FORM 51-102F3
MATERIAL CHANGE REPORT

1. Name and Address of Company:

Canadian Oil Sands Limited (the "**Corporation**")
2000, 350 – 7th Avenue SW
Calgary, AB T2P 3N9

2. Date of Material Change:

October 6, 2015

3. News Release:

A press release was issued by the Corporation on October 7, 2015 and disseminated through the facilities of Marketwired and subsequently filed on SEDAR.

4. Summary of Material Change:

On October 6, 2015, the board of directors of the Corporation (the "**Board**") adopted a new Shareholder Rights Plan (the "**New Rights Plan**"), the terms and conditions of which are set out in a shareholder rights plan agreement between the Corporation and Computershare Investor Services Inc. dated as of October 6, 2015.

5. Full Description of the Material Change:

On October 6, 2015, the Board adopted the New Rights Plan in response to the announcement by Suncor Energy Inc. ("**Suncor**") on October 5, 2015 that it is making an unsolicited offer to acquire all of the outstanding common shares of the Corporation ("**Common Shares**"). The New Rights Plan is designed to ensure that the Corporation's shareholders (the "**Shareholders**") and the Board have adequate time to consider and evaluate Suncor's offer and any other unsolicited take-over bid or other strategic alternatives. The New Rights Plan is in addition to, and does not replace, the Corporation's existing Shareholder Rights Plan, which will remain in place.

The purpose of the New Rights Plan is to encourage a potential bidder to make a "Permitted Bid", which would have terms and conditions designed to meet the objectives of the New Rights Plan, or to negotiate the terms of an offer with the Board.

The New Rights Plan requires approval by Shareholders within six months of the New Rights Plan's effective date, failing which it will terminate. The Corporation has been notified by the Toronto Stock Exchange ("**TSX**") that the TSX will defer consideration of the acceptance of the New Rights Plan until such time as the TSX is satisfied that the appropriate securities commission will not intervene pursuant to National Policy 62-202 – *Take-Over Bids – Defensive Tactics*. Pursuant to TSX policies, the TSX normally defers acceptance of shareholder rights plans adopted in response to a specific take-over bid.

The following is a summary of certain of the principal terms of the New Rights Plan and is qualified by and subject to the full terms and conditions of the New Rights Plan, a copy of which is available for review on SEDAR at www.sedar.com.

(a) *Issue of Rights*

As of 12:01 a.m. (Mountain Time) on October 6, 2015 (the "**Effective Date**"), one right (a "**Right**") was issued pursuant to the New Rights Plan and attached to each Common Share then outstanding and one Right will also be issued and attach to each Common Share and any other share in the capital of the Corporation entitled to vote in the election of directors (collectively, "**Voting Shares**") subsequently issued prior to the Separation Time (as defined below).

(b) *Rights Exercise Privilege*

The Rights will separate from the Common Shares and will be exercisable eight trading days or such later date as may be determined by the Board (the "**Separation Time**") after a person (an "**Acquiring Person**") acquires 20% or more of, or commences or announces the intention to commence a take-over bid for, the outstanding Voting Shares, other than by an acquisition pursuant to a Permitted Bid or a Competing Permitted Bid (in each case, as described below). The acquisition by an Acquiring Person of 20% or more of the Voting Shares is referred to as a "Flip-in Event". When a Flip-in Event occurs, each Right (except for Rights beneficially owned by an Acquiring Person, its affiliates, associates or persons acting jointly or in concert or certain transferees of an Acquiring Person, which Rights will become void) becomes a right to purchase from the Corporation, upon exercise thereof in accordance with the terms of the New Rights Plan, that number of Common Shares having an aggregate market price on the date of consummation or occurrence of such Flip-in Event equal to twice the exercise price (the "**Exercise Price**") for an amount in cash equal to the Exercise Price (such right to be subject to adjustment in accordance with the New Rights Plan).

The Board has determined to defer the Separation Time triggered by the Suncor offer to a later date to be determined by the Board.

The issue of the Rights is not initially dilutive. However, upon a Flip-in Event occurring and the Rights separating from the Common Shares and being exercised, holders of Rights not exercising their Rights may suffer substantial dilution.

(c) *Certificates and Transferability*

Prior to the separation of the Rights from the Common Shares, the Rights are evidenced by a legend imprinted on certificates for Common Shares issued from and after the Effective Date and are not to be transferable separately from the Common Shares. From and after the separation of the Rights from the Common Shares, the Rights will be evidenced by Rights certificates which will be transferable separately from the Common Shares.

(d) *Permitted Bid*

The "Permitted Bid" requirements under the New Rights Plan include the following:

- the take-over bid must be made by way of a take-over bid circular;

- the take-over bid must be made to all holders of Voting Shares other than the bidder;

- the take-over bid must be outstanding for a minimum period of 120 days and Voting Shares tendered pursuant to the take-over bid may not be taken up prior to the expiry of the 120 day period and only if at such time more than 50% of the Voting Shares held by the Shareholders, other than the bidder, its affiliates, associates and persons acting jointly or in concert and certain other persons (the "**Independent Shareholders**"), have been deposited or tendered pursuant to the take-over bid and not withdrawn;

- the Voting Shares deposited pursuant to the bid may be withdrawn until taken up and paid for; and
- if more than 50% of the Voting Shares held by Independent Shareholders are tendered pursuant to the take-over bid within the 120 day period, the bidder must make a public announcement of that fact and the take-over bid must remain open for deposits of Voting Shares for an additional 10 business days from the date of such public announcement.

The New Rights Plan allows for a competing Permitted Bid (a "**Competing Permitted Bid**") to be made while a Permitted Bid is in existence. A Competing Permitted Bid must satisfy all of the requirements of a Permitted Bid except that it may expire on the same day as the Permitted Bid, subject to the requirement that it be outstanding for a minimum period of 35 days.

(e) *Waiver*

The Board, acting in good faith, may, prior to the occurrence of a Flip-in Event, waive the application of the New Rights Plan to a particular Flip-in Event (an "**Exempt Acquisition**") where the take-over bid is made by way of a take-over bid circular to all Shareholders. Where the Board exercises the waiver power for one take-over bid, the waiver will also apply to any other take-over bid for the Corporation made by way of a take-over bid circular to all Shareholders prior to the expiry of any other bid for which the New Rights Plan has been waived. The Board may also waive the application of the New Rights Plan if a person becomes an Acquiring Person by inadvertence on the condition that such person must reduce its beneficial ownership within 14 days, or such earlier or later date as the Board may determine, such that it is no longer an Acquiring Person.

(f) *Redemption*

Prior to the occurrence of a Flip-in Event, the Board may redeem all of the then outstanding Rights at $0.00001 per Right as adjusted by the terms of the New Rights Plan (the "**Redemption Price**"). Rights shall also be redeemed by the Board at the Redemption Price following completion of a Permitted Bid, Competing Permitted Bid or Exempt Acquisition.

(g) *Amendment*

The Corporation may at any time prior to or after the Separation Time amend, supplement, vary, delete, restate, rescind, confirm or maintain the New Rights Plan or any of the provisions thereof and/or the Rights in its sole discretion by resolution of the Board (whether or not such action would materially adversely affect the interests of the holders of Voting Shares, securities convertible into Voting Shares and/or Rights generally).

(h) *Term*

Provided that a Flip-in Event that has not been waived has not occurred, the New Rights Plan will terminate on the earlier of: (i) six months from the Effective Date, if not confirmed by resolution passed by a majority of the votes cast by all holders of Voting Shares who vote in respect of such confirmation (other than any holder who does not qualify as an Independent Shareholder with respect to all Voting Shares beneficially owned by such person); (ii) the Corporation's annual and special meeting of Shareholders in 2019 or 2022, if not reconfirmed or presented for reconfirmation at either such annual meeting; and (iii) the ninth anniversary of the Effective Date.

6. Reliance on Subsection 7.1(2) of National Instrument 51-102:

Not Applicable.

7. Omitted Information:

None.

8. Executive Officer:

For further information, please contact Trudy M. Curran, Senior Vice President, General Counsel and Corporate Secretary of the Corporation, at (403) 218-6200.

9. Date of Report:

October 16, 2015