

Rating: Buy
 S&P 500: 1290

Canadian Oil Sands Trust Volume Expansion Imminent

<i>Symbol</i>	COSWF	<i>Ebitda Next Twelve Months ending 12/31/06 (US\$mm)</i>	1,320
<i>Rating</i>	Buy	<i>North American Natural Gas/Ebitda (%)</i>	-7
<i>Price (US\$/un)</i>	117.70	<i>Natural Gas and Oil Production/Ebitda (%)</i>	100
<i>Pricing Date</i>	1/10/06	<i>Adjusted Reserves/Production NTM</i>	20.0
<i>Units (mm)</i>	93	<i>EV/Ebitda</i>	9.5
<i>Market Capitalization (US\$mm)</i>	10,960	<i>PV/Ebitda</i>	10.8
<i>Debt (US\$mm)</i>	1,640	<i>Undeveloped Reserves (%)</i>	0
<i>Enterprise Value (EV) (US\$mm)</i>	12,600	<i>Natural Gas and Oil Ebitda (US\$/boe)</i>	35.64
<i>Present Value (PV) (US\$mm)</i>	14,300	<i>Present Value Proven Reserves(US\$/boe)</i>	13.36
<i>Net Present Value (US\$/unit)</i>	136	<i>Present Value Proven Reserves(US\$/mcfe)</i>	2.23
<i>Debt/Present Value</i>	0.11	<i>Earnings Next Twelve Months (US\$/un)</i>	10.64
<i>McDep Ratio - EV/PV</i>	0.88	<i>Price/Earnings Next Twelve Months</i>	11
<i>Dividend Yield (%/year)</i>	2.9	<i>Indicated Annual Dividend (US\$/un)</i>	3.43

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.

Summary and Recommendation

Buy-recommended **Canadian Oil Sands Trust (COSWF)** proceeds on schedule toward a mid-year commissioning of an approximate 50% capacity expansion. In March the stock's weighting in the Toronto Stock Exchange index would be doubled and in the second quarter a stock split is likely to be approved. At current futures prices for oil, debt would be down to management's target level in the third quarter. Fourth quarter 2006 cash flow would be more than C\$4 a unit and more than C\$3 after capital spending thus allowing a tripling of the quarterly distribution. The risk in the stock is mainly oil price. We see that as an opportunity for 16% appreciation potential to estimated net present value of US\$136 a share presuming a long-term oil price of US\$50 a barrel. Finally, there appear to be few better investments to capitalize on it, should our vision of US\$150 oil in 2010 materialize.

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Please see disclosures on the final page.

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

	<i>Q4</i>	<i>Q3</i>	<i>Q4E</i>	<i>Year</i>	<i>Q1E</i>	<i>Q2E</i>	<i>Q3E</i>	<i>Q4E</i>	<i>Next Twelve Months</i>
	<i>12/30/04</i>	<i>9/30/05</i>	<i>12/31/05</i>	<i>2005E</i>	<i>3/31/06</i>	<i>6/30/06</i>	<i>9/30/06</i>	<i>12/31/06</i>	<i>12/31/06</i>
Volume									
Syncrude (mmb)	21.0	21.9	20.8	78.1	22.5	22.8	27.6	29.4	102.3
Syncrude (mbd)	228	238	226	214	250	250	300	320	280
Days	92	92	92	365	90	91	92	92	365
Trust share (%)	34.3	36.1	35.5	35.7	35.5	35.5	35.5	35.5	35.5
Trust Oil (mmb)	7.20	7.91	7.37	27.9	7.99	8.07	9.80	10.45	36.3
Trust Oil (mbd)	78.3	85.9	80.2	76.5	88.7	88.7	106.5	113.6	99.5
Price									
WTI Cushing (US\$/bbl)	48.31	62.52	59.99	56.30	62.72	65.23	65.85	66.14	64.99
Currency (US\$/C\$)	0.82	0.83	0.86	0.83	0.86	0.86	0.86	0.86	0.86
WTI Cushing (C\$/bbl)	58.91	75.14	70.07	68.01	73.26	76.19	76.91	77.25	75.90
Differential	0.97	2.92		2.91					0.14
Trust Oil Price (C\$/bbl)	59.88	78.06	70.07	70.92	73.26	76.19	76.91	77.25	76.04
Henry Hub Nat Gas (US\$/mmt)	7.10	8.56	13.00	8.65	10.07	9.32	9.47	10.19	9.76
Henry Hub Nat Gas (C\$/mmt)	8.65	10.29	15.19	10.45	11.76	10.88	11.06	11.90	11.40
AECO Natural Gas (C\$/GJ)	6.40	8.31	12.26	8.49	9.49	8.85	8.99	9.67	9.25
Revenue (\$mm)									
Oil	431	617	517	1,979	585	615	753	807	2,761
Transportation & Marketing	(11)	(11)	(9)	(41)	(10)	(11)	(13)	(14)	(49)
Other	(0)	0	0	1	-	-	-	-	-
Total	421	606	508	1,939	575	604	740	793	2,711
Expense									
Production	118	138	138	559	143	129	157	167	596
Purchased Energy	35	49	68	194	57	37	46	52	192
Crown Royalties	6	6	5	20	6	97	122	131	356
Insurance	3	2	2	8	3	2	2	2	9
Administration	3	2	2	9	3	3	3	3	10
Taxes and Other	3	2	2	7	2	1	1	1	5
Total	169	198	217	796	213	269	330	356	1,168
Ebitda									
Deprec., Deplet., & Amort.	41	48	44	170	48	48	59	63	218
Oil Hedging	92								
Currency Hedging	(5)	(6)	(7)	(24)	(7)	(7)	(7)	(7)	(30)
Non-Production	16	20	20	73	22	22	22	22	88
Exchange on U.S. Debt	(50)	(61)		(41)					-
Future Income Tax	10	(8)		(13)					-
Ebit	148	414	234	977	299	272	337	359	1,267
Interest	26	26	26	105	27	27	27	27	109
Net Income (\$mm)									
Per Unit (\$)	1.34	4.13	2.25	9.40	2.94	2.64	3.32	3.56	12.45
Units (millions)									
Per Unit (\$)	123	368	252	989	320	294	368	395	1,377
Per Unit (\$)	1.33	3.96	2.73	10.66	3.45	3.16	3.95	4.23	14.79
Ratios									
Production (\$/bbl)	16.42	17.45	18.71	20.03	17.91	16.00	16.00	16.00	16.42
Purchased Energy (\$/bbl)	4.85	6.16	9.25	6.95	7.16	4.58	4.66	5.01	5.29
Prod&Purch En (\$/bbl)	21.27	23.61	27.96	26.98	25.07	20.58	20.66	21.01	21.71
Crown Royalties & Taxes	1%	1%	1%	1%	1%	16%	16%	16%	13%
Other Expense (\$/bbl)	0.42	0.22	0.23	0.24	0.25	0.12	0.10	0.10	0.14
Ebitda Margin	60%	67%	57%	59%	63%	55%	55%	55%	57%
Deprec., D,& A (\$/bbl)	5.72	6.10	6.00	6.11	6.00	6.00	6.00	6.00	6.00
Distribution									
	0.50	1.00	1.00	3.00	1.00	1.00	1.00	1.00	4.00

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