

## MESSAGE TO SHAREHOLDERS

Canadian Natural Resources Limited continued its pattern of quarterly growth and reports record financial results for the first quarter of 2000. First quarter net earnings increased 1,274% to \$142.2 million from net earnings of only \$10.4 million in the comparable period in 1999. Cash flow in the first quarter of 2000 increased 241% to \$343.3 million from \$100.7 million in 1999. On a per share basis first quarter 2000 net earnings increased 1,170% to \$1.27 per share (as compared to \$0.10 per share in the prior year), while cash flow amounted to \$3.06 per share, a 203% increase over the \$1.01 per share reported in the first quarter of 1999. These increases are a result of higher production levels of oil and natural gas together with higher realized sales prices for both commodities.

The average sales price realized by Canadian Natural for its barrels of oil and liquids in the first quarter of 2000 increased to \$29.45 per barrel. This price represents an increase of 136% over the price of \$12.48 realized in the first quarter of 1999. This increase reflects the significant rise year over year in the benchmark West Texas Intermediate price as well as the effect of a stable differential in the price received for heavier quality crude oils. Included in the 2000 average price is a \$1.75 per barrel reduction reflecting Canadian Natural's arrangement to fix the price received for a portion of its crude oil. In the prior year this reduction amounted to \$1.07 per barrel. Average natural gas prices for the first quarter of 2000 were \$2.67 per thousand cubic feet, a 30% increase over the \$2.06 per thousand cubic feet realized in the first quarter of 1999. This price is reduced by an opportunity cost of \$0.11 per thousand cubic feet (\$0.06 per thousand cubic feet in the comparable period), reflecting the arrangements entered into by Canadian Natural in previous years to fix the price for a portion of its natural gas sales.

Operating costs of \$5.01 per barrel for Canadian Natural's oil properties are a 3% decrease from the fourth quarter of 1999. These costs have increased from the first quarter of the prior year as a result of the higher costs associated with steam generation at Primrose/Wolf Lake. These properties were acquired in the second half of 1999. Natural gas operating costs remained constant from the fourth quarter of 1999 but have increased on a year over year basis due to higher gathering and processing charges on increased levels of sales from Canadian Natural's core area of Northeast British Columbia/Northwest Alberta. Overall cash flow per barrel of oil equivalent, using a conversion ratio of 6 thousand cubic feet of natural gas to 1 barrel of oil, amounted to \$14.45 in the first quarter of 2000 (\$17.78 per barrel of oil equivalent using a 10 to 1 conversion ratio). This represents a 134% increase over the comparable period in 1999 and a 23% increase from the cash flow per barrel of oil equivalent realized in the fourth quarter of 1999.

## HIGHLIGHTS

(\$ thousands, except per share amounts)	Three months ended March 31		
	2000	1999	% Change
<b>FINANCIAL</b>			
Gross revenue	\$ 550,374	\$ 202,411	+172
Cash flow	\$ 343,280	\$ 100,682	+241
Per share	\$ 3.06	\$ 1.01	+203
Net earnings	\$ 142,247	\$ 10,353	+1,274
Per share	\$ 1.27	\$ 0.10	+1,170
Net oil and natural gas property expenditures	\$ 467,239	\$ 139,749	+234
Net indebtedness	\$ 2,231,157	\$ 1,395,474	+60
<b>COMMON SHARE DATA</b> (thousands of shares)			
Weighted average	112,115	100,087	+12
Outstanding	112,423	100,246	+12
<b>OPERATING</b>			
<b>Oil and natural gas liquids</b>			
Daily production (barrels)	138,735	67,685	+105
Netback per barrel			
Sales price	\$ 29.45	\$ 12.48	+136
Royalties	\$ 3.06	\$ 1.63	+88
Operating costs	\$ 5.01	\$ 4.57	+10
	\$ 21.38	\$ 6.28	+240
<b>Natural gas</b>			
Daily production (million cubic feet)	734.0	680.0	+8
Netback per thousand cubic feet			
Sales price	\$ 2.67	\$ 2.06	+30
Royalties	\$ 0.52	\$ 0.30	+73
Operating costs	\$ 0.41	\$ 0.33	+24
	\$ 1.74	\$ 1.43	+22

## OPERATIONS

Oil production increased throughout the first quarter of 2000 and averaged 138,735 barrels per day. This represents a 105% increase over oil produced in the first quarter of the prior year. Natural gas production increased 8% from the comparable period in 1999 to an average of 734 million cubic feet per day. These production volumes are well within Canadian Natural's first quarter targeted levels to attain budgeted average production for the year of 260,000 barrels of oil equivalent per day (using a conversion ratio of 6 thousand cubic feet of natural gas to 1 barrel of oil).

Canadian Natural increased its drilling activity with the drilling of 269.9 net wells in the first quarter of 2000 as compared to 142.1 net wells in the first quarter of 1999. Additional oil well drilling accounted for the majority of this increase. Drilling emphasis was in the Company's two core areas of Northeastern British Columbia/Northwestern Alberta and North Central Alberta which have areas with winter access only. Total capital expenditures in the first quarter of 2000 amounted to \$467 million, a 234% increase from the first quarter of 1999. Included in the capital expenditures made are acquisition costs of \$186 million to acquire additional property interests in Canadian Natural's regions of activity, which is consistent with its operating strategies.

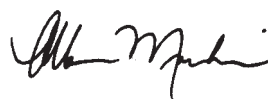
## OUTLOOK

Canadian Natural's first quarter activities have been one of the most successful in the Company's history and we remain well positioned to pursue our disciplined growth strategy. Our capital program remains flexible and will allow us to take advantage of property acquisition opportunities in our areas of interest as they arise. Our financial position and ratios continue to improve and we continue to generate returns on equity and capital which place us in the top decile of our industry. At this time any excess cash flow realized over the budgeted capital program of \$1 billion will be directed to debt repayment.

On behalf of the Board of Directors,



John G. Langille  
President  
May 10, 2000



Allan P. Markin  
Chairman

## NETBACK ANALYSIS

	Three months ended March 31		
(per barrel of oil equivalent)*	2000	1999	% Change
<b>COMBINED</b>			
Daily production (boe)	261,070	181,018	+44
Sales price	\$ 23.16	\$ 12.42	+86
Royalties	3.10	1.71	+81
Operating costs	3.81	2.95	+29
Netback per boe	16.25	7.76	+109
Administration	0.21	0.24	-13
Interest	1.35	1.19	+13
Capital taxes	0.24	0.15	+60
Cash flow per boe	\$ 14.45	\$ 6.18	+134
*(6 mcf of natural gas = 1 barrel of oil)			
(per barrel of oil equivalent)**			
<b>COMBINED</b>			
Daily production (boe)	212,136	135,685	+56
Sales price	\$ 28.51	\$ 16.58	+72
Royalties	3.82	2.29	+67
Operating costs	4.69	3.93	+19
Netback per boe	20.00	10.36	+93
Administration	0.26	0.32	-19
Interest	1.66	1.59	+4
Capital taxes	0.30	0.20	+50
Cash flow per boe	\$ 17.78	\$ 8.25	+116

\*\* (10 mcf of natural gas = 1 barrel of oil)

## CAPITAL EXPENDITURES

	Three months ended March 31		
(thousands of dollars)	2000	1999	% Change
Net property acquisitions	\$ 185,976	\$ 27,895	+567
Land acquisition and retention	8,853	7,775	+14
Seismic evaluations	11,095	8,398	+32
Well drilling, completion and equipping	158,975	62,925	+153
Pipeline and production facilities	102,340	32,756	+212
Total oil and natural gas property expenditures	\$ 467,239	\$ 139,749	+234

## CONSOLIDATED BALANCE SHEET

(thousands of dollars)	March 31 (unaudited) 2000	December 31 1999
<b>ASSETS</b>		
Current assets	\$ 414,802	\$ 297,010
Capital assets (Note 1)	5,102,529	4,553,541
Deferred unrealized foreign exchange loss	1,277	299
	<b>\$ 5,518,608</b>	<b>\$ 4,850,850</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Current liabilities	\$ 454,842	\$ 260,568
Long-term debt	2,191,117	2,156,850
Deferred credits (Note 1)	822,728	541,415
Shareholders' Equity	2,049,921	1,892,017
	<b>\$ 5,518,608</b>	<b>\$ 4,850,850</b>

### NOTE TO FINANCIAL STATEMENTS

#### 1. Change in accounting policy

Effective January 1, 2000, the Company adopted the liability method of accounting for income taxes as recommended by the Canadian Institute of Chartered Accountants ("CICA"). Under the liability method, the Company will record future income taxes for the effect of any difference between the accounting and income tax basis of an asset or liability. The Company has adopted the CICA recommendations retroactively without prior period restatement by recording additional capital assets of \$204.1 million and increasing the future income tax liability by \$204.1 million. The additions to capital assets and future income taxes will be amortized over future periods.

## CONSOLIDATED STATEMENT OF EARNINGS

(thousands of dollars) (unaudited)	For the three months ended March 31	
	2000	1999
<b>INCOME</b>		
Oil and natural gas	\$ 550,374	\$ 202,411
Less: royalties	73,723	27,935
	<b>476,651</b>	<b>174,476</b>
<b>EXPENSES</b>		
Production	90,594	48,028
Administration	5,074	3,909
Interest	31,993	19,357
Unrealized foreign exchange loss	115	766
Depreciation, depletion and amortization	125,458	80,523
	<b>253,234</b>	<b>152,583</b>
Earnings before taxes	223,417	21,893
Capital taxes	5,710	2,500
Future income taxes	75,460	9,040
Net earnings	<b>\$ 142,247</b>	<b>\$ 10,353</b>

## CONSOLIDATED STATEMENT OF CASH FLOWS

(thousands of dollars) (unaudited)	For the three months ended March 31	
	2000	1999
<b>OPERATING ACTIVITIES</b>		
Net earnings	\$ 142,247	\$ 10,353
Non-cash items		
Depreciation, depletion and amortization	125,458	80,523
Future income taxes	75,460	9,040
Unrealized foreign exchange loss	115	766
Cash flow provided from operating activities	<b>343,280</b>	<b>100,682</b>
Net change in non-cash working capital balances related to operating activities	<b>(9,934)</b>	<b>(31,347)</b>
	<b>333,346</b>	<b>69,335</b>
<b>FINANCING ACTIVITIES</b>		
Increase in long-term debt	33,174	26,862
Issue of capital stock	15,653	7,317
	<b>48,827</b>	<b>34,179</b>
<b>INVESTMENT ACTIVITIES</b>		
Expenditures on property, plant and equipment	(467,443)	(145,671)
Expenditures on abandonments	(1,389)	(985)
Net proceeds on sale of properties, plant and equipment	243	6,600
Net change in non-cash working capital balances related to investing activities	<b>86,595</b>	<b>36,496</b>
	<b>(381,994)</b>	<b>(103,560)</b>
Increase (decrease) in cash	179	(46)
Cash – beginning of period	66	92
Cash – end of period	<b>\$ 245</b>	<b>\$ 46</b>

## NET INDEBTEDNESS

(thousands of dollars)	March 31	
	2000	1999
Current assets	\$ 414,802	\$ 198,305
Current liabilities	454,842	145,613
Working capital deficit (surplus)	40,040	(52,692)
Long-term debt	2,191,117	1,448,166
Net indebtedness	\$ 2,231,157	\$ 1,395,474

## DRILLING PROGRAM

(number of wells)	Three months ended March 31			
	2000		1999	
	Gross	Net	Gross	Net
Oil	104	96.2	4	4.0
Natural gas	153	125.6	112	102.7
Injection/strat tests	26	26.0	7	7.0
Dry	24	22.1	30	28.4
Total	307	269.9	153	142.1
Success rate	92%		80%	

## UNDEVELOPED LAND

(thousands of net acres)	March 31	
	2000	1999
British Columbia	974	870
Alberta	3,847	3,027
Saskatchewan	460	557
Other	407	376
Total undeveloped land	5,688	4,830

## ACTIVITY BY CORE REGION

	Undeveloped Land (thousands of net acres)	2000 Drilling Activity (net wells)	
		Three months	Remaining
NE British Columbia/NW Alberta	1,244	71.9	25
North Central Alberta	2,306	117.1	80
Eastern Alberta/Western Saskatchewan	697	49.7	150
South Central Alberta	527	19.1	220
Williston Basin	426	12.1	5
Other	488	0	0

## CONSOLIDATED FINANCIAL RATIOS

The following financial ratios are provided in connection with the Company's continuous offering of medium term notes pursuant to the short form prospectus dated February 22, 1999 and as supplemented and amended. These ratios are based on the Company's consolidated financial statements that are prepared in accordance with accounting principles generally accepted in Canada.

The interest coverage ratios are for the 12 month period ending March 31, 2000.

Interest coverage (times)		
Net earnings	6.4	(1)
Cash flow	10.6	(2)

The asset coverage ratios are calculated as at March 31, 2000.

Asset coverage (times)		
Before deduction of future income taxes and deferred credits	2.3	(3)
After deduction of future income taxes and deferred credits	1.9	(4)

(1) Net earnings plus income taxes and interest expense; divided by interest expense.

(2) Cash flow plus current income taxes and interest expense; divided by interest expense.

(3) Total current and capital assets minus current liabilities; divided by long-term debt.

(4) Total current and capital assets minus current liabilities and long-term liabilities excluding long-term debt; divided by long-term debt.

## CORPORATE INFORMATION

### Officers

Allan P. Markin  
*Chairman*

John G. Langille  
*President*

Brian L. Illing  
*Senior Vice-President, Exploration*

Steve W. Laut  
*Senior Vice-President, Operations*

Gregory G. Adams  
*Vice-President, Finance*

Réal M. Cusson  
*Vice-President, Marketing*

Allen M. Knight  
*Vice-President, Corporate Development & Land*

Tim S. McKay  
*Vice-President, Production*

Lyle G. Stevens  
*Vice-President, Exploitation*

### Board of Directors

N. Murray Edwards

James T. Grenon

John G. Langille

Keith A.J. MacPhail

Allan P. Markin

James S. Palmer, Q.C.

Eldon R. Smith, M.D.

### Registrar and Transfer Agent

Montreal Trust Company of Canada

### Stock Listing

The Toronto Stock Exchange  
Symbol: CNQ

### Corporate Office

Canadian Natural Resources Limited  
2500, 855 – 2nd Street S.W.  
Calgary, Alberta T2P 4J8  
Telephone: (403) 517-6700  
Facsimile: (403) 517-7350  
Email: investor.relations@cnrl.com  
Website: www.cnrl.com

Certain information regarding the Company contained herein may constitute forward-looking statements under applicable securities laws. Such statements are subject to known or unknown risks and uncertainties that may cause actual results to differ materially from those anticipated or implied in the forward-looking statements.