

NEWS RELEASE

DATE: October 15, 2009

Oilsands Quest Provides Bitumen Resource Estimate Update and Results of Annual Meeting

Calgary, Alberta -- Oilsands Quest Inc. (NYSE Amex: BQI) ("Oilsands Quest", or "the Company") today announced the release of independent resource estimates for a portion of its Axe Lake and Raven Ridge properties as well as the results of business conducted at its annual meeting which was held on Wednesday, October 14, 2009, in Calgary. The estimates were prepared by McDaniel & Associates Consultants Ltd. ("McDaniel"), at the request of Oilsands Quest with an effective date of April 30, 2009.

In mid-2008 the Company released McDaniel's independent estimates of discovered and undiscovered bitumen resource volumes, which were prepared in accordance with the standards set out in the Canadian Oil and Gas Evaluation Handbook ("COGEH") and National Instrument 51-101 ("NI 51-101"). In late 2008, McDaniel classified a portion of the discovered resources as contingent resources. These contingent resource estimates were prepared for the drilled portions of the Axe Lake and Raven Ridge areas only. The Company has not completed estimates for the remainder of Axe Lake and Raven Ridge, or at Wallace Creek, which the Company believes are prospective. McDaniel has used existing legacy drill data at Eagles Nest as well as interpolated data from adjacent geology in accordance with Canadian reporting standards to estimate discovered, undiscovered and prospective resources. The lands over which the resource assessment was conducted comprise about 11% of our land holdings.

This resource estimate incorporates the results of our 53 well drilling program at Axe Lake in late 2008, and at Raven Ridge in early 2009 and updates the previous estimates provided in December 2008 which was based upon 330 wells drilled up to mid-2008.

Similar to some other bitumen accumulations within the eastern portion of Alberta, the Axe Lake and Raven Ridge areas lack a distinct overlying shale formation. The absence of this may preclude the use of certain high-pressure in-situ recovery methods, but the quality of the reservoirs and high bitumen saturations present at the Axe Lake and Raven Ridge areas provide the potential for extraction using a number of recovery methods, re-configured for our reservoirs.

The Company is engaged in undertaking reservoir test programs and related laboratory and reservoir simulation studies to determine the optimum configuration of existing thermal, solvent-based and other, in-situ recovery methods for use in our reservoirs at Axe Lake, Raven Ridge and elsewhere. The recovery methods Oilsands Quest has developed and is testing are designed to be effective in the presence or absence of an overlying shale formation. Our recovery processes may offer higher efficiency and superior recovery than steam assisted gravity drainage ("SAGD").

Oilsands Quest is continuing to advance reservoir testing programs to evaluate our recovery methods. Under the COGEH guidelines, any evaluation of our contingent resource volumes and

economics is limited to the use of recovery methods that are developed and verified by testing in our reservoir. While at this time we do not intend to use SAGD as our recovery method, the Company engaged McDaniel to conduct its evaluation as an interim measure and this evaluation was completed assuming the use of SAGD. The McDaniel report summarizes the estimated volumes of economically recoverable, contingent resources at Axe Lake and Raven Ridge. The remaining bitumen in place volumes are categorized under COGEH as unrecoverable at this time. The company anticipates that successful reservoir testing will result in a significant re-categorization from unrecoverable to contingent resources.

The following tables set out our resource estimates for Axe Lake, Raven Ridge and Eagles Nest as reported by McDaniel. The Axe Lake area is located within Townships 94 and 95, Ranges 24 and 25WM within the Province of Saskatchewan, approximately 115 kilometers northeast of the City of Fort McMurray. The Raven Ridge area is located immediately to the west of the Axe Lake area, within Townships 93 and 94, Range 1W4M, within the Province of Alberta. Eagles Nest is located in the Athabasca oil sands region in the Province of Alberta in Township 101, Range 13W4M. The resource volumes herein were prepared using assumptions and methodology guidelines outlined in COGEH and in accordance with NI 51-101 (please refer to our website for a map of the evaluated areas).

Table 1
Axe Lake Bitumen Resource Estimates

Millions of Barrels	Low	Best	High
Discovered Resources ⁽¹⁾	1,402	1,869	2,337
Economic Contingent ⁽²⁾	n/a	151	466

Table 2
Raven Ridge Bitumen Resource Estimates

Millions of Barrels	Low	Best	High
Discovered Resources ⁽¹⁾	760	1,013	1,267
Economic Contingent ⁽²⁾	n/a	n/a	320
Undiscovered Resources ⁽¹⁾	245	673	1,755
Prospective Resources ⁽¹⁾	10	136	565

Table 3
Eagles Nest Bitumen Resource Estimates

Millions of Barrels	Low	Best	High
Discovered Resources ⁽¹⁾	221	367	612
Undiscovered Resources ⁽¹⁾	926	1,573	2,682
Prospective Resources ⁽¹⁾	18	178	717

Table 4
Summary of Bitumen Resource Estimates
Axe Lake, Ravens Ridge & Eagles Nest

Millions of Barrels	Low	Best	High
Discovered Resources⁽¹⁾	2,383	3,250	4,215
Economic Contingent⁽²⁾	n/a	151	786
Undiscovered Resources⁽¹⁾	1,171	2,246	4,437
Prospective Resources⁽¹⁾	28	314	1,283

- (1) The Discovered Resource and Undiscovered Resource numbers are not estimates of the recoverable volume of bitumen. A portion of the discovered resources tabulated herein have been further categorized as economic contingent resources in the McDaniel evaluation, as tabulated above. In addition, a portion of the undiscovered resources tabulated herein have been further categorized as prospective resources in the McDaniel April 30, 2009 evaluation. The portion of the discovered resources and undiscovered resources that have not been classified respectively as contingent resources or prospective resources would be categorized under COGEH as unrecoverable at this time, pending further testing and recovery process development. There is no certainty that it will be commercially viable to produce any portion of the discovered resources. There is no certainty that any portion of the undiscovered resources will be discovered and, if discovered, there is no certainty that it will be commercially viable to produce any portion of the resources.
- (2) The estimate of contingent resources is uneconomic under McDaniel's price forecast and cost assumptions where no estimate of economic contingent resources were assigned by McDaniel in their report of April 30, 2009. There is no certainty that it will be commercially viable to produce any portion of the contingent resources. The recoverable volumes estimated by McDaniel have been classified as economic contingent resources as opposed to reserves because not all of the conditions for commerciality have been met including corporate and regulatory approvals for development. The estimates of contingent resources have been prepared assuming the use of SAGD as the recovery process.

The estimates in the above tables reflect Oilsands Quest's 100% interest in the Axe Lake, Raven Ridge and Eagles Nest areas and represent only those resources that have been independently evaluated.

Annual Meeting Results

The following Class A directors were re-elected to the Board of Directors: Christopher H. Hopkins, Gordon Tallman, John Read and Pamela Wallin. Ronald Blakely was elected as a Class B director and Brian MacNeill was elected as a Class C director to the Board of Directors. The other business matters that were included in the proxy were also approved.

“We are very pleased to have both Ronald Blakely and Brian MacNeill elected to the Board of Directors,” said T. Murray Wilson, Executive Chairman of Oilsands Quest. “These two directors complement our board with their broad industry experience. Together with our re-elected directors, they are a great addition to the strong board and management team we have established.”

Once the formal meeting was adjourned, Mr. T Murray Wilson, Executive Chairman and Mr. Christopher H. Hopkins, President and Chief Executive Officer provided an update on corporate and operational matters. The corporate presentation is available on the Company's website at www.oilsandsquest.com.

Definitions of Technical Terms used in this release

McDaniel's independent estimates were prepared in accordance with the standards set out in the Canadian Oil and Gas Evaluation Handbook ("COGEH") and National Instrument 51-101 ("NI 51-101"). Discovered resources (equivalent to discovered petroleum initially in-place) are defined within COGEH as that quantity of bitumen that is estimated, as of a given date, to be contained in known accumulations prior to production. The recoverable portion of discovered resources includes production, reserves, and contingent resources; the remainder is classified as unrecoverable. Discovered resources are the summation of all bitumen present, without qualitative or quantitative assessment to determine the exploitable portion of that resource.

Contingent resources are defined within COGEH as those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations using established technology or technology under development, but which are not currently considered to be commercially recoverable due to one or more contingencies. Contingencies may include factors such as economic, legal, environmental, political, and regulatory matters, or a lack of markets. It is also appropriate to classify as contingent resources the estimated discovered recoverable quantities associated with a project in the early evaluation stage. Contingent resources are further classified in accordance with the level of certainty associated with the estimates and may be sub-classified based on project maturity and/or characterized by their economic status.

Prospective Resources are defined within COGEH as those quantities of petroleum estimated, as of a given date, to be potentially recoverable from undiscovered accumulations by application of future development projects. Prospective Resources have both an associated chance of discovery and a chance of development. Prospective Resources are further subdivided in accordance with the level of certainty associated with recoverable estimates assuming their discovery and development and may be sub-classified based on project maturity.

Discovered unrecoverable resources (equivalent to discovered unrecoverable petroleum initially-in-place) are defined within COGEH as that portion of discovered resources which is estimated, as of a given date, not to be recoverable by future development projects. A portion of these quantities may become recoverable in the future as commercial circumstances change or technological developments occur; the remaining portion may never be recovered due to the physical/chemical constraints represented by subsurface interaction of fluids and reservoir rocks.

A range of prospective, undiscovered, discovered and contingent resources estimates (low, best and high) was prepared to reflect a range of technical and economic uncertainties and was determined in accordance with COGEH. A low estimate is considered to be a conservative estimate of the quantity that will actually be recovered, which under probabilistic methodology reflects a P90 confidence level. It is likely that the actual remaining quantities recovered will exceed the low estimate. A best estimate is considered to be the best estimate of the quantity that will actually be recovered. Under probabilistic methodology, this term is a measure of the central tendency of the uncertainty distribution (most likely/mode, P50/median, or arithmetic average/mean). It is equally likely that the

actual remaining quantities recovered will be greater or less than the best estimate. A high estimate is considered to be an optimistic estimate of the quantity that will actually be recovered, which under probabilistic methodology reflects a P10 confidence level. It is unlikely that the actual remaining quantities recovered will exceed the high estimate.

Cautionary Statement about 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 our management expects, believes or anticipates will or may occur in the future are forward-looking statements. Also, forward-looking statements are frequently indicated 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 such as the amount and nature of future capital, development and exploration expenditures, the timing of exploration and test program activities, business strategies and development of our business plan and exploration and testing programs, the discovered and contingent resource estimates, and references to the Company's reservoir field testing and analysis program, and the timing of such program are based on the opinions and estimates of management and the Company's independent evaluators 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 risks inherent in the oil sands industry, regulatory, financing and economic risks, and risks associated with the Company's ability to implement its business plan. There are uncertainties inherent in forward-looking information, including factors beyond Oilsands Quest's control, and no assurance can be given that the programs will be completed on time, on budget or at all. In addition, there are numerous uncertainties inherent in estimating discovered and contingent resources, including many factors beyond the Company's control. In general, estimates of discovered and contingent resources are based upon a number of factors and assumptions made as of the date on which the estimates were determined, such as geological, technological and engineering estimates which have inherent uncertainties, the assumed effects of regulation by governmental agencies and estimates of future commodity prices and operating costs, all of which may vary considerably from actual results. All such estimates are, to some degree, uncertain and classifications of resources are only attempts to define the degree of uncertainty involved. The estimates contained herein with respect to discovered resources and to contingent resources that may be developed in the future have been based upon volumetric calculations and upon analogy to similar types of resources, rather than upon actual production history. Estimates based on these methods generally are less reliable than those based on actual production history. Subsequent evaluation of the same resources based upon production history will result in variations, which may be material, in the estimated resources. Additional information relating to our Company, including our Annual Report on Form 10K, can be found at www.sedar.com. Oilsands Quest 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.

Cautionary Note to U.S. Investors—The United States Securities and Exchange Commission permits oil and gas companies, in their filings with the SEC, to disclose only proved reserves that a company has demonstrated by actual production or conclusive formation tests to be economically and legally producible under existing economic and operating conditions. The Company uses certain terms in this press release, such as discovered and contingent resources, that the SEC guidelines strictly prohibit us from including in filings with the SEC. U.S. Investors are urged to consider closely the disclosure in our Form 10-K, as amended, available from us on request at ir@oilsandsquest.com or by calling 1-877-718-8941. You can also obtain this form from the SEC at sec.gov. In reviewing this news release, it is necessary to recognize the differences between resources (which are reported as required under Canadian law) and reserves (which are not being reported). Investors are cautioned that the discussion of resource estimates in this news release does not contain any information about deposits that would qualify as deposits of “reserves” under Industry Guide 7. Further, the terms “discovered resource” and “contingent resources” are Canadian terms defined in accordance with the standards set forth jointly by the Society of Petroleum Evaluation Engineers (Calgary Chapter) and the Canadian Institute of Mining, Metallurgy and Petroleum (Petroleum Society) in the COGEH. The COGEH standards differ from the terminology and standards set forth in Industry Guide 7 and, as a consequence, the information contained in this news release may not be comparable to information provided by other similar companies in the United States. Investors should not assume that any part of the deposits discussed in this news release that are categorized as discovered, undiscovered, contingent or prospective resources according to Canadian standards will ever be considered “reserves” under applicable U.S. standards. The commercial viability of these resources are affected by numerous factors which are beyond the Company’s control and which cannot be predicted, such as the potential for further financing, environmental, permitting, legal, title, taxation, socio-political, marketing, or other relevant issues. **Investors are cautioned not to assume that all or any part of a resource, whether discovered or contingent exists, or (if it exists) is economically or legally extractable.**

About Oilsands Quest

Oilsands Quest Inc. (www.oilsandsquest.com) is aggressively 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.

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