first quarter report

Canadian Oil Sands Trust announces 2010 first quarter results

All financial figures are unaudited and in Canadian dollars unless otherwise noted.

TSX - COS.UN

Calgary, Alberta (April 29, 2010) – Canadian Oil Sands Trust ("Canadian Oil Sands", the "Trust" or "we") today announced first quarter 2010 cash from operating activities of $309 million ($0.64 per Unit) compared with $50 million ($0.10 per Unit) in the same quarter in 2009. The increase in cash from operating activities was mainly due to higher crude oil prices and a decrease in non-cash working capital, partially offset by higher Crown royalties. Net income for the first quarter was $167 million ($0.35 per Unit) compared with $43 million ($0.09 per Unit) for the 2009 first quarter. The increase in net income was mainly due to higher crude oil prices and foreign exchange gains, partially offset by higher Crown royalties. The Trust has declared a distribution of $0.50 per Unit payable on May 31, 2010 to Unitholders of record on May 20, 2010.

"With an improvement in our outlook for crude oil prices, we have increased the distribution to $0.50 per Unit for the second quarter of 2010. The increase also reflects our stated objective of optimizing our tax position at the end of this year. While this level of distributions may be unsustainable, it makes sense in the near term," said Marcel Coutu, President and Chief Executive Officer. "It also returns cash to our investors in the short term without materially changing our estimated year-end net debt level."

During the first quarter of 2010, sales volumes averaged about 99,000 barrels per day compared with 103,000 barrels per day for the first quarter of 2009. The advancement and extension of a turnaround of the LC Finer and associated upgrading units and unplanned maintenance on other units reduced sales volumes in the first quarter of 2010 while first quarter 2009 sales volumes were impacted by constrained bitumen supply and the start of the Coker 8-3 turnaround.

Operating costs in the first quarter of 2010 were $39.59 per barrel compared with $38.78 per barrel in the 2009 period. First quarter 2010 operating costs were impacted by turnaround and unplanned maintenance work, similar to the 2009 first quarter when increased maintenance costs for mining activities and the start of the Coker 8-3 turnaround contributed to higher costs.

Syncrude's total recordable injury rate for the first quarter of 2010 was 0.39 compared with a rate of 0.41 for the same period of 2009.

On April 23, 2010 the ERCB approved, with conditions, Syncrude's revised tailing pond plans submitted in September 2009 under Tailings Directive 074. These plans outline a multi-pronged approach for meeting the long-term intent of Directive 074, and include the development and implementation of three main tailings technologies: water capping, composite tails and centrifuge technology. Issued by the ERCB in February 2009, Tailings Directive 074: Tailings Performance Criteria and Requirements for Oil Sands Mining Schemes requires operators to prepare tailings plans and report on tailings ponds annually, reduce the solids content of fluid tailings through the capture of fine particles from the production process in dedicated disposal areas, and convert fines into trafficable deposits which are ready for reclamation five years after deposits have ceased. The Directive sets out very challenging targets and goals for the oil sands mining industry. Syncrude is the first operating mine to receive such an approval, and assuming the success of its developing technologies, expects to meet and exceed the requirements of the Directive.

The Trust's 2010 outlook estimates Syncrude production of 115 million barrels (42.3 million barrels, net to the Trust), with a revised production range of 110 million to 118 million barrels. Operating costs are estimated at approximately $35 per barrel, with capital expenditures totaling $532 million. Based on the Trust's assumption of WTI crude oil averaging U.S. $80 per barrel in 2010, together with the other assumptions outlined in our outlook, we are estimating cash from operating activities of $1,273 million, or $2.63 per Unit in 2010.

More information on the Trust's outlook is provided in the MD&A section of this report and the April 29, 2010 guidance document, which is available on our web site at www.cos-trust.com under "Investor".

Canadian Oil Sands Trust's Annual and Special Meeting of Unitholders will be held on April 29, 2010 at 2:30 p.m. (Mountain Daylight Time) in The Metropolitan Conference Centre, The Ballroom, 333 Fourth Avenue SW, Calgary, Alberta. A live audio Web cast of the meeting will be available on our web site at http://www.cos-trust.com/investor/EventsAndWebcasts. An archive of the Web cast will be available approximately one hour following the meeting.

At the Annual and Special Meeting of Unitholders, Canadian Oil Sands is seeking Unitholder approval for the Arrangement to convert from a trust structure to a corporation. As part of the Arrangement, Canadian Oil Sands described the dividend policy following its transition to a corporate structure. Based on current conditions, Canadian Oil Sands expects its approach to dividend payments to be very similar to its management of distribution payments as a Trust. Accordingly, dividends that Canadian Oil Sands may pay following its conversion to a corporate structure are expected to vary, reflecting changes in crude oil prices, economic conditions, Syncrude's operating performance and our operating and investing obligations. The taxability of Canadian Oil Sands after conversion also will impact cash from operating activities in future periods.

During 2010 the Trust is expecting to pay distributions in excess of its forecasted cash from operating activities less its capital expenditures in order to optimize the tax pools available to it post conversion; therefore, the current distribution is not sustainable at our current forecast crude oil price and production levels. The Trust may look to reduce net debt in advance of its increasing capital program over the next several years. This would likely require distribution reductions from current levels unless there is a significant increase in cash from operating activities.

CANADIAN OIL SANDS TRUST
Highlights

(millions of Canadian dollars, except per Trust unit and per barrel volume amounts)		**Three Months Ended March 31** 2010		2009
Net Income	$	167	$	43
Per Trust unit - Basic	$	0.35	$	0.09
Cash from (used in) Operating Activities	$	309	$	50
Per Trust unit	$	0.64	$	0.10
Unitholder Distributions	$	170	$	72
Per Trust unit	$	0.35	$	0.15
Sales Volumes [1]				
Total (MMbbls)		8.9		9.3
Daily average (bbls)		99,286		102,825
Operating Costs ($/bbl)	$	39.59	$	38.78
Net Realized SCO Selling Price ($/bbl)	$	82.06	$	55.32
West Texas Intermediate (average $US/bbl) [2]	$	78.88	$	43.31

(1) The Trust's sales volumes differ from its production volumes due to changes in inventory, which are primarily in-transit pipeline volumes, and are net of purchased crude oil volumes.

(2) Pricing obtained from Bloomberg.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following Management's Discussion and Analysis ("MD&A") was prepared as of April 29, 2010 and should be read in conjunction with the unaudited interim consolidated financial statements of Canadian Oil Sands Trust ("Canadian Oil Sands" or the "Trust") for the three months ended March 31, 2010 and March 31, 2009, and the audited consolidated financial statements and MD&A of the Trust for the year ended December 31, 2009 and the Trust's Annual Information Form ("AIF") dated March 22, 2010. Additional information on the Trust, including its AIF, is available on SEDAR at www.sedar.com or on the Trust's website at www.cos-trust.com. The Trust's financial results have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP") and are reported in Canadian dollars, unless stated otherwise.

ADVISORY- in the interest of providing the Trust's Unitholders and potential investors with information regarding the Trust, including management's assessment of the Trust's future production and cost estimates, plans and operations, certain statements throughout this MD&A and the related press release contain "forward-looking statements" under applicable securities law. Forward-looking statements in this MD&A include, but are not limited to, statements with respect to the cost estimate for the Sulphur Emissions Reduction project and the expectation that the Sulphur Emissions Reduction project will significantly reduce total sulphur dioxide and other emissions; the completion date for the Sulphur Emissions Reduction project; future distributions and any increase or decrease from current payment amounts; the Trust's plans with regard to its net debt level by the end of 2010 and beyond; plans regarding crude oil hedges and currency hedges in the future; the expected production, revenues and operating costs for 2010; the expected level of sustaining capital for the next few years and longer term; the expectations regarding capital expenditures and operating costs; the plans regarding conversion to a corporate structure and the timing of seeking Unitholder approval; the plans and expected impact of adopting International Financial Reporting Standards; the expected impact of any current and future environmental legislation, including without limitation, regulations relating to tailings; the expectation that there will be material funding increases relative to Syncrude's future reclamation costs and pension funding for the next year; the expected realized selling price, which includes the anticipated differential to WTI, to be received in 2010 for Canadian Oil Sands' product; the potential amount payable in respect of any future income tax liability; the level of energy consumption in 2010 and beyond; capital expenditures for 2010; the level of natural gas consumption in 2010 and beyond; the expected price for crude oil and natural gas in 2010, and the anticipated impact that certain factors such as natural gas and oil prices, foreign exchange and operating costs have on the Trust's cash from operating activities and net income. You are cautioned not to place undue reliance on forward-looking statements, as there can be no assurance that the plans, intentions or expectations upon which they are based will occur. By their nature, forward-looking statements involve numerous assumptions, known and unknown risks and uncertainties, both general and specific, that contribute to the possibility that the predictions, forecasts, projections and other forward-looking statements will not occur. Although the Trust believes that the expectations represented by such forward-looking statements are reasonable, there can be no assurance that such expectations will prove to be correct. Some of the risks and other factors which could cause results to differ materially from those expressed in the forward-looking statements contained in this MD&A include, but are not limited to: the impacts of regulatory changes especially as such relate to royalties, taxation, and environmental charges; the impact of technology on operations and processes and how new complex technology may not perform as expected; skilled labour shortages and the productivity achieved from labour in the Fort McMurray area; the supply and demand metrics for oil and natural gas; the impact that pipeline capacity and refinery demand have on prices for our products; the unanimous joint venture owner approval for major expansions; the variances of stock market activities generally; global economic environment/volatility of markets; normal risks associated with litigation, general economic, business and market conditions; the impact of any decisions rendered by a court in relation to litigation including without limitation, any decision relating to the trial against Syncrude Canada Ltd. relating to the 2008 waterfowl incident; regulatory change, and such other risks and uncertainties described from time to time in the Trust's Annual Information Form dated March 22, 2010 and in the reports and filings made with securities regulatory authorities by the Trust as well as those assumptions outlined in the Trust's guidance document being correct. You are cautioned that the foregoing list of important factors is not exhaustive. No assurance can be given that the final legislation implementing the federal tax changes regarding income trusts will not be further changed in a manner which adversely affects the Trust and its Unitholders. Furthermore, the forward-looking statements contained in this MD&A are made as of the date of this MD&A, and unless required by law, the Trust does not undertake any obligation to update publicly or to revise any of the included forward-looking statements, whether as a result of new information, future events or otherwise. The forward-looking statements contained in this MD&A are expressly qualified by this cautionary statement.

REVIEW OF SYNCRUDE OPERATIONS

During the first quarter of 2010, crude oil production from the Syncrude Joint Venture ("Syncrude") totaled 24.2 million barrels, or 269,000 barrels per day, compared with 24.6 million barrels, or 274,000 barrels per day, during the same period of 2009. Net to the Trust, production totaled 8.9 million barrels in the first quarter of 2010 compared with 9.0 million barrels in the first quarter of 2009, based on our 36.74 per cent working interest.

Production volumes in the first quarter of 2010 reflect the turnaround advancement and extension on the LC Finer and associated upgrading units and unplanned maintenance on other units. The turnaround work was originally scheduled for the second quarter of 2010. By comparison, production during the first quarter of 2009 was impacted by constrained bitumen production and the start of the Coker 8-3 turnaround.

Canadian Oil Sands' operating costs were $354 million, or $39.59 per barrel, in the first quarter of 2010, compared to $359 million, or $38.78 per barrel, in the same quarter of 2009. (see the "Operating costs" section of this MD&A for further discussion).

Syncrude's facilities have the design capability to produce approximately 375,000 barrels per day when operating at full capacity under optimal conditions and with no downtime for maintenance or turnarounds. The average design capacity is 350,000 barrels per day when allowances for scheduled maintenance and turnaround activities are included. The Trust's production volumes differ from its sales volumes due to changes in inventory, which are primarily in-transit pipeline volumes.

SUMMARY OF QUARTERLY RESULTS

($ millions, except per Trust Unit and volume amounts)	2010 Q1	2009 Q4	2009 Q3	2009 Q2	2009 Q1	2008 Q4	2008 Q3	2008 Q2
Revenues [1]	$ 734	$ 863	$ 773	$ 467	$ 512	$ 704	$ 1,381	$ 1,177
Net income (loss)	$ 167	$ 96	$ 247	$ 46	$ 43	$ 124	$ 604	$ 497
Per Trust Unit, Basic & Diluted	$ 0.35	$ 0.20	$ 0.51	$ 0.10	$ 0.09	$ 0.26	$ 1.25	$ 1.04
Cash from operating activities	$ 309	$ 328	$ 213	$ (44)	$ 50	$ 466	$ 921	$ 413
Per Trust Unit [2]	$ 0.64	$ 0.68	$ 0.44	$ (0.09)	$ 0.10	$ 0.97	$ 1.91	$ 0.86
Unitholder distributions	$ 170	$ 169	$ 121	$ 73	$ 72	$ 361	$ 602	$ 481
Per Trust Unit	$ 0.35	$ 0.35	$ 0.25	$ 0.15	$ 0.15	$ 0.75	$ 1.25	$ 1.00
Daily average sales volumes (bbls) [3]	99,286	119,287	114,544	75,553	102,825	110,197	116,656	97,744
Net realized SCO selling price ($/bbl) [4]	$ 82.06	$ 78.67	$ 73.31	$ 67.92	$ 55.32	$ 69.40	$ 127.55	$ 131.32
Operating costs ($/bbl) [5]	$ 39.59	$ 30.18	$ 27.80	$ 50.23	$ 38.78	$ 32.10	$ 32.15	$ 41.92
Purchased natural gas price ($/GJ)	$ 4.95	$ 4.33	$ 2.90	$ 3.09	$ 4.96	$ 6.41	$ 7.86	$ 9.38
West Texas Intermediate (avg. US$/bbl) [6]	$ 78.88	$ 76.13	$ 68.24	$ 59.79	$ 43.31	$ 59.08	$ 118.22	$ 123.80
Foreign exchange rates (US$/Cdn$):								
Average	$ 0.96	$ 0.95	$ 0.91	$ 0.86	$ 0.80	$ 0.83	$ 0.96	$ 0.99
Quarter-end	$ 0.98	$ 0.96	$ 0.93	$ 0.86	$ 0.79	$ 0.82	$ 0.94	$ 0.98

(1) Revenues after crude oil purchases and transportation expense.

(2) Cash from operating activities per Trust Unit is a non-GAAP measure that is derived from cash from operating activities reported on the Trust's Consolidated Statements of Cash Flows divided by the weighted-average number of Trust Units outstanding in the period, as used in the Trust's net income per Unit calculations.

(3) Daily average sales volumes after crude oil purchases.

(4) Net realized SCO selling price after foreign currency hedging.

(5) Derived from operating costs, as reported on the Trust's Consolidated Statements of Income and Comprehensive Income, divided by the sales volumes during the period.

(6) Pricing obtained from Bloomberg.

During the last eight quarters, the following items have had a significant impact on the Trust's financial results:

- Fluctuations in U.S. dollar WTI oil prices have impacted the Trust's revenues, Crown royalties, net income and cash from operating activities;
- Net income was reduced in the fourth quarter of 2009 by $148 million due to an impairment charge and goodwill write-down on the Arctic natural gas assets;
- Planned and unplanned maintenance activities as well as turnarounds have impacted quarterly production volumes, sales revenues and operating costs;
- U.S. to Canadian dollar exchange rate fluctuations have resulted in foreign exchange gains and losses on the revaluation of U.S. dollar denominated debt and have impacted commodity pricing; and
- Tax rate reductions substantively enacted in the first quarter of 2009 resulted in additional future income tax recoveries of $63 million.

Quarterly variances in revenues, net income, and cash from operating activities are caused mainly by fluctuations in crude oil prices, production and sales volumes, operating costs and natural gas prices. Net income also is impacted by unrealized foreign exchange gains and losses, impairment charges and by future income tax amounts. While the supply/demand balance for crude oil affects selling prices, the impact of this equation is difficult to predict and quantify and has not displayed significant seasonality.

Natural gas prices are typically higher in winter months as heating demand rises, but this seasonality is influenced by weather conditions and North American natural gas inventory levels.

Syncrude production levels may not display seasonal patterns or trends. While maintenance and turnaround activities are typically scheduled to avoid the winter months, the exact timing of unit shutdowns cannot be precisely scheduled, and unplanned outages may occur. Maintenance and turnaround activities impact both production volumes and operating costs. In addition, a large proportion of operating costs are fixed and, as such, per barrel operating costs are variable to production volumes. The costs associated with these activities are expensed in the period they are incurred, which can lead to significant increases in operating costs. The effect on per barrel operating costs of these maintenance activities is amplified as the facility is generally producing at reduced rates when maintenance work is occurring.

REVIEW OF FINANCIAL RESULTS

In the first quarter of 2010, the Trust reported net income of $167 million, or $0.35 per Unit, compared with $43 million, or $0.09 per Unit, recorded in the first quarter of 2009. The increase in net income reflects higher revenues and foreign exchange gains, partially offset by higher Crown royalties and lower future income tax recoveries.

Revenues after crude oil purchases and transportation costs totaled $734 million in the first quarter of 2010 versus $512 million in the first quarter of 2009. The increase in revenues was due mainly to higher crude oil prices during the first quarter of 2010 (see the “Revenues after Crude Oil Purchases and Transportation Expense” section of this MD&A for further discussion).

Cash from operating activities was $309 million, or $0.64 per Unit, for the first quarter of 2010 versus $50 million, or $0.10 per Unit, for the first quarter of 2009. The increase in quarter-over-quarter cash from operating activities was due to higher revenues and a decrease in non-cash working capital, partially offset by higher Crown royalties.

Non-cash working capital increased cash from operating activities by $104 million in the first quarter of 2010, primarily as a result of higher accounts payable, reflecting increased maintenance costs incurred during the quarter. In the first quarter of 2009, non-cash working capital decreased cash from operating activities by $19 million, primarily as a result of higher accounts receivable at March 31, 2009 relative to December 31, 2008.

Non-cash working capital and changes therein can vary significantly on a period-by-period basis as a result of the timing and settlements of accounts receivable and accounts payable balances, and are impacted by a number of factors including changes in: revenue, operating expenses, Crown royalties, capital expenditures, and inventory fluctuations.

Non-GAAP Financial Measures

In this MD&A we refer to financial measures that do not have any standardized meaning as prescribed by Canadian Generally Accepted Accounting Principles ("GAAP"). These non-GAAP financial measures include cash from operating activities on a per Unit basis, net debt, total capitalization, net debt to total capitalization, and certain per barrel measures. Cash from operating activities per Unit is calculated as cash from operating activities as reported on the Trust's Consolidated Statement of Cash Flows divided by the weighted-average number of Units outstanding in the period. This measure is an indicator of the Trust's capacity to fund capital expenditures, distributions, and other investing activities without incremental financing. In addition, the Trust refers to various per barrel figures, such as net realized selling prices, operating costs and Crown royalties, which also are considered non-GAAP measures, but provide meaningful information on the performance of the Trust. We derive per barrel figures by dividing the relevant revenue or cost figure by our sales volumes, which are net of purchased crude oil volumes in a period.

Non-GAAP financial measures provide additional information that we believe is meaningful regarding the Trust's operational performance, its liquidity and its capacity to fund distributions, capital expenditures and other investing activities. Users are cautioned that non-GAAP financial measures presented by the Trust may not be comparable with measures provided by other entities.

Net Income per Barrel

($ per bbl) [1]	Three Months Ended March 31 2010	2009	Variance
Revenues after crude oil purchases and transportation expense	82.10	55.32	26.78
Operating costs	(39.59)	(38.78)	(0.81)
Crown royalties	(8.74)	(0.48)	(8.26)
	33.77	16.06	17.71
Non-production costs	(4.04)	(3.57)	(0.47)
Administration and insurance	(1.15)	(0.82)	(0.33)
Interest, net	(2.96)	(2.14)	(0.82)
Depreciation, depletion and accretion	(11.49)	(11.43)	(0.06)
Foreign exchange gain (loss)	3.72	(3.18)	6.90
Future income tax recovery and other	0.76	9.68	(8.92)
	(15.16)	(11.46)	(3.70)
Net income per barrel	18.61	4.60	14.01
Sales volumes (MMbbls) [2]	8.9	9.3	(0.4)

[1] Unless otherwise specified, net income and other per barrel measures in this MD&A have been derived by dividing the relevant revenue or cost item by the sales volumes in the period.
[2] Sales volumes, net of purchased crude oil volumes.

Revenues after Crude Oil Purchases and Transportation Expense

($ millions)	Three Months Ended March 31 2010	2009	Variance
Sales revenue [1]	$ 898	$ 548	$ 350
Crude oil purchases	(159)	(29)	(130)
Transportation expense	(6)	(8)	2
	733	511	222
Currency hedging gains [1]	1	1	-
	$ 734	$ 512	$ 222
Sales volumes (MMbbls) [2]	8.9	9.3	(0.4)

[1] *The sum of sales revenue and currency hedging gains equals Revenues on the Trust's Consolidated Statements of Income and Comprehensive Income. Sales revenue includes revenue from the sale of purchased crude oil and sulphur revenue.*
[2] *Sales volumes, net of purchased crude oil volumes.*

($ per barrel)			
Realized SCO selling price before hedging [3]	$ 81.96	$ 55.22	$ 26.74
Currency hedging gains	0.10	0.10	-
Net realized SCO selling price	$ 82.06	$ 55.32	$ 26.74

[3] *SCO sales revenue after crude oil purchases and transportation expense divided by sales volumes, net of purchased crude oil volumes.*

The increase in sales revenue after crude oil purchases and transportation expense in the first quarter of 2010 versus 2009 primarily reflects a higher realized selling price for our synthetic crude oil ("SCO"). During the first quarter of 2010, WTI averaged U.S. $79 per barrel compared to U.S. $43 per barrel in the first quarter of 2009. The impact of the higher U.S. dollar WTI price in the first quarter of 2010 was offset somewhat by a stronger Canadian dollar, which averaged $0.96 U.S./Cdn for the first quarter of 2010 versus $0.80 U.S./Cdn for the first quarter of 2009.

The Trust's SCO price is also affected by the premium or discount realized relative to Canadian dollar WTI (the "differential"). In the first quarter of 2010, the Trust realized a weighted-average SCO discount of $0.05 per barrel versus a premium of $1.43 per barrel for the same period of 2009. The differential is dependent upon the supply and demand for SCO and, accordingly, can change quickly depending upon the short-term supply and demand dynamics in the market and pipeline availability for transporting crude oil.

The Trust's first quarter sales volumes averaged 99,000 barrels per day and 103,000 barrels per day in 2010 and 2009, respectively. Sales volumes for the first quarter of 2010 reflect the turnaround advancement and extension on the LC Finer and a number of hydroprocessing units. Sales volumes during the first quarter of 2009 were impacted by constrained bitumen production and the start of the Coker 8-3 turnaround.

The Trust purchases crude oil from third parties to fulfill sales commitments with customers when there are shortfalls in Syncrude's production and to facilitate certain transportation and tankage arrangements and operations. Sales revenue includes revenue from the sale of purchased crude oil. Increased crude oil purchases during the first quarter of 2010 reflect additional activities to support production shortfalls and incremental purchases associated with tankage arrangements, as well as higher crude oil prices as compared to the first quarter of 2009.

Operating Costs

The following table breaks down operating costs into their major components and shows bitumen costs both on a per barrel of bitumen and a per barrel of SCO produced basis. The information allocates costs to bitumen production and upgrading based on deductibility for bitumen royalty purposes. The Syncrude Royalty Amending Agreement provides for allowed bitumen costs, before internal fuel allocation, to be 64.5 per cent of Syncrude total operating costs until December 31, 2010.

	Three Months Ended March 31			
	2010		2009	
	$/bbl Bitumen	$/bbl SCO	$/bbl Bitumen	$/bbl SCO
Bitumen production	$ 22.10	$ 27.53	$ 21.37	$ 26.28
Internal fuel allocation [2]	3.27	4.07	2.32	2.85
Total produced bitumen costs	25.37	31.60	23.69	29.13
Upgrading costs [1]		14.28		14.55
Less: Internal fuel allocation to bitumen [2]		(4.07)		(2.85)
Bitumen purchases		-		0.28
Total Syncrude operating costs		41.81		41.11
Canadian Oil Sands' adjustments [3]		(2.22)		(2.33)
Total operating costs		39.59		38.78
(thousands of barrels per day)	Bitumen	SCO	Bitumen	SCO
Syncrude production volumes [4]	336	269	337	274

[1]Upgrading costs include the production and ongoing maintenance costs associated with processing and upgrading of bitumen to SCO. It also includes the costs of major upgrading equipment turnarounds and catalyst replacement, all of which are expensed as incurred.
[2]Natural gas prices averaged $4.95 per GJ and $4.96 per GJ in the first quarter of 2010 and 2009, respectively.
[3]Canadian Oil Sands' adjustments mainly pertain to actual reclamation costs, Syncrude-related pension costs, as well as the inventory impact of moving from production to sales as Syncrude reports per barrel costs based on production volumes and the Trust reports based on sales volumes.
[4]Syncrude SCO production volumes include the impact of processed purchased bitumen volumes.

	Three Months Ended March 31	
($/bbl of SCO)	2010	2009
Production costs	$ 34.36	$ 33.12
Purchased energy	5.23	5.66
Total operating costs	$ 39.59	$ 38.78
(GJs/bbl of SCO)		
Purchased energy consumption	1.06	1.14

In the first quarter of 2010, operating costs were $354 million, averaging $39.59 per barrel, compared to $359 million, or $38.78 per barrel in the first quarter 2009.

Operating costs in the first quarter of 2010 reflect the turnaround advancement and extension on the LC Finer and associated upgrading units and unplanned maintenance. By comparison, operating costs in the first quarter of 2009 reflect maintenance costs in respect of mining activities, and the start of the Coker 8-3 turnaround that began in March 2009. Purchased energy consumption was also higher in the first quarter of 2009 due to the coker turnaround.

Non-Production Costs

Non-production costs totaled $36 million and $33 million in the first quarters of 2010 and 2009, respectively. Non-production costs consist primarily of development expenditures relating to capital programs, such as pre-feasibility engineering, technical and support services, research and development, and regulatory and stakeholder consultation expenditures. Non-production costs can vary on a periodic basis depending on the number of projects underway and the status of the projects.

Crown Royalties

In the first quarter of 2010, Crown royalties increased to $78 million, or $8.74 per barrel, from $4 million, or $0.48 per barrel, in the comparable 2009 quarter. Crown royalties in the first quarter of 2009 were paid at the minimum one per cent bitumen royalty rate, while first quarter 2010 Crown royalties were accrued at 25 per cent of net revenues and reflect higher deemed bitumen revenues. First quarter 2010 Crown royalties also reflect the additional royalty expense under the transition agreement with the Alberta government, which did not apply until January 1, 2010.

The Syncrude Amended Royalty Agreement requires that bitumen be valued by a formula that references the value of bitumen based on a Canadian heavy oil price adjusted for reasonable quality, transportation and handling deductions (including diluent costs) to reflect the quality and location differences between Syncrude's bitumen and the reference price of bitumen. The Alberta government, Syncrude, and the Syncrude owners are in discussions to determine the appropriate adjustments for quality, transportation and handling. For estimating and paying royalties, Syncrude has used a bitumen value based on Syncrude and its owners' interpretation of the Syncrude Amended Royalty Agreement, and their estimates of the appropriate quality, transportation and handling adjustments. These adjustments are different than those provided under the Alberta government's generic bitumen valuation methodology. The Syncrude owners and the Alberta government continue to discuss the basis for these reasonable adjustments but if such discussions do not result in an agreed upon solution, either party may seek judicial determination of the matter.

Interest Expense, Net

	Three Months Ended March 31			
($ millions)		**2010**		**2009**
Interest expense on long-term debt	$	26	$	21
Interest income and other		-		(1)
Interest expense, net	$	26	$	20

The increase in interest expense on long-term debt was mainly due to consent solicitation fees paid for the Trust's corporate conversion plans. Interest expense in the first quarter of 2010 also reflects the refinancing of 2009 debt maturities with a higher coupon interest rate of 7.75 per cent on the U.S. $500 million senior note issue in the second quarter of 2009.

Depreciation, Depletion and Accretion Expense

($ millions)	Three Months Ended March 31 2010		Three Months Ended March 31 2009	
Depreciation and depletion expense	$	97	$	102
Accretion expense		6		4
	$	103	$	106

Oil sands assets are depreciated and depleted over their estimated remaining lives, which are reviewed by management on a regular basis. During the period, management determined that the usage of certain tangible equipment would be most accurately represented by a straight-line calculation on an ongoing basis. Depreciation and depletion of the oil sands assets is now estimated based on a blend of both a unit-of-production and straight-line basis. The effect of this change in estimate for the three months ending March 31, 2010 is that approximately $3 million less depreciation was recorded using the new estimated remaining lives. Beyond 2010, it is not practical to estimate the effect of this change in estimated useful lives due to the long-life nature of the assets and the magnitude and timing of estimated future development costs.

Foreign Exchange (Gain) Loss

($ millions)	Three Months Ended March 31 2010		Three Months Ended March 31 2009	
Foreign exchange (gain) loss-long term debt	$	(34)	$	31
Foreign exchange (gain) loss-other		1		(2)
Total foreign exchange (gain) loss	$	(33)	$	29

Foreign exchange ("FX") gains/losses are primarily the result of revaluations of our U.S. dollar denominated long-term debt caused by fluctuations in U.S. and Canadian dollar exchange rates.

The FX gains on long-term debt in the first quarter of 2010 were due to a strengthening in the value of the Canadian dollar relative to the U.S. dollar to $0.98 U.S./Cdn at March 31, 2010 from $0.96 U.S./Cdn at December 31, 2009. The FX losses in the first quarter of 2009 were due to the weakening of the Canadian dollar relative to the U.S. dollar to $0.79 U.S./Cdn at March 31, 2009 from $0.82 U.S./Cdn at December 31, 2008.

Future Income Tax and Other

In the first quarter of 2010, a future income tax recovery of $7 million was recorded versus a future income tax recovery of $90 million in the same period of 2009. In addition to the future income tax amounts recorded on changes in temporary differences between accounting and tax values of Canadian Oil Sands' assets and liabilities, a future income tax recovery of $63 million was recorded during the first quarter of 2009 on the substantive enactment of tax rate reductions.

With the taxation of income trusts effective January 1, 2011, Canadian Oil Sands has implemented a plan to convert to a corporation on or around December 31, 2010. Further information is provided in the "Corporate Conversion" section of this MD&A.

CAPITAL EXPENDITURES

In the first quarter of 2010, capital expenditures totaled $92 million compared with expenditures of $84 million in the same quarter of 2009. The Syncrude Emissions Reduction ("SER") project accounted for $27 million and $25 million of the capital spent in the first quarters of 2010 and 2009, respectively, with the remaining first quarter expenditures primarily related to other sustaining capital activities. Capital expenditures on a per barrel basis were $10.33 and $9.10 in each of the first quarters of 2010 and 2009, respectively.

Canadian Oil Sands' expansion-related capital expenditures have been relatively low in recent years and capital costs during the first quarters of 2010 and 2009 were mainly related to sustaining capital. Expansion-related capital are costs incurred to grow the productive capacity of the operation while sustaining capital is effectively all other capital. Capital expenditures may fluctuate considerably year-to-year due to the timing of expansions, equipment replacement and other factors.

Syncrude is undertaking the SER project, which commenced in 2006, to retrofit technology into the operation of Syncrude's original two cokers by the end of 2011 in order to reduce total sulphur dioxide and other emissions. The estimate of the total cost of the SER project remains at $1.6 billion ($590 million net to the Trust) and the Trust's share of SER expenditures to date is approximately $330 million.

CONTRACTUAL OBLIGATIONS AND COMMITMENTS

Contractual obligations are summarized in the Trust's 2009 annual MD&A and include future cash payments that the Trust is required to make under existing contractual arrangements that it has entered into directly or as a 36.74 per cent owner in Syncrude. With the exception of the Trust's share of new Syncrude capital commitments of approximately $20 million related to purchases of new mining equipment, there have been no significant new contractual obligations or commitments from our 2009 year end disclosure.

UNITHOLDER DISTRIBUTIONS

($ millions)	Three Months Ended March 31 2010	2009
Cash from operating activities	$ 309	$ 50
Net income	$ 167	$ 43
Unitholder distributions	$ 170	$ 72
Excess (shortfall) of cash from operating activities over Unitholder distributions	$ 139	$ (22)
Excess (shortfall) of net income over Unitholder distributions	$ (3)	$ (29)

In the first quarter of 2010, cash from operating activities exceeded Unitholder distributions by $139 million. Cash from operating activities was sufficient to fund the Trust's capital expenditures, reclamation trust fund contributions, and distributions.

Unitholder distributions exceeded net income by $3 million and $29 million in the first quarter of 2010 and 2009, respectively, primarily as a result of non-cash items included in the calculation of net income such as depletion, depreciation and accretion ("DD&A") and unrealized foreign exchange gains or losses. These non-cash items do not affect the Trust's cash from operating activities or ability to pay distributions over the near term.

The Trust uses debt and equity financing to the extent that cash from operating activities and existing cash balances are insufficient to fund capital expenditures, reclamation trust contributions, debt repayments, acquisitions, distributions and working capital changes from financing and investing activities. For further discussion, see the "Liquidity and Capital Resources" section of this MD&A.

On April 29, 2010 the Trust declared a quarterly distribution of $0.50 per Unit in respect of the second quarter of 2010 for a total distribution of $242 million. The distribution will be paid on May 31, 2010 to Unitholders of record on May 20, 2010. Quarterly distributions are approved by our Board of Directors after considering the current and expected economic conditions, ensuring financing capacity for Canadian Oil Sands' capital requirements and with the objective of maintaining an investment grade credit rating.

The $0.15 per Unit distribution increase over the prior quarter reflects actual first quarter 2010 results and higher forecast oil prices for the remainder of 2010. The Trust maintains its objective of increasing tax pools to approximately $2 billion by the end of 2010, which may slightly raise leverage levels if achieved.

As a result, the Trust is currently paying distributions in excess of its forecasted cash from operating activities less its capital expenditures. The current distribution is therefore not sustainable at our current forecast oil price and production levels. The Trust may look to reduce net debt in advance of its increasing capital program over the next several years. This would likely require distribution reductions from current levels unless there is a significant increase in cash from operating activities. Further, the taxation of Canadian Oil Sands beyond January 1, 2011 will likely reduce future cash from operating activities.

Cash from operating activities and net income can fluctuate from period to period due to Syncrude's operating performance, WTI pricing, SCO differentials to WTI, FX rates and other factors. The Trust strives to reduce the impact of these fluctuations on distributions by taking a longer-term view of the operating and business environment, our net debt level, and our capital expenditure and other commitments. In that regard, the Trust may distribute more or less in a period than is generated in cash from operating activities or net income. The variable nature of cash from operating activities introduces risk in the ability to sustain or provide stability in distributions. As such, any expectations regarding the stability or sustainability of distributions are unwarranted and should not be implied.

In determining the Trust's distributions, Canadian Oil Sands also considers funding for its significant operating obligations, which are included in cash from operating activities. Such obligations include the Trust's share of Syncrude's pension and reclamation funding, which amounted to $34 million and $33 million in the first quarters of 2010 and 2009, respectively. We anticipate these funding requirements to approximately double in 2010 from our 2009 funding requirements of $69 million. The anticipated increases in funding requirements are due to increased reclamation activities, as well as pension funding increases as a result of the next pension actuarial valuation, which will be completed in the second quarter of 2010.

Debt covenants do not specifically limit the Trust's ability to pay distributions and are not expected to influence the Trust's liquidity in the foreseeable future. Aside from covenants relating to restrictions on Canadian Oil Sands' ability to sell all or substantially all of its assets or to change the nature of its business, the most restrictive financial covenant limits total debt-to-total capitalization at less than 55 per cent. With a net debt-to-total capitalization of approximately 19 per cent at March 31, 2010, a significant increase in debt or decrease in equity would be required to restrict the Trust's financial flexibility.

LIQUIDITY AND CAPITAL RESOURCES

($ millions)		March 31 2010		December 31 2009
Long-term debt		1,129		1,163
Cash and cash equivalents		(175)		(122)
Net debt	$	954	$	1,041
Unitholders' equity	$	3,966	$	3,969
Total capitalization [1]	$	4,920	$	5,010
Net debt to total capitalization (%)		19		21

[1] Net debt plus Unitholders' equity. Net debt, total capitalization, as well as net debt to total capitalization are non-GAAP measures.

Net debt at March 31, 2010 decreased from December 31, 2009 mainly as a result of cash from operating activities exceeding capital expenditures and Unitholder distributions in the first quarter of 2010. In addition, the Trust realized $34 million in foreign exchange gains on long-term debt as a result of a stronger Canadian dollar.

We believe a slightly higher net debt level may provide a more efficient capital structure and will conserve tax pools prior to trust taxation; however, the Trust must also consider a prudent liquidity position, access to capital markets, and future investing and financing requirements. While we are comfortable in the current business environment paying distributions in excess of cash from operating activities less capital expenditures, future net debt will depend on actual operating results, crude oil prices, economic conditions, foreign exchange rates, and future investing activities, especially as our capital program increases beyond 2010.

During the first quarter of 2010, the Trust's $70 million line of credit was increased to $100 million and the term on the Trust's $40 million bilateral credit facility was extended to April 21, 2011.

UNITHOLDERS' CAPITAL AND UNIT TRADING ACTIVITY

The Trust's Units trade on the Toronto Stock Exchange under the symbol COS.UN. The Trust had a market capitalization of approximately $15 billion with 484 million Units outstanding and a closing price of $30.45 per Unit on March 31, 2010.

Canadian Oil Sands Trust - Trading Activity	**First Quarter 2010**	**March 2010**	**February 2010**	**January 2010**
Unit price				
High	$ 30.98	$ 30.98	$ 29.94	$ 30.67
Low	$ 27.35	$ 27.55	$ 27.63	$ 27.35
Close	$ 30.45	$ 30.45	$ 27.95	$ 27.74
Volume of Trust units traded (millions)	76.3	28.0	22.4	25.9
Weighted average Trust units outstanding (millions)	484.4	484.4	484.4	484.4

FOREIGN OWNERSHIP

Based on information from the statutory declarations by Unitholders, we estimate that, as of February 18, 2010 approximately 73 per cent of our Units were held by Canadian residents with the remaining 27 per cent of Units being held by non-Canadian residents. Canadian Oil Sands' Trust Indenture provides that not more than 49 per cent of its Units can be held by non-Canadian residents.

The Trust regularly monitors its foreign ownership levels through declarations from Unitholders, and the next declarations will be requested as of May 20, 2010. The Trust posts its foreign ownership levels on its web site at www.cos-trust.com under "Investor/Unit Information". The steps to manage foreign ownership levels are described in the Trust's AIF.

CORPORATE CONVERSION

In 2009, legislation for the conversion of income and royalty trusts into corporations was enacted. This legislation is designed to permit income and royalty trusts to convert into public corporations without triggering adverse Canadian tax consequences to the trusts or their unitholders. A number of income and royalty trusts in Canada have either converted or announced their intention to convert to a corporate structure.

On January 28, 2010, Canadian Oil Sands' Board approved converting to a corporate structure on or about December 31, 2010. Canadian Oil Sands' conversion plan is being put forward for Unitholder approval at the Annual and Special Meeting to be held April 29, 2010. Canadian Oil Sands expects its approach to dividend payments to be very similar to its management of distribution payments as a Trust. See the "Unitholder Distributions" section for more details on the distribution/dividend approach.

SUSTAINABLE DEVELOPMENT

On April 23, 2010 the ERCB approved, with conditions, Syncrude's revised tailing pond plans submitted in September 2009 under Tailings Directive 074. These plans outline a multi-pronged approach for meeting the long-term intent of Directive 074, and include the development and implementation of three main tailings technologies: water capping, composite tails and centrifuge technology. Issued by the ERCB in February 2009, Tailings Directive 074: Tailings Performance Criteria and Requirements for Oil Sands Mining Schemes requires operators to prepare tailings plans and report on tailings ponds annually, reduce the solids content of fluid tailings through the capture of fine particles from the production process in dedicated disposal areas, and convert fines into trafficable deposits which are ready for reclamation five years after deposits have ceased. The Directive sets out very challenging targets and goals for the oil sands mining industry. Syncrude is the first operating mine to receive such an approval, and assuming the success of its developing technologies, expects to meet and exceed the requirements of the Directive.

FINANCIAL RISK MANAGEMENT

The Trust did not have any financial derivatives outstanding at March 31, 2010.

Crude Oil Price Risk

Canadian Oil Sands' revenues are impacted by changes in both the U.S. dollar denominated crude oil prices and U.S./Cdn FX rates. The Trust did not have any crude oil price hedges in place during the first quarter of 2010 and 2009, and does not currently intend to enter into any crude oil hedge positions. The Trust may hedge this exposure in the future, however, depending on the business environment and our growth opportunities.

Foreign Currency Risk

Canadian Oil Sands' results are affected by fluctuations in the U.S./Cdn currency exchange rates, as revenues generated are based on a U.S. dollar WTI benchmark price while certain obligations are denominated in Canadian dollars. The Trust did not have any foreign currency hedges in place during the first quarter 2010 or 2009, and does not currently intend to enter into any new currency hedge positions. The Trust may, however, hedge foreign currency exchange rates in the future, depending on the business environment and growth opportunities.

Interest Rate Risk

Canadian Oil Sands' net income and cash from operating activities are impacted by interest rate changes based on the amount of floating rate debt outstanding or upon the refinancing of maturing long-term debt at prevailing interest rates. As at March 31, 2010 there was no floating interest rate debt outstanding, and the next long-term debt maturity is in 2013.

Liquidity Risk

Liquidity risk is the risk that Canadian Oil Sands will not be able to meet its financial obligations as they fall due. Canadian Oil Sands actively manages its liquidity risk through its cash, debt and equity strategies. The next long-term debt maturity is in 2013, and the $800 million credit facility does not expire until April 27, 2012.

Credit Risk

Canadian Oil Sands is exposed to credit risk primarily through customer accounts receivable balances and financial counterparties with whom the Trust has invested its cash or purchased term deposits from. The maximum exposure to any one customer or financial counterparty is controlled through a credit policy that limits exposure based on credit ratings.

The financial condition of some of our U.S. based refinery customers has continued to come under pressure during 2010, reflecting low refinery margins. Canadian Oil Sands carries credit insurance to help mitigate a portion of the impact should a loss occur and continues to transact primarily with investment grade customers, with the vast majority of accounts receivable at March 31, 2010 being due from investment grade energy producers and refinery based customers.

At March 31, 2010, our cash and cash equivalents were held in either cash or term deposits with high-quality senior Canadian banks. As of April 29, 2010, there are no financial assets that are past their maturity or impaired due to credit risk-related defaults.

NEW ACCOUNTING PRONOUNCEMENTS

There were no new accounting pronouncements by the CICA during the first quarter of 2010 that are expected to have a material impact on the Trust.

International Financial Reporting Standards (“IFRS”) will replace Canadian GAAP for publicly accountable enterprises in Canada in 2011. Canadian Oil Sands will be required to adopt IFRS for interim and annual financial statements beginning on January 1, 2011 including comparative financial statements for 2010.

As part of its IFRS conversion project, the Trust has analyzed IFRS accounting standards, accounting policy alternatives, accounting system requirements and has prepared draft IFRS disclosures. The Trust’s IFRS conversion is overseen by the Audit Committee with quarterly reports by management to that committee on the progress of the plan and any issues that may have arisen. The Trust’s IFRS project will continue through 2010 and is on schedule for a January 1, 2011 implementation date. The impacts to the Trust’s Consolidated Financial Statements on the adoption of IFRS are not finalized and will depend on IFRS standards existing as at January 1, 2011 and accounting policy choices made by Canadian Oil Sands.

IFRS 1 “First-Time Adoption of International Financial Reporting Standards” provides entities adopting IFRS for the first time with a number of optional exemptions and mandatory exceptions, in certain areas, to the general requirement for full retrospective application of IFRS. The Trust is currently analyzing the accounting policy choices available under IFRS 1 and has not yet finalized which exemptions will be utilized. As such, the impact of adopting IFRS 1 on the financial statements cannot be quantified at this time.

Based on an analysis of differences between IFRS and Canadian GAAP, the amounts reported under IFRS that may differ from Canadian GAAP include asset retirement obligations, employee future benefits, Unitholders’ equity, stock-based compensation and property, plant and equipment. The impacts of these differences, if any, have not been finalized at this time. Users are cautioned that the analysis will not be finalized until 2011 and that other differences may exist between amounts reported by the Trust under Canadian GAAP versus IFRS.

In addition to existing IFRS standards, new or revised IFRS standards are being developed by the International Accounting Standards Board (“IASB”) that may impact the adoption of IFRS by the Trust in 2011 or thereafter. These standards include Joint Ventures, Income Taxes, Financial Instruments, Emissions Trading Schemes, Extractive Industries, Employee Future Benefits, and Measurement of Liabilities. The Trust continues to monitor these and other accounting standard developments within IFRS which might impact its IFRS conversion.

IFRS will likely result in additional disclosures in Canadian Oil Sands’ financial statements of items already disclosed in other security documents in Canada. As part of preparing draft IFRS disclosures, the Trust has analyzed and will continue to analyze the additional disclosures to ensure sufficient information is available upon adoption of IFRS.

The Trust has analyzed its accounting systems in conjunction with its IFRS project and has concluded that they do not require any significant modification to adopt IFRS.

The effects of existing IFRS on the Trust’s business activities have been reviewed and it is not expected that IFRS will result in any significant changes to the Trust’s business activities.

The adoption of IFRS also impacts Syncrude’s reporting of results to the Trust. Syncrude has an implementation project to manage its own transition to IFRS. Canadian Oil Sands and the other Syncrude owners are stewarding Syncrude’s IFRS implementation to help ensure that information provided by Syncrude meets the owners’ needs. Areas of impact that have been identified for Syncrude on the adoption of IFRS include the accounting and reporting of property, plant and equipment held on behalf of the joint venture participants, pensions and stock-based compensation. The financial impact of adopting IFRS on Syncrude has not been quantified at this time. Syncrude is not currently anticipating any significant modifications to its accounting systems or business activities as a result of adopting IFRS.

2010 OUTLOOK

(millions of Canadian dollars, except volume and per barrel amounts)		**April 29, 2010**		**January 28, 2010**
Syncrude production (MMbbls)		115		115
Canadian Oil Sands sales (MMbbls)		42.3		42.3
Revenues, net of crude oil purchases and transportation		3,320		3,029
Operating costs		1,487		1,480
Operating costs per barrel		35.20		35.04
Crown royalties		376		317
Capital expenditures		532		541
Cash from operating activities		1,273		1,013
Business environment assumptions				
West Texas Intermediate (US$/bbl)	$	80	$	70
Premium (Discount) to average C$ WTI prices (C$/bbl)	$	(2.25)	$	(2.00)
Foreign exchange rate (US$/Cdn$)	$	0.99	$	0.95
AECO natural gas (Cdn$/GJ)	$	5.00	$	6.00

Canadian Oil Sands is estimating 2010 Syncrude production of 115 million barrels with a revised range of 110 million to 118 million barrels. This estimate incorporates actual first quarter results, including the already completed planned LC Finer turnaround, and the Coker 8-1 turnaround scheduled for the second half of the year.

Operating costs are estimated at $1,487 million, or $35 per barrel, with capital expenditures of $532 million, including $124 million for the Syncrude Emissions Reduction project.

The outlook incorporates a U.S. $80 per barrel WTI oil price, a $0.99 U.S./Cdn foreign exchange rate, and a SCO discount to Cdn dollar WTI of $2.25 per barrel. These assumptions result in estimated revenues of $3,320 million, or $79 per barrel in 2010.

We continue to estimate bitumen values at 70 per cent of Canadian dollar WTI, resulting in higher deemed bitumen revenues at our U.S. $80 per barrel WTI price assumption and $0.99 US/Cdn foreign exchange rate. This estimated increase in bitumen revenues is partially offset by an increase in the assumed bitumen cost deductions, resulting in estimated Crown royalties of $376 million, or $8.91 per barrel.

Working capital is also estimated to decrease by $137 million based on actual March 31 balances and an estimated accounts receivable decrease on December 31, 2010.

Based on the above assumptions, our 2010 outlook for cash from operating activities is $1,273 million, or $2.63 per Unit. After deducting forecasted 2010 capital expenditures of $532 million, we are estimating $741 million of remaining cash from operating activities, or $1.53 per Unit.

Distributions paid in 2010 are expected to be 100 per cent taxable as other income. The actual taxability of 2010 distributions will be determined and reported to Unitholders prior to the end of the first quarter of 2011.

Changes in certain factors and market conditions could potentially impact Canadian Oil Sands' outlook. The following table provides a sensitivity analysis of the key factors affecting the Trust's performance. In addition to the factors described in the table, the supply/demand equation and pipeline access for synthetic crude oil in North American markets could impact the differential for SCO relative to crude benchmarks; however, these factors are difficult to predict.

2010 Outlook Sensitivity Analysis (April 29, 2010)

		Cash from Operating Activities Increase	
Variable [1]	**Annual Sensitivity**	**$ millions**	**$/Trust unit**
Syncrude operating costs decrease	C$1.00/bbl	35	0.07
Syncrude operating costs decrease	C$50 million	15	0.03
WTI crude oil price increase	US$1.00/bbl	31	0.06
Syncrude production increase	2 million bbls	42	0.09
Canadian dollar weakening	US$0.01/C$	25	0.05
AECO natural gas price decrease	C$0.50/GJ	18	0.04

[1] An opposite change in each of these variables will result in the opposite cash from operating activities impacts.
Canadian Oil Sands may become subject to minimum Crown royalties at a rate of one per cent of gross bitumen revenue.
The sensitivities presented herein assume royalties are paid at 25 per cent of net bitumen revenue.

CANADIAN OIL SANDS TRUST

CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME

(unaudited)

($ millions, except per Unit amounts)	Three Months Ended March 31 2010		Three Months Ended March 31 2009	
Revenues	$	899	$	549
Expenses:				
Operating		354		359
Non-production		36		33
Crude oil purchases and transportation expense		165		37
Crown royalties		78		4
Administration		8		6
Insurance		2		2
Interest, net (Note 6)		26		20
Depreciation, depletion and accretion (Note 2)		103		106
Foreign exchange (gain) loss		(33)		29
		739		596
Earnings (loss) before taxes		160		(47)
Future income tax recovery and other		(7)		(90)
Net income		167		43
Other comprehensive loss, net of income taxes				
Reclassification of derivative gains to net income		(1)		(1)
Comprehensive income	$	166	$	42
Weighted average Trust Units (millions)		484		482
Trust Units, end of period (millions)		484		483
Net income per Trust Unit:				
Basic and diluted	$	0.35	$	0.09

See Notes to Unaudited Consolidated Financial Statements

CANADIAN OIL SANDS TRUST

CONSOLIDATED STATEMENTS OF UNITHOLDERS' EQUITY

(unaudited)

($ millions)	Three Months Ended March 31 2010	2009
Retained earnings		
Balance, beginning of period	$ 1,359	$ 1,362
Net income	167	43
Unitholder distributions (Note 8)	(170)	(72)
Balance, end of period	1,356	1,333
Accumulated other comprehensive income		
Balance, beginning of period	18	21
Other comprehensive loss	(1)	(1)
Balance, end of period	17	20
Unitholders' capital		
Balance, beginning of period	2,587	2,524
Issuance of Trust Units	-	33
Balance, end of period	2,587	2,557
Contributed surplus		
Balance, beginning of period	5	3
Stock-based compensation (Note 7)	1	1
Balance, end of period	6	4
Total Unitholders' equity	$ 3,966	$ 3,914

See Notes to Unaudited Consolidated Financial Statements

CANADIAN OIL SANDS TRUST
CONSOLIDATED BALANCE SHEETS
AS AT
(unaudited)

($ millions)	March 31 2010	December 31 2009
ASSETS		
Current assets:		
Cash and cash equivalents	$ 175	$ 122
Accounts receivable	330	354
Inventories	139	133
Prepaid expenses	6	7
	650	616
Property, plant and equipment, net (Note 2)	6,284	6,289
Reclamation trust	49	48
	$ 6,983	$ 6,953
LIABILITIES AND UNITHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued liabilities	$ 376	$ 284
Current portion of employee future benefits (Note 4)	17	17
	393	301
Employee future benefits and other liabilities (Note 4)	103	104
Long-term debt	1,129	1,163
Asset retirement obligation	372	389
Future income taxes	1,020	1,027
	3,017	2,984
Unitholders' equity	3,966	3,969
	$ 6,983	$ 6,953

See Notes to Unaudited Consolidated Financial Statements

CANADIAN OIL SANDS TRUST
CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited)

($ millions)	Three Months Ended March 31 2010	2009
Cash from (used in) operating activities		
Net income	$ 167	$ 43
Items not requiring outlay of cash:		
Depreciation, depletion and accretion (Note 2)	103	106
Foreign exchange (gain) loss on long-term debt	(34)	31
Future income tax recovery	(7)	(90)
Net change in deferred items and other	(24)	(21)
	205	69
Change in non-cash working capital	104	(19)
Cash from operating activities	309	50
Cash from (used in) financing activities		
Net drawdown of bank credit facilities	-	25
Unitholder distributions (Note 8)	(170)	(39)
Cash used in financing activities	(170)	(14)
Cash from (used in) investing activities		
Capital expenditures	(92)	(84)
Reclamation trust funding	(1)	(1)
Change in non-cash working capital	7	11
Cash used in investing activities	(86)	(74)
Increase (decrease) in cash and cash equivalents	53	(38)
Cash and cash equivalents at beginning of period	122	279
Cash and cash equivalents at end of period	$ 175	$ 241
Cash and cash equivalents consist of:		
Cash	$ 16	$ 12
Short-term investments	159	229
	$ 175	$ 241

Supplementary Information (Note 10)

See Notes to Unaudited Consolidated Financial Statements

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED MARCH 31, 2010
(Tabular amounts expressed in millions of Canadian dollars, except where otherwise noted.)

1) BASIS OF PRESENTATION

The interim consolidated financial statements include the accounts of Canadian Oil Sands Trust and its subsidiaries (collectively, the "Trust" or "Canadian Oil Sands"), and are presented in accordance with Canadian Generally Accepted Accounting Principles ("GAAP"). The interim consolidated financial statements have been prepared following the same accounting policies and methods of computation as the consolidated financial statements for the year ended December 31, 2009, except as discussed in Note 2. Certain disclosures that are normally required to be included in the notes to the annual audited consolidated financial statements have been condensed or omitted. The interim consolidated financial statements should be read in conjunction with the consolidated financial statements and the notes thereto in the Trust's annual report for the year ended December 31, 2009.

2) CHANGE IN ACCOUNTING ESTIMATE

Oil sands assets are depreciated and depleted over their estimated remaining lives, which are reviewed by management on a regular basis. During the period, management determined that the usage of certain tangible equipment would be most accurately represented by a straight-line calculation on an ongoing basis. Depreciation and depletion of the oil sands assets is now estimated based on a blend of both the unit-of-production and straight-line basis. The effect of this change in estimate for the three months ending March 31, 2010 is that approximately $3 million less depreciation was recorded using the new estimated remaining lives. Beyond 2010, it is not practical to estimate the effect of this change in estimated useful lives due to the long-life nature of the assets and the magnitude and timing of the budgeted future development costs.

3) FUTURE CHANGES IN ACCOUNTING POLICIES

The Trust will be subject to International Financial Reporting Standards ("IFRS") commencing in 2011. The Trust is currently assessing the impact that conversion to IFRS may have on its financial statements.

4) EMPLOYEE FUTURE BENEFITS

Syncrude Canada Ltd. ("Syncrude Canada"), the operator of the Syncrude Joint Venture, has a defined benefit and two defined contribution plans providing pension benefits, and other post-employment benefit plans ("OPEB") covering most of its employees. Other post-employment benefits include certain health care and life insurance benefits for retirees, their beneficiaries and covered dependents. The OPEB plan is not funded.

Canadian Oil Sands accrues its obligations as a joint venture owner in respect of Syncrude Canada's employee benefit plans and the related costs, net of plan assets. The cost of employee pension and other retirement benefits is actuarially determined using the projected benefit method based on length of service and reflects Canadian Oil Sands' best estimate of the expected performance of the plan investment, salary escalation factors, retirement ages of employees and future health care costs. The expected return on plan assets is based on the fair value of those assets. Past service costs from plan amendments are amortized on a straight-line basis over the estimated average remaining service life of active employees ("EARSL") at the date of amendment. The excess of any net actuarial gain or loss exceeding 10 per cent of the greater of the benefit obligation and fair value of the plan assets is amortized over the EARSL.

Canadian Oil Sands' share of Syncrude Canada's net defined benefit and contribution plans expense for the three months ended March 31, 2010 and 2009 is based on its 36.74 per cent working interest. The costs have been recorded in operating expense as follows:

	Three Months Ended March 31	
	2010	2009
Defined benefit plans:		
Pension benefits	$ 9	$ 8
Other benefit plans	1	2
	$ 10	$ 10
Defined contribution plans	1	1
Total benefit cost	$ 11	$ 11

5) BANK CREDIT FACILITIES

Extendible revolving term facility (a)	$ 40
Line of credit (b)	100
Operating credit facility (c)	800
	$ 940

Each of the Trust's credit facilities is unsecured. These credit agreements contain covenants restricting Canadian Oil Sands' ability to sell all or substantially all of its assets or to change the nature of its business. In addition, Canadian Oil Sands has agreed to maintain its total debt-to-total book capitalization at an amount less than 60 per cent, or 65 per cent in certain circumstances involving acquisitions.

a) The $40 million extendible revolving term facility is a 364-day facility with a one-year term out, expiring April 21, 2011. This facility may be extended on an annual basis with the agreement of the bank. Amounts borrowed through this facility bear interest at a floating rate based on bankers' acceptances plus a credit spread, while any unused amounts are subject to standby fees. As at March 31, 2010, no amounts were drawn on this facility ($Nil – March 31, 2009).

b) The $100 million line of credit is a one-year revolving letter of credit facility. Letters of credit drawn on the facility mature April 30th each year and are automatically renewed, unless notification to cancel is provided by Canadian Oil Sands or the financial institution providing the facility at least 60 days prior to expiry. Letters of credit on this facility bear interest at a credit spread.

Letters of credit of approximately $70 million were written against the line of credit as at March 31, 2010.

c) The $800 million operating facility is a multi-year facility, expiring April 27, 2012. Amounts borrowed through this facility bear interest at a floating rate based on either prime interest rates or bankers' acceptances plus a credit spread, while any unused amounts are subject to standby fees. As at March 31, 2010, no amounts were drawn against this facility ($25 million – March 31, 2009).

6) INTEREST, NET

($ millions)	Three Months Ended March 31 2010		2009	
Interest expense on long-term debt	$	26	$	21
Interest income and other		-		(1)
Interest expense, net	$	26	$	20

7) STOCK BASED COMPENSATION

During the first quarter of 2010, 363,347 options were issued by the Trust to employees with an average exercise price of $28.19 pursuant to the Trust's Unit Incentive Option Plan. The options have an estimated value of $2 million.

8) UNITHOLDER DISTRIBUTIONS

Pursuant to the Trust Indenture, the Trust distributes all the Distributable Income, as defined by the Trust Indenture, received or receivable by the Trust in a quarter. The Trust's Distributable Income primarily consists of a royalty from its operating subsidiary, Canadian Oil Sands Limited ("COSL"). The royalty is designed to capture the cash generated by COSL, after the deduction of all costs and expenses including operating and administrative costs, income taxes, capital expenditures, debt interest and principal repayments, working capital and reserves for future obligations deemed appropriate. The amount of royalty income that the Trust receives in any period has a considerable amount of flexibility through the use of discretionary reserves and debt borrowings or repayments (either intercompany or third party). Quarterly distributions are determined by COSL's Board of Directors after considering the current and expected economic and operating conditions, ensuring financing capacity for Syncrude's expansion projects and/or Canadian Oil Sands acquisitions, and with the objective of maintaining an investment grade credit rating.

	Three Months Ended March 31 2010		2009	
Cash from operating activities	$	309	$	50
Add (Deduct):				
Capital expenditures		(92)		(84)
Change in non-cash working capital (1)		7		11
Reclamation trust funding		(1)		(1)
Change in cash and cash equivalents and financing, net (2)		(53)		96
Unitholder distributions	$	170	$	72
Unitholder distributions per Trust Unit	**$**	**0.35**	**$**	**0.15**

(1) *From investing activities.*

(2) *Primarily represents the change in cash and cash equivalents and net financing to fund the Trust's share of investing activities.*

9) COMMITMENTS

During the first quarter of 2010, Syncrude entered into new capital commitments, mainly for mining equipment, the Trust's share of which is approximately $20 million.

10) SUPPLEMENTARY INFORMATION

	Three Months Ended March 31 2010		Three Months Ended March 31 2009
Income tax paid	-	$	-
Interest paid	24	$	31

Canadian Oil Sands Limited
Marcel Coutu
President & Chief Executive Officer

Units Listed – Symbol: COS.UN
Toronto Stock Exchange

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