

May 6, 2009

## **Rollover Announcement**

### **Qwest Energy 2007 Flow-Through Limited Partnership and Qwest Energy 2007-II Flow-Through Limited Partnership**

Qwest Investment Management Corp. is pleased to announce that on May 6, 2009, the assets of Qwest Energy 2007 Flow-Through Limited Partnership and Qwest Energy 2007-II Flow-Through Limited Partnership, with a combined value of \$18.7 million (collectively the “Flow-Through Funds”) rolled, on a tax-deferred basis, to our mutual fund - the QE Funds Corp. Series A Shares of Qwest Energy Canadian Resource Class (the “Mutual Fund”). The rollover of the Flow-Through Funds’ assets into the Mutual Fund provides our flow-through investors with a key investment advantage of a liquidity structure that provides continuity of portfolio management. As we have witnessed, the markets in the last eighteen months have been very challenging and all asset classes declined significantly in value as a result. We are therefore pleased to report these two Flow-Through Funds achieved leading performance results against their flow-through limited partnership peer group.

#### **Asset Distribution**

The Flow-Through Funds will distribute the Mutual Fund shares and the cash from the completed sale of one of our private positions in the Flow-Through Funds, estimated to be approximately 1.5% of the net asset value, to the limited partners on or about May 20, 2009. Both Flow-Through Funds will be dissolved upon completion of the assets distribution. Please note, the rollover into the Mutual Fund is on a tax-deferred basis and a capital gain tax event will not occur until an investor sells their Mutual Fund shares. **Note: The Series A shares of the Mutual Fund will be redeemable after the completion of the rollover process, on or about May 20 2009.**

#### **Net Asset Values**

The net asset value, calculated at the close of business on May 5, 2009, was \$10.45 per limited partnership unit for the Qwest Energy 2007 Flow-Through Limited Partnership and \$10.64 per limited partnership unit for the Qwest Energy 2007-II Flow-Through Limited Partnership.

#### **The Mutual Fund**

The Mutual Fund is an open-ended mutual fund corporation with a mandate of achieving long-term capital appreciation by investing primarily in equity securities of publicly traded Canadian companies involved in the energy and natural resources sector. The Mutual Fund targets companies that possess a combination of an experienced management team, sound financial fundamentals and strong growth prospects.

Qwest Investment Fund Management Ltd. (“QIFM”) is the Portfolio Advisor to the Mutual Fund. The QIFM portfolio management team is led by Ms. Jennifer Stevenson, Executive Vice-President and Director.

#### **A Review of the Oil & Gas and Mining Sectors**

Now that oil and natural gas prices are "cheap" again, consumers have become complacent with the easy, low cost availability of future oil and natural gas supplies. This point is especially true for oil in the near

term. Consumers will be quickly surprised. When prices ran up in 2008, it was the result of both supplies and the delivery infrastructure struggling to keep up with the pace of demand increases. Current commodity prices are not sustainable, because most future energy projects do not generate an economic return at today's prices. What this means is that current economics are preventing many countries and companies from committing to future drilling and large scale capital projects.

Oil prices rose from 2006 through 2008 even with the full expectation that there would be impressive oil supply gains in the future. A great deal of this forecast growth in world oil supply came from the Canadian oil sands. In the past few months alone, we have seen over one million barrels of future daily production cancellations or postponements from the Canadian oil sands and this represents about two-thirds of the expected global supply growth over the next five to ten years.

Natural gas prices will follow oil prices up, but will remain more muted as North American supplies continue to be robust. Prices required to continue to economically bring on new supplies are moderating with the success of the unconventional shale plays, however are well above current levels. This economic pricing pressure, combined with conventional drilling activity at historical lows will strengthen gas markets as demand increases.

As an energy investor, it is important to remain focused on the fundamentals and not become drawn into the pervasive economic negativity that is in the media. The fundamentals speak to an industry that requires higher prices in order to provide the investment that creates the supply. This is very positive for investment at today's prices in specific companies that have strong balance sheets, experienced management and the ability to grow their production within a cash flow budget, as they will be able to benefit by multiples from the strengthening commodity prices and may make acquisitions along the way.

As with energy, Qwest is following global macroeconomic data that influence commodity prices and at the same time, analyze Canadian mining companies for investment opportunities. At this time, we have smaller weights in the mining sector and those we have are focused on gold production. The outlook for other precious metals and certain base metals (i.e. copper) is improving and our mining focus will expand as economic conditions and investment opportunities continue to change and improve.

#### **About Qwest Investment Management Corp.**

Qwest Investment Management Corp. is an investment management firm which specializes in identifying, structuring and managing investment products. Our current focus is on investments in the natural resource sector. For further information please visit our website at [www.qwestfunds.com](http://www.qwestfunds.com) or contact Ms. Cindy Bower, Senior Manager, Business Development & Client Services at [cbower@qwestfunds.com](mailto:cbower@qwestfunds.com) or by telephone at 1-866-602-1142.

Qwest Investment Management Corp. thanks you for your continued support.