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April 23, 2014

Oilsands Quest Inc. Final Shareholder Update

As you are likely aware, Ernst and Young Inc. was appointed monitor (“Monitor”) of Oilsands Quest Inc. (“OQI”) under the Companies Creditors’ Arrangement Act (“CCAA”) pursuant to an Order of the Court of Queen’s Bench of Alberta (the “Alberta Court”) dated November 29, 2011. On June 28, 2012 the Alberta Court granted a further Order which expanded the powers of the Monitor to include, *inter alia*, to operate and carry on the business of OQI. Copies of these court orders can be found on the Monitor’s website at www.ey.com/ca/oilsandsquest.

On January 29, 2013, the Alberta Court granted an order authorizing OQI to convene a creditors’ meeting on February 21, 2013 (the “Creditors’ Meeting”) to consider and vote on the plan of compromise and arrangement (the “Plan”). The Creditors’ Meeting was held on February 21, 2013 and at that meeting the creditors voted overwhelmingly in favour of the Plan. The Final Sanction Order had been recognized in the United States and Plan Implementation occurred on May 3, 2013 (“Plan Implementation Date”).

The Monitor has now resolved all Disputed Claims and substantially completed all administrative matters related to OQI and is in a position to make a final distribution to OQI shareholders. The final distribution order was granted by the Alberta Court on March 11, 2014 and all appeal periods have now expired.

The Monitor, with the assistance of its legal counsel, has determined that the distribution to OQI shareholders will not be subject to withholding tax.

The final distribution to shareholders should be completed in May, 2014. The process for distribution is that the Monitor will provide the shareholder trust agents (the “Trust Entities”) with the total distribution amounts in early May and then the Trust Entities will make the distributions pursuant to their arrangements. The Monitor will not be in a position to provide the exact amount of the distribution in advance of making the payment to the Trust Entities; however, the estimated distribution is approximately CAD $0.025 per share.

Capitalized terms not defined in this Update are as defined in the Initial Order, the Plan and the Creditors’ Meeting Order.

If you have any questions, please contact the Monitor as follows:

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Yours Truly,

ERNST & YOUNG INC.
in its capacity as Monitor of Oilsands Quest Inc.
and not in its personal or corporate capacity

Neil Narfason, CA, CIRP, CBV
Senior Vice-President