COURT FILE NUMBER	**1101-16110**	Clerk's Stamp
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 AMDENDED** **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	**PLAN OF COMPROMISE AND ARRANGEMENT OF OILSANDS QUEST INC.**	

January 22, 2013

- THIS PLAN SHOULD BE READ TOGETHER WITH THE MONITOR'S THIRTEENTH REPORT AND THE RECEIVER'S FIRST REPORT
- CAPITALIZED TERMS ARE DEFINED IN ARTICLE I

ARTICLE 1
DEFINED TERMS

In this Plan the following words will have the following meanings:

"Administration Charge" has the meaning given to it by the Initial Order;

"Affected Claim" means any Secured Claim, Pre-Filing Claim or Subsequent Claim except for Unaffected Claims;

"Affected Creditor" means any Creditor with an Affected Claim, including Secured Creditors, but only with respect to and to the extent of such Affected Claim;

"Affected Creditors' Class" means the class of Creditors established in Article 4.1 hereof;

"Affected Creditors' Pool" means the pool of funds established by the Monitor in accordance with Article 7.3 hereof;

"Affiliate" means, in relation to any Person, any other Person or group of Persons acting in concert, directly or indirectly, that Controls, is Controlled by or under common Control with the first mentioned Person;

"Applicable Law" means, with respect to any Person, property, transaction, event or other matter, any law, rule, statute, regulation, order, judgment, decree, treaty or other requirement having the force of law relating or applicable to such Person, property, transaction, event or other matter. Applicable Law also includes, where appropriate, any interpretation of any law, rule, statute, regulation, order, judgment, decree, treaty or other requirement having the force of law by any Person, court or tribunal having jurisdiction over it, or charged with its administration or interpretation;

"Assets" means all of the property, assets and undertaking of OQI;

"BIA" means the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended;

"Business Day" means a day on which banks are generally open for the transaction of commercial business in Calgary, Alberta, but does not in any event include a Saturday, Sunday or a bank holiday under Applicable Law;

"CCAA" means the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended;

"CCAA Proceedings" means the proceedings commenced by the OQI Applicants under the CCAA in the Court of Queen's Bench of Alberta, Judicial District of Calgary, Action No.1101-16110;

"Claim" means any right or claim of any Person, including any Tax Claim of, that may be asserted or made in whole or in part against OQI, whether or not asserted or made, in connection with any indebtedness, liability or obligation of any kind whatsoever, and any interest accrued thereon or costs payable in respect thereof, including without limitation, by reason of the commission of a tort (intentional or unintentional), by reason of any breach of contract or other agreement (oral or written), by reason of any breach of duty (including, without limitation, any legal, statutory, equitable or fiduciary duty) or by reason of any right of ownership of or title to property or assets or right to a trust or deemed trust (statutory, express, implied, resulting, constructive or otherwise), and whether or not any indebtedness, liability or obligation is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, unsecured, present or future, known or unknown, by guarantee, surety or otherwise, and whether or not any right or claim is executory or anticipatory in nature including, without limitation, any right or ability of any Person to advance a claim for contribution or indemnity or otherwise with respect to any matter, action, cause or chose in action whether existing at present or commenced in the future, together with any other rights or claims of any kind that, if unsecured, would be a debt provable in bankruptcy within the meaning of the BIA, had OQI become bankrupt on the Filing Date, but not including any claim that relates to any of the debts or liabilities set out in section 19(2) of the CCAA;

"Claims Bar Date" means 5:00 p.m. Mountain Time on August 31, 2012 or such later date on which a Proof of Claim is accepted for filing by the OQI and the Monitor, or the Court, prior to the grant of the Final Sanction Order;

"Claims Process" means the procedures outlined in the Claims Process Order and in the Subsequent Claims Process Order in connection with the assertion of Claims against OQI;

"Claims Process Order" means the Order of the Court dated June 28, 2012 approving the Claims

Process;

"Court" means the Court of Queen's Bench of Alberta;

"Crown" means Her Majesty in right of Canada or a province;

"Creditor" means any Person having a Claim;

"Creditors' Meeting" means the meeting of Affected Creditors with Eligible Voting Claims called for the purpose of considering and voting in respect of the Plan and any adjournment thereof;

"Creditors' Meeting Order" means the Order under the CCAA that, among other things, accepts the filing of the Plan and calls and sets the date for the Creditors' Meeting;

"Directors' Charge" has the meaning given to it by the Initial Order;

"Disputed Claim" means a Claim properly filed in accordance with the Claims Process which, if allowed in whole or in part, would be an Affected Claim, but which has not, as of the Plan Implementation Date been finally determined to be a Proven Claim in accordance with the Claims Process;

"Disputed Claims Reserve" means the pool of funds established by the Monitor in accordance with Article 7.3 hereof;

"Distribution Order" means an Order by the Court approving distributions by the Receiver in accordance with the Receiver's First Report;

"Eligible Voting Claim" means any Affected Claim which has become a Proven Claim, or where a Claim is disputed or unresolved by the time the Creditors' Meeting commences, such Claim will have value assigned to such Claim for voting purposes by the Monitor or the Court, except that no Unaffected Claim will be an Eligible Voting Claim;

"Filing Date" means November 29, 2011;

"Final Sanction Order" means an Order which, among other things, shall approve and sanction the Plan under the CCAA and shall include provisions as may be necessary or appropriate to give effect to the Plan, including provisions in substance similar to those set out in Article 11.1;

"Financial Advisor" means TD Securities Inc.;

"Financial Advisor Charge" has the meaning given to it in the Order by the Court dated January 11, 2012;

"Final Determination" means any determination for which, pursuant to Applicable Law, all times limited for and all rights to dispute, appeal or further appeal of or from such determination have expired or been exhausted;

"Government Authority" means a federal, provincial, territorial, municipal or other government or government department, agency or authority (including a court of law) having jurisdiction over OQI, the business of OQI, or the Plan;

"Indebtedness" means in respect of the holder of any Claim, all of the indebtedness, liabilities and obligations of OQI to such Creditor, whether direct, indirect, contingent or otherwise, including all outstanding principal, interest and penalties owed by OQI to such Creditor, including any Claims as a result of the termination of any employment agreements, whether in writing or not, and any employment relationships established thereby and any other agreements relating to the payment of severance to any employees;

"Initial Order" means the order granted by the Court in the CCAA Proceedings on November 29, 2011 which, among other things, granted CCAA protection to the OQI Applicants, appointed the Monitor, and stayed proceedings against the OQI Applicants;

"Instrument of Proxy" has the meaning given to it in Article 6.3 of the Plan, a copy of which is attached as Schedule "A" hereto;

"ITA" means the *Income Tax Act*, R.S.C., 1985, c.1, the regulations thereunder and the Income Tax Application Rules R.S.C. 1985, c.2, all as amended;

"Monitor" means Ernst & Young Inc.;

"Monitor's Thirteenth Report" means the thirteenth report of the Monitor in the CCAA Proceedings dated January 22, 2013;

"Order" means any order of the Court respecting the CCAA Proceedings;

"OQI" means Oilsands Quest Inc.

"OQI Applicants" means Oilsands Quest Inc., Oilsands Quest Sask Inc., Township Petroleum Inc., 1291329 Alberta Ltd., Stripper Energy Services Inc., Oilsands Quest Technology Inc., Western Petrochemicals Corp. and 1259882 Alberta Ltd.;

"OQI Fund" means the total of the net proceeds of the sale of the Assets, the net distributions made by the Receiver to OQI, and the Technology Cash, the estimated total amount of which is $12,700,000 (exclusive of further fees and disbursements);

"OQI Shareholders" means persons holding common shares of OQI on or prior to the Plan Implementation Date, or any transferees or assignees thereof pursuant to Articles 5.2 and 7.5;

"OQI Shares" means the issued and outstanding common shares of OQI on a fully diluted basis;

"Order" means any order of the Court respecting the CCAA Proceedings;

"Person" includes an individual, a partnership, a corporation, a trust, a joint venture, an unincorporated organization, a union, a government or any department or agency thereof and the heirs, executors, administrators or other legal representatives of an individual;

"Plan" or **"Plan of Arrangement"** means this Plan of Compromise and Arrangement as supplemented and amended from time to time;

"Plan Implementation Date" means the Business Day following the satisfaction or waiver of all the conditions precedent to the implementation of this Plan as set out in Article 9.4 or such other date as may be agreed by OQI in consultation with the Monitor, and approved by the Court;

"Pre-Filing Claim" means any Claim other than a Subsequent Claim;

"Proven Claim" means a Claim which has been allowed and in respect of which there has been Final Determination of such Claim in accordance with this Plan and/or any applicable Order by the Plan Implementation Date;

"Receiver" means Ernst & Young Inc. in its capacity as Receiver of Oilsands Quest Sask Inc., Township Petroleum Inc. and 1291329 Alberta Ltd.;

"Receiver's First Report" means the Receiver's First Report dated January 22, 2013;

"Released Party" has the meaning given to it in Article 10.1 of the Plan;

"Required Majority" means a majority in number of Affected Creditors with Eligible Voting Claims representing two-thirds in value of such Affected Creditors' Eligible Voting Claims with respect to the Affected Creditors, in each case present and voting in person or by proxy at the Creditors' Meeting;

"Secured Claim" means any Claim or portion thereof, which is secured by a validly attached and existing security interest on the Assets and which was duly and properly perfected at the Filing Date, as finally determined in accordance with the Claims Process;

"Secured Creditors" means those Creditors with a Secured Claim;

"Special Crown Claims" means Claims of Her Majesty in right of Canada or a province, for all amounts that were outstanding at the Plan Implementation Date and are of a kind that could be subject to a demand under:

(i) subsection 224(1.2) of the ITA;

(ii) any provision of the *Canada Pension Plan* or of the *Employment Insurance Act* that refers to subsection 224(1.2) of the ITA and provides for the collection of a contribution, as defined in the *Canada Pension Plan*, or an employee's premium, or employer's premium, as defined in the *Employment Insurance Act*, and of any related interest, penalties or other amounts; or

(iii) any provision of provincial legislation that has a similar purpose to subsection 224(1.2) of the ITA, or that refers to that subsection, to the extent that it provides for the collection of a sum, and of any related interest, penalties or other amounts, where the sum

(A) has been withheld or deducted by a person from a payment to another person and is in respect of a tax similar in nature to the income tax imposed on individuals under the ITA, or

(B) is of the same nature as a contribution under the *Canada Pension Plan* if the province is a "province providing a comprehensive pension plan" as defined in subsection 3(1) of the *Canada Pension Plan* and the provincial legislation establishes a "provincial pension plan" as defined in that subsection;

"**Subsequent Claim**" means any Claim arising after the Filing Date as a result of the termination, disclaimer or repudiation by OQI after the Filing Date of any contract, lease, employment agreement, or other arrangement or agreements of any nature whatsoever, whether oral or written, and any amending agreement related thereto, in effect as at the Filing Date;

"**Subsequent Claims Bar Date**" means 5:00 p.m. Mountain Standard Time on January 11, 2013, or such later date on which a Proof of Subsequent Claim in respect of a Subsequent Claim is accepted for filing by OQI and the Monitor;

"**Tax**" or "**Taxes**" means any and all taxes, duties, fees, premiums, assessments, imposts, levies and other charges of any kind whatsoever imposed by any Taxing Authority, including all interest, penalties, fines, additions to tax or other additional amounts imposed by any Taxing Authority in respect thereof, and including those levied on, or measured by, or referred to as, income, gross receipts, profits, capital, transfer, land transfer, sales, goods and services, harmonized sales, use, value-added, excise, stamp, withholding, business, franchising, property, development, occupancy, employer health, payroll, employment, health, social services, education and social security taxes, all surtaxes, all customs duties and import and export taxes, countervail and anti-dumping, all licence, franchise and registration fees and all employment insurance, health insurance and Canada, Québec and other government pension plan premiums or contributions;

"**Tax Claim**" means any Claim against OQI for any Taxes in respect of any taxation year or period ending on or prior to the Filing Date, and in any case where a taxation year or period commences on or prior to the Filing Date but does not end until after the Filing Date, any Claims against OQI for any Taxes in respect of or attributable to the portion of the taxation period commencing prior to the Filing Date and up to and including the Filing Date. For greater certainty, a Tax Claim shall include, without limitation, any and all Claims of any Taxing Authority in respect of transfer pricing adjustments and any Canadian or non-resident Tax related thereto;

"**Taxing Authorities**" means any one of Her Majesty the Queen, Her Majesty the Queen in right of Canada, Her Majesty the Queen in right of any province or territory of Canada, the Canada Revenue Agency, any similar revenue or taxing authority of Canada and each and every province or territory of Canada and any political subdivision thereof and any Canadian or non-Canadian government, regulatory authority, government department, agency, commission, bureau, minister, court, tribunal or body or regulation making entity exercising taxing authority or power, and "**Taxing Authority**" means any one of the Taxing Authorities;

"**Technology Cash**" means all the cash assets of Oilsands Quest Technology Inc.;

"Trust Company" means a trust company incorporated under the laws of Canada or a province thereof that is selected by the Monitor;

"Unaffected Claims" has the meaning given to it in Article 3.3 of the Plan;

"Unaffected Creditor" is a Creditor whose Claim is an "Unaffected Claim", but only in respect of and to the extent of such Unaffected Claim;

"Unaffected Plan Closing Claims" means the following Claims, which will either be reserved for or paid on the Plan Implementation Date in accordance with the Plan:

a. the Claims of the Monitor and its counsel for unpaid fees and costs incurred up to and including the Plan Implementation Date; and

b. the Claims of OQI's counsel for unpaid fees and costs incurred up to and including the Plan Implementation Date;

"US Court" means the United States District Court, Southern District of New York.

ARTICLE 2
BACKGROUND

2.1 OQI is a publicly traded corporation incorporated in Colorado, United States of America, and trading on the New York Stock Exchange under the trading symbol "BQI". Trading in OQI's shares have been suspended by the New York Stock Exchange.

2.2 OQI is the 100% parent of Township Petroleum Corporation, 1291329 Alberta Ltd., Oilsands Quest Technology Inc., Oilsands Quest Sask Inc., Western Petrochemicals Corp., and 1259882 Alberta Ltd. Oilsands Quest Sask Inc. is in turn the 100% parent of Stripper Energy Services Inc.

2.3 On November 29, 2011 OQI, Oilsands Quest Sask Inc., Oilsands Quest Technology Inc., 1291329 Alberta Ltd., Stripper Energy Services Inc. and Township Petroleum Corporation sought and obtained protection from their creditors under the CCAA pursuant to the Initial Order.

2.4 On December 20, 2011 Western Petrochemicals Corp. and 1259882 Alberta Ltd. were added to the CCAA proceedings.

2.5 Pursuant to the Initial Order, Ernst & Young Inc. was appointed the Monitor.

2.6 OQI is a development stage company which held certain permits, licenses and leases in Alberta and Saskatchewan allowing it to explore and develop natural resource properties. By the Filing Date, OQI had not received any revenue from any of its natural resource properties, and none of its estimated resources had been classified as proved reserves. It was expected by the Filing Date that significant additional exploration and development activities would be necessary to establish proved reserves and to develop the infrastructure necessary to facilitate the production from the estimated resources.

2.7 In addition to the foregoing permits, licenses and leases, by the Filing Date OQI owned various assets under construction, being facilities required for a steam assisted gravity drainage pilot on leases in an area designated as Axe Lake. OQI also owned a camp on its leases in the Axe Lake area.

2.8 As at July 31, 2011, the OQI Applicants estimated their Assets to be worth approximately US$166.9 million, and estimated the approximate balance owing to creditors as at July 31, 2011 to be approximately US$33.9 million.

2.9 By the Filing Date, OQI was involved in disputed shareholder litigation in the states of New York and Colorado.

2.10 By the Filing Date, the OQI Applicants were in a position where they were unable to pay their obligations generally as they became due, and was therefore insolvent. Consequently the OQI Applicants applied for CCAA protection with the intention that the OQI Applicants be allowed an opportunity to maximize recovery for all stakeholders.

2.11 The Initial Order created the Administration Charge (to the maximum amount of $1 million) and the Directors Charge (to the maximum amount of $1 million). The Administration Charge enjoys a first priority ahead of the Directors Charge.

2.12 On January 11, 2012 the Court granted an Order approving the engagement of the Financial Advisor, and granted the Financial Advisor the Financial Advisor's Charge in a maximum amount of $1 million, which charge serves as security for all amounts due to be paid to the Financial Advisor pursuant to the terms of the engagement letters between the Financial Advisor and OQI. The Financial Advisor Charge rank *pari passu* with the Administration Charge.

2.13 On January 11, 2012 the Court also approved a Solicitation Process to solicit offers to acquire, restructure or capitalize OQI's business.

2.14 On March 15, 2012 the Court approved the sale of certain non-core assets and interests of the OQI Applicants in the Eagles Nest Area in the Province of Saskatchewan. Pursuant to such sale, the assets and interests in the Eagles Nest Area were sold for approximately $7 million. Such sale closed on March 23, 2012.

2.15 The response of potential bidders to the Solicitation Process was disappointing, and OQI had to request repeated extensions of the CCAA stay of proceedings in order to enable it to continue its efforts to obtain a buyer for the remainder of the Assets.

2.16 On June 28, 2012 the Court granted a further stay of proceedings and also extended the powers of the Monitor, *inter alia*, to select a successful bid and to oversee and direct the completion of the transaction. The powers of the Monitor were extended because the directors and officers of the OQI Applicants had indicated that they would be resigning, and they did in fact so resign.

2.17 On October 2, 2012, the Court granted an Order approving a sale of the bulk of the OQI Applicants remaining assets to Cenovus Corporation, the purchase price payable pursuant to the sale to Cenovus Corporation was $10,000,000. The sale closed, and the proceeds of such sale presently held by the Monitor is $10,000,000 (exclusive of further fees and disbursements which will become payable to the Monitor the Monitor's counsel, and OQI's counsel)..

2.18 Oilsands Quest Sask Inc., 1291329 Alberta Ltd, and Township Petroleum Corporation respectively owe OQI $129,048,580.88, $10,253,374.87, and $8,558,037.60. Oilsands Quest Sask Inc. owes Township Petroleum Corporation $4,253,601.66, 1291329 Alberta Ltd. $7,969,555.51, and Oilsands Quest Technology Inc. $40,867.15.

2.19 On November 29, 2012 Oilsands Quest Sask Inc., 1291329 Alberta Ltd. and Township Petroleum Corporation were placed in receivership by the Court, and Ernst & Young Inc. was appointed as the Receiver.

2.20 The Receiver is in the process of liquidating the assets of Oilsands Quest Sask Inc., 1291329 Alberta Ltd. and Township Petroleum Corporation, and will distribute the proceeds from such liquidation to the creditors of the corporations in receivership. It is anticipated that the bulk of such proceeds will be payable to OQI which is the major creditor of the corporations in receivership.

2.21 Oilsands Quest Technology Inc. will receive a small distribution as a result of its claim against Oilsands Quest Sask Inc. (the "Technology Cash"). Oilsands Quest Technology has no other assets and no creditors. The Technology Cash will be paid to OQI under the Plan.

2.22 The proceeds of the sale of the Assets, the distributions to be received by OQI from the Receiver, and the Technology Cash together constitute the OQI Fund from which payments pursuant to the Plan will be made.

2.23 It is anticipated by OQI and the Monitor that the total Proven Claims will be less than the total eventual funds in the OQI Fund. The balance of funds remaining in the OQI Fund after payment of the Proven Claims are to be distributed to the OQI shareholders.

ARTICLE 3
PURPOSE AND EFFECT OF PLAN

3.1 Purpose of the Plan

The purpose of this Plan is to effect a compromise and settlement of all Affected Claims in order to allow OQI to restructure its affairs for the benefit of all stakeholders, with a view to expediting the recovery of amounts owed to Creditors by OQI and reducing the uncertainties, risks, costs, delays and possible losses that will otherwise occur to stakeholders. Affected Creditors should review this Plan, the Monitor's Thirteenth Report and the Receiver's First Report , before voting to accept or reject the Plan. The transactions contemplated by this Plan are to be implemented under the CCAA.

3.2 Persons Affected

The Plan provides for the compromise and settlement of all Affected Claims of OQI. If this Plan is accepted by the Affected Creditors and approved by the Court, and the other transactions contemplated by the Plan occur, Proven Claims of Affected Creditors will be paid in full immediately following the Plan Implementation Date, together with simple interest calculated in accordance with the *Judgment Interest Act* (Alberta) on Affected Claims from the Filing Date to the Plan Implementation Date. In the case of Disputed Claims which become Proven Claims after the Plan Implementation Date, to the extent such Proven Claims are Affected Claims, payment of the Affected Claim amount will be made immediately following the date such Disputed Claims become Proven Claims together with simple interest calculated in accordance with the *Judgment Interest Act* (Alberta) from the Filing Date until the date such Disputed Claims become Proven Claims.

3.3 Persons Not Affected

This Plan does not compromise or affect the following Claims and rights that arise in respect thereof (collectively, the "Unaffected Claims"):

(a) Claims of Affiliates of OQI;

(b) Amounts secured by the Administration Charge;

(c) Amounts secured by the Financial Advisor Charge;

(d) Amounts properly owing by OQI arising or accruing from the provision of goods and/or performance of services or the advance of money or credit to OQI from and after the Filing Date;

(e) Claims of the Crown for (i) amounts in respect of those Claims referred to in Section 6(3) of the CCAA which become due and payable during the period following the Filing Date and prior to the Plan Implementation Date; and (ii) collected and unremitted amounts in respect of goods and services taxes, excluding penalties and interest, which become due and payable during the period following the Filing Date and prior to the Plan Implementation Date;

(f) Claims relating to municipal real property taxes and public utilities;

(g) Claims in respect of any licenses, franchises, consents, approvals, variances, exemptions and other authorizations issued by or from any Government Authority; and

(h) That portion of a Claim arising from a cause of action for which OQI is covered by insurance, but only to the extent of such insurance coverage.

Unaffected Claims will be addressed pursuant to their existing arrangements or as otherwise may be agreed with Unaffected Creditors.

3.4 OQI Shareholders

The OQI Shares have nominal value. The only interest OQI Shareholders have in this Plan is to receive a pro rata distribution of the balance of the OQI Fund after payment of all Proven Claims. The Plan does not provide for a meeting of OQI Shareholders.

ARTICLE 4
CLASSIFICATION OF CREDITORS

4.1 For the purpose of considering and voting upon the Plan, Affected Creditors with Eligible Voting Claims shall constitute a single class, the Affected Creditors' Class.

ARTICLE 5
STRUCTURE OF THE PLAN

5.1 Overview

The Plan contemplates that all Proven Claims of Affected Creditors will be paid in full, together with simple interest calculated in accordance with the *Judgment Interest Act (Alberta)* on Affected Claims from the Filing Date to the Plan Implementation Date. In the case of Disputed Claims, if they become Proven Claims, which are Affected Claims, such Affected Claims will be paid in full, together with simple interest calculated in accordance with the *Judgment Interest Act (Alberta)* on Affected Claims from the Filing date to the Plan Implementation Date. The balance of the OQI Fund after paying all Proven Claims and Unaffected Claims, will be distributed to the OQI Shareholders.

5.2 Details of the Plan

The Plan, if implemented, will result in the payment of 100% of all Proven Claims of Affected Creditors together with simple interest calculated in accordance with the *Judgment Interest Act* (Alberta) on Affected Claims from the Filing Date to the Plan Implementation Date.

Disputed Claims, if they become Proven Claims, which are Affected Claims, will be paid in full, together with simple interest calculated in accordance with the *Judgment Interest Act* (Alberta) from the Filing Date to the date they become Proven Claims.

On the Plan Implementation Date, the Monitor will establish the Affected Creditors Pool and the Disputed Claims Reserve. The Affected Creditors Pool and the Disputed Claims Reserve will be funded by the Monitor from the OQI Fund.

The Monitor will, as soon as reasonable practicable following the Plan Implementation Date, make payments from the Affected Creditors Pool to all Affected Creditors of the amounts contemplated by this Plan in respect of their Proven Claims. As more fully described below, as Disputed Claims are resolved and become Proven Claims, the Monitor will make payment of the dividends payable in respect of the portion of such Claims which are Affected Claims, and will return any surplus funds to the OQI Fund.

Upon final resolution and payment of all Disputed Claims, the Monitor will cause the net balance standing to the credit of the OQI Fund to be paid to the Trust Company for payment to the OQI Shareholders pro rata to their shareholding as of the Plan Implementation Date.

If the Plan is approved by the Affected Creditors with Proven Claims and by the Court, certain conditions must be met before Plan Implementation can take place. Those conditions are outlined in Article 9.4 of this Plan.

ARTICLE 6
PROCEDURAL MATTERS

6.1 Creditors' Meeting

(a) OQI will hold a Creditors' Meeting on the date set by the Meeting Order at which Creditors with Eligible Voting Claims shall consider and vote upon the Plan. The Creditor's Meeting shall be held in accordance with this Plan, and any applicable Order in respect of the procedure governing the Creditors' Meeting.

(b) The Monitor's designee (the "Chairman") shall preside as the chair of the Creditors' Meeting and shall decide all matters relating to the conduct of the Creditors' Meeting. The only Persons entitled to attend the Creditors' Meeting are the Chairman, the Monitor, representatives of OQI, Affected Creditors with Eligible Voting Claims (including the holders of proxies), and the legal counsel of any Person entitled to attend. Any other Person may be admitted on invitation of the Chairman. Each Creditor of the Affected Creditors' Class who is entitled to vote at the Creditors' Meeting shall be entitled to one vote equal to the dollar value of its Affected Claim determined as an Eligible Voting Claim.

(c) The Chairman may adjourn the Creditors' Meeting on such terms and conditions (as to notice of the adjourned meeting and otherwise) as the Chairman may prescribe.

(d) The entitlement of a Creditor whose Claim is not a Proven Claim to vote at the Creditors' Meeting shall not be construed as an admission that its Claim is a Proven Claim.

6.2 OQI and the Monitor shall have the right to seek the assistance of the Court in valuing any Claim for voting purposes in accordance with the Plan and the Meeting Order, if required, and to ascertain the result of any vote on the Plan.

6.3 Procedure

(a) Acceptance of Plan: Votes cast by Affected Creditors with Eligible Voting Claims at the Creditors' Meeting shall be binding upon the Affected Creditors and shall be recorded at the time of the Creditors' Meeting. If the Required Majority is achieved, the Plan shall be approved and shall be deemed to have been agreed to, accepted and approved by the Affected Creditors.

(b) Appointment and Revocation of Proxies: Each Affected Creditor may vote in person by attending the Creditors' Meeting or by proxy. A Creditor with an Eligible Voting Claim wishing to appoint a proxy to represent such Creditor at the Creditors' Meeting may do so by inserting such Person's name in the blank space provided on the instruments of proxy in the form required by the Meeting Order, (the "Instrument of Proxy") and sending or delivering the completed Instrument of Proxy to the offices of the Monitor at:

Ernst & Young Inc.
Court Appointed Monitor of OQI
1000, 440-2 Avenue SW
Calgary, AB T2H 0H2
Attention: Jessica Caden
Fax: (403) 206-5075
Email: jessica.caden@ca.ey.com

(c) An Instrument of Proxy must be:

(i) received at the offices of the Monitor at least one Business Day prior to the time set for the Creditors' Meeting, or any adjournment thereof; or

(ii) delivered to the Monitor at the Creditors' Meeting prior to the commencement of the Creditors' Meeting or any adjournment thereof.

Failure to so deposit the Instrument of Proxy as set out herein shall result in the invalidation of same. OQI shall be entitled to solicit and collect Instruments of Proxy containing votes in favour of the Plan for delivery to the Monitor.

A Creditor with an Eligible Voting Claim who has given an Instrument of Proxy may revoke it (as to any matter on which a vote has not already been case pursuant to its authority) by an instrument in writing executed by such Creditor with an Eligible Voting Claim or by his attorney, duly authorized in writing or, if a Creditor with an Eligible Voting claim is not an individual, by an officer or attorney thereof duly authorized, and deposited either at the offices of the Monitor above mentioned on or before the last Business Day preceding the date of the meeting or any adjournment thereof, or with the Chairman of the Creditors' Meeting prior to commencement of the Creditors' Meeting, or any adjournment thereof.

(d) Signature on Instrument of Proxy: The Instrument of Proxy must be executed by the Creditor with an Eligible Voting Claim or his duly authorized attorney in writing, or it the Creditor with an Eligible Voting Claim is not an individual, the Instrument of Proxy must be signed in its name by an authorized officer whose title should be indicated. The Instrument of Proxy signed by a person acting as attorney or in some other representative capacity should indicate such person's capacity (following the signature) and it should be accompanied by the appropriate instrument evidencing qualification and authority to act (unless such instrument has previously been filed with the Monitor)

(e) Voting of Proxies: The Persons named in the Instrument of Proxy shall vote the Affected Claims of the Creditors with Eligible Voting Claims in accordance with the direction of the Creditor with an Eligible Voting Claim appointing them on any ballot that may be called for and where the Creditor with the Eligible Voting Claim giving the Instrument of Proxy specifies a choice with respect to any matter to be voted upon, the Affected Claim shall be voted in accordance with the instructions of the Creditor with an Eligible Voting claim. In the absence of any such direction, such Affected Claim shall be voted as an Affirmative Vote.

(f) Exercise of Direction of Proxy: The accompanying Instrument of Proxy confers a discretionary authority upon the Persons named therein with respect to amendments or variations to the matters identified in the notice of meeting and in this Plan and with respect to other matters that may properly come before the Creditors' Meeting.

6.4 Confirmation of Plan

(a) In the event that this Plan is agreed to, accepted and approved by the Required Majority at the Creditors' Meeting pursuant to the terms of the Plan, OQI shall, within a reasonable period of time, apply to the Court for the Final Sanction Order.

(b) Subject to the Final Sanction Order being granted and fulfilment of the conditions precedent in paragraph 9.4 of this Plan, the Plan will be implemented in accordance with the terms thereof.

(c) In the event that the Plan is not agreed to, accepted and approved in accordance with the Plan, the Plan shall automatically terminate.

6.5 Shareholders' Meeting

(a) The OQI Shares have nominal value.

(b) OQI has no assets other than the OQI Fund, and OQI has ceased to do business.

(c) The only interest the shareholders have in the Plan is to receive a pro rata distribution of the balance of the OQI Fund after payment of all the Proven Claims of the Affected Creditors.

(d) A meeting of OQI Shareholders is not required, and OQI will request the Court to direct accordingly.

6.6 Court Assistance

OQI and the Monitor shall have the right to seek the assistance and/or direction of the Court regarding any matter relating to this Plan.

ARTICLE 7
PROVISIONS GOVERNING DISTRIBUTIONS AND PAYMENTS

7.1 Payments to Unaffected Creditors

On the Plan Implementation Date, the Monitor shall pay from the OQI Funds any accrued amounts then due and payable in respect of the Unaffected Plan Closing Claims secured by the Administrative Charge. OQI shall pay or make provision for payment from the OQI Fund of all other Unaffected Claims in the ordinary course.

7.2 Special Crown Claims

On or as soon as reasonably possible following the Plan Implementation Date, and in any event within six (6) months after the date of the granting of the Approval and Final Sanction Order, the Monitor shall pay in full from the OQI Fund all Special Crown Claims that were outstanding on the Filing Date and which have not been paid by the Plan Implementation Date.

7.3 Affected Creditors' Pool and Disputed Claims Reserve

On Plan Implementation Date, the Monitor will establish the Affected Creditors' Pool and Disputed Claims Reserve with funds from the OQI Fund. The Affected Creditors' Pool shall comprise an amount sufficient to pay in full the amount of all Proven Claims outstanding as at the Plan Implementation Date, together with simple interest on such amounts calculated in accordance with the *Judgment Interest Act* (Alberta) from the Filing Date to the Plan Implementation Date, plus the estimated amount of the Monitor's reasonable costs and expenses in relation to the administration and distribution of the Affected Creditors' Pool. The Disputed Claims Reserve shall comprise an amount sufficient to pay the full amount claimed in respect of all Disputed Claims outstanding as at the Plan Implementation Date, together with an amount sufficient to pay simple interest calculated in accordance with the *Judgment Interest Act* (Alberta) on the amount of the Proven Claim, as finally determined, from the Filing Date to the date such Claim, if an Affected Claim, becomes a Proven Claim plus the estimated amount of the Monitor's reasonable costs and expenses in relation to the administration and distribution of the Disputed Claims Reserve.

7.4 Distribution to the Affected Creditors

As soon as reasonably practicable after the Plan Implementation Date, the Affected Creditors' Pool shall be distributed by the Monitor, on behalf and for the account of OQI. The Monitor will send to each Affected Creditor holding a Proven Claim a cheque in an amount equal to the amount of its Proven Claim, plus simple interest thereon calculated calculated in accordance with the *Judgment Interest Act* (Alberta) from the Filing Date to the Plan Implementation Date, to be sent by prepaid ordinary mail to the last known address for such Affected Creditor or to the address for such Affected Creditor specified in the Proof of Claim filed by such Affected Creditor.

7.5 Distribution to the OQI Shareholders

Upon final resolution and payment of all Disputed Claims, the Monitor will cause the net balance standing to the credit of the OQI Fund, if any, to be paid to the Trust Company for distribution to the OQI Shareholders pro rata to their shareholding as of the Plan Implementation Date. An OQI Shareholder may transfer or assign all of its common shares, but the Monitor and the Trust Company shall not be obliged to make payment to any such transferee or assignee or otherwise deal with such transferee or assignee as an OQI Shareholder in respect thereof unless and until actual notice of the transfer or assignment, together with satisfactory evidence of such transfer or assignment, has been received by OQI, the Monitor and the Trust Company by 5:00 p.m. on the day that is at least 10 Business Days immediately prior to the date on which such payment is made. Thereafter, such transferee or assignee shall, for all purposes in accordance with this Plan constitute an OQI Shareholder and shall be bound by notices given and steps in respect of the OQI Shares.

Transfers or assignments of fractional common shares shall be void and not recognized by OQI, the Monitor and the Trust Company.

7.6 Claims Bar Date and Subsequent Claims Bar Date

Nothing in the Plan extends or shall be interpreted as extending or amending the Claims Bar Date or Subsequent Claims Bar Date, or gives or shall be interpreted as giving any rights to any Person in respect of Pre-Filing Claims or Subsequent Claims that have been barred or extinguished pursuant to the Claims Process.

7.7 Currency

Unless otherwise specifically provided for in the Plan or the Final Sanction Order, for the purposes of payments and distributions under the Plan, all Affected Claims shall be denominated in Canadian Dollars and all payments and distributions to Creditors on account of their Affected Claims shall be made in Canadian Dollars. Any Affected Claim in a currency other than Canadian Dollars shall be regarded as having been converted at the noon spot rate of exchange quoted by the Bank of Canada for exchanging such currency to Canadian Dollars as at the Filing Date.

7.8 Interest

Except as otherwise specifically provided for in the Plan or the Final Sanction Order, interest shall not accrue or be paid on Affected Claims after the Filing Date, and in particular, except as otherwise specifically provided by Article 8.3 regarding Disputed Claims, no holder of an Affected Claim shall be entitled to payment of any interest whatsoever in respect of Affected Claims on or after the Plan Implementation Date, notwithstanding that payments to be made under the Plan may be received by Affected Creditors after the Plan Implementation Date.

7.9 Treatment of Undeliverable Distributions

If any Affected Creditors' or OQI Shareholders' distribution by way of cheque is returned as undeliverable or is not cashed, no further distributions to such Affected Creditor shall be made unless and until the Monitor or the Trust Company is notified by such Affected Creditor or OQI Shareholder of such Affected Creditor's current address, at which time all such distributions shall be made to such Affected Creditor or OQI Shareholder without interest. All claims for undeliverable or uncashed distributions must be made on or before the expiration of six (6) months following the Plan Implementation Date. After such date the Proven Claims of any Affected Creditor or successor of such Affected Creditor and the rights of any OQI Shareholder to a distribution under the Plan with respect to such unclaimed or uncashed distributions shall be forever discharged and forever barred, notwithstanding any federal or provincial laws to the contrary, at which time the amount held by the Monitor or the Trust Company in relation to the Claim or distribution shall be returned to OQI. Nothing contained in the Plan shall require OQI, the Monitor or Trust Company to attempt to locate any holder of a Proven Claim or any OQI Shareholder.

7.10 Assignment of Claims for Distribution Purposes

An Affected Creditor may transfer or assign the whole of its Affected Claim prior to the grant of the Approval and Final Sanction Order, and neither OQI or the Monitor shall be obliged to deal with any such transferee or assignee as an Affected Creditor in respect thereof, unless and until actual notice of the transfer or assignment, together with satisfactory evidence of such transfer or assignment, has been received by OQI and the Monitor by 5:00 p.m. on the day that is at least ten (10) Business Days immediately prior to the Plan Implementation Date. Thereafter, such transferee or assignee shall, for all purposes in accordance with the Claims Process constitute an Affected Creditor and shall be bound by any and all notices previously given to the transferor or assignor in respect of such Affected Claim. For greater certainty, neither OQI nor the Monitor shall recognize partial transfers or assignments of Affected Claims.

7.11 Allocation of Distributions

All distributions made by the Monitor on behalf of OQI pursuant to the Plan shall be first in consideration for the outstanding principal amount of the Affected Claims and secondly in consideration for accrued and unpaid interest and penalties, if any, which forms part of such Affected Claims.

7.12 Withholding and Reporting Requirements

OQI and the Monitor shall be entitled to deduct and withhold from any distribution, payment or consideration otherwise payable to any Affected Creditor or to any Person on behalf of any Affected Creditor such amounts as OQI or the Monitor is: (a) required to deduct and withhold with respect to such payment under the ITA, or any provision of federal, provincial, territorial, state, local or foreign tax law, in each case, as amended or succeeded; or (b) entitled to withhold under section 116 of the ITA or any corresponding provisions of provincial law.

To the extent that amounts are so withheld or deducted and paid over to the applicable governmental entity, such withheld or deducted amounts shall be treated for all purposes of the Plan as having been paid to such Person as the remainder of the payment in respect of which such withholding and deduction were made. Notwithstanding any other provision of the Plan: (a) each holder of a Proven Claim that is to receive a distribution, payment or other consideration pursuant to the Plan shall have sole and exclusive responsibility for the satisfaction and payment of any Tax obligations imposed by any Taxing Authority, including income, withholding and other Tax obligations, on account of such distribution, payment or other consideration; and (b) no distribution, payment or other consideration shall be made to or on behalf of such holder pursuant to the Plan unless and until such holder has made arrangements satisfactory to the Monitor for the payment and satisfaction of such Tax obligations.

ARTICLE 8
PROCEDURE FOR RESOLVING DISTRIBUTIONS OF DISPUTED CLAIMS

8.1 No Distribution Pending Allowance

Notwithstanding any other provision of the Plan, no payments or distributions shall be made with respect to all or any portion of a Disputed Claim unless and to the extent it has become a Proven Claim, in whole or in part.

8.2 Disputed Claims Reserve

On the Plan Implementation Date, the Monitor shall establish and maintain the Disputed Claims Reserve.

8.3 Distributions After Disputed Claims Resolved

The Monitor, on behalf of OQI, shall distribute from the Disputed Claims Reserve to each holder of a Disputed Claim which has become in whole or in part, a Proven Claim, the amount of such Proven Claim in accordance with the Plan. In particular, to the extent that a Disputed Claim which becomes a Proven Claim is an Affected Claim, the Monitor, on behalf of OQI, shall distribute the amount of such Affected Claim, together with simple interest at the rate calculated in accordance with the *Judgment Interest Act* (Alberta) on the amount of such Affected Claim from the Filing Date until the date such Claim becomes a Proven Claim.

After all Disputed Claims have been finally determined in accordance with the Claims Process Order or a final Order has been entered in respect thereof, and all distributions due in respect of such Claims have been paid, any balance that remains in the Disputed Claims Reserve after deduction of all fees and costs incurred by the Monitor to administer the Disputed Claims Reserve and effect distributions shall be paid into the OQI Fund by the Monitor.

ARTICLE 9
PLAN IMPLEMENTATION

9.1 Release and Discharge of Security by Secured Creditors

Secured Creditors whose Proven Claims have been paid in full by the Monitor shall be deemed to have discharged their security. Moreover, such Secured Creditors shall (if requested by OQI), at the Secured Creditors' expense, execute and deliver to OQI all such notices, instruments, discharges, releases, certificates and other deeds and documents as may be necessary to release and discharge the security, liens, or other Claims the Secured Creditors hold against OQI and the Assets. Such a request by OQI may include the requirement that the documents be provided prior to receipt of any payments pursuant to the Plan. The Approval and Final Sanction Order shall provide for the release, discharge or discontinuance of any writ, charge, lien, other registered instrument, or outstanding pleading which has been filed or registered by any Secured Creditor in respect of OQI or the Assets, where such Secured Creditor's Proven Claim has been paid in full pursuant to Article 7of this Plan.

9.2 Extinguishment of Claims

The Pre-Filing Claims and Subsequent Claims of any Creditors who have not submitted a Proof of Claim in accordance with the Claims Process are deemed to be forever barred and may not thereafter be advanced as against OQI, pursuant to the Claims Process Order.

9.3 Sequence of Events

On the Plan Implementation Date the sequence of events will be deemed to be:

a) all of the charges, including the Administration Charge, and the Financial Advisor Charge shall be terminated, discharged and released as against the OQI Applicants, and the Assets; then,

b) creation by the Monitor of the Affected Creditors' Pool and the Disputed Claims Reserve to be held by the Monitor in escrow for the benefit of Affected Creditors and the holders of Disputed Claims, respectively, to be distributed by the Monitor in accordance with the Plan; then,

c) the compromise with the Affected Creditors and the releases referred to in Article 10.1 and the other provisions of this Plan shall become effective.

9.4 Conditions to Implementation of the Plan

The implementation of the Plan shall be conditional upon the fulfillment of the following conditions on or prior to the Plan Implementation Date, as the case may be:

(a) the Plan of Arrangement shall have been approved by the Court pursuant to the Final Sanction Order;

(b) all applicable governmental, regulatory and judicial consents, orders and any and all filings with all governmental authorities and other regulatory authorities having jurisdiction, in each case to the effect deemed necessary or desirable by OQI for the completion of the transactions contemplated by the Plan or any aspect thereof shall have been obtained;

(c) The Distribution Order shall have been granted by the Court; and

(d) Recognition and enforcement by the US Court of the Final Sanction Order.

9.5 Certificate

Immediately following the satisfaction of the conditions set out in Article 9.4 and the occurrence of the events set out in Article 9.3, the Monitor shall deliver to OQI a certificate stating that the Plan Implementation Date has occurred. Following the Plan Implementation Date, the Monitor shall file such certificate with the Court.

ARTICLE 10
RELEASES

10.1 Plan Releases

On the Plan Implementation Date and in accordance with the sequential order of steps set out in Article 9.3, the OQI Applicants, the Monitor, the Financial Advisor and each and every director, officer, member of any pension committee or governance council, employee and legal counsel and agents thereof in respect of the restructuring, who has acted at any time in any such capacity from and after the Filing Date (being herein referred to individually as a "**Released Party**") shall be released and discharged from any and all demands, claims, actions, causes of action, counterclaims, suits, debts, sums of money, accounts, covenants, damages, judgments, orders, including for injunctive relief or specific performance and compliance orders, expenses, executions, liens and other recoveries on account of any liability, obligation, demand or cause of action of whatever nature which any Affected Creditor or other Person may be entitled to assert, including any and all claims in respect of statutory liabilities of directors, officers, members and employees of OQI and any alleged fiduciary or other duty whether known or unknown, matured or unmatured, foreseen or unforeseen, existing or hereafter arising, based in whole or in part on any act or omission, transaction, duty, responsibility, indebtedness, liability, obligation, dealing or other occurrence existing or taking place on or prior to the Plan Implementation Date in any way relating to, arising out of or in connection with the Affected Claims, the business and affairs of the OQI Applicants whenever or however conducted, the administration and/or management of the Plan, the CCAA Proceedings, any Claim that has been barred or extinguished by the Claims Process Order and the Subsequent Claims Process Order, and all claims arising out of such actions or omissions shall be forever waived and released, all to the full extent permitted by any Applicable Law.

ARTICLE 11
COURT SANCTION

11.1 Final Sanction Order

If the Required Majority approves the Plan, OQI shall apply for the Final Sanction Order. The Final Sanction Order shall, among other things:

(a) declare that the Plan is fair and reasonable;

(b) declare that as of the Plan Implementation Date, the Plan and all associated steps, compromises, transactions, arrangements, assignments, releases and reorganizations effected thereby are approved, binding and effective as herein set out upon the OQI Applicants, all Affected Creditors and all other Persons and Parties affected by the Plan;

(c) declare that the steps to be taken and the compromises and releases to be effected on the Plan Implementation Date are deemed to occur and be effected in the sequential order contemplated by Article 9.3 of the Plan on the Plan Implementation Date;

(d) declare that the Monitor is authorized to make payments contemplated by this Plan;

(e) declare that there is no requirement for the OQI Shareholders to vote on the Plan;

(f) declare that the releases referred to in Article 10.1 and the other provisions of this Plan relating to Creditors shall become effective in accordance with the Plan;

(g) terminate and discharge the Administration Charge, the Directors' Charge and the Financial Advisor Charge on the Plan Implementation Date;

(h) compromise, discharge and release OQI from any and all Affected Claims of any nature in accordance with the Plan, and declare that the ability of any Person to proceed against OQI in respect of or relating to any Affected Claims shall be forever discharged and restrained, and all proceedings with respect to, in connection with or relating to such Affected Claims be permanently stayed, subject only to the right of Affected Creditors to receive distributions pursuant to the Plan in respect of their Affected Claims;

(i) discharge and extinguish all liens, including all security registrations against OQI, in favour of any Affected Creditor in respect of an Affected Claim;

(j) discharge and extinguish all liens, including all security registrations against OQI, in favour of any Creditor in respect of a Disputed Claim;

(k) declare that any Pre-Filing Claims and Subsequent Claims in respect of which a proof of claim has not been filed by the Claims Bar Date or the Subsequent Claims Bar Date, as applicable, shall be forever barred and extinguished;

(l) declare that the stay of proceedings under the Initial Order is extended in respect of OQI to, and including, the Plan Implementation Date;

(m) stay the commencing, taking, applying for or issuing or continuing any and all steps or proceedings, including, without limitation, administrative hearings and orders, declarations or assessments, commenced, taken or proceeded with or that may be commenced, taken or proceeded with against any Released Party in respect of all Affected Claims and any other matter released pursuant to Article 10.1 herein;

(n) authorize the Monitor to perform its functions and fulfil its obligations under the Plan to facilitate the implementation of the Plan;

(o) declare that all distributions and payments by the Monitor to the Secured Creditors, Persons entitled to the benefit of the Administration Charge, Persons having Unaffected Plan Closing Claims, Unaffected Creditors and Affected Creditors under the Plan are for the account of OQI and in fulfillment of its obligations under the Plan;

(p) declare that upon completion by the Monitor of its duties in respect of the OQI Applicants pursuant to the CCAA and the Orders, including, without limitation, the Monitor's duties in respect of the Claims Process, the Subsequent Claims Process and the distributions to be made by the Monitor in accordance with the Plan, the Monitor may file with the Court a certificate of Plan termination stating that all of its duties in respect of the OQI Applicants pursuant to the CCAA and the Orders have been completed and thereupon, Ernst & Young Inc. shall be deemed to be discharged from its duties as Monitor of the OQI Applicants; and

(q) declare that the OQI Applicants and the Monitor may apply to the Court for advice and direction in respect of any matter arising from or under the Plan.

ARTICLE 12
GENERAL PROVISIONS

12.1 Role of Monitor

(a) After the Plan Implementation Date the Monitor shall continue to be responsible for dealing with Disputed Claims, and shall be solely responsible for the resolution of all Disputed Claims. The Monitor may, without further Order, settle or resolve any Disputed Claims and shall, promptly make the payments contemplated by Article 8.3.

(b) The Monitor may make interim payment of its fees and expenses from the Affected Creditor's Pool and the Disputed Claims Reserve, as applicable, but shall prior to making final distributions from such funds, obtain approval by the Court of its fees and expenses.

12.2 Further Assurances

Notwithstanding that the transactions and events set out in this Plan may be deemed to occur without any additional act or formality other than as may be expressly set out herein, each of the Persons affected hereto shall make, do, and execute or cause to be made, one or executed all such further acts, deeds, agreements, assignments, transfers, conveyances, discharges, discontinuances of any suit or proceeding, assurances, instruments, documents, elections, consents or filings as may be reasonably required by OQI in order to implement this Plan.

12.3 Paramountcy

Without limiting any other provision hereof, and after the Plan Implementation Date, in the event of any conflict between this Plan and the covenants, warranties, representations, terms, conditions, provisions or obligations, expressed, or implied, of any contract, mortgage, security agreement, indenture, trust indenture, loan agreement, commitment letter, agreement for sale, lease or other agreement, written or oral and any and all amendments or supplements thereto existing between any Creditor or any other Persons affected by the Plan, and the OQI Applicants as at the Plan Implementation Date, the terms, conditions and provisions of this Plan shall govern and shall take precedence and priority.

12.4 Waiver of Defaults

From and after the Plan Implementation Date, each Creditor shall be deemed to have waived any and all defaults by OQI arising on or prior to the Plan Implementation Date in respect of every covenant, warranty, representation, term, provision, condition or obligation, express or implied, in every contract, agreement, mortgage, security agreement, indenture, trust indenture, loan agreement, commitment letter, agreement for sale, lease or other agreement, written or oral. Without limiting the generality of the foregoing, such waiver shall extend to and include any provision of any agreement between any Creditor and OQI which provides that OQI is in default, or the Creditor has a remedy or a right, and which arises or results from any change in control, or deemed change in control of OQI resulting from this Plan or any change in directors of OQI which has taken place up to and including the Plan Implementation Date. Any and all notices of default, acceleration of payments and demands for payments under any instrument, or notices given under the CCAA, including without limitation any notices of intention to proceed to enforce security, shall be deemed to have been rescinded and withdrawn.

12.5 **Compromise Effective for all Purposes**

The Plan and the payment, compromise or satisfaction of any Claims under this Plan, if sanctioned and approved by the Court, shall be binding upon each Creditor, its heirs, executors, administrators, legal personal representatives, successors and assigns, as the case may be, for all purposes and, without limitation the generality of the foregoing, this Plan will constitute:

(a) full, final and absolute settlement and compromise of all Affected Claims;

(b) an absolute release, discharge and extinguishment of all Affected Claims against OQI and the Assets.

The payment, compromise or other satisfaction of any Claim under this Plan, if sanctioned and approved by the Court, will be binding upon the Creditors and each of their heirs, executors, administrators, successors and assigns, for all purposes and, to such extent will also be effective to relieve any third party directly or indirectly liable for such Claim, whether as guarantor, indemnitor, tenant, director, joint covenantor, principal or otherwise.

12.6 **Payment of Taxes**

Notwithstanding any provisions of the Plan, each holder of a Proven Claim that is to receive a distribution pursuant to the Plan shall have sole and exclusive responsibility for the satisfaction and payment of any tax obligations imposed by any governmental authority, including, without limitation of the foregoing, income, withholding and other tax obligations, on account of such distribution.

12.7 **Plan Amendment**

OQI may, at any time and from time to time, amend, modify and/or supplement this Plan:

(a) Prior to the Court granting the Approval and Final Sanction Order, provided such amendment, modification or supplement or waiver is contained in a written document which is:

   (i) filed with the Court and approved by the Court; and

   (ii) communicated to the Creditors in the manner required by the Court (if so required); or

(b) after the Approval and Final Sanction Order, provided such amendment, modification, supplement or waiver concerns a matter which, in the opinion of the Monitor, acting reasonably, is of an administrative or technical nature required to better give effect to the implementation of this Plan and the Approval and Final Sanction Order or would not be materially adverse to the financial interests of the Creditors. Any amendments to this Plan and any supplementary plan or plans of compromise or arrangement (which shall be filed with the Court) will, for all purposes, be, and be deemed to be, a part of and incorporated in this Plan.

12.8 Notices

Any notice or communication to be delivered hereunder will be in writing and will reference the Plan and may, subject as hereinafter provided, be made or given by mail, personal delivery or by telecopier addressed to the respective parties as follows:

(a) If to a Creditor:

to the known address (including fax number) for such Creditor specified in the proofs of claim filed by such Creditor or, in the absence of such a proof of claim, to the address for such creditor on the books of the applicable member of OQI.

(b) If to the Monitor:

Ernst & Young Inc.
1000, 440-2 Avenue SW
Calgary, AB T2H 0H2
Attention: Jessica Caden
Fax: (403) 206-5075
Email: Jessica.caden@ca.ey.com

with a copy to:

Borden Ladner Gervais LLP
1900 Centennial Place
520 Third Avenue S.W.
Calgary, AB T2P 0R3
Attention: Josef G. A. Kruger Q.C.
Fax: (403) 266-1395
Email: jkruger@blg.com

or to such other address as any party may from time to time notify the others in accordance with this Article. All such notices and communications which are delivered will be deemed to have been received on the date of delivery. All such notices and communications which are faxed will be deemed to be received on the date faxed if sent before 5:00 p.m. Calgary time on a Business Day and otherwise will be deemed to be received on the Business Day next following the day upon which such telecopy was sent. Any notice or other communication sent by mail will be deemed to have been received on the third Business Day after the date of mailing.

ARTICLE 13
INTERPRETATION

13.1 Article and Section Reference

The terms "this Plan", "hereof", "hereunder", "herein", and similar expressions refer to this Plan, amendments to this Plan, and not to any particular article, section, subsection, paragraph or clause of this Plan and include any instrument supplemental hereto. In this Plan, a reference to an article, section, subsection, clause or paragraph shall, unless otherwise stated, refer to an article, section, subsection, paragraph or clause of this Plan.

13.2 Extended Meanings

In this Plan, where the context so requires, any word importing the singular number shall include the plural and vice versa; and any word or words importing gender shall include all genders.

13.3 Interpretation Not Affected by Headings

The division of this Plan into articles, sections, subsections, paragraphs and clauses and the insertion of a table of contents and headings are for convenience of reference and shall not affect the construction or interpretation of this Plan.

13.4 Date of Any Action

In the event that any date on which any action is required to be taken hereunder by any Person is not a Business Day, such action shall be required to be taken on the next succeeding day that is a Business Day.

13.5 Currency

Unless otherwise stated herein, all references to currency in this Plan are to lawful money of Canada.

13.6 Statutory References

Any reference in this Plan to a statute includes all regulations made thereunder, all amendments to such statute or regulations in force from time to time and any statute or regulation that supplements or supersedes such statute or regulation.

13.7 Successors and Assigns

This Plan shall be binding upon and shall enure to the benefit of the heirs, administrators, executors, legal personal representatives, successors and assigns, as the case may be, of any Person named or referred to in this Plan.

13.8 Governing Law

This Plan shall be governed by, and construed in accordance with the laws of Alberta and the federal laws of Canada applicable therein. All questions as to the interpretation of or application of this Plan and all proceedings taken in connection with this Plan and its revisions shall be subject to the exclusive jurisdiction of the Court.

13.9 Inclusive Meaning

As used in this Plan, the words "include", "includes", "including", or any other derivation thereof means, in any case, those words as modified by the words "without limitation".