COURT FILE NUMBER	1101-16110	CLERK OF THE COURT Clerk's Stamp FILED JUL 18 2012 JUDICIAL CENTRE OF CALGARY
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	**EIGHTH REPORT OF THE MONITOR** **JULY 17, 2012**	
ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT	<u>**MONITOR**</u> 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 <u>**COUNSEL**</u> Borden Ladner Gervais LLP Centennial Place, East Tower 1900, 520 – 3rd Avenue SW Calgary, Alberta T2P 0R3 Attention: Josef G. A. Krüger, Q.C. Phone: 403-232-9500 Fax: 403-266-1395 Email: jkruger@blg.com	

TABLE OF CONTENTS OF THE EIGHTH REPORT

INTRODUCTION

1. On November 29, 2011, Oilsands Quest Inc. ("OQI"), Oilsands Quest Sask Inc. ("Sask"), Oilsands Quest Technology Inc., 1291329 Alberta Limited ("129"), Stripper Energy Services Inc., and Township Petroleum Corporation ("TPC") (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 eighth report (the "Eighth 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 Extended Claims Bar Date (as defined below);

   b) The Monitor's recommendation.

5. Capitalized terms not defined in this Eighth 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.

8. Further background for the Company and its operations, together with other information regarding these CCAA proceedings, have been posted by the Monitor on its website at: www.ey.com/ca/oilsandsquest.

CLAIMS PROCESS

9. On June 28, 2012 this Honourable Court granted a claims process order (the "Claims Procedure Order") to establish the claims for OQI, Sask, 129 and TPC as at November 29, 2011 (the "Claims").

10. The Claims Procedure Order proposed that any creditor asserting a Claim is required to file a Proof of Claim with the Monitor, with a copy to the Company, prior on or before August 2, 2012, 2012 (the "Claims Bar Date").

11. On July 6, 2012, the Monitor sent, by registered mail, a notice to creditor ("Notice to Creditor") and proof of claim form ("POC") to all known creditors of OQI, Sask, 129 and TPC based on the books and records of each company. The plaintiffs in the ongoing United States litigations ("US Creditors") were not included in this mail out.

12. Because of logistical problems, the Monitor requires an extension of the Claims Bar Date to August 31, 1012 (the "Extended Claims Bar Date") to enable the Monitor to obtain recognition of, *inter alia*, the Claims Procedure Order and to provide reasonable notice of the claims process to potential creditors of the Debtors in the United States.

13. On or before July 19, 2012, the Monitor will send, by registered mail a Notice to Creditor and POC to each of the US Creditors.

14. The Monitor will also publish a notice of the claims process with the Extended Claims Bar Date in the Wall Street Journal and the Calgary Herald on or before July 31, 2012.

RECOMMENDATION

15. The Monitor recommends that this Honourable Court approve the Extended Claims Bar Date.

Dated at Calgary, this 17th day of July, 2012.

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

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

Cassie Hern, CA
Manager