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This brochure provides information about the qualifications and business practices of QRF Advisors, LLC. If you have any questions about the contents of this brochure, please contact us at (713) 452-2200. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about QRF Advisors, LLC also is available on the SEC's website at www.adviserinfo.sec.gov.

MATERIAL CHANGES

On October 1, 2012, Quantum Resources Advisors, LLC filed a legal name change to QRF Advisors, LLC with the State of Delaware.

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ADVISORY BUSINESS

Advisory Firm Description

QRF Advisors, LLC (the “Firm” or “we” or “our”), formerly Quantum Resources Advisors, LLC, was established in 2011 in connection with the formation of various affiliated private equity limited partnerships including Quantum Resources A1, LP, Quantum Resources B, LP, and Quantum Resources C, LP (collectively the “QR Fund” or the “Fund”). Ownership is held by our sole member, Quantum Resources Management, LLC.

Types of Advisory Services

The Firm’s principal Advisory Clients¹ are the entities comprising the QR Fund. The QR Fund’s primary investment objective is to acquire, explore, develop, enhance and exploit mature oil and gas properties in order to provide investors with both a current income vehicle and capital appreciation potential. Since our primary focus is to provide services to the Fund, a substantial portion of this document’s content relates to the QR Fund.

Fund Overview

The Fund is comprised of several limited partnerships, to which capital has been committed by limited partners all of which are qualified investors (the “Investors”). The capital has been committed for the purpose of acquiring cash flow producing oil and gas properties primarily located in North America through asset or corporate acquisitions. Please see the section titled “Other Financial Industry Activities and Affiliations” below and the respective Partnership Agreements (“PA”) of each Fund and/or other associated offering materials for additional details. Finally, several of the partnership vehicles enhance their overall risk-adjusted return profile through the use of leverage.

The Fund is exempt from registration under the Investment Company Act of 1940. Limited partner interests in the Fund were granted to investors satisfying the applicable eligibility and suitability requirements through private placement transactions within the United States.

Fund Structure

The Fund has been structured to accommodate the differing objectives of tax-exempt and taxable investors (domestic) by offering interests in the following limited partnerships:

¹ “Advisory Client” means any account or fund for which QRF Advisors, LLC provides investment advice and/or places trades on a discretionary or nondiscretionary basis. The investors and other persons who invest in QRF Advisors’ Advisory Clients are generally referred to herein as “investors.” Unless otherwise expressly stated herein, the term “Advisory Clients” does not include “investors.”

QRA1

Quantum Resources A1, LP (“**QRA1**”), a Delaware limited partnership, provides opportunities to invest in oil and gas properties, including without limitation, working interests, royalty interests, nonparticipating royalty interests and mineral interests. A working interest in oil and gas properties refers to the rights granted in an oil and gas lease to explore for, develop and produce oil and gas from land and includes the full costs of those operations. Royalty interests in oil and gas properties refers to the rights to revenues generated from oil and gas leases which are not burdened with certain of the costs related to those operations. Mineral interests entitle the owner to participate in the oil and gas development through a direct ownership interest in the minerals when there is no oil and gas lease involved.

QRB

Quantum Resources B, LP (“**QRB**”) provides opportunities to invest in net profits interests for tax-exempt investors seeking returns not subject to UBTI. A net profits interest refers to a fraction or percentage of the net profits from the operation of an oil and gas lease or leases that is carved out of the working interest. QRF B does not utilize debt to leverage limited partner’s investments.

QRC

Quantum ResourcesC, LP (“**QRF C**”) provides opportunities to invest in net profit interests for tax-exempt investors seeking returns not subject to UBTI. QRF C does not utilize debt to leverage limited partner’s investments but has a preferred equity component owned by a separate entity, QRFC LP, that allows for a limited ability for the limited partners to obtain a leveraged return.

To date, the limited partners of QRA1, QRB and QRC have contributed 87-88% of their aggregate committed capital pursuant to the respective limited partnership agreements. Please refer to the Fund’s PA and associated offering materials for additional information on these entities and the Fund’s structure.

The Fund’s acquisition and operational team consists of technical professionals whom the Firm believes collectively excel in all phases of the evaluation, acquisition, exploration, development, operation, enhancement and exploitation of mature, long-lived oil and gas properties.

Client Assets Under Management

As of June 30, 2012 we had \$1,128,688,552 billion of assets under management. The Firm manages such assets on a discretionary basis subject to the provisions of the applicable documents governing the Fund.

MANAGEMENT FEES, COMPENSATION AND EXPENSES

Our Firm's source of income is solely through reimbursement of our expenses by the Fund. Our affiliates receive management fees as described below.

Management Fees and Interests

Management fees are paid by the Fund to the Firm as described in the PA for the Fund.

The Management Fee charged to the limited partners in the Funds ranges from 0.75% to 1.25% and is charged in advance on a quarterly basis as more particularly described in the PA, as amended.

All fees are charged to the limited partners' capital accounts and may be collected from the Fund's assets or by calling capital from the limited partners. The Fund is closed and all limited partners pay a proportionate share of the same management fee, i.e., the management fee is not negotiable.

Expenses

The Fund pays all expenses associated with managing the Fund's oil and gas properties and partnerships, including the general and administrative costs of the Firm allocable to the Fund (subject to certain limitations with respect to the expenses of the senior executive officers) and third-party consulting costs.

PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

As described in the agreements governing the Fund, our affiliates are entitled to receive incentive compensation after the limited partners receive a defined return on their invested capital. Our affiliates also receive a 2% interest in any assets acquired by the Fund. All such performance fee arrangements are intended to comply with Rule 205-3 under the Investment Advisers Act of 1940. Please refer to the Fund's PA for specific information on its performance fees.

The Firm is not currently managing portfolios paying performance fees side by side with those not paying such fees.

TYPES OF CLIENTS

The Firm, via our affiliated entities, provides portfolio management services for private funds, and these funds are specifically limited to investing in oil and gas upstream-related assets in the onshore continental United States. The Firm's sole client is the Fund. The minimum investment generally required of limited partners is \$10,000,000.

METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

Methods of Analysis

The Firm uses multiple forms of analysis to make investment decisions. These include, but are not limited to the following (for additional information please refer to the applicable offering documents for our Firm and the Fund):

- *Focusing on understanding the valuation of collateral throughout the commodity price cycle.* In making each investment decision, the Firm analyzes the value of the underlying assets under a variety of pricing regimes and draws on its industry experience to gauge the potential for performance improvement.
- *Utilizing relationships with energy industry participants.* The Firm utilizes our extensive relationships with energy industry leaders and experts. This provides:
 - (i) access to proprietary insight from such experts which enables the Firm to conduct a more thorough due diligence process and helps isolate investment risks than the Firm would otherwise be able to do without these relationships and
 - (ii) a consistent flow of proprietary investment opportunities.
- *Analysis of conventional development investment opportunities.* The Firm continually evaluates investment opportunities arising when oil and gas producing companies focusing on resource driven assets elect to divest their conventional assets to raise cash for their capital intensive drilling programs.

Investment Strategies

The Fund's primary investment strategies are:

- Acquisition of direct interests in producing oil and gas properties, including working interests, royalty interests or net profit interests in those properties, with a focus on properties with a significant percentage of proved producing reserves;
- Acquisition of all or part of the outstanding securities of any entity that primarily owns properties of the type described above, including, without limitation, securities in QR Energy, LP ("QRE"), a publicly traded master limited partnership under common control with the Fund. Note, at this time, the only publicly traded securities in the Fund's portfolio of assets managed by the Firm are in QRE; and
- Exploration and development of oil and gas rights acquired by the Fund.

Specific strategies, include, but are not limited to the following:

- Targeting larger (generally \$150MM+, unless for example the asset has a strategic benefit such as a "bolt on" opportunity to existing assets or presents an entry opportunity into a new basin) acquisitions of cash flow producing oil and gas assets and companies located in mature, onshore, North American

geological basins that are capable of generating consistent returns and contain additional development potential;

- Improving the operational and financial performance of acquired properties;
- Making strategic add-on acquisitions in established core areas;
- Managing exposure to commodity prices through the use of commodity derivatives; and
- Utilizing leverage to help facilitate the property acquisitions and enhance overall returns.

The Fund will not, unless otherwise approved by at least 66 2/3% in interest of its limited partners, invest more than 20% of the Aggregate Capital Commitments in Qualified Investments (as such terms are defined in the Fund's PA) which have a material portion of its operations outside of North America; hold public securities acquired through open market purchases; or invest in another passive investment vehicle managed by a third party.

Risk of Loss

Our Firm does not guarantee the future performance of the Fund or any specific level of performance, or the performance of any investment decision or strategy that the Firm may use. Investment decisions we make for the Fund are subject to various credit, market, currency, economic, political and business risks. Making large commitments to single companies exacerbates these risks. Additionally, purchasing investments with leverage increases risk of losses to investors or clients, which are mitigated by the PA of each of the Funds which limit the threshold of debt that may be applied on any given acquisition to 50% of the purchase price.

Investors are reminded that investing in securities may entail losses which the investors must be willing to bear.

An investment in the Fund involves a high degree of risk. Such risks include, but are not limited to, the following:

General Risk Factors

- *Investments concentrated in one sector.* The Fund focuses exclusively on the energy industry. The Fund's actual returns will be subject to numerous factors, including volatile crude oil and natural gas prices to the extent not hedged, governmental regulation, competitiveness of alternative fuels, and consumer needs and preferences.
- *Investments concentrated in QRE.* A significant portion of the Fund's investments is held in QRE.

- *Dependence on key personnel.* We are dependent upon certain of our key management for conducting our affairs. The death, resignation or incapacity of any of these individuals could have a material adverse impact upon the business of the Firm and the Fund. Also, these personnel may have other business interests outside of the Fund to which they are expected to devote time and attention.
- *Illiquidity of limited partner interests.* Fund investors should be able and willing to own a substantially illiquid investment over an extended period of time. There is not now and will not be a public market for all of their investment interests. We cannot assure that the Fund will be able to liquidate a particular investment at the time and upon the terms it desires.
- *Certain interests may be leveraged.* If the assets of the Fund are insufficient to service the leverage requirements or if an event of default occurs, the Fund may not be able to pay distributions. In the event of such a default, some investors could risk losing all or a portion of their entire investment.
- *Conflicts of interest.* The Fund's General Partner will bear all management responsibility for the operations of the Fund. Our principals assisting the General Partner in its discharge of this responsibility may and are expected to face conflicts of interest situations. For additional detail, please see the Fund PA, associated offering documents and other sections of this ADV 2 Part A and ADV 2 Part B.
- *Carried interest.* The fact that the Fund's General Partner's compensation is based on the performance of the Fund may create an incentive for the General Partner to cause the Fund to make investments that are more speculative than would be the case in the absence of performance-based compensation.
- *Foreign investment risks.* The Fund may invest in assets in foreign countries subject to limitations set out in the Funds' PA's. These investments are subject to additional risks not involved in domestic investments.

Risks Related to Our Business

Unless otherwise specifically identified as a Risk Factor that applies solely to the Funds or to QRE, the following Risk Factors apply both to the operation of the Fund's business as well as the operation of QRE's business. The Fund holds a significant portion of QRE's units, therefore the risks outlined herein have the potential to adversely affect QRE's ability to pay distributions associated with the MLP units in QRE held by the Fund.

We May Not Have Sufficient Cash to Pay Quarterly Distribution, Following the Establishment of Cash Reserves and Payment of Fees and Expenses, Including Payments to Our General Partner.

Under the terms of our partnership agreement, the amount of cash available for distribution will be reduced by our operating expenses and the amount of any cash reserves established by our general partner to provide for future operations, future capital expenditures, including acquisitions of additional oil and natural gas properties, future debt service requirements and future cash distributions to our unitholders. We intend to reserve a portion of our cash generated from operations to develop our oil and natural gas properties and to acquire additional oil and natural gas properties to maintain and grow our oil and natural gas reserves.

The amount of cash we actually generate will depend upon numerous factors related to our business that may be beyond our control, including, among other things, the risks described in this section.

In addition, the actual amount of cash that we will have available for distribution to our limited partners will depend on other factors, including:

- the amount of oil, NGLs and natural gas we produce;
- the prices at which we sell our oil, NGL and natural gas production;
- the effectiveness of our commodity price hedging strategy;
- the cost to produce our oil and natural gas assets;
- the level of our capital expenditures, including scheduled and unexpected maintenance expenditures;
- the cost of acquisitions;
- our ability to borrow funds under our new credit facility;
- prevailing economic conditions;
- sources of cash used to fund acquisitions;
- debt service requirements and restrictions on distributions contained in our new credit facility or future debt agreements;
- interest payments;
- fluctuations in our working capital needs;
- general and administrative expenses; and
- the amount of cash reserves, which we expect to be substantial, established by our general partner for the proper conduct of our business.

As a result of these factors, the amount of cash we distribute to our limited partners may fluctuate significantly from quarter to quarter and may be less than the minimum quarterly distribution that we expect to distribute.

QRE's Estimated Oil and Natural Gas Reserves Will Naturally Decline Over Time, and It Is Unlikely That QRE Will Be Able to Sustain Distributions at the Level of Its Minimum Quarterly Distribution Without Making Accretive Acquisitions or Substantial Capital Expenditures That Maintain Its Asset Base.

QRE's future oil and natural gas reserves, production volumes, cash flow and ability to make distributions to its unitholders depends on its success in developing and exploiting its current reserves efficiently and finding or acquiring additional recoverable reserves economically. QRE may not be able to develop, find or acquire additional reserves to replace its current and future production at acceptable costs, which would adversely

affect its business, financial condition and results of operations and reduce cash available for distribution to its unitholders.

Our Acquisition and Development Operations Will Require Substantial Capital Expenditures. We Expect to Fund These Capital Expenditures Using Cash Generated from Our Operations, Additional Borrowings or Additional Capital Calls (and in the case of QRE, the Issuance of Additional Partnership Interests), or Some Combination Thereof, Which Could Adversely Affect Our Ability to Pay Distributions at the Then-Current Distribution Rate or at All.

The oil and natural gas industry is capital intensive. We make and expect to continue to make substantial growth capital expenditures in our business for the development, production and acquisition of oil and natural gas reserves. These expenditures will reduce the amount of cash available for distribution to our limited partners. We intend to finance our future growth capital expenditures with cash flows from operations, borrowings under our credit facility (and in the case of QRE, the issuance of debt and equity securities).

Our cash flows from operations and access to capital are subject to a number of variables, including:

- our estimated proved oil and natural gas reserves;
- the amount of oil, NGL and natural gas we produce from existing wells; the prices at which we sell our production; the costs of developing and producing our oil and natural gas production;
- our ability to acquire, locate and produce new reserves; and
- the ability and willingness of banks to lend to us.

The use of cash generated from operations to fund growth capital expenditures will reduce cash available for distribution to our limited partners. If the borrowing base under our credit facility or our revenues decrease as a result of lower oil or natural gas prices, operating difficulties, declines in estimated reserves or production or for any other reason, we may have limited ability to obtain the capital necessary to sustain our operations at current levels. If QRE needs additional capital to fund its growth capital expenditures, its ability to access the capital markets for future equity or debt offerings may be limited by its financial condition at the time of any such financing or offering and the covenants in its existing debt agreements, as well as by adverse market conditions resulting from, among other things, general economic conditions and contingencies and uncertainties that are beyond its control.

Our failure to obtain the funds for necessary future growth capital expenditures could have a material adverse effect on our business, results of operations, financial condition and ability to pay distributions to our limited partners. Even if we are successful in obtaining the necessary funds, the terms of such financings could limit our ability to pay distributions to our limited partners. In addition, incurring additional debt may significantly increase our interest expense and financial leverage, thereby increasing the aggregate amount of cash required to maintain the then current distribution rate, which could adversely affect our ability to pay distributions to our limited partners at the then-current distribution rate or at all.

Oil and Natural Gas Prices Are Very Volatile. A Decline in Oil or Natural Gas Prices Will Cause a Decline in Our Cash Flow from Operations, Which Could Cause Us to Reduce Our Distributions or Cease Paying Distributions Altogether.

The oil and natural gas markets are very volatile, and we cannot predict future oil and natural gas prices. Prices for oil and natural gas may fluctuate widely in response to relatively minor changes in the supply of and demand for oil and natural gas, market uncertainty and a variety of additional factors that are beyond our control, such as:

- domestic and foreign supply of and demand for oil and natural gas;
- weather conditions and the occurrence of natural disasters;
- overall domestic and global economic conditions;
- political and economic conditions in oil and natural gas producing countries globally, including terrorist attacks and threats, escalation of military activity in response to such attacks or acts of war;
- actions of the Organization of Petroleum Exporting Countries, or OPEC, and other state-controlled oil companies relating to oil price and production controls;
- the effect of increasing liquefied natural gas, or LNG, deliveries to and exports from the United States;
- the impact of the U.S. dollar exchange rates on oil and natural gas prices;
- technological advances affecting energy supply and energy consumption;
- domestic and foreign governmental regulations and taxation;
- the impact of energy conservation efforts;
- the proximity, capacity, cost and availability of oil and natural gas pipelines and other transportation facilities;
- the availability of refining capacity; and
- the price and availability of alternative fuels.

Our revenue, profitability and cash flow depend upon the prices of and demand for oil and natural gas, and a drop in prices can significantly affect our financial results and impede our growth. In particular, declines in commodity prices will:

- limit our ability to enter into derivative contracts at attractive prices;
- negatively impact the value and quantities of our reserves, because declines in oil and natural gas prices would reduce the amount of oil and natural gas that we can economically produce;
- reduce the amount of cash flow available for capital expenditures;
- limit our ability to borrow money or raise additional capital; and
- impair our ability to pay distributions to our limited partners.

If we raise our distribution levels in response to increased cash flow during periods of relatively high commodity prices, we may not be able to sustain those distribution levels during subsequent periods of lower commodity prices.

An Increase in the Differential Between the NYMEX or Other Benchmark Prices of Oil and Natural Gas and the Wellhead Price We Receive for Our Production Could Significantly Reduce Our Cash Available for Distribution and Adversely Affect Our Financial Condition.

The prices that we receive for our oil and natural gas production sometimes reflect a discount to the relevant benchmark prices, such as NYMEX, that are used for calculating hedge positions. The difference between the benchmark price and the price we receive is called a differential. Increases in the differential between the benchmark prices for oil and natural gas and the wellhead price we receive could significantly reduce our cash available for distribution to our limited partners and adversely affect our financial condition.

Future Price Declines May Result in a Write-Down of the Carrying Values of Our Oil and Natural Gas Properties, Which Could Adversely Affect Our Results of Operations.

We may be required under full cost accounting rules to write down the carrying value of our oil and natural gas properties if oil and natural gas prices decline or if we have substantial downward adjustments to our estimated proved reserves, capital expenditures that do not generate equivalent or greater value in estimated proved reserves, increases in our estimated future operating, development or abandonment costs or deterioration in our exploration results. We utilize the full cost method of accounting for oil and natural gas exploration and development activities. Under this method, all costs associated with property exploration and development (including costs of surrendered and abandoned leaseholds, delay lease rentals, dry holes, and direct overhead related to exploration and development activities) and the fair value of estimated future costs of site restoration, dismantlement, and abandonment activities are capitalized. Under full cost accounting, we are required by SEC regulations to perform a ceiling test each quarter. The ceiling test is an impairment test and generally establishes a maximum, or "ceiling," of the book value of our oil and natural gas properties that is equal to the expected present value (discounted at 10%) of the future net cash flows from estimated proved reserves, including the effect of cash flow hedges, if applicable, calculated using the applicable price calculation for the period tested, as adjusted for "basis" or location differentials, or net wellhead prices held constant over the life of the reserves. Under current rules, which became effective for ceiling tests on the year ended December 31, 2009, the ceiling limitation calculation uses the SEC methodology to calculate the present value of future net cash flows from estimated proved reserves. For prior periods, the ceiling limitation calculation used oil and natural gas prices in effect as of the balance sheet date, as adjusted for basis or location differentials as of the balance sheet date, and held constant over the life of the reserves. If the net book value of our oil and natural gas properties exceeds our ceiling limitation, SEC regulations require us to impair or "write down" the book value of our oil and natural gas. Depending on the magnitude of any future impairments, a ceiling test write-down could significantly reduce our net income, or produce a net loss.

A ceiling test write-down would not impact cash flow from operating activities, but it would reduce partners' equity on our balance sheet. The risk of a required ceiling test write-down of the book value of oil and natural gas properties increases when oil and natural gas prices are low. We may incur impairment charges in the future, which could have a material adverse effect on our results of operations in the period incurred.

Our Hedging Strategy May Be Ineffective in Removing the Impact of Commodity Price Volatility from Our Cash Flows, Which Could Result in Financial Losses or Could Reduce Our Income, Which May Adversely Affect Our Ability to Pay Distributions to Our Limited Partners.

The extent of our commodity price exposure is related largely to the effectiveness and scope of our derivative contracts. For example, some of the derivative contracts we utilize are based on quoted market prices, which may differ significantly from the actual prices we realize in our operations for oil and natural gas. Further, our credit facility limits the amount of derivatives contracts we can enter into and, as a result, we have direct commodity price exposure on the unhedged portion of our production volumes.

We generally enter into derivative contracts covering approximately 65% to 85% of our estimated oil and natural gas production over a three- to-five year period on a rolling basis. However, our price hedging strategy and future hedging transactions are and will be determined at the discretion of our general partner, which is not under an obligation to enter into derivative contracts covering a specific portion of our production. The prices at which we enter into derivative contracts covering our production in the future will be dependent upon oil and natural gas prices at the time we enter into these transactions, which may be substantially higher or lower than current oil and natural gas prices. Accordingly, our price hedging strategy may not protect us from significant declines in oil and natural gas prices received for our future production. Conversely, our hedging strategy may limit our ability to realize cash flows from commodity price increases. It is also possible that a substantially larger percentage of our future production will not be hedged as compared with the next few years, which would result in our oil and natural gas revenues becoming more sensitive to commodity price changes.

In addition, our actual future production may be significantly higher or lower than we estimate at the time we enter into derivative contracts for such period. If the actual amount is higher than we estimate, we will have greater commodity price exposure than we intended. If the actual amount is lower than the notional amount of our derivative contracts, we might be forced to satisfy all or a portion of our derivative contracts without the benefit of the cash flow from our sale or purchase of the underlying physical commodity, substantially diminishing our liquidity. There may be a change in the expected differential between the underlying commodity price in the derivative contract and the actual price received, which may result in payments to our derivative counterparty that are not offset by our receipt of higher prices from our production in the field.

As a result of these factors, our derivative activities may not be as effective as we intend in reducing the volatility of our cash flows, and in certain circumstances may actually increase the volatility of our cash flows, which could adversely affect our ability to pay distributions to our limited partners.

Our Hedging Transactions Expose Us to Counterparty Credit Risk.

Our hedging transactions expose us to risk of financial loss if a counterparty fails to perform under a derivative contract. Disruptions in the financial markets could lead to sudden changes in a counterparty's liquidity, which could impair their ability to perform

under the terms of the derivative contract. We are unable to predict sudden changes in a counterparty's creditworthiness or ability to perform under contracts with us. Even if we do accurately predict sudden changes, our ability to mitigate that risk may be limited depending upon market conditions.

Our Estimated Proved Reserves Are Based on Many Assumptions That May Prove to Be Inaccurate. Any Material Inaccuracies in These Reserve Estimates or Underlying Assumptions Will Materially Affect the Quantities and Present Value of Our Estimated Reserves.

It is not possible to measure underground accumulations of oil or natural gas in an exact way. Oil and natural gas reserve engineering requires subjective estimates of underground accumulations of oil and natural gas and assumptions concerning future oil and natural gas prices, future production levels and operating and development costs. In estimating our level of oil and natural gas reserves, we and our independent reserve engineers make certain assumptions that may prove to be incorrect, including assumptions relating to:

- the level of oil and natural gas prices;
- future production levels;
- capital expenditures;
- operating and development costs;
- the effects of regulation;
- the accuracy and reliability of the underlying engineering and geologic data; and
- the availability of funds.

If these assumptions prove to be incorrect, our estimates of proved reserves, the economically recoverable quantities of oil and natural gas attributable to any particular group of properties, the classifications of reserves based on risk of recovery and our estimates of the future net cash flows from our estimated proved reserves could change significantly.

The reserve estimates we make for fields that do not have a lengthy production history are less reliable than estimates for fields with lengthy production histories. A lack of production history may contribute to inaccuracy in our estimates of proved reserves, future production rates and the timing of development expenditures.

The standardized measure of our estimated proved reserves is not necessarily the same as the current market value of our estimated proved oil and natural gas reserves. We base the estimated discounted future net cash flows from our estimated proved reserves on prices and costs in effect as of the date of the estimate. However, actual future net cash flows from our oil and natural gas properties also will be affected by factors such as:

- the actual prices we receive for oil, natural gas and NGLs;
- our actual operating costs in producing oil, natural gas and NGLs;
- the amount and timing of actual production;
- the amount and timing of our capital expenditures;
- the supply of and demand for oil, natural gas and NGLs; and

- changes in governmental regulations or taxation.

The timing of both our production and our incurrence of expenses in connection with the development and production of oil and natural gas properties will affect the timing of actual future net cash flows from estimated proved reserves, and thus their actual present value. In addition, the 10% discount factor we use when calculating discounted future net cash flows in compliance with Accounting Standards Codification 932, "Extractive Activities — Oil and Natural Gas," may not be the most appropriate discount factor based on interest rates in effect from time to time and risks associated with us or the oil and natural gas industry in general.

Our Estimates of Proved Reserves Attributable to the Partnership Properties That Have Not Been Prepared or Audited By an Independent Reserve Engineering Firm May Not Be As Reliable or As Accurate As Estimates of Proved Reserves Prepared By an Independent Reserve Engineering Firm.

Estimates of proved oil and natural gas reserves are inherently uncertain, and any material inaccuracies in our reserve estimates will materially affect the quantities and values of our reserves. The estimates of the proved reserves attributable to the Partnership Properties as of December 31, 2011 have been audited by Miller & Lents, Ltd., our independent petroleum engineering firm. Our internal estimates of proved reserves may differ materially from independent proved reserve estimates as a result of the estimation process employed by an independent reserve engineering firm. Our internal proved reserve estimates are based upon various assumptions, including assumptions related to oil and natural gas prices, drilling and operating expenses, capital expenditures, taxes and availability of funds.

Secondary and Tertiary Recovery Techniques May Not Be Successful, Which Could Adversely Affect Our Financial Condition or Results of Operations and, As a Result, Our Ability to Pay Distributions to Our Limited Partners.

Much of our production relies on secondary and tertiary recovery techniques, which include waterfloods and injecting gases into producing formations to enhance hydrocarbon recovery. If production response to these techniques is less than forecasted for a particular project, then the project may be uneconomic or generate less cash flow and reserves than we had estimated prior to investing the capital to employ these techniques. Risks associated with secondary and tertiary recovery techniques include the following:

- lower-than-expected production;
- longer response times;
- higher-than-expected operating and capital costs;
- shortages of equipment; and
- lack of technical expertise.

If any of these risks occur, it could adversely affect our financial condition or results of operations and, as a result, our ability to pay distributions to our limited partners.

Developing and Producing Oil and Natural Gas Are Costly and High-Risk Activities with Many Uncertainties That Could Adversely Affect Our Financial Condition or Results of Operations and, As a Result, Our Ability to Pay Distributions to Our Limited Partners.

The cost of developing, completing and operating a well is often uncertain, and cost factors can adversely affect the economics of a well. Our efforts will be uneconomical if we drill dry holes or wells that are productive but do not produce as much oil and natural gas as we had estimated. Furthermore, our development and producing operations may be curtailed, delayed or canceled as a result of other factors, including:

- high costs, shortages or delivery delays of rigs, equipment, labor or other services;
- composition of sour gas, including sulfur and mercaptan content;
- unexpected operational events and conditions;
- reductions in oil and natural gas prices;
- increases in severance taxes;
- adverse weather conditions and natural disasters;
- facility or equipment malfunctions and equipment failures or accidents, including acceleration of deterioration of our facilities and equipment due to the highly corrosive nature of sour gas;
- title problems;
- pipe or cement failures and casing collapses;
- compliance with environmental and other governmental requirements;
- environmental hazards, such as natural gas leaks, oil spills, pipeline ruptures and discharges of toxic gases;
- lost or damaged oilfield development and service tools;
- unusual or unexpected geological formations and pressure or irregularities in formations;
- loss of drilling fluid circulation;
- fires, blowouts, surface craterings and explosions;
- uncontrollable flows of oil, natural gas or well fluids;
- loss of leases due to incorrect payment of royalties; and
- other hazards, including those associated with sour gas such as an accidental discharge of hydrogen sulfide gas, that could also result in personal injury and loss of life, pollution and suspension of operations.

If any of these factors were to occur with respect to a particular field, we could lose all or a part of our investment in the field, or we could fail to realize the expected benefits from the field, either of which could materially and adversely affect our revenue and cash available for distribution to our limited partners.

Our Expectations for Future Drilling Activities Are Planned to Be Realized Over Several Years, Making Them Susceptible to Uncertainties That Could Materially Alter the Occurrence or Timing of Such Activities.

We have identified drilling, recompletion and development locations and prospects for future drilling, recompletion and development. These drilling, recompletion and development locations represent a significant part of our future drilling and enhanced

recovery opportunity plans. Our ability to drill, recomplete and develop these locations depends on a number of factors, including the availability of capital, seasonal conditions, regulatory approvals, negotiation of agreements with third parties, commodity prices, costs, the generation of additional seismic or geological information, the availability of drilling rigs and drilling results. Because of these uncertainties, we cannot give any assurance as to the timing of these activities or that they will ultimately result in the realization of estimated proved reserves or meet our expectations for success. As such, our actual drilling and enhanced recovery activities may materially differ from our current expectations, which could have a significant adverse effect on our estimated reserves, financial condition and results of operations.

Shortages of Rigs, Equipment and Crews Could Delay Our Operations and Reduce Our Cash Available for Distribution to Our Limited Partners.

Higher oil and natural gas prices generally increase the demand for rigs, equipment and crews and can lead to shortages of, and increasing costs for, development equipment, services and personnel. Shortages of, or increasing costs for, experienced development crews and oil field equipment and services could restrict our ability to drill the wells and conduct the operations that we currently have planned. Any delay in the development of new wells or a significant increase in development costs could reduce our revenues and reduce our cash available for distribution to our limited partners.

We May Experience a Financial Loss If Quantum Resources Management Is Unable to Sell a Significant Portion of Our Oil and Natural Gas Production.

Under our services agreement, Quantum Resources Management will sell our oil, natural gas and NGL production on our behalf. Quantum Resources Management's ability to sell our production depends upon the demand for oil, natural gas and NGLs from Quantum Resources Management's customers. In recent years, a number of energy marketing and trading companies have discontinued their marketing and trading operations, which has significantly reduced the number of potential purchasers for the Fund's production. This reduction in potential customers has reduced overall market liquidity. If any one or more of Quantum Resources Management's significant customers reduces the volume of oil and natural gas production it purchases and Quantum Resources Management is unable to sell those volumes to other customers, then the volume of our production that Quantum Resources Management sells on our behalf could be reduced, and we could experience a material decline in cash available for distribution. In addition, a failure by any of these companies, or any purchasers of our production, to perform their payment obligations to us could have a material adverse effect on our results of operation. To the extent that purchasers of our production rely on access to the credit or equity markets to fund their operations, there could be an increased risk that those purchasers could default in their contractual obligations to us. If for any reason we were to determine that it was probable that some or all of the accounts receivable from any one or more of the purchasers of our production were uncollectible, we would recognize a charge in the earnings of that period for the probable loss and could suffer a material reduction in our liquidity and ability to make distributions to our limited partners.

We May Be Unable to Compete Effectively with Larger Companies, Which May Adversely Affect Our Ability to Generate Sufficient Revenue to Allow Us to Pay Distributions to Our Limited Partners.

The oil and natural gas industry is intensely competitive with respect to acquiring prospects and productive properties, marketing oil and natural gas and securing equipment and trained personnel. Many of our competitors are large independent oil and natural gas companies that possess and employ financial, technical and personnel resources substantially greater than ours. Those companies may be able to develop and acquire more properties than our financial or personnel resources permit. Our ability to acquire additional properties and to discover estimated reserves in the future will depend on our ability to evaluate and select suitable properties and to consummate transactions in a highly competitive environment. Many of our larger competitors not only drill for and produce oil and natural gas but also carry on refining operations and market petroleum and other products on a regional, national or worldwide basis. These companies may be able to pay more for oil and natural gas properties and evaluate, bid for and purchase a greater number of properties than our financial, technical or personnel resources permit. In addition, there is substantial competition for investment capital in the oil and natural gas industry. These larger companies may have a greater ability to continue development activities during periods of low oil and natural gas prices and to absorb the burden of present and future federal, state, local and other laws and regulations. Any inability to compete effectively with larger companies could have a material adverse impact on our business activities, financial condition and results of operations.

Our Operations Are Subject to Operational Hazards and Unforeseen Interruptions for Which We May Not Be Adequately Insured.

There are a variety of operating risks inherent in our wells, gathering systems, pipelines, natural gas processing plants and other facilities, such as leaks, explosions, mechanical problems and natural disasters, all of which could cause substantial financial losses. Any of these or other similar occurrences could result in the disruption of our operations, substantial repair costs, personal injury or loss of human life, significant damage to property, environmental pollution, impairment of our operations and substantial revenue losses. The location of our wells, gathering systems, pipelines, natural gas processing plants and other facilities near populated areas, including residential areas, commercial business centers and industrial sites, could significantly increase the level of damages resulting from these risks.

Insurance against all operational risk is not available to us. We are not fully insured against all risks, including development and completion risks that are generally not recoverable from third parties or insurance. In addition, pollution and environmental risks generally are not fully insurable. Additionally, we may elect not to obtain insurance if we believe that the cost of available insurance is excessive relative to the perceived risks presented. Losses could, therefore, occur for uninsurable or uninsured risks or in amounts in excess of existing insurance coverage. Moreover, insurance may not be available in the future at commercially reasonable costs and on commercially reasonable terms. Changes in the insurance markets due to weather and adverse economic conditions have made it more difficult for us to obtain certain types of coverage.

Our Business Depends In Part on Pipelines, Gathering Systems and Processing Facilities Owned By Others. Any Limitation in the Availability of Those Facilities Could Interfere with Our Ability to Market Our Oil and Natural Gas Production and Could Harm Our Business.

The marketability of our oil and natural gas production depends in part on the availability, proximity and capacity of pipelines, gathering systems and processing facilities. The amount of oil and natural gas that can be produced and sold is subject to curtailment in certain circumstances, such as pipeline interruptions due to scheduled and unscheduled maintenance, excessive pressure, physical damage or lack of contracted capacity on such systems. The curtailments arising from these and similar circumstances may last from a few days to several months. In many cases, we are provided only with limited, if any, notice as to when these circumstances will arise and their duration. Any significant curtailment in gathering system or pipeline or processing facility capacity could reduce our ability to market our oil and natural gas production and harm our business.

We Are Subject to Complex Federal, State, Local and Other Laws and Regulations That Could Adversely Affect the Cost, Manner or Feasibility of Conducting Our Operations.

Our oil and natural gas exploration, production and processing operations are subject to complex and stringent laws and regulations. To conduct our operations in compliance with these laws and regulations, we must obtain and maintain numerous permits, approvals and certificates from various federal, state and local governmental authorities. We may incur substantial costs in order to maintain compliance with these existing laws and regulations. In addition, our costs of compliance may increase if existing laws and regulations are revised or reinterpreted, or if new laws and regulations become applicable to our operations.

Our business is subject to federal, state and local laws and regulations as interpreted and enforced by governmental authorities possessing jurisdiction over various aspects of the exploration for, and production and processing of, oil and natural gas. Failure to comply with such laws and regulations, as interpreted and enforced, could have a material adverse effect on our business, financial condition, results of operations and ability to make distributions to our limited partners.

Climate change legislation or regulations restricting emissions of “greenhouse gases” could result in increased operating costs and reduced demand for the oil and natural gas that we produce.

In December 2009, the U.S. Environmental Protection Agency, or EPA, published its findings that emissions of carbon dioxide, or CO₂, methane and other greenhouse gases, or GHGs, present an endangerment to public health and the environment because emissions of such gases are, according to the EPA, contributing to the warming of the earth's atmosphere and other climate changes. These findings allow the EPA to adopt and implement regulations that would restrict emissions of GHGs under existing provisions of the federal Clean Air Act, including one that requires a reduction in emissions of GHGs from motor vehicles and another one that requires certain construction and operating permit reviews for GHG emissions from certain large

stationary sources. The EPA has also adopted rules requiring the monitoring and reporting of GHG emissions from specified sources in the United States, including, among others, certain onshore and offshore oil and natural gas production facilities, which may include certain of our operations, on an annual basis.

In addition, the U.S. Congress has from time to time considered legislation to reduce emissions of GHGs, and almost one-half of the states have already taken legal measures to reduce emissions of GHGs, primarily through the planned development of GHG emission inventories and/or regional GHG cap and trade programs. The adoption of any legislation or regulations that requires reporting of GHGs or otherwise limits emissions of GHGs from our equipment and operations could require us to incur costs to monitor and report on GHG emissions or reduce emissions of GHGs associated with our operations, and such requirements also could adversely affect demand for the oil and natural gas that we produce. Finally, it should be noted that some scientists have concluded that increasing concentrations of GHGs in the Earth's atmosphere may produce climate changes that have significant physical effects, such as increased frequency and severity of storms, droughts and floods and other climatic events. If any such effects were to occur, they could have an adverse effect on our financial condition and results of operations.

Our Operations Are Subject to Environmental and Operational Safety Laws and Regulations That May Expose Us to Significant Costs and Liabilities.

Our oil and natural gas exploration and production operations are subject to stringent and complex federal, state and local laws and regulations governing the discharge of materials into the environment, health and safety aspects of our operations, or otherwise relating to environmental protection. These laws and regulations may impose numerous obligations applicable to our operations including the acquisition of a permit before conducting regulated drilling activities; the restriction of types, quantities and concentration of materials that can be released into the environment; the limitation or prohibition of drilling activities on certain lands lying within wilderness, wetlands and other protected areas; the application of specific health and safety criteria addressing worker protection; and the imposition of substantial liabilities for pollution resulting from our operations. Numerous governmental authorities, such as the EPA, and analogous state agencies have the power to enforce compliance with these laws and regulations and the permits issued under them, oftentimes requiring difficult and costly compliance or corrective actions. Failure to comply with these laws and regulations may result in the assessment of sanctions, including administrative, civil or criminal penalties, the imposition of investigatory or remedial obligations, and the issuance of orders limiting or prohibiting some or all of our operations.

There is inherent risk of incurring significant environmental costs and liabilities in the performance of our operations due to our handling of petroleum hydrocarbons and wastes, because of air emissions and wastewater discharges related to our operations, and as a result of historical industry operations and waste disposal practices. Under certain environmental laws and regulations, we could be subject to joint and several or strict liability for the removal or remediation of previously released materials or property contamination regardless of whether we were responsible for the release or contamination or if the operations were not in compliance with all applicable laws at the

time those actions were taken. Private parties, including the owners of properties upon which our wells are drilled and facilities where our petroleum hydrocarbons or wastes are taken for reclamation or disposal, also may have the right to pursue legal actions to enforce compliance as well as to seek damages for non-compliance with environmental laws and regulations or for personal injury or property or natural resource damages. In addition, the risk of accidental spills or releases could expose us to significant liabilities that could have a material adverse effect on our business, financial condition or results of operations. Changes in environmental laws and regulations occur frequently, and any changes that result in more stringent or costly waste control, handling, storage, transport, disposal or cleanup requirements could require us to make significant expenditures to attain and maintain compliance and may otherwise have a material adverse effect on our own results of operations, competitive position or financial condition. We may not be able to recover some or any of these costs from insurance.

The Third Parties on Whom We Rely for Gathering and Transportation Services Are Subject to Complex Federal, State and Other Laws That Could Adversely Affect the Cost, Manner or Feasibility of Conducting Our Business.

The operations of the third parties on whom we rely for gathering and transportation services are subject to complex and stringent laws and regulations that require obtaining and maintaining numerous permits, approvals and certifications from various federal, state and local government authorities. These third parties may incur substantial costs in order to comply with existing laws and regulation. If existing laws and regulations governing such third-party services are revised or reinterpreted, or if new laws and regulations become applicable to their operations, these changes may affect the costs that we pay for such services. Similarly, a failure to comply with such laws and regulations by the third parties on whom we rely could have a material adverse effect on our business, financial condition, results of operations and ability to make distributions to our unitholders.

The Recent Adoption of Derivatives Legislation By the United States Congress Could Have an Adverse Effect on Our Ability to Use Derivative Contracts to Reduce the Effect of Commodity Price, Interest Rate and Other Risks Associated with Our Business.

The United States Congress recently adopted comprehensive financial reform legislation that establishes federal oversight and regulation of the over-the-counter derivatives market and entities that participate in that market. The Commodity Futures Trading Commission, or the CFTC, has also proposed regulations to set position limits for certain futures and option contracts in the major energy markets. The financial reform legislation may require us to comply with margin requirements and with certain clearing and trade-execution requirements, although the application of those provisions to us is uncertain at this time. The financial reform legislation may also require the counterparties to our derivative contracts to spin off some of their derivatives contracts to a separate entity, which may not be as creditworthy as the current counterparty. The new legislation and any new regulations could significantly increase the cost of derivative contracts (including through requirements to post collateral), materially alter the terms of derivative contracts, reduce the availability of derivatives to protect against risks we encounter, reduce our ability to monetize or restructure our existing derivative contracts, and

increase our exposure to less creditworthy counterparties. If we reduce our use of derivatives as a result of the legislation and regulations, our results of operations may become more volatile and our cash flows may be less predictable, which could adversely affect our ability to plan for and fund capital expenditures and fund unitholder distributions. Finally, the legislation was intended, in part, to reduce the volatility of oil and natural gas prices, which some legislators attributed to speculative trading in derivatives and commodity contracts related to oil and natural gas. Our revenues could therefore be adversely affected if a consequence of the legislation and regulations is to lower commodity prices. Any of these consequences could have a material adverse effect on us, our financial condition, and our results of operations.

Federal and State Legislative and Regulatory Initiatives Relating to Hydraulic Fracturing Could Result in Increased Costs and Additional Operating Restrictions or Delays.

Hydraulic fracturing is a process used by oil and natural gas exploration and production operators in the completion of certain oil and natural gas wells whereby water, sand and chemicals are injected under pressure into subsurface formations to stimulate natural gas and, to a lesser extent, oil production. This process is typically regulated by state oil and natural gas agencies and has not been subject to federal regulation. However, due to concerns that hydraulic fracturing may adversely affect drinking water supplies, the EPA has commenced a study of the potential adverse effects that hydraulic fracturing may have on water quality and public health, and a committee of the U.S. House of Representatives has commenced its own investigation into hydraulic fracturing practices. Additionally, legislation has been introduced in the U.S. Congress to amend the federal Safe Drinking Water Act to subject hydraulic fracturing processes to regulation under that Act and to require the disclosure of chemicals used by the oil and natural gas industry in the hydraulic fracturing process. If enacted, such a provision could require hydraulic fracturing activities to meet permitting and financial assurance requirements, adhere to certain construction specifications, fulfill monitoring, reporting and recordkeeping requirements and meet plugging and abandonment requirements.

Disclosure of chemicals used in the fracturing process could make it easier for third parties opposing hydraulic fracturing to initiate legal proceedings based on allegations that specific chemicals used in the fracturing process could adversely affect groundwater. Adoption of legislation or of any implementing regulations placing restrictions on hydraulic fracturing activities could impose operational delays, increased operating costs and additional regulatory burdens on our exploration and production activities, which could make it more difficult to perform hydraulic fracturing, resulting in reduced amounts of oil and natural gas being produced, as well as increase our costs of compliance and doing business.

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| DISCIPLINARY INFORMATION AND LITIGATION |
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Disciplinary Information

Neither the Firm, our affiliates nor any of our professionals have been the subject of any legal or disciplinary finding of an investment-related nature that would be material to the business of the Firm. The Firm and certain of our affiliates and management persons,

however, have been named in private civil actions alleging, among other things, violations of investment-related issues in connection with the operation of entities unrelated to the Firm or the Funds.

OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Related Entities in the Financial Industry

Two entities currently registering as investment advisory firms, Quantum Advisers, LLC and QEM Advisers, LLC, are related parties to us.

CODE OF ETHICS, MISUSE OF PUBLIC INFORMATION, PERSONAL TRADING AND OUTSIDE BUSINESS ACTIVITIES

Code of Ethics

The Firm has adopted a Code of Ethics which describes the general standards of conduct that the Firm expects of all Firm personnel (collectively referred to as “employees”) which is outlined in the QRE GP, LLC Corporate Code of Business Conduct and Ethics. (The corporate code of conduct and ethics contains insider trading and other policies that apply to individuals across the corporate entity.) Additionally, all Access Persons must comply with these three specific areas where employee conduct has the potential to adversely affect the client: misuse of confidential information; personal securities trading and outside business activities. Failure to uphold the Code of Ethics may result in disciplinary sanctions, including termination of their employment with the Firm. Any client or prospective client may request a copy of the Firm’s Code of Ethics which will be provided at no cost.

The following basic principles guide all aspects of the Firm’s business and represent the minimum requirements to which the Firm expects Access Persons to adhere:

- Clients’ interests come before Access Persons’ personal interests and before the Firm’s interests.
- The Firm must fully disclose all material facts about conflicts of which we are aware between the Firm, our Access Persons’ interests on the one hand and clients’ interests on the other.
- Access Persons must operate on the Firm’s behalf and on their own behalf consistently with the Firm’s disclosures and to manage the impacts of those conflicts.
- The Firm and our Access Persons must not take inappropriate advantage of their positions of trust with or responsibility to clients.
- The Firm and our Access Persons must always comply with all applicable securities laws.

Misuse of Nonpublic Information

The corporate Code of Ethics contains a policy against the use of nonpublic information in conducting business across the corporate entity. Corporate personnel may not convey nonpublic information nor depend upon it in placing personal securities trades.

Personal Securities Trading

The Firm prohibits all Access Persons from personal trading in individual securities or options on individual securities which are listed on the Firm's "Restricted List." Participating in IPOs or private placements requires pre-approval from the CCO. These policies and procedures are explained in more detail in the Firm's Compliance Manual.

Access Persons are required to submit monthly statements of securities holdings and transactions directly from the broker or financial institution. These are reviewed by the CCO to ensure compliance with the Firm's policies.

Outside Business Activities

Access Persons are required to report any outside business activities generating revenue or which might create a conflict of interest. If any are deemed to be in conflict with clients, such conflicts will be fully disclosed or the Access Person will be directed to cease such activity. Holding board positions in public and/or any energy company must be pre-approved by the CEO or CCO.

BROKERAGE PRACTICES

The Firm generally does not regularly or frequently trade public securities, and generally conducts transactions on a case by case, negotiated basis. However, the general partner may trade public securities through a broker providing supply of securities of interest to the Fund. Note, at this time, the only publicly traded securities in the Fund's portfolio of assets managed by the Firm are in QRE.

Shares held by the clients of the Firm in QRE are not currently registered and were not purchased on a publicly traded market. Selection of the broker would be on a case by case basis and would largely depend upon a broker/dealer's ability to provide adequate supply of the security in interest at terms the Firm deems to be in the best interest of the Fund. This may involve the evaluation of factors in addition to commission costs and execution prices.

REVIEW OF ACCOUNTS

The Firm will make available to each limited partner of the Fund reports containing (i) annual audited financial statements, (ii) quarterly unaudited estimates of the Fund's investment performance and (iii) quarterly unaudited estimates of the balance of each limited partner's capital account. The Firm may provide partners with more frequent reports.

CLIENT REFERRALS AND OTHER COMPENSATION

The Firm is not currently compensating inside or outside parties for referring clients or investors to the Firm; however, should this situation occur in the future, the Firm will implement appropriate policies and procedures at that time.

CUSTODY

Custody is defined as having access to clients' (or investors') securities or funds. Since the General Partner for the Fund is affiliated with the Firm, the Firm is considered to have custody of all Fund assets. The Firm manages this risk by:

- requiring signature approval on large wires from the Fund;
- engaging a PCAOB registered and inspected accounting firm to audit the Fund's financial statements annually;
- sending each investor a copy of the audited financial statements each year within 120 days of the Fund's fiscal year end; and
- using a qualified custodian to hold assets or securities, including public securities.

INVESTMENT DISCRETION

Overview

The Firm seeks investment opportunities for the Fund, and determines, in our sole good faith discretion, (x) whether such investment opportunities are Potential Investments and (y) if so, whether the investment opportunities are suitable for the Partnership. If the Firm, in our sole discretion, determines that a Potential Investment is suitable for the Fund, the Firm endeavors to have such investment made by the Partnership.

Fund Advisory Committee

The Fund has an Advisory Committee (as defined in the QR Fund's PA), which includes five members. All of these members are Investors. The Advisory Committee will meet and consult with the General Partner, primarily as to potential conflicts of interest and methods of valuation.

No member of the Advisory Committee is entitled to any fee or honorarium in connection with service on the Advisory Committee; provided, however, members of the Advisory Committee are entitled to receive reimbursement for expenses incurred in connection with their service on the Advisory Committee (including travel expenses and other reasonable out-of-pocket expenses incurred in connection with attendance at meetings of the Advisory Committee).

VOTING CLIENT SECURITIES

This does not apply to the Firm and our role with the Fund; however, if circumstances change, the Firm will adopt and implement policies and procedures reasonably designed

to ensure that the Firm votes proxies that will maximize the value of the underlying security and be in the best interests of the Firm and the Fund.

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| FINANCIAL INFORMATION |
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There is no financial condition that is reasonably likely to impair the Firm's ability to continue to meet our contractual commitments and provide services to our clients and the Fund.