

Corrected for currency 10/15/04

Rating: Buy
S&P 500: 1103

Canadian Oil Sands Trust

Raise Present Value to US\$72 a Unit

| | | | |
|---------------------------------------|----------|--|-------|
| <i>Symbol</i> | COSWF | <i>Ebitda Next Twelve Months ending 9/30/05 (US\$mm)</i> | 1,060 |
| <i>Rating</i> | Buy | <i>North American Natural Gas/Ebitda (%)</i> | -7 |
| <i>Price (US\$/sh)</i> | 48.16 | <i>Natural Gas and Oil Production/Ebitda (%)</i> | 100 |
| <i>Pricing Date</i> | 10/14/04 | <i>Adjusted Reserves/Production NTM</i> | 20.0 |
| <i>Shares (mm)</i> | 93 | <i>EV/Ebitda</i> | 5.6 |
| <i>Market Capitalization (US\$mm)</i> | 4,500 | <i>PV/Ebitda</i> | 7.7 |
| <i>Debt (US\$mm)</i> | 1,400 | <i>Undeveloped Reserves (%)</i> | 10 |
| <i>Enterprise Value (EV) (US\$mm)</i> | 5,900 | <i>Natural Gas and Oil Ebitda (US\$/boe)</i> | 32.89 |
| <i>Present Value (PV) (US\$mm)</i> | 8,100 | <i>Present Value Proven Reserves(US\$/boe)</i> | 7.57 |
| <i>Net Present Value (US\$/share)</i> | 72 | <i>Present Value Proven Reserves(US\$/mcf)</i> | 1.26 |
| <i>Debt/Present Value</i> | 0.17 | <i>Earnings Next Twelve Months (US\$/sh)</i> | 7.66 |
| <i>McDep Ratio - EV/PV</i> | 0.73 | <i>Price/Earnings Next Twelve Months</i> | 6 |
| <i>Dividend Yield (%/year)</i> | 3.3 | <i>Indicated Annual Dividend (US\$/sh)</i> | 1.59 |

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

We raise our estimate of net present value to US\$72 a unit from US\$62 for buy-recommended Canadian Oil Sands Trust. The new estimate presumes a constant real oil price of US\$35 a barrel. The US\$72 a unit conclusion was presented in our earlier analysis (see *Stock Idea, Canadian Oil Sands Trust*, July 29, 2004, corrected for currency). Over the past three months we have confirmed a rough consistency of estimates in separate detailed analyses of 28 natural gas and oil producers. At the same time, the average futures price for oil to be delivered over the next six years has increased to about \$43 a barrel from about \$35 in late July. That lends further weight to an estimate that ranks Canadian Oil Sands Trust among the stocks with the most appreciation potential measured by the McDep Ratio. Of course, no one can be certain of future oil price or most other relevant political, economic, financial, industry and business parameters.

Kurt H. Wulff, CFA

Please see disclosures on the final page.

Disclaimer: This analysis was prepared by Kurt Wulff doing business as McDep Associates. The firm used sources and data believed to be reliable, but makes no representation as to their accuracy or completeness. This analysis is intended for informational purposes and is not a solicitation to buy or sell a security. Past performance is no guarantee of future results.

McDep does no investment banking business. McDep is not paid by covered companies including revenue from advertising, trading, consulting, subscriptions or research service. McDep shall not own more than 1% of outstanding stock in a covered company. No one at McDep is on the Board of Directors at a covered company nor is anyone at a covered company on the Board of Directors of McDep.

McDep or its employees may take positions in stocks the firm covers for research purposes. No trades in a subject stock shall be made within a week before or after a change in recommendation.

Certification: I, Kurt H. Wulff, certify that the views expressed in this research analysis accurately reflect my personal views about the subject securities and issuers. No part of my compensation was, is, or will be directly or indirectly related to the specific recommendations or views contained in this research analysis.

Research Methodology/Ratings Description: McDep Associates is an independent research originator focused on oil and gas stocks exclusively. The firm applies the thirty years of experience of its analyst to estimate a present value of the oil and gas resources and other businesses of covered companies. That value is compared with a company's stock market capitalization and debt. Stocks with low market cap and debt relative to present value tend to outperform stocks with high market cap and debt relative to present value. Buy recommendations are expected to deliver a total return better than 7% per year above inflation. Hold recommendations assume the attributes of the underlying business are reflected in the current price of the stock. Sell recommendations are expected to deliver a negative total return less than 7% per year including the effects of inflation.