WHEELER WILLIAM J
Form 4
December 18, 2012

FORM 4

Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. *See* Instruction 1(b).

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

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

OMB APPROVAL

OMB Number:	3235-0287
Expires:	January 31, 2005
Estimated average burden hours per response...	0.5

(Print or Type Responses)

1. Name and Address of Reporting Person *
WHEELER WILLIAM J
(Last) (First) (Middle)
200 PARK AVENUE
(Street)
NEW YORK, NY 10166
(City) (State) (Zip)

2. Issuer Name **and** Ticker or Trading Symbol
METLIFE INC [MET]

3. Date of Earliest Transaction (Month/Day/Year)
12/14/2012

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer
(Check all applicable)
_____ Director _____ 10% Owner
__X__ Officer (give title below) _____ Other (specify below)
President of the Americas

6. Individual or Joint/Group Filing(Check Applicable Line)
_X_ Form filed by One Reporting Person
___ Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1.Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)		4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)			5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price			
Common Stock	12/14/2012		J (1)		4,694	A	$ 31.84	212,379	D (2)	
Common Stock								12,450	I	By GRAT (2)
Common Stock								10	I	By the MetLife Policyholder Trust (3)

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

Persons who respond to the collection of information contained in this form are not

SEC 1474 (9-02)

required to respond unless the form displays a currently valid OMB control number.

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(*e.g.*, puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)		5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)		6. Date Exercisable and Expiration Date (Month/Day/Year)		7. Title and Amount of Underlying Securities (Instr. 3 and 4)		8. Price of Derivative Security (Instr. 5)	9. Nu Deriv Secur Bene Owne Follo Repo Trans (Instr
				Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares		

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
WHEELER WILLIAM J 200 PARK AVENUE NEW YORK, NY 10166			President of the Americas	

Signatures

Christine M. DeBiase, authorized signer	12/18/2012
**Signature of Reporting Person	Date

Explanation of Responses:

* If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

(1) Reinvestment of dividends on shares held in Reporting Person's share deferral account (the "Plan Account") pursuant to the MetLife Deferred Compensation Plan for Officers. The amount of shares beneficially owned following the reported transaction may include adjustments in the Reporting Person's Plan Account to reflect the accumulation of fractional shares into whole shares.

(2) On September 11, 2012, 5,707 shares were distributed in accordance with the terms of the GRAT, and as a result are now directly held by the Reporting Person.

(3) Shares held in trust under the MetLife Policyholder Trust established to hold shares of Common Stock allocated to eligible policyholders of Metropolitan Life Insurance Company, a wholly-owned subsidiary of MetLife, Inc.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.
Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number. -bottom: Black 1pt solid; text-align: right">57,364 20,478 OTHER ASSETS Deposit on land purchase 7,822 7,822 Land purchase option agreements, net of accumulated amortization — 120,033 TOTAL OTHER ASSETS 7,822 127,855 TOTAL

ASSETS $65,186 $148,333 LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT) CURRENT LIABILITIES: Accounts payable $47,783 $51,976 Promissory notes payable 2,980 2,980 Loan from related party 4,300 4,300 TOTAL CURRENT LIABILITIES 55,063 59,256 LONG-TERM LIABILITIES: Common stock payable 152,198 5,000 TOTAL LONG-TERM LIABILITIES 152,198 5,000 TOTAL LIABILITIES 207,261 64,256 STOCKHOLDERS' EQUITY (DEFICIT) Preferred Stock, $.001 par value; 5,000,000 shares authorized, none issued and outstanding Series A: 3,000,000 shares allocated, Nil and 1,000,000 shares issued and outstanding, respectively — 1,000 Common Stock, $.001 par value; 295,000,000 shares authorized; 47,361,683 and 54,911,683 shares issued and outstanding, respectively 47,362 54,912 Additional paid-in capital 10,828,079 10,596,068 Accumulated deficit (11,017,516) (10,567,903)TOTAL STOCKHOLDERS' EQUITY (DEFICIT) (142,075) 84,077 TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT) $65,186 $148,333

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

QUANTUM ENERGY, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS

	For the year ended February 28, 2018	February 28, 2017
OPERATING EXPENSE		
Advertising and marketing	$9,551	$7,846
Management fees and compensation	83,461	728,470
Office and public company expense	123,590	43,551
Write-off of promissory note receivable	—	67,500
Amortization of land purchase option agreements	120,033	370,488
Professional fees	112,978	89,850
TOTAL OPERATING EXPENSES	449,613	1,307,705
LOSS FROM OPERATIONS	(449,613)	(1,307,705)
OTHER INCOME (EXPENSE)		
Interest expense	—	(1,240)
TOTAL OTHER INCOME (EXPENSE)	—	(1,240)
NET LOSS BEFORE INCOME TAXES	(449,613)	(1,308,945)
Provision for income tax	—	—
NET LOSS	(449,613)	(1,308,945)
DEEMED DISTRIBUTION TO PREFERRED STOCKHOLDERS ON EXCHANGE OF SHARES FOR COMMON STOCK	(99,000)	—
NET LOSS ATTRIBUTABLE TO COMMON STOCKHOLDERS	$(548,613)	$(1,308,945)
Basic and diluted loss per share	$(0.01)	$(0.02)
Basic and diluted weighted average number shares outstanding	61,607,764	70,730,243

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

QUANTUM ENERGY, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY

	Preferred shares		Common shares		Additional			
	Number	Par value	Number	Par value	Paid-In Capital	Stock subscribed	Accumulated (Deficit)	Total
Balance at February 29, 2016	1,200,000	1,200	46,070,843	$46,071	$9,665,697	$2,890	$(9,258,958)	$456,900
Issuance of common stock on stock subscribed	—	—	57,800	58	2,832	(2,890)	—	—
Conversion of preferred shares to common stock	(200,000)	(200)	400,000	400	(200)	—	—	—
Common stock and warrants issued	—	—	6,139,800	6,140	285,850	—	—	291,990
Issuance of common shares for management fees and compensation	—	—	2,200,000	2,200	107,800	—	—	110,000
Stock based compensation	—	—	—	—	531,970	—	—	531,970
Accounts payable settled with issuance of common stock	—	—	43,240	43	2,119	—	—	2,162
Net income (loss)	—	—	—		—	—	(1,308,945)	(1,308,945)
Balance at February 28, 2017	1,000,000	1,000	54,911,683	$54,912	$10,596,068	$—	$(10,567,903)	$84,077
Issuance of common shares for common stock payable	—	—	100,000	100	4,900	—	—	5,000

Conversion of preferred stock to common stock	(1,000,000)	(1,000)	1,000,000	1,000	—	—	—	—
Common stock and warrants issued	—	—	500,000	500	49,500	—	—	50,000
Retirement of common stock (Note 9)	—	—	(10,000,000)	(10,000)	10,000	—	—	—
Issuance of common shares for management fees and compensation	—	—	850,000	850	84,150	—	—	85,000
Stock based compensation	—	—			83,461	—	—	83,461
Net income (loss)	—	—	—	—	—	—	(449,613)	(449,613)
Balance at February 28, 2018	—	—	47,361,683	$47,362	$10,828,079	$—	$(11,017,516)	$(142,075)

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

QUANTUM ENERGY, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the year ended February 28, 2018	February 28, 2017
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	$(449,613)	$(1,308,945)
Adjustments to reconcile net loss to cash used by operating activities		
Stock based compensation	83,461	531,970
Amortization of land purchase option agreements	120,033	370,488
Write-off of promissory note receivable	—	67,500
Issuance of common shares for management fees and compensation	85,000	110,000
Changes in operating assets and liabilities:		
Accounts payable and accrued liabilities	23,005	38,215
Prepaid legal expense	(37,500)	—
Net cash used by operating activities	(175,614)	(190,772)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Issuance of promissory note receivable	—	(67,500)
Deposit on land purchase agreement option	—	(7,822)
Net cash used in investing activities	—	(75,322)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from sales of common stock and warrants	50,000	296,990
Proceeds from subscription of common stock	125,000	—
Payment of promissory note payable	—	(10,000)
Payment of loan, related party	—	(500)
Net cash provided by financing activities	175,000	286,490
Net increase (decrease) in cash and cash equivalents	(614)	20,396
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	20,478	81
CASH AND CASH EQUIVALENTS AT END OF YEAR	$19,864	$20,477
NON-CASH FINANCING AND INVESTING ACTIVITIES:		
Common stock payable for accounts payable and accrued liabilities	$27,198	$2,162
Conversion of preferred stock into common stock	1,000	200
Retirement of common stock	10,000	—

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

QUANTUM ENERGY, INC. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FEBRUARY 28, 2018

NOTE 1 - NATURE OF OPERATIONS

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 fuel distribution.

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

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

This summary of significant accounting policies is presented to assist in understanding the financial statements. The financial statements and notes are representations of the Company’s management, which is responsible for their integrity and objectivity. These financial statements and related notes are presented in accordance with accounting principles generally accepted in the United States (“U.S. GAAP”).

Principles of Consolidation

The consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries FTPM Resources Ltd. and Dominion Energy Processing Group, Inc. after elimination of the intercompany accounts and transactions.

Going Concern

These consolidated financial statements have been prepared in accordance with U.S. GAAP 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.

As shown in the accompanying financial statements, the Company has incurred operating losses since inception. As of February 28, 2018, the Company has limited financial resources with which to achieve the objectives and obtain profitability and positive cash flows. As shown in the accompanying balance sheets and statements of operations, the Company has an accumulated deficit of $11,017,516 at February 28, 2018, and working capital of $2,301. Achievement of the Company’s objectives will be dependent upon the ability to obtain additional financing and generate revenue from current and planned business operations, and control costs. The Company plans to fund its future operations by joint venturing, obtaining additional financing from investors, and/or lenders, and attaining additional commercial revenue. However, there is no assurance that the Company will be able to achieve these objectives, therefore substantial doubt about its ability to continue as a going concern exists. The financial statements do not include adjustments relating to the recoverability of recorded assets nor the implications of associated bankruptcy costs should the Company be unable to continue as a going concern. In the event the Company is unable to fulfill the terms as specified in the Property Option Agreements (Note 5), the Company could default on the agreement(s) and surrender its right to future claims on the respective property.

Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the dates of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Significant areas requiring the use of management assumptions and estimates relate to long-lived asset impairments and stock-based compensation. Actual results could differ from these estimates and assumptions and could have a material effect on the Company’s reported financial position and results of operations.

Risks and uncertainties

The Company’s operations are subject to significant risks and uncertainties, including financial, operational, technological and other risks associated with operating an emerging oil and gas business, including the potential risk of business failure.

QUANTUM ENERGY, INC. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FEBRUARY 28, 2018

Cash and cash equivalents

The Company considers all highly liquid investments with remaining maturities of three months or less when acquired to be cash equivalents.

Income taxes

The Company accounts for income taxes using the liability method. The liability method requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of (i) temporary differences between financial statement carrying amounts of assets and liabilities and their basis for tax purposes and (ii) operating loss and tax credit carry-forwards for tax purposes. Deferred tax assets are reduced by a valuation allowance when management concludes that it is more likely than not that a portion of the deferred tax assets will not be realized in a future period.

Fair value of financial instruments

The Company's financial instruments include cash and cash equivalents and promissory note payable. All instruments are accounted for on a cost basis, which, due to the short maturity of these financial instruments, approximates fair value at February 28, 2018 and February 28, 2017, respectively.

Long-Lived Assets

The Company reviews long-lived assets which include a deposit on land purchase and land purchase options for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Events relating to recoverability may include significant unfavorable changes in business conditions or a forecasted inability to achieve break-even operating results over an extended period. The Company evaluates the recoverability of long-lived assets based upon forecasted undiscounted cash flows and reports any impairment at the lower of the carrying amount or the fair value less costs to sell.

Fair Value Measures

When required to measure assets or liabilities at fair value, the Company uses a fair value hierarchy based on the level of independent, objective evidence surrounding the inputs used. The Company determines the level within the fair value hierarchy in which the fair value measurements in their entirety fall. The categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement. Level 1 uses quoted prices in active markets for identical assets or liabilities, Level 2 uses significant other observable inputs, and Level 3 uses significant unobservable inputs. The amount of the total gains or losses for the period are included in earnings that are attributable to the change in unrealized gains or losses relating to those assets and liabilities still held at the reporting date. The Company has no financial assets or liabilities that are adjusted to fair value on a recurring basis.

At February 28, 2018 and February 28, 2017, the Company had no assets or liabilities accounted for at fair value on a recurring basis.

Stock-based Compensation

The Company estimates the fair value of options to purchase common stock using the Black-Scholes model, which requires the input of some subjective assumptions. These assumptions include estimating the length of time employees will retain their vested stock options before exercising them (“expected life”), the estimated volatility of the Company’s common stock price over the expected term (“volatility”), employee forfeiture rate, the risk-free interest rate and the dividend yield. Changes in the subjective assumptions can materially affect the estimate of fair value of stock-based compensation. Options granted have a ten-year maximum term and varying vesting periods as determined by the Board of Directors. The value of shares of common stock awards is determined based on the closing price of the Company’s stock on the date of the award. Compensation expense for equity awards are recognized over the period during which the recipient is required to provide service in exchange for the award.

New Accounting Pronouncement

In November 2015, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) No. 2015-17 Income Taxes - Balance Sheet Classification of Deferred Taxes (Topic 740). The update is designed to reduce complexity of reporting deferred income tax liabilities and assets into current and non-current amounts in a statement of financial position. ASU No. 2015-17 requires the presentation of deferred income taxes, changes to deferred tax liabilities and assets be classified as non-current in the statement of financial position. The update is effective for fiscal years beginning after December 15, 2016. There was no material impact to the consolidated financial statements upon adoption of this update effective March 1, 2017.

QUANTUM ENERGY, INC. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FEBRUARY 28, 2018

In March 2016, the FASB issued ASU No. 2016-09 Compensation - Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting. The update simplifies the accounting for stock-based compensation, including income tax consequences and balance sheet and cash flow statement classification of awards. The update is effective for fiscal years beginning after December 15, 2016, with early adoption permitted. There was no material impact to the consolidated financial statements upon adoption of this update effective March 1, 2017.

In August 2016, the FASB issued ASU No. 2016-15 Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments. The update provides guidance on classification for cash receipts and payments related to eight specific issues. The update is effective for fiscal years beginning after December 15, 2017, and interim periods within those fiscal years, with early adoption permitted. The Company is currently evaluating the impact of implementing this update on the financial statements.

In January 2017, the FASB issued ASU No. 2017-01 Business Combinations (Topic 805): Clarifying the Definition of a Business. The update clarifies the definition of a business with the objective of adding guidance to assist entities with evaluating whether transactions should be accounted for as acquisitions (or disposals) of assets or businesses. The update is effective for fiscal years beginning after December 15, 2017, and interim periods within those fiscal years. The Company will apply the provisions of the update to potential future acquisitions occurring after the effective date.

Other accounting standards that have been issued or proposed by FASB that do not require adoption until a future date are not expected to have a material impact on the consolidated financial statements upon adoption. The Company does not discuss recent pronouncements that are not anticipated to have an impact on or are unrelated to its financial condition, results of operations, cash flows or disclosures.

NOTE 3 – EARNINGS PER SHARE

Basic Earnings Per Share (“EPS”) is computed as net income (loss) available to common stockholders divided by the weighted average number of common shares outstanding for the period. Diluted EPS reflects the potential dilution that could occur from common shares issuable through stock options and warrants.

The dilutive effect of outstanding securities for years ended February 28, 2018 and February 28, 2017, would be as follows:

	February 28, 2018	February 28, 2017
Stock options	4,100,000	6,691,666
Warrants	2,129,802	1,177,934
TOTAL POSSIBLE DILUTION	6,229,802	7,869,600

At February 28, 2018 and 2017, respectively, the effect of the Company’s outstanding options and warrants would have been antidilutive.

NOTE 4 - NOTES RECEIVABLE

In April 2016, the Company entered into several short-term promissory notes and loaned $67,500 to Sierra Global, an energy company. The notes matured in April 2017 and were interest-free. For the first twelve months, there were no monthly installment payments due to the Company. Thereafter, the monthly installments were to be $2,500 per month until paid in full.

Management reviews notes receivables periodically and reduces the carrying amount by an allowance that reflects management’s best estimate of the amount that may not be collectible. As of February 28, 2017, management determined that the notes were not collectible and recognized an expense of $67,500 for the year ended February 28, 2017.

NOTE 5 – OTHER ASSETS

<u>Land Purchase Option Agreements</u>

Beginning in 2014, the Company executed a series of land purchase option agreements with various landowners in and around the State of Montana and the province of Saskatchewan. In aggregate the land purchase option agreements encompassed approximately 1,150 acres. For a period of two years from the respective execution date, the Company had the option to purchase the property for the purpose of evaluating and developing a Clean Energy Center including a diesel refinery, crude processing and natural gas liquid stripping facility and carbon dioxide capture equipment for enhanced oil recovery.

QUANTUM ENERGY, INC. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FEBRUARY 28, 2018

The Company recognized as a noncurrent asset the fair value of consideration given for the exclusive option to purchase properties and amortizes the amount over the respective term of the land purchase option agreement. For the years ended February 28, 2018 and February 28, 2017, the Company recognized amortization of land purchase option agreements of $120,033 and $370,488, respectively.

The Company recognized an impairment expense of $206,573 relating to certain land purchase option agreements at February 28, 2016. There are no liabilities or future obligations to the Company on any of the impaired land purchase option agreements. Absent notification to or from land owners, the Company retains right to purchase related properties. To date, notification of cancellation has not been communicated by either party. However, in lieu of executed extensions to the land purchase options, the Company accelerated amortization of remaining book value on those properties to which significant cash payments have been delinquent and, therefore, are potentially in default of terms of the purchase option agreement.

The following is a summary of the Company's Land Purchase Agreements at February 28, 2017:

Option Agreement Date	Consideration	Number	Fair Value	Accumulated Amortization	Allowance for Impairment	Net Carrying Value
August 22, 2014	Stock options	1,120,000	$521,691	$(521,691)	—	—
August 22, 2014	Stock options	1,680,000	800,217	(680,184)	—	$120,033
August 26, 2014	Common shares	560,000	280,000	(210,000)	(70,000)	—
August 26, 2014	Common shares	452,000	226,100	(169,575)	(56,525)	—
October 24, 2014	Common shares	820,000	336,200	(256,152)	(80,048)	—
TOTAL			$2,164,208	$(1,837,602)	$(206,573)	$120,033

As of February 28, 2018, the Company's Land Purchase agreements were fully amortized and had a net book value of $Nil.

<u>Deposit on land purchase</u>

On December 5, 2016, the Company executed a Farm Contract of Purchase and Sale with a land owner in Stoughton, Saskatchewan. The purchase price of the property is $500,000 (Canadian) subject to certain terms and conditions including approval of the purchase by the Saskatchewan Farm Land Review board, the Company completing various test for hydrology and land suitability, the proposed refinery project meeting all requirements of various Saskatchewan government laws and bylaws, and full approval by all levels of provincial government and agencies. The purchase contract originally expired on December 15, 2017, however, the contract was amended to extend the closing date to July 10, 2018 for removal of all terms and conditions to the purchase. The Company paid $7,822 as a deposit on the property.

NOTE 6 - ACQUISITIONS

New Tex Acquisition

On July 14, 2016, the Company entered into a share exchange and contribution agreement ("the NewTex Agreement") with Mountain Top Properties, Inc. ("MTPP") whereby the Company acquired 100% of the Partnership Interests of New Tex Petroleum IV, LP, ("NTP") a Texas limited partnership. The acquisition was effective September 1, 2016 and consisted of approximately 3,000 acres of and 89 well bores in the Texas panhandle. In consideration of this acquisition, the Company issued 10,000,000 shares of the Company's common stock with a fair value of $1,100,000 based on the fair value of the Company's common stock on the transaction date.

Neither Mountain Top Properties, Inc. nor New Tex Petroleum IV, LP were able to produce adequate accounting and operating statements for the Texas oil operation within a reasonable time following the closing of the transaction. Consequently, the Company requested a nullification of the share exchange and contribution agreement by virtue of misrepresentations by Mountain Top Properties, Inc.

QUANTUM ENERGY, INC. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FEBRUARY 28, 2018

On January 24, 2017, the Company entered into a Mutual Rescission Agreement with Mountain Top Properties, Inc. whereby both parties rescinded the New Tex Agreement. Mountain Top Properties agreed to the immediate cancellation and surrender of stock certificates representing 10,000,000 shares of the Company’s common stock. On February 22, 2017, 10,000,000 shares of the Company’s common stock were returned by Mountain Top Properties, Inc. and have been cancelled.

Because the transaction was deemed null and void, the consolidated financial statements do not include the acquisition, stock issuance nor the rescission of the shares of common stock.

Bushwhacker Project

On July 14, 2016, the Company entered into a separate share exchange and contribution agreement (“the Missouri Agreement”) with MTTP for an approximate 4.84% working interest in a heavy oil project in Missouri (the “Bushwhacker Project”). In consideration of this acquisition, the Company issued 5,000,000 shares of the Company’s common stock with a fair value of $550,000 on July 29, 2016 and assumed joint interest liabilities of $33,911.

In 2017, management reviewed its Missouri Bushwhacker project. Management’s outlook for the U.S. oil prices indicated it is unlikely that sufficient price stabilization would materialize in the foreseeable future. Internal cash flow estimates prepared by management of the Company did not prove significant fair value exists in the properties. Therefore, the undeveloped and unproved Missouri oil properties would have had impairment losses recorded.

Prior to discovering the Bushwhacker property was invalid, on January 1, 2017, the Company sold its interest to Zyrox Mining International, Inc. for $550,000 in exchange for a non-interest bearing promissory note due in full on August 18, 2019. Once the status of the Bushwhacker project was determined to be invalid, the transaction was reversed.

Management ultimately determined Mountain Top Properties improperly assigned its purported interest in the Bushwhacker Project and made incorrect representations in the share exchange and contribution agreement. As a result, the Company requested Mountain Top Properties Inc. nullify the share exchange and contribution agreement.

On February 1, 2018, the Company entered into a Mutual Rescission Agreement with Mountain Top Properties, Inc. whereby both parties rescinded the Missouri Agreement. Mountain Top Properties agreed to immediate cancellation and surrender of stock certifications representing 5,000,000 shares of the Company's common stock. The shares were surrendered and cancelled on February 28, 2018.

Prior to discovering the Bushwhacker property was invalid, on January 1, 2017 the Company sold its interest to Zyrox Mining International, Inc. for $550,000 in exchange for a non-interest bearing promissory note due in full on August 18, 2019. Once the status of the Bushwhacker project was determined to be invalid, the transaction was reversed.

Because the transaction was deemed null and void, the consolidated financial statements do not include the acquisition, stock issuance, nor the rescission of the shares of common stock.

Native Son Resources Inc Acquisition

On July 21, 2015, the Company formed Quantum Native Processing Partners, LLC, a single purpose entity limited liability company through which the Company entered into a joint venture with Native Son Refining, LLC ("NSR"), to co-develop property in Berthold, North Dakota, and submitted an application for an air quality construction permit with the North Dakota Department of Health for a proposed refinery.

On May 10, 2017, the Company entered into a share exchange agreement whereby it acquired 100% of the issued and outstanding shares of common stock of NSR in exchange for 14,699,800 shares of the Company's common stock shares. The fair value of the common stock issued was $2,491,430 based on the closing price of the fair value of the Company's common stock on the transaction date.

QUANTUM ENERGY, INC. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FEBRUARY 28, 2018

On October 26, 2017, various shareholders and directors of the Company entered into a settlement agreement and mutual release with the sole shareholder of NSR whereby the mutual share exchange agreement was rescinded and 14,699,800 shares of common stock returned to and cancelled by the Company.

Because the transaction was deemed null and void, the consolidated financial statements do not include the acquisition, stock issuance, nor the rescission of the shares of common stock. as management believes that it would be misleading to the readers of the financial statements.

NOTE 7 – PROMISSORY NOTES PAYABLE

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

	February 28, 2018	February 28, 2017
0% unsecured notes payable by the Company	$ 2,980	$ 2,980
0% unsecured notes payable by the Company, related party	4,300	4,300
TOTAL POSSIBLE DILUTION	$ 7,280	$ 7,280

These notes are all due on demand.

NOTE 8 – RELATED PARTY TRANSACTIONS

For the years ended February 28, 2018 and 2017, the Company paid management fees including amounts accrued since inception of $Nil and $196,500, respectively, to the Officers of the Company.

On December 7, 2016, the Company issued 2,000,000 shares with a fair value of $100,000 based on the closing price of $0.05 per share to the Chief Executive Officer of the Company's subsidiary Dominion Energy, Inc. for consulting services.

NOTE 9 – INCOME TAXES

There was no income tax expense for the years ended February 28, 2018 and 2017 due to the Company's net losses.

The components of the Company's net deferred tax asset are as follows:

	February 28, 2018	February 28, 2017
Land purchase option	—	42,000
Federal net operating loss carryforward	$783,051	$938,926
Total deferred tax assets	783,051	938,926
Deferred tax liability	—	—
Net deferred tax asset	783,051	938,926
Valuation allowance	(783,051)	(938,926)
	$—	$—

Deferred income taxes arise from timing differences resulting from income and expense items reported for financial accounting and tax purposes in different periods. A deferred tax asset valuation allowance is recorded when it is more likely than not that deferred tax assets will not be realized. As management of the Company cannot determine that it is more likely than not that the Company will realize the benefit of the net deferred tax asset, a valuation allowance equal to 100% of the net deferred tax asset has been recorded at February 28, 2018 and 2017.

On December 22, 2017, the United States enacted the Tax Cuts and Jobs Act (the "Act") resulting in significant modifications to existing law. The Company has completed the accounting for the effects of the Act during the quarter ended December 31, 2017. The Company's financial statements for the year ended December 31, 2017 reflect certain effects of the Act which includes a reduction in the corporate tax rate from 35% to 21% as well as other changes. As a result of the changes to tax laws and tax rates under the Act, the Company's deferred tax asset was reduced by $522,034 during the year ended February 28, 2018, which consisted primarily of the remeasurement of its deferred tax asset from 35% to 21%.

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A reconciliation between the statutory federal income tax rate and the Company's tax provision is as follows:

	February 28, 2018		February 28, 2017	
Amount computed using the statutory rate	$(157,365)	(12%)	$(458,131)	(29%)
Land purchase option amortization	(238,019)	(18%)	(275,426)	(18%)
Permanent differences	29,225	2 %	186,557	12 %
Effect of change in the statutory rate	522,034	40 %	—	-%
Non-recognition due to increase in valuation account	(155,875)	(12%)	547,000	35 %
Total income tax benefit	$—	– %	$—	— %

At February 28, 2018, the Company had cumulative federal and state net operating loss carry forwards of approximately $3,728,816 which will expire in fiscal years ending February 28, 2030 through February 28, 2033.

The Company does not have an accrual for uncertain tax positions as February 28, 2018 or 2017. If interest and penalties were to be assessed, the Company would charge interest to interest expense and penalties to other operating expense. It is not anticipated that unrecognized tax benefits would significantly increase or decrease within 12 months of the reporting date. Fiscal years starting February 28, 2016 through February 28, 2018 are open to examination by federal and state taxing agencies.

NOTE 10 – COMMON STOCK PAYABLE

On February 28, 2018, the Company closed a private placement of its securities (the "2018 Offering). The 2018 Offering consisted of the sale of "units" of the Company's securities at the per unit price of $0.15. Each unit consisted of one share of common stock and one warrant to purchase an additional share of common stock. Warrants issued pursuant to the 2018 Offering entitled the holders to purchase shares of common stock for the price of $0.15 per share. The term of each warrant is for twenty-four months from date of issuance.

The proceeds from the 2018 Offering of $125,0000 were received by the Company prior to February 28, 2018. The value of the Units to be issued in the 2018 Offering are classified as "Common Stock Payable" as of February 28, 2018.

The Company also reclassified $27,198 in lieu of cash for professional and legal services in exchange for units in the 2018 Offering with a unit price of $0.15.

The Company subsequently issued 1,129,802 shares of its common stock on April 4, 2018 (Note 12)

NOTE 11 – COMMON STOCK

Common stock

The Company is authorized to issue 295,000,000 shares of its common stock with a par value of $0.001 per share. All shares of common stock are equal to each other with respect to voting, liquidation, dividend, and other rights. Owners of shares are entitled to one vote for each share owned at any Shareholders' meeting.

Preferred stock

The Company is authorized to issue 5,000,000 shares of its preferred stock with a no-par value per share with no designation of rights and preferences.

Exchange of preferred stock

On March 11, 2016, the Company issued 400,000 common shares issued pursuant to conversion of 200,000 Series B preferred convertible shares. On February 8, 2018, the Company's Board of Directors cancelled and rescinded the certificate of Designations, Preferences and rights of the Series B Preferred Stock.

On December 13, 2017, the Company issued 1,000,000 shares of its common stock pursuant to a retirement of 1,000,000 shares of convertible Series A preferred stock. On February 6, 2018, the Company's Board of Directors cancelled and rescinded the certificate of Designations, Preferences and Rights of the Series A Preferred Stock. This exchange resulted in a deemed distribution to the preferred shareholders based on the fair value of the common shares received compared to the carrying value of the preferred shares exchanged.

Common shares issued for services

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In December 2016, the Company issued 2,200,000 shares of its common stock with a fair value of $110,000 based on the closing price of $0.05 per share for professional services.

On April 12, 2017, the Company issued 850,000 shares of its common stock with a fair value of $85,000 based on the closing price of $0.10 per share for professional services.

Common shares issued for cash

For the year ended February 28, 2017, the Company sold 6,139,800 shares of common stock at a weighted average price of $0.05 per share for proceeds of $291,990.

On July 10, 2017, the Company issued 100,000 shares with a fair value of $5,000 in consideration of common stock payable outstanding at February 28, 2016.

On July 11, 2017, the Company issued 500,000 shares of common stock at $0.10 per share pursuant for proceeds of $50,000. In conjunction with this offering the Company also issued 500,000 warrants to purchase common stock with an exercise price of $0.21 per share and an expiration date of July 10, 2018.

Common stock retirement

On January 27, 2018, the former chairman of the Company’s board of directors and a current director of the Company’s board of directors agreed to return 5,000,000 shares of the Company’s common stock, respectively for an aggregate total of 10,000,000 common shares for consideration of $Nil. The shares are held by the Company as authorized but unissued treasury shares as of February 28, 2018.

NOTE 12 - STOCK OPTIONS

Options issued for consulting services

In consideration of various agreements in exchange for consulting services, the Company issued stock options to purchase shares of the Company's common stock based on "fair market price" which is typically the closing price of the Company's common stock on the issue dates.

On August 29, 2016, the Company granted 1,000,000 options to purchase shares of its common stock with an exercise price of $0.40 for management fees and compensation. The options contain certain performance conditions. Management has assessed the likelihood of market conditions and the probability of performance conditions being realized and recognize a fair value of $51,322 for the 666,666 options that are expected to vest.

On December 2, 2016, the Company issued 2,100,000 options to purchase shares of its common stock with an exercise price of $0.22 per share for professional services and consulting. The options vest immediately and have a term of 18 months.

The Company estimated the fair value of these option grants using the Black-Scholes model with the following information for the year ended February 28, 2017:

Options issued	3,100,000	
Weighted average exercise price	$0.28	
Weighted average volatility	305.7	%
Weighted average expected term	1.98	
Weighted average risk free rate	1.05	%

No options were granted during the year ended February 28, 2018.

The following is a summary of the Company's options for consulting services issued and outstanding:

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	For the year ended February 28, 2018		For the year ended February 28, 2017	
	Options	Price (a)	Options	Price (a)
Beginning balance	4,845,000	$0.32	3,195,000	$0.42
Issued	—	—	3,100,000	0.28
Exercised	—	—	—	—
Forfeited/expired	(745,000)	(0.40)	(1,450,000)	(0.44)
Ending balance	4,100,000	$0.31	4,845,000	$0.32

Total expense under the option grants for consulting services was $83,461 and $531,970, for the years ended February 28, 2018 and 2017, respectively. These costs are classified as office and public company expense. As of February 28, 2018, there was no unrecognized stock option expense for consulting services.

Options issued for land purchase option agreement

In consideration for option agreements to purchase land located in the State of Montana (see Note 6), the Company issue stock options to purchase shares of the Company's common stock based on "fair market price" which is typically considered the closing price of the Company's common stock on the issue dates.

The following is a summary of the Company's options issued and outstanding in conjunction with land purchase option agreements for the year ended February 28, 2018 and February 28, 2017, respectively:

	For the year ended February 28, 2018		For the year ended February 28, 2017	
	Options	Price (a)	Options	Price (a)
Beginning balance	1,846,666	$0.98	2,966,666	$0.99
Issued	—	—	—	—
Exercised	—	—	—	—
Expired	(1,846,666)	$(0.98)	(1,120,000)	1.00
Ending balance	—	$—	1,846,666	$0.98

(a) Weighted average exercise price.

Summary of all options granted

The following table summarizes additional information about all options granted by the Company as of February 28, 2018:

Date of Grant	Options outstanding	Options exercisable	Price (a)	Remaining term (b)
August 13, 2015	1,000,000	666,666	0.40	0.45
August 29, 2016	1,000,000	666,666	0.40	1.50
December 2, 2016	2,100,000	2,100,000	0.22	0.26
Total options	4,100,000	3,433,332	0.29	0.54

(a) Weighted average exercise price per shares
(b) Weighted average remaining contractual term in years.

NOTE 13 - WARRANTS

On November 19, 2016, in conjunction with a Private Placement, the Company issued 500,000 warrants to purchase shares of the Company’s common stock with an exercise price of $0.13 per share. The warrants expire November 19, 2019.

QUANTUM ENERGY, INC. AND SUBSIDIARIES

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Between December 20, 2016 and January 19, 2017, in conjunction with a Private Placement, the Company issued 570,000 warrants to purchase shares of the Company's common stock with an exercise price of $0.10 per share. The warrants expired one year from their respective date of issuance.

On July 10, 2017, in conjunction with a Private Placement, the Company issued 500,000 warrants to purchase shares of the Company's common stock with an exercise price of $0.10 per share. The warrants expire July 10, 2018.

On February 28, 2018, the Company issued 833,333 warrants to purchase an additional 833,333 shares of its common stock to two investors pursuant to the "2018 Offering. The term of each warrant is for twenty-four months from date of issuance with an exercise price of $1.00.

On February 28, 2018, the Company issued 296,469 warrants to purchase an additional 296,469 shares of its common stock to two service providers in lieu of cash payment for accounts payable for their participation in the 2018 Offering.

The following is a summary of the Company's warrants issued and outstanding:

	For the year ended February 28, 2018		For the year ended February 28, 2017	
	Warrants	Price (a)	Warrants	Price (a)
Beginning balance	1,177,934	$0.19	107,934	$0.90
Issued	1,629,802	0.76	1,070,000	0.10
Exercised	—	—	—	—
Expired	(677,934)	(0.19)	—	—
Ending balance	2,129,802	$0.61	1,177,934	$0.19

The following table summarizes additional information about the warrants granted by the Company as of February 28, 2018:

Date of Grant	Warrants outstanding	Warrants exercisable	Price	Remaining term (years)
November 19, 2016	500,000	500,000	0.13	0.40
July 10, 2017	500,000	500,000	0.21	0.36
February 28, 2018	1,129,802	1,129,802	1.00	2.00
Total warrants	2,129,802	1,629,802	0.61	1.55

NOTE 14 – SUBSEQUENT EVENTS

In March 2018, by mutual agreement, the Company amended 1,100,000 options to purchase common stock at an exercise price of $0.22 per share to 242,000 options to purchase comm stock at an exercise price of $1.00. The expiration date of the options was modified to December 31, 2018.

On March 16, 2018, by mutual agreement, the Company amended 666,666 options to purchase common stock at an exercise price of $0.40 per share to an exercise price of $1.00 per share. The expiration date of the options was extended to December 31, 2018.

On March 23, 2018, 666,666 options to purchase common stock at $0.40 were terminated at the request of the option holder.

On March 15, 2018, by mutual agreement, the Company amended 500,000 stock purchase warrants to an exercise price of $1.00.

On or about March 15, 2018, by mutual agreement, the Company amended 500,000 stock purchase warrants to an exercise price of $1.00 and extended the expiration date to June 9, 2020.

On April 4, 2018, the Company issued 833,333 shares of its common stock pursuant to the terms of the 2018 Offering. The value of the units to be issued was classified as “Common Stock Payable” as of February 28, 2018 (Note 10).

On April 4, 2018, the Company issued 296,469 shares of its common stock to two service providers in lieu of cash payment for accounts payable pursuant to the terms of the 2018 Offering. Based on a share price of $0.15, the fair value of the shares issued was $27,198 which approximates the fair value of the consideration given and are classified as “Common Stock Payable” as of February 28, 2018. (Note 10)

On April 4, 2018, the Company also issued 115,146 shares of its common stock to a service provider in lieu of cash for professional services provided during March and April 2018. Based on a share price of $0.15, the fair value of the shares issued is $17,272.

QUANTUM ENERGY, INC. AND SUBSIDIARIES

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On April 15, 2018, the Company executed a conditional binding letter of intent, pursuant to which upon satisfaction of certain conditions, IE Arizona, Inc, a privately-held Wyoming corporation and affiliated company of IEC Arizona, Inc ("IEC"), would be merged into Quantum Energy, Inc. The proposed merger is conditioned upon, among other things, IEC's successful completion of its due diligence examination of the Company, the negotiation and execution of a definitive agreement, and IEC raising in the aggregate $50,000,000. Provided such conditions are satisfied including IEC's funding of the Total Capital Investment, Quantum will issue to IEC such number of shares of Quantum common stock as shall represent 60% of the then issued and outstanding shares of Quantum common stock. Quantum will also, based on valuations yet to be determined, issue additional shares (after the initial issuance to IEC), to additional investors, as necessary to accommodate the closing of the Total Capital Investment. The combined entity will also provide the necessary funds required to prove out the viability of the development of the refinery (the "Refinery") currently planned to be developed in Stoughton Saskatchewan, Canada including (a) obtaining environmental and engineering studies to prove the viability of the intended site, (b) if the site is determined to be viable, to acquire the land, (c) obtain required permits and (d) pay other related costs. The transaction is expected to be completed on or before December 31, 2018. Several members of the Company's board of directors are also officers and directors of IEC Arizona, Inc.

NOTE 15 – QUARTERLY FINANCIAL INFORMATION (UNAUDITED)

The following unaudited condensed financial information of Quantum Energy, Inc. ("the Company") included herein have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission. Although certain information normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been condensed or omitted, the Company believes that the disclosures are adequate to make the information presented not misleading. This financial information should be read in conjunction with the financial statements and notes thereto for the years ended February 28, 2018 and 2017.

The financial statements included herein reflect all normal recurring adjustments that, in the opinion of management, are necessary for fair presentation.

BALANCE SHEETS (UNAUDITED)

	May 31, 2017	May 31, 2016
ASSETS		

CURRENT ASSETS:		
Cash and cash equivalents	$2,231	$1,504
Promissory notes receivable	—	67,500
TOTAL CURRENT ASSETS	2,231	69,004
OTHER ASSETS		
Deposit on land purchase	7,822	—
Land purchase option agreements, net of accumulated amortization	60,016	365,293
TOTAL OTHER ASSETS	67,838	365,293
TOTAL ASSETS	$70,070	434,297
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	$58,453	$8,290
Promissory notes payable	2,980	12,980
Loan from related party	4,300	4,300
TOTAL CURRENT LIABILITIES	65,733	25,570
LONG-TERM LIABILITIES:		
Common stock payable	5,000	—
TOTAL LONG-TERM LIABILITIES	5,000	—
TOTAL LIABILITIES	70,733	25,570
STOCKHOLDERS' EQUITY		
Preferred Stock, $.001 par value; 5,000,000 shares authorized, none issued and outstanding		
Series A: 3,000,000 shares allocated, 1,000,000 shares issued and outstanding	1,000	1,000
Common Stock, $.001 par value; 295,000,000 shares authorized; 55,761,683 and 50,171,683 shares issued and outstanding, respectively	55,762	50,172
Additional paid-in capital	10,680,218	9,806,838
Accumulated deficit	(10,737,643)	(9,449,283)
TOTAL STOCKHOLDERS' EQUITY	(663)	408,727
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$70,070	$434,297

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STATEMENTS OF OPERATIONS (UNAUDITED)

	For the three months ended	
	May 31, 2017	May 31, 2016
OPERATING EXPENSE		
Advertising and marketing	$1,836	$—
Management fees and compensation	—	46,500
Office and public company expense	96,637	10,514
Amortization of land purchase agreements	60,016	125,228
Professional fees	11,250	7,500
TOTAL OPERATING EXPENSES	169,740	189,742
LOSS FROM OPERATIONS	(169,740)	(189,742)
OTHER INCOME (EXPENSE)		
Interest expense	—	(583)
Other income	—	—
TOTAL OTHER INCOME (EXPENSE)	—	(583)
NET LOSS	$(169,740)	$(190,325)
Basic and diluted loss per share	$(0.00)	$(0.00)
Basic and diluted weighted average number shares outstanding	55,364,400	48,857,800

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STATEMENTS OF CASH FLOWS (UNAUDITED)

	For the three months ended May 31, 2017	May 31, 2016
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	$(169,740)	$(190,325)
Adjustments to reconcile net loss to cash used by operating activities		
Amortization expense, land purchase option agreements	60,017	125,228
Issuance of common shares in lieu of cash for services	85,000	—
Changes in operating assets and liabilities:		
Accounts payable	6,476	(5,470)
Promissory notes receivable	—	—
Net cash used by operating activities	(18,247)	(70,567)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Issuance of promissory notes receivable	—	(67,500)
Net cash used by investing activities	—	(67,500)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from sales of common stock	—	139,990
Repayment of loan, related party	—	(500)
Net cash provided by financing activities	—	139,490
Net increase (decrease) in cash and cash equivalents	(18,247)	1,423
CASH AT BEGINNING OF PERIOD	20,478	81
CASH AT END OF PERIOD	$2,231	$1,504
NON-CASH FINANCING AND INVESTING ACTIVITIES:		
Common stock payable for accounts payable and accrued liabilities	—	2,162
Conversion of preferred stock into common stock	—	200

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BALANCE SHEETS (UNAUDITED)

	August 31, 2017	August 31, 2016
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$6,261	$4,537
Promissory notes receivable	—	67,500
TOTAL CURRENT ASSETS	6,261	72,037
OTHER ASSETS		
Deposit on land purchase	7,822	—
Land purchase agreements, net of amortization	—	240,065
Other assets	2,941,430	1,683,910
TOTAL OTHER ASSETS	2,949,252	1,923,976
TOTAL ASSETS	$2,955,513	1,996,013
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable and accrued liabilities	$31,710	$67,785
Promissory notes payable	2,980	12,980
Loan from related party	4,300	4,300
TOTAL CURRENT LIABILITIES	38,990	85,065
TOTAL LIABILITIES	38,990	85,065
STOCKHOLDERS' EQUITY		
Preferred Stock, $.001 par value; 5,000,000 shares authorized, none issued and outstanding		
Series A: 3,000,000 shares allocated, 1,000,000 and 1,000,000 shares issued and outstanding, respectively	1,000	1,000
Common Stock, $.001 par value; 295,000,000 shares authorized; 76,061,483 and 65,671,683 shares issued and outstanding, respectively	71,061	65,672
Additional paid-in capital	13,661,348	11,517,661
Accumulated deficit	(10,816,886)	(9,673,385)
TOTAL STOCKHOLDERS' EQUITY	2,916,523	1,910,948
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$2,955,513	$1,996,013

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STATEMENTS OF OPERATIONS (UNAUDITED)

	For the three months ended		For the six months ended	
	August 31, 2017	August 31, 2016	August 31, 2017	August 31, 2016
OPERATING EXPENSE				
Advertising and marketing	$5,000	$5,736	$6,836	$5,736
Management fees and compensation	—	67,322	—	113,822
Office and public company expense	6,727	4,846	103,364	15,360
Amortization of land purchase option agreements	60,016	125,228	120,033	250,455
Professional fees	7,500	20,592	18,750	28,092
TOTAL OPERATING EXPENSES	79,243	223,723	248,983	413,465
LOSS FROM OPERATIONS	(79,243)	(223,723)	(248,983)	(413,465)
OTHER EXPENSE				
Interest expense	—	(378)	—	(961)
TOTAL OTHER EXPENSE	—	(378)	—	(961)
NET LOSS	$(79,243)	$(224,102)	$(248,983)	$(414,426)
Basic and diluted loss per share	$(0.00)	$(0.00)	$(0.00)	$(0.01)
Basic and diluted weighted average number shares outstanding	68,238,692	56,405,379	61,801,546	52,631,589

QUANTUM ENERGY, INC. AND SUBSIDIARIES

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STATEMENT OF CASH FLOWS (UNAUDITED)

	For the six months ended	
	August 31, 2017	August 31, 2016
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	$(248,983)	$(414,426)
Adjustments to reconcile net loss to cash used by operating activities		
Stock based compensation	—	51,322
Amortization of land purchase option agreements	120,033	250,455
Issuance of common shares for services	85,000	—
Changes in operating assets and liabilities:		
Accounts payable and accrued liabilities	(20,267)	20,115
Net cash used by operating activities	(64,217)	(92,534)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Issuance of promissory note receivable	—	(67,500)
Net cash used by investing activities	—	(67,500)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from sales of common stock	50,000	164,990
Repayment of loan, related party	—	(500)
Net cash provided by financing activities	50,000	164,490
Net increase (decrease) in cash and cash equivalents	(14,217)	4,456
CASH AT BEGINNING OF PERIOD	20,478	81
CASH AT END OF PERIOD	$6,261	$4,538
NON-CASH FINANCING AND INVESTING ACTIVITIES:		
Common stock payable for accounts payable and accrued liabilities	—	2,162
Conversion of preferred stock into common stock	—	200

QUANTUM ENERGY, INC. AND SUBSIDIARIES

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BALANCE SHEETS (UNAUDITED)

	November 30, 2017	November 30, 2016
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$3,982	$12,531
Promissory note receivable	—	67,500
TOTAL CURRENT ASSETS	3,982	80,031
OTHER ASSETS		
Deposit on land purchase	7,822	—
Land purchase agreements, net of amortization	—	180,049
Other assets	—	1,683,910
TOTAL OTHER ASSETS	7,822	1,863,959
TOTAL ASSETS	$11,804	1,943,990
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable and accrued liabilities	$85,713	$87,845
Promissory notes payable	2,980	12,980
Loan from related party	4,300	4,300
TOTAL CURRENT LIABILITIES	92,993	105,125
LONG-TERM LIABILITIES:		
Common stock payable	—	25,000
TOTAL LONG-TERM LIABILITIES	—	25,000
TOTAL LIABILITIES	92,993	130,125
STOCKHOLDERS' EQUITY		
Preferred Stock, $.001 par value; 5,000,000 shares authorized, none issued and outstanding		
Series A: 3,000,000 shares allocated, 1,000,000 shares issued and outstanding, respectively	1,000	1,000
Common Stock, $.001 par value; 295,000,000 shares authorized; 61,361,683 and 65,671,683 shares issued and outstanding, respectively	56,362	65,672
Additional paid-in capital	10,734,618	11,517,661
Accumulated deficit	(10,873,168)	(9,770,468)
TOTAL STOCKHOLDERS' EQUITY	(81,189)	1,813,865
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$11,804	$1,943,990

QUANTUM ENERGY, INC. AND SUBSIDIARIES

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STATEMENTS OF OPERATIONS (UNAUDITED)

	For the three months ended		For the nine months ended	
	November 30, 2017	November 30, 2016	November 30, 2017	November 30, 2016
OPERATING EXPENSE				
Advertising and marketing	$—	$—	$6,836	$5,736
Management fees and compensation	—	15,000	—	128,822
Office and public company expense	(371)	14,128	102,993	29,488
Amortization of land purchase option agreements	—	60,016	120,033	310,472
Professional fees	56,653	7,565	75,403	35,657
TOTAL OPERATING EXPENSES	56,282	96,709	305,265	510,174
LOSS FROM OPERATIONS	(56,282)	(96,709)	(305,265)	(510,174)
OTHER EXPENSE				
Interest expense	—	(374)	—	(1,335)
TOTAL OTHER EXPENSE	—	(374)	—	(1,335)
NET LOSS	$(56,282)	$(97,083)	$(305,265)	$(511,509)
Basic and diluted loss per share	$(0.00)	$(0.00)	$(0.00)	$(0.01)
Basic and diluted weighted average number shares outstanding	68,799,975	60,661,025	64,117,390	55,288,602

QUANTUM ENERGY, INC. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FEBRUARY 28, 2018

STATEMENT OF CASH FLOWS (UNAUDITED)

	For the nine months ended	
	November 30, 2017	November 30, 2016
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	$(305,265)	$(511,509)
Adjustments to reconcile net loss to cash used by operating activities		
Amortization of land purchase option agreements	120,033	310,472
Issuance of common shares for services	85,000	—
Changes in operating assets and liabilities:		
Accounts payable	33,736	40,176
Net cash used by operating activities	(66,496)	(109,540)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Issuance of promissory notes receivable	—	(67,500)
Net cash used by investing activities		(67,500)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from sales of common stock	50,000	189,990
Repayment of loan, related party	—	(500)
Net cash provided by financing activities	50,000	189,490
Net increase (decrease) in cash and cash equivalents	(16,496)	12,450
CASH AT BEGINNING OF PERIOD	20,478	81
CASH AT END OF PERIOD	$3,982	$12,531
NON-CASH FINANCING AND INVESTING ACTIVITIES:		
Common stock payable for accounts payable and accrued liabilities	—	$2,162
Conversion of preferred stock into common stock	—	200

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Index to Financial Statements:

Interim financial statements as of May 31, 2018, including:

1. Consolidated Balance Sheets as of May 31, 2018 and 2017;
2. Consolidated Statements of Operations for the three months ended May 31, 2018 and 2017;
3. Consolidated Statements of Cash Flows for the three months ended May 31, 2018 and 2017;
4. Notes to the Consolidated Financial Statements

QUANTUM ENERGY, INC.

CONSOLIDATED BALANCE SHEETS (UNAUDITED)

	May 31, 2018	February 28, 2018
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$6,817	$19,864
Prepaid legal fees	—	37,500
TOTAL CURRENT ASSETS	6,817	57,364
Deposit on land purchase	7,822	7,822
TOTAL OTHER ASSETS	7,822	7,822
TOTAL ASSETS	$14,639	$65,186
LIABILITIES AND STOCKHOLDERS’ EQUITY (DEFICIT)		
CURRENT LIABILITIES:		
Accounts payable	$85,660	$47,783
Promissory notes payable	2,980	2,980
Loan from related party	4,300	4,300
TOTAL CURRENT LIABILITIES	92,940	55,063
LONG-TERM LIABILITIES:		
Common stock payable	—	152,198
TOTAL LONG-TERM LIABILITIES	—	152,198
TOTAL LIABILITIES	92,940	207,261
COMMITMENTS AND CONTINGENCIES (NOTE 6)		
STOCKHOLDERS’ EQUITY (DEFICIT)		
Preferred Stock, $.001 par value; 5,000,000 shares authorized, none issued and outstanding	—	—
Common Stock, $.001 par value; 295,000,000 shares authorized; 48,491,485 and 47,361,683 shares issued and outstanding, respectively	48,491	47,362
Additional paid-in capital	11,001,551	10,828,079
Accumulated deficit	(11,128,343)	(11,017,516)
TOTAL STOCKHOLDERS’ EQUITY (DEFICIT)	(78,301)	(142,075)
TOTAL LIABILITIES AND STOCKHOLDERS’ EQUITY (DEFICIT)	$14,639	$65,186

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

QUANTUM ENERGY, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)

	For the three months ended May 31, 2018	May 31, 2017
OPERATING EXPENSE		
Advertising and marketing	$—	$1,836
Management fees and compensation	5,131	—
Office and public company expense	9,929	4,638
Amortization of land purchase option agreements	—	60,016
Legal and professional fees	93,991	103,250
TOTAL OPERATING EXPENSES	109,051	169,740
LOSS FROM OPERATIONS	(109,051)	(169,740)
OTHER INCOME (EXPENSE)		
Foreign exchange gain (loss)	(1,776)	—
TOTAL OTHER INCOME (EXPENSE)	(1,776)	—
NET LOSS	$(110,827)	$(169,740)
Basic and diluted loss per share	$Nil	$Nil
Basic and diluted weighted average number shares outstanding	48,061,669	55,364,400

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

QUANTUM ENERGY, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

	For the three months ended	
	May 31, 2018	May 31, 2017
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	$(110,827)	$(169,740)
Adjustments to reconcile net loss to cash used by operating activities		
Amortization of land purchase option agreements	—	60,017
Stock based compensation	5,131	—
Issuance of common shares for management fees and compensation	—	85,000
Issuance of common shares for legal and professional fees	17,272	
Changes in operating assets and liabilities:		
Accounts payable	37,877	6,476
Prepaid legal expense	37,500	—
Net cash used by operating activities	(13,047)	(18,247)
Net increase (decrease) in cash and cash equivalents	(13,047)	(18,247)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	19,864	20,478
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$6,817	$2,231
NON-CASH FINANCING AND INVESTING ACTIVITIES:		
Common stock issued for common stock payable	152,198	$—

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

QUANTUM ENERGY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

MAY 31, 2018

NOTE 1 - NATURE OF OPERATIONS

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 fuel distribution.

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

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

This summary of significant accounting policies is presented to assist in understanding the financial statements. The financial statements and notes are representations of the Company’s management, which is responsible for their integrity and objectivity. The accompanying unaudited financial statements have been prepared by the Company in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”) for interim financial information, as well as the instructions to Form 10-Q. Accordingly, the financial statements do not include all of the information and footnotes required by accounting principles generally accepted in the United States of America for complete financial statements. In the opinion of our management, all adjustments (consisting of only normal recurring accruals) considered necessary for a fair presentation of the interim financial statements have been included. Operating results for the three-month period ended May 31, 2018 are not necessarily indicative of the results that may be expected for the full year ending February 28, 2019. All amounts presented are in U.S. dollars.

Principles of Consolidation

The consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries FTPM Resources Ltd. and Dominion Energy Processing Group, Inc. after elimination of the intercompany accounts and transactions.

Going Concern

These consolidated financial statements have been prepared in accordance with U.S. GAAP to a going concern, which assumes that the Company will be able to meet its obligations and continue its operations for the next twelve months.

As shown in the accompanying financial statements, the Company has incurred operating losses since inception. As of May 31, 2018, the Company has limited financial resources with which to achieve the objectives and obtain profitability and positive cash flows. As shown in the accompanying balance sheets and statements of operations, the Company has an accumulated deficit of $11,128,343 at May 31, 2018, and a working capital deficit of $86,121. Achievement of the Company’s objectives will be dependent upon the ability to obtain additional financing, generate revenue from current and planned business operations, and control costs. The Company plans to fund its future operations by joint venturing, obtaining additional financing from investors, and/or lenders, and attaining additional commercial revenue. However, there is no assurance that the Company will be able to achieve these objectives, therefore substantial doubt about its ability to continue as a going concern exists. The financial statements do not include adjustments relating to the recoverability of recorded assets nor the implications of associated bankruptcy costs should the Company be unable to continue as a going concern. In the event the Company is unable to fulfill the terms as specified in the Farm Contract of Purchase and Sale (Note 4), the Company could default on the agreement and surrender its right to future claims on the respective property.

Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the dates of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Significant areas requiring the use of management assumptions and estimates relate to long-lived asset impairments and stock-based compensation. Actual results could differ from these estimates and assumptions and could have a material effect on the Company’s reported financial position and results of operations.

QUANTUM ENERGY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

MAY 31, 2018

Risks and uncertainties

The Company's operations are subject to significant risks and uncertainties, including financial, operational, technological and other risks associated with operating an emerging oil and gas business, including the potential risk of business failure.

Cash and cash equivalents

The Company considers all highly liquid investments with remaining maturities of three months or less when acquired to be cash equivalents.

Income taxes

The Company accounts for income taxes using the liability method. The liability method requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of (i) temporary differences between financial statement carrying amounts of assets and liabilities and their basis for tax purposes and (ii) operating loss and tax credit carry-forwards for tax purposes. Deferred tax assets are reduced by a valuation allowance when management concludes that it is more likely than not that a portion of the deferred tax assets will not be realized in a future period.

Fair value of financial instruments

The Company's financial instruments include cash and cash equivalents and promissory note payable. All instruments are accounted for on a cost basis, which, due to the short maturity of these financial instruments, approximates fair value at May 31, 2018 and February 28, 2018, respectively.

Long-Lived Assets

The Company reviews long-lived assets which include a deposit on land purchase for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Events relating to recoverability may include significant unfavorable changes in business conditions or a forecasted inability to achieve break-even operating results over an extended period. The Company evaluates the recoverability of long-lived assets based upon forecasted undiscounted cash flows and reports any impairment at the lower of the carrying amount or the fair value less costs to sell.

Fair value measurements

When required to measure assets or liabilities at fair value, the Company uses a fair value hierarchy based on the level of independent, objective evidence surrounding the inputs used. The Company determines the level within the fair value hierarchy in which the fair value measurements in their entirety fall. The categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement. Level 1 uses quoted prices in active markets for identical assets or liabilities, Level 2 uses significant other observable inputs, and Level 3 uses significant unobservable inputs. The amount of the total gains or losses for the period are included in earnings that are attributable to the change in unrealized gains or losses relating to those assets and liabilities still held at the reporting date. The Company has no financial assets or liabilities that are adjusted to fair value on a recurring basis.

At May 31, 2018 and February 28, 2018, the Company had no assets or liabilities accounted for at fair value on a recurring basis.

Stock-based Compensation

The Company estimates the fair value of options to purchase common stock using the Black-Scholes model, which requires the input of some subjective assumptions. These assumptions include estimating the length of time employees will retain their vested stock options before exercising them (“expected life”), the estimated volatility of the Company’s common stock price over the expected term (“volatility”), employee forfeiture rate, the risk-free interest rate and the dividend yield. Changes in the subjective assumptions can materially affect the estimate of fair value of stock-based compensation. Options granted have a ten-year maximum term and varying vesting periods as determined by the Board of Directors. The value of shares of common stock awards is determined based on the closing price of the Company’s stock on the date of the award. Compensation expense for equity awards are recognized over the period during which the recipient is required to provide service in exchange for the award.

QUANTUM ENERGY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

MAY 31, 2018

Reclassifications

Certain reclassifications have been made to the 2017 financial statements in order to conform to the 2018 presentation. These reclassifications have no effect on net loss, total assets or accumulated deficit as previously reported.

New Accounting Pronouncements

In August 2016, the FASB issued ASU No. 2016-15 Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments. The update provides guidance on classification for cash receipts and payments related to eight specific issues. The update is effective for fiscal years beginning after December 15, 2017, and interim periods within those fiscal years, with early adoption permitted. The Company adopted the provisions of the pronouncement effective March 1, 2018 and it did not result in a material change to the statement of cash flows.

In January 2017, the FASB issued ASU No. 2017-01 Business Combinations (Topic 805): Clarifying the Definition of a Business. The update clarifies the definition of a business with the objective of adding guidance to assist entities with evaluating whether transactions should be accounted for as acquisitions (or disposals) of assets or businesses. The update is effective for fiscal years beginning after December 15, 2017, and interim periods within those fiscal years. The Company will apply the provisions of the update to potential future acquisitions occurring after the effective date.

Other accounting standards that have been issued or proposed by FASB that do not require adoption until a future date are not expected to have a material impact on the consolidated financial statements upon adoption. The Company does not discuss recent pronouncements that are not anticipated to have an impact on or are unrelated to its financial condition, results of operations, cash flows or disclosures.

NOTE 3 – EARNINGS PER SHARE

Basic Earnings Per Share (“EPS”) is computed as net income (loss) available to common stockholders divided by the weighted average number of common shares outstanding for the period. Diluted EPS reflects the potential dilution that could occur from common shares issuable through stock options and warrants.

The dilutive effect of outstanding securities as of May 31, 2018 and May 31, 2017, respectively, would be as follows:

	May 31, 2018	May 31, 2017
Stock options	1,986,666	6,691,666
Warrants	2,129,802	1,070,000
TOTAL POSSIBLE DILUTION	4,116,468	7,761,666

At May 31, 2018 and 2017, respectively, the effect of the Company’s outstanding options and warrants would have been anti-dilutive.

NOTE 4 – OTHER ASSETS

Deposit on land purchase

On December 5, 2016, the Company executed a Farm Contract of Purchase and Sale with a land owner in Stoughton, Saskatchewan (“the Stoughton Agreement”). The purchase price of the property is $500,000 (Canadian) subject to certain terms and conditions including approval of the purchase by the Saskatchewan Farm Land Review board, the Company completing various test for hydrology and land suitability, the proposed refinery project meeting all requirements of various Saskatchewan government laws and bylaws, and full approval by all levels of provincial government and agencies. The Company paid $7,822 as a deposit on the property.

QUANTUM ENERGY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

MAY 31, 2018

The purchase contract originally expired on December 15, 2017, however, the contract was amended to extend the closing date to July 10, 2018 for removal of all terms and conditions to the purchase.

NOTE 5 –NOTES AND LOANS PAYABLE

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

	May 31, 2018	February 28, 2018
0% unsecured note payable by the Company	$2,980	$ 2,980
0% unsecured note payable by the Company, related party	4,300	4,300
TOTAL	$7,280	$ 7,280

These notes are all due on demand.

NOTE 6 – COMMITMENTS AND CONTINGENCIES

On April 15, 2018, the Company executed a conditional binding letter of intent, pursuant to which upon satisfaction of certain conditions, IEC Arizona, Inc, a privately-held Wyoming corporation and affiliated company of IEC Arizona, Inc (“IEC”), would be merged into Quantum Energy, Inc. The proposed merger is conditioned upon, among other things, IEC’s successful completion of its due diligence examination of the Company, the negotiation and execution of a definitive agreement, and IEC raising in the aggregate $50,000,000. Provided such conditions are satisfied including IEC’s funding of the Total Capital Investment, Quantum will issue to IEC such number of shares of Quantum common stock as shall represent 60% of the then issued and outstanding shares of Quantum common stock. Quantum will also, based on valuations yet to be determined, issue additional shares (after the initial issuance to IEC), to additional investors, as necessary to accommodate the closing of the Total Capital Investment. The combined entity will also provide the necessary funds required to prove out the viability of the development of the refinery (the “Refinery”) currently planned to be developed in Stoughton Saskatchewan, Canada including (a) obtaining environmental and engineering studies to prove the viability of the intended site, (b) if the site is determined to be viable, to acquire the land, (c) obtain required permits and (d) pay other related costs. The transaction is expected to be completed on or before December 31, 2018.

Several members of the Company's board of directors are also officers and directors of IEC Arizona, Inc.

NOTE 7 – COMMON STOCK

Common stock

The Company is authorized to issue 295,000,000 shares of its common stock with a par value of $0.001 per share. All shares of common stock are equal to each other with respect to voting, liquidation, dividend, and other rights. Owners of shares are entitled to one vote for each share owned at any Shareholders' meeting.

Preferred stock

The Company is authorized to issue 5,000,000 shares of its preferred stock with a no-par value per share with no designation of rights and preferences.

On December 13, 2017, the Company issued 1,000,000 shares of its common stock pursuant to a retirement of 1,000,000 shares of convertible Series A preferred stock. On February 6, 2018, the Company's Board of Directors cancelled and rescinded the certificate of Designations, Preferences and Rights of the Series A Preferred Stock. This exchange resulted in a deemed distribution to the preferred shareholders based on the fair value of the common shares received compared to the carrying value of the preferred shares exchanged.

Common shares issued for cash

On February 28, 2018, the Company closed a private placement of its securities (the "2018 Offering). The 2018 Offering consisted of the sale of "units" of the Company's securities at the per unit price of $0.15. Each unit consisted of one share of common stock and one warrant to purchase an additional share of common stock. Warrants issued pursuant to the 2018 Offering entitled the holders to purchase shares of common stock for the price of $0.15 per share. The term of each warrant is for twenty-four months from date of issuance. The proceeds of $125,000 for the 2018 Offering are classified as "Common Stock Payable" as of February 28, 2018. The Company issued 833,333 shares of its common stock on April 4, 2018.

QUANTUM ENERGY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

MAY 31, 2018

Common shares issued for services

On April 12, 2017, the Company issued 850,000 shares of its common stock with a fair value of $85,000 based on the closing price of $0.10 per share for professional services.

On April 4, 2018, the Company issued 181,323 shares of its common stock to two service providers in lieu of cash payment for accounts payable pursuant to the terms of the 2018 Offering. Based on a share price of $0.15, the fair value of the shares issued was $27,198 which approximates the fair value of the consideration given and were classified as “Common Stock Payable” as of February 28, 2018.

On April 4, 2018, the Company issued 115,146 shares of its common to a service provider in lieu of cash for professional services provided during March and April 2018. Based on a share price of $0.15, the fair value of the shares issued is $17,272.

Common stock retirement

On January 27, 2018, the former chairman of the Company’s board of directors and a current director of the Company’s board of directors agreed to return 5,000,000 shares of the Company’s common stock, respectively for an aggregate total of 10,000,000 common shares for consideration of $Nil. The shares are held by the Company as authorized but unissued treasury shares as of February 28, 2018.

NOTE 8 - STOCK OPTIONS

Options issued for consulting services

In consideration of various agreements in exchange for consulting services, the Company issued stock options to purchase shares of the Company's common stock based on "fair market price" which is typically the closing price of the Company's common stock on the issue dates.

On March 15, 2018, by mutual agreement, the Company amended 666,666 options to purchase common stock at an exercise price of $0.40 per share to an exercise price of $1.00 per share. The expiration date of the options was extended from August 13, 2018 to December 31, 2018. By mutual agreement, the Company and the holder also rescinded 333,334 non-vested options to purchase common stock. The Company recognized an expense of $5,131 which represents the excess of fair value of the options post-modification compared to the fair value of the options pre-modification as of March 15, 2018.

On March 15, 2018, by mutual agreement, the Company amended 1,100,000 options to purchase common stock at an exercise price of $0.22 per share to 320,000 options to purchase common stock at an exercise price of $1.00. The expiration date of the options was modified from August 13, 2018 to December 31, 2018. The fair value of the options after modification of terms did not exceed the fair value of the options prior to modification.

On March 23, 2018, 1,000,000 options, of which 666,666 were fully vested, were terminated at the request of the option holder. Prior to termination the options had an exercise price of $0.40 per share.

The following is a summary of the Company's options for consulting services issued and outstanding:

	For the three months ended May 31, 2018		For the three months ended May 31, 2017	
	Options	Price (a)	Options	Price (a)
Beginning balance	4,100,000	$0.31	4,845,000	$0.32
Issued	—	—	—	—
Exercised	—	—	—	—
Expired or rescinded	(2,113,334)	(0.33)	—	—
Ending balance	1,986,666	$0.61	4,845,000	$0.32

QUANTUM ENERGY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

MAY 31, 2018

As of May 31, 2018, there was no unrecognized stock option expense for consulting services.

Options issued for land purchase option agreements

In consideration for option agreements to purchase land located in the State of Montana, the Company issued stock options to purchase shares of the Company's common stock based on "fair market price" which is typically considered the closing price of the Company's common stock on the issue dates.

The following is a summary of the Company's options issued and outstanding in conjunction with land purchase option agreements for the three months ended May 31, 2017:

	For the three months ended May 31, 2017	
	Options	Price (a)
Beginning balance	1,846,666	$0.98
Issued	—	—
Exercised	—	—
Expired or rescinded	—	—
Ending balance	1,846,666	$0.98

[a] Weighted average exercise price.

These options expired on July 21, 2017 and August 22, 2017.

The following table summarizes additional information about all options granted by the Company as of May 31, 2018:

Date of Grant	Options outstanding	Options exercisable	Price (a)	Remaining term (b)
August 13, 2015	666,666	666,666	$1.00	0.59
December 2, 2016	1,000,000	1,000,000	0.22	0.01
December 2, 2016	320,000	320,000	1.00	0.59
Total options	1,986,666	1,986,666	0.61	0.29

(a) Weighted average exercise price per shares
(b) Weighted average remaining contractual term in years.

NOTE 9 - WARRANTS

On March 15, 2018, by mutual agreement, the Company amended 500,000 common stock purchase warrants from an exercise price of $0.13 per share to $1.00 per share.

On or about March 15, 2018, by mutual agreement, the Company amended 500,000 common stock purchase warrants from an exercise price of $0.21 per share to $1.00 per share and extended the expiration date to June 9, 2020.

The following is a summary of the Company's warrants issued and outstanding:

	For the three months ended May 31, 2018		For the three months ended May 31, 2017	
	Warrants	Price (a)	Warrants	Price (a)
Beginning balance	2,129,802	$1.00	1,177,934	$0.19
Issued	—	—	—	0.10
Exercised	—	—	—	—
Expired	—	—	(107,934)	(0.90)
Ending balance	2,129,802	$1.00	1,070,000	$0.11

(a) Weighted average exercise price per shares

QUANTUM ENERGY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

MAY 31, 2018

The following table summarizes additional information about the warrants granted by the Company as of May 31, 2018:

Date of Grant	Warrants outstanding	Warrants exercisable	Price	Remaining term (years)
November 19, 2016	500,000	500,000	1.00	1.47
July 10, 2017	500,000	500,000	1.00	2.03
February 28, 2018	1,129,802	1,129,802	1.00	1.75
Total warrants	2,129,802	2,129,802	1.00	1.77

NOTE 10 – SUBSEQUENT EVENT

On June 8, 2018, the Company amended the Stoughton Agreement (Note 4) to a purchase price of $525,000 (Canadian) and extended the option to purchase the property until December 31, 2018.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS AND PLAN OF OPERATION.

PLAN OF OPERATION

Management believes it can source additional capital in the investment markets in the coming months and years. The Company may also consider other sources of funding, including debt, potential mergers and joint ventures.

Future liquidity and capital requirements depend on many factors including timing, cost and progress of the Company's exploration efforts. The Company will consider additional public offerings, private placement, mergers or debt instruments to finance its activities.

Additional financing will be required in the future to complete all necessary steps to apply for a final permit. Although the Company believes it will be able to source additional financing there are no guarantees any needed financing will be available at the time needed or on acceptable terms, if at all. If the Company is unable to raise additional financing when necessary, it may have to delay construction efforts or property acquisitions or be forced to cease operations.

RESULTS OF OPERATIONS

	For the three months ended May 31,			
	2018	2017	$ Change	% Change
Advertising and marketing	$—	$1,836	$(1,836)	(100.0%)
Management fees and compensation	5,131	—	5,131	N/A
Office and public company expense	9,929	4,638	5,291	(114.1%)
Amortization of land purchase options	—	60,016	(60,016)	(100.0%)
Legal and professional fees	93,991	103,250	(9,259)	(9.0%)
Other expense (income)	1,776	—	1,776	N/A
NET LOSS	$110,827	$169,740	$(58,913)	(34.7%)

The Company has earned no operating revenue in 2018 or 2017 and does not anticipate earning any revenues in the near future.

The Company will continue to focus its capital and resources toward permitting and development activities at its Stoughton Property.

Total net loss for the three months ended May 31, 2018 of $110,827 decreased by $58,913 from the three months ended May 31, 2017 total net loss of $169,740.

<u>Office and public company expense</u>

	For the three months ended May 31,			
	2018	2017	$ Change	% Change
General administrative and insurance	$789	$2,557	$(1,768)	(69.1%)
Travel	7,465	1,947	5,518	283.4%
Transfer agent fees	1,675	134	1,541	1150.0%
Total office and public company expense	$9,929	$4,638	$5,291	114.1%

Total office and public company expense increased $5,291 to $9,929 for the three months ended May 31, 2018 compared to 2017 expense of $4,638.

Travel expense increased to $7,465 for the three months ended May 31, 2018 compared to $1,947 for the three months ended May 31, 2017 as management spent a significant amount of time meeting with various capital providers and potential merger candidates (Note 6 to the Consolidated Financial Statements).

Legal and professional fees

	For the three months ended May 31,			
	2018	2017	$ Change	% Change
Audit fees	$11,031	$7,000	$4,031	57.6 %
Accounting	10,000	11,250	(1,250)	(11.1 %)
Consultants	—	85,000	(85,000)	(100.0 %)
Legal	72,960	—	72,960	N/A
Total legal and professional fees	$93,991	$103,250	$(9,259)	(9.0 %)

Audit fees increased $4,031 to $11,031 for the three months ended May 31, 2018 compared to $ 7,000 for the three months ended May 31, 2017. Management believes audit fees will remain relatively constant through the remainder of the fiscal year.

Consultant fees decreased $85,000 for the three months ended May 31, 2018 compared to the three months ended May 31, 2017. The Company paid fees with common stock in lieu of cash for services associated with fund raising and capital reorganization during 2017 that did not recur during the three months ended May 31, 2018.

For the three months ended May 31, 2018, legal fees increased $72,960 compared to $Nil for the three months ended May 31, 2017. The Company incurred costs associated with a registration with the SEC and various legal matters associated with corporate governance. There are no pending legal issues or contingencies as of May 31, 2018.

LIQUIDITY AND FINANCIAL CONDITION

BALANCE SHEET INFORMATION

	May 31, 2018	February 28, 2018
Working capital	$(86,123)	$2,301
Total assets	14,639	65,186
Accumulated deficit	11,128,343	11,017,516
Stockholders’ deficit	78,301	142,075

WORKING CAPITAL	May 31, 2018	February 28, 2018
Current assets	$6,817	$57,364
Current liabilities	92,940	55,063
Working capital (deficit)	$(86,123)	$2,301

CASH FLOWS	For the three months ended May 31, 2018	May 31, 2017
Cash flow used by operating activities	$(13,047)	$(18,247)
Cash flow used by investing activities	—	—
Cash flow provided by financing activities	—	—
Net decrease in cash during period	$(13,047)	$(18,247)

As of May 31, 2018, the Company had cash on hand of $6,817. Since inception, the primary sources of financing have been sales of the Company's debt and equity securities. Quantum Energy, Inc. has not attained profitable operations and its ability to pursue any future plan of operation is dependent upon our ability to obtain financing.

Quantum Energy, Inc. anticipates continuing to rely on sales of its debt and/or equity securities in order to continue to fund ongoing operations. Issuances of additional shares of common stock may result in dilution to the Company's existing stockholders. There is no assurance that the Company will be able to complete any additional sales of equity securities or that it will be able arrange for other financing to fund its planned business activities.

The Company's continuation as a going concern is dependent upon its ability to generate sufficient cash flow to meet its obligations on a timely basis, to obtain additional financing as may be required, or ultimately to attain profitability. Potential sources of cash, or relief of demand for cash, include additional external debt, the sale of shares of the Company's stock or alternative methods such as mergers or sale of the Company's assets. No assurances can be given, however, that the Company will be able to obtain any of these potential sources of cash. The Company currently requires additional cash funding from outside sources to sustain existing operations and to meet current obligations and ongoing capital requirements.

The Company plans for the long-term continuation as a going concern include financing future operations through sales of our equity and/or debt securities and the anticipated profitable exploitation of the Company's mining properties. These plans may also, at some future point, include the formation of mining joint ventures with senior mining company partners on specific mineral properties whereby the joint venture partner would provide the necessary financing in return for equity in the property.

Exhibit Index

Exhibit Number	Description of Exhibit	Filing
3.1	Articles of Incorporation*	Filed Herewith
3.2	By-Laws*	Filed Herewith
3.3	Amendment to Articles of Incorporation	Filed Herewith
5.1	Legal Opinion of Jerold N. Siegan++	To be filed with Amendment
10.1	Audit Committee Charter	Filed Herewith
10.2	Compensation Committee Charter	Filed Herewith
10.3	Nominating and Corporate Governance Committee Charter	Filed Herewith
10.4	Mountain Top Mutual Rescission Agreement dated January 15, 2018	Filed Herewith
10.5	Native Son Settlement Agreement and Mutual Release dated October 26, 2017	Filed Herewith
10.6	Cancellation of Series A Preferred Stock	Filed Herewith
10.7	Cancellation of Series B Preferred Stock	Filed Herewith
10.8	Resignation of Lorne Keith Stemler as a	Filed Herewith

	director and officer	
10.9	Resignation of Stanley F. Wilson as a director and officer	Filed Herewith
10.1	Land Contract and extension	Filed Herewith
10.11	Binding Letter of Intent between Registrant and Inductance Energy Corporation dated April 10, 2018	Filed Herewith
10.12	Form of subscription Agreement	Filed Herewith
14.1	Code of Business Conduct and Ethics	Filed Herewith
21.1	List of subsidiaries	Filed Herewith
23.1	Consent of DeCoria, Maichel & Teague, CPAs	Filed Herewith
23.2	Updated Consent of DeCoria, Maichel & Teague, CPAs dated August 22, 2018	Filed Herewith
23.3	Consent of Jerold N. Siegan++	To be filed with Amendment
24.1	Power of Attorney	Filed Herewith

UNDERTAKINGS

The undersigned registrant hereby undertakes:

1. To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement:

i. To include any prospectus required by section 10(a)(3) of the Securities Act of 1933;

ii. To reflect in the prospectus any facts or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the Commission pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than 20% change in the maximum aggregate offering price set forth in the "Calculation of Registration Fee" table in the effective registration statement.

iii. To include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement;

2. That, for the purpose of determining any liability under the Securities Act of 1933, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

3. To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

4. That, for the purpose of determining liability of the registrant under the Securities Act of 1933 to any purchaser in the initial distribution of the securities: The undersigned registrant undertakes that in a primary offering of securities of the undersigned registrant pursuant to this registration statement, regardless of the underwriting method used to sell the securities to the purchaser, if the securities are offered or sold to such purchaser by means of any of the following communications, the undersigned registrant will be a seller to the purchaser and will be considered to offer or sell such securities to such purchaser:

i. Any preliminary prospectus or prospectus of the undersigned registrant relating to the offering required to be filed pursuant to Rule 424;

ii. Any free writing prospectus relating to the offering prepared by or on behalf of the undersigned registrant or used or referred to by the undersigned registrant;

iii. The portion of any other free writing prospectus relating to the offering containing material information about the undersigned registrant or its securities provided by or on behalf of the undersigned registrant; and

iv. Any other communication that is an offer in the offering made by the undersigned registrant to the purchaser.

5. That, for the purpose of determining liability under the Securities Act of 1933 to any purchaser: Each prospectus filed pursuant to Rule 424(b) as part of a registration statement relating to an offering, other than registration statements relying on Rule 430B or other than prospectuses filed in reliance on Rule 430A, shall be deemed to be part of and included in the registration statement as of the date it is first used after effectiveness. Provided, however, that no statement made in a registration statement or prospectus that is part of the registration statement or made in a document incorporated or deemed incorporated by reference into the registration statement or prospectus that is part of the registration statement will, as to a purchaser with a time of contract of sale prior to such first use, supersede or modify any statement that was made in the registration statement or prospectus that was part of the registration statement or made in any such document immediately prior to such date of first use.

Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to our directors, officers and controlling persons, we have been advised that in the opinion of the Securities and Exchange Commission, such indemnification is against public policy as expressed in the Securities Act of 1933 and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by us of expenses incurred or paid by a director, officer or controlling person of the corporation in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, we will, unless in the opinion of our counsel the matter has been settled by a controlling precedent, submit to a court of appropriate jurisdiction the question of whether such indemnification by us is against public policy as expressed in the Securities Act of 1933, as amended, and will be governed by the final adjudication of such case.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized on August 30, 2018.

Quantum Energy, Inc.

By:*/s/ Jeffrey Mallmes*
Jeffrey Mallmes
Chief Executive
Officer

(Principal Executive
Officer)

Quantum Energy, Inc.

By:*/s/ Jeffrey Mallmes*
Jeffrey Mallmes
Principal Financial
Officer

Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed by the following persons in the capacities and on the dates indicated.

Name	**Title**	**Date**
/s/ Jeffrey Mallmes Jeffrey Mallmes	Chairman, President and Treasurer and director	August 30, 2018

POWER OF ATTORNEY

We, the undersigned directors and officers of Quantum Energy, Inc. do hereby constitute and appoint Jeffrey Mallmes our true and lawful attorneys and agents, with full power of substitution, to do any and all acts and things in our name and on our behalf in our capacities as directors and officers and to execute any and all instruments for us and in our names in the capacities indicated below, which said attorneys and agents, or either of them, may deem necessary or advisable to enable said registrant to comply with the Securities Act of 1933, as amended, and any rules, regulations and requirements of the Securities and Exchange Commission, in connection with this Registration Statement, including specifically, but without limitation, power and authority to sign for us or any of us in our names in the capacities indicated below, any and all amendments (including post-effective amendments and any related registration statement pursuant to Rule 462(b) under the Securities Act of 1933, as amended) hereto and we do hereby ratify and confirm that said attorneys and agents, or any of them, shall do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed by the following persons in the capacities indicated on the 30th day of August 2018.

Signature	**Title**
/s/Andrew J. Kacic	Secretary and Director
/s/William J. Hinz	Director
/s/Richard Ethington	Director
/s/Pamela L. Bing	
	Director

/s/ Jeffrey Mallmes Chairman, President and Treasurer and director

Explanation of Responses: