Canadian Oil Sands Provides Revised Guidance; Conference Call Today

CALGARY, AB--(Marketwired - October 19, 2015) - Canadian Oil Sands Ltd. (TSX: COS) (OTCQX: COSWF) (COS) announced today that its Board of Directors is recommending that shareholders reject the offer by Suncor Energy Inc. (Suncor) to acquire all of COS' common shares.

The Board provides the full background to the Suncor offer and the reasons to reject it in a Directors' Circular being disseminated today. The reasons to reject are summarized in a letter to shareholders, the full text of which is reproduced below:

Dear Fellow Shareholder,

On October 5, 2015, Suncor Energy Inc. (*Suncor*) announced it was making an offer to acquire all the common shares of Canadian Oil Sands Ltd. (*COS*) on the basis of 0.25 of a Suncor share for each share of COS.

Your Board of Directors has now completed a full review of the offer with its external financial and legal advisors and has determined that:

The Suncor bid substantially undervalues COS and is not in the best interests of COS and its shareholders

- The value offered for your shares is wholly *inadequate*; it substantially undervalues the COS ownership in Syncrude.
- Timing of the Suncor bid is entirely *opportunistic*; it is intended to take advantage of unprecedented conditions in the energy industry.
- The bid is *exploitive*: As an insider to the Syncrude joint venture, Suncor is aware of several cost reduction and value enhancing initiatives being discussed and implemented at Syncrude. Suncor's offer is attempting to increase its ownership before these initiatives take hold and are recognized and valued by the market.
- The bid *fails to recognize* that COS is strongly positioned to withstand low oil prices and emerge with even greater value when oil prices recover.

Your Board of Directors Unanimously Recommends you REJECT the Suncor Bid.

We have fifteen compelling reasons for recommending REJECTION that are described in the Directors' Circular which we encourage you to review. To summarize some of them:

The Suncor bid substantially undervalues COS' unique strategic assets.

- COS owns 36.74% of the Syncrude joint venture, one of the largest oil sands operations in the Athabasca region. Syncrude has among the highest quality mining leases and borders every existing and under-construction oil sands mining project in the area.
- Syncrude production and reserves are fully integrated with an upgrader that produces 100% synthetic crude oil (*SCO*), which has historically achieved prices very close to Canadian dollar West Texas Intermediate (*WTI*) oil.
- COS is the only "pure play" public investment vehicle in Syncrude.
- Through its bid, Suncor is attempting to add COS' proved and probable reserves and 46 year production life without paying a fair price.
- If the Suncor bid is successful, total reserves attributable to COS shareholders will decline by 55%, from 1.6 billion barrels of reserves to 0.7 billion barrels, and annual production benefiting COS shareholders will decline by 46%, from 35 million barrels to 19 million barrels.
- The inherent value and synergies of Syncrude's assets and the potential to acquire operational control of Syncrude are not reflected in Suncor's bid.

The Suncor bid does not account for COS' superior leverage to oil prices.

- COS' share price moves in tandem with the price of WTI, the nearest equivalent to Syncrude's SCO. In fact, between January 2014 and September 2015, COS' share price had a 98% correlation with WTI spot prices, compared with just a 66% correlation for Suncor's shares. This means that COS shares are expected to gain significantly more from an expected recovery in oil prices than Suncor shares.
- From January 1, 2015 to October 2, 2015, COS shares have increased more than two and a half times as much as Suncor's on days when energy stocks rose.
- The Suncor bid does not reflect any possible increase in oil prices when, in fact, Suncor management itself has stated that its long-term expectation is for an average oil price in the $90 to $100 per barrel range. At that range, COS shares have historically traded around $20 to $30 a share -- an approximate 117% to 225% premium to the current implied value of the Suncor bid.
- Even a modest improvement in WTI prices from current levels to US$65, would be expected to increase COS free cash flow to about $0.90 a share, significantly increasing COS' ability to pay dividends. COS has paid about $17 per share in dividends since 2001, when over the same period, WTI averaged approximately US$65 a barrel.

- Due to COS' declining cost base and high correlation to oil prices, any recovery in oil prices should benefit COS shareholders more than Suncor shareholders.

The Suncor bid represents less value than Suncor's recent "discounted" Fort Hills acquisition.

- Suncor has stated that its acquisition of an additional 10% interest in the Fort Hills Project (which neighbours Syncrude) for approximately $56,000 per barrel per day of production was at a "discounted price". However, two weeks later, it offered to buy COS for an implied price of just $54,000 per barrel per day -- a discount on a discount.
- Fort Hills is at least two years away from starting operations and has no upgrader. Syncrude is fully operational and has an upgrader. The Suncor bid provides no value for either advantage.
- COS shareholders helped pay for the highly profitable Syncrude upgrader and are now being asked to give it away for free.

The Suncor bid is highly opportunistic.

- The Suncor bid is designed to take advantage of unprecedented political, economic and regulatory uncertainty in the industry and the dramatic deterioration in the price of COS common shares. It is no coincidence that the bid was made within six weeks of COS shares trading at their lowest price in 15 years.
- At 0.25 of a Suncor share for each COS share, the bid offers even less than the 0.32 of a share Suncor proposed in April. That proposal was below the market price of COS shares when it was rejected.

Through its interest in the Syncrude joint venture, Suncor has an informational advantage over the market and COS shareholders.

- Suncor has access to information about operating changes, cost reductions and capital spending plans at the Syncrude joint venture.
- Suncor is aware of these and other value enhancing initiatives being discussed and implemented at Syncrude. Suncor's offer is attempting to increase its ownership before these initiatives take hold and are recognized and valued by the market.

COS is strongly positioned to withstand low oil prices and emerge with even greater value when oil prices recover.

- COS has positive free cash flow at current WTI prices and is just beginning to benefit from operating cost reductions and the recent completion of major projects capital investment.
- COS has financial flexibility with a 37% long-term debt to total capitalization ratio and most of a $1.5 billion credit facility still available.

The Suncor bid is a very weak and undervalued alternative for COS shareholders.

- It offers less value than the current market price. What's more, the value of the Suncor bid is uncertain since it depends on the price of Suncor shares. It is also conditional and allows Suncor to walk away at any time.
- The bid is opposed by major COS shareholders who have publicly stated they will not tender to the offer.

The Board of COS and its advisors continue to examine strategic alternatives.

- To ensure the best interests of COS and shareholders are served, the Board is looking at a full range of strategic alternatives, from continuing as an independent company, to a merger or partnership with a strategic or financial partner, to a sale reflecting full and fair value for COS.

Finally, our financial advisor, RBC Capital Markets, has provided the Board with a written opinion that the consideration offered by the Suncor bid is inadequate to shareholders from a financial point of view.

The Board and management of COS will not tender to the Suncor bid. Major shareholders have stated they will not tender. We strongly recommend you join us in rejecting this undervalued, opportunistic and exploitive bid.

Sincerely,

Donald J. Lowry
Chairman of the Board
Canadian Oil Sands Ltd.

Arthur N. Korpach
Director & Chair, Audit Committee
Canadian Oil Sands Ltd.

To REJECT the Suncor bid, simply TAKE NO ACTION.

Do not tender your shares of Canadian Oil Sands Limited.

For further information, please visit our website at www.rejectsuncor.ca or contact our information agent, Kingsdale Shareholder Services at
1-866-851-3215 or contactus@kingsdaleshareholder.com

Canadian Oil Sands Provides Revised Guidance

In order to provide shareholders with up-to-date information, COS has released today an update of its 2015 guidance, including revised estimates of operating costs and annual production. We now estimate a production range for Syncrude of 92 to 97 million barrels with a mid-point of 95 million barrels in 2015. The estimate for cost savings at Syncrude in 2015 has increased to $1.3 billion ($480 million net to COS) from $900 million ($330 million net to COS). Syncrude exceeded the previously estimated $900 million in savings during the first nine months of 2015, and has identified further opportunities to reduce costs. The decline in capital costs also reflects the completion of the Centrifuge Tailings Management project, bringing to a close Syncrude's $8 billion major capital projects program, which was completed on time and under budget following a four-year execution period. Syncrude is now entering a period of lower capital spending, expected to average about $300 million, net to COS, annually to 2019.

Full details are provided in the 2015 Guidance Document available on COS' website.

Conference Call Today

Canadian Oil Sands will hold a conference call and webcast today at 8:00 a.m. ET. To participate, visit cdnoilsands.com or call 1-888-231-8191 (within North America) or 647-427-7450 (outside North America).

Shareholders with questions are encouraged to visit rejectsuncor.ca, or to call Canadian Oil Sands' information agent, Kingsdale Shareholder Services at 1-866-851-3215 or contactus@kingsdaleshareholder.com.

Ticker Symbols
Toronto Stock Exchange: COS
OTCQX: COSWF

Canadian Oil Sands Limited

COS holds a 36.74 percent interest in the Syncrude project, the largest producer of light, sweet synthetic oil from Canada's oil sands. As a pure play in Syncrude, COS provides investors with long-life, light crude oil exposure and since 2001 has paid dividends totaling $7.9 billion.

Forward-Looking Information

This news release, including the summary of the reasons for the board of directors' unanimous recommendation that shareholders of COS reject the Suncor offer and not tender their common shares, contains forward-looking information (as defined in the Securities Act (Alberta)) and statements (collectively, "forward-looking statements") that are based on expectations, estimates and projections as of the date of this news release. These forward-looking statements can often, but not always, be identified by the use of forward-looking terminology such as "plans", "predicts", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases, or statements that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved.

Examples of such forward-looking statements in this news release include, but are not limited to, COS' and Syncrude's expectations for future profitability; expectations with respect to production, operating changes, capital expenditures, operating expense reductions and other initiatives at Syncrude; expectations with respect to dividend payments by COS; expectations regarding future free cash flow generated by COS; the amount of reserves recoverable and the time frame to recover such reserves; future trading prices of COS' common shares; future commodity prices; and whether or not an alternative transaction superior to the Suncor offer may emerge.

Although COS believes that the assumptions and expectations represented by such forward-looking statements are reasonable and reflect the current views of COS 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 statements are based include, but are not limited to: the assumptions as to production, operating expenses, capital expenditures and oil prices; the successful and timely implementation of capital and maintenance projects; Syncrude's business, maintenance and spending plans; the ability to obtain regulatory and joint venture owner approval; the continuation of assumed tax, royalty and other legislative and

regulatory regimes; and the accuracy of the estimates of the reserves.

In addition to being subject to a number of assumptions, forward-looking statements in this news release involve known and unknown risks, uncertainties and other factors that may cause actual results and developments to be materially different from those expressed or implied by such forward-looking statements. 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 news release include, but are not limited to: volatility of crude oil prices; volatility of the synthetic crude oil ("SCO") to West Texas Intermediate differential; the impact of the anticipated Syncrude cost reductions not materializing; the impact that pipeline capacity and apportionment and refinery demand have on prices for SCO and COS' 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 joint venture 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; the variances of stock market activities generally; currency and interest rate fluctuations; volatility of natural gas prices; COS' inability to either generate sufficient cash flow from operations to meet its current and future obligations or obtain external sources of debt and equity capital; general economic, business and market conditions; and such other risks and uncertainties described in the COS' Annual Information Form dated February 24, 2015 and in the reports and filings made with securities regulatory authorities from time to time by the COS which are available on COS' profile on SEDAR at www.sedar.com and on COS' website at www.cdnoilsands.com. Further, dividend payments are determined on a quarterly basis by the board of directors of COS in the context of current and expected crude oil prices, economic conditions, Syncrude's operating performance, and COS' capacity to finance operating and investing obligations.

Readers are cautioned that the foregoing list of important factors is not exhaustive. Furthermore, the forward-looking statements contained in this news release are made as of the date of this news release and unless required by law, COS does not undertake any obligation to update publicly or 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 news release are expressly qualified by this cautionary statement.

Additional GAAP and Non-GAAP Financial Measures

In this news release, reference is made to "non-GAAP" and "additional GAAP" financial measures that do not have any standardized meaning as prescribed by Canadian generally accepted accounting principles ("GAAP"). Additional GAAP financial measures are line items, headings or subtotals in addition to those required under GAAP, and financial measures disclosed in the notes to the financial statements which are relevant to an understanding of the financial statements and are not presented elsewhere in the financial statements. Non-GAAP and additional GAAP measures have been described and presented in order to provide shareholders with additional measures for analyzing COS' operational performance, its ability to generate funds to finance its operations and information regarding its liquidity. Users are cautioned that non-GAAP and additional GAAP financial measures presented by COS may not be comparable with measures provided by other entities.

Additional GAAP financial measures include: long-term debt-to-total capitalization (which is calculated as long-term debt divided by long-term debt plus shareholders' equity). For more information on additional GAAP financial measures please refer to our 2015 Second Quarter MD&A which is available on COS' profile on SEDAR at www.sedar.com and on COS' website at www.cdnoilsands.com.

Non-GAAP financial measures include: free cash flow (which is calculated as cash from operating activities before changes in non-cash working capital less capital expenditures) and free cash flow per share (which is calculated as cash flow from operations before changes in non-cash working capital less capital expenditures, divided by the weighted-average number of shares outstanding in the period).

Oil and Gas Information

In this news release, reference is made to the metric production life (reserve life index). Reserve life index is the ratio of reserves divided by the current annual production rate. Reserve life index is included for Shareholders as a measure of COS' sustainability. Reserve life index does not have any standardized meaning and should not be used to make comparisons. As a result, readers are cautioned as to the reliability of disclosure of reserve life index.

Unless otherwise stated, reserves figures in this news release refer to COS' reserves as at December 31, 2014 as prepared by COS' independent reserves evaluator. For more information on COS' reserves please refer to COS' Annual Information Form dated February 24, 2015 which is available on COS' profile on SEDAR at www.sedar.com and on COS' website at www.cdnoilsands.com.

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