

Rating: Buy
S&P 500: 1489

Canadian Oil Sands Trust Record 375,000 Barrels Daily for August

<i>Symbol</i>	COSWF	<i>Ebitda Next Twelve Months ending 9/30/08 (US\$mm)</i>	1,910
<i>Rating</i>	Buy	<i>North American Natural Gas/Ebitda (%)</i>	-7
<i>Price (US\$/un)</i>	29.33	<i>Natural Gas and Oil Production/Ebitda (%)</i>	100
<i>Pricing Date</i>	9/4/07	<i>Adjusted Reserves/Production NTM</i>	20.9
<i>Units (mm)</i>	479	<i>EV/Ebitda</i>	8.1
<i>Market Capitalization (US\$mm)</i>	14,050	<i>PV/Ebitda</i>	10.5
<i>Debt (US\$mm)</i>	1,470	<i>Undeveloped Reserves (%)</i>	0
<i>Enterprise Value (EV) (US\$mm)</i>	15,520	<i>Natural Gas and Oil Ebitda (US\$/boe)</i>	39.85
<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>	2.97
<i>McDep Ratio - EV/PV</i>	0.77	<i>Price/Earnings Next Twelve Months</i>	10
<i>Distribution Yield (%/year)</i>	10.4	<i>Distribution Next Twelve Months (US\$/sh)</i>	3.05

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

Syncrude, the world's largest oil sands mine and upgrader, 37% owned by buy-recommended **Canadian Oil Sands Trust (COSWF)**, produced a record 375,000 barrels daily of high quality crude oil in the month of August. The amount exceeds rated capacity of 350,000 barrels daily that allows for maintenance downtime of which there was none last month. The record verifies the operational success of meeting a great engineering challenge that had many frustrating moments along the way. High volume operations and favorable oil pricing would generate estimated free cash flow of C\$0.94 a unit in the third quarter of 2007, up from our previous estimate of C\$0.87 (see table [Next Twelve Months Operating and Financial Estimates](#)). We think that would justify a doubling of the quarterly distribution to C\$0.80 a unit beginning with the declaration in October to be paid in November (not next January as we stated incorrectly in July). At the new rate, annual distribution yield would be more than 10% and may last indefinitely subject to oil price that may have further gains ahead. Physical quality of the asset is unbeatable as it was built at historical cost before the multiplying of engineering and construction charges and is managed with the global expertise of partner owners **ExxonMobil (XOM)**, **ConocoPhillips (COP)** and **Petro-Canada (PCZ)**.

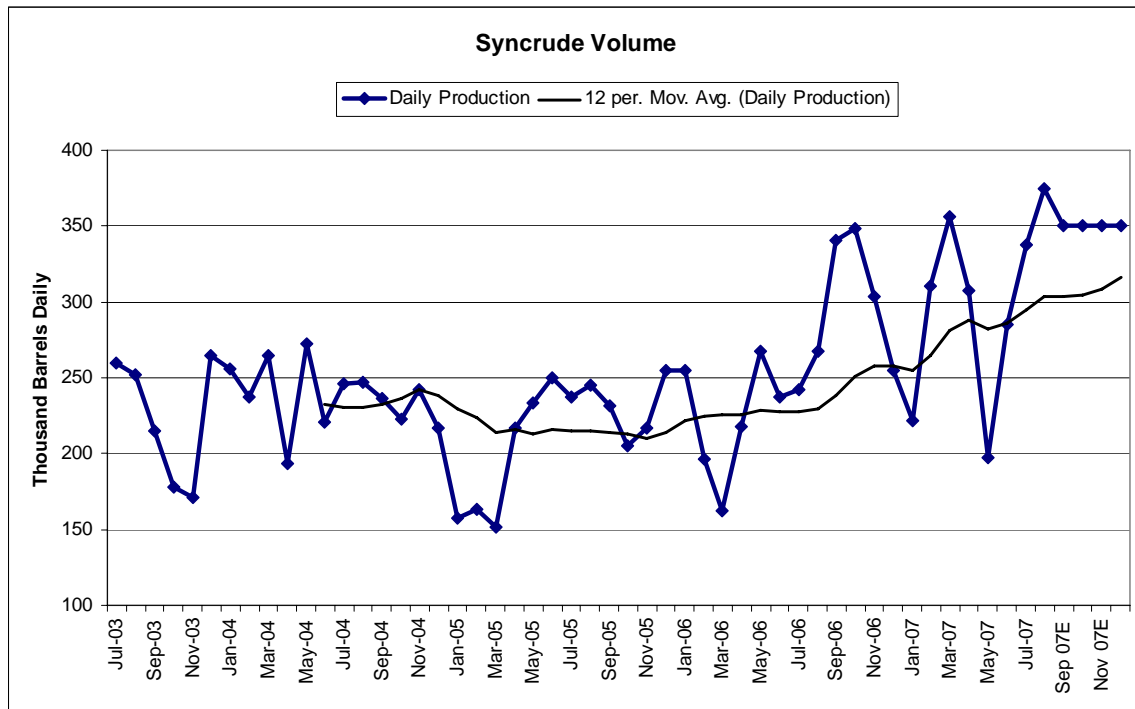
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Canadian Oil Sands Trust
Next Twelve Months Operating and Financial Estimates
(Canadian Dollars)

	<i>Q3</i>	<i>Q2</i>	<i>Q3E</i>	<i>Q4E</i>	<i>Year</i>	<i>Q1E</i>	<i>Q2E</i>	<i>Q3E</i>	<i>Next Twelve Months</i>
	<i>9/30/06</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>9/30/08</i>	<i>9/30/08</i>
Volume									
Syncrude (mmb)	26.0	23.9	32.6	32.2	115.3	31.9	31.9	32.2	128.1
Syncrude (mbd)	283	263	354	350	316	350	350	350	350
Days	92	91	92	92	365	91	91	92	366
Trust share (%)	33.7	37.6	36.7	36.7	36.9	36.7	36.7	36.7	36.7
Trust Oil (mmb)	8.78	8.98	11.98	11.83	42.6	11.70	11.70	11.83	47.1
Trust Oil (mbd)	95.4	98.7	130.2	128.6	116.7	128.6	128.6	128.6	128.6
Price									
WTI Cushing (US\$/bbl)	70.42	64.91	73.48	73.27	67.43	71.39	70.59	70.17	71.36
Currency (US\$/C\$)	0.89	0.91	0.95	0.95	0.92	0.95	0.95	0.95	0.95
WTI Cushing (C\$/bbl)	79.12	71.25	77.10	76.89	73.31	74.91	74.07	73.63	74.87
Differential	0.04	5.16	5.59	5.57	4.72	4.82	4.76	4.74	4.98
Trust Oil Price (C\$/bbl)	79.17	76.41	82.69	82.46	78.03	79.73	78.83	78.36	79.85
Henry Hub Nat Gas (US\$/mmbtu)	6.58	7.56	6.16	6.44	6.74	7.76	7.29	7.51	7.25
Henry Hub Nat Gas (C\$/mmbtu)	7.40	8.29	6.46	6.75	7.33	8.15	7.65	7.88	7.61
AECO Natural Gas (C\$/GJ)	5.42	6.78	5.28	5.52	6.14	6.66	6.25	6.44	6.22
Revenue (\$mm)									
Oil	695	686	990	976	3,324	933	922	927	3,758
Transportation & Marketing	9				-				-
Other	(9)				2				-
Total	695	686	990	976	3,326	933	922	927	3,758
Expense									
Production	133	215	215	215	816	215	215	215	859
Purchased Energy	40	56	60	62	237	73	69	72	275
Crown Royalties	115	89	158	154	495	140	139	139	572
Insurance	1	1	1	1	6	2	2	2	7
Administration	3	6	6	6	22	6	6	6	24
Taxes and Other	(1)	-	3	3	7	3	3	3	12
Total	291	367	443	440	1,583	439	433	437	1,750
Ebitda									
Deprec., Deplet., & Amort.	70	77	96	95	349	94	94	95	377
Oil Hedging									
Currency Hedging	(3)	(4)	(8)	(8)	(22)	(8)	(8)	(8)	(32)
Non-Production	11	15	20	20	73	20	20	20	80
Exchange on U.S. Debt	(1)	(63)			(70)				-
Future Income Tax	13	665			627				-
Ebit									
Interest	24	23	23	23	93	23	23	23	92
Net Income (\$mm)									
Per Unit (\$)	0.60	(0.82)	0.87	0.85	1.45	0.76	0.75	0.75	3.11
Units (millions)									
Per Unit (\$)	0.77	0.68	1.05	1.03	3.34	0.94	0.93	0.93	3.90
Cash Flow (\$mm)									
Capital Expend (C\$/unit)		0.11	0.11	0.11	0.40	0.11	0.11	0.11	0.44
Free Cash Flow (C\$/unit)		0.57	0.94	0.92	2.78	0.83	0.82	0.82	3.39
Ratios									
Production (\$/bbl)	15.09	23.92	17.94	18.16	19.15	18.36	18.36	18.16	18.26
Purchased Energy (\$/bbl)	4.61	6.25	4.98	5.21	5.57	6.26	5.88	6.06	5.85
Prod&Purch En (\$/bbl)	19.70	30.17	22.92	23.37	24.72	24.62	24.24	24.22	24.11
Crown Royalties & Taxes	17%	13%	16%	16%	15%	15%	15%	15%	15%
Other Expense (\$/bbl)	(0.11)	-	0.25	0.25	0.16	0.26	0.26	0.25	0.25
Ebitda Margin	58%	47%	55%	55%	52%	53%	53%	53%	53%
Deprec., D,& A (\$/bbl)	7.97	8.57	8.00	8.00	8.20	8.00	8.00	8.00	8.00
Distribution									
	0.30	0.40	0.40	0.80	1.90	0.80	0.80	0.80	3.20

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