

## PART VI

### FINANCIAL INFORMATION RELATING TO THE COMPANY

#### Financial information for the period to 31 March 2008

##### *Nature of the financial information*

The information set out in this Part VI comprises the non-statutory financial information of the Company for the financial period from 20 November 2007 (the date of incorporation) to 31 March 2008 prepared in accordance with International Financial Reporting Standards. The financial information that has been prepared for inclusion in this Prospectus is required by paragraph 20.1 of Annex I of the Prospectus Directive Regulation and has been reviewed by the Company's auditors, Deloitte & Touche LLP.

##### **Statement of Directors' Responsibilities**

The directors are responsible for preparing financial statements for each financial period which give a true and fair view of the state of affairs of the Company as at the end of the financial period and of its operations for that period. In preparing those financial statements, the directors are responsible for:

- Selecting suitable accounting policies and then applying them consistently;
- Making judgments and estimates that are reasonable and prudent; and
- Preparing the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## **Accountant's Report**

The Board of Directors  
on behalf of Quorum Oil and Gas Technology Fund Limited (the "Company")  
Ogier House  
St Julians Avenue  
St Peter Port  
Guernsey GY1 1WA

Dear Sirs

### **Quorum Oil and Gas Technology Fund Limited (the "Company")**

We report on the financial information for the period from 20 November 2007 (Incorporation Date) to 31 March 2008 set out in Part VI of the prospectus of the Company dated 23 July 2008 (the "Prospectus"). This financial information has been prepared for inclusion in the Prospectus on the basis of the accounting policies set out in Note 2. This report is required by Annex I item 20.1 of Commission Regulation (EC) No 809/2004 (the "Prospectus Directive Regulation") as applied by Paragraph (a) and is given for the purpose of complying with that requirement and for no other purpose.

### **Responsibilities**

As described on the cover of the Prospectus the Directors of the Company are responsible for preparing the financial information on the basis of preparation set out in Note 2 to the financial information and in accordance with IFRS as adopted by the EU.

It is our responsibility to form an opinion as to whether the financial information gives a true and fair view, for the purposes of the Prospectus, and to report our opinion to you.

Save for any responsibility arising under Prospectus Rule 5.5.3R(2)(f) to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in accordance with this report or our statement, required by and given solely for the purposes of complying with Annex I item 23.1 of the Prospectus Directive Regulation, consenting to its inclusion in the Prospectus.

### **Basis of opinion**

We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. It also included an assessment of significant estimates and judgments made by those responsible for the preparation of the financial information and whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement whether caused by fraud, or other irregularity or error.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in jurisdictions outside the United Kingdom, including the United States of America, and accordingly should not be relied on as if it had been carried out in accordance with those standards and practices.

### **Opinion**

In our opinion, the financial information gives, for the purposes of the Prospectus, a true and fair view of the state of affairs of the Company as at the date stated and of its profits, cash flows and changes in equity for the period then ended in accordance with the basis of preparation set out in Note 2 and has been prepared in a form that is consistent with the accounting policies that will be adopted in the Company's first annual accounts.

**Accountant's Report (continued)**

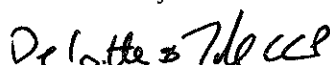
**Fundamental uncertainty relating to the valuation of unquoted investments**

In forming our opinion we have considered the adequacy of disclosures made in Note 2 and Note 16 which explain the basis of the value ascribed to the Company's interest in unquoted investments and the credit risk attached to the investments. The attributed value cannot be accurately determined due to the lack of substantial trading in these investments and as the recoverability of the debenture is predicated on improved future performance of these investee companies these interests could be realised for a substantially different amount. Our opinion is not qualified in this respect.

**Declaration**

For the purposes of Prospectus Rule 5.5.3R(2)(f) as applied by paragraph (a) of Schedule Two we are responsible for this report as part of the Prospectus and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Prospectus in compliance with Annex III item 1.2 of the Prospectus Directive Regulation.

Yours faithfully

  
Deloitte & Touche LLP  
Chartered Accountants

23 July 2008  
*Deloitte & Touche LLP is the United Kingdom member firm of Deloitte Touche Tohmatsu ("DTT"), a Swiss Verein whose member firms are separate and independent legal entities. Neither DTT nor any of its member firms has any liability for each other's acts or omissions. Services are provided by member firms or their subsidiaries and not by DTT.*

**Quorum Oil and Gas Technology Fund Limited**

Statement of income  
for the period from 20 November 2007 (Incorporation date)  
to 31 March 2008

	<i>Period from 20 November 2007 to 31 March 2008 USD</i>
<b>Income</b>	
Bank deposit interest (Note 3)	204,341
Portfolio interest income (Note 3)	174,384
Exchange gain	206
<b>Expenses</b>	
Marketing expenses	(115,303)
Administration fees	(101,069)
Investment managers' fees	(97,033)
Directors' and Investment Advisory Board Members' fees	(75,000)
Other expenses	(30,653)
Insurance	(28,131)
Audit fees	(9,427)
Listing and licensing fees	(5,283)
Custodian fees	(5,000)
Legal fees	(3,951)
Registrar fees	(2,734)
<b>Net loss for the period</b>	<u>(94,653)</u>
<b>Non-diluted and diluted return per participating redeemable preference shares</b>	<u>(0.02)</u>

The notes are an integral part of these financial statements.

**Quorum Oil and Gas Technology Fund Limited**

Balance sheet  
as at 31 March 2008

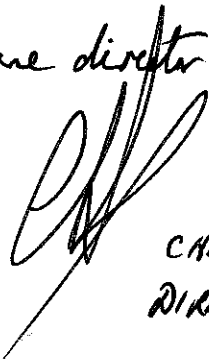
	2008 USD
<b>Assets</b>	
Cash (Note 10)	13,508,555
Financial assets at fair value through profit or loss (Note 6)	30,456,069
Receivables and other assets (Note 7)	65,477
	<u>44,030,101</u>
<b>Liabilities</b>	
Payables (Note 8)	338,458
Deferred interest income (Note 9)	2,203,616
	<u>2,542,074</u>
Net assets attributable to the holders of participating redeemable preference shares (Note 15)	41,488,025
Founder shares (Note 11)	2
	<u>41,488,027</u>
Amounts due to shareholders	41,488,027
Total liabilities and amounts due to shareholders	44,030,101
Number of participating redeemable preference shares in issue (Note 15)	4,258,690
Net asset value per participating redeemable preference share, diluted and non-diluted	<u>9.74</u>

*Approved by the Board on 9 July 2008 and signed on its behalf on 15 July 2008.*



CHRISTOPHER M.W. HILL  
DIRECTOR.

*Further approved by the Board on 21 July 2008 for signature on its behalf by any one director on 23 July 2008.*



CHRISTOPHER M.W. HILL  
DIRECTOR.

**Quorum Oil and Gas Technology Fund Limited**  
Statement of cash flow  
for the period from 20 November 2007 (Incorporation date)  
to 31 March 2008

	<i>Period from 20 November 2007 to 31 March 2008 USD</i>
<b>Operating activities</b>	
Net loss for the period	(94,653)
Increase in debtors and prepayments	(65,477)
Increase in payables	338,458
Increase in deferred interest income	2,203,616
	<hr/>
<b>Net cash inflow generated by operating activities</b>	2,381,944
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<b>Investing activities</b>	
Purchase of investments	(30,456,069)
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<b>Net cash outflow used in investing activities</b>	(30,456,069)
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<b>Financing activities</b>	
Issue of participating redeemable preference shares (Note 11)	42,586,902
Issue costs paid	(1,004,222)
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<b>Net cash inflow from financial activities</b>	41,582,680
	<hr/>
Net increase in cash	13,508,555
Cash at beginning of period	—
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<b>Cash at end of period (Note 10)</b>	<u>13,508,555</u>

The notes are an integral part of these financial statements.

**Quorum Oil and Gas Technology Fund Limited**

Statement of portfolio investments

as at 31 March 2008

	<i>Cost</i>	<i>Market</i>	<i>% of total</i>
	<i>USD \$</i>	<i>value</i>	<i>% of total</i>
	<i>USD \$</i>	<i>USD \$</i>	<i>net assets</i>
<b>Investments (Note 6)</b>			
Strata Energy Services Inc.	15,000,000	15,000,000	36.15%
WellPoint Systems Inc.	15,200,000	15,200,000	36.64%
SQFive Oilfield Services Ltd.	256,069	256,069	0.62%
	<u>30,456,069</u>	<u>30,456,069</u>	<u>73.41%</u>

The notes are an integral part of these financial statements.

**Quorum Oil and Gas Technology Fund Limited**

Statement of changes in net assets attributable to holders of shares  
for the period from 20 November 2007 (Incorporation date)  
to 31 March 2008

	<i>Period from 20 November 2007 to 31 March 2008 USD</i>
<b>Net assets attributable to holders of participating redeemable preference shares and founder shares at 20 November 2007</b>	—
Amounts received on issue of participating redeemable preference shares (Note 11)	42,586,900
Founder shares	2
Issue costs paid	(1,004,222)
Net loss for the period	(94,653)
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<b>Net assets attributable to holders of participating redeemable preference shares and founder shares at 31 March 2008</b>	<b>41,488,027</b>
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The notes are an integral part of these financial statements.



**Quorum Oil and Gas Technology Fund Limited**

Statement of changes in shares

for the period from 20 November 2007 (Incorporation date)  
to 31 March 2008

	<i>Founder shares</i>	<i>Participating redeemable preference shares</i>	<i>Total shares in issue</i>
As at 20 November 2007	2	—	2
Shares issued 7 January 2008 (Note 11)	—	4,258,690	4,258,690
As at 31 March 2008	<u>2</u>	<u>4,258,690</u>	<u>4,258,692</u>

The notes are an integral part of these financial statements.

## **Quorum Oil and Gas Technology Fund Limited**

Notes to the report and non statutory financial statements  
for the period from 20 November 2007 (Incorporation date) to 31 March 2008

### **1. Company Information**

Quorum Oil and Gas Technology Fund Limited (the “Company”) is a closed-ended investment company incorporated under the laws of Guernsey with registered number 48074 on 20 November 2007, with its registered office at Ogier House, St. Julian’s Avenue, St Peter Port, Guernsey GY1 1WA. The Company’s participating redeemable preference shares are listed on the London Stock Exchange.

The Company’s objective is to seek long term capital appreciation with a target return of 20 per cent. Its investment objective is to provide expansion capital to companies which own and/or are developing proprietary technology which may have a potentially significant effect on the oil and gas industry.

### **2. Principal accounting policies**

The financial statements are prepared in accordance with applicable International Financial Reporting Standards. The principal accounting policies adopted are described below.

#### *a) Accounting convention*

The financial statements are prepared under the historical cost convention as modified by the revaluation of investments and financial instruments.

#### *b) Critical accounting judgments and key sources of estimation uncertainty*

The preparation of Financial Statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimate is revised if the revision affects only that year, or in the year of the revision and future years if the revision affects both current and future years. Where such judgments are made they are discussed below.

#### *c) Valuation of investments*

All investments are classified as “fair value through the profit and loss” and are initially recognized at cost, being the fair value of the consideration given. Investments in convertible secured debentures are valued at their fair values. The investments are fair valued using principles from the International Private Equity and Venture Capital Valuation Guidelines. The fair value of these investments is considered to be greater of their principal amount plus accrued interest, and the value as if they have been converted, with such estimated value being determined by the Manager.

The difference between cost and valuation and realized gains/or losses on realization of investments is included in the Income Statement.

#### *d) Purchases and sales of investments*

Purchases and sales of investments are recognized at trade date. Where monies have been forwarded in advance of the trade date these have been accounted for as a receivable on the balance sheet as advance applications for investments.

#### *e) Interest and investment income*

Bank deposit interest and interest from the convertible secured debentures is accounted for on an accrual basis.

#### *f) Expenses*

Expenses are accounted for on an accrual basis.

## Quorum Oil and Gas Technology Fund Limited

Notes to the report and non statutory financial statements  
for the period from 20 November 2007 (Incorporation date) to 31 March 2008

### g) *Foreign exchange*

This functional and presentational currency of the Company is the United States Dollar. Foreign currency monetary assets and liabilities are translated into United States Dollars at the rate of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into United States Dollars at the rate ruling at the date of the transaction. Realized and unrealized foreign exchange gains and losses are recognized in the income statement. Monetary assets and liabilities, including investments denominated in currencies other than United States Dollars have been translated into United States Dollars at the following rate of exchange which were current at 31 March 2008, being: Canadian Dollar 1.0279.

### h) *Segmental reporting*

The directors are of the opinion that the Company is engaged in a single segment of business, being investment business, therefore no segmental reporting is required.

### i) *Other receivables*

The assets are initially recognized at fair value and are subsequently measured at amortized cost less any provision for impairment.

### j) *Standards issued but not yet effective as at the date of authorization of the financial information.*

At the date of authorization of the financial information, the following Standards and Interpretations were issued but not yet effective. ,

- IAS 1 "Presentation of financial statements" revised (issued September 2007 and effective for periods beginning on or after 1 January 2009)
- IAS 23 "Borrowing costs" revised (issued March 2007 and effective for periods beginning on or after 1 January 2009)
- IFRS 8 "Operating segments" (effective for periods beginning on or after 1 January 2009)

Currently the directors anticipate that the adoption of these Standards and Interpretations in future periods will have no material financial impact on the financial information of the Company.

### k) *Option Agreements*

Certain members of the Investment Advisory Committee, the Investment Managers' Investment Committee and certain employees are eligible to receive options of the Company. The Company accounts for these options using IFRS 2 Share Based Payment. As the Company is not able to reliably measure the fair value at the grant date they have opted to use an intrinsic value approach based on the Net Asset Value of the entity. The entity will re-measure the value at each reporting date with any change in the intrinsic value being recognized in profit or loss in the period.

## 3. Income

	<i>Period from 20 November 2007 to 31 March 2008 USD</i>
Bank deposit interest	204,341
Portfolio interest income	174,384
Exchange gain	206
Total income	<u>378,931</u>

## Quorum Oil and Gas Technology Fund Limited

Notes to the report and non statutory financial statements

for the period from 20 November 2007 (Incorporation date) to 31 March 2008

### 4. Investment management fees

QOGT Inc. and Quorum European Partners LLP, the Investment Managers, were appointed under an agreement with the Company dated 27 December 2007. Either party, giving not less than 3 years' prior written notice, may terminate the agreement. The aggregate management fee is subject to a maximum of two percent per annum payable by the Company to the Investment Managers monthly in arrears.

### 5. Taxation

The Company is exempt from Guernsey Income Tax on income earned outside Guernsey and bank interest earned in Guernsey under the Income Tax (Exempt Bodies) (Guernsey) Ordinance 1989 for which it pays an annual fee of £600.

With effect from 1 January 2008, Guernsey abolished some aspects of the exempt company regime. As a publicly available fund, it will continue to be eligible to apply for exempt status however, and liable to the annual fee if it chooses to do so.

### 6. Investments

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which gains and losses are recognized, in respect of its financial assets and financial liabilities are disclosed in Note 2 to the financial statements.

#### a) Categories of investments

	<i>Fair value USD</i>	<i>As at 31 March 2008 % of net assets attributable to holders of preference shares</i>
Financial assets at fair value through profit or loss		
Designated as fair value through profit or loss:		
Secured convertible debentures	30,200,000	72.79%
Unsecured promissory note	256,069	0.62%
	<u>30,456,069</u>	<u>73.41%</u>

#### b) Net gains on investments

	<i>Period from 20 November 2007 to 31 March 2008 USD</i>
Movement in the year	
Opening valuation	—
Purchase at cost	30,456,069
Closing valuation	<u>30,456,069</u>
Designated	
Comprising	
Closing book costs	30,456,069
Closing unrealized appreciation	—
Closing valuation	<u>30,456,069</u>

## Quorum Oil and Gas Technology Fund Limited

Notes to the report and non statutory financial statements  
for the period from 20 November 2007 (Incorporation date) to 31 March 2008

### c) Description of investments

#### WellPoint Systems Inc. ("WellPoint")

The Company has invested in WellPoint by way of a convertible debenture. WellPoint is engaged in the development, installation and customization of software for customers in the oil, gas and mining industries.

The convertible secured debenture in the principal amount of US\$15,200,000 matures on 10 April 2013 and bears an annual interest rate of 7.75 per cent. The debenture is convertible at the Company's option at any time into common shares of WellPoint. The conversion price for the common shares is US\$0.90 per common share at a fixed exchange rate of USD to CAD of \$1.00. Under certain circumstances, WellPoint may repay the entire principal amount of the debentures, subject to a right by the Company to exercise its conversion right into common shares of WellPoint. Additionally, under certain circumstances, WellPoint may compel a conversion of its debentures into common shares of its company if there is an internal rate of return of 20 per cent. achieved for the Company and there is a minimum daily trading volume over a specified period of time. WellPoint granted security interest over all of its real and personal property as security for the payment and performance of the obligations and liabilities under the debenture. The convertible debenture has been valued at its fair value, which in this case approximates cost.

#### Strata Energy Services Inc. ("Strata")

The Company has invested in Strata by way of a convertible debenture. Strata manufactures, rents and sells oilfield equipment.

The convertible secured debenture in the principal amount of US\$15,000,000 matures on 25 February 2013 and bears an annual interest rate of 8 per cent. The debenture is convertible at the Company's option at any time into 25 per cent. of the issued and outstanding Strata common shares immediately after giving effect to the conversion on a fully-diluted basis. Strata granted security over all of its real and personal property as security for the payment and performance of the obligations and liabilities under the debenture. The convertible debenture has been valued at its fair value, which in this case approximates cost.

#### SQFive Oilfield Services Ltd. ("SQ5")

The unsecured promissory note of US\$256,069 is repayable on demand and bears an annual interest rate of 8.5 per cent. The unsecured promissory note and interest thereto was repaid on 12 May 2008.

## 7. Receivables and other assets

	<i>As at 31 March 2008 USD</i>
Prepayment of expenses	59,869
Sundry receivables	5,608
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	65,477
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The above carrying value of sundry receivables is equivalent to its fair value.

## Quorum Oil and Gas Technology Fund Limited

Notes to the report and non statutory financial statements  
for the period from 20 November 2007 (Incorporation date) to 31 March 2008

### 8. Payables

	<i>As at</i> <i>31 March 2008</i> <i>USD</i>
Sundry payables	221,252
Accrued expenses	117,206
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	338,458
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The above carrying value of sundry payables is equivalent to its fair value.

### 9. Deferred interest income

The deferred interest income of \$2,203,616 relates to interest payments received from investee companies paid in advance.

### 10. Cash

	<i>As at</i> <i>31 March 2008</i> <i>USD</i>
Cash on call at bank	12,298,520
Cash clearing at bank	1,210,035
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	13,508,555
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Cash comprises cash on call and cash clearing held by the Company with Royal Bank of Canada (Channel Islands) Limited, which earned an interest rate of 2.5 per cent. during the quarter.

The carrying amount of these assets approximates their fair value.

### 11. Share capital

The authorised share capital of the Company is US\$50,020,000 divided into 20,000 Founder Shares of US\$1 each (of which two are in issue) and 50,000,000 unclassified shares of US\$1 each. The Unclassified Shares may be allotted and issued as one or more classes of Shares, being participating redeemable preference shares in the Company. To qualify as participating redeemable preference shares, the Shares are required under Guernsey law to have a preference over some other class of share capital. The Shares may be redeemed at the option of the Company subject to the discretion of the Directors.

On 21 December 2007 the Company's shareholders passed a written special resolution approving the reduction of the Company's share premium account, conditional upon the issue of Shares under the Placing, payment in full for those Shares and the approval of the Royal Court of Guernsey to the reduction of the share premium account. The amount standing to the credit of the share premium account of the Company on the date of the application to the Royal Court of Guernsey will be reduced to nil, provided that the approval of the Royal Court of Guernsey is granted. Any surplus created by that reduction shall accrue to the Company's distributable reserves. This cancellation, will enable the Company, subject to applicable law and regulation, to effect purchases of its own shares and make dividend payments from those reserves.

On 7 January 2008 the Company raised US\$42,586,900 in relation to a placing of participating redeemable preference shares. The Company capped the issuance costs to 2.5 per cent. of the gross issue proceeds.

### 12. Founder shares

The Founder Shares have been created so that the participating redeemable preference shares may be issued. The Founder Shares are not redeemable and do not carry any right to vote or dividends and are only entitled to participate in the assets of the Company on a winding-up.

**Quorum Oil and Gas Technology Fund Limited**

Notes to the report and non statutory financial statements  
for the period from 20 November 2007 (Incorporation date) to 31 March 2008

**13. Option arrangements**

Options were granted to the Investment Managers in respect of 20 per cent. of the fully diluted share capital of the Company at an exercise price of US\$10 increasing by 8 per cent. per annum subject to reductions in any dividends paid. The options are exercisable in three equal tranches on the first three anniversaries of the grant date and have a 10 year life.

As the fair value of the options cannot be reliably measured, the options will be measured on their intrinsic value, using net asset value and adjusted each reporting date for any change in intrinsic value until the options are exercised forfeited or expire. The intrinsic value of the options as at March 31, 2008 based on net asset value is zero.

**14. Reserves, share capital and share premium**

	<i>Share capital</i> US\$	<i>Share premium</i> US\$	<i>Profit and loss account</i> US\$	<i>Total</i> US\$
Brought forward	—	—	—	—
Shares issued	4,258,690	38,328,212	—	42,586,902
Issue costs	—	(1,004,222)	—	(1,004,222)
Net loss for period	—	—	(94,653)	(94,653)
Carried forward	<u>4,258,690</u>	<u>37,323,990</u>	<u>(94,653)</u>	<u>41,488,027</u>

**15. Net asset value per share**

	<i>No. of shares</i>	<i>31 March 2008</i> USD
Participating redeemable preference shares	<u>4,258,690</u>	<u>9.74</u>

The net asset value per participating redeemable preference share is based on net assets attributable to shares of \$41,488,025 and on 4,258,690 shares, being the number of shares in issue at the period end.

**16. Financial risk management**

*Financial risk profile*

The Company has exposure to concentration risk, credit risk, liquidity risk and market risk. The Investment Managers have the overall responsibility for oversight of these risks and reviews the Company's policies on an ongoing basis to ensure that these risks are appropriately managed.

The Company's financial instruments are comprised of portfolio investments and cash and cash equivalents.

*Categories of financial instruments*

	<i>Note</i>	<i>Held at fair value through profit or loss</i> US\$
<i>31 March 2008 financial assets</i>		
Financial assets at fair value through profit or loss	6	30,456,069
Cash and cash equivalents	10	13,508,555
		<u>43,964,624</u>

## Quorum Oil and Gas Technology Fund Limited

Notes to the report and non statutory financial statements  
for the period from 20 November 2007 (Incorporation date) to 31 March 2008

The following describes the risks involved and the applied risk management.

### *Capital risk management*

The capital structure of the Company consists of the cash and cash equivalents and net assets attributable to holders of participating redeemable preference shareholders, which comprise of issued participating redeemable preference shares, Founders shares and reserves as disclosed in Notes 11 to 14. The Company does not have any externally imposed capital requirements. The capital is to be used by the Company to invest in secured convertible debentures worldwide. The Company though does have specific restrictions on how it can deploy its shareholders' capital. The Company will not invest more than 30 per cent. of its total assets in any one company (this restriction is calculated at the time of the relevant investments).

Additionally, the Company will not invest more than 10 per cent. of its assets in other closed-ended or open-ended funds.

At 31 March 2008, net assets attributable to the holders of participating redeemable preference shares were US\$41,488,025.

The investment objective of Quorum Oil and Gas Technology Fund Limited is to seek long term capital appreciation with a target return of 20 per cent. over a five-year time horizon.

The Company aims to deliver its objective by investing available cash and generating portfolio interest income whilst maintaining sufficient liquidity to meet on-going expenses and dividend payments.

The Company's investment objective is to provide investors with the potential for long term capital growth by providing capital to companies headquartered predominately in North America, Europe and the Middle East that provide technological solutions in the oil and gas industry. The Company's policy is to remain substantially fully invested at all times.

As at 31 March 2008 the Company was above the 35 per cent. investment cap of total assets in any one investment.

As the Company has only been operational for one quarter, it is anticipated that the assets of the Company will be invested in accordance with the Company's Investment policy by the end of 30 June 2008.

As at 31 March 2008, the Company's assets were deployed into investments as set out below:

	<i>Market value</i> <i>US\$</i>	<i>% of NAV</i>
Investment strategy		
Secured convertible debentures	30,200,000	72.79%
Unsecured promissory note	256,069	0.62%
Total investments	<u>30,456,069</u>	<u>73.41%</u>
Cash and other assets	<u>11,031,958</u>	<u>26.59%</u>
Total net assets	<u><u>41,488,027</u></u>	<u><u>100.00%</u></u>

### *Concentration risk*

Concentration risk arises from financial instruments that have similar characteristics and are affected similarly by changes in economic or other conditions.

The Company's investments are located in Canada and therefore the Company is exposed to the macro economic changes in Canada. These investments are focused solely in the oil and gas technology sectors. The Company attempts to mitigate this risk by conducting extensive due diligence on its investments.



## **Quorum Oil and Gas Technology Fund Limited**

Notes to the report and non statutory financial statements  
for the period from 20 November 2007 (Incorporation date) to 31 March 2008

### *Market price risk*

Market price risk arises principally from uncertainty concerning future values of financial instruments used in the Company's operations. It represents the potential loss the Company might suffer through holding interests in unquoted private companies whose value may fluctuate and which may be difficult to value and/or to realize. The Company seeks to mitigate this risk by assessing such risks as part of the due diligence process related to all potential investments, and by establishing a clear exit strategy for all potential investments. If the value of the Company's investment portfolio were to decline by 10 per cent. it would represent a loss of \$3,045,607. This would cause the net asset value of the Company to fall by 7.3 per cent.

### *Interest rate risk*

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is subject to risks associated with changes in interest rates in respect of interest earned on its cash balances. The Company seeks to mitigate this risk by monitoring the placement of cash balances on an ongoing basis in order to maximize the interest rates obtained. Sensitivity to movements in interest rates is limited by the fact the Company's investments bear interest at a fixed rate.

### *Liquidity risk*

Liquidity risk is the risk that the Company cannot meet its liabilities as they fall due. The Company's only liabilities relate to trade payables as they relate the operational activities. The Company's primary source of liquidity consists of net cash and interest income generated by portfolio interest income. As the portfolio interest rate of return on the Company's investments exceeds the operational expenses of the Company, there is sufficient ongoing liquidity to satisfy the continuance of the Company, provided that credit risk remains at acceptable levels.

The investments of the Company are not very liquid by nature. This is mitigated by the fact that the participating redeemable preference shares of the Company are redeemable only at the Company's discretion.

### *Credit risk*

Credit risk, is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The Company is exposed to credit risk in respect of the investment portfolio, with a maximum exposure equal to the value of the loans advanced. Credit risk is mitigated by the Company's Investment Managers performing satisfactory due diligence on prospective investments. Under the terms of the convertible secured debenture, should the principal not be repaid by the maturity date or if there is a default in the debenture covenants, the debenture is secured by a charge of the investee companies' assets and/or may be converted into ordinary shares of the borrower. However, the Company may not be able to recover all or some of the value of the debenture through realisation of the investee companies' assets or shares. Given the current status of the two Investee Companies and their respective financial positions, the recoverability of these investments is predicated on improved future performance of the companies

The Company is exposed to credit risk in respect of its cash and cash equivalents, arising from possible default of the relevant counterparty, with a maximum exposure equal to the carrying value of those assets. The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies. The Company monitors the placement of cash balances on an ongoing basis. The Company only invests its cash and cash equivalents with its banker and custodian, Royal Bank of Canada (Channel Islands) Limited.

## **17. Related parties**

Quorum European Partners LLP and QOGT Inc. (the "Investment Managers"), and the Directors are regarded as related parties. The only related party transactions are described below:

The fees and expenses payable to the Investment Managers are explained in Note 4 and detailed in the income statement. As at 31 March 2008 the Company had a payable to the Investment Managers in an amount of \$62,140 which is recorded in the balance sheet.

## **Quorum Oil and Gas Technology Fund Limited**

Notes to the report and non statutory financial statements  
for the period from 20 November 2007 (Incorporation date) to 31 March 2008

### **18. Events after the balance sheet date**

a) SQFive™ Intelligent Oil Field Solutions Ltd. (“SQFive”)

On 25 April 2008 the Company closed an investment of US\$5,500,000 in SQFive. Consisting of \$3,666,667 in a secured convertible debenture and \$1,833,333 in preferred shares.

b) Proposed Placing

In March 2008, the Company announced a phase two placing of the Company. The Company expects the placing to be closed by 31 July 2008.

c) Dividend

On 9 July 2008, the Company’s board approved, subject to approving amendments to the Articles of Association of the Company at an Extraordinary General Meeting to be held on 17 July 2008, the payment of an interim dividend to shareholders of US\$0.20.