

NEWS RELEASE

DATE: June 3, 2009

Oilsands Quest Inc. announces extension of permits

Calgary, Alberta – June 3, 2009 – Oilsands Quest Inc. (Amex: BQI) (the “Company”) announced today that the Ministry of Energy and Resources of the Government of Saskatchewan has granted the company a one year extension of its Permits in northwest Saskatchewan to May 31, 2010. These Permits had a five-year term, which expired on May 31, 2009. The regulations provide for three one year extensions of the Permits if the Company continues to meet its obligations.

“With this extension we remain focused on continuing our exploration and testing programs and advancing toward the commercial development of our lands and resources” said Jamey Fitzgibbon, President and Chief Operating Officer.

About Oilsands Quest

Oilsands Quest Inc. is exploring Canada's largest holding of contiguous oil sands permits and licences, located in Saskatchewan and Alberta, and developing Saskatchewan's first global-scale oil sands discovery. It is leading the establishment of the province of Saskatchewan's emerging oil sands industry.

For more information:

Paul K. O'Donoghue, MBA
Vice President, Investor Relations and Corporate Planning
Email: ir@oilsandsquest.com
Investor Line: 1-877-718-8941

Forward-looking information:

Forward-Looking Statements: This news release contains certain “forward-looking information” within the meaning of applicable securities law including statements regarding the Company's expected use of proceeds of the Offering. These statements are only predictions. Forward-looking information is based on the opinions and estimates of management at the date the information is provided, and is subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking information. For a description of the risks and uncertainties facing the Company and its business and affairs, readers should refer to the Company's Annual Report on Form 10K for the year ended April 30, 2008, as amended and subsequent quarterly reports on Form 10Q available on www.sedar.com and www.edgar.com. The Company undertakes no obligation to update forward-looking statements if circumstances or management's estimates or opinions should change, unless required by law. The reader is cautioned not to place undue reliance on forward-looking statements.