

Rating: Buy
 S&P 500: 1511

Canadian Oil Sands Trust Potential Distribution Double

<i>Symbol</i>	COSWF	<i>Ebitda Next Twelve Months ending 6/30/08 (US\$mm)</i>	1,980
<i>Rating</i>	Buy	<i>North American Natural Gas/Ebitda (%)</i>	-7
<i>Price (US\$/un)</i>	31.99	<i>Natural Gas and Oil Production/Ebitda (%)</i>	100
<i>Pricing Date</i>	7/24/07	<i>Adjusted Reserves/Production NTM</i>	21.1
<i>Units (mm)</i>	479	<i>EV/Ebitda</i>	8.5
<i>Market Capitalization (US\$mm)</i>	15,320	<i>PV/Ebitda</i>	10.2
<i>Debt (US\$mm)</i>	1,490	<i>Undeveloped Reserves (%)</i>	0
<i>Enterprise Value (EV) (US\$mm)</i>	16,810	<i>Natural Gas and Oil Ebitda (US\$/boe)</i>	41.65
<i>Present Value (PV) (US\$mm)</i>	20,200	<i>Present Value Proven Reserves(US\$/boe)</i>	23.65
<i>Net Present Value (US\$/unit)</i>	39	<i>Present Value Proven Reserves(US\$/mcf)</i>	3.94
<i>Debt/Present Value</i>	0.07	<i>Earnings Next Twelve Months (US\$/un)</i>	3.10
<i>McDep Ratio - EV/PV</i>	0.83	<i>Price/Earnings Next Twelve Months</i>	10
<i>Distribution Yield (%/year)</i>	8.4	<i>Distribution Next Twelve Months (US\$/sh)</i>	2.70

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\$66 a barrel and natural gas, \$11 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)** offers unlevered appreciation potential of 20% to estimated net present value (NPV) of \$39 a share revised up from \$35 on May 29 when we raised long-term oil price to \$66 a barrel from \$60. Second quarter results reported on July 24 point to free cash flow above C\$0.80 a quarter for the next four quarters tied to full capacity operation and recent oil futures prices (see table [Next Twelve Months Operating and Financial Estimates](#)). As a result we increase our projected distribution to C\$0.80 a quarter beginning with the declaration in October to be paid next January, double the current quarterly rate. Concentrated entirely on oil and committed to distributing free cash flow, COSWF is our purest, direct participation in the rising value of refined liquid energy. Indicating further potential, the trend in long-term oil price appears to be up despite volatility of short-term quotes (see chart [Six-Year Commodity Price Meter](#)). Finally, COSWF stock price also has positive momentum as it trades above its 200-day average.

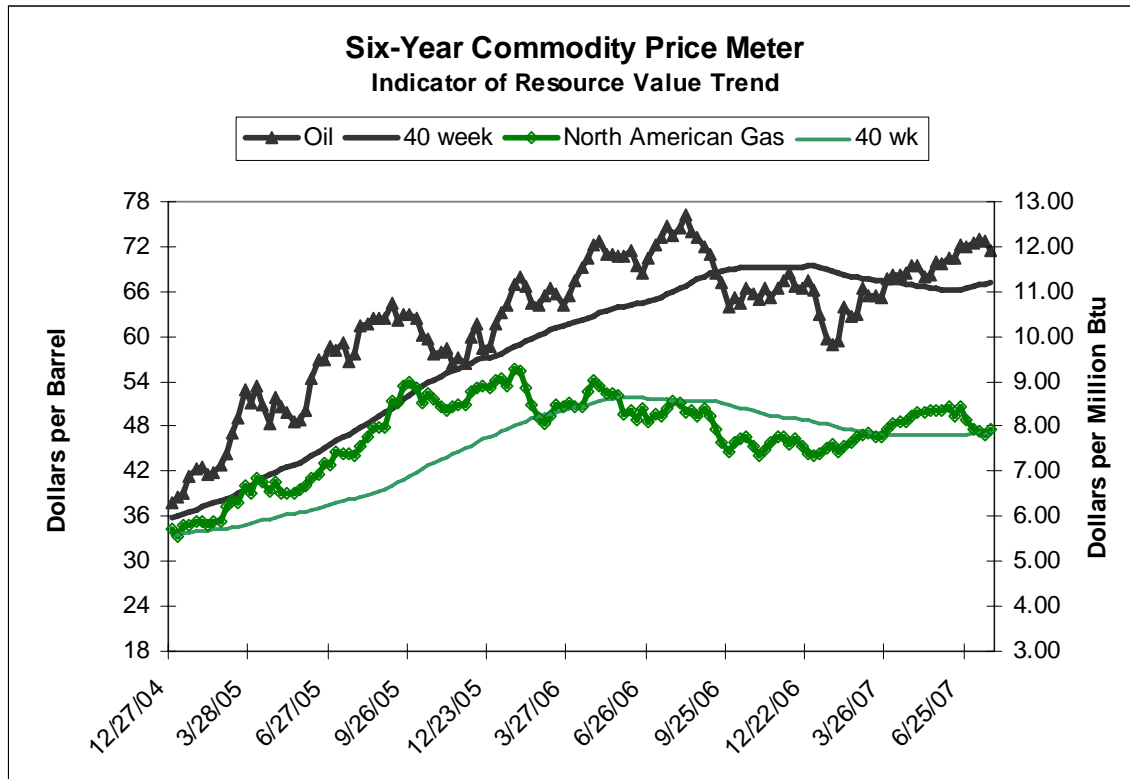
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Canadian Oil Sands Trust
Next Twelve Months Operating and Financial Estimates
 (Canadian Dollars)

	<i>Q2</i>	<i>Q1</i>	<i>Q2</i>	<i>Q3E</i>	<i>Q4E</i>	<i>Year</i>	<i>Q1E</i>	<i>Q2E</i>	<i>Next</i>
	<i>6/30/06</i>	<i>3/31/07</i>	<i>6/30/07</i>	<i>9/30/07</i>	<i>12/31/07</i>	<i>2007E</i>	<i>3/31/08</i>	<i>6/30/08</i>	<i>Twelve</i>
									<i>Months</i>
									<i>6/30/08</i>
Volume									
Syncrude (mmb)	21.9	26.6	23.9	31.0	32.2	113.7	31.5	31.9	126.6
Syncrude (mbd)	241	296	263	337	350	312	350	350	347
Days	91	90	91	92	92	365	90	91	365
Trust share (%)	35.8	36.9	37.6	36.7	36.7	37.0	36.7	36.7	36.7
Trust Oil (mmb)	7.86	9.81	8.98	11.39	11.83	42.0	11.57	11.70	46.5
Trust Oil (mbd)	86.4	109.0	98.7	123.8	128.6	115.1	128.6	128.6	127.4
Price									
WTI Cushing (US\$/bbl)	70.47	58.08	64.91	74.48	74.58	68.01	73.90	73.32	74.07
Currency (US\$/C\$)	0.89	0.85	0.91	0.96	0.96	0.93	0.96	0.96	0.96
WTI Cushing (C\$/bbl)	79.00	68.01	71.25	77.19	77.30	73.44	76.59	75.99	76.77
Differential	0.76	0.46	5.16	5.59	5.60	4.68	4.88	4.84	5.23
Trust Oil Price (C\$/bbl)	79.76	68.47	76.41	82.78	82.90	78.11	81.47	80.82	81.99
Henry Hub Nat Gas (US\$/mmbtu)	6.81	6.81	7.56	6.36	7.22	6.99	8.55	7.81	7.49
Henry Hub Nat Gas (C\$/mmbtu)	7.63	7.97	8.29	6.59	7.48	7.54	8.86	8.09	7.76
AECO Natural Gas (C\$/GJ)	5.72	6.99	6.78	5.39	6.12	6.32	7.24	6.62	6.34
Revenue (\$mm)									
Oil	627	672	686	943	981	3,282	943	946	3,812
Transportation & Marketing	11					-			-
Other	(22)	2				2			-
Total	616	674	686	943	981	3,284	943	946	3,812
Expense									
Production	174	171	215	215	215	816	215	215	859
Purchased Energy	50	60	56	58	68	242	79	73	278
Crown Royalties	29	94	89	147	153	483	141	144	585
Insurance	2	3	1	1	1	6	2	2	6
Administration	4	4	6	6	6	22	6	6	24
Taxes and Other	(2)	1	-	3	3	7	3	3	12
Total	257	333	367	429	447	1,576	446	442	1,764
Ebitda	359	341	319	514	534	1,708	497	504	2,048
Deprec., Deplet., & Amort.	60	82	77	91	95	345	93	94	372
Oil Hedging									
Currency Hedging	(8)	(2)	(4)	(8)	(8)	(23)	(8)	(8)	(33)
Non-Production	20	18	15	20	20	73	20	20	80
Exchange on U.S. Debt	(46)	(7)	(63)			(70)			-
Future Income Tax	(29)	(38)	665			627			-
Ebit	362	288	(371)	411	428	755	393	398	1,629
Interest	25	24	23	23	23	93	23	23	92
Net Income (\$mm)	337	264	(394)	388	405	662	370	375	1,537
Per Unit (\$)	0.72	0.55	(0.82)	0.81	0.84	1.38	0.77	0.78	3.21
Units (millions)	465.0	479.0	479.0	479.0	479.0	478.5	479.0	479.0	479.0
Cash Flow (\$mm)	326	201	326	471	491	1,564	454	461	1,909
Per Unit (\$)	0.70	0.42	0.68	0.98	1.03	3.27	0.95	0.96	3.99
Capital Expend (C\$/unit)		0.07	0.11	0.11	0.11	0.40	0.11	0.11	0.44
Free Cash Flow (C\$/unit)		0.35	0.57	0.87	0.92	2.71	0.84	0.85	3.48
Ratios									
Production (\$/bbl)	22.10	17.45	23.92	18.86	18.16	19.42	18.56	18.36	18.48
Purchased Energy (\$/bbl)	6.40	6.10	6.25	5.09	5.77	5.77	6.81	6.22	5.97
Prod&Purch En (\$/bbl)	28.49	23.55	30.17	23.95	23.93	25.18	25.37	24.58	24.46
Crown Royalties & Taxes	5%	14%	13%	16%	16%	15%	15%	15%	15%
Other Expense (\$/bbl)	(0.25)	0.10	-	0.26	0.25	0.17	0.26	0.26	0.26
Ebitda Margin	58%	51%	47%	54%	54%	52%	53%	53%	54%
Deprec., D,& A (\$/bbl)	7.63	8.36	8.57	8.00	8.00	8.21	8.00	8.00	8.00
Distribution	0.30	0.30	0.40	0.40	0.80	1.90	0.80	0.80	2.80

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