

NEWS RELEASE

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Oilsands Quest and Northern Village of La Loche reach formal economic agreement

Calgary, Alberta -- Oilsands Quest Inc. (Amex: BQI) and the Northern Village of La Loche, Saskatchewan, have signed an exploration agreement which establishes a formal economic relationship between the two parties. This agreement follows the memorandum of understanding signed in May 2008. The basis of the agreement is a commitment to a respectful and ongoing relationship through which the parties will manage the environmental, social and economic aspects of Oilsands Quest's exploration activities on La Loche and neighboring communities.

The agreement addresses the mutual goal to ensure the economic benefit of the parties, including providing access to training, employment and business opportunities for local businesses and residents. While the agreement presently includes a majority of the residents of the region, it also allows for other adjacent communities to be included.

"The completion of the exploration agreement with Oilsands Quest is a significant achievement," said Georgina Jolibois, Mayor of the Northern Village of La Loche. "This exploration agreement will provide new opportunities for local residents and we look forward to continuing to build upon our strong relationship to develop business, education and employment opportunities."

Christopher H. Hopkins, Chief Executive Officer of Oilsands Quest Inc. said, "This agreement is the result of a concerted effort by the Northern Village of La Loche and Oilsands Quest. It truly reflects Oilsands Quest's strong and growing commitment to our neighboring communities."

Through the agreement, Oilsands Quest will contribute infrastructure funding to La Loche and adjacent communities. The company also agrees to assist and cooperate with La Loche and neighboring communities in their dealings with the governments of Saskatchewan and Canada in regards to economic development, employment, infrastructure, education and training funding.

The agreement was signed in La Loche on June 27, 2008. Oilsands Quest also recently committed to the purchase of approximately 0.8 hectares (two acres) of land in La Loche where company support and administrative service facilities will be constructed.

Since Oilsands Quest began exploration activities on its oil sands permit lands in Saskatchewan in 2005, the company has followed a policy of employing workers from La Loche and other communities in northwestern Saskatchewan as well as purchasing local goods and services.

An event will be held later this summer to allow government officials to join representatives of the Northern Village of La Loche and Oilsands Quest Inc. to formally recognize the agreement.

About Oilsands Quest

Oilsands Quest Inc. is applying its technical expertise to develop multiple global-scale discoveries while aggressively exploring Canada's largest contiguous oil sands land holding. The company (www.oilsandsquest.com) is the originator of Saskatchewan's emerging oil sands industry.

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