

NEWS RELEASE

DATE: November 9, 2011

Oilsands Quest Receives Preliminary Approval for Settlement of Derivative Lawsuit

Calgary, Alberta -- Oilsands Quest Inc. (NYSE Amex: BQI) (“Oilsands Quest” or “the Company”) has received approval from the United States District Court for the District of Colorado to issue the Summary Notice set forth below relating to the derivative lawsuit captioned *Make a Difference Foundations, Inc. v. Hopkins, et al.*, No. 10-cv-00498 WYD-MJW (D. Colo.) (“Lawsuit”).

In the proposed settlement in the Lawsuit filed on February 4, 2010 and previously disclosed in the Company’s 10-K and other filings, Oilsands Quest has agreed to make changes in its policy on related party transactions and to pay the plaintiff’s legal counsel fees and expenses. The court has set a Settlement Hearing for February 24, 2012 to determine whether the settlement should be approved.

Additional information regarding this matter for Oilsands Quest shareholders is available on the company website.

SUMMARY NOTICE**THE UNITED STATES DISTRICT COURT FOR THE DISTRICT OF COLORADO****MAKE A DIFFERENCE FOUNDATION, INC., v. HOPKINS, ET AL., No. 10-cv-00408-WYD-MJW (“ACTION”)****SUMMARY NOTICE OF PENDENCY OF DERIVATIVE ACTION, PROPOSED SETTLEMENT, AND SETTLEMENT HEARING**

TO: ALL CURRENT RECORD HOLDERS AND BENEFICIAL OWNERS OF COMMON STOCK OF OILSANDS QUEST, INC. (“OILSANDS” OR THE “COMPANY”) AS OF NOVEMBER 4, 2011 (THE “RECORD DATE”) (“CURRENT OILSANDS SHAREHOLDERS”)

YOU ARE HEREBY NOTIFIED that the parties to the Action have reached a settlement to resolve the issues raised in the Action (“Settlement”).

PLEASE BE FURTHER ADVISED that pursuant to an Order of the United States District Court for the District of Colorado, a hearing will be held before the Honorable William J. Martinez in the United States District Court for the District of Colorado, Alfred A. Arraj United States Courthouse, 901 19th Street, Denver, Colorado 80294-3589, in Courtroom A801, on February 24, 2012 at 2:00 p.m. to determine: (i) whether the terms of the Settlement are fair, reasonable, and adequate and should be approved; (ii) whether a final judgment should be entered; and (iii) such other matters as may be necessary or proper under the circumstances.

If you are a Current Oilsands Shareholder, you may have certain rights in connection with the proposed settlement. You should obtain a copy of the full printed Notice of Pendency of

Derivative Action, Proposed Settlement of Derivative Action, and Settlement Hearing at www.oilsandsquest.com or by writing The Fleischman Law Firm, 565 Fifth Avenue, Seventh Floor New York, NY 10017.

If you are a Current Oilsands Shareholder and do not take steps to appear in this action or to object to the proposed Settlement, you will be bound by the Order and Final Judgment of the Court, you will forever be barred from raising an objection to such Settlement in this or any other action or proceeding, and certain claims that you might have may be released.

You may obtain further information by writing the Fleischman Law Firm at the address above.

PLEASE DO NOT CALL, WRITE, OR OTHERWISE DIRECT QUESTIONS TO EITHER THE COURT OR THE CLERK'S OFFICE.

DATED: November 3, 2011

BY ORDER OF THE COURT

UNITED STATES DISTRICT COURT FOR THE DISTRICT OF COLORADO

About Oilsands Quest

Oilsands Quest Inc. (www.oilsandsquest.com) is exploring and developing oil sands permits and licences, located in Saskatchewan and Alberta, and developing Saskatchewan's first commercial oil sands discovery. It is leading the establishment of the province of Saskatchewan's emerging oil sands industry.

For more information:

Investor Relations

Email: ir@oilsandsquest.com

Investor Line: 1-877-718-8941