-bottlenecking
  - Planned and well executed maintenance activities to achieve design production rates
  - Look for de-bottlenecking opportunities

Horizon Operating Costs

- Operating cost was $39.89/bbl SCO in 2009
- Operating costs for 2010
  - Targeted range of $31.00/bbl to $37.00/bbl
- Q1/10 operating cost was high at $43.12/bbl primarily due to
  - Unplanned maintenance activities including costs associated with the coker furnace repairs, increased property taxes and the impact of changes in product inventory carrying costs
  - March 2010 operating costs were ~$32.50/bbl
- Given the fixed cost structure of the operation
  - As production volumes increase over the remainder of 2010, production costs will decrease in line with guidance
- Planned vs. unplanned maintenance

Horizon Will Be The Low Cost Producer
Horizon Environment

- Daily SO₂ emissions averaged 6.7 tonnes/day in the prior quarter, well below the approval limit of 16 tonnes/day
- State-of-the-art bird deterrent system has proved to be very effective
- Water withdrawal (year-to-date) from the Athabasca River is less than 4% of the annual authorized withdrawal limit

Responsible Operations

Water Withdrawal

Profile of Daily Water Withdrawn of Athabasca River
Jan. 1 - 31 Dec. 2010

Volume of Water (m³)

Maximum Annual Limit 79,320,000 cubic metres

To Date in 2010 Horizon Oil Sands Has Only Used ~5% of the Annual License Limit From the Athabasca River
**Horizon Carbon Dioxide in Tailings**

- CO₂ emissions captured injected into tailings water
- CO₂ reacts with tailings and is permanently sequestered
  - Speeds clarification of tailings
  - Increase water available for recycle
  - Quicker recycling
    - Conserves heat, lowers emissions
    - Reduces use of fresh water
    - Reduces fuel usage and operating costs
  - Potential to sequester large volumes of CO₂

**Frees Up Recycled Water Faster and Sequesters CO₂**

**Horizon Operations Summary**

- We have a world class facility
- Horizon is meeting expectations of design in terms of capacity, product quality and long-term environmental performance
- We will reach sustainable production in mid-2010
- 2010 production will meet guidance
- Strength of team
  - 75+ years of management experience

**World Class Opportunity**
Phase 1 and Phase 2/3

<table>
<thead>
<tr>
<th>Phase 1 Construction Cost</th>
<th>$ 9.7 billion</th>
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<tr>
<td>Phase 1 Design Production Capacity</td>
<td>110,000 bbl/d</td>
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Phase 2/3 expansion is designed to leverage Phase 1 development
- Pre-built utilities and infrastructure
- Coker foundations and long lead vessels - built and on site
- EDS - complete in 2006 and cost updates underway in 2010
- Expansion execution plans - being updated and under review
  - Expansions in potential high capital cost environment
- Flexible and robust
  - Capable of handling potential inflationary environment

Phase 1 Capital - ~$88,000 per Flowing Barrel
Oil Sands Trends

- Capital costs have continued to escalate
- Difficult to secure and retain resources

<table>
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<tr>
<th>Risk</th>
<th>Mitigation / Path Forward</th>
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<tr>
<td>Staff</td>
<td>Competitive salaries, fly-in / fly-out, living choices</td>
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<tr>
<td>Competition from other operators</td>
<td>International contractors, labour strategy</td>
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<tr>
<td>Contractors</td>
<td>Fly-in / fly-out, first class accommodation and on-site services</td>
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<td>Labour force</td>
<td>Previous experience and existing relationship with key vendors</td>
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<td>Global labour and engineer shortage</td>
<td>Early purchase of long delivery items (already at site)</td>
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- Escalating costs of new projects created uncertain economic returns
- Mega projects create their own inflation

Mitigation Techniques

Oil Sands Projects - Cost Escalation

$3.3 billion Capital Costs (Projects with Upgrading)

$14 billion

- Escalating costs of new projects created uncertain economic returns
- Mega projects create their own inflation

Risks
Overview of the Plant Site

Future Expansion

Decades of Value Growth

- We are committed in expanding to 232,000 bbl/d and ultimately 500,000 bbl/d
- Conditions
  - Cost certainty
  - Robust and flexible execution strategy in place
  - Ability to generate returns and compete for capital

Maximize Value for Shareholders
How We Get There

- Priority 1 - achieve sustainable production
- Priority 2 - incorporate Lessons Learned
- Priority 3 - implement debottlenecking plans
- Priority 4 - finalize expansion plans and prepare for sanction
  - What we need to know to proceed
    - Flexible strategy - contingency in place for all cost environments
      - Manageable pieces - less risk in execution
    - Confirmation engineering is complete - state of readiness
    - Status of the EPC environment (costs)
      - Expect cost estimates and expansion strategy completion end 2010

Lessons Learned in Phase 1 Provide Advantages for Expansion

- Segregated into four tranches to enable effective execution
  - Tranche 1 - complete
  - Tranche 2 - portions of engineering and procurement underway
    - Long delivery items already at site - coke drums and reactors
  - Tranche 3/4 - re-profile execution plans and update costs
- Timing of construction critical to cost control
  - Avoid severe winter conditions
- Expect to segregate some components with interim production
  - Reduce execution risk

Manageable Pieces Reduce Execution Risk
Phase 2/3, Tranche 2
2010 Execution

• Ore Preparation Plant #3
  – Overall progress 50% on target
  – Processing plants - overall progress 52% on target
  – MSE Wall and Plant Foundations engineering on target
    • Tendering civil, foundations and MSE wall

• Hydrotransport Lines
  – Overall progress 5% on target
    • Engineering services on schedule

• Upgrading (Gas Recovery, Sulphur and Butane)
  – Engineering and Procurement (lump sum) on schedule
    • Focused on implementing Phase 1 Lessons Learned
    • Most critical purchase orders to be placed by mid-2010

• Mine Maintenance Shop and Wash Bays
  – Complete

Preparing for Expansion

Phase 2/3, Tranche 3 and 4
2010 Execution

• Tranche 3 - no activity scheduled for 2010

• Tranche 4 - untreated (Gasoil / Distillate) Swing Tank
  – Overall progress 39%
    • Tank erection is well advanced and on schedule
      • Completion by June
    • Mechanical completion by the end of 2010

Preparing for Expansion
Phase 2/3 - Cost Estimate

- Cost estimate status upstream
  - Preliminary and under internal review
    - Extraction and tailings
    - Froth treatment
    - Early price indicators for equipment
- Cost estimate status downstream
  - Upgrading units - progress 71% and on schedule
  - Utilities - preliminary and under internal review
- Cost estimate consolidation
- Risk analysis

Target completion by year-end

Cost Control Essential to Value Creation

Phase 2/3 - Advantages

- Site Labour Agreement in place (Division 8 legislation)
- Experience running support programs
  - Bussing
  - Fly-in / Fly-out
  - Bringing on new contractors (new to oil sands, Alberta and Canada)
  - Camp and services infrastructure in place
- Long leads purchased
  - Hydrotreating reactors and coke drums on site
  - Delivery of absorber stripper in Q1/09
- Significant experience gained in Phase 1
  - Lessons learned from Phase 1 are being incorporated into Phase 2/3
    - Ensure pre-engineering meets Canadian Natural target before construction begins
    - Significant direct involvement by Canadian Natural staff in all processes

Leverage Phase 1 Experience
Summary - The Big Picture

- Horizon has
  - The assets
  - The right people
  - A defined growth plan

Defined Plan

- Phase 1
  - Delivered project in a highly inflationary environment
  - Achieving operational reliability during 2009/2010
  - Targeting sustainable production by mid-2010

- Expansion tranches
  - Re-profile the scope to ensure strong economics
  - Leverage benefits of existing operation
  - Leverage existing infrastructure investment
  - Pursue the technology upside (lower operating costs)
  - Evaluate opportunities with construction to manage costs

- Phase 4/5
  - Bitumen is in the ground
  - Best estimate contingent resource of 6 billion barrels of bitumen
  - Target base production to ~500,000 bbl/d
  - Upgraded oil (SCO)
  - Environmental technology efficiencies
Questions and Answers

- You can find PDF versions of this and other publications from Canadian Natural at: www.cnrl.com
- Documents can be requested by calling our Investor Relations department at: 403-514-7777
  or by emailing us at: ir@cnrl.com