



April 14, 2009

International Accounting Standards Board 30 Cannon Street London EC4M 6XH United Kingdom

Dear Sir or Madam:

Re: Discussion Paper - Preliminary Views on Financial Statement Presentation

Canadian Natural Resources Limited ("Canadian Natural") is pleased to respond to the invitation to comment on the above noted discussion paper.

Canadian Natural is a senior independent oil and gas exploration and production company headquartered in Calgary, Alberta, Canada, with operations in Western Canada, the North Sea, and offshore West Africa. Our shares are publicly traded on the Toronto Stock Exchange and the New York Stock Exchange. Along with other Canadian public companies currently preparing their external financial statements and other continuous disclosure documents based on Canadian generally accepted accounting principles ("Canadian GAAP"), we will be adopting International Financial Reporting Standards ("IFRS") effective January 1, 2011.

We would like to comment on the following specific questions included in the discussion paper.

Question 19 - Paragraph 3.75 proposes that an entity should use a **direct method of presenting cash flows** in the statement of cash flows.

- (a) Would a direct method of presenting operating cash flows provide information that is decision-useful?
- (b) Is a direct method more consistent with the proposed cohesiveness and disaggregation objectives (see paragraphs 3.75-3.80) than an indirect method? Why or why not?
- (c) Would the information currently provided using an indirect method to present operating cash flows be provided in the proposed reconciliation schedule (see paragraphs 4.19 and 4.45)? Why or why not?

We do not believe that the direct method of presenting operating cash flows will provide information that is more useful for decision making than the indirect method that is currently used by the majority of companies. In the upstream oil and gas industry, cash flow from operations is a key metric by which companies are analysed. The cash flow from operations metric is generally calculated as net income adjusted for non-cash items, which is easily calculated from a statement of cash flows prepared using the indirect method by starting with the cash flow from operating activities subtotal and adding back changes in non-cash working capital. This information is not easily calculated from the proposed reconciliation as working capital changes are included in the cash flows. As a result, we will have to separately prepare the cash flow from operations information used by our investors.

Question 20 – What costs should the boards consider related to using a direct method to present operating cash flows (see paragraphs 3.81-3.83)? Please distinguish between one-off or one-time

implementation costs and ongoing application costs. How might those costs be reduced without reducing the benefits of presenting operating cash receipts and payments?

Our current trial balance will not capture the level of detail required to prepare the statement of cash flows using the direct method at the level of disaggregation proposed by this discussion paper. In particular, separate accounts receivable or accounts payable accounts will be required for each line item in the statement of cash flows in order to provide the required information. This will result in considerable one-time costs to redesign our trial balance to include the requisite number of accounts and to train our personnel as to the use of these accounts. On an ongoing basis, there will be increased complexity, and therefore costs, to recording the data because of the increased number of accounts. Additionally, since some suppliers may provide products/services that fall into more than one line item, there will be time and costs associated with allocating the invoices to the various accounts payable accounts. Also, as noted in our response to Question 19 above, there will be a cost to calculating and providing the cash flow from operations information required by our investors.

Question 23 – Paragraph 4.19 proposes that an entity should present a schedule in the notes to financial statements that reconciles cash flows to comprehensive income and disaggregates comprehensive income into four components: (a) cash received or paid other than in transactions with owners, (b) accruals other than remeasurements, (c) remeasurements that are recurring fair value changes or valuation adjustments, and (d) remeasurements that are not recurring fair value changes or valuation adjustments.

- (a) Would the proposed **reconciliation schedule** increase users' understanding of the amount, timing and uncertainty of an entity's future cash flows? Why or why not? Please include a discussion of the costs and benefits of providing the reconciliation schedule.
- (b) Should changes in assets and liabilities be disaggregated into the components described in paragraph 4.19? Please explain your rationale for any component you would either add or omit.
- (c) Is the guidance provided in paragraphs 4.31, 4.41 and 4.44-4.46 clear and sufficient to prepare the reconciliation schedule? If not, please explain how the guidance should be modified.

We do not believe that the usefulness of the proposed reconciliation schedule will outweigh the increased costs to prepare the information. The proposed reconciliation schedule is very complex and will take considerable time and costs to prepare, incremental to the additional costs incurred to capture the data as noted in our response to Question 20 above. Also, as noted in our response to Question 19 above, the proposed reconciliation schedule will not provide the information necessary for investors to calculate the cash flow from operations metric that is used in the oil and gas industry and we will have to prepare this information separately. In summary, we believe that the proposed reconciliation schedule will add considerably to the costs to prepare the financial statements, but will provide limited usefulness to our investors.

Thank you for your consideration of the above comments. Should you wish to discuss our comments in more detail, please do not hesitate to contact the undersigned.

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