

Proof of Financial Capacity

- Abandonment operations are typically lower risk for loss or damage compared to drilling and production operations. Abandonment operations are designed to prevent or limit the flow of reservoir fluids to surface and done so within a contained environment (wellhead, casing, and surface tanks).
- The 2 most likely incidents that could result in a loss or damage are a spill or a gas release during operations;
 - A review of CNRL's historical safety statistic database (2014-Present) has identified 17 events of spills and 1 event of a gas release as a result of well abandonment operations. These events occurred within 5612 well abandonment operations jobs. The calculated probability of an event is therefore:
 - Spill: 0.302%
 - Gas Release: 0.018%
 - Because these events occur during a controlled setting, and involve relatively small volumes, the consequence has been low. The largest incurred cost to CNRL on these events was \$4,000 well within our financial capacity.

2019YE Financial Statement

- Attached is Canadian Natural's most recent 3rd party audited financial statement confirming that Canadian Natural had an adjusted net earnings from operations of \$3.795 billion.

	2019	2018	2017
FINANCIAL (\$ millions, except per common share amounts)			
Product sales ⁽¹⁾	\$ 24,394	\$ 22,282	\$ 18,360
Net earnings	\$ 5,416	\$ 2,591	\$ 2,397
Per common share – basic	\$ 4.55	\$ 2.13	\$ 2.04
– diluted	\$ 4.54	\$ 2.12	\$ 2.03
Adjusted net earnings from operations ⁽²⁾	\$ 3,795	\$ 3,263	\$ 1,403
Per common share – basic	\$ 3.19	\$ 2.68	\$ 1.19
– diluted	\$ 3.18	\$ 2.67	\$ 1.19
Cash flows from operating activities	\$ 8,829	\$ 10,121	\$ 7,262
Adjusted funds flow ⁽³⁾	\$ 10,267	\$ 9,088	\$ 7,347
Per common share – basic	\$ 8.62	\$ 7.46	\$ 6.25
– diluted	\$ 8.61	\$ 7.43	\$ 6.21
Cash flows used in investing activities	\$ 7,255	\$ 4,814	\$ 13,102
Net capital expenditures ⁽⁴⁾	\$ 7,121	\$ 4,731	\$ 17,129
Long-term debt ⁽⁵⁾	\$ 20,982	\$ 20,623	\$ 22,458
Shareholders' equity	\$ 34,991	\$ 31,974	\$ 31,653
Debt to book capitalization ⁽⁶⁾	37%	39%	41%

(1) 2017 comparative figures have been restated in accordance with adoption of IFRS 15 on January 1, 2018. See note 2 of the Company's consolidated financial statements.

(2) Adjusted net earnings from operations is a non-GAAP measure that the Company utilizes to evaluate its performance, as it demonstrates the Company's ability to generate after-tax operating earnings from its core business areas. The derivation of this measure is discussed in the Company's Management's Discussion and Analysis ("MD&A").

(3) Adjusted funds flow (previously referred to as funds flow from operations) is a non-GAAP measure that the Company considers key as it demonstrates the Company's ability to generate the cash flow necessary to fund future growth through capital reinvestment and to repay debt. The derivation of this measure is discussed in the MD&A.

(4) Net capital expenditures is a non-GAAP measure that the Company considers key as it provides an understanding of the Company's capital spending activities in comparison to the Company's annual capital budget. The derivation to this measure is discussed in the MD&A.

(5) Includes the current portion of long-term debt.

(6) Calculated as net current and long-term debt; divided by the book value of common shareholders' equity plus net current and long-term debt.