

Disclosure Statement Pursuant to the Pink Basic Disclosure Guidelines

QUANTUM ENERGY INC.

3805 Rockbottom
North Las Vegas, NV 89030
702-323-6455
<https://qree.energy>
info@qree.energy
109904

Annual Report
For the Period Ending:
December 31, 2023
(the "Reporting Period")

As of December 31, 2023, the number of shares outstanding of our Common Stock was: 68,657,069.

As of September 30, 2023, the number of shares outstanding of our Common Stock was: 68,589,761.

As of December 31, 2022, the number of shares outstanding of our Common Stock was: 149,398,922.

Indicate by check mark whether the company is a shell company (as defined in Rule 405 of the Securities Act of 1933 and Rule 12b-2 of the Exchange Act of 1934):

Yes: ☐ No: ☒

Indicate by check mark whether the company's shell status has changed since the previous reporting period:

Yes: ☐ No: ☒

Indicate by check mark whether a Change in Control¹ of the company has occurred over this reporting period:

Yes: ☐ No: ☒

¹ "Change in Control" shall mean any events resulting in:

(i) Any "person" (as such term is used in Sections 13(d) and 14(d) of the Exchange Act) becoming the "beneficial owner" (as defined in Rule 13d-3 of the Exchange Act)

¹ "Change in Control" shall mean any events resulting in:

(i) Any "person" (as such term is used in Sections 13(d) and 14(d) of the Exchange Act) becoming the "beneficial owner" (as defined in Rule 13d-3 of the Exchange Act), directly or indirectly, of securities of the Company representing fifty percent (50%) or more of the total voting power represented by the Company's then outstanding voting securities;

(ii) The consummation of the sale or disposition by the Company of all or substantially all of the Company's assets;

(iii) A change in the composition of the Board occurring within a two (2)-year period, as a result of which fewer than a majority of the directors are directors immediately prior to such change; or

(iv) The consummation of a merger or consolidation of the Company with any other corporation, other than a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or its parent) at least fifty percent (50%) of the total voting power represented by the voting securities of the Company or such surviving entity or its parent outstanding immediately after such merger or consolidation.

1) Name and address(es) of the issuer and its predecessors (if any)

In answering this item, provide the current name of the issuer any names used by predecessor entities, along with the dates of the name changes.

The name of the Issuer was Boomers Cultural Development, Inc.
The name was changed to Quantum Energy Inc on May 18, 2006

The state of incorporation or registration of the issuer and of each of its predecessors (if any) during the past five years; Please also include the issuer's current standing in its state of incorporation (e.g. active, default, inactive):

The Issuer is incorporated in the State of Nevada, is in good standing and "Active"

Describe any trading suspension orders issued by the SEC concerning the issuer or its predecessors since inception:

N/A

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

The Company completed a 150 to 1 reverse split on July 28, 2022.

The address(es) of the issuer's principal executive office:

3805 Rockbottom
North Las Vegas, NV 89030

The address(es) of the issuer's principal place of business:

Check box if principal executive office and principal place of business are the same address: ☒

Has the issuer or any of its predecessors been in bankruptcy, receivership, or any similar proceeding in the past five years?

Yes: ☐ No: ☒

If this issuer or any of its predecessors have been the subject of such proceedings, please provide additional details in the space below:

2) Security Information

Trading symbol: **QREE**
Exact title and class of securities outstanding: Common
CUSIP: 747645307
Par or stated value: .001

Total shares authorized:	<u>495,000,000</u>	as of date: <u>12-31-23</u>
Total shares outstanding:	<u>68,657,069</u>	as of date: <u>12-31-23</u>
Number of shares in the Public Float ² :	<u>20,716,603</u>	as of date: <u>12-31-23</u>
Total number of shareholders of record:	<u>835</u>	as of date: <u>12-31-23</u>

² "Public Float" shall mean the total number of unrestricted shares not held directly or indirectly by an officer, director, any person who is the beneficial owner of more than 10 percent of the total shares outstanding (a "control person"), or any affiliates thereof, or any immediate family members of officers, directors and control persons.

All additional class(es) of publicly traded securities (if any):

N/A

Transfer Agent

Name: Olde Monmouth Stock Transfer Co. Inc.
Phone: (732) 872-2727
Email: transferagent@oldemonmouth.com
Address: 200 Memorial Parkway Atlantic Highlands, NJ 07716

Is the Transfer Agent registered under the Exchange Act?³ Yes: ☒ No: ☐

3) Issuance History

The goal of this section is to provide disclosure with respect to each event that resulted in any direct changes to the total shares outstanding of any class of the issuer's securities **in the past two completed fiscal years and any subsequent interim period.**

Disclosure under this item shall include, in chronological order, all offerings and issuances of 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. Using the tabular format below, please describe these events.

A. Changes to the Number of Outstanding Shares

Check this box to indicate there were no changes to the number of outstanding shares within the past two completed fiscal years and any subsequent periods: ☐ **D**

Shares Outstanding as of Second Most Recent Fiscal Year End: <div>Opening Balance</div> <div>Date 6-30-2023 Common: <u>77,558,187</u> Preferred: <u>962,320</u></div>			*Right-click the rows below and select "Insert" to add rows as needed.						
Date of Transaction	Transaction type (e.g. new Issuance, cancellation, shares returned to treasury)	Number of Shares Issued(or cancelled)	Class of Securities	Value of shares Issued (\$/per share) at Issuance	Were the shares Issued at a discount to market price at the time of Issuance? (Yes/No)	Individual/Entity Shares were Issued to (entitles must have Individual with voting / Investment control disclosed).	Reason for share Issuance(e.g. for cash or debt conversion) -OR- Nature of Services Provided	Restricted or Unrestricted as of this filing.	Exemption or Registration Type.

³ To be included in the Pink Current Information tier, the transfer agent must be registered under the Exchange Act.

12/31/2023	Cancelled in Common Exchange	-10,643,826	Common	—.65	No	Unknown	Exchanged	Restricted	N/A
12/31/2023	All Capital Stock Payable Issued	1,742,708	Common	—.65	No	Unknown	Cash	Restricted	N/A
12/31/2023	Cancelled in Exchange	-44,070	Preferred A	—.65	No	Unknown	Exchanged	Restricted	N/A
12/31/2023	Cancelled in Exchange	-918,250	Preferred D	—.65	No	Unknown	Exchanged	Restricted	N/A
Shares Outstanding on Date of This Report: <u>Ending</u> Balance <u>Ending</u> Balance: Date 12-31-23 Common: <u>68,657,069</u> Preferred: <u>0</u>									

Example: A company with a fiscal year end of December 31st, in addressing this item for its quarter ended June 30, 2021, would include any events that resulted in changes to any class of its outstanding shares from the period beginning on January 1, 2019 through June 30, 2021 pursuant to the tabular format above.

Use the space below to provide any additional details, including footnotes to the table above:

"The Company conducted a stock cancellation during the last quarter of 2023. Under that program 10,643,826 shares of common stock were cancelled. Those transactions are too numerous to include in this table.

"The Company conducted a stock issuance during the last quarter of 2023 and continuing through December 31, 2023. Under this issuance 1,742,708 shares of common stock were issued to Shareholders. Those transactions are too numerous to include in this table.

**The table below reflects all the cancellation of 44,070 shares of Series A and 918,250 shares of Series D preferred stock during the final quarter of 2023. Those transactions are too numerous to include in this table.

B. Debt Securities, Including Promissory and Convertible Notes

Use the chart and additional space below to list and describe all outstanding promissory notes, convertible notes, convertible debentures, or any other debt instruments that may be converted into a class of the issuer's equity securities.

Check this box if there are no outstanding promissory, convertible notes or debt arrangements: ☒

Date of Note Issuance	Outstanding Balance(\$)	Principal Amount at Issuance (\$)	Interest Accrued (\$)	Maturity Date	Conversion Terms (e.g. pricing mechanism for determining conversion of instrument to shares)	Name of Noteholder (entities must have Individual with voting / Investment control disclosed).	Reason for Issuance (e.g. Loan, Services, etc.)
--	--	--	--	--	--	--	--
--	--	--	--	--	--	--	--
--	--	--	--	--	--	--	--
--	--	--	--	--	--	--	--

Use the space below to provide any additional details, including footnotes to the table above:

4) Financial Statements

A. The following financial statements were prepared in accordance with:

: ☒ **U.S. GAAP**

: ☐ **IFRS**

B. The financial statements for this reporting period were prepared by (name of individual)⁴:

Name: William
Title: Westbrook
Relationship to Issuer: CFO
Accountant

Provide the financial statements described below for the most recent fiscal year or quarter. For the initial disclosure statement (qualifying for Pink Current Information for the first time) please provide reports for the two previous fiscal **years** and any subsequent interim periods.

- C. Balance Sheet;
- D. Statement of Income;
- E. Statement of Cash Flows;
- F. Statement of Retained Earnings (Statement of Changes in Stockholders' Equity)
- G. Financial notes; and
- H. Audit letter, if audited

You may either (i) attach/append the financial statements to this disclosure statement or (ii) file the financial statements through OTCIQ as a separate report using the appropriate report name for the applicable period end. ("Annual Report," "Quarterly Report" or "Interim Report").

If you choose to publish the financial statements in a separate report as described above, you must state in the accompanying disclosure statement that such financial statements are incorporated by reference. You may reference the

⁴ The financial statements requested pursuant to this item must be prepared in accordance with US GAAP or IFRS by persons with sufficient financial skills.

document(s) containing the required financial statements by indicating the document name, period end date, and the date that it was posted to OTCIQ in the field below. Financial Statements must be compiled in one document.

See Financials appended to the end of the report.

Financial statement information is considered current until the due date for the subsequent report (as set forth in the qualifications section above). To remain qualified for Current Information, a company must post its Annual Report within 90 days from its fiscal year-end date and Quarterly Reports within 45 days of each fiscal quarter-end date.

5) Issuer's Business, Products and Services

The purpose of this section is to provide a clear description of the issuer's current operations. In answering this item, please include the following:

- A. Summarize the issuer's business operations (If the issuer does not have current operations, state "no operations")

The Issuer processes rare earth elements, metals and oxides. The Issuer manufactures and distributes magnets, oxides and alloys.

- B. Please list any subsidiaries, parents, or affiliated companies.

None

- C. Describe the issuers' principal products or services.

See response to Item 5 (a) above

6) Issuer's Facilities

The goal of this section is to provide a potential investor with a clear understanding of all assets, properties or facilities owned, used or leased by the issuer and the extent in which the facilities are utilized.

In responding to this item, please clearly describe the assets, properties or facilities of the issuer, give the location of the principal plants and other property of the issuer and describe the condition of the properties. If the issuer does not have complete ownership or control of the property (for example, if others also own the property or if there is a mortgage on the property), describe the limitations on the ownership.

If the issuer leases any assets, properties or facilities, clearly describe them as above and the terms of their leases.

The Company leases its offices consisting of approximately 3500 square feet located at 7543 E Tierra Buena Lane, Scottsdale, AZ 85260. The term of this lease ends on January 31, 2024 and the monthly rent is \$23,400

7) Company Insiders (Officers, Directors, and Control Persons)

The goal of this section is to provide an investor with a clear understanding of the identity of all the persons or entities that are involved in managing, controlling or advising the operations, business development and disclosure of the issuer, as well as the identity of any significant or beneficial shareholders.

Using the tabular format below, please provide information, as of the period end date of this report, regarding any person or entity owning 5% or more of any class of the issuer's securities, as well as any officer, and any director of the company, or any person that performs a similar function, regardless of the number of shares they own. **If any insiders listed are corporate shareholders or entities, provide the name and address of the person(s) beneficially owning or controlling such corporate shareholders, or the name and contact information (City, State) of an individual representing the corporation or entity in the note section.**

Name of Officer/Director or Control Person	Affiliation with Company (e.g. Officer Title /Director/Owner of more than 5%)	Residential Address (City / State Only)	Number of shares owned	Share type/class (1)	Ownership Percentage of Class Outstanding (1)(2)	Note
William J Hinz	Director, Chairman	Paradise Valley, AZ	0			_____
Harry Ewert	Director, President & CEO	Scottsdale, AZ	0			_____
Anthony Ker	Director, Secretary & Treasurer	BC, Canada	0			_____
Craig Kitchen	Director	Chandler, AZ	0			
William Westbrook	<u>CFO</u>	Scottsdale, AZ	0			

- (1) The number and percentage of shares beneficially owned is determined under rules of the SEC and the information is not necessarily indicative of beneficial ownership for any other purpose. Under such rules, beneficial ownership includes any shares as to which the individual has sole or shared voting power or investment power and also any shares which the individual has the right to acquire within 60 days through the exercise of any stock option or other right. The persons named in the table have sole voting and investment power with respect to all shares of Common Stock shown as beneficially owned by them, subject to community property laws where applicable and the information contained in the footnotes to the table.

8) Legal/Disciplinary History

A. Please identify whether any of the persons or entities listed above have, in the past 10 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

- B. Describe briefly any material pending legal proceedings, other than ordinary routine litigation incidental to the business, to which the issuer or any of its subsidiaries is a party or of which any of their property is the subject. Include the name of the court or agency in which the proceedings are pending, the date instituted, the principal parties thereto, a description of the factual basis alleged to underlie the proceeding and the relief sought. Include similar information as to any such proceedings known to be contemplated by governmental authorities.

On December 10, 2021, the Company filed an action as Plaintiff against the Suprock Parties as Defendant in the United States District Court of Nevada (See: *2:21-cv-02184-JAD-BNW Quantum Energy Inc v. PCS Advisors LLC et al*). The complaint alleges breach of implied covenant of good faith & fair dealing, unjust enrichment, and breach of contract. The Company is seeking the return of shares of its common stock and monetary damages from the Suprock Parties.

9) Third Party Providers

Please provide the name, address, telephone number and email address of each of the following outside providers:

Securities Counsel

Name: Richard W. Jones
Firm: Jones & Haley, P.C.
Address 1: 750 Hammond Drive, Bldg. 12-100
Address 2: Atlanta, GA 30328
Phone: 770 804-0500
Email: jones@corplaw.net

Accountant or Auditor Name: Carolyn Merrill
Firm: Carolyn Merrill CPA
Address 1: 20 Pond Valley Circle Penfield, NY 14526
Address 2:
Phone:
Email:

Investor Relations Name:
Firm:
Address 1:

Other Service Providers

Provide the name of any other service provider(s) that that assisted, advised, prepared or provided information with respect to this disclosure statement. This includes counsel, broker-dealer(s), advisor(s) or consultant(s) or provided assistance or services to the issuer during the reporting period.

Name:

Firm:

Nature of Services:

Address 1:

Address 2:

Phone:

Email:

10) Issuer Certification

Principal Executive Officer:

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) in each Quarterly Report or Annual Report.

The certifications shall follow the format below:

I, Harry Ewert certify that:

1. I have reviewed this Annual 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.

April 14, 2024

/s/Harry Ewert

(Digital Signatures should appear as "/s/ [OFFICER NAME]")

Principal Financial Officer:

I, William Westbrook certify that:

1. I have reviewed this Annual 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.

April 14, 2024

/s/William Westbrook

(Digital Signatures should appear as "/s/ [OFFICER NAME]")

QUANTUM ENERGY INC.

FINANCIAL STATEMENTS WITH ACCOMPANYING NOTES (UNAUDITED)

For the Year Ended
12/31/2023

QUANTUM ENERGY INC.
CONSOLIDATED BALANCE SHEETS

	As of:	December 31, 2023	December 31, 2022
ASSETS			
Current Assets			
Checking/Savings		\$1,229,965	\$9,544,836
Accounts Receivable		940,431	—
Other Current Assets		(53,067)	\$136,733
Total Current Assets		2,117,329	10,281,569
Fixed Assets			
Property and Equipment, Net		327,587	\$99,343
Other Assets, Deposits to Related Party		24,004,375	18,755,000
Total Assets		26,449,291	\$9,135,912
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)			
Liabilities			
Current Liabilities			
Accounts Payable		6,920	143,888
Other Current Liabilities		28,493,062	21,540,746
Total Current Liabilities		28,499,982	21,684,634
Total Liabilities		28,499,982	21,684,634
Equity			
Common Stock - —1 Par Value; 495,000,000 Shares Authorized, 149,956,034 Shares Issued and Outstanding		149,956	149,955
Additional Paid-In Capital		1,458,667,376	1,458,667,376
Accumulated Deficit		(2,038,532,028)	(1,451,577,183)
Total Stockholders' Equity (Deficit)		(2,050,691)	7,241,110
Total Liabilities and Stockholders' Equity (Deficit)		\$26,449,291	\$29,135,912

The accompanying notes are an integral part of these financial statements.

QUANTUM ENERGY INC.
CONSOLIDATED STATEMENT OF OPERATIONS

	For the 12 Months Ended December 31, 2023	For the 10 Months Ended December 31, 2022
Revenue	\$ —	\$ —
Cost of Goods Sold	259,009	—
Gross Profit	(259,009)	—
Operating Expenses		
General and Administrative	7,108,457	2,233,347
Management Fees and Consulting	—	3,386,180
Professional Fees	<u>1,784,801</u>	<u>2,828,768</u>
Total Operating Expenses	8,893,258	8,448,295
Loss Before Other Income and (Expense)	(\$9,152,267)	(\$8,448,295)
Other Income and (Expense)		
Gain on Debt Settlement	—	2,980
Unrealized Gain (Loss) on Common Stock Payable	(4,250,000)	(\$1,291,850,085)
Gain (Loss) on Issued Common Stock Payable	901,171	(83,686,942)
Interest Expense	—	<u>(142,494)</u>
Total Other Income and (Expense)	(3,348,287)	(1,375,676,541)
Net Loss Before Income Tax	\$ (5,803,980)	\$ (1,384,124,835)
Income Tax Expense	—	—
Net Loss	\$ (5,803,980)	\$ (1,384,124,835)
Weighted Average Number of Common Shares - Basic and Diluted	129,039,068	32,066,139
Net Loss Per Common Shares - Basic and Diluted	(0.04)	(43.16)

The accompanying notes are an integral part of these financial statements.

QUANTUM ENERGY INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the 12 Months Ended December 31, 2023	For the 10 Months Ended December 31, 2022
Cash Flows from Operating Activities		
Net Loss	\$(5,803,980)	\$(1,384,124,835)
Non-Cash Adjustments:		
Depreciation	21,256	18,995
Preferred Stock Issued for Consulting Services	—	105,723
Common Stock Payable Issued for Consulting Services	—	3,265,957
Unrealized (Gain) Loss on Common Stock Payable	(4,250,000)	1,291,850,085
Gain on Debt Settlement	—	\$(2,980)
(Gain) Loss on Issued Common Stock Payable	(901,171)	83,686,942
Changes in Assets and Liabilities:		
Work in Progress	—	—
Accounts Payable and Accrued Expenses	348,036	(17,196)
Net Cash Flows Used In Operating Activities	(3,437,253)	(5,217,309)
Cash Flows from Investing Activities		
Cash Advance - Due from Related Party	—	(18,375)
Cash Purchase of Treasury Stock	—	—
Deposits - Related Party	(4,625,000)	(6,750,000)
Purchase of Property & Equipment	(249,500)	(118,338)
Cash Disbursement - Note Receivable	—	(600,000)
Net Cash Used in Investing Activities	(4,877,619)	(7,486,713)
Cash Flows from Financing Activities		
Proceeds from Bond Payable	1,386,695	5,516,261
Cash Purchase of Common Stock	—	—
Proceeds from Stock Subscription	—	10,374,192
Repayment of Note Payable	—	(8,325)
Repayment of Convertible Note Payable	—	—
Net Cash Flows Provided By Financing Activities	—	15,882,128
Net Change in Cash	\$(8,314,872)	\$3,178,106
Cash - Beginning of Year	\$9,544,836	\$6,366,730
Cash - End of Year	\$1,229,965	\$9,544,836
Cash Paid During the Year for:		
Interest	—	142,494
Income Taxes	—	—

The accompanying notes are an integral part of these financial statements.

QUANTUM ENERGY INC.
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' DEFICIT
For the YEARS ENDED DECEMBER 31, 2023 and DECEMBER 31, 2022

	Preferred Stock \$0.001 Par Value		Common Stock \$0.001 Par Value		Additional Paid-In Capital	Accumulated Deficit	Treasury Stock \$0.001 Par		Total Stockholders' Deficit
	Shares	Amount	Shares	Amount			Stock	Amount	
Balance - February 28, 2022	915,000	915	332,325	\$332	\$64,933,850	\$(67,452,348)	(186,096)	\$(186)	\$(2,517,437)
Issuance of Preferred Stock	47,320	47	—	—	\$105,676	—	—	—	105,723
Reclass of Treasury Stock	—	—	(186,096)	\$(186)	—	—	186,096	\$186	—
Purchase of Treasury Stock	—	—	(8,556)	\$(9)	\$9	—	—	—	—
Issuance of Common Stock Payable	—	—	149,818,361	\$149,818	\$1,393,627,841	—	—	—	1,393,777,659
Net Loss (2022)	—	—	—	—	—	(1,384,124,835)	—	—	(1,384,124,835)
Balance - December 31, 2022	962,320	\$962	149,956,034	\$149,955	\$1,458,667,376	\$(1,451,577,183)	—	—	\$ 7,241,110
Issuance/(Cancellation) of Preferred Stock	(962,320)	\$(962)	—	—	—	—	—	—	(962)
Cancellation of Common Stock	—	—	(83,041,673)	\$(83,042)	—	—	—	—	\$(83,042)
Issuance of Common Stock	—	—	1,742,708	\$1,743	—	—	—	—	\$1,743
Net Loss (2023)	—	—	—	—	—	\$(5,803,980)	—	—	\$(5,803,980)
Balance - December 31, 2023	0	\$0	68,657,069	\$68,657	\$1,458,667,376	\$(1,457,381,163)	—	—	\$1,354.870

The accompanying notes are an integral part of these financial statements.

NOTE 1 - NATURE OF OPERATIONS

QUANTUM ENERGY INC. (the "Company") was incorporated on February 5, 2004, and focuses on land holdings, refinery, and rare earth distribution. It trades on the OTC market under the symbol QREE.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements reflect the Company's and its subsidiaries' accounts. They require the use of estimates and include all highly liquid investments as cash equivalents. The Company follows a fair value hierarchy for financial instruments and regularly reviews long-lived assets for impairment.

NOTE 3 – GOING CONCERN

The consolidated financial statements are presented under the assumption of a going concern, in alignment with U.S. GAAP, indicating the expectation that the Company will continue to meet its obligations and sustain operations into the foreseeable future. Historically, the Company has experienced recurring operating losses, and as of December 31, 2023, it faces constraints in financial resources essential for reaching its strategic goals, achieving profitability, and maintaining positive cash flow. The financial challenges are evident from the accumulated and working capital deficits reflected in the balance sheets and statements of operations. The Company's strategy to overcome these financial hurdles includes seeking additional funding through partnerships, investor financing, and revenue generation from its current and future business endeavors. Notwithstanding these plans, the persistent financial challenges raise uncertainty about the Company's capability to continue as a going concern.

NOTE 4 – EARNINGS PER SHARE (EPS)

Basic Earnings Per Share (EPS) is calculated by dividing the net loss available to common stockholders by the weighted average number of common shares outstanding during the year. Diluted EPS includes the impact of all potential dilutive common shares, such as those arising from stock options and warrants, to provide a more comprehensive earnings measurement.

For the fiscal year ending December 31, 2023, the Company reported a net loss of \$5,803,980. The weighted average number of common shares outstanding was 129,039,068. Given the absence of convertible securities, options, or warrants that would impact the calculation, the basic and diluted EPS are the same and were calculated as follows:

$$\text{EPS} = \frac{\text{Net Loss}}{\text{Weighted Average Shares}} = \frac{-5,803,980}{129,039,068} \approx -0.04 \text{ per share}$$

This EPS calculation reflects the Company's operational challenges during the year, with a focus on financial restructuring and cost management to mitigate losses. The identical values for basic and diluted EPS indicate no potential dilution from equity-like securities during the period, emphasizing the current composition of equity instruments exclusively as common shares.

For the year ending December 31, 2023, there were no warrants or other potential dilutive securities outstanding that would have affected the computation of diluted EPS. Consequently, basic and diluted EPS are identical for the current reporting period.

NOTE 5 – PROPERTY AND EQUIPMENT

As of December 31, 2023, the Company's property and equipment, net of accumulated depreciation, are detailed in the financial statements. Depreciation expense is systematically allocated over the assets' useful lives and was \$21,256 for the year ended December 31, 2023.

NOTE 6 - OTHER ASSETS

Deposits – Related Party:

As of December 31, 2023, the Company has made significant deposits in Inductance Energy Corporation totaling \$24,004,375 to a related party that shares board members. These deposits, increased from \$18,755,000 reported as of December 31, 2022, are pursuant to a letter of intent signed on October 12, 2021. This letter outlines the terms for the purchase of a majority stake in the related party's common stock at a rate of \$2.10 per share, within an eighteen-month period concluding on December 15, 2023. The agreement is non-binding; should the condition of acquiring a majority stake not be fulfilled by the closing date, the deposited funds are fully refundable. This strategic move is aimed at solidifying the Company's influence over the related party and enhancing its operational scope and market reach.

NOTE 7 – PROMISSORY AND CONVERTIBLE NOTES PAYABLE

The Company's balance sheet includes promissory notes and convertible notes, which are mechanisms of structured debt that can be converted into the company's equity under specific conditions. These notes are essential for providing the liquidity needed to support ongoing and future operations. As of December 31, 2023, there were \$0 in promissory notes.

NOTE 8 – PROMISSORY NOTES PAYABLE, RELATED PARTY

As of December 31, 2023, the Company has fully satisfied all outstanding promissory notes payable to related parties. The resolutions of these debts include settling amounts that were previously noted: A 6% unsecured note payable from April 2019, due on demand, with balances of \$15,825 and \$15,890, cleared by the year-end. An 8% unsecured note payable from October 2019, due on demand, with a balance of \$10,000, also cleared by the year-end. The total of these settled notes was \$41,715 as of the end of the previous fiscal year. Furthermore, no interest expenses were incurred related to these notes for the year ending December 31, 2023, as all obligations were paid off. Additionally, various disputes over management fees and other charges with related parties, including those involving the Company's former CEO, have been resolved, with all due payments settled fully by the end of the fiscal year. This includes the final settlement of accrued management fees that had been in dispute since February 28, 2019. Balances due for reimbursements to officers, directors, and related entities, which amounted to \$198,803 at the end of the previous year, have also been fully paid. These transactions have been conducted transparently and in accordance with terms agreed upon by all parties, ensuring the Company's liabilities to related parties are completely extinguished.

NOTE 9 – COMMON STOCK PAYABLE

As of December 31, 2023, the Company has successfully resolved all previously outstanding obligations under contracts and joint venture agreements related to common stock payable. There are no longer any shares owed to Raul Factor or any other parties, including the landlord agreement previously detailed. All obligations to issue common stock as per earlier agreements have been reversed, and no shares are pending issuance under these provisions.

This update reflects the completion of necessary contractual adjustments and settlements, ensuring that there are no encumbrances on the Company's stock for these matters going forward. This positions the Company advantageously for future operational flexibility and financial planning.

NOTE 10 – BOND PAYABLE

The Company is authorized to issue up to \$15,000,000 in bonds, segmented into \$5,000,000 of tax-exempt bonds with an interest rate of 27.8% and \$10,000,000 of taxable bonds at an interest rate of 8.9%. These bonds are scheduled to mature on December 15, 2027. As of December 31, 2023, the total bonds payable amounted to \$5,516,261, reflecting all bonds that have been issued and are currently outstanding. This figure represents a management effort to finance the company's operations and strategic initiatives effectively while

optimizing tax impacts and interest expenses.

NOTE 11– STOCK

Common Stock:

The Company is authorized to issue up to 495,000,000 shares of its common stock, each with a par value of \$0.001 per share. All shares of common stock confer equal rights in voting, liquidation, dividends, and other aspects, with each share entitling the holder to one vote at any shareholder meeting.

On February 23, 2022, the board of directors implemented a 150 to 1 reverse stock split to consolidate the outstanding shares, aiming to enhance the stock's marketability and compliance with trading requirements.

Preferred Stock:

The Company is also authorized to issue 5,000,000 shares of its preferred stock, which carries no par value and has not been assigned specific rights and preferences in the corporate charter. Throughout the fiscal year ended February 28, 2022, the Company issued 915,000 shares of class D preferred stock as compensation for consulting services valued at \$539,850. An additional 47,320 shares were issued during the ten months ended December 31, 2022, amounting to \$105,723, calculated based on the market prices of \$.3253 to \$.59 per share on the measurement dates. The reverse stock split did not affect the preferred shares.

Treasury Stock:

During the fiscal year ended February 28, 2022, the Company repurchased 27,914,411 shares of its common stock for a total cost of \$813,261, which were subsequently held as treasury stock. This action was also retrospectively adjusted to reflect the impact of the reverse stock split, effective March 1, 2021, as noted in the statements of changes in stockholders' deficit.

NOTE 12 - WARRANTS

All warrants as of December 31, 2022, have expired, and there is no balance carried forward.

NOTE 13 – JOINT VENTURES

Private Placement – Raul Factor

As part of its strategic initiatives to expand operational capabilities and market reach, Quantum Energy Inc. entered into two License and Operating Agreements with Raul Factor BV. Under these agreements, Raul Factor BV committed to invest \$200,000 USD to acquire 1,000,000 units of Quantum at \$0.20 per unit. Each unit comprises one share of common stock and one warrant, with each warrant entitling the holder to purchase additional shares at \$0.25 per share within an 18-month period. The proceeds from this placement, amounting to \$150,000, were allocated towards acquiring distribution rights from EES-E and EETC, which Quantum subsequently assigned back to EES-E and EETC as per the terms of the agreements. This arrangement was designed to foster development in specific modules and demonstrate the economic viability of converting carpet and artificial turf into energy or other valuable products over a six-month operational phase. Raul Factor BV also committed to funding any additional capital requirements as deemed necessary by EETC's board for the ongoing success of the projects. These comprehensive collaborations aimed at enhancing Quantum's product offerings and technological assets through strategic partnerships and capital infusion.

As of the latest reporting date, December 31, 2023, all financial obligations under these agreements have been settled, and no outstanding shares or warrants remain to be issued.

NOTE 14 – RISKS AND UNCERTAINTIES

Suprock Litigation

On December 10, 2021, the Company filed an action against the Suprock Parties in the United States District Court of the State of Nevada. (See: 2:21-cv-02184-JAD-BNW Quantum Energy Inc. v. PCS Advisors LLC et al). The complaint alleges breach of implied covenant of good faith & fair dealing, unjust enrichment, and breach of contract. As of December 31, 2023 the Company is seeking the return of the shares of its common stock and monetary damages.