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	**FIFTH REPORT OF THE MONITOR** **MARCH 13, 2012**
ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT	**MONITOR**

Clerk's Stamp

CLERK OF THE COURT

MAR 14 2012

CALGARY, ALBERTA

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TABLE OF CONTENTS OF THE FIFTH REPORT

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 fifth report (the "Fifth Report") of the Monitor is to provide the Honourable Court with the Monitor's comments in respect of the results of the Refreshed Eagles Nest Sales Process (as defined in the Amended Fourth Report of the Monitor) and the Monitor's recommendation.

5. Capitalized terms not defined in this Fifth 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") and the four previously filed Reports of the Monitor. 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 Fifth 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.

REFRESHED EAGLES NEST SALES PROCESS

11. On March 7, 2012 this Honourable Court granted an Order approving the Refreshed Eagles Nest Sales Process (the "March 7 Order").

12. As required under the March 7 Order, the Financial Advisor re-contacted all parties that were initially contacted during the previous Eagles Nest sales process and all the parties which previously made bids for the Eagles Nest Properties advising them of the Refreshed Eagles Nest Sales Process.

13. In addition, on March 6, 2012 and on March 7, 2012 both *The Daily Oil Bulletin* and the *IHS Herold* respectively, carried articles about the Refreshed Eagles Nest Sales Process.

14. On March 12, 2012, after the 4 pm deadline, management of Township Petroleum Corporation ("TPC"), in consultation with the Monitor, selected the bid received from Cavalier Energy Inc. (the "Cavalier PSA") as the successful bid for acceptance. It was received prior to the expiry of the deadline for bids, it was the best bid received, it was accompanied by the required 10% deposit and it was for a purchase price greater than $6 million.

15. The Cavalier PSA is attached as Exhibit A to the March 13, 2012 affidavit of Mr. Garth Wong. The Cavalier PSA is for a cash purchase price of $7,005,000 with closing to occur on or before March 23, 2012 and is subject to Court approval. The Cavalier PSA contains no other material conditions required for closing.

16. In accordance with the March 7 Order, TPC has scheduled an Application to this Honourable Court for approval of the Cavalier PSA at 11 am on March 15, 2012.

17. The Monitor believes that the Refreshed Eagles Nest Sales Process was carried out in accordance with the terms of the March 7 Order and that the Cavalier PSA is the best bid received.

RECOMMENDATION

18. The Monitor recommends that this Honourable Court approve the Cavalier APA.

Dated at Calgary, this 13th day of March, 2012.

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

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

Cassie Hern, CA
Manager