

# ***Quantum Energy, Inc.***

(a Nevada corporation)

60 East Rio Salado Parkway  
Suite 900  
Tempe, Arizona 85281

<http://www.quantum-e.com>

Phone: 480-366-5884  
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**Company Information and Updated Disclosure Statement for the  
Quarter Ending May 31, 2014**



## **QUARTERLY REPORT**

**REQUIRED TO CONFORM WITH THE PROVISIONS OF  
THE PINK SHEETS ISSUERS DISCLOSURE STATEMENT**

**July 13, 2014**

## Current Information Regarding

### ***Quantum Energy, Inc.***

The following information is provided to assist securities brokerage firms and potential investors with "due diligence" compliance. The information set forth below as to the above named corporation follows the requirements of the Pink Sheets Issuers Disclosure Statement and generally follows the format set forth therein.

#### **OTC Pink Basic Disclosure Guidelines**

##### **1) Name of the issuer and its predecessors (if any)**

The exact name of the issuer is Quantum Energy, Inc. ("we," "us," "our" or the "Company"). We were incorporated under the laws of the State of Nevada on February 5, 2004 as "Boomers Cultural Development, Inc.". On May 18, 2006 the company changed its name to Quantum Energy Inc.

##### **2) Address of the issuer's principal executive offices**

###### **Company Headquarters**

Quantum Energy, Inc.  
60 East Rio Salado Parkway Suite 900  
Tempe, Arizona 85281  
<http://www.quantum-e.com>  
Phone: 480-366-5884  
Fax: 480-946-8463  
E-mail: [info@quantum-e.com](mailto:info@quantum-e.com)

###### **IR Contact**

Invest Com USA 1-855-424-7447

##### **3) Security Information**

Trading Symbol: QEGY  
Exact title and class of securities outstanding: Common  
CUSIP: 747645 208  
Par or Stated Value: \$.001  
Total shares authorized: 295,000,000 as of: July 13, 2014  
Total shares outstanding: 43,173,643 as of: July 13, 2014

Additional class of securities (if necessary):

|  |                     |
|--|---------------------|
| Preferred – 5,000,000 authorized               | as of July 13, 2014 |
| Series A Preferred - \$.001, 1 million issued  | as of July 13, 2014 |
| 6% Series B Preferred - \$.001, 200,000 issued | as of July 13, 2014 |

###### **Transfer Agent**

Pacific Stock Transfer  
4045 S. Spencer Street Suite 403  
Las Vegas, Nevada 89119  
Telephone: (702) 362-30-33  
Fax: (702) 433-1979

Is the Transfer Agent registered under the Exchange Act?\* Yes: x No: ☐

List any restrictions on the transfer of security:

None

Describe any trading suspension orders issued by the SEC in the past 12 months.

None

List any stock split, stock dividend, recapitalization, merger, acquisition, spin-off, or reorganization either currently anticipated or that occurred within the past 12 months:

- 150-1 Forward Split mailed out directly to shareholders
  1. *Shareholders received 149 additional shares bearing the same CUSIP for each 1 share held, resulting in 150 total shares held.*
- Pre-Split TSO: 249,776
- Post-Split TSO: 37,466,400
- Record Date: 11/15/2013
- Payment Date: 11/15/2013
- Daily List Announcement Date: 11/12/2013

#### **4) Issuance History**

List below any events, in chronological order, that resulted in changes in total shares outstanding by the issuer in the past two fiscal years and any interim period. The list shall include all offerings of equity securities, including debt convertible into equity securities, whether private or public, and all shares or any other securities or options to acquire such securities issued for services, describing (1) the securities, (2) the persons or entities to whom such securities were issued and (3) the services provided by such persons or entities. The list shall indicate:

A. The nature of each offering (e.g., Securities Act Rule 504, intrastate, etc.);

The Company issued 200,000 shares of common stock to Stanley F. Wilson in exchange for 100% of the common stock of FTPM Resources, Inc. on June 25, 2013 by means of a share exchange agreement approved by 100% of the board of directors and approved by 55.2% of the shareholders eligible to vote pursuant to the written consent of the shareholders.

The Company issued 7,533,600 shares of common stock restricted under Rule 144 to Data Capital Corp as consideration under an Engagement Agreement on December 18, 2013.

The Company issued 625,000 shares of restricted common stock in conversion of \$25,000 of debt on March 10, 2014.

The Company returned 7,283,600 shares to the treasury that had been surrendered back to the Company by agreement and cancellation of the DCC Engagement Agreement on March 18, 2014.

The Company issued 500,000 shares of Series A Preferred Stock to Stanley F. Wilson and 500,000 shares of Series A Preferred Stock to The Kandy LP on March 21, 2014.

The Company issued 3,773,125 shares of restricted common stock in conversion of a \$150,000 convertible debenture on March 25, 2014.

The Company issued 309,118 shares of restricted common stock in conversion of \$309,118 of debt on March 30, 2014.

The Company issued 200,000 shares of 6% Series B Convertible Preferred Stock at \$1.00 per share on March 31, 2014.

The Company issued 120,000 shares of restricted common stock at \$0.24 per share on April 23, 2014 pursuant to a consulting agreement.

B. Any jurisdictions where the offering was registered or qualified;

N/A

C. The number of shares offered;

200,000;  
7,533,600;  
625,000;  
1,000,000;  
3,773,125;  
309,118;  
200,000  
120,000

D. The number of shares sold;

200,000;  
7,533,600;  
625,000;  
1,000,000;  
3,773,125;  
309,118;  
200,000  
120,000

E. The price at which the shares were offered, and the amount actually paid to the issuer;

\$0.001;  
\$0.02;  
\$0.4;  
par \$0.001;  
\$0.04;  
\$1.00;  
\$1.00.  
\$0.24

F. The trading status of the shares:

Restricted pursuant to Rule 144.

G. Whether the certificates or other documents that evidence the shares contain a legend (1) stating that the shares have not been registered under the Securities Act and (2) setting forth or referring to the restrictions on transferability and sale of the shares under the Securities Act.

Yes.

## **5) Financial Statements**

The below listed unaudited financial statements are attached hereto for the two previous fiscal years ending on February 28, 2014 and February 28, 2013 as well as the interim period ending on May 31, 2014

- A. Balance sheet;
- B. Statement of income;
- C. Statement of cash flows;
- D. Financial notes

The financial statements provided pursuant to this item have been prepared in accordance with US GAAP by John Tomanek of Tomanek and Company, a person with sufficient financial skills.

See attached financial statements

## **6) Describe the Issuer's Business, Products and Services**

Describe the issuer's business so a potential investor can clearly understand the company. In answering this item, please include the following:

- A. a description of the issuer's business operations;

QUANTUM ENERGY INC. ("the Company") was incorporate as "Boomers Cultural Development Inc." under the laws of the State of Nevada on February 5, 2004. On May 18, 2006 the company changed its name to Quantum Energy Inc.

The Company's initial public offering was completed in the third quarter of 2005. Prior to the offering, the Company's principal activities consisted of initial organizational activities and the issuance of common shares to the Company's original affiliate shareholders. On November 5, 2004, Form SB-2 registration statement was declared effective, enabling a registered public offering of up to 650,000 pre-split shares at a price of \$0.10 per share. During December, 2004, the Company accepted subscriptions for the maximum offering from 42 subscribers. Following the 1-to-10 forward split on August 31, 2005, those 650,000 shares were 6,500,000 shares.

In 2005 the Company was working towards becoming a service-oriented firm, intending to profit from integrating baby boomers' wants/needs with local destination venues by combining travel to varied destinations coupled with personal growth, education and/or entertainment opportunities.

Starting in May of 2006, the Company decided to embark on a new business path in oil and gas exploration and acquisitions. The Company acquired interests in numerous oil & gas properties in the Barnett Shale area of West Texas. 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.

From 2008 through 2010, the Company planned, when and if funding became available, to acquire high-quality oil and gas properties, primarily "proven producing and proven undeveloped reserves as well as exploring low-risk development drilling and work-over opportunities with experienced, well-established operators. Given that new funding opportunities did not otherwise materialize, effective July 30, 2010, the Board of Directors authorized a 1,000 for 1 reverse stock split of the Company's issued common stock

whereby One thousand (1,000) old issued common shares were reverse split into one (1) new issued common share.

On June 20, 2013, the shareholders appointed Stanley F. Wilson to fill a vacancy on the board as the sole director of the board. Also on June 20, 2013, the shareholders approved the board appointment of Stanley F. Wilson as the President, Secretary and Treasurer. On June 25, 2013, the shareholders approved the board action for the acquisition of 100% of the common stock of FTPM Resources, Inc., a Texas corporation engaged in the fuel trading and petroleum marketing business since 2009. With the change in management and the acquisition of FTPM Resources, Inc., the Company redirected its oil and gas efforts to the Williston North Dakota region and the Bakken formation activity through the consulting services of Advisory Services, Inc. under the direction of its President, Andrew J. Kacic, a seasoned oil and gas executive and investment banker with offices in Williston, North Dakota. In March 2014, Mr. Kacic became a board member and CEO of Quantum and is assisting Quantum in its efforts to develop refinery and rail transload facilities in the region through existing relationships he has with various such projects in different stages of development. On March 11, 2014, Quantum entered into a Purchase and Sale Agreement with Northstar Transloading LLC to purchase 80 acres adjacent to the proposed Northstar transload and announced its intention to develop, construct and operate a 20,000 barrel per day diesel topping refinery at East Fairview, North Dakota. On July 9, 2014, this Northstar Purchase and Sale Agreement terminated and Quantum is in the process of seeking other Fairview refinery site locations while continuing zoning and permitting efforts required at Fairview. Quantum is also in discussions with several other Bakken field sites that want a refinery developed in their communities including a 400 acre site near Baker, Montana that signed a Letter of Intent with Quantum on June 18, 2014.

The Bakken Refinery project consists of the development of a 20,000 barrel per day diesel topping refinery in East Fairview, McKenzie County, North Dakota or another Bakken field site. Because the Bakken refinery is at the center of both the diesel demand and the supply of crude in the Bakken field, we gain the advantage over remote refineries of removing the transportation component cost which creates margins more than sufficient to justify the capital investment.

The scope of the project is an atmospheric topping plant, naphtha stabilizer, distillate hydrotreater, 667,500 barrel tank farm and supporting facilities. The project will have an integrated truck loading rack and will produce ultra-low sulfur diesel fuel to be distributed locally, with the secondary products shipped by rail to other refineries or end users.

The Company is in various stages of discussions with several funding sources as we seek approximately \$350,000,000 in funding (debt, equity or a combination) and will repay/service the debt with the approximately \$70,000,000 of annual EBITDA that will be generated by the approximately \$700,000,000 of annual revenue from the sale of the refined products produced by the refinery.

The most significant revenue is derived from the kerosene (essentially #1 diesel) and #2 diesel, which is currently retailed for 10% more than the average PADD 2 (mid-west region) diesel price. The refinery expects to distribute all #1 and #2 diesel produced directly into this market from the integral truck rack planned for the refinery.

Diesel. The ultra low sulfur diesel product is the most important stream to be produced and the fundamental rationale for the Fairview Refinery. Retail prices for diesel in the region are currently among the highest in the United States. Due to a lack regional refining capacity, demand cannot be met in the Williston Basin without using every available alternative source, the closest of which is a pipeline terminal truck rack at Glendive, Montana, 100 miles from Williston, North Dakota (the center of logistics for the Williston Basin.) Diesel is also being shipped by rail into Williston at directly to other distributors in the area at a substantial price premium, as well as trucked from as near as Regina, SK and as far away as Denver (over 600 miles).

Diesel pricing in PADD 2 closely trends WTI crude, with the price being substantially higher in the area dominated by drilling activity. The refinery expects, based on the modeling of the refinery process, to produce 21% of the mid-distillate stream as No. 1 Diesel which will be used as diesel blend stock, and 79% as No. 2 diesel.

The majority of the diesel consumed in North Dakota comes from transfers from other regions further sustaining the elevated price for diesel.

Kerosene. Kerosene range distillate can either be further refined into jet fuel (up to 11% of the product stream could meet jet fuel standards) or it can be blended with #2 diesel as on- and off-road diesel fuel. It is particularly valued during winter months as pure #1 diesel. Based on the very high premiums commanded by kerosene for blend stock with #2 diesel, and the ability of the stream to be blended as diesel fuel year round, the refinery expects to blend the entire kerosene stream with other distillates to sell as a premium grade diesel fuel. The plant's mid distillate split is approximately 21% kerosene and 79% #2 diesel. This blend will be particularly valued during the long winter months with temperatures ranging to -30 degrees Fahrenheit, when the distributors normally sell a "winter blend" diesel which is 20% #1 and 80% number 2, with some additives to improve cloud and pour points. The limited demand for jet fuel does not currently justify the additional processing plant capital cost and operating costs.

Three of the refinery product streams, naphtha, atmospheric gas oil and atmospheric tower bottoms (residual fuel oil) will be sold outside the Williston Basin as secondary projects.

Naphtha. The nearest and most profitable market for naphtha is in Edmonton for use as a diluent in Canadian heavy crude oil transport. As production of bitumen from the Canadian oil sands grows so will the demand for diluents, which is required to be mixed with the bitumen for viscosity reduction to a level which renders the mixed stream transportable by the pipelines which carry the crude oil to market.

All the produced naphtha is expected to be sold into the Canadian market as Enbridge diluent pool specification tar sands oil diluent either to the pool or to individual blenders.

Atmospheric Gas Oil (AGO). Atmospheric Gas Oil is also known as #4 Diesel marine fuel oil or industrial fuel oil. This product is typically used as feedstock to refinery catalytic cracking units which crack the material into lighter gasoline and diesel. AGO will, therefore, initially be shipped to other refiners as cat cracker feedstock.

Atmospheric Tower Bottoms (ATB's). The ATB's resultant from the selected processing train will produce a residual fuel oil in the 3.7% sulfur range with an API gravity of approximately 20.9. The Company believes that this product will command a premium to other cat cracker feedstocks or bunker fuels and will be priced 3% higher than RFO in the US Gulf Coast Region (USGC) plus a \$5/bbl premium. Shipping costs are expected to be in the range of \$13.50/bbl.

Sulfur. Elemental sulfur has limited markets for use in the production of fertilizer or for processing into sulfuric acid. Given the access to rail, it may be possible to develop off-take for this by-product that will contribute to the cash flow

This Bakken Refinery proposal is modeled after the diesel refinery under construction in Dickinson, North Dakota and will seek to use the same modular refinery manufacturer, general contractor and project management team, engineers and management operating team to build and operate the refinery.

Given Quantum's presence in Williston, numerous other oil and gas related development projects are under consideration beyond the refinery and rail transload projects including the acquisition, development and production of proven producing and proven undeveloped oil reserves as well as traditional real estate development for the rapidly growing Williston area. With this redirection to refinery development in the Bakken field, new management has successfully retired in excess of \$2,000,000 of debt and liabilities as

are reflected in the financial statements attached to this Report and received proceeds of \$350,000 in new capital raised since March 2014.

## Competition

In the oil and gas industry, the Company is aware that there are competitors that are larger and better funded than Quantum that are also seeking such investment opportunities. Thus, there is no assurance that even if the Company is able to obtain funding for such investments that it will be able to compete successfully for the acquisition of such producing oil and gas assets.

The Company will be competing with other junior oil and gas exploration companies for financing from a limited number of investors that are prepared to make investments in junior oil and gas exploration companies. The presence of competing junior oil and gas exploration companies may impact the Company's ability to raise additional capital in order to fund the acquisition and exploration programs if investors are of the view that investments in competitors are more attractive based on the merit of the oil and gas properties under investigation and the price of the investment offered to investors.

The Company will also compete for oil and gas properties of merit with other junior exploration companies. Competition could reduce the availability of properties of merit or increase the cost of acquiring the properties. This competition could result in competing junior exploration companies acquiring available oil and gas properties.

## Governmental Controls and Approvals

In regards to oil and gas exploration and acquisition, Quantum is aware that the availability of a ready market for future oil and gas production from possible U.S. assets will depend upon numerous factors beyond the Company's control. These factors may include, amongst others, regulation of oil and natural gas production, regulations governing environmental quality and pollution control, and the effects of regulation on the amount of oil and natural gas available for sale, the availability of adequate pipeline and other transportation and processing facilities and the marketing of competitive fuels. These regulations generally are intended to prevent waste of oil and natural gas and control contamination of the environment.

The Company could also be subject in the future to changing and extensive tax laws, the effects of which cannot be predicted.

It is expected that sales of crude oil and other hydrocarbon liquids by the Company from its future U.S. based production will not be regulated and be made at market prices. However, the price the Company would receive from the sale of these products may be affected by the cost of transporting the products to market via pipeline and marine transport.

## Environmental Regulations

Any U.S. assets the Company would agree to acquire are subject to numerous laws and regulations governing the discharge of materials into the environment or otherwise relating to environmental protection. These laws and regulations may require the acquisition of a permit before drilling commences, restrict the types, quantities and concentration of various substances that can be released into the environment in connection with drilling and production activities, limit or prohibit drilling activities on certain lands within wilderness, wetlands and other protected areas, require remedial measures to mitigate pollution from former operations, such as pit closure and plugging abandoned wells, and impose substantial liabilities for pollution resulting from production and drilling operations. Public interest in the protection of the environment has increased dramatically in recent years. The worldwide trend of more expansive and stricter environmental legislation and regulations applied to the oil and natural gas industry could continue, resulting in increased costs of doing business and consequently



affecting profitability. To the extent laws are enacted or other governmental action is taken that restricts drilling or imposes more stringent and costly waste handling, disposal and cleanup requirements, the business and prospects of the Company could be adversely affected.

B. Date and State (or Jurisdiction) of Incorporation:

We were incorporated under the laws of the State of Nevada on February 5, 2004 as "Boomers Cultural Development, Inc.". On May 18, 2006 the company changed its name to Quantum Energy Inc. Quantum received its certificate of authorization and is authorized to do business in North Dakota.

C. the issuer's primary and secondary SIC Codes;

1311, 5172

D. the issuer's fiscal year end date;

February 28

E. principal products or services, and their markets;

Refinery development, oil, gas, used motor oil and related fuel products with markets in North Dakota and the U.S.

**7) Describe the Issuer's Facilities**

The Company leases virtual office space at 60 East Rio Salado Parkway, Suite 900, Tempe, Arizona 85281 from Regus PLC as its corporate headquarters at a monthly rent of \$230 and maintains a field office in Williston, North Dakota at 815 Main Street, Williston North Dakota 58801 with a mailing address of 634 East Broadway #1313, Williston, North Dakota 58801 that it leases from Advisory Services, Inc., a consulting firm under consulting contract with Company at a combined lease cost of \$2,000 a month.

**8) Officers, Directors, and Control Persons**

A. Names of Officers, Directors, and Control Persons. In responding to this item, please provide the names of each of the issuer's executive officers, directors, general partners and control persons (control persons are beneficial owners of more than five percent (5%) of any class of the issuer's equity securities), as of the date of this information statement.

1. Stanley F. Wilson, Chairman, President, Secretary, Treasurer and director.

Mr. Wilson is corporate executive as well as an M&A securities attorney whose legal and business career has placed primary emphasis in business combinations involving small cap publicly traded companies across a wide range of industries including oil and gas, fuel trading and marketing, telecommunications, specialty finance, insurance and retail automotive. This specialization has taken many forms including numerous going-public transactions, serving as President and General Counsel to multiple publicly traded

holding companies trading on NASDAQ, OTCBB and the Pink Sheets, as well as legal counsel to new car dealerships, general counsel to statewide automotive dealer associations, automotive trade association executive, automotive industry lobbyist and CEO of sub-prime automotive finance companies both public and privately-held. Mr. Wilson has been an active member of the Nebraska State Bar Association since 1974, was appointed by the Governor as an acting Lancaster County Court Judge and served as The Staff Judge Advocate of the 67th Infantry Brigade of the Nebraska Army National Guard with the rank of Captain. Mr. Wilson is a partner with the Tempe, Arizona law firm of Davis, Miles, McGuire Gardner, PLLC [www.davismiles.com](http://www.davismiles.com).

2. Andrew J. Kacic, CEO and director.

Mr. Kacic is an experienced oil & gas executive and investment banker with particular expertise in primary and secondary finance strategies, capital management and corporate organization. Mr. Kacic brings more than 28 years of progressive experience as a chief executive in investment banking, public securities and oil and gas markets. As the president and founder of American Resources of Delaware, Inc. and its subsidiary Southern Gas Company, Mr. Kacic oversaw its growth from \$220,000 to \$40 million in less than 4 yrs. Mr. Kacic has also served as CEO for numerous publicly traded oil and gas companies to assist in their SEC filings and corporate restructuring. As the founder and CEO of Securities Network, Inc. (formerly Design Capital Securities Corp), an Arizona based NASD broker dealer with 22 offices and over 140 registered representatives, Mr. Kacic acquired his expertise with the capital markets. His company, Advisory Services, Inc. (ASI), an advisory and consulting firm since 1982, successfully orchestrated the structuring and funding of a \$221 million dollar (Canadian) IPO in Canada that set precedence in the industry in 2004. Mr. Kacic is currently based in Williston, ND involved in oil field related services and has been advising Quantum since June of 2013. ASI serves in an advisory capacity to numerous clients including many in the Bakken field

B. Legal/Disciplinary History. Please identify whether any of the foregoing persons have, in the last five years, been the subject of:

1. A conviction in a criminal proceeding or named as a defendant in a pending criminal proceeding (excluding traffic violations and other minor offenses);

None

2. The entry of an order, judgment, or decree, not subsequently reversed, suspended or vacated, by a court of competent jurisdiction that permanently or temporarily enjoined, barred, suspended or otherwise limited such person's involvement in any type of business, securities, commodities, or banking activities;

None

3. A finding or judgment by a court of competent jurisdiction (in a civil action), the Securities and Exchange Commission, the Commodity Futures Trading Commission, or a state securities regulator of a violation of federal or state securities or commodities law, which finding or judgment has not been reversed, suspended, or vacated; or

None

4. The entry of an order by a self-regulatory organization that permanently or temporarily barred suspended or otherwise limited such person's involvement in any type of business or securities activities.

None.

- C. Beneficial Shareholders. Provide a list of the name, address and shareholdings or the percentage of shares owned by all persons beneficially owning more than ten percent (10%) of any class of the issuer's equity securities. If any of the beneficial shareholders are corporate shareholders, provide the name and address of the person(s) owning or controlling such corporate shareholders and the resident agents of the corporate shareholders.

Stanley F. Wilson, 34.5%, 6711 East Camelback Road Unit 17, Scottsdale, Arizona 85251.  
Andrew J. Kacic, 34.5%, 15024 Yenne Point, Bigfork, Montana 59911

## **9) Third Party Providers**

Please provide the name, address, telephone number, and email address of each of the following outside providers that advise your company on matters relating to operations, business development and disclosure:

Legal Counsel: None

Accountant or Auditor: None

Investor Relations Consultant:

Invest Com USA 1-855-424-7447

Other Advisor: None

## **10) Issuer Certification**

The issuer shall include certifications by the chief executive officer and chief financial officer of the issuer (or any other persons with different titles, but having the same responsibilities).

The certifications shall follow the format below:

I, Stanley F. Wilson, certify that:

1. I have reviewed this quarterly disclosure statement of Quantum Energy, Inc.;
2. Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement; and
3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

July 13, 2014

/s/ Stanley F. Wilson, President

/s/ Stanley F. Wilson, Treasurer

**QUANTUM ENERGY INC.**

**Condensed Quarterly Financial Statements**

**May 31, 2014**

Prepared without Audit

**QUANTUM ENERGY INC.**  
**Condensed Statements of Financial Position**  
Unaudited

|  | May 31<br>2014 | February 28<br>2014 |
|--|----------------|---------------------|
| <b>ASSETS</b>                                  |                |                     |
| Current assets                                 |                |                     |
| Cash and cash equivalents                      | \$ 168,655     | \$ -                |
| Prepaid expense and deposits                   | 105,800        | -                   |
| Total current assets                           | 274,455        | -                   |
| Total assets                                   | \$ 274,455     | \$ -                |
| <b>LIABILITIES AND STOCKHOLDERS' (DEFICIT)</b> |                |                     |
| Current liabilities                            |                |                     |
| Bank indebtedness                              | \$ -           | \$ 310              |
| Accounts payable and accrued liabilities       | 22,565         | 158,874             |
| Promissory notes payable                       | 12,000         | 204,948             |
| Due to related party                           | -              | 1,530               |
| Total current liabilities                      | 34,565         | 365,662             |
| Total liabilities                              | 34,565         | 365,662             |
| <b>STOCKHOLDERS' (DEFICIT)</b>                 |                |                     |
| Share Capital (Note 3)                         |                |                     |
| Common shares                                  | 27,550         | 27,550              |
| Preferred shares                               | 200,000        | 200,000             |
| Additional paid-in capital                     | 2,244,343      | 1,732,863           |
| Accumulated (deficit)                          | (2,232,003)    | (2,126,075)         |
| Total stockholders' (deficit)                  | (239,890)      | (365,662)           |
| Total liabilities and stockholders' (deficit)  | \$ 274,455     | \$ -                |

The accompanying notes are an integral part of these financial statements

**QUANTUM ENERGY INC.**  
**Condensed Statements of Operations and Comprehensive Operations**  
Unaudited

|  | Three Months Ended<br>May 31 |              |
|--|------------------------------|--------------|
|  | 2014                         | 2013         |
| Operating expenses   |                              |              |
| Advertising and marketing  | \$ 4,263                     | \$ -         |
| Management fees  | 34,500                       | -            |
| Office and administration  | 36,242                       | 45           |
| Professional fees  | 28,850                       | 241          |
| Total operating expenses   | 103,855                      | 286          |
| Net (loss) before other comprehensive income (expenses)          | (103,855)                    | (286)        |
| Other comprehensive income (expenses)                            |                              |              |
| Forgiveness of debt  | -                            | 2,016,135    |
| Interest expense   | (2,073)                      | (4,359)      |
| Currency translation   | -                            | 12           |
| Total other comprehensive income (expenses)                      | (105,928)                    | 2,011,788    |
| Net income (loss) and comprehensive income (loss) for the period | \$ (105,928)                 | \$ 2,011,788 |
| Basic and diluted income (loss) per share                        | \$ (0.002)                   | \$ (0.05)    |
| Weighted average number of shares outstanding                    | 43,043,643                   | 38,216,400   |

The accompanying notes are an integral part of these financial statements

**QUANTUM ENERGY INC.**  
**Condensed Statements of Cash Flows**  
Unaudited

|  | Three Months Ended<br>May 31 |              |
|--|------------------------------|--------------|
|  | 2014                         | 2013         |
| Operating activities   |                              |              |
| Net income (loss) and comprehensive income (loss)                          | \$ (105,927)                 | \$ 2,011,502 |
| Adjustment for items not affecting operating cash:                         |                              |              |
| Forgiveness of debt  | -                            | (2,016,135)  |
| Changes in operating assets and liabilities                                |                              |              |
| Prepaid deposits   | (105,800)                    |              |
| Accounts payable and accrued liabilities                                   | 182,223                      | 4,633        |
| Due to related party   | (1,530)                      | -            |
| Cash (used in) operating activities and decrease in cash during the period | (31,034)                     | -            |
| Financing activities   |                              |              |
| Issuance of preferred share capital  | 200,000                      | -            |
| Cash provided by financing activities                                      | 200,000                      | -            |
| Net increase in cash for the period  | 168,966                      | -            |
| Cash shortage, beginning of the period                                     | (310)                        | -            |
| Cash, end of the period  | \$ 168,656                   | \$ -         |
| Supplemental disclosure of cash flow information                           |                              |              |
| Cash paid for income tax purposes  | \$ -                         | \$ -         |
| Cash paid for interest   | \$ -                         | \$ -         |

The accompanying notes are an integral part of these financial statements



**QUANTUM ENERGY INC.**  
**Condensed Statement of Changes in Shareholders' Equity**  
**For the Three Months Ended May 31, 2014**  
Unaudited

|   | Common Shares |           | Preferred Shares |            | Paid-in      | Accumulated    | Total          |
|---|---------------|-----------|------------------|------------|--------------|----------------|----------------|
|   | Number        | Par Value | Number           | Par Value  | Capital      | (Deficit)      |                |
| Balance as at February 28, 2013   | 7,466,400     | \$ 50     | -                | \$ -       | \$ 1,732,863 | \$ (4,061,851) | \$ (2,328,938) |
| Issued on acquisition of FTPM Resources Inc.  | 30,000,000    | -         | -                | -          | -            | -              | -              |
| Issued common shares  | 750,000       | 27,500    | -                | -          | -            | -              | 27,500         |
| Net income and comprehensive income for the year ended February 28, 2014            | -             | -         | -                | -          | -            | 1,935,776      | 1,935,776      |
| Balance as at February 28, 2014   | 38,216,400    | 27,550    | -                | -          | 1,732,863    | (2,126,075)    | (365,662)      |
| Issued on conversion of debt and prepaid expenses                                   | 4,827,243     | -         | -                | -          | 510,480      | -              | 510,480        |
| Issued preferred shares   | -             | -         | 1,200,000        | 200,000    | 1,000        | -              | 201,000        |
| Net income (loss) and comprehensive income (loss) for the period ended May 31, 2014 | -             | -         | -                | -          | -            | (105,928)      | (105,928)      |
| Balance as at May 31, 2014  | 43,043,643    | \$ 27,550 | 1,200,000        | \$ 200,000 | \$ 2,244,343 | \$ (2,232,003) | \$ 239,890     |

The accompanying notes are an integral part of these financial statements

**QUANTUM ENERGY INC.**  
**Notes to the Interim Condensed Financial Statements**  
**For the Three Months Ended May 31, 2014**  
Unaudited

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**Note 1 Nature of Operations and Going Concern**

QUANTUM ENERGY INC. ("the Company") was incorporated under the name "Boomers Cultural Development Inc." under the laws of the State of Nevada on February 5, 2004. On May 18, 2006 the company changed its name to Quantum Energy Inc.

The Company is a development stage diversified holding company with an emphasis in land holdings, refinery and rail transload development, oil and gas exploration, drilling, well completion and fuel distribution.

The Company is domiciled in the United States of America, trades on the OTC market under the symbol QEGY.

These financial statements were approved and authorized for issuance by the Board of Directors on July 11, 2014.

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.

The continuation of the Company as a going concern is dependent upon the continued financial support from its shareholders, the ability of the Company to obtain necessary equity financing to continue operations and the attainment of profitable operations.

At May 31, 2014, the Company has a working capital of \$239,890 (\$365,662 deficiency – February 28, 2014), accumulated losses of \$2,232,003 (\$2,126,075 – February 28, 2014) and cash inflows from operating activities of \$168,656 (\$Nil – 2014). These factors raise substantial doubt regarding the Company's ability to continue as a going concern.

**Note 2 Basis of Presentation**

The unaudited interim condensed financial statements present the Company's financial results of operations and financial position under International Financial Standards as at and for the three months ended May 31, 2014, including the 2013 comparative period. The financial statements have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting, as issued by the International Accounting Standards Board.

These financial statements have been prepared following the same accounting policies and methods of computation as disclosed in the annual financial statements for the year ended February 28, 2014. Certain information and disclosures normally required to be included in the notes to the annual financial statements have been condensed, omitted or have been disclosed on an annual basis only. Accordingly, these financial statements should be read in conjunction with the annual financial statements and the notes thereto for the year ended February 28, 2014.

These financial statements for the year three months ended May 31, 2014 are comprised of the Company and its wholly owned subsidiary FTPM Resources Ltd. All material intercompany transactions have been eliminated on consolidation.

**QUANTUM ENERGY INC.**  
**Notes to the Interim Condensed Financial Statements**  
**For the Three Months Ended May 31, 2014**  
Unaudited

**Note 3 Common Stock**

a) Authorized:

295,000,000 voting common shares with a par value of \$0.001 per share  
3,000,000 convertible preferred series "A" shares with a par value of \$0.001 per share  
2,000,000 convertible preferred 6% series "B" shares with a par value of \$0.001 per share

b) Number of common shares and preferred shares issued and outstanding

|                                     | <b>Restricted</b> | <b>Non-restricted</b> | <b>May 31, 2014</b> | <b>February 28, 2014</b> |
|-------------------------------------|-------------------|-----------------------|---------------------|--------------------------|
| <b>Common Shares</b>                |                   |                       |                     |                          |
| Outstanding at beginning of period  | 30,976,500        | 7,239,900             | 38,216,400          | 8,216,400                |
| Issued                              | 4,827,243         |                       | 4,827,243           | 30,000,000               |
| Outstanding at end of period        | 35,803,743        | 7,239,900             | 43,043,643          | 38,216,400               |
| <b>Preferred Convertible Shares</b> |                   |                       |                     |                          |
| Outstanding at beginning of period  | -                 | -                     | -                   | -                        |
| Issued Series A                     | -                 | 1,000,000             | 1,000,000           | -                        |
| Issued 6% Series B                  | -                 | 200,000               | 200,000             | -                        |
| Outstanding at end of period        | -                 | 1,200,000             | 1,200,000           | -                        |

Each of the series A preferred stock is convertible into common shares, at the option of the holder on 1:100 basis. Each of the 6% series B preferred stock is convertible into common shares on 1:1.25 basis if converted within twelve months from the date of purchase and on a 1:1.15 basis if converted within the second twelve months from the date of purchase and on a 1:1 basis if converted in month twenty five or thereafter from the date of purchase.

Effective July 30, 2010, the Board of Directors authorized a 1,000 for 1 reverse stock split of the Company's issued common stock. One thousand (1,000) old issued common shares were reverse split into one (1) new issued common share. All references in the accompanying financial statements to the number of common shares issued have been restated to reflect the reverse stock split.

Effective November 15, 2013 the Board of Directors authorized a 150 for 1 forward stock split of the Company's issued common stock. One (1) old issued common share was forward split into one hundred and fifty (150) new issued common shares. All references in the accompanying financial statements to the number of common shares issued have been restated to reflect the forward stock split.

On March 27, 2014 the Company entered into a two year option agreement for the purchase and issuance of 75,000 common shares at a price of \$0.75 per share with and a second two year option agreement for the purchase and issuance of 75,000 common shares at a price of \$0.85. As at May 31, 2014 no options had been exercised.

On March 10, 2014 the Company accepted a \$150,000 convertible debenture which was converted by the holder to 3,773,125 common shares of the Company.

**QUANTUM ENERGY INC.**  
**Notes to the Interim Condensed Financial Statements**  
**For the Three Months Ended May 31, 2014**  
Unaudited

**Note 4 Promissory Notes Payable**

The Company's outstanding notes payable and accrued interest are summarized as follows:

|   | May 31, 2014     |                  | February 28, 2014 |                   |
|---|------------------|------------------|-------------------|-------------------|
|   | Note Payable     | Accrued Interest | Note Payable      | Accrued interest  |
| 25% unsecured note payable by the Company due on demand   | \$ -             | \$ -             | \$ 20,000         | \$ 2,562          |
| 15% unsecured note payable by the Company due on demand   | 10,000           | 1,114            | 10,000            | 736               |
| 10% unsecured note payable to an investor in oil and gas investments by the Company due on demand | -                | -                | 172,948           | 134,475           |
| Non-interest bearing unsecured demand note payable by the Company due on demand                   | 2,000            | -                | 2,000             | -                 |
|   | <u>\$ 12,000</u> | <u>\$ 1,114</u>  | <u>\$ 204,948</u> | <u>\$ 137,773</u> |

On March 10, 2014 the Company entered into a conversion agreement to cancel the 25% unsecured note payable with accrued interest for the issuance of 625,000 common shares of the Company.

On March 31, 2014 the Company entered into a conversion agreement to cancel the 10% unsecured note payable with accrued interest for the issuance of 309,118 common shares of the Company.

Interest expense related to the notes payable was \$2,073 (\$4,359 – 2013).

**Note 5 Related Party Transactions**

During the three months ended May 31, 2014, the Company paid management fees of \$34,500 to the Officer of the Company.

During the three months ended May 31, 2014, the Company paid consulting fees of \$23,500 to a company that is related to an Officer and Director of the Company.

**Note 6 Prepaid expense and deposits**

The Company has deposited \$25,500 with legal and auditing professionals to be used for future legal and auditing fees. The Company has also deposited \$50,000 for consulting fees to secure a conditional commitment letter of funding. As May 31, 2014 the conditional commitment letter of funding has not been concluded.

**Note 7 Subsequent Events**

As of the date of the financial statements there are no subsequent events to report