CANADIAN NATURAL RESOURCES LIMITED

INTERIM REPORT

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For the Six Months Ended June 30, 2000

MESSAGE TO SHAREHOLDERS

Canadian Natural Resources Limited ("Canadian Natural") reports record levels of cash flow and earnings for the second quarter and first half of 2000. Second quarter cash flow amounted to $400.3 million ($3.55 per common share), a 219% increase over the comparable period in 1999 and a 17% increase over the first quarter of this year. Net earnings attributed to the second quarter amounted to $175.5 million or $1.55 per common share, representing 6.5 times the corresponding 1999 second quarter earnings.

For the first half of the year Canadian Natural's cash flow reached $743.6 million or $6.61 per common share, representing a 229% increase over the comparable period in the prior year. Canadian Natural's net earnings for the six months ended June 30, 2000 amounted to $317.8 million ($2.82 per common share) which is an 839% increase from net earnings for the first six months of 1999.

The increases in cash flow and net earnings are attributed to higher levels of production and realized netbacks for both oil and natural gas. The prices received by Canadian Natural for its oil and natural gas production in the second quarter of the year were $29.48 per barrel of oil and $3.55 per thousand cubic feet of natural gas. The sales price per barrel of oil is similar to the first quarter of the year while natural gas prices increased 33% from the first quarter of the year. Both oil and natural gas prices in the second quarter of 2000 increased over 65% from the second quarter of 1999. For the first half of the year realized oil prices have increased by 98% and natural gas prices have increased by 49% over the first half of 1999. The prices realized by Canadian Natural in the first half of the year were reduced as a result of arrangements made to fix the price received for a portion of Canadian Natural's oil and natural gas sales. Oil prices were reduced by $1.67 per barrel ($0.95 in the prior year period) while natural gas prices realized $0.22 less per thousand cubic feet ($0.04 in the prior year period).

Second quarter cash flows of $16.10 per barrel of oil equivalent (using a conversion factor of 6 thousand cubic feet of natural gas to 1 barrel of oil) represents a 107% increase over the comparable 1999 period and an 11% increase from the first quarter of 2000. Operating cost increases on oil producing properties in the second quarter of 2000 compared to the second quarter of 1999 reflect, in part, the higher cost of natural gas to generate steam used in the oil production process at Primrose. Natural gas operating costs have remained constant over the latest three quarters but have increased over the first half of 1999 as a result of increased production from Canadian Natural's higher cost core production area of Northeast British Columbia/Northwest Alberta.

During the second quarter of 2000 and as previously forecasted, Canadian Natural's cash flow exceeded its capital expenditure program such that $170 million was applied to reduce the Company's net indebtedness from $2.231 billion at the end of the first quarter to $2.062 at June 30, 2000. The strong second quarter results also lowered Canadian Natural's debt/book capital ratio to less than 50% at the end of the second quarter.

OPERATIONS

Production of oil during the second quarter of 2000 averaged 145,519 barrels per day, a 125% increase from the second quarter of 1999. Average natural gas production in the most recent quarter of 766.2 million cubic feet per day is a 14% increase over the second quarter of 1999. Overall average production in the second quarter of this year amounting to 273,220 barrels of oil equivalent is a 5% increase over the first quarter of this year and a 55% increase over the second quarter of 1999.

Canadian Natural's capital program in the second quarter of 2000 included $68 million of strategic property acquisitions and a drilling program which did not result in any dry or abandoned wells. This program continued Canadian Natural's focused drilling for heavy oil both in its conventional areas in eastern Alberta and the oil sands leases at Pelican Lake in north central Alberta together with an earlier than expected start on shallow natural gas drilling in southern Alberta.

HIGHLIGHTS

	Three months ended June 30			Six months ended June 30		
($ thousands, except per share amounts)	**2000**	1999	% Change	**2000**	1999	% Change
FINANCIAL						
Gross revenue	**$ 637,435**	$ 231,770	+175	**$ 1,187,809**	$ 434,181	+174
Cash flow	**$ 400,281**	$ 125,349	+219	**$ 743,561**	$ 226,031	+229
Per share	**$ 3.55**	$ 1.25	+184	**$ 6.61**	$ 2.26	+192
Net earnings	**$ 175,510**	$ 23,497	+647	**$ 317,757**	$ 33,849	+839
Per share	**$ 1.55**	$ 0.24	+546	**$ 2.82**	$ 0.34	+729
Net oil and natural gas property expenditures	**$ 246,966**	$ 108,161	+128	**$ 714,205**	$ 247,910	+188
Net indebtedness				**$ 2,061,978**	$ 1,368,754	+ 51
COMMON SHARE DATA (thousands of shares)						
Weighted average				**112,545**	100,186	+12
Outstanding				**113,431**	100,309	+13
OPERATING						
Oil and natural gas liquids						
Daily production (barrels)	**145,519**	64,746	+125	**142,127**	66,207	+115
Netback per barrel						
Sales price	**$ 29.48**	$ 17.36	+70	**$ 29.47**	$ 14.88	+98
Royalties	**$ 2.91**	$ 1.91	+52	**$ 2.99**	$ 1.76	+70
Operating costs	**$ 5.10**	$ 4.53	+13	**$ 5.05**	$ 4.55	+11
	$ 21.47	$ 10.92	+97	**$ 21.43**	$ 8.57	+150
Natural gas						
Daily production (million cubic feet)	**766.2**	672.0	+14	**750.1**	676.0	+11
Netback per thousand cubic feet						
Sales price	**$ 3.55**	$ 2.12	+67	**$ 3.12**	$ 2.09	+49
Royalties	**$ 0.81**	$ 0.35	+131	**$ 0.67**	$ 0.32	+109
Operating costs	**$ 0.42**	$ 0.34	+24	**$ 0.42**	$ 0.33	+27
	$ 2.32	$ 1.43	+62	**$ 2.03**	$ 1.44	+41

OUTLOOK

In July, 2000, Canadian Natural completed its previously announced acquisition of Ranger Oil Limited ("Ranger") and Ranger became a wholly-owned subsidiary of Canadian Natural. The results reported in this quarterly report do not include any results of Ranger operations. Canadian Natural acquired Ranger by the payment to Ranger shareholders of $650 million cash and the issuance of approximately 7.5 million common shares of Canadian Natural. We are pleased to report that the New York Stock Exchange ("NYSE") has authorized the continued listing of Canadian Natural as the successor company to Ranger and Canadian Natural's common shares now trade on the NYSE under the symbol CED.

The acquisition of Ranger provides Canadian Natural with significant additional Canadian oil and natural gas properties, the majority of which fit strategically with Canadian Natural's property base, together with a low risk platform of properties in the International arena. The International areas which will be focused on to provide additional short and longer term growth opportunities to Canadian Natural will be the United Kingdom sector of the North Sea and offshore west Africa.

The oil and natural gas industry continues to generate record levels of cash flow as the commodity prices for both oil and natural gas remain strong. Canadian Natural will continue to focus its operations on its Canadian core areas while ensuring that the International operations focus only on areas which can provide profitable production growth to Canadian Natural. Canadian Natural's budgeted capital expenditure program for 2000 of approximately $1 billion will not be increased. The properties acquired from Ranger will be allocated a capital expenditure budget of $150 million over the balance of the year for a total combined net capital budget of approximately $1.15 billion, excluding the cost of acquiring Ranger. The anticipated total capital expenditure for the remainder of the year will be approximately $435 million and any excess cash flow will be directed towards repayment of long term debt. Canadian Natural's production operations are in line for it to meet its operating cost and production volume targets for the year.

On behalf of the Board of Directors,

John G. Langille
President
August 10, 2000

Allan P. Markin
Chairman

NETBACK ANALYSIS

	Three months ended June 30			Six months ended June 30		
(per barrel of oil equivalent)*	**2000**	1999	% Change	**2000**	1999	% Change
COMBINED						
Daily production (boe)	**273,220**	176,746	+55	**267,145**	178,870	+49
Sales price	**$ 25.64**	$ 14.41	+78	**$ 24.43**	$ 13.41	+82
Royalties	**3.81**	2.04	+87	**3.46**	1.88	+84
Operating costs	**3.90**	2.95	+32	**3.86**	2.94	+31
Netback per boe	**17.93**	9.42	+90	**17.11**	8.59	+99
Administration	**0.25**	0.27	-7	**0.23**	0.26	-12
Interest	**1.36**	1.19	+14	**1.36**	1.19	+14
Capital taxes	**0.22**	0.17	+29	**0.23**	0.16	+44
Cash flow per boe	**$ 16.10**	$ 7.79	+107	**$ 15.29**	$ 6.98	+119
*(6 mcf of natural gas = 1 barrel of oil)						
(per barrel of oil equivalent)**						
COMBINED						
Daily production (boe)	**222,139**	131,946	+68	**217,137**	133,805	+62
Sales price	**$ 31.53**	$ 19.30	+63	**$ 30.05**	$ 17.94	+68
Royalties	**4.68**	2.73	+71	**4.26**	2.51	+70
Operating costs	**4.79**	3.95	+21	**4.74**	3.94	+20
Netback per boe	**22.06**	12.62	+75	**21.05**	11.49	+83
Administration	**0.31**	0.36	-14	**0.28**	0.34	-18
Interest	**1.68**	1.60	+5	**1.67**	1.59	+5
Capital taxes	**0.27**	0.22	+23	**0.28**	0.21	+33
Cash flow per boe	**$ 19.80**	$ 10.44	+90	**$ 18.82**	$ 9.35	+101

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

CAPITAL EXPENDITURES

	Three months ended June 30			Six months ended June 30		
(thousands of dollars)	**2000**	1999	% Change	**2000**	1999	% Change
Net property acquisitions	**$ 68,304**	$ 20,588	+232	**$ 254,280**	$ 48,483	+424
Land acquisition and retention	**11,387**	8,407	+35	**20,240**	16,182	+25
Seismic evaluations	**1,094**	1,245	-12	**12,189**	9,643	+26
Well drilling, completion and equipping	**107,712**	56,163	+92	**266,687**	119,088	+124
Pipeline and production facilities	**58,469**	21,758	+169	**160,809**	54,514	+195
Total oil and natural gas property expenditures	**$ 246,966**	$ 108,161	+128	**$ 714,205**	$ 247,910	+188

CONSOLIDATED BALANCE SHEET

(thousands of dollars)	June 30 (unaudited) 2000	December 31 1999
ASSETS		
Current assets	**$ 450,756**	$ 297,010
Capital assets (Note 1)	**5,225,716**	4,553,541
Deferred unrealized foreign exchange loss	**6,690**	299
	$ 5,683,162	$ 4,850,850
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities	**$ 413,369**	$ 260,568
Long-term debt	**2,099,365**	2,156,850
Deferred credits (Note 1)	**919,811**	541,415
Shareholders' equity	**2,250,617**	1,892,017
	$ 5,683,162	$ 4,850,850

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 six months ended June 30 2000	1999
INCOME		
Oil and natural gas	**$ 1,187,809**	$ 434,181
Less: royalties	**168,433**	60,762
	1,019,376	373,419
EXPENSES		
Production	**187,469**	95,401
Administration	**11,225**	8,269
Interest	**65,945**	38,518
Unrealized foreign exchange loss	**522**	1,213
Depreciation, depletion and amortization	**255,886**	162,152
	521,047	305,553
Earnings before taxes	**498,329**	67,866
Capital taxes	**11,176**	5,200
Future income taxes	**169,396**	28,817
Net earnings	**$ 317,757**	$ 33,849

CONSOLIDATED STATEMENT OF CASH FLOWS

(thousands of dollars) (unaudited)	For the six months ended June 30 2000	1999
OPERATING ACTIVITIES		
Net earnings	**$ 317,757**	$ 33,849
Non-cash items		
Depreciation, depletion and amortization	**255,886**	162,152
Future income taxes	**169,396**	28,817
Unrealized foreign exchange loss	**522**	1,213
Cash flow provided from operating activities	**743,561**	226,031
Net change in non-cash working capital balances related to operating activities	**(25,781)**	(36,732)
	717,780	189,299
FINANCING ACTIVITIES		
(Decrease) increase in long-term debt	**(64,398)**	8,563
Issue of capital stock	**40,831**	8,403
Net change in non-cash working capital balances related to financing activities	**1,912**	46
	(21,655)	17,012
INVESTMENT ACTIVITIES		
Expenditures on property, plant and equipment	**(722,845)**	(253,242)
Expenditures on abandonments	**(1,143)**	(2,340)
Net proceeds on sale of property, plant and equipment	**4,939**	6,711
Net change in non-cash working capital balances related to investing activities	**22,946**	42,591
	(696,103)	(206,280)
Increase in cash	**22**	31
Cash – beginning of period	**66**	92
Cash – end of period	**$ 88**	$ 123

NET INDEBTEDNESS

(thousands of dollars)	June 30 2000	1999
Current assets	$ **450,756**	$ 185,525
Current liabilities	**413,369**	133,511
Working capital surplus	**(37,387)**	(52,014)
Long-term debt	**2,099,365**	1,420,768
Net indebtedness	$ **2,061,978**	$ 1,368,754

DRILLING PROGRAM

	Six months ended June 30			
	2000		1999	
(number of wells)	**Gross**	**Net**	Gross	Net
Oil	**204**	**192.0**	40	38.8
Natural gas	**292**	**263.4**	190	178.4
Injection/strat tests	**26**	**26.0**	7	7.0
Dry	**24**	**22.1**	31	29.4
Total	**546**	**503.5**	268	253.6
Success rate		**96%**		88%

UNDEVELOPED LAND

(thousands of net acres)	June 30 2000	1999
British Columbia	**965**	838
Alberta	**3,964**	3,063
Saskatchewan	**453**	539
Other	**387**	365
Total undeveloped land	**5,769**	4,805

ACTIVITY BY CORE REGION

	Undeveloped Land (thousands of net acres)	2000 Drilling Activity (net wells)	
		First Half	Remaining
NE British Columbia/NW Alberta	1,208	80.1	19
North Central Alberta	2,299	145.5	71
Eastern Alberta/Western Saskatchewan	867	119.6	74
South Central Alberta	527	146.2	113
Williston Basin	403	12.1	0
Other	465	0	5

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 ended June 30, 2000.

Interest coverage (times)		
Net earnings	7.6	(1)
Cash flow	11.7	(2)

The asset coverage ratios are calculated as at June 30, 2000.

Asset coverage (times)		
Before deduction of future income taxes and deferred credits	2.5	(3)
After deduction of future income taxes and deferred credits	2.1	(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

Allen M. Knight
Senior Vice-President, Corporate Development & International

Gregory G. Adams
Vice-President, Finance

Réal M. Cusson
Vice-President, Marketing

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

Computershare Investor Services, Inc.
(formerly Montreal Trust Company)

Stock Listing

The Toronto Stock Exchange
Symbol: CNQ

New York Stock Exchange
Symbol: CED

Corporate Office

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