QUANTUM ENERGY INC.
Form 10-Q
January 13, 2010

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

x QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended November 30, 2009
OR
o TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from __________ to __________

Commission File Number: 333-118138

Quantum Energy, Inc.
(Exact name of registrant as specified in its charter)

Nevada	98-0428608
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)

7250 NW Expressway Suite 260
OKLAHOMA CITY, OK, 73132
(Address of principal executive offices)

(405) 728-3800
(Registrant's telephone number, including area code)

(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding twelve months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days.
Yes x No o

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes o No o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company") in Rule 12b-2 of the Exchange Act.

Large accelerated filer o Accelerated filer o

Non-accelerated filer o Smaller reporting company x

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
Yes o No x

At January 7, 2010 there were 47,000,000 shares of the Registrant's Common Stock outstanding.

PART 1. FINANCIAL INFORMATION

ITEM I. FINANCIAL STATEMENTS

QUANTUM ENERGY, INC.

(An Exploration Stage Company)

INTERIM FINANCIAL STATEMENTS

November 30, 2009

See Accompanying Notes

QUANTUM ENERGY, INC.
INTERIM BALANCE SHEETS
(Stated in US Dollars)

	November 30, 2009 (Unaudited)	February 28, 2009
ASSETS		
Current assets		
Cash and cash equivalents	$ 828	$ 1,036
Other assets		
Other equipment, net of accumulated depreciation of $4,865	197	787
TOTAL ASSETS	$ 1,025	$ 1,823
LIABILITIES AND STOCKHOLDERS' (DEFICIT)		
Current liabilities		
Accounts payable and accrued liabilities	$ 550,831	$ 442,384
Promissory notes payable	2,017,708	2,017,708
Due to related party	20,250	20,250
Total current liabilities	2,588,789	2,480,342
Common stock issuance liability	762,500	762,500
Total liabilities	3,351,289	3,242,842
Stockholders' (deficit)		
Common stock, par value $0.001 per share: 75,000,000 shares authorized: 47,000,000 Shares issued and outstanding, respectively	47,000	47,000
Additional paid-in capital	1,685,913	1,685,913
Retained (deficit)	(5,083,177)	(4,973,932)
Total stockholders' (deficit)	(3,350,264)	(3,241,019)
TOTAL LIABILITIES AND STOCKHOLDERS (DEFICIT)	$ 1,025	$ 1,823

SEE ACCOMPANYING NOTES

QUANTUM ENERGY, INC.
INTERIM STATEMENTS OF OPERATIONS
For the nine months ended November 30, 2009 and 2008
(Stated in US Dollars)
(Unaudited)

	Three months ended November 30, 2009	Three months ended November 30, 2008	Nine months ended November 30, 2009	Nine months ended November 30, 2008
Net oil and gas revenue	$ -	$ -	$ -	$ -
Operating expenses				
Amortization, depletion and depreciation	472	296	591	557
Management fees	-	7,500	3,000	23,900
Marketing	-	427	-	9,043
Office and administration	58	386	836	2,492
Professional fees	2,947	12,496	16,830	41,130
Total operating expenses	3,477	21,105	21,257	77,122
Net loss before other income (expenses)	(3,477)	(21,105)	(21,257)	(77,122)
Other items				
Interest expense	(26,447)	(25,953)	(79,923)	(77,877)
Currency translation	(1,879)	4,619	(8,065)	6,227
Total other income (expenses)	(28,326)	(21,334)	(87,988)	(71,650)
Net loss	(31,803)	(42,449)	$ (109,245)	$ (148,772)
Basic and diluted loss per share	$ (0.00)	$ (0.00)	$ (0.00)	$ (0.00)
Weighted average number of shares outstanding	47,000,000	47,000,000	47,000,000	47,000,000

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SEE ACCOMPANYING NOTES

QUANTUM ENERGY, INC.
IMTERIM STATEMENTS OF CASH FLOWS
For the nine months ended November 30, 2009 and 2008
(Stated in US Dollars)
(Unaudited)

	Nine months ended November 30, 2009	Nine months ended November 30, 2008
Operating Activities		
Net loss	$ (109,245)	$ (148,772)
Adjustment to reconcile net loss to net cash used by operating activities		
Amortization, depreciation and depletion	591	557
Changes in operating assets and liabilities		
Prepaid expenses	-	2,500
Accounts payable and accrued liabilities	108,446	76,358
Related party payable	-	7,950
Cash (used in) operating activities	(208)	(61,407)
Financing Activities		
Promissory notes payable	-	22,948
Cash provided by financing activities	-	22,948
Decrease in cash during the period	(208)	(38,459)
Cash, beginning of the period	1,036	40,823
Cash, end of the period	$ 828	$ 2,364
Supplemental disclosure of cash flow information:		
Cash paid for income tax purposes	$ -	$ -
Cash paid for interest	$ -	$ -

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SEE ACCOMPANYING NOTES

QUANTUM ENERGY, INC.
STATEMENT OF STOCKHOLDERS' (DEFICIT)
For the nine months ended November 30, 2009
(Stated in US Dollars)
(Unaudited)

	Common Shares		Paid - in	Accumulated	
	Number	Par Value	Capital	(Deficit)	Total
Balance, February 28, 2009	47,000,000	47,000	1,685,913	(4,973,932)	(3,241,019)
Loss for the period	-	-	-	(109,245)	(109,245)
Balance, November 30, 2009	47,000,000	$ 47,000	$ 1,685,913	(5,083,177)	(3,350,264)

QUANTUM ENERGY, INC.
NOTES TO THE INTERIM FINANCIAL STATEMENTS
November 30, 2009
(Stated in US Dollars)
(Unaudited)

Note 1 Basis of Presentation of Interim Financial Statements

While the information presented in the accompanying interim nine-month financial statements is unaudited, it includes all adjustments which are, in the opinion of management, necessary to present fairly the financial position, results of operations and cash flows for the interim period presented. All adjustments are of a normal recurring nature. Except as disclosed below, these interim financial statements follow the same accounting policies and methods of their application as Quantum Energy, Inc.'s ("the Company's") audited February 28, 2009 annual financial statements.

The results of operations for the nine-month period ended November 30, 2009, are not necessarily indicative of the results to be expected for the year ending February 28, 2010.

These unaudited interim financial statements should be read in conjunction with the February 28, 2009 audited financial statements of the Company.

Note 2 Nature and Continuance of Operations

a) Organization

Boomers Cultural Development Inc. ("the Company") was incorporated in the State of Nevada, United States of America, on February 5, 2004. On May 18, 2006, the name of the Company was changed from Boomers Cultural Development Inc. to Quantum Energy, Inc.

b) Going Concern

These financial statements have been prepared in accordance with generally accepted accounting principles applicable to a going concern, which assumes that the Company will be able to meet its obligations and continue its operations for its next fiscal year. Realization values may be substantially different from carrying values as shown and these financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern. At November 30, 2009, the Company had not yet achieved profitable operations, has accumulated losses of ($5,083,177) since its inception, has a working capital deficiency of $2,587,961 and expects to incur further losses in the development of its business, all of which casts substantial doubt about the Company's ability to continue as a going concern. The Company's ability to continue as a going concern is dependent upon its ability to generate future profitable operations and/or to obtain the necessary financing to meet its obligations and repay its liabilities arising from normal business operations when they come due. Management has no formal plan in place to address this concern but considers that the Company will be able to obtain additional funds by equity financing and/or related party advances, however there is no assurance of additional funding being available.

The financial statements of the Company have been prepared in accordance with generally accepted accounting principles in the United States of America. Because a precise determination of many assets and liabilities is dependent upon future events, the preparation of financial statements for a period necessarily involves the use of estimates, which have been made using careful judgment. Actual results may vary from these estimates.

QUANTUM ENERGY, INC.
NOTES TO THE INTERIM FINANCIAL STATEMENTS
November 30, 2009
(Stated in US Dollars)
(Unaudited)

Note 2 Significant Accounting Policies

The financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and within the framework of the significant accounting policies summarized below:

a) Cash and Cash Equivalents

For purposes of the balance sheet and the statement of cash flows, the Company considers all highly liquid debt instruments purchased with maturity of three months or less to be cash equivalents. As of November 30, 2009, the Company had no cash equivalents

b) Foreign Currency Translation

The Company's uses the U.S. dollar as its reporting currency for consistency with registrants of the Securities and Exchange Commission ("SEC") and in accordance with the SFAS No. 52. Transactions in Canadian dollars are translated into U.S. dollars as follows:

i) monetary items at the rate prevailing at the balance sheet date;
ii) non monetary items at the historical exchange rate;
iii) revenue and expenses at the average rate in effect during the period.

Gains and losses are recorded in the statement of operations.

c) Other Equipment

Other equipment is recorded at cost. Depreciation of computer equipment is at a rate of 30% per annum, on a straight-line basis. Depreciation of office equipment is at a rate of 20% per annum, on a straight-line basis.

d) Basic and Diluted Loss Per Share

In accordance with SFAS No. 128 – "Earnings per Share", the basic loss per common share is computed by dividing net loss available to common stockholders by the weighted average number of common shares outstanding. Diluted loss per common share is computed similar to basic loss per common share except that the denominator is increased to include the number of additional common shares that would have been outstanding if the potential common shares had been issued and if the additional common shares were dilutive. At November 30, 2009, the Company had no stock equivalents that were anti-dilutive and excluded in the earnings per share computation.

e) Financial Instruments

The carrying value of the Company's financial instruments consisting of cash, accounts payable, accrued liabilities and notes payable approximate their fair value due to the short term maturity of such instruments. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial statements.

SEE ACCOMPANYING NOTES

QUANTUM ENERGY, INC.
NOTES TO THE INTERIM FINANCIAL STATEMENTS
November 30, 2009
(Stated in US Dollars)
(Unaudited)

Note 2 Significant Accounting Policies (continued)

Recent Accounting Pronouncements

On December 12, 2007, the Financial Accounting Standards Board ratified the consensus reached by the Emerging Issues Task Force on Issue No. 07-01 “Accounting for Collaborative Arrangements”. This issue will be effective for the fiscal year beginning January 1, 2009. This pronouncement is not expected to have a material impact on the Company’s financial statements.

In September 2006, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 157, “Fair Value Measurements” (SFAS 157), which provides expanded guidance for using fair value to measure assets and liabilities. SFAS 157 establishes a hierarchy for data used to value assets and liabilities at fair value, the information used to measure fair value, and the effect of fair value measurements on earnings. Implementation of SFAS 157 was required on January 1, 2008 for financial assets and liabilities, as well as other assets and liabilities that are carried at fair value on a recurring basis in financial statements. FASB Financial Staff Position No. FAS 157-2 deferred implementation for other non-financial assets and liabilities for one year. Examples of non-financial assets and liabilities are asset retirement obligations and non-financial assets and liabilities initially measured at fair value in a business combination. The adoption of SFAS 157 did not have a material impact on the financial statements.

The Financial Accounting Standards Board revised Statement of Financial Accounting Standards No. 141 (Revised 2007) “Business Combinations” (SFAS 141R) in 2007. The revision broadens the application of SFAS 141 to cover all transactions and events in which an entity obtains control over one or more other businesses. This standard requires that transaction costs related to business combinations be expensed rather than be included in the acquisition cost. This Statement applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2008. The impact of this standard will be on the fair value recorded for future business combinations after adoption.

On February 2007, the Financial Accounting Standards Board issued Statement No. 159 “The Fair Value Option for Financial Assets and Financial Liabilities – Including an amendment of FASB Statement No. 115”. The fair value option established by this statement permits all entities to choose to measure eligible items at fair value at specified election dates. Companies are required to report unrealized gains and losses on items for which the fair value option has been elected in earnings at each subsequent reporting date. This Statement is effective as of the beginning of an entity’s first fiscal year that begins after November 15, 2007. It does not affect any existing accounting literature that requires certain assets and liabilities to be carried at fair value. The Company has not elected the fair value option for any eligible items.

In December 2007, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 160 “Noncontrolling Interest in Consolidated Financial Statements – an Amendment of ARB 51” (SFAS 160). SFAS 160 clarifies that a noncontrolling interest in a subsidiary is an ownership interest in the consolidated entity that should be reported as equity in the consolidated financial statements. It also requires consolidated net income to be reported at amounts that include the amounts attributable to both parent and the noncontrolling interest, and requires disclosure, on the face of the consolidated statement of income, of the amounts of consolidated net income attributable to the parent and to the noncontrolling interest. SFAS 160 is effective for fiscal years, and interim periods within those fiscal years, beginning on or after December 15, 2008. Adoption of this standard does not have a material impact on the Company’s financial statements.

SEE ACCOMPANYING NOTES

QUANTUM ENERGY, INC.
NOTES TO THE INTERIM FINNCIAL STATEMENTS
November 30, 2009
(Stated in US Dollars)

Note 2 Significant Accounting Policies (continued)

Recent Accounting Pronouncements (continued)

In March 2008, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 161 “Disclosures about Derivative Instruments and Hedging Activities – An Amendment of FASB Statement No. 133” (SFAS 161), that requires new and expanded disclosures regarding hedging activities. These disclosures include, but are not limited to, a prescribed tabular presentation of derivative data; financial statement presentation of fair values on a gross basis, including those that currently qualify for netting under FASB Interpretation No. 39’ and specific footnote narrative regarding how and why derivatives are used. The disclosures are required in all interim and annual reports. SFAS 161 is effective for fiscal and interim periods beginning after November 15, 2008.

On December 31, 2008, the SEC published the final rules and interpretations updating its oil and gas reporting requirements. Many of the revisions are updates to definitions in the existing oil and gas rules to make them consistent with the petroleum resource management system, which is a widely accepted standard for the management of petroleum resources that was developed by several industry organizations. Key revisions include the ability to include nontraditional resources in reserves, the use of new technology for determining reserves, permitting disclosure of probable and possible reserves, and changes to the pricing used to determine reserves in that companies must use a 12-month average price. The average is calculated using the first-day-of-the-month price for each of the 12 months that make up the reporting period. The SEC will require companies to comply with the amended disclosure requirements for registration statements filed after January 1, 2010, and for annual reports for fiscal years ending on or after December 15, 2009. Early adoption is not permitted. The Company is currently evaluating the impact that the adoption will have on the financial statements.

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SEE ACCOMPANYING NOTES

ITEM 2. MANAGEMENT'S DISCUSSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Overview

Unless the context otherwise requires, all preferences to "Quantum," "our," "us," "we" and the "Company" refer to Quantu Energy, Inc. and its subsidiaries, as a combined entity.

We were incorporated on February 5, 2004, in the State of Nevada. Our principal executive offices are located at 7250 NW Expressway, Suite 260, Oklahoma City, OK. Our telephone number is (405) 728-3800.

Starting in May of 2006, we decided to embark on a new business path in oil and gas exploration and acquisitions. We acquired interests in numerous oil and gas properties in the Barnett Shale area of West Texas. Our business strategy is to acquire interest in the properties of, and working interests in the production owned by, established oil and gas production companies, whether public or private, in the United States oil producing areas. We believe such opportunities exist in the United States. We also believe that these opportunities have considerable future potential for the development of additional oil reserves. Such new reserves might come from the development of existing but as yet undeveloped reserves as well as from future success in exploration.

Barnett Shale Developments; after the initial success of the Barnett Shale leases, the production program in the Barnett Shale area encountered substantial difficulties. Numerous wells throughout this extensive area experienced production difficulties. In addition to the production problems was the severe drop in natural gas prices. All of the wells in which the Company had interests were suspended and all marginal wells have been capped, resulting in the Company abandoning the Company's interest in the Barnett Shale area

When and if funding becomes available, we plan to acquire high-quality oil and gas properties, primarily "proven producing and proven undeveloped reserves." We will also explore low-risk development drilling and work-over opportunities with experienced, well-established operators.

Results of Operations

Three months ended November 30, 2009 compared to three months ended November 30, 2008

Revenues for the three months ended November 30, 2009 and November 30, 2008 were $nil.

Operating expenses totaled $3,447 for the three months ended November 30, 2009 as compared to operating expenses of $21,105 for the three months ended November 30, 2008. This was a decrease of $17,658 or 84%. This decrease was primarily due to a decrease in management fees, professional fees, office and administration expenses and marketing costs incurred by the Company.

Interest expense for the three months ended November 30, 2009 was $26,447 as compared to interest expenses of $25,963 for the three months ended November 30, 2008. This was an increase of $484 and consistent with the interest calculations computed on funds from the date the funds were received.

The net loss for the three months ended November 30, 2009 was $31,803 as compared to $42,449 for the three months ended November 30, 2008. The decrease in losses for the three months ended November 30, 2009 was due to the decrease in operating expenses.

Nine months ended November 30, 2009 compared to nine months ended November 30, 2008

Revenues for the nine months ended November 30, 2009 and November 30, 2008 were $nil.

Operating expenses totaled $21,257 for the nine months ended November 30, 2009 as compared to operating expenses of $77,122 for the nine months ended November 30, 2008. This was a decrease of $55,865 or 72%. This decrease was primarily due to a decrease in management fees, professional fees, office and administration expenses and marketing costs incurred by the Company.

Interest expense for the nine months ended November 30, 2009 was $79,923 as compared to interest expenses of $77,877 for the nine months ended November 30, 2008. This was an increase of $2,046 and consistent with the interest calculations computed on funds from the date the funds were received.

The net loss for the nine months ended November 30, 2009 was $109,245 as compared to $148,772 for the nine months ended November 30, 2008. The decrease in losses for the nine months ended November 30, 2009 was due to the decrease in operating expense.

Liquidity and Capital Resources

Total current assets as of November 30, 2009 were $828 as compared to $1,036 as of February 29, 2009, all in cash. Additionally, we had a shareholders' deficit in the amount of $3,350,264 as of November 30, 2009 as compared to $3,241,019 as of February 28, 2009, a direct result of the Company not obtaining sufficient revenues.

The Company had a negative cash flow of $208 from operating activities for nine months ended November 30, 2009, as compared to a negative cash flow of $61,407 for the nine months ended November 30, 2008, a decrease in cash outflow of approximately 99%. This was the result of a decrease in our net loss for the period, partially offset by an increase in our accounts payable and accrued liabilities.

There was no cash inflow from financing activities.

The on-going negative cash flow from operations raises substantial doubt about our ability to continue as a going concern. The Company's ability to continue as a going concern is dependent on the ability to raise additional capital and implement its business plan.

The Company has not attained profitable operations and will require additional funding in order to cover the anticipated professional fees and general administrative expenses and to proceed with the anticipated investigation to identify and purchase new mineral properties worthy of exploration or any other business opportunities that may become available to it. The Company anticipates that additional funding will be required in the form of equity financing from the sale of common stock. However, the Company cannot provide investors with any assurance that sufficient funding from the sale of common stock to fund the purchase and the development of any future projects can be obtained. The Company believes that debt financing will not be an alternative for funding future corporate programs. The Company does not have any arrangements in place for any future equity financings.

As of November 30, 2009 the Company had a working capital deficiency of $2,587,961 as compared to $2,479,306 as of February 28, 2009. A major portion of debt is attributed to payments made for mineral properties, and operating deficiency.

At November 30, 2009 there was no bank debt.

Off-Balance Sheet Arrangements

There are no off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that is material to stockholders.

Going Concern

The Company has not attained profitable operations and is dependent upon obtaining financing to pursue its business objectives. For these reasons, the Company's auditors stated in their report on the Company's audited financial statements that they have substantial doubt the Company will be able to continue as a going concern without further financing.

The Company may continue to rely on equity sales of the common shares in order to continue to fund the Company's business operations. Issuances of additional shares will result in dilution to existing stockholders. There is no assurance that the Company will achieve any additional sales of the equity securities or arrange for debt or other financing to fund planned business activities.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

Not applicable.

ITEM 4. CONTROLS AND PROCEDURES.

Evaluation of Disclosure Controls and Procedures

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed by us in the reports that we file or submit to the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended, is recorded, processed, summarized and reported within the time periods specified by the Securities and Exchange Commission's rules and forms, and that information is accumulated and communicated to our management, including our principal executive and principal financial officer (whom we refer to in this periodic report as our Certifying Officer), as appropriate to allow timely decisions regarding required disclosure. Our management evaluated, with the participation of our Certifying Officer, the effectiveness of our disclosure controls and procedures as of November 30, 2009, pursuant to Rule 13a-15(b) under the Securities Exchange Act. Based upon that evaluation, our Certifying Officer concluded that, as of November 30, 2009, our disclosure controls and procedures were effective.

Changes in Internal Controls

There were no changes in our internal control over financial reporting that occurred during the quarter ended November 30, 2009, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II

Item 1. Legal Proceedings.

We are not currently a party to any legal proceedings and, to our knowledge, no such proceedings are threatened or contemplated.

Item 1.A. Risk Factors

Not applicable.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

None.

Item 3. Defaults upon Senior Securities.

None.

Item 4. Submission of Matters to a Vote of Security Holders.

None.

Item 5. Other Information.

None.

Item 6. Exhibits

Exhibit No.	Description of Exhibit
31.1	Rule 13a-14 Certification of Chief Executive Officer and Chief Financial Officer

32.1 Section 1350 Certification of Chief Executive Officer and Chief Financial Officer

SIGNATURES

In accordance with the requirements of the Exchange Act, the registrant caused this report to signed on its behalf by the undersigned, thereunto duly authorized.

Quantum Energy, Inc.

By: /s/ Sharon Farris
Sharon Farris
President and Chief Executive Officer (acting principal financial officer)

Date: January 13, 2010