Canadian Natural Resources Limited
(CNQ:TSX, CNQ:NYSE)

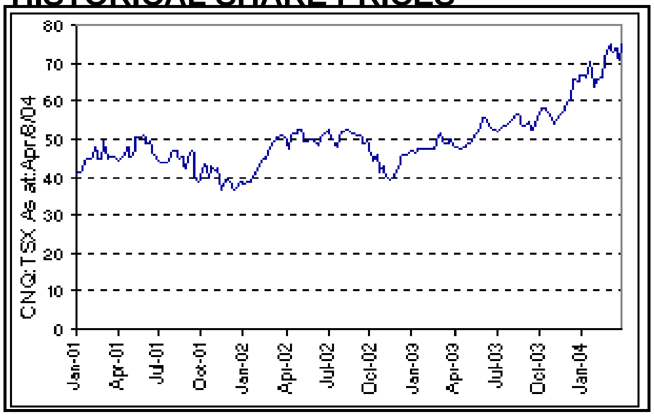
THE COMPANY

Canadian Natural Resources is one of Canada's largest independent oil and gas producers. The Company has built a diversified asset base in the Western Canadian Sedimentary Basin, the United States, the U.K. North Sea and Offshore West Africa through acquisitions and exploration. Canadian Natural's corporate strategy is based on maintaining balance sheet strength and operational flexibility by way of cost controls and manageable levels of bank debt. Earnings, reserves and production will grow through the development of several projects, including the Ladyfern region of British Columbia and the Horizon Oil Sands Project, north of Fort McMurray in Alberta.

FINANCIAL DATA

	2001	2002	2003
Cash Flow per Share ($)	15.83	17.63	23.54
Price to Cash Flow (times)	4.4	4.0	3.0
Dividend ($)	0.40	0.60	0.60
Dividend Yield (%)	0.57	0.86	0.86
Net Asset Value ($)	60.00	60.00	60.00
Price to NAV (times)	1.17	1.17	1.17

HISTORICAL SHARE PRICES



WHY ABC FUNDS BOUGHT CANADIAN NATURAL RESOURCES

Canadian Natural Resources, from its strong base in Western Canada, has built a diversified portfolio of oil and gas assets. Growth opportunities in Canada were complemented with the purchase of the oil assets of BP Amoco in 1999 and the acquisition of Ranger Oil in 2000. These acquisitions expanded Canadian Natural's domestic operations and established an international presence in the U.K. North Sea and off the coast of West Africa. The ability to fund these international opportunities with cash flow from currently producing assets will ensure continued profitable growth.

Traditionally, Canadian Natural has been perceived as an oil producer and negative sentiment towards the Company's heavy oil exposure has weighed on the stock. Actually, production is quite balanced: 41% natural gas, 20% light oil, 16% heavy oil, 12% thermal oil and 11% medium oil. At current price levels Canadian Natural trades at a 20% discount to its net asset value of approximately $60 and well below peer multiples. This "heavy-oil discount" offered an opportunity to buy the stock cheaply and we believe that the discount will shrink as investors come to understand and appreciate the Company's balanced production mix.

Canadian Natural recently reported record financial and operating results for its fiscal 2000 period, which surpassed even the Company's targets set at the beginning of the year. Earnings per share of $6.70 were up 247% from the $1.93 earned in 1999. Return on equity of 31.6% was well above the average of 10.2%, over the previous five years. Cash flow per share grew from $6.96 in 1999 to $16.14, an increase of 132%. Production growth was equally impressive, as natural gas production grew from 721 to 794 million cubic feet per day and oil production grew from 87,000 to 174,000 barrels, also on a per day basis. Reserves increased from 1,065 to 1,405 million barrel of oil equivalents, an increase of 32%.

Canadian Natural has a clearly defined strategy to ensure that these excellent financial and operating results continue. In the near-term, natural gas production from the WCSB and oil production in Alberta will be used to generate cash that will fund the development of longer-term projects. The relatively new Ladyfern discovery is already producing and production facilities and pipeline connections are in place. The Company owns 30,000 acres of undeveloped land in the area and seismic work is underway to identify follow-up drilling locations. North Sea oil production will allow development work to proceed on high-potential plays off the coast of West Africa. Finally, the Horizon Oil Sands Project offers the potential for tremendous long-term growth from over 96,000 acres of undeveloped land north of Fort McMurray, Alberta.

Canadian Natural Resources is one of the few value plays left in the oil and gas sector. The Company has lagged due to misconceptions regarding the Company's production mix, despite solid profitability and excellent growth prospects. In fact, Canadian Natural trades at only 2.5 times fiscal 2001 expected cash flow of $18 to $20 and at a significant discount to its NAV. To stimulate investor interest, management has even installed a dividend of $0.40 per share, which is sustainable throughout the full operating cycle. Finally, as with many of our Value Favourites, management has realized that its shares are an excellent investment opportunity and has implemented a share buyback for 5% of shares outstanding.

ABC Funds
June 22, 2001

UPDATES

Since we added Canadian Natural Resources to our Value Favourites list, commodity prices, particularly natural gas prices, have declined. However, CNQ's relatively balanced production and recently instated dividend should provide investors with some comfort. Further, CNQ's debt to cash flow (on an annualized basis) is only 1.1 times and debt is only 41% of capital, as recently reported in the Company's financial and operating results.

For the second quarter of 2001, Canadian Natural Resources generated cash flow of $4.36 per share, a 23% increase from the $3.55 cash flow per share in the second quarter of 2000. In the first half of 2001, cash flow was $9.51, an increase of 44% over cash flow per share of $6.61 in the similar period in 2000. Earnings per share increased 33%, from $1.55 to $2.06 in the most recent quarter, implying a 32% return on common equity. Natural gas production averaged 885 million cubic feet per day, up 15% from the second quarter of 2000. This figure does not include a full quarter of production from the Ladyfern well, which will make a more significant contribution to the Company's results from now on. Production of oil and liquids increased 48% in the current quarter and now total approximately 214,700 barrels per day.

Recently, commodity prices and oil and gas producers have been volatile. Sentiment has swung from fear of an economic slowdown to fear of a shortage of supply and back again in an extremely short period. The weakening economy has had a negative impact on the demand for oil and natural gas, which obviously negatively impacts commodity prices. However, CNQ is still one of the cheapest senior oil and producers and currently trades below three times 2001 forecasted cash flow. Management seems to recognize that the Company is an attractive investment as they have repurchased over 2.5 million shares. We are still looking for a combination of seasonal strength and improving sentiment in the late-fall to winter period.

ABC Funds
September 21, 2001

Oil and gas prices have remained weak throughout the final quarter of 2001. Declining industrial demand and unseasonably warm weather have resulted in exceptionally high storage levels in both Canada and the United States. Given the current environment, only top quality names are worthy of an investor's interest and capital.

Fortunately, Canadian Natural Resources has consistently been one of the best performing companies in the sector, based on various operational and financial metrics. Surprisingly, the Company is also one of the most undervalued senior producers, probably due to the misconception that CNQ produces primarily heavy oil. In fact, CNQ is currently producing natural gas at a rate in excess of one billion cubic feet per day, which dominates the Company's production mix. The breakdown of current production is 46% natural gas, 29% light and medium oil and only 25% heavy oil. In any event, it is difficult to predict which commodity will show strength in the near term and therefore diversification provides a certain degree of stability in a volatile industry. Production is expected to remain relatively balanced due to the Company's excellent portfolio of oil and natural gas properties.

Notably, Canadian Natural Resources has a significant stake in the Ladyfern region of British Columbia, the largest natural gas discovery in the last 15 years in Canada. CNQ has drilled 5 wells to date and production from the two tied-in wells reached 100 million cubic feet per day by the end of the third quarter. Production is expected to grow to between 200 and 300 million cubic feet per day as the other wells are tied to pipeline facilities. Year-end results will be released late February and we expect that the Company's hedging program will at least partially mitigate the decline in commodity prices. CNQ is still one of our Value Favourites in the sector. However, patience and fortitude will be required until oil and gas prices recover some time later in the year.

ABC Funds
January 25, 2002

On May 13th Canadian Natural Resources announced the purchase of Rio Alto Exploration for approximately $2.4 billion or $18.10 per share. This purchase excludes all of Rio Alto's international operations. The transaction is expected to be financed with existing bank facilities and an additional $500 million bank line. In the near term, debt will increase to approximately 2.0 times cash flow, although it is estimated to decline to 1.3 times cash flow by the end of fiscal 2002.

With the acquisition, Canadian Natural Resources becomes the second largest natural gas producer in Canada and the fourth largest independent natural gas producer in North America. Estimated post-merger natural gas production is expected to increase to 1.5 billion cubic feet per day and will comprise 55% of total production on a barrel of oil equivalent (BOE) basis. In the press release, CNQ indicated that 2002 expected cash flow per share would be 10% higher than previously indicated. We believe that although the purchase price is quite generous, the acquisition is positive for CNQ shareholders given the solid long-term outlook for natural gas.

ABC Funds
May 24, 2002

UPDATES (cont'd)

For most investors, 2002 has been an extremely difficult and frustrating year. However, one of the few bright spots has been the oil and gas sector, which has offered relative safety and decent performance. With rising commodity prices, the S&P TSX Oil and Gas Index managed to gain 3.9% for the month of August, and 13.7% for the year. Although the strength of the economic recovery may be debatable, tension in the Middle East and the threat of supply disruptions have supported oil prices. Across the industry, both oil and natural gas drilling activity is down sharply on a year over year basis. This suggests that once winter arrives, inventories could be quickly depleted and commodity prices should remain firm.

In the sector, one of our favourites has always been Canadian Natural Resources because of its balanced production mix and good prospects for long-term growth. CNQ recently reported results for the first half of 2002, which demonstrated the importance of having a diversified asset base. Natural gas sales again surpassed 1 billion cubic feet per day, an increase of 22% from the second quarter of 2001, and accounted for approximately 50% of total production. Although natural gas prices in the second quarter declined year over year, they did improve sequentially from the first quarter of 2002. Heavy oil and thermal heavy oil operations accounted for 24% of production and benefited from extremely narrow differentials (the spread between light and heavy oil prices). Essentially, CNQ was able to realize a 12% year over year increase in the wellhead price for oil and liquids sales due to the more favourable differential.

For the first half of 2002, cash flow from operations totaled $834 million, or $6.57 per fully diluted common share, in the first half of 2002 compared to $1.16 billion, or $9.11 per fully diluted common share, in the first half of 2001. However, on a sequential basis, cash flow increased from $359 million, or $2.85 per fully diluted common share, in the first quarter of 2002 to $475 million, or $3.70 per fully diluted common share, in the second quarter of 2002. CNQ appears to be on pace to generate $16 of cash flow per fully diluted common share in 2002, based on management's guidance in the second quarter conference call. Importantly, the balance sheet remains healthy, with long-term debt amounting to $4.2 billion, equivalent to 2.2x pro forma cash flow and 48% of total capital, including the purchase of Rio Alto.

Profitable future growth will come from the Company's reserves, several recent acquisitions and the Horizon Oil Sands Project. In addition to the acquisition of Rio Alto, CNQ purchased light oil properties in the UK North Sea and heavy oil properties in eastern Alberta. The Company has also filed for regulatory approval to begin construction of the Horizon Oil Sands Project near Fort McMurray in northeastern Alberta. This project is particularly exciting because the Company estimates that 232,000 barrels per day of light sweet crude can be produced for 50 years without a decline in production rates. Because CNQ currently trades at just slightly over 3 times forward cash flow, it appears that the market has yet to recognize the full earnings potential of the Company's asset base.

ABC Funds
September 13, 2002

As the threat of war intensifies, it has become even more important for investors to have at least some exposure to the oil and gas sector. In recent months, crude oil prices have been supported by the uncertainty in the Middle East and the general strike in Venezuela. Correspondingly, the spot price for crude oil has appreciated above the US$36 per barrel mark. Likewise, natural gas prices have strengthened considerably since late summer. However, on February 24, natural gas prices skyrocketed above US$9 per mmBtu, as inventories fell to 5-year lows due to extremely cold temperatures across Central and Eastern regions of North America. Relatively low levels of natural gas drilling over the past year or two have exacerbated this supply and demand imbalance. We believe that the fundamentals should favour natural gas producers in the near to mid-term.

Canadian Natural Resources continues to be one of our favourite large capitalization natural gas-weighted producers. In fiscal 2002, cash flow reached $2.3 billion, or $17.63 per share, compared to $1.9 billion, or $15.83 per share, the previous year. Based on these numbers, CNQ currently trades at less than 3 times cash flow and offers good value in the sector. The Company also announced a 20% dividend increase, from $0.125 per share to $0.15 per share on a quarterly basis, which yields approximately 1.2%.

By the end of 2002, natural gas accounted for 49% of CNQ’s total production, light oil and NGLs accounted for 22%, Pelican Lake oil accounted for 6%, primary heavy oil accounted for 15% and thermal heavy oil accounted for 8%. Over the course of 2002, sales of natural gas increased 34% to reach 1,232 million cubic feet per day. Sadly, the previously acknowledged high decline rates at Ladyfern will reduce this exceptional growth rate next year. For 2003, CNQ has provided guidance of 10% production growth, with the majority of that growth from conventional heavy oil in North America and light oil in the North Sea and Offshore West Africa. In any event, CNQ looks poised to benefit from elevated oil and gas prices in the foreseeable future.

ABC Funds
February 28, 2003

UPDATES (cont'd)

Through the first half of 2003, Canadian Natural Resources generated $1.7 billion or $12.18 per fully diluted share of cash flow compared to $834 million or $6.57 per fully diluted share in the first half of 2002. For the first six months of the year, net earnings per fully diluted share, adjusted for unusual items, increased to $4.25 from $1.63 a year ago. Long-term debt repayments of $600 million and a reduction in the carrying value of US dollar denominated debt of $400 million reduced long-term debt by $1 billion. Debt to cash flow declined to 1 times and debt to capital improved to 35%. Surplus cash flow (cash available after budgeted capital expenditures) in the second half of the year is expected to be allocated toward debt repayment and the Company's share buyback program. Since the beginning of 2003, 1.4 million common shares have been purchased for cancellation under CNQ's normal course issuer bid.

In addition to the solid financial performance, CNQ had some positive news to report on the progress of its Horizon Oil Sands Project. Comments made by the Prime Minister and the Federal Government helped to define the impact of the Kyoto Protocol on the project. Management now seems confident that the cost to construct the project and the resulting return on capital will drive the decision making process. Currently, management expects that $8.5 billion of capital will eventually produce 232,000 barrels per day of light synthetic crude oil over the project's 50-year life span.

Last week, Nymex natural gas futures pulled back slightly as traders bet that natural gas storage levels would be adequate for the winter. Although the commodity price dip was mirrored in CNQ's share price, we don't believe in taking such a short-term view. With a net asset value of potentially between $60 and $70 per share, we continue to believe that CNQ represents excellent value over the course of the commodity cycle.

ABC Funds
September 5, 2003

Canadian Natural Resources has rebounded nicely since our last update in September on the back of strong commodity prices. In addition to the arrival of winter and continued turmoil in the Middle East, prices have been supported by OPEC's decision on February 10th to cut production from 24.5 mb/d to 23.5 mb/d, effective April 1, 2004. This will at least partially offset seasonal weakness in the commodities between winter heating and summer cooling demand.

On February 18, 2004, CNQ announced the acquisition of the Petrovera partnership from EnCana Corporation for $701 million and then sold a portion of the assets to Penn West for $234 million. All told, CNQ picked up 27,500 b/d of heavy oil and 9 mmcf/d of natural gas in East Central Alberta and Saskatchewan for $467 million. The properties are within one of CNQ's core regions and will be tied in to the Company's existing facilities and 100% owned ECHO pipeline. CNQ has also identified 300 new well locations and over 400 well recompletion opportunities. S&P has said that the relatively small acquisition will not affect its ratings or outlook for the Company since $300 million of previously planned capital expenditures would be deferred.

On February 25, CNQ reported results for the final quarter of 2003. Over the reporting season, we have seen several cases of negative reserve revisions, which triggered stock specific sell offs and acted as an overhang on the entire sector. Thankfully, CNQ was able to replace 129% of its production with proved reserves. Proved and probable reserves per common share increased by 34% to 15.8 boe/share, on a before royalty basis. For the year, cash flow per share increased to $23.54 per common share compared to $17.63 per common share in 2002. Earnings per year increased to $10.48 compared to $4.46 last year. Fourth quarter earnings and cash flow per share of $1.51 and $5.48 respectively, exceeded analyst's expectations.

On the back these record results, CNQ bought back 330,000 of its common shares during the fourth quarter for a total of 2.7 million shares over the course of the year. The normal course issuer bid was extended to January 2005 for up to 6.7 million shares. CNQ also increased its dividend by 33%, from $0.15 to $0.20 on a quarterly basis. Finally, the Company's Board of Directors will recommend a 2 for 1 share split at the annual meeting to be held on May 6, 2004 to increase the liquidity of the common shares. We believe that these results demonstrate CNQ's focus on building shareholder value over the course of the cycle.

ABC Funds
February 27, 2004

After watching the oil and gas sector rally sharply since last November, we have decided to lock in some profits. Canadian Natural Resources has been a great performing stock for us, reporting tremendous earnings and cash flow growth quarter after quarter. In conjunction with the Company's excellent fiscal 2003 results, CNQ proposed a two for one stock split and announced a dividend increase. As the stock strengthened in response, we sold our entire position in CNQ.

We made the decision to take our money off the table for several reasons. First, spring is typically the "shoulder season" for commodity prices. Oil and gas prices tend to soften during the period between winter heating demand and summer cooling demand. We have also seen CNQ's cash flow multiple expand from approximately three to four times, which is more in line with historic trading

UPDATES (cont'd)

multiples. Finally, we believe that the Company is unlikely to demonstrate the same earnings and cash flow growth that has propelled the stock to new all-time highs. Taking all things into consideration, we believe that it was an opportune time to sell our stock.

ABC Funds
April 8, 2004