

All financial figures are unaudited, have been prepared in accordance with Canadian Generally Accepted Accounting Principles ("GAAP") and are reported in Canadian dollars, unless otherwise noted.

[Canadian Oil Sands Ltd.](#) (TSX: COS) (OTCQX: COSWF) ("COS") reported cash flow from operations in the second quarter of \$70 million, or \$0.14 per Share, reflecting the impact of planned turnaround work at Syncrude, stronger than expected Synthetic Crude Oil ("SCO") prices and continued progress on cost reductions.

"Syncrude is on track to achieve targeted cost savings with year-to-date operating expenses down about 17 percent from last year," said Ryan Kubik, President and Chief Executive Officer. "Our production target is also on track with Syncrude resuming normal operations following completion of the planned turnaround at the end of May."

Highlights for the three months ended June 30, 2015:

- Sales volumes averaged about 77,088 barrels per day relative to the 77,064 barrels per day recorded in the second quarter of 2014. Both quarters reflected the impact of turnaround activity.
- Operating expenses per barrel are down \$7.01 to \$52.63 compared with the same 2014 period. The decrease reflects lower purchased energy costs and other reductions, including lower workforce expenses.
- COS realized a SCO selling price of \$74.47 per barrel compared with \$112.04 per barrel in the same 2014 quarter. During the second quarter of 2015, our SCO traded at a \$2.49 per barrel premium to West Texas Intermediate.
- Capital expenditures are down 52 percent to \$155 million compared with the 2014 second quarter, reflecting completion of Syncrude's major projects and cost reductions. The Centrifuge Tailings Management project is now mechanically complete and in commissioning.
- Cash flow from operations was \$70 million (\$0.14 per Share) compared with \$240 million (\$0.50 per Share) in the same quarter of 2014, reflecting a lower realized SCO selling price.
- COS reported a net loss of \$128 million (\$0.26 per Share) for the quarter, reflecting the decline in the SCO realized selling price and additional deferred tax expense from the increase in the Alberta corporate tax rate to 12 percent from 10 percent.
- COS declared a quarterly dividend of \$0.05 per Share, payable on August 31, 2015 to shareholders of record on August 24, 2015.

Said Mr. Kubik: "We expect cash flow from operations to cover capital expenditures in 2015. Going forward, low sustaining capital over the next several years and a continued drive to reduce costs will demonstrate the resilience of the Syncrude operation in a lower crude oil price environment."

"We are confident in COS' financial position. Net debt is expected to decline through the balance of the year, now that the major maintenance is behind us, and we have no maturities due until 2019. Our credit facility provides us with sufficient liquidity to weather this period of low oil prices."

	Three Months Ended June 30		Six Months Ended June 30	
	2015	2014	2015	2014
Cash flow from operations ¹ (\$ millions)	\$ 70	\$ 240	\$ 146	\$ 597
Per Share ¹ (\$/Share)	\$ 0.14	\$ 0.50	\$ 0.30	\$ 1.23
Net income (loss) (\$ millions)	\$ (128)	\$ 176	\$ (314)	\$ 348
Per Share, Basic and Diluted (\$/Share)	\$ (0.26)	\$ 0.36	\$ (0.65)	\$ 0.72
Sales volumes ²				
Total (mmbbls)	7.0	7.0	16.7	16.5
Daily average (bbls)	77,088	77,064	92,113	91,095
Realized SCO selling price (\$/bbl)	\$ 74.47	\$ 112.04	\$ 63.74	\$ 108.40
West Texas Intermediate ("WTI") (average \$US/bbl)	\$ 57.95	\$ 102.99	\$ 53.34	\$ 100.84
SCO premium (discount) to WTI (weighted average \$/bbl)	\$ 2.49	\$ (0.37)	\$ (1.47)	\$ (1.85)
Average foreign exchange rate (\$US/\$Cdn)	\$ 0.81	\$ 0.92	\$ 0.81	\$ 0.91
Operating expenses (\$ millions)	\$ 369	\$ 418	\$ 714	\$ 863
Per barrel (\$/bbl)	\$ 52.63	\$ 59.64	\$ 42.83	\$ 52.33

Capital expenditures (\$ millions)	\$ 155	\$ 321	\$ 228	\$ 538
Dividends (\$ millions)	\$ 24	\$ 169	\$ 48	\$ 339
Per Share (\$/Share)	\$ 0.05	\$ 0.35	\$ 0.10	\$ 0.70

¹ Cash flow from operations and cash flow from operations per Share are additional GAAP financial measures and are defined in the "Additional GAAP Financial Measures" section of our MD&A.

² The Corporation's sales volumes differ from its production volumes due to changes in inventory, which are primarily in-transit pipeline volumes. Sales volumes are net of purchases.

Syncrude Operations

During the second quarter of 2015, Syncrude produced 18.9 million barrels, or 207,700 barrels per day, compared with 18.5 million barrels, or 202,500 barrels per day, in the second quarter of 2014. During the quarter, Syncrude completed a planned turnaround of Coker 8-3 and the Vacuum Distillation Unit, while a planned turnaround of Coker 8-2 and an unplanned outage of Coker 8-1 impacted second quarter 2014 production. During the 2015 turnaround, design improvements in two of Syncrude's CO boilers and modifications to the Flue Gas Desulphurizer were also made, as part of Syncrude's continued efforts under its reliability plans.

On a year-to-date basis, Syncrude produced 45.3 million barrels, or 250,400 barrels per day, in 2015 compared with 44.8 million barrels, or 247,200 barrels per day in 2014.

Syncrude won the Emerald Award for Large Business in June 2015 for its groundbreaking work on the Sandhill Fen Watershed Research Project. The Emerald Awards recognize outstanding environmental initiatives in Alberta. The 17-hectare project is part of a research watershed that covers 57 hectares of sand-capped composite tailings in Syncrude's former East Mine. Syncrude is working with seven universities on different research projects in the fen to study water, wetland and upland plants, the weather and the soil.

In June 2015, the Alberta government revised the terms of the Specified Gas Emitters Regulation (SGER). Under SGER, a facility that emits 100,000 tonnes or more of greenhouse gases a year is required to reduce their emissions intensity. The new terms will increase the reduction target and the carbon price beginning in 2016 with a further increase in 2017. We expect when the new terms take full effect in 2017, Syncrude's cost under SGER will approximately triple. In 2014, Syncrude paid approximately \$0.21 per barrel under SGER.

2015 Outlook

- COS is narrowing its range for annual Syncrude production to 96 to 107 million barrels while maintaining the single-point estimate of 103 million barrels. No major maintenance is planned for the remainder of the year.
- Our estimate of cash flow from operations has increased to \$474 million, or \$0.98 per Share, mainly reflecting a higher assumed SCO selling price.
- We are maintaining a U.S. \$55 per barrel WTI crude oil price assumption but have revised the foreign exchange assumption and SCO discount to WTI to \$0.80 and \$3 per barrel, respectively.
- Our estimate for operating expenses remains about \$1.5 billion, or just under \$40 per barrel.
- Our estimate for capital expenditures has declined to \$422 million, net to COS.

(millions of Canadian dollars, except volume and per barrel amounts)

	As of July 30, 2015	As of April 30, 2015
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Operating assumptions

Syncrude production (mmbbls)	103	103
Canadian Oil Sands sales (mmbbls)	37.8	37.8
Sales, net of crude oil purchases and transportation	\$ 2,488	\$ 2,387
Realized SCO selling price (\$/bbl)	\$ 65.75	\$ 63.08
Operating expenses	\$ 1,497	\$ 1,494
Operating expenses per barrel	\$ 39.56	\$ 39.48
Development expenses	\$ 138	\$ 144
Crown royalties	\$ 176	\$ 145
Current taxes	\$ 30	\$ 55
Cash flow from operations ^{1, 2}	\$ 474	\$ 407

Capital expenditure assumptions

Major projects	\$ 87	\$ 89
Regular maintenance	\$ 294	\$ 299

Capitalized interest	\$ 41	\$ 41
Total capital expenditures	\$ 422	\$ 429

Business environment assumptions

Sales weighted average WTI crude oil (USD/bbl)	\$ 55.00	\$ 55.00
Sales weighted average premium/discount to CAD WTI (\$/bbl)	\$ (3.00)	\$ (4.00)
Sales weighted average foreign exchange rate (CAD:USD)	\$ 0.80	\$ 0.82
Sales weighted average AECO natural gas (CAD/GJ)	\$ 3.00	\$ 3.00

¹ Cash flow from operations is an additional GAAP financial measure and is defined in the "Additional GAAP Financial Measures" section of the MD&A.

² Estimated 2015 cash flow from operations in this Outlook excludes \$37 million of Crown royalties which were expensed in prior years and will be paid in the first quarter of 2016.

Changes in certain factors and market conditions could potentially impact Canadian Oil Sands' Outlook. More information on the Company's results and Outlook is provided in our MD&A and the July 30, 2015 guidance document, which are available on our web site at www.cdnoilsands.com under "Investor Centre".

Forward-Looking Information

In the interest of providing the shareholders and potential investors of [Canadian Oil Sands Ltd.](http://www.cdnoilsands.com) (the "Corporation") with information regarding the Corporation, including management's assessment of the Corporation's future production and cost estimates, plans and operations, certain statements throughout this press release contain "forward-looking information" under applicable securities law. Forward-looking statements are typically identified by words such as "anticipate", "expect", "believe", "plan", "intend" or similar words suggesting future outcomes.

Forward-looking statements in this press release include, but are not limited to, statements with respect to: the estimated potential 2015 cost reductions; the estimated impact of the changes to the Specified Gas Emitters Regulation; all expectations regarding dividends; all expectations regarding net debt; all expectations regarding the Corporation's liquidity; the expectation that cash flow from operations will cover capital expenditures in 2015; the view on sustaining capital over the next several years; the status of the Centrifuge plant at the Mildred Lake Mine; the 2015 annual Syncrude production range of 96 million barrels to 107 million barrels and the Corporation's 2015 budget assumption of 103 million barrels (37.8 million barrels net to the Corporation); the estimated sales, operating expenses, development expenses, Crown royalties, current taxes, capital expenditures, and cash flow from operations in 2015; the estimated price for crude oil and natural gas in 2015; the estimated foreign exchange rate in 2015; the anticipated impact of increases or decreases in oil prices, production, operating expenses, foreign exchange rates and natural gas prices on the Corporation's cash flow from operations; the estimated 2015 major project, regular maintenance and capitalized interest spending; and the estimated realized selling price, which includes the anticipated differential to West Texas Intermediate ("WTI") to be received in 2015 for the Corporation's product.

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 Corporation believes that the expectations represented by such forward-looking statements are reasonable and reflect the current views of the Corporation with respect to future events, there can be no assurance that such assumptions and expectations will prove to be correct.

The factors or assumptions on which the forward-looking information is based include, but are not limited to: the assumptions outlined in the Corporation's guidance document as posted on the Corporation's website at www.cdnoilsands.com as of July 30, 2015 and as subsequently amended or replaced from time to time, including without limitation, the assumptions as to production, operating expenses and oil prices; the successful and timely implementation of capital projects; Syncrude's spending plans; the ability to obtain regulatory and Syncrude joint venture owner approval; our ability to either generate sufficient cash flow from operations to meet our current and future obligations or obtain external sources of debt and equity capital; the continuation of assumed tax, royalty and other legislative and regulatory regimes and the accuracy of the estimates of our reserves and resources volumes.

Some of the risks and other factors which could cause actual results or events to differ materially from current expectations expressed in the forward-looking statements contained in this press release include, but are not limited to: volatility of crude oil prices; volatility of the synthetic crude oil ("SCO") to WTI differential; the impact that pipeline capacity and apportionment and refinery demand have on prices for SCO and the ability to deliver SCO; the impacts of legislative and regulatory changes especially those which relate to royalties, taxation, tailings, water and the environment; the impact of new technologies on the cost of oil sands mining; the impacts of rising costs associated with tailings and water management; the inability of Syncrude to obtain required consents, permits or approvals, including without limitation, the inability of Syncrude to obtain approval to return water from its operations; various events which could disrupt operations including fires, equipment failures and severe weather; unsuccessful or untimely implementation of capital or maintenance projects; the impact of technology on operations and processes and how new technology may not perform as expected; the obtaining of required owner approvals from the Syncrude owners for expansions, operational issues and contractual issues; labour turnover and shortages and the productivity achieved

from labour in the Fort McMurray area; uncertainty of estimates with respect to reserves and resources; the supply and demand metrics for oil and natural gas; currency and interest rate fluctuations; volatility of natural gas prices; the Corporation's ability to either generate sufficient cash flow from operations to meet its current and future obligations or obtain external sources of debt and equity capital; the inability of the Corporation to continue to meet the listing requirements of the Toronto Stock Exchange; general economic, business and market conditions and such other risks and uncertainties described in the Corporation's AIF dated February 24, 2015 and in the reports and filings made with securities regulatory authorities from time to time by the Corporation which are available on the Corporation's profile on SEDAR at www.sedar.com and on the Corporation's website at www.cdnoilsands.com.

You are cautioned that the foregoing list of important factors is not exhaustive. Furthermore, the forward-looking statements contained in this press release are made as of July 30, 2015, and unless required by law, the Corporation 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 press release are expressly qualified by this cautionary statement.

Additional GAAP Financial Measures

In this press release, we refer to additional GAAP financial measures that do not have any standardized meaning as prescribed by Canadian GAAP. Additional GAAP financial measures include: cash flow from operations, cash flow from operations per Share and net debt. For more information on additional GAAP financial measures please refer to our Second Quarter MD&A which is available on the Corporation's website at www.cdnoilsands.com.

[Canadian Oil Sands Ltd.](#)

Ryan Kubik

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