

Rating: Buy
 S&P 500: 1426

Canadian Oil Sands Trust Record Quarterly Volume

<i>Symbol</i>	COSWF	<i>Ebitda Next Twelve Months ending 12/31/07 (US\$mm)</i>	1,180
<i>Rating</i>	Buy	<i>North American Natural Gas/Ebitda (%)</i>	-11
<i>Price (US\$/un)</i>	26.10	<i>Natural Gas and Oil Production/Ebitda (%)</i>	100
<i>Pricing Date</i>	1/29/07	<i>Adjusted Reserves/Production NTM</i>	23.0
<i>Units (mm)</i>	479	<i>EV/Ebitda</i>	11.8
<i>Market Capitalization (US\$mm)</i>	12,500	<i>PV/Ebitda</i>	15.4
<i>Debt (US\$mm)</i>	1,380	<i>Undeveloped Reserves (%)</i>	0
<i>Enterprise Value (EV) (US\$mm)</i>	13,890	<i>Natural Gas and Oil Ebitda (US\$/boe)</i>	26.24
<i>Present Value (PV) (US\$mm)</i>	18,100	<i>Present Value Proven Reserves(US\$/boe)</i>	17.87
<i>Net Present Value (US\$/unit)</i>	35	<i>Present Value Proven Reserves(US\$/mcf)</i>	2.98
<i>Debt/Present Value</i>	0.08	<i>Earnings Next Twelve Months (US\$/un)</i>	1.42
<i>McDep Ratio - EV/PV</i>	0.77	<i>Price/Earnings Next Twelve Months</i>	18
<i>Distribution Yield (%/year)</i>	5.8	<i>Distribution Next Twelve Months (US\$/sh)</i>	1.52

Note: Estimated cash flow and earnings tied to one-year futures prices for oil.

Reported results may vary widely from estimates. Estimated present value per share revised only infrequently.

Estimated present value presumes a long-term price for oil of US\$60 a barrel and natural gas, \$10 a million btu.

For historical analysis of COS since 2002 see www.mcdep.com/4cos.htm

Summary and Recommendation

Buy-recommended **Canadian Oil Sands Trust (COSWF)**'s 36.7% owned Syncrude, operating at 86% of new capacity, produced a record 302 thousand barrels daily of synthetic crude oil in the fourth quarter of 2006. The buildup to sustained operations at 100% by late 2007 at current oil futures prices supports our projection of a doubling of the quarterly distribution rate from a current C\$0.30 a unit to C\$0.60 a unit (see table, Next Twelve Months Operating and Financial Estimates, and chart, Syncrude Volume). Considering the size of the project it can't be too much of a surprise that achievement of full capacity operations may be as much as a year later than our expectations over the past five years. Meanwhile estimated net present value of US\$35 a unit combined with rising distributions help justify the patience that may be necessary since both stock price and the futures price for six-year oil deliveries are below their 200-day averages. Canadian Oil Sands Trust remains our top oil recommendation with its highest representation in crude oil production and its double weighting in the illustrative McDep Energy Portfolio concentrated on real assets promising a high return providing clean fuel for global growth.

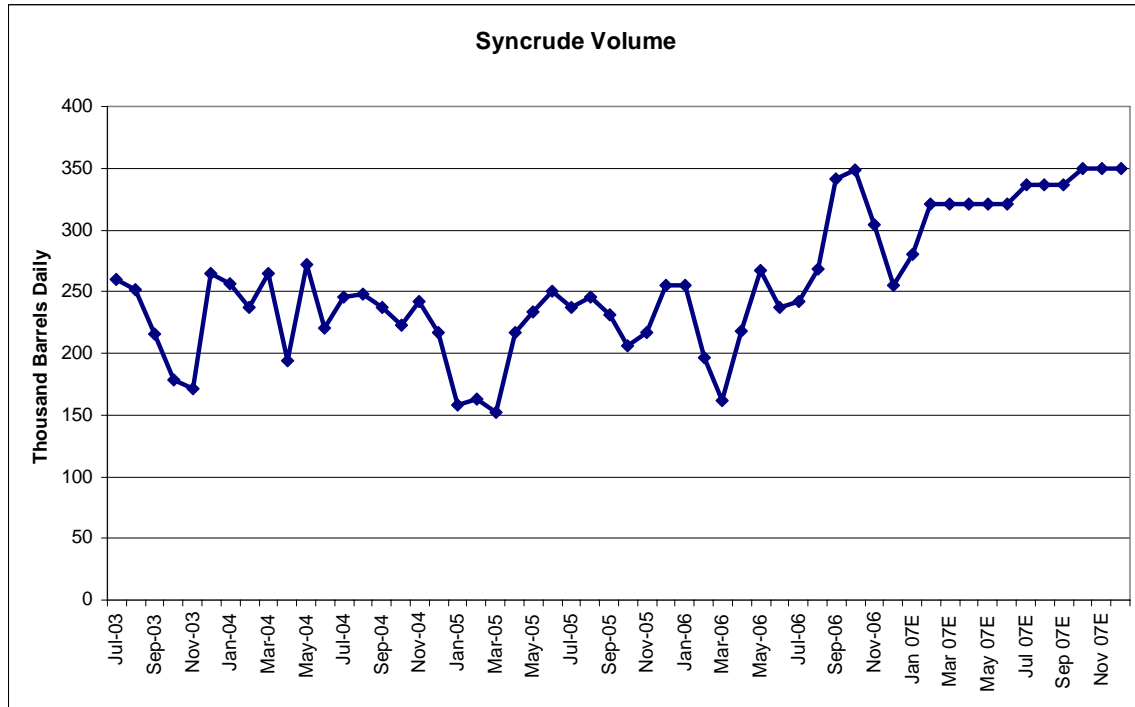
Kurt H. Wulff, CFA

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Canadian Oil Sands Trust
Next Twelve Months Operating and Financial Estimates
 (Canadian Dollars)

	<i>Q4</i>	<i>Q3</i>	<i>Q4</i>	<i>Year</i>	<i>Q1E</i>	<i>Q2E</i>	<i>Q3E</i>	<i>Q4E</i>	<i>Next Twelve Months</i>
	<i>12/31/05</i>	<i>9/30/06</i>	<i>12/31/06</i>	<i>2006</i>	<i>3/31/07</i>	<i>6/30/07</i>	<i>9/30/07</i>	<i>12/31/07</i>	<i>12/31/07</i>
Volume									
Syncrude (mmb)	20.8	26.0	27.8	94.2	27.6	29.2	31.0	32.2	120.0
Syncrude (mbd)	226	283	302	258	307	321	337	350	329
Days	92	92	92	365	90	91	92	92	365
Trust share (%)	34.7	33.7	36.4	35.6	36.7	36.7	36.7	36.7	36.7
Trust Oil (mmb)	7.21	8.78	10.14	33.5	10.15	10.73	11.39	11.83	44.1
Trust Oil (mbd)	78.3	95.4	110.2	91.8	112.7	117.9	123.8	128.6	120.8
Price									
WTI Cushing (US\$/bbl)	60.02	70.42	59.99	66.05	53.97	55.46	57.16	58.39	56.25
Currency (US\$/C\$)	0.85	0.89	0.88	0.88	0.85	0.85	0.85	0.85	0.85
WTI Cushing (C\$/bbl)	70.61	79.12	68.17	74.77	63.82	65.58	67.59	69.04	66.51
Differential	1.71	0.04	(4.70)	(1.96)	(1.68)	(1.72)	(1.78)	(1.81)	(1.64)
Trust Oil Price (C\$/bbl)	72.32	79.17	63.47	72.81	62.14	63.86	65.81	67.23	64.87
Henry Hub Nat Gas (US\$/mmt)	13.00	6.58	6.57	7.23	6.56	7.09	7.36	8.12	7.28
Henry Hub Nat Gas (C\$/mmbtu)	15.30	7.40	7.46	8.19	7.76	8.39	8.70	9.60	8.61
AECO Natural Gas (C\$/GJ)	10.73	5.42	6.26	6.21	6.51	7.03	7.30	8.06	7.23
Revenue (\$mm)									
Oil	521	695	643	2,441	631	685	750	795	2,861
Transportation & Marketing	9	9	12	41	2	2	2	2	7
Other	(1)	(9)	(15)	(64)	-	-	-	-	-
Total	513	695	646	2,423	629	684	748	793	2,854
Expense									
Production	113	133	179	701	189	189	189	189	756
Purchased Energy	71	40	60	206	62	71	78	90	301
Crown Royalties	5	115	83	232	74	85	100	108	367
Insurance	3	1	1	6	2	2	2	2	8
Administration	5	3	5	17	4	4	4	4	15
Taxes and Other	3	(1)	-	(1)	3	3	3	3	11
Total	200	291	328	1,161	334	354	375	395	1,458
Ebitda									
Deprec., Deplet., & Amort.	72	70	75	255	101	107	114	118	441
Oil Hedging									
Currency Hedging	(7)	(3)	(2)	(20)	(5)	(5)	(5)	(5)	(21)
Non-Production	32	11	14	70	19	19	19	19	74
Exchange on U.S. Debt	4	(1)	40	(5)					-
Future Income Tax	14	13	39	18					-
Ebit	198	314	152	944	181	209	246	267	903
Interest	25	24	24	98	24	24	24	24	96
Net Income (\$mm)									
Per Unit (\$)	0.37	0.60	0.27	1.79	0.33	0.39	0.46	0.51	1.68
Units (millions)									
	461.5	467.0	469.0	473.7	479.0	479.0	479.0	479.0	479.0
Cash Flow (\$mm)									
Per Unit (\$)	0.57	0.77	0.63	2.35	0.53	0.60	0.69	0.74	2.60
Capital Expend (C\$/unit)					0.13	0.13	0.13	0.13	0.53
Free Cash Flow (C\$/unit)					0.40	0.47	0.56	0.61	2.03
Ratios									
Production (\$/bbl)	15.64	15.09	17.67	20.90	18.63	17.61	16.59	15.98	17.14
Purchased Energy (\$/bbl)	9.89	4.61	5.91	6.15	6.12	6.61	6.86	7.57	6.82
Prod&Purch En (\$/bbl)	25.54	19.70	23.58	27.06	24.75	24.22	23.45	23.55	23.96
Crown Royalties & Taxes	1%	17%	13%	10%	12%	12%	13%	14%	13%
Other Expense (\$/bbl)	0.42	(0.11)	-	(0.03)	0.27	0.26	0.24	0.23	0.25
Ebitda Margin	61%	58%	49%	52%	47%	48%	50%	50%	49%
Deprec., D,& A (\$/bbl)	9.99	7.97	7.40	7.61	10.00	10.00	10.00	10.00	10.00
Distribution									
	0.20	0.30	0.30	1.20	0.30	0.40	0.50	0.60	1.80

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