COURT FILE NUMBER	1101-16110
COURT	COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE	CALGARY
APPLICANTS	IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c.C-36, AS AMENDED AND IN THE MATTER OF OILSANDS QUEST INC., OILSANDS QUEST SASK INC., OILSANDS QUEST TECHNOLOGY INC., 1291329 ALBERTA LIMITED, STRIPPER ENERGY SERVICES INC., TOWNSHIP PETROLEUM CORPORATION, WESTERN PETROCHEMICALS CORP. and 1259882 ALBERTA LTD.
DOCUMENT	**THIRD REPORT OF THE MONITOR** **FEBRUARY 8, 2012**
ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT	**MONITOR** ERNST & YOUNG 1000, 440 - 2nd Avenue SW Calgary, Alberta T2P 5E9 Attention: Neil Narfason / Cassie Hern Telephone: 403-206-5067 / (403) 206-5139 Fax: 403-206-5075 Email: Neil.Narfason@ca.ey.com Cassie.Hern@ca.ey.com **COUNSEL** Borden Ladner Gervais LLP Barristers & Solicitors Centennial Place, East Tower 1900, 520 – 3rd Avenue SW Calgary, Alberta T2P 0R3 Attention: Patrick T. McCarthy, Q.C. / Josef G. A. Krüger, Q.C. Phone: (403) 232-9500 / (403) 232-9563 Fax: 403-266-1395 Email: pmccarthy@blg.com jkruger@blg.com

CLERK OF THE COURT
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INTRODUCTION

1. On November 29, 2011, Oilsands Quest Inc., Oilsands Quest Sask Inc., Oilsands Quest Technology Inc., 1291329 Alberta Limited, Stripper Energy Services Inc., and Township Petroleum Corporation (collectively the "Initial Applicants") sought and obtained protection from their creditors under the Companies' Creditors Arrangement Act, R.S.C. 1985 c. C-36, as amended, (the "CCAA") pursuant to an order of this Honourable Court (the "Initial Order").

2. On December 20, 2011 two largely inactive wholly owned subsidiaries of Oilsands Quest Inc., Western Petrochemicals Corp. and 1259882 Alberta Ltd. were added to these CCAA proceedings. These two corporations together with the Initial Applicants above are collectively referred to herein as "Oilsands Quest" or the "Company".

3. Ernst & Young Inc. was appointed monitor of the Company (the "Monitor").

4. The purpose of this third report (the "Third Report") of the Monitor is to provide the Honourable Court with the Monitor's comments in respect of the following:

    a) An update regarding the Solicitation Process (as defined and discussed below);

    b) An update regarding the sale of the Eagles Nest Properties (as defined and discussed below);

    c) Oilsands Quests' request for approval of interim ("DIP Financing") in the amount of \$3.75 million pursuant to an interim financing facility made available by Century Services Inc. ("DIP Facility);

    d) An update regarding the status of the Chapter 15 Proceedings (defined below);

    e) Certain minor changes made to the 2012 KERP;

f) The budget to actual cash flow results for the period for November 29, 2011 to January, 31 2012 (the "Reporting Period");

g) The revised cash flow projections (the "Revised Cash Flow Projections") from February 1, 2012 to May 31, 2012 (the "Forecast Period");

h) The Monitor's comments regarding the Company's request for an extension of the Stay Period; and

i) The Monitor's recommendations.

5. Capitalized terms not defined in this Third Report are as defined in the Initial Order.

6. All references to dollars are in Canadian currency unless otherwise noted.

BACKGROUND

7. The Company is a development stage company which holds certain permits, licenses and leases in Alberta and Saskatchewan allowing it to explore and develop natural resource properties. To date the Company has not received any revenue from any of its natural resource properties, and none of its resources have been classified as proved reserves. The Company expects that significant additional exploration and development activities will be necessary to establish proved reserves, and, if reserves are proven, to develop the infrastructure necessary to facilitate production from its natural resource properties.

8. The Company's oil sand permits and leases in Alberta and Saskatchewan (collectively the "Oilsands Assets") are located at:

a) Axe Lake, SK;

b) Wallace Creek, AB;

c) Raven Ridge, AB; and

d) Eagles Nest, AB.

9. Further background for the Company and its operations is contained in the materials filed in support of the application for the Initial Order including the November 28, 2011 affidavit of Mr. Garth Wong (the "November 28 Wong Affidavit"), the First Report of the Monitor dated December 15, 2011 (filed December 16, 2011) (the "First Report"), and the Second Report of the Monitor dated January 5, 2012 (the "Second Report"). These documents, together with other information regarding these CCAA proceedings, have been posted by the Monitor on its website at: www.ey.com/ca/oilsandsquest.

TERMS OF REFERENCE

10. In preparing the Third Report, the Monitor has relied upon unaudited financial information, company records and discussions with management of the Company. The Monitor has not performed an audit, review or other verification of such information. An examination of the financial forecast as outlined in the Canadian Institute of Chartered Accountants Handbook has not been performed. Future orientated financial information relied upon in this report is based on management's assumptions regarding future events and actual results achieved will vary from this information and the variations may be material.

SOLICITATION PROCESS UPDATE

11. On January 11, 2012 this Honourable Court granted an Order approving a Court-supervised process to solicit offers to acquire, restructure or recapitalize Oilsands Quest (the "Solicitation Process").

12. The Company executed an engagement letter with TD Securities Inc. ("TD Securities") to run the Solicitation Process.

13. An update to the Solicitation Process is summarized below:

    a) Advertisements were placed in the *Globe & Mail*, *National Post, Vancouver Sun, Calgary Herald,* and *Edmonton Journal* on January 25, 2012, the *Daily*

Oil Bulletin on February 6, 2012, and on the TD Energy Advisors website on or around January 20, 2012;

b) TD Securities has sent out teasers to 87 targeted investors. Additionally, teasers were sent out to a mailing list of several hundred small corporate and investors; and

c) Confidentiality agreements have been sent out to parties requesting them.

14. Oilsands Quest anticipates that a short list of potential bidders will be completed on or before March 12, 2012, and anticipates seeking Court approval of definitive agreements by mid-April 2012.

EAGLE'S NEST SALE

15. Oilsands Quest, through Township Petroleum Corporation ("TPC") holds certain non-core assets and interests in the Eagles Nest area in the Province of Saskatchewan (the "Eagles Nest Properties").

16. On August 17, 2010, Oilsands Quest announced that it had initiated a process to explore strategic alternatives for enhanced shareholder value. TD Securities had also been engaged in 2010 to assist with that process.

17. From September 2010 onwards, TD Securities contacted 51 potential purchaser or merger candidates. As a result, 8 parties negotiated or executed confidentiality agreements with Oilsands Quest.

18. Those parties who executed confidentiality agreements were provided access to an electronic data room which provided information and background regarding the Eagles Nest Properties.

19. After various negotiations, with input from TD Securities and the Monitor, TPC, with the support of Oilsands Quest's management and directors, entered into an Assets Purchase and Sale Agreement with FAMA Capital Ltd. ("FAMA") dated January 30, 2012 (the "FAMA APA"). A copy of the FAMA APA is attached as

Exhibit C to the February 2012 Wong Affidavit. The FAMA APA is subject to Court approval.

20. As a result of the aforesaid fulsome sales process, the Monitor believes the FAMA APA represents the best available recovery for Oilsands Quest and its stakeholders. FAMA made the best offer for the Eagles Nest Properties. The Monitor believes the consideration for the Eagles Nest Properties is fair and reasonable taking into account their market value as established by the extensive marketing process and is likely greater than what would be recovered under a liquidation sale. The proceeds will be made available to Oilsands Quest to assist in the restructuring and realization of its remaining assets and interests.

DEBTOR-IN-POSSESSION FINANCING

21. Oilsands Quest's need for interim DIP financing is based on the Company's cash flow requirements through the Solicitation Process. Upon review of the cash flow requirements by both the Company and the Monitor, it was determined that the Company would require DIP Financing over the Solicitation Process period to assist the Company in sustaining operations, while it prepares its plan of arrangement or compromise.

22. The Monitor commenced a process to solicit parties to provide DIP Financing to the Company (the "DIP Process"). The Monitor initiated discussions with five potential DIP lenders in the Fall of 2011 while additional exploratory discussions took place with four other parties.

23. After completion of the DIP Process the Company executed a Commitment Letter with Century Services Inc. on February 2, 2012 (the "DIP Facility"). A copy of the DIP Facility Letter is attached as Exhibit B to the February 2012 Wong Affidavit.

24. A summary of the pertinent terms of the DIP Facility are as follows:

    a) A demand facility in the amount of $3.75 million;

b) Security to include a first priority charge, including in priority to all priority charges set out in the Initial Order;

c) Interest rate of 16% per annum;

d) A facility fee of 2% of the DIP Facility, fully earned and payable upon closing of the DIP Facility;

e) A term of the earliest of 12 months or the conclusions of the CCAA proceedings;

f) Interest payments due monthly, with the principal amount due on maturity; and

g) The DIP Facility is conditional upon approval by this Honourable Court.

Analysis of DIP Financing

25. Century Services Inc. has provided a proposed DIP Facility at terms that are generally considered at market as the "all-in" annualized rate for the DIP Facility is 18%. Given the size of the DIP Facility the overall cost is considered reasonable in the circumstances.

26. The Company does not have a current reserve report outlining the value of its assets ("Assets"), however, the November 28 Wong Affidavit details total assets of approximately US $166.9 million.

27. The Monitor understands that there are no secured creditors of Oilsands Quest and, as such, the DIP Facility does not prime any secured creditors. Given the amount of the proposed DIP Facility compared to the book value of the Assets, the Monitor believes that the DIP Facility will not materially prejudice the unsecured creditors of Oilsands Quest.

28. In the absence of DIP Financing, the Company would likely be subject to an expedited sale process, which would not maximize the recovery to the Oilsands Quest stakeholders.

29. The Monitor supports Oilsands Quest's application for DIP Financing as it will enable the Company to complete the Solicitation Process which the Monitor believes has the potential of a more certain outcome and greater recovery than in liquidation.

30. Accordingly, the Monitor considers the DIP Financing to be reasonable and necessary in order to maintain and preserve business operations, and to provide additional time to restructure which preserves value for all stakeholders.

CHAPTER 15 PROCEEDINGS

31. On February 7, 2012 the Monitor, in its capacity as Oilsands Quest's Foreign Representative, commenced proceedings in the United States Bankruptcy Court for the Southern District of New York ("US Bankruptcy Court") pursuant to Chapter 15 of the United States Bankruptcy Code for the purposes of obtaining an order recognizing the CCAA proceedings as the foreign main proceedings, and a stay of proceedings in the United States pending the final hearing on such recognition (the "Chapter 15 Proceedings").

32. An initial hearing in the US Bankruptcy Court took place on February 8, 2012 for two motions seeking (i) joint administration of the Chapter 15 cases, and (ii) approval of the form and manner of notice of the Chapter 15 petitions and hearing.

33. Justice Glenn of the US Bankruptcy Court granted both motions on February 8, 2012. Accordingly, the recognition hearing is scheduled for March 15, 2012 at 2:00 pm, with service of the hearing to be made before February 16, 2012 with any objections due by March 8, 2012. The Monitor will post the orders on its website when they have been issued by the US Bankruptcy Court.

KEY EMPOYEE RETENTION PLAN

34. As a result of an employee's resignation, Oilsands Quest made minor modifications to the 2012 KERP.

35. The proposed minor changes to the Retention Letter are as follows:

    a) The Retention Bonus is to be based on the employee's salary as at January 1, 2012, rather than at the Target Date;

    b) The first payment of fifty percent of the Retention Bonus is to be paid on the earlier of the Target Date or June 30, 2012, rather than just June 30, 2012;

    c) If the Target Date is prior to June 30, 2012 the employees will not be eligible for the second payment; and

    d) If the employment is terminated prior to June 30, 2012, the employee will not be eligible for the second payment.

36. The Monitor views the proposed changes as minor, as there are no changes to the amount of the 2012 KERP approved by this Honourable Court on November 29, 2011.

BUDGET TO ACTUAL RESULTS

37. The cash flow budget to actual presented below for the Reporting Period contains the actual cash receipts and disbursements as forecast for the Reporting Period.

Oilsands Quest Inc. **Budget to actual Cash flow results** **for the period of November 29, 2011 to January 31, 2011** **(000's) - CAD**				
	Notes	**ACTUAL**	**FORECAST**	**VARIANCE**
RECEIPTS				
Camp Service		475,000	475,000	-
Alberta Road Maintenance	a	198,249	341,055	(142,806)
Main Road Maintenance	a	128,376	317,540	(189,165)
Other Road, Fuel, misc	c	24,274	-	24,274
GST collected	b	179,122	187,007	(7,885)
Total receipts		1,005,021	1,320,602	(315,581)
DISBURSEMENTS				
Corporate recurring G&A	g	430,472	392,056	38,416
Corporate payroll and benefits	h	617,729	598,692	19,037
Corporate Insurance		-	-	-
Operating Expenses	d	1,397,832	1,950,932	(553,100)
Land tenure	f	69,649	1,000	68,649
Litigation		-	-	-
Strategic alternatives process		-	-	-
CCAA professional fees	e	30,244	336,000	(305,756)
Total disbursements (before interest payments)		**$ 2,545,927**	**$ 3,278,680**	**$ (732,754)**
NET CASH FLOWS		**$ (1,540,905)**	**$ (1,958,078)**	**$ 417,173**
OPENING CASH		$ 3,282,913	$ 3,282,913	-
NET CHANGE IN CASH FLOWS		(1,540,905)	(1,958,078)	417,173
ENDING CASH		$ 1,742,008	$ 1,324,834	$ 417,173

38. Receipts for the Reporting Period totalled approximately $1.0 million representing a negative variance of approximately $316,000 to the anticipated amounts. This variance relates primarily to:

a) A negative variance of approximately $332,000 due to lower than expected billings to Cenovus as a direct result of lower costs incurred for building roads due to favorable weather conditions and efficient operations resulting from shared services on multiple projects;

b) A negative variance of approximately $8,000 in lower GST collections as a result of the lower billings; and

c) Offset partially by a positive variance of approximately $24,000 as a result of a new contract, not previously forecasted, with Cenovus to build an additional section of road to be billed back to Cenovus at cost plus 10%.

39. Operating disbursements for the Reporting Period totalled approximately $2.5 million representing a positive variance of approximately $733,000 to the anticipated amounts. This variance relates primarily to:

d) A positive variance of approximately $553,000 relating to:

i. Lower cash settlements as a result of lower camp activity, for example fewer workers in camp, with the expectation being that this activity will increase in second half of program, and

ii. Road costs were also lower due to cost savings on sharing of services between multiple projects and favourable weather conditions for building the ice road;

e) A positive variance of approximately $306,000 relating to the timing of CCAA professional fees that will be paid in February through March 2012;

f) A negative variance of approximately $69,000 as a result of a timing difference of cash settlement for annual rental payments originally forecasted to be paid in January 2012;

g) A negative variance of approximately $38,000 relating to:

i. A timing difference in the payment of rent and deposits of sublease rental income of approximately $149,000 resulting in a decrease in net cash for January with the differences expected to be settled in February,

ii. A positive variance of approximately $77,000 relating to the timing of invoices/settlement for professional and consulting fees,

iii. A positive variance of approximately $14,000 relating to lower Directors fees due to fewer meetings than forecasted and a decrease in the number of directors from 7 to 5 in December,

iv. A positive variance of approximately $11,000 relating to fewer office supplies purchased in the Forecast Period, and

v. A positive variance of approximately $8,000 relating to the timing of fees paid to the Securities Exchange Commission & SEDAR; and

h) A negative variance of approximately $19,000 as a result of a timing difference of approximately $28,000 triggered by the payment of the 2011 KERP which maxed out EI and CPP payments for certain employees, partially offset by approximately $16,000 in savings on lower travel costs for executives.

2. Oilsands Quest has kept current all of its obligations to all its employees during the Reporting Period.

CASH FLOW FORECAST THROUGH MAY 31, 2012

3. The Company, with the assistance of the Monitor, has prepared a forecast for the Forecast Period which is attached as Appendix A to this report and as Exhibit A to the February 2012 Wong Affidavit (the "Forecast"). Management has prepared the Forecast based on the most current information available.

4. The table below summarizes cash flow for the Forecast Period:

Oilsands Quest Inc. Consolidated Cash flow Forecast February 1, 2012 - May 31, 2012 (000's) - CAD	Notes	Feb/12	Mar/12	Apr/12	May/12	Total
RECEIPTS						
DIP Financing	a	3,650,000	(900,000)	-	-	**2,750,000**
Interest Income / (expense)	d	-	(48,667)	(36,667)	(36,667)	**(122,000)**
Sale of Eagle's Nest	b & c	280,000	4,100,000	-	-	**4,380,000**
Camp Service	e	625,000	625,000	625,000	(339,210)	**1,535,790**
Alberta Road Maintenance	f	308,707	311,412	330,000	220,000	**1,170,119**
Main Road Maintenance	f	97,533	154,022	132,000	132,000	**515,555**
Other Road, Fuel, misc	f	105,629	154,500	25,000	37,934	**323,063**
GST collected	g	56,843	62,247	55,600	2,536	**177,226**
Total receipts		**5,123,712**	**4,458,515**	**1,130,933**	**16,593**	**10,729,753**
DISBURSEMENTS						
Corporate recurring G&A	h	302,547	477,087	289,587	368,087	**1,437,308**
Corporate payroll and benefits	i	145,989	148,159	142,539	142,539	**579,225**
Corporate Insurance	j	922,000	-	-	-	**922,000**
Operating Expenses	k	927,368	825,249	620,461	100,000	**2,473,078**
Land tenure	l	1,000	79,848	251,424	1,000	**333,272**
Litigation	m	-	100,000	100,000	-	**200,000**
Strategic alternatives process	n	99,551	-	-	-	**99,551**
CCAA professional fees	o	185,000	185,000	65,000	65,000	**500,000**
GST Paid		70,746	74,367	48,752	26,654	**220,519**
Total disbursements (before interest payments)		**$ 2,654,202**	**$1,889,710**	**$1,517,763**	**$ 703,280**	**$6,764,954**
NET CASH FLOWS		**$ 2,469,511**	**$2,568,805**	**$ (386,829)**	**$ (686,687)**	**$3,964,799**
OPENING CASH		$ 1,742,008	$4,211,519	$6,780,323	$6,393,494	**$1,742,008**
NET CHANGE IN CASH FLOWS		2,469,511	2,568,805	(386,829)	(686,687)	**3,964,799**
ENDING CASH		**$ 4,211,519**	**$6,780,323**	**$6,393,494**	**$5,706,807**	**$5,706,807**

5. As summarized above, the Company is projecting total cash receipts of approximately $10.7 million against cash disbursements of approximately $6.8 million, resulting in a net increase in cash of approximately $4.0 million during the Forecast Period.

6. Significant assumptions made by the Company's management with respect to the Forecast are:

a) Receipts include net proceeds of $3.65M for DIP financing, which is conditional on Court approval. Oilsands Quest will review the necessity to draw the whole DIP Facility if the cash is not required;

b) Receipts also include net proceeds of $4.4M for the sale of Eagle's Nest Properties (which is conditional on Court approval) and closing of the transaction on or before March 23, 2012. A DIP repayment of $900K in March is contingent on the closing sale of Eagle's Nest Properties;

c) Receipts include a non-refundable deposit of $280,000 on the sale of the Eagle's Nest Properties;

d) Interest on the DIP Facility is calculated at a rate of 16%;

e) Final work for the camp is forecasted for the end of March. Standard monthly billing of $625,000 for 4 months is provided for, with true up of approximately $339,000 in April and to be settled in May;

f) Final work for road maintenance is scheduled to complete between February 7, 2012 and April 3, 2012;

g) GST collected is based on 5% of Cenovus billings;

h) Corporate recurring G&A costs are based on recent historical results and includes directors' fees and expenses, professional fees, stock exchange fees, AGM costs and investor relations;

i) Payroll amount is based on historical amounts with no projected changes in staffing levels;

j) Insurance is an estimate for the Directors' and Officers' insurance;

k) Operating expenses relate to the final work pertaining to flow through costs to Cenovus at the camp forecasted for the end of March, regular camp maintenance commences in May at $100,000 per month, and final road construction work pertaining to Cenovus is scheduled for the week of April 3, 2012;

l) Land tenure costs relate to the annual licenses for Raven Ridge of $79,000 which are payable in March, Axe Lake annual leases of $70,000 payable in April, and the Saskatchewan License Liability Rating commitment of $182,000 payable in April;

m) Litigation costs relate to the ongoing class action lawsuits;

n) Strategic alternatives process relates to the settlement of fees owed to TD Securities; and

o) CCAA professional fees relate to legal fees, the Monitor's fees and include professional fees related to the Chapter 15 Proceedings.

7. The Monitor has reviewed the assumptions supporting the Forecast and believes the assumptions to be reasonable.

8. Based on the Company's assumptions, the Forecast indicates that the Company will continue to have sufficient available cash to meet its current obligations through the Forecast Period, whether the FAMA APA is concluded during the Forecast Period or not.

THE COMPANY'S REQUEST FOR AN EXTENSION OF THE STAY PERIOD

9. Pursuant to an Order of this Honourable Court dated December 20, 2011, the Stay Period expires on February 17, 2012. The Company is seeking an extension of the Stay Period up to and including, May 18, 2012 (the "Stay Extension").

10. The Stay Extension is necessary to allow the Company to develop and conduct the Solicitation Process.

11. In the Monitor's view, the Company is acting in good faith and with due diligence.

RECOMMENDATIONS

12. The Monitor recommends that this Honourable Court approve:

a) The FAMA APA;

b) the DIP Facility; and

c) the Stay Extension.

Dated at Calgary, this 8th day of February, 2012.

ERNST & YOUNG INC.
in its capacity as
Monitor of Oilsands Quest

Neil Narfason, CA•CIRP, CBV	Cassie Hern, CA
Senior Vice-President	Manager

APPENDIX A

THIS IS EXHIBIT " A "
referred to in the Affidavit of
Garth Wong
Sworn before me this 8
Day of February A.D. 2012
R. Savard
A COMMISSIONER FOR OATHS ROBERTA SUTHERLAND SAVARD
IN AND FOR THE PROVINCE OF ALBERTA My Commission Expires November 22, 2014

Oilsands Quest Inc.
Consolidated Cash flow Forecast
February 1, 2012 - May 31, 2012
(000's) - CAD

	Notes	Feb/12	Mar/12	Apr/12	May/12	Total
	1					
RECEIPTS						
DIP Financing	2	3,650,000	(900,000)	-	-	2,750,000
Interest Income / (expense)	3	-	(48,667)	(36,667)	(36,667)	(122,000)
Sale of Eagle's Nest	2 & 4	280,000	4,100,000	-	-	4,380,000
Camp Service	5	625,000	625,000	625,000	(339,210)	1,535,790
Alberta Road Maintenance	6	308,707	311,412	330,000	220,000	1,170,119
Main Road Maintenance	7	97,533	154,022	132,000	132,000	515,555
Other Road, Fuel, misc	8	105,629	154,500	25,000	37,934	323,063
GST collected		56,843	62,247	55,600	2,536	177,226
Total receipts		5,123,712	4,458,515	1,130,933	16,593	10,729,753
DISBURSEMENTS						
Corporate recurring G&A	9	302,547	477,087	289,587	368,087	1,437,308
Corporate payroll and benefits	10	145,989	148,159	142,539	142,539	579,225
Corporate Insurance	11	922,000	-	-	-	922,000
Operating Expenses	12	927,368	825,249	620,461	100,000	2,473,078
Land tenure	13	1,000	79,848	251,424	1,000	333,272
Litigation	14	-	100,000	100,000	-	200,000
Strategic alternatives process	15	99,551	-	-	-	99,551
CCAA professional fees	16	185,000	185,000	65,000	65,000	500,000
GST Paid		70,746	74,367	48,752	26,654	220,519
Total disbursements (before interest payments)		$ 2,654,202	$ 1,889,710	$ 1,517,763	$ 703,280	$ 6,764,954
NET CASH FLOWS		$ 2,469,511	$ 2,568,805	$ (386,829)	$ (686,687)	$ 3,964,799
OPENING CASH		$ 1,742,008	$ 4,211,519	$ 6,780,323	$ 6,393,494	$ 1,742,008
NET CHANGE IN CASH FLOWS		2,469,511	2,568,805	(386,829)	(686,687)	3,964,799
ENDING CASH		$ 4,211,519	$ 6,780,323	$ 6,393,494	$ 5,706,807	$ 5,706,807

Notes and Assumptions

1 USD converted to CAD at 1:1
2 Receipts include net proceeds of $3.65M for DIP financing conditional on Court approval. Receipts also include net proceeds of $4.4M for the sale of Eagle's Nest property conditional on Court approval and closing of the transaction on or before March 23, 2012. DIP repayment of $900K in March is contingent on closing sale of Eagle's Nest property.
3 Interest on DIP financing. Rate of 16% per agreement.
4 Deposits of $20K (Jan) and $280K (Feb) to be credited against the sale price of Eagle's Nest property of $4.4M in March. If no closing and no material breach by vendor, deposits ($300K) to be retained by OQI.
5 Final work forecasted for the end of March. Standard monthly billing of $625K for 4 months with true up of ($339K) in April and to be settled in May.
6 Final work scheduled for week of March 20.
7 Final work scheduled for week of April 3.
8 Final work on other road scheduled for week of Feb. 7. Fuel budgeted at total cost + markup for $110K.
9 General legal run rate of $60K/mnth. Consulting run rate of $37K for financial reporting manager and finance consultant. Office supplies & computer expense of $30K/mnth. Investor relations $15K/mnth. Net rent of $50K/mnth. Late sub-lease payments of $55K to receive in Feb. March $20K for annual business taxes. Stock exchange fees of $100K in March. AGM mailings of $20K in March and $60K in May. April payment for quarterly director's fees of $75K. XBRL fee of $30K in May. Partial billings for year end financial statement audit of $30K for March and $30K for May. Stock exchange fees of $100K for March. AGM mailings of $20K in March and $60K in May.
10 No material change for staffing levels forecasted.
11 D&O insurance renewal to cover from Feb. 1, 2012 - Jan. 21, 2013. Cost increase of $548K compared to previous forecasted amount.
12 Final work pertaining to flowthrough costs to Cenovus at camp forecasted for the end of March. Regular camp maintenance commences in May at $100K/mnth. Final road construction work pertaining to Cenovus scheduled for week of April 3.
13 Raven Ridge annual Licenses in March for $79K. Axe Lake annual leases in April for $70K. Saskatchewan License Liability Rating committment of $182K due in April.
14 McDaniel legal costs for class action lawsuit of $200K.
15 Settlement of TD fees from Strategic Alternatives review incurred pre Nov/11.
16 CCAA $20K/mnth legal & $20K/mnth EY. TD fees - CCAA $25K/mnth. CCAA - EY/BLG $120K settle in Feb, $60K Feb, $20K March onward run rate. EY trustee for Ch15 bankruptcy $100K (Feb/Mar settlement).