

## COS Trust Proposes 5:1 Split

### Summary and Recommendation

Units of buy-recommended **Canadian Oil Sands Trust (COSWF)** would be split 5 for 1 after approval at the annual meeting on April 25. The ratio was just announced for the expected action first proposed a few months ago. The trust has 35.5% of Syncrude, the largest oil sands mining facility that is increasing capacity by mid year to 350,000 barrels daily from 250,000 bd. Meanwhile, natural gas is the contrarian choice of fuel currently trading at the low end of its range relative to oil. A rebound may be underway with six-year natural gas futures trading a few pennies above the 40-week average. The contrarian trust stocks trading below their 200-day average are **San Juan Basin Royalty Trust (SJT)**, **Sabine Royalty Trust (SBR)** and **Mesa Royalty Trust (MTR)**. Meanwhile, we currently project a median distribution yield for the next twelve months ended March 31, 2007 of 9.0% for U.S. royalty trusts. Latest declarations indicate a median distribution yield of 9.4% for Canadian trusts.

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### Natural Gas and Oil Royalty Trusts Rank by McDep Ratio: Market Cap and Debt to Present Value

	<i>Symbol/ Rating</i>	<i>Price (\$/sh) 23-Feb 2006</i>	<i>Shares (mm)</i>	<i>Market Cap (\$mm)</i>	<i>Net Present Value (\$/un)</i>	<i>Debt/ Present Value</i>	<i>McDep Ratio</i>	
<b>U.S. Royalty Trusts</b>								
Hugoton RoyaltyTrust (46%)	HGT	37.51	18.4	690	34.00	-	1.10	
Permian Basin RT	PBT	15.85	46.6	740	15.00	-	1.06	
Sabine Royalty Trust	SBR	43.45	14.6	630	42.00	-	1.04	
San Juan Basin Royalty Trust	SJT	H	41.11	46.6	1,920	40.00	-	1.03
Cross Timbers Royalty Trust	CRT		46.07	6.0	280	45.00	-	1.02
Dorchester Minerals, L.P.	DMLP		25.76	28.2	730	26.00	-	0.99
Mesa RoyaltyTrust	MTR		67.21	1.9	130	75.00	-	0.89
	<i>Total or Median</i>			<i>5,100</i>			<i>1.03</i>	
<b>Canadian Income Trusts</b>								
Enerplus Resources Fund	ERF		50.77	110.0	5,580	42.00	0.14	1.18
Pengrowth Energy Trust	PGH		24.06	159.0	3,830	20.00	0.16	1.17
Penn West Energy Trust	PWTFF	B	34.96	182.7	6,390	33.00	0.13	1.05
Canadian Oil Sands Trust (US\$)	COSWF	B	132.93	93.4	12,410	136.00	0.12	0.98
	<i>Total or Median</i>			<i>28,200</i>		<i>0.13</i>	<i>1.11</i>	

B = Buy, H = Hold

McDep Ratio = Market cap and Debt to present value of oil and gas and other businesses

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### Natural Gas and Oil Royalty Trusts Rank by EV/Ebitda: Enterprise Value to Earnings Before Interest, Tax, Deprec.

	Symbol/ Rating	Price (\$/sh) 23-Feb 2006	Adjstd Resrvs/ Prod NTM	PV/ Ebitda NTM	EV/ Ebitda NTM	P/E NTM	Divd or Distrib NTM (%)
<b>U.S. Royalty Trusts</b>							
Cross Timbers Royalty Trust	CRT	46.07	18.9	11.3	11.6	11.8	8.5
Sabine Royalty Trust	SBR	43.45	11.6	10.7	11.1	11.1	9.0
San Juan Basin Royalty Trust	SJT	H 41.11	12.2	10.2	10.5	11.7	8.5
Hugoton RoyaltyTrust (46%)	HGT	37.51	13.6	9.3	10.3	13.2	7.6
Dorchester Minerals, L.P.	DMLP	25.76	11.4	10.1	10.0	16.0	10.1
Mesa RoyaltyTrust	MTR	67.21	20.0	10.9	9.7	10.6	9.4
Permian Basin RT	PBT	15.85	15.0	8.8	9.3	10.1	9.9
	<i>Median</i>		<i>13.6</i>	<i>10.2</i>	<i>10.3</i>	<i>11.7</i>	<i>9.0</i>
<b>Canadian Income Trusts</b>							
Canadian Oil Sands Trust (US\$)	COSWF	B 132.93	20.0	10.3	10.0	13.2	2.6
Enerplus Resources Fund	ERF	50.77	8.6	5.9	6.9	10.9	8.6
Pengrowth Energy Trust	PGH	24.06	7.6	5.8	6.8	10.4	10.8
Penn West Energy Trust	PWTFF	B 34.96	8.0	6.1	6.4	9.9	10.1
	<i>Median</i>		<i>8.3</i>	<i>6.0</i>	<i>6.9</i>	<i>10.6</i>	<i>9.4</i>

EV = Enterprise Value = Market Cap and Debt; Ebitda = Earnings before interest, tax, depreciation and amortization; NTM = Next Twelve Months Ended March 31, 2007; P/E = Stock Price to Earnings; PV = Present Value of oil and gas and other businesses

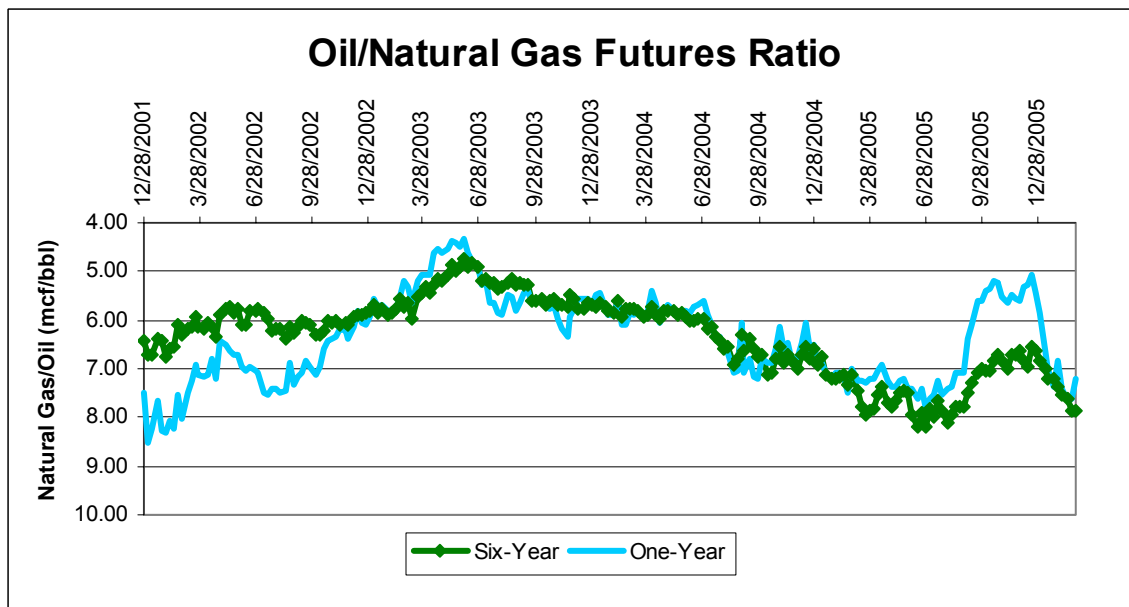
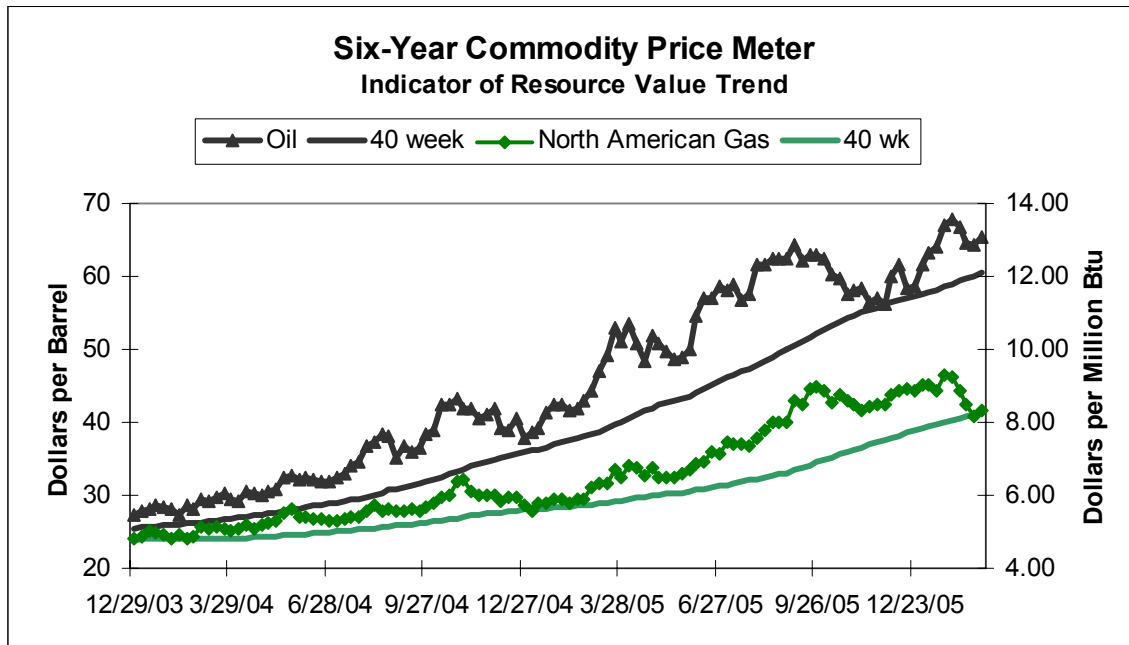
### Natural Gas and Oil Royalty Trusts Rank by NTM Distribution Yield

	Symbol	Revenue Royalty (%)	Natural Gas/ Ebitda (%)	Dist/ Ebitda	Dist/ Equity Ebitda	NTM Distribution (\$mm)	Dist. Yield (\$/un) (%)
<b>U.S. Royalty Trusts</b>							
Hugoton RoyaltyTrust (46%)	HGT	-	91	0.78	0.78	52	2.84
Cross Timbers Royalty Trust	CRT	85	71	0.98	0.98	23	3.91
San Juan Basin Royalty Trust	SJT	-	99	0.90	0.90	164	3.51
Sabine Royalty Trust	SBR	100	59	1.00	1.00	57	3.91
Mesa RoyaltyTrust	MTR	-	77	0.92	0.92	12	6.34
Permian Basin RT	PBT	30	40	0.92	0.92	73	1.57
Dorchester Minerals, L.P.	DMLP	54	75	1.01	1.01	73	2.59
	<i>Total or Median</i>		<i>75</i>	<i>0.92</i>	<i>0.92</i>	<i>500</i>	<i>9.0</i>
<b>Canadian Income Trusts</b>							
Canadian Oil Sands Trust (US\$)	COSWF	-	(9)	0.23	0.26	325	3.48
Enerplus Resources Fund	ERF	-	47	0.52	0.61	482	4.38
Penn West Energy Trust	PWTFF	-	48	0.57	0.65	648	3.55
Pengrowth Energy Trust	PGH	-	41	0.64	0.76	415	2.61
	<i>Total or Median</i>		<i>44</i>	<i>0.55</i>	<i>0.63</i>	<i>1,900</i>	<i>9.4</i>
Kinder Morgan Energy Partners	KMP			0.77	1.69		6.7

NTM = Next Twelve Months Ended March 31, 2007

Ebitda = Earnings before interest, tax, depreciation and amortization

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