

NEWS RELEASE

DATE: November 22, 2011

Extension Requested in Oilsands Quest's proposed Wallace Creek sale

CALGARY, ALBERTA – Oilsands Quest Inc. (NYSE Amex: BQI) (“Oilsands Quest,” “OQI” or “the Company”) announces that the potential purchaser of the Wallace Creek assets has requested an extension of the planned timeline to complete its due diligence and financing arrangements. Oilsands Quest may therefore extend the termination date for finalizing the definitive Purchase and Sale Agreement to January 31, 2012, subject to the potential purchaser agreeing to certain conditions. Negotiations are proceeding between Oilsands Quest and the potential purchaser on the terms for such an extension.

Oilsands Quest intends to determine whether a mutually-agreeable extension of the sale process is possible by the end of November 2011. OQI will then make a further announcement as to whether such an extension has occurred, and, if not, on next steps for the Company.

There can be no assurance that the Purchase and Sale Agreement (or subsequent definitive agreements) will be signed. Oilsands Quest currently has sufficient liquidity to continue operating through the end of January 2012. Absent the ability to obtain additional financing through the proposed Wallace Creek transaction or other sources of financing, there is substantial doubt about the Company's ability to continue as a going concern subsequent to this date. The Company will monitor its cash flow requirements and continue to operate in a prudent manner to preserve cash while working towards financing alternatives or asset sales.

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

Forward-looking statements

This news release includes certain statements that may be deemed to be “forward-looking statements.” All statements, other than statements of historical facts, included in this news release that address activities, events or developments that management expects, believes or anticipates will or may occur in the future are forward-looking statements. Such forward-looking statements include discussion of such matters as the Company's ability to sell the Wallace Creek assets pursuant to the Letter of Intent and the terms of such sale. Even if executed, there can be no assurance that any funds received as a consequence of the Letter of Intent, or funds received from other sources of financing will result in the Company raising sufficient funds to carry out its exploration and development plans.

Forward-looking statements are statements other than relating to historical fact and are frequently characterized by words such as “plan”, “expect”, “project”, “intend”, “believe”, “anticipate”, “estimate”, “potential”, “prospective” and other similar words or statements that certain events or conditions “may” “will” or “could” occur. Forward-looking statements are based on the opinions and estimates of management at the date the statements are made, and are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those anticipated in the forward-looking statements, which include but are not limited to the ability to raise additional capital,

risks associated with the Company's ability to implement its business plan, risks inherent in the oil sands industry, regulatory and economic risks, land tenure risks and those factors listed under the caption "Risk Factors" in the Company's Form 10-Q filed with the Securities and Exchange Commission on September 14, 2011. The Company undertakes no obligation to update forward-looking information if circumstances or management's estimates or opinions should change, except as required by law. The reader is cautioned not to place undue reliance on forward-looking statements.