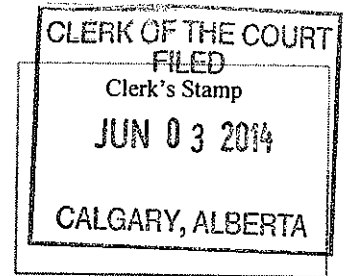


COURT FILE NUMBER 1101-16110  
COURT COURT OF QUEEN'S  
BENCH OF ALBERTA  
JUDICIAL CENTRE CALGARY



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 EIGHTEENTH REPORT OF THE MONITOR

JUNE 2, 2014

ADDRESS FOR SERVICE AND  
CONTACT INFORMATION OF  
PARTY FILING THIS  
DOCUMENT

**MONITOR**

1000, 440 - 2<sup>nd</sup> Avenue SW  
Calgary, Alberta T2P 5E9  
Attention: Neil Narfason  
Telephone: 403-206-5067  
Fax: 403-206-5075  
Email: Neil.Narfason@ca.ey.com

**COUNSEL**

Borden Ladner Gervais LLP  
Centennial Place, East Tower  
1900, 520 - 3<sup>rd</sup> 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

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## **APPENDIX TO THE EIGHTEENTH REPORT**

### **APPENDIX A**

### **SUMMARY OF PROFESSIONAL FEES**

## 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 OQI Western Petrochemicals Corp. and 1259882 Alberta Ltd. were added to these CCAA proceedings (the "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") by this Honourable Court.
4. The OQI Plan was sanctioned by this Court on February 25, 2013 and the Plan was implemented on May 3, 2013.
5. The Monitor has complied with all the requirements under the Claims Procedure Order and Subsequent Claims Procedure Order.
6. Payments to Affected Creditors with Proven Claims totalling \$4,681,537.28 have been made by the Monitor.
7. The purpose of this eighteenth report (the "Eighteenth Report") of the Monitor is to provide this Honourable Court with the Monitor's comments in respect of the following:
  - a) The Monitor's activities since the seventeenth report of the Monitor dated February 13, 2014 (the "Seventeenth Report");
  - b) The Monitor and its counsel's professional fees;
  - c) The Monitor's request for a discharge; and
  - d) The Monitor's recommendation.

8. Capitalized terms not defined in this Eighteenth Report are as defined in the Initial Order, the Plan and the Creditors' Meeting Order granted January 30, 2013 (the "Creditors' Meeting Order").
9. All references to dollars are in Canadian currency unless otherwise noted.

## **BACKGROUND**

10. Further background for the Company and its operations, together with other information regarding the CCAA Proceedings, have been posted by the Monitor on its website at: [www.ey.com/ca/oilsandsquest](http://www.ey.com/ca/oilsandsquest).

## **TERMS OF REFERENCE**

11. In preparing this Eighteenth Report, the Monitor has relied upon unaudited financial information, company records and discussions with former management of the Company. The Monitor has not performed an audit, review or other verification of such information.

## **ACTIVITIES SINCE THE SEVENTEENTH REPORT**

12. Following the Seventeenth Report, the Monitor completed the necessary administrative items to make a final distribution to OQI's transfer agents (the "Transfer Agent") to be issued to OQI's shareholders (the "OQI Shareholders"). These tasks included determining the necessary documentation requirements for shareholders with respect to withholding taxes and coordinating with the transfer agent to obtain this documentation.
13. The Monitor entered into a paying agent agreement with the Transfer Agent which authorized the Transfer Agent to complete any administrative requirements with respect to the final distribution and complete the distribution of all funds to the OQI Shareholders on a pro-rata basis.
14. On May 28, 2014, the Monitor transferred \$9,274,035.59 to the Transfer Agent to distribute to the OQI Shareholders (the "Monitor's Final Distribution"). The Monitor understands that the OQI final distribution to OQI Shareholders will be completed shortly thereafter.

## **PROFESSIONAL FEES**

15. Through the course of the CCAA Proceedings, professional fees and disbursements totalling \$1,379,365 were incurred by the Monitor, the Monitor's Canadian legal counsel, and the

Monitor's U.S. legal counsel (the "Professional Fees"). Attached hereto as Appendix "A" is a summary of the invoices for the Professional Fees.

16. The Monitor anticipates that costs to complete the administration will not exceed \$15,000 in addition to the amounts billed above.
17. The Monitor believes that the professional fees are reasonable for the following reasons:
  - a) Because OQI is a US-based company, both a CCAA and a concurrent filing under Chapter 15 of the US Bankruptcy Code were required;
  - b) The process to sell OQI's assets required significant involvement of the Monitor including numerous applications to this Honourable Court;
  - c) The Monitor's powers were expanded to include completion of the asset sale process and management of the day-to-day administrative responsibilities of the Company; and
  - d) Resolution of certain Disputed Claims and Affected Claims resulted in significant professional time being incurred.

#### **DISCHARGE**

18. With the completion of the Monitor's Final Distribution, the administration of OQI is substantially complete with only minor administrative matters to be undertaken. As such, the Monitor is requesting its discharge (the "Discharge").

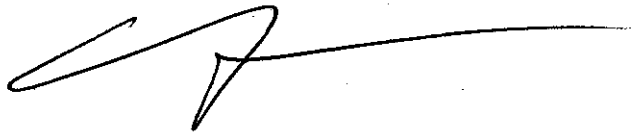
## **MONITOR'S RECOMMENDATIONS**

19. The Monitor requests that this Honourable Court approve the:

- a) Professional Fees; and
- b) Discharge.

Dated at Calgary, this 2<sup>nd</sup> day of June, 2014.

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

A handwritten signature in black ink, consisting of a stylized 'N' followed by a long horizontal line.

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

# Appendix A

## Oilsands Quest Inc. Summary of Professional Fees

| Period       | Monitor's Fees &<br>Disbursements | Monitor's Canadian<br>and US Counsel's Fees<br>& Disbursements | Subtotal            |
|--------------|-----------------------------------|----------------------------------------------------------------|---------------------|
| Jan-12       | \$ 96,647                         | \$ -                                                           | \$ 96,647           |
| Mar-12       | 26,540                            | 133,042                                                        | 159,582             |
| May-12 -     | 221                               | 78,546                                                         | 78,325              |
| Jun-12       | 23,743                            | 74,025                                                         | 97,768              |
| Jul-12       | 41,203                            | 1,987                                                          | 43,190              |
| Aug-12       | 20,944                            | 15,227                                                         | 36,171              |
| Sep-12       | 49,668                            | 51,856                                                         | 101,524             |
| Oct-12       | 30,640                            | 44,793                                                         | 75,434              |
| Nov-12       | 39,550                            | 28,923                                                         | 68,472              |
| Dec-12       | 22,597                            | 59,246                                                         | 81,843              |
| Jan-13       | 23,545                            | 50,882                                                         | 74,427              |
| Mar-13       | 20,285                            | 64,254                                                         | 84,539              |
| Apr-13       | 26,189                            | 40,672                                                         | 66,862              |
| May-13       | 9,432                             | 23,493                                                         | 32,925              |
| Jun-13       | 37,229                            | 18,319                                                         | 55,547              |
| Jul-13       | -                                 | 24,419                                                         | 24,419              |
| Aug-13       | 10,574                            | 17,349                                                         | 27,923              |
| Sep-13       | 21,517                            | 18,780                                                         | 40,297              |
| Oct-13       | -                                 | 16,232                                                         | 16,232              |
| Nov-13       | -                                 | 15,120                                                         | 15,120              |
| Dec-13       | -                                 | 5,766                                                          | 5,766               |
| Jan-14       | -                                 | 10,301                                                         | 10,301              |
| Feb-14       | -                                 | 4,190                                                          | 4,190               |
| Mar-14       | -                                 | 14,453                                                         | 14,453              |
| Apr-14       | 55,275                            | 5,608                                                          | 60,883              |
| May-14       | -                                 | 6,523                                                          | 6,523               |
| <b>Total</b> | <b>\$ 555,357</b>                 | <b>\$ 824,008</b>                                              | <b>\$ 1,379,365</b> |

