

Conference Call Scheduled for December 1 at 8:00 a.m. ET; Details Provided at End of Release

CALGARY, AB--(Marketwired - December 01, 2015) - [Canadian Oil Sands Ltd.](#) (TSX: COS) (OTCQX: COSWF)

Unless otherwise noted: All figures are based on Canadian Oil Sands' 36.74 per cent working interest in the Syncrude joint venture; all financial figures are in Canadian dollars and have been prepared in accordance with Canadian Generally Accepted Accounting Principles ("GAAP").

[Canadian Oil Sands Ltd.](#) ("COS") today announced its budget for 2016, demonstrating Syncrude's competitiveness and resilience in a lower oil price environment; operating and capital costs in 2016 will be down significantly from prior years while still enabling production growth.

"Syncrude's ability to reduce costs and respond to the lower oil price environment is exceeding market expectations. They proved it in 2015 with \$1.3 billion, gross to Syncrude, in cost savings. They proved it with the execution of the major projects, which were completed in 2015 under budget and on schedule," said Ryan Kubik, President and Chief Executive Officer of Canadian Oil Sands.

Based on the 2016 Budget, COS expects to generate \$338 million of free cash flow, and every USD \$10 per barrel increase in the annual oil price raises our estimated free cash flow by about \$300 million. Even under a USD \$45 per barrel WTI oil price assumption, COS can fully fund all costs, including capital expenditures and the current dividend. COS offers one of the best ways to benefit from a recovery in oil prices, as COS' share price has historically demonstrated a 98 per cent correlation to crude oil prices.

"Syncrude's success in reducing its cost structure is exceeding market expectations. The positive implications to the business going forward are just starting to be appreciated and will have lasting value. Now, our shareholders can capture the value of an improved Syncrude business," added Mr. Kubik.

COS has scheduled a conference call for December 1 at 8:00 am ET to discuss the budget highlights and the longer term view of its business.

Highlights of the 2016 Budget:

- The production estimate range for COS is 35 million to 40 million barrels (95 million to 110 million barrels gross to Syncrude). COS' budget assumes production of 38.6 million barrels (105 million barrels gross to Syncrude), approximately 10 per cent higher than 2015 estimated production.
- Capital expenditures are estimated at \$295 million, or \$7.64 per barrel based on production of 38.6 million barrels.
- Operating expenses are estimated to total \$1.4 billion, or \$37.14 per barrel, including purchased energy costs of \$3.16 per barrel.
- Cash flow from operations is estimated to total \$633 million, or \$1.31 per share, based on a WTI crude oil price assumption of USD \$50 per barrel, a foreign exchange rate of \$0.75 (CAD:USD), and a discount for Synthetic Crude Oil (SCO) to Canadian dollar WTI of \$2.00 per barrel. Under the 2016 Budget assumptions, cash flow from operations in 2016 is more than sufficient to fund estimated capital expenditures and the current dividend.

2016 Budget Summary

Net to COS, millions of Canadian dollars, except per barrel and per share amounts

Sales, net of crude oil purchases and transportation	2,495
Operating expenses	1,433
Development expenses	87
Crown royalties	146
Other*	196
Cash flow from operations	633
<i>Cash flow from operations per share</i>	<i>1.31</i>
Regular maintenance capital expenditures	285
Capitalized interest	10
Total capital expenditures	295
Budget Assumptions	
Syncrude production (mmbbls)	105

Canadian Oil Sands sales (mmbbls)	38.6
West Texas Intermediate (USD/bbl)	50.00
Premium (Discount) to average CAD WTI prices (CAD/bbl)	(2.00)
Foreign exchange rate (CAD:USD)	0.75
AECO natural gas (CAD/GJ)	2.50

**Other includes Interest Expense, Administration, Insurance, Reclamation and Other, and Current Taxes*

The 2016 budget may be impacted by a variety of factors. For more information on the outlook and cash flow from operations sensitivities, please see our 2016 Guidance Document, which is available on COS' website.

A conference call and webcast will be held Tuesday December 1, 2015 at 8:00 a.m. ET (6:00 a.m. MT) to discuss the 2016 Budget.

To participate in the live call please dial the following number approximately 10 minutes prior to the conference call:

Calgary and North American Toll-free Number: 1-888-231-8191
International Number: 1-647-427-7450

An audio webcast of the conference call will be available on Canadian Oil Sands' website at the following link:
<http://www.cdnoilsands.com/investor-centre/presentations-and-events/default.aspx>

To listen to a recording of the call, available from 9:00 a.m. MT on December 1 to end of day December 8, 2015, please dial and enter the following passcode:

North America Toll-free Number: 1-855-859-2056
Calgary and International calls: 1-403-451-9481
Passcode: 82643998

Canadian Oil Sands Limited

Through our 36.74 per cent interest in the Syncrude project, COS has an established cash-generating asset providing a production stream of 100 per cent light, sweet, synthetic crude oil and long-life, non-declining crude oil reserves. COS pays a quarterly dividend and since 2001 has returned more than \$7.9 billion in dividends to shareholders.

For more information please visit our web site at: www.cdnoilsands.com

Ticker Symbols

Toronto Stock Exchange: COS
OCTQX: COSWF

Forward-looking Information: In the interest of providing [Canadian Oil Sands Ltd.](#) 's (the "Corporation") shareholders and potential investors with information regarding the Corporation, including management's assessment of the Corporation's future production and cost estimates, plans and operations, this press release 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 press 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 press release include, but are not limited to: the 2016 Syncrude production range of 95 to 110 million barrels (35 to 40 million barrels net to the Corporation); the Corporation's 2016 production assumption of 105 million barrels (38.6 million barrels net to the Corporation); the estimated amount of total capital expenditures in 2016; the estimated operating expenses in 2016; the estimated cash flow from operations and cash flow from operations per share in 2016; the estimated free cash flow in 2016; the estimated West Texas Intermediate ("WTI") price in 2016; the estimated average discount for synthetic crude oil ("SCO") to Canadian dollar WTI in 2016; the estimated foreign exchange rate in 2016; the estimated sales in 2016; the estimated amount of Crown royalties in 2016; the estimated development expenses in 2016; the estimated amount of regular maintenance capital and capitalized interest in 2016; the belief that under the 2016 budget assumptions, cash flow from operations in 2016 is more than sufficient to fund estimated capital expenditures and the current dividend; and the belief that even under a USD \$45 per barrel crude oil price assumption, the Corporation can fully fund all costs, including capital expenditures and the current dividend.

Although the Corporation believes that the assumptions and 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 statements are based include, but are not limited to: the assumptions outlined in the Corporation's 2015 and 2016 guidance documents as posted on the Corporation's website at www.cdnoilsands.com as of the date hereof and as subsequently amended or replaced from time to time, including without limitation, 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 and resources.

In addition to being subject to a number of assumptions, forward-looking statements in this press 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 press release include, but are not limited to: volatility of crude oil prices; volatility of the SCO to WTI 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 the Corporation's 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; the Corporation's 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 Corporation's Annual Information Form 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 the date of this press release and unless required by law, the Corporation 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 press release are expressly qualified by this cautionary statement.

Additional GAAP and Non- GAAP Financial Measures

In this press release, we refer to additional GAAP and non-GAAP financial measures that do not have any standardized meaning as prescribed by Canadian GAAP. We refer to additional GAAP financial measures such as cash flow from operations and cash flow from operations per share. Please refer to the Corporation's Third Quarter 2015 Report, which is available on the Corporation's profile on SEDAR at www.sedar.com and on the Corporation's website at www.cdnoilsands.com for more information regarding additional GAAP financial measures. We also refer to free cash flow, which is a non-GAAP financial measure. For more information on free cash flow please refer to our 2014 Annual Report, which is available on the Corporation's profile on SEDAR at www.sedar.com and on the Corporation's website at www.cdnoilsands.com.

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