Form 49
[Rule 13.19]

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JUDICIAL CENTRE
OF CALGARY

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,* RSC 1985, c.C-36, AS AMENDED** **AND IN THE MATTER OF OILSANDS QUEST INC., OILSANDS QUEST SASK INC., TOWNSHIP PETROLEUM CORPORATION, STRIPPER ENERGY SERVICES INC., 1291329 ALBERTA LTD., OILSANDS QUEST TECHNOLOGY INC., WESTERN PETROCHEMICALS CORP. and 1259882 ALBERTA LTD.**
DOCUMENT	**AFFIDAVIT OF MARK SCHWEITZER**
ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT	BURSTALL WINGER LLP Suite 1600, 333-7th Avenue SW Calgary, AB T2P 2Z1 Attn: Patrick D. Fitzpatrick Ph: (403) 234-3327 Fax: (403) 266-6016 Email: fitzpatrick@burstall.com File: 33652 7015

AFFIDAVIT OF MARK SCHWEITZER

Sworn on February 22, 2013

I, Mark Schweitzer of the City of Calgary, in the Province of Alberta, **SWEAR AND SAY THAT:**

1. I am Vice President and Chief Financial Officer of Grizzly Oil Sands ULC ("Grizzly"). As such I have personal knowledge of the facts stated in this Affidavit except where same are stated to be based on information and belief, in which case I believe them to be true.

2. Grizzly incurred various costs on behalf of Oilsands Quest Sask Inc. ("Oilsands Sask") prior to November 29, 2011. Grizzly submitted a Proof of Claim to Ernst & Young Inc. ("E&Y"), who were at the time Court-appointed Monitor for Oilsands Sask as well as other companies involved in this proceeding, and who are now the Court appointed Receiver for Oilsands Quest. Grizzly's claim was accepted by E&Y as a proven claim, in the amount of $381,047.00.

3. I became aware of the CCAA proceedings involving Oilsands Quest Inc. ("OQI"), Oilsands Sask and other related companies, in 2011. After I became aware of these proceedings, I had a number of conversations with Garth Wong, who was then the President and Chief Executive Officer of OQI. In those conversations, and while Mr. Wong was still the President and Chief Executive Officer of OQI, Mr. Wong assured me repeatedly that all trade creditors including Grizzly would likely receive 100% recovery of the amounts owing to them as of the date when OQI, Oilsands Sask and related companies entered CCAA protection.

4. To the best of my knowledge and belief, Grizzly did not receive notice of the applications made in this proceeding January 29, 2013 in respect of distribution of funds from Oilsands Sask or in respect of the proposed CCAA Plan for OQI.

5. I first became aware of the Orders that were granted on January 29, 2013 on February 18, 2013, which was

the Family Day holiday in Alberta.

6. On Tuesday, February 19, 2013, I left voice messages for Neil Narfason and Cassie Riglin of E&Y. I also tried again to reach each of them by phone on February 20, 2013, and then followed up with an email. I also on February 20, 2013 contacted legal counsel for Grizzly, who thereafter communicated by email with legal counsel for E&Y. Attached as **Exhibit "A"** to this Affidavit is a copy of an email string, starting with an email I sent to Neil Narfason and Cassie Riglin at 9:43 a.m. on February 20, 2013, and ending with an email from Josef Kruger to Patrick Fitzpatrick, sent February 20, 2013 at 5:12 p.m.

7. Attached as **Exhibit "B"** to this Affidavit is a copy of an email string starting with an email from Mr. Kruger to Mr. Fitzpatrick and others, sent February 21, 2013 at 4:01 p.m., and ending with an email from Mr. Kruger to Mr. Fitzpatrick, sent February 22, 2013 at 9:04 a.m.

8. I have noted, upon review of various materials on the E&Y website since I became aware on February 18, 2013, of the January 29, 2013 Orders in this proceeding, that the combined effect of the Distribution and Discharge Order: Receivership, granted January 29, 2013 without notice to Grizzly, and the Plan contemplated by the Creditors' Meeting Order granted January 29, 2013 without notice to Grizzly, include:

    (a) Grizzly is to receive a distribution of only 5.7% of its proven claim ($21,745.74, of its proven claim of $381,047.00);

    (b) All other trade creditors of Oilsands Sask will similarly receive only 5.7% recovery of their proven claims;

    (c) Over 99% of the cash assets of Oilsands Sask are to be paid directly or indirectly to OQI, for distribution to OQI's creditors and to OQI's shareholders;

    (d) Neither Grizzly nor any of the other trade creditors of Oilsands Sask have been included in the proposed Plan or given an opportunity to vote on the proposed Plan.

9. Grizzly objects to these combined effects of the Distribution and Discharge Order: Receivership, granted January 29, 2013, and the Plan contemplated by the Creditors' Meeting Order, as not being fair and reasonable to Grizzly and Oilsands Sask's other trade creditors. In particular, the overall result would be to pay Grizzly and the other Oilsands Sask trade creditors only 5.7% of the amounts of their respective proven claims, while ultimately distributing funds to OQI's shareholders.

10. Mike Stevens is the Vice President and Chief Financial Officer of SilverWillow Energy Corporation ("SilverWillow"), which Mr. Stevens advises me is the corporate successor to SilverBirch Energy Corporation. I note that the First Report of the Receiver dated January 22, 2013 indicates that SilverBirch Energy Corporation has a proven pre-filing claim against Oilsands Sask in the amount of $133,970.53. Mr. Stevens informs me that SilverWillow opposes the application to sanction the proposed OQI Plan, for the same reasons that Grizzly opposes the application.

11. I make this Affidavit *bona fide* and in opposition to the Application for a Plan Sanction Order.

SWORN BEFORE ME at the City of Calgary, in the Province of Alberta, this 22 day of February, 2013.

Pat Fitz

A Notary Public in and for the Province of Alberta

Patrick D. Fitzpatrick
Barrister and Solicitor

Mark Schweitzer

MARK SCHWEITZER

Patrick Fitzpatrick

From: Kruger, Josef G. A. [JKruger@blg.com]
Sent: Wednesday, February 20, 2013 5:12 PM
To: Patrick Fitzpatrick
Cc: 'neil.narfason@ca.ey.com' (neil.narfason@ca.ey.com); Cassie.Riglin@ca.ey.com; 'howard.gorman@nortonrose.com' (howard.gorman@nortonrose.com)
Subject: RE: Oil Sands Quest Sask. Inc: Grizzly Oil Sands ULC

Hello Patrick. The distributions in Oilsands Quest Sask. Inc (OQS) are distributions in the receivership, and are made to creditors, of which Oilsands Quest Inc. (OQI) is the largest ($ 129,048,580.88). In the receivership of OQS no payments are therefore made to shareholders, only to creditors. Grizzly Oilsands ULC is one of those creditors. The payment to OQI is made to it as creditor of OQS, not as shareholder. Only the shareholders of OQI may see a small dividend if there are funds left over after paying all the creditors of OQI.

The meeting of creditors tomorrow is a meeting of the creditors of OQI only. There is no Plan of Arrangement for OQS because it is in receivership. Creditors of OQS have no standing or vote at the OQI creditors meeting.

Feel free to call me.

Regards

Josef

THIS IS EXHIBIT "A"
referred to in the Affidavit of
MARK SCHWEITZER
Sworn before me this 22nd
day of FEBRUARY A.D. 2013

A Notary Public in and for the
Province of ALBERTA

Josef G.A. Kruger, Q.C.
Partner
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From: Patrick Fitzpatrick [mailto:fitzpatrick@burstall.com]
Sent: February-20-13 4:50 PM
To: Kruger, Josef G. A.
Subject: FW: Oil Sands Quest

Josef,

Please see the email below from Mark Schweitzer of Grizzly Oil Sands ULC to Neil Narfason and Cassie Riglin, and call me to discuss.

I understand that time is of the essence regarding this matter. Please therefore call me this afternoon or tomorrow morning.

Thank you.

Patrick D. Fitzpatrick
Burstall Winger LLP
1600 Dome Tower
333 – 7th Avenue S.W.
Calgary, AB T2P 2Z1
Tel. 403-234-3327
Fax 403-266-6016
Email: Fitzpatrick@burstall.com

From: Mark Schweitzer [mailto:mark.schweitzer@grizzlyoilsands.com]
Sent: Wednesday, February 20, 2013 4:37 PM
To: Patrick Fitzpatrick
Subject: FW: Oil Sands Quest

fyi

From: Mark Schweitzer
Sent: Wednesday, February 20, 2013 9:43 AM
To: 'neil.narfason@ca.ey.com'; 'cassie.riglin@ca.ey.com'
Subject: Oil Sands Quest

Neil & Cassie:

As you are aware, Grizzly Oil Sands ULC is a creditor of Oilsands Quest Sask. Inc. In your 13th report, I note that you contemplate a meeting tomorrow to approve a plan of arrangement to distribute the assets of the Oilsands Quest group of companies. I note that your plan contemplates payment of approx. 6% of 3rd party creditors of OQI Sask of which the majority is being paid to Oil Sands Quest Inc. and then on distributed to its shareholders. I am struggling to understand the logic of how shareholders get paid ahead of creditors.

I have left voice mail messages with both of you yesterday and have not had a response. I have called again this morning but neither of you were by your phone. I did speak with Jessica Caden yesterday but she directed me to speak with one of you. Could one of you please call me at your earliest convenience.

Thank you.

Mark Schweitzer
Vice President & Chief Financial Officer
Phone: 403-930-6444
Cell: 403-968-2263
mark.schweitzer@grizzlyoilsands.com

Patrick Fitzpatrick

From: Kruger, Josef G. A. [JKruger@blg.com]
Sent: Friday, February 22, 2013 9:04 AM
To: Patrick Fitzpatrick
Cc: 'neil.narfason@ca.ey.com' (neil.narfason@ca.ey.com); 'howard.gorman@nortonrose.com' (howard.gorman@nortonrose.com); Cassie.Riglin@ca.ey.com
Subject: RE: Oilsands Quest Inc: Applications on Monday, February 25, 2013 at 10 am

Patrick, the Monitor will proceed with the application on Monday for a Sanction Order.

Your clients are not creditors of Oilsands Quest Inc ("OQI"), and they did not file any claims against OQI. The Claims Bar Date and the Subsequent Claims Bar Date have passed. Your clients are proven creditors of Oilsands Quest Sask Inc. ("Sask") only. Any prejudice which your clients believe they may have suffered, will be cured by the proposed Order supplementing the Distribution Order. Your clients will have 10 days to bring an application for the Distribution Order to be varied. If your clients can convince the Court that there is a legal basis for them to be paid a higher percentage of the proceeds of Sask's estate, then the Court will vary the Distribution Order accordingly, but that will have no impact on the Plan other than the fact that a smaller amount will be distributed to the OQI shareholders.

There is no need to delay sanction of the Plan. As I conveyed to you during our telephone call yesterday, any distributions under the Plan to the OQI shareholders cannot take place until all Disputed Claims have been resolved. Some of the Disputed Claims of the erstwhile directors and officers of OQI cannot be resolved until the settlement of the US class action has been implemented. That process will take an estimated 6 to 7 months from now, if not longer. There is accordingly ample time for the Court to hear and decide any application your clients may want to bring to increase their share of the Sask proceeds. In the unlikely event that your clients' application has not been resolved by then, we can at that stage approach the Court for an Order directing the Monitor to retain an amount of money sufficient to pay your clients claims in full should they succeed. Should your clients proceed with to oppose the application to sanction the Plan, the Monitor will ask for costs against them.

Regards

Josef

THIS IS EXHIBIT "B"
referred to in the Affidavit of
MARK SCHWEITZER
Sworn before me this 22nd
day of FEBRUARY A.D. 2013

A Notary Public in and for the
Province of ALBERTA

Josef G.A. Kruger, Q.C.
Partner
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From: Patrick Fitzpatrick [mailto:fitzpatrick@burstall.com]
Sent: February-21-13 4:54 PM

To: Kruger, Josef G. A.
Subject: RE: Oilsands Quest Inc: Applications on Monday, February 25, 2013 at 10 am

Josef,

Thanks for adding me to the service list and including me on the service email below.

In addition to Grizzly Oil Sands ULC ("Grizzly") I have now also been retained by SilverWillow Energy Corporation which is the successor company to SilverBirch Energy Corporation ("SilverWillow"). Like Grizzly, SilverWillow is a creditor of Oilsands Quest Sask Inc. ("Oilsands Sask").

Although I appreciate the steps you are taking to remedy the failure to serve Oilsands Sask's creditors with the January application(s) materials, my clients view the proposed Plan Sanction Order to potentially be prejudicial to their interests even if they have the opportunity to apply at a later date to vary the Receivership Distribution and Discharge Order. I have therefore been instructed to attend Court on Monday on behalf of Grizzly and SilverWillow to oppose the application for the Plan sanction Order or alternatively request that the application for that Order be adjourned for hearing on the same date as an application by Oilsands Sask's creditors to vary the Receivership Distribution and Discharge Order.

Aside from the lack of service to Oilsands Sask's creditors for the January applications, the combined effect of the proposed Plan and the Receivership Distribution and Discharge Order has in my clients' view unfairly disregarded the interests of Oilsands Sask's creditors, and the proposed Plan is not fair and reasonable. In particular, the combined effect is to pay less than 6% to trade creditors of the company in which the bulk of the corporate group's realizable assets were owned, while funnelling out funds to end shareholders of the corporate group.

In my respectful view this situation can and should be remedied by Oilsands Sask's trade creditors (i.e. the creditors other than the companies that are part of the OQI corporate group) being deemed to be creditors of OQI for the purposes of the proposed Plan and therefore paid out 100% of the amounts owing to them as for all other of OQI's creditors. The only parties who would be affected by that amendment to the Plan would be the end shareholders – who should not in any event be recovering anything until trade creditors are first paid in full.

Please let me know by tomorrow morning if possible whether E&Y will make an application Monday to amend the Plan in accordance with this proposal. Otherwise my clients' instructions to me are to prepare, file and serve materials for Monday's court proceedings.

Regards,

Patrick

Patrick D. Fitzpatrick
Burstall Winger LLP
1600 Dome Tower
333 – 7th Avenue S.W.
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Tel. 403-234-3327
Fax 403-266-6016
Email: Fitzpatrick@burstall.com

From: Kruger, Josef G. A. [mailto:JKruger@blg.com]
Sent: Thursday, February 21, 2013 4:01 PM
To: Patrick Fitzpatrick; Alan McConnell; Carole Hunter; Cassie Riglin; Clint Docken; Craig Hoskins; David Pick; Doug Schweitzer; G Wong; Howard Gorman; Howie Sniderman; Jill Medhurst-Tivadar; Jonathan Cho; Kruger, Josef G. A.; Kathy Mah; Kelly Bourassa; Ken Coleman; Kirwin LLP; Lisa Kraidin; Matthew Simpson; Neil Narfason; McCarthy, Patrick T.;

Randal Van de Mosselaer; Robert Anderson; Robyn Tarnofsky; Ronald Girvitz; Samantha Daley
Subject: Oilsands Quest Inc: Applications on Monday, February 25, 2013 at 10 am

Please find attached two unfiled applications for hearing on Monday, February 25 at 10 am before Justice Horner, as well as a draft Order for the application to supplement the Distribution Order. We also attach an unfiled copy of the Monitor's Fourteenth Report. Filed copies will be served tomorrow.

Josef G.A. Kruger, Q.C.
Partner
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