

**NEWS RELEASE**

For Immediate Release: October 10, 2008

**SRC Constructing Oil Sands Laboratory and 3D Scaled Physical Model with \$1 Million Contribution from Oilsands Quest Inc.**

Regina, SK— The Saskatchewan Research Council (SRC) is constructing a new oil sands research laboratory, which will include a 3D scaled physical model for oil sands testing that is being built with the assistance of a \$1-million contribution from Oilsands Quest Inc.

The new laboratory and unique-in-Canada model were officially commissioned by the Honourable Lyle Stewart, Minister of Enterprise and Innovation, SRC President and CEO Laurier Schramm, and Oilsands Quest CEO Christopher H. Hopkins, today at SRC's Regina office.

“The oil sands research generated by this laboratory will undoubtedly bolster the promising exploration and recovery efforts in Saskatchewan,” said Minister Stewart. “Focused investments in industry-driven research like this are investments in the economic future of our province and our people.”

“We are dedicating this 3D scaled physical model to further researching Saskatchewan's oil sands potential,” said SRC President and CEO Dr. Laurier Schramm. “Thanks to Oilsands Quest's contribution, this model will help us refine recovery methods that can be directly applied to Saskatchewan's oil sands deposits.”

The new laboratory and its 3D scaled physical model will allow scientists to develop thermal and solvent extraction processes (TSX) to recover bitumen from oil sands. It will allow testing of bitumen recovery processes under realistic reservoir conditions and provide the data to enable advanced simulation work and design. The model will be a highly pressurized mini-reservoir filled with actual reservoir sand and fluids to simulate the Saskatchewan oil sands where energy efficient TSX techniques may eventually be applied. The model will also have the unique ability to test high temperatures of up to 250° C.

Oilsands Quest will evaluate the recovery and production methods developed with the 3D scaled physical model for its Axe Lake Discovery in northwest Saskatchewan.

“We are looking forward to using this new 3D scaled physical model”, said Oilsands Quest CEO Christopher H. Hopkins. “We're confident that this new model combined with SRC's expertise will assist us in finding the most efficient and profitable way to tap into the potential within Saskatchewan's oil sands.”

The new laboratory and its 3D scaled physical model builds on SRC's long history of working to develop the province's oil resources. SRC has been providing technical solutions to Canada's oil sands industry since the 1970s.

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**About Saskatchewan Research Council**

SRC is Saskatchewan's lead provider of applied research, development, demonstration, and commercialization. SRC takes leading-edge knowledge developed in Saskatchewan and sells it to the world. SRC brings the best knowledge the world has to offer and applies it to Saskatchewan industry's problems.

**About Oilsands Quest Inc.**

Oilsands Quest Inc. (AMEX:BQI) 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](http://www.oilsandsquest.com)) is the originator of Saskatchewan's emerging oil sands industry.

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