

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

MARSHALL W. COLLINS, GARY
DANNENBERG, THEODORE M. KOLER, and
ELMER WALKER, Individually and on Behalf
of All Others Similarly Situated,

Plaintiffs,

vs.

OILSANDS QUEST INC. (f/k/a CANWEST
PETROLEUM CORPORATION),
CHRISTOPHER H. HOPKINS, T. MURRAY
WILSON, KARIM HIRJI, GARTH WONG,
RONALD PHILLIPS, THOMAS MILNE,
GORDON TALLMAN, WILLIAM SCOTT
THOMPSON, PAMELA WALLIN, JOHN
READ, and McDANIEL & ASSOCIATES
CONSULTANTS LTD.,

Defendants.

In re: OILSANDS QUEST INC., et al.,

Applicants in Foreign
Proceedings

11 Civ. 1288 (JSR)

CLASS ACTION

Chapter 15
12-10476 (MG)
(Jointly Administered)

**MEMORANDUM IN SUPPORT OF LEAD PLAINTIFFS' RESPONSE TO MONITOR
OF OILSANDS GROUP'S NOTICE OF MOTION FOR ORDERS ENFORCING ORDER
OF THE ALBERTA COURT**

On June 28, 2012 the Canadian Monitor in the Alberta Court requested the continuation of the stay with regard to all “former and current directors and officers of Oilsands Quest, Inc. until August 31, 2012.” The Alberta Court granted the Monitor’s request over the objections of Lead Plaintiffs in this case. This June 28, 2012 order of the Alberta Court was the *fifth* extension of the Alberta Court’s stay of all proceedings against the former and current directors and officers of Oilsands since the initial stay issued on November 29, 2011.

At the same time that the Canadian monitor sought and was granted an extension of the stay against directors and officers of Oilsands Quest Inc. until August 28, 2012, he also requested an expansion of responsibilities to allow him the wind up of the affairs of Oilsands Quest, Inc. In his request for expanded powers, the Canadian Monitor noted that the entire Board of Directors would resign and leave all oversight of the debtor company in the Monitor's hands. The Canadian Monitor also projected that the affairs of winding up the debtor company would be complete by August 31, 2012. (*See* Ex. B to Notice of Filing (ECF No. 148-2)).

Recently, Lead Plaintiffs have learned that the Canadian Monitor intends to seek a further (*sixth*) extension of the stay against the directors and officers of the debtor company. A hearing on this request has been scheduled for August 23, 2012 in Alberta, Canada. (*See* Ex. A.) Lead Plaintiffs intend to appear at the August 23, 2012 hearing, as they did for the June 28, 2012 hearing, for the limited purpose of opposing any further extension of the stay with regard only to the officers and directors of the debtor company.

This securities fraud case against the directors and officers of Oilsands Quest Inc. in the Southern District of New York has now been stayed for almost five months (since March 29, 2012). The Board has been disbanded; some of the key witnesses have already changed employment, memories are becoming more remote and the named Plaintiffs and putative class of defrauded investors have been unable to move their case forward. In light of the Board's dissolution and the lack of any involvement by the directors and officers in the reorganization of Oilsands Quest Inc., any further extension of the stay beyond August 31, 2012 would be highly unlikely to serve any useful purpose in the Canadian proceeding and would be highly prejudicial to Plaintiffs. Accordingly, if the Lead Plaintiffs are unsuccessful in their request to limit any extension of the stay period so as to exclude the directors and officers to allow this case to finally

proceed, Lead Plaintiffs will move this Court for revision of its March 29, 2012 Order that stayed this action “until further order of this Court.”

Dated: August 6, 2012

SCOTT+SCOTT LLP

/s/Judith S. Scolnick

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CERTIFICATE OF SERVICE

I hereby certify that on August 6, 2012, I caused the foregoing to be electronically filed with the Clerk of the Court using the CM/ECF system which will send notification of such filing to the e-mail addresses denoted on the Electronic Mail Notice List, and I hereby certify that I caused the foregoing document or paper to be mailed via the United States Postal Service to the non-CM/ECF participants indicated on the Manual Notice List.

I certify under penalty of perjury under the laws of the United States of America that the foregoing is true and correct. Executed on August 6, 2012.

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