



Compensation Committee Charter

Organization, Membership, Qualification

The Compensation (the “Committee”) of the Board of Directors of Oilsands Quest Inc. (“OQI”) shall be fulfilled by the Directors of the Board who are independent as defined below, and who have been specifically designated by the Board to serve on the Compensation Committee. The members of the Committee shall appoint from among its members a Chairperson of the Committee.

To be considered “independent”, a Board member must:

- qualify as “independent” under Section 121A of the American Stock Exchange Company Guide;
- be free from any interlocking relationships of the sort that must be disclosed pursuant to Item 402(j) of Regulation S-K; and
- be free of any relationship that, in the opinion of the Board, would interfere with his or her exercise of independent judgment.

Notwithstanding the above, the committee may from time to time include a non-independent member should the Committee determine it to be in its best interests to include such member.

Members of the committee shall be appointed by, and may be removed by, the board of directors. A quorum for meetings of the compensation committee will consist of at least one-half of the members of the compensation committee. The committee may designate its own chair and establish procedural rules as it determines to be appropriate.

Purpose

The purpose of this committee shall be to carry out the Board of Directors’ overall responsibility relating to executive compensation. In furtherance of this purpose, the committee shall have the following authority and responsibilities:

Authority and Responsibilities

1. To determine, review and approve on an annual basis the corporate goals and objectives with respect to compensation for the senior executives of OQI.
2. The committee shall evaluate at least once a year the performance of the senior executives in light of the established goals and objectives and, based upon these evaluations, shall determine the annual compensation for each of the Executive Chairman, Chief Executive Officer, Executive Vice President Project Development and Chief Financial Officer, including salary, bonus, incentive and equity compensation.

3. The committee shall determine the need for and the appropriateness of employment agreements for each of the senior executives.
4. The committee shall review and provide oversight for the evaluation process and compensation structure for OQI's other officers.
5. The committee shall review the fees paid to independent directors for service on the board of directors and its committees, and make recommendations to the Board with respect thereto.
6. The committee shall review OQI's incentive compensation and other stock-based plans and recommend changes in such plans to the Board as needed. The committee shall have and shall exercise all the authority of the Board of Directors with respect to the administration of such plans.
7. The committee may delegate to the chief executive officer and the chief financial officer the issuance of options under OQI's incentive compensation and other stock-based plans provided such issuance is to persons other than the senior executives. The compensation committee will determine options and other equity-based compensation to be issued to senior executives.
8. The committee will prepare and publish an annual executive compensation report in OQI's proxy statement as required by Item 402(k) of SEC Regulation S-K, when such regulation becomes applicable.
9. The committee will review and reassess the adequacy of this charter as the committee determines appropriate.
10. The committee will review and assess its performance on at least an annual basis.

The committee shall have the authority to delegate any of its responsibilities to subcommittees as the committee may deem appropriate in its sole discretion. The committee may invite the senior executives and other members of management of OQI to participate in their deliberations, or to provide information to the committee for its consideration with respect to such deliberations, except that:

- the chief executive officer may not be present for the deliberation of or the voting on compensation for the chief executive officer; and
- the chief executive officer may be present for the deliberation of or the voting on compensation for any other officer.

Procedures and Administration

The committee shall have authority to retain such compensation consultants, outside counsel and other advisors as the committee may deem appropriate in its sole discretion. The committee shall have sole authority to approve related fees and retention terms.

The committee is an arm of and responsible to the Board of Directors of OQI, to which it directly reports. The committee is responsible for periodically updating the Board of Directors about committee activities.

