

Rating: Buy
S&P 500: 1302

Canadian Oil Sands Trust Distribution Increased 50%

| | | | |
|--------------------------------------|---------|---|-------|
| <i>Symbol</i> | COSWF | <i>Ebitda Next Twelve Months ending 3/31/07 (US\$m)</i> | 1,570 |
| <i>Rating</i> | Buy | <i>North American Natural Gas/Ebitda (%)</i> | -8 |
| <i>Price (US\$/un)</i> | 154.06 | <i>Natural Gas and Oil Production/Ebitda (%)</i> | 100 |
| <i>Pricing Date</i> | 4/25/06 | <i>Adjusted Reserves/Production NTM</i> | 20.0 |
| <i>Units (mm)</i> | 93 | <i>EV/Ebitda</i> | 10.2 |
| <i>Market Capitalization (US\$m)</i> | 14,380 | <i>PV/Ebitda</i> | 9.2 |
| <i>Debt (US\$m)</i> | 1,710 | <i>Undeveloped Reserves (%)</i> | 0 |
| <i>Enterprise Value (EV) (US\$m)</i> | 16,090 | <i>Natural Gas and Oil Ebitda (US\$/boe)</i> | 39.85 |
| <i>Present Value (PV) (US\$m)</i> | 14,400 | <i>Present Value Proven Reserves(US\$/boe)</i> | 13.46 |
| <i>Net Present Value (US\$/unit)</i> | 136 | <i>Present Value Proven Reserves(US\$/mcf)</i> | 2.24 |
| <i>Debt/Present Value</i> | 0.12 | <i>Earnings Next Twelve Months (US\$/un)</i> | 11.63 |
| <i>McDep Ratio - EV/PV</i> | 1.12 | <i>Price/Earnings Next Twelve Months</i> | 13 |
| <i>Distribution Yield (%/year)</i> | 5.2 | <i>Distribution Next Twelve Months (US\$/un)</i> | 7.95 |

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

Reporting first quarter results, management of buy-recommended **Canadian Oil Sands Trust (COSWF)** announced a surprise 50% increase in quarterly distribution. The stock begins trading on a 5:1 post-unit split basis on May 1 (the tables in this analysis are on the pre-split basis). We project continuing distribution increases through the period of our next twelve months estimates. A 50% capacity expansion is on track with possible operations at the full rate for short periods in the next few months. Meanwhile COSWF stock has surpassed our estimate of net present value of US\$136 presuming a long-term oil price of \$50 a barrel. Our past sensitivity estimates indicated net present value of US\$177 at \$60 a barrel. Six-year futures are currently \$72 and climbing.

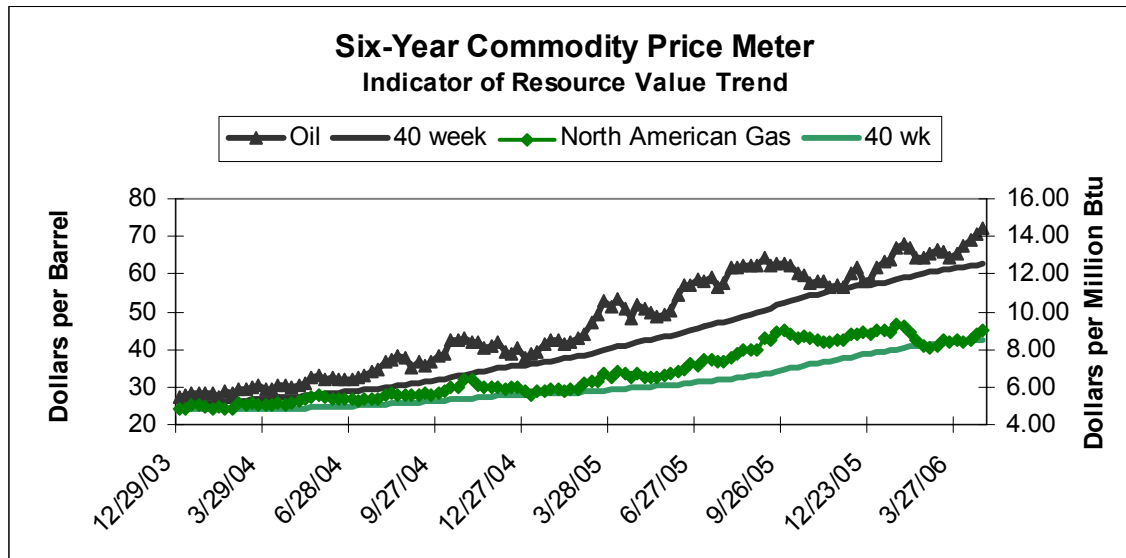
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Canadian Oil Sands Trust
Next Twelve Months Operating and Financial Estimates
 (Canadian Dollars)

| | <i>Q1</i> | <i>Q4</i> | <i>Year</i> | <i>Q1</i> | <i>Q2E</i> | <i>Q3E</i> | <i>Q4E</i> | <i>Year</i> | <i>Q1E</i> | <i>Next</i> |
|------------------------------|----------------|-----------------|--------------|----------------|----------------|----------------|-----------------|--------------|----------------|----------------|
| | <i>3/31/05</i> | <i>12/31/05</i> | <i>2005</i> | <i>3/31/06</i> | <i>6/30/06</i> | <i>9/30/06</i> | <i>12/31/06</i> | <i>2006E</i> | <i>3/31/07</i> | <i>Twelve</i> |
| | | | | | | | | | | <i>Months</i> |
| | | | | | | | | | | <i>3/31/07</i> |
| Volume | | | | | | | | | | |
| Syncrude (mmb) | 14.2 | 20.8 | 78.1 | 18.0 | 24.0 | 29.0 | 29.0 | 100.0 | 27.0 | 109.0 |
| Syncrude (mbd) | 157 | 226 | 214 | 200 | 264 | 315 | 315 | 274 | 300 | 299 |
| Days | 90 | 92 | 365 | 90 | 91 | 92 | 92 | 365 | 90 | 365 |
| Trust share (%) | 38.0 | 34.7 | 35.5 | 37.4 | 35.5 | 35.5 | 35.5 | 35.8 | 35.5 | 35.5 |
| Trust Oil (mmb) | 5.39 | 7.21 | 27.7 | 6.74 | 8.53 | 10.29 | 10.29 | 35.8 | 9.58 | 38.7 |
| Trust Oil (mbd) | 59.9 | 78.3 | 76.0 | 74.9 | 93.8 | 111.8 | 111.8 | 98.2 | 106.5 | 106.0 |
| Price | | | | | | | | | | |
| WTI Cushing (US\$/bbl) | 49.65 | 60.02 | 56.31 | 63.33 | 72.20 | 75.16 | 75.97 | 71.66 | 75.97 | 74.82 |
| Currency (US\$/C\$) | 0.82 | 0.85 | 0.83 | 0.87 | 0.88 | 0.88 | 0.88 | 0.88 | 0.88 | 0.88 |
| WTI Cushing (C\$/bbl) | 60.85 | 70.61 | 68.15 | 72.79 | 81.71 | 85.06 | 85.97 | 81.38 | 85.97 | 84.68 |
| Differential | 3.36 | 1.71 | 3.36 | (2.33) | - | - | - | 0.39 | - | 0.11 |
| Trust Oil Price (C\$/bbl) | 64.21 | 72.32 | 71.51 | 70.46 | 81.71 | 85.06 | 85.97 | 81.78 | 85.97 | 84.79 |
| Henry Hub Nat Gas (US\$/mmb) | 6.27 | 13.00 | 8.65 | 8.97 | 7.53 | 8.24 | 9.99 | 8.68 | 11.99 | 9.44 |
| Henry Hub Nat Gas (C\$/mmbt) | 7.68 | 15.30 | 10.47 | 10.31 | 8.52 | 9.33 | 11.31 | 9.86 | 13.57 | 10.68 |
| AECO Natural Gas (C\$/GJ) | 6.45 | 10.73 | 8.11 | 7.42 | 6.60 | 7.23 | 8.76 | 7.50 | 10.52 | 8.28 |
| Revenue (\$mm) | | | | | | | | | | |
| Oil | 346 | 521 | 1,984 | 475 | 697 | 875 | 884 | 2,931 | 824 | 3,280 |
| Transportation & Marketing | (8) | (9) | (40) | (9) | (13) | (17) | (17) | (56) | (16) | (62) |
| Other | 0 | 0 | 1 | (0) | (0) | (0) | (0) | (1) | | (0) |
| Total | 338 | 513 | 1,944 | 466 | 684 | 858 | 867 | 2,875 | 808 | 3,217 |
| Expense | | | | | | | | | | |
| Production | 170 | 113 | 534 | 215 | 137 | 165 | 165 | 681 | 192 | 657 |
| Purchased Energy | 36 | 71 | 197 | 56 | 48 | 63 | 77 | 243 | 86 | 273 |
| Crown Royalties | 3 | 5 | 19 | 5 | 100 | 133 | 132 | 369 | 108 | 472 |
| Insurance | 3 | 3 | 9 | 2 | 2 | 2 | 2 | 8 | 2 | 8 |
| Administration | 2 | 5 | 12 | 5 | 5 | 5 | 5 | 20 | 4 | 19 |
| Taxes and Other | 2 | 3 | 8 | 2 | 2 | 2 | 2 | 8 | 2 | 8 |
| Total | 216 | 200 | 779 | 285 | 293 | 369 | 382 | 1,329 | 393 | 1,437 |
| Ebitda | 122 | 313 | 1,165 | 181 | 391 | 489 | 486 | 1,546 | 415 | 1,780 |
| Deprec., Deplet., & Amort. | 31 | 72 | 198 | 50 | 85 | 103 | 103 | 341 | 96 | 387 |
| Oil Hedging | | | | | | | | | | |
| Currency Hedging | (5) | (7) | (23) | (7) | (8) | (8) | (8) | (32) | (8) | (33) |
| Non-Production | 12 | 32 | 85 | 25 | 25 | 25 | 25 | 100 | 25 | 100 |
| Exchange on U.S. Debt | 5 | 4 | (37) | 2 | | | | 2 | | - |
| Future Income Tax | (5) | 14 | 1 | (5) | | | | (5) | | - |
| Ebit | 85 | 198 | 941 | 116 | 289 | 369 | 366 | 1,140 | 303 | 1,327 |
| Interest | 26 | 25 | 104 | 25 | 25 | 25 | 25 | 100 | 23 | 98 |
| Net Income (\$mm) | 59 | 173 | 838 | 91 | 264 | 344 | 341 | 1,040 | 280 | 1,229 |
| Per Unit (\$) | 0.64 | 1.87 | 9.02 | 0.98 | 2.84 | 3.69 | 3.65 | 11.16 | 2.98 | 13.16 |
| Units (millions) | 91.5 | 92.3 | 92.8 | 92.6 | 92.9 | 93.2 | 93.5 | 93.2 | 93.8 | 93.4 |
| Cash Flow (\$mm) | 93 | 264 | 1,000 | 141 | 349 | 447 | 444 | 1,378 | 375 | 1,615 |
| Per Unit (\$) | 1.02 | 2.86 | 10.77 | 1.52 | 3.76 | 4.80 | 4.75 | 14.79 | 4.00 | 17.30 |
| Ratios | | | | | | | | | | |
| Production (\$/bbl) | 31.53 | 15.64 | 19.24 | 31.93 | 16.00 | 16.00 | 16.00 | 19.00 | 20.00 | 16.99 |
| Purchased Energy (\$/bbl) | 6.59 | 9.89 | 7.10 | 8.25 | 5.61 | 6.14 | 7.45 | 6.79 | 8.94 | 7.06 |
| Prod&Purch En (\$/bbl) | 38.12 | 25.54 | 26.34 | 40.19 | 21.61 | 22.14 | 23.45 | 25.78 | 28.94 | 24.06 |
| Crown Royalties & Taxes | 1% | 1% | 1% | 1% | 14% | 15% | 15% | 13% | 13% | 14% |
| Other Expense (\$/bbl) | 0.45 | 0.42 | 0.29 | 0.30 | 0.23 | 0.19 | 0.19 | 0.22 | 0.23 | 0.21 |
| Ebitda Margin | 36% | 61% | 60% | 39% | 57% | 57% | 56% | 54% | 51% | 55% |
| Deprec., D.& A (\$/bbl) | 5.81 | 9.99 | 7.15 | 7.41 | 10.00 | 10.00 | 10.00 | 9.51 | 10.00 | 10.00 |
| Distribution | 0.50 | 1.00 | 3.00 | 1.50 | 1.50 | 2.00 | 2.50 | 7.50 | 3.00 | 9.00 |

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