

QUANTUM ENERGY INC.
Form 10-Q
October 20, 2008
UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended August 31, 2008

OR

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

For the transition period from _____ to _____

Commission File Number: 333-118138

Quantum Energy, Inc.

(Exact name of registrant as specified in its charter)

Nevada
(State or other jurisdiction of incorporation or organization)

98-0428608
(I.R.S. Employer Identification Number)

7250 NW Expressway Suite 260

OKLAHOMA CITY, OK, 73132

(Address of principal executive offices)

(405) 728-3800

(Registrant's telephone number, including area code)

Edgar Filing: QUANTUM ENERGY INC. - Form 10-Q

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding twelve months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days.

Yes No

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

Large accelerated filer Accelerated filer

Non-accelerated filer Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

At October 20, 2008, 49,743,000 shares of the Registrant's Common Stock were outstanding.

ITEM 1. FINANCIAL STATEMENTS.**QUANTUM ENERGY, INC.****INTERIM BALANCE SHEETS**

August 31, 2008

(Stated in US Dollars)

	August 31, 2008 (Unaudited)	February 29, 2008
<u>ASSETS</u>		
Current assets		
Cash and cash equivalents	\$ 8,084	\$ 40,823
Accounts receivable		
Trade	-	-
Sale of assets	-	-
Prepaid expense	-	2,500
Total current assets	8,084	43,323
Other assets		
Other equipment, net of accumulated depreciation (Note 3)	1,265	1,526
Total other assets	-	1,526
TOTAL ASSETS	\$ 9,349	\$ 44,849
<u>LIABILITIES AND STOCKHOLDERS (DEFICIT)</u>		
Current liabilities		
Accounts payable and accrued liabilities	\$ 369,998	\$ 317,611
Promissory notes payable (Note 5)	2,017,708	1,994,760
Total current liabilities	2,387,706	2,312,371
Common stock issuance liability (Note 6)	381,250	381,250
Total liabilities	2,768,956	2,693,621
Stockholders (deficit)		
Common stock, par value \$0.001 per share: 75,000,000 shares authorized: 47,000,000 Shares issued and outstanding, respectively	47,000	47,000
Additional paid-in capital	1,685,913	1,685,913
Retained (deficit)	(4,492,520)	(4,381,685)
Total stockholders (deficit)	(2,759,607)	(2,648,772)
TOTAL LIABILITIES AND STOCKHOLDERS (DEFICIT)	\$ 9,349	\$ 44,849

F-1

SEE ACCOMPANYING NOTES

Edgar Filing: QUANTUM ENERGY INC. - Form 10-Q

QUANTUM ENERGY, INC.

INTERIM STATEMENTS OF OPERATIONS

for the six months ended August 31, 2008 and 2007

(Stated in US Dollars)

(Unaudited)

	Three months ended		Six months ended	
	August 31 2008	2007	August 31 2008	2007
Oil and gas revenue	\$ -	\$ 21,064	\$ -	\$ 85,419
Lease operating expenses	-	(8,473)	-	(33,413)
Production taxes	-	(1,259)	-	(5,245)
Net oil and gas revenue	-	11,332	-	46,761
Operating expenses				
Amortization, depletion and depreciation	67	7,840	261	15,878
Management fees	7,600	11,100	16,400	21,600
Marketing	3,602	6,039	9,615	16,039
Office and administration	1,324	1,881	2,107	5,302
Professional fees	30,334	19,938	32,135	24,438
Total operating expenses	42,927	46,798	60,518	83,257
Net loss before other income (expenses)	(40,927)	(35,466)	(60,518)	(36,496)
Other items				
Interest income	-	193	-	193
Interest expense	(25,947)	(23,795)	(51,925)	(51,243)
Currency translation	2,534	(5,856)	1,608	(3,449)
Total other income (expenses)	(23,413)	(29,458)	(50,317)	(54,499)
Net loss	\$ (66,340)	\$ (64,924)	\$ (110,835)	\$ (90,995)
Basic and diluted loss per share	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.00)
Weighted average number of shares outstanding	47,000,000	47,000,000	47,000,000	47,000,000

SEE ACCOMPANYING NOTES

QUANTUM ENERGY, INC.

INTERIM STATEMENTS OF CASH FLOWS

for the six months ended August 31, 2008 and 2007

(Stated in US Dollars)

(Unaudited)

	Three months ended		Six months ended	
	August 31 2008	2007	August 31 2008	2007
Operating activities				
Net loss	\$ (66,340)	\$ (64,924)	\$ (110,835)	\$ (90,995)
Adjustment to reconcile net loss to net cash used by operating activities				
Amortization, depreciation and depletion	67	7,840	261	15,878
Changes in operating assets and liabilities				
Accounts receivable trade	-	(11,705)	-	(28,699)
Accounts receivable sale of assets	-	-	-	308,200
Other receivables	-	(193)	-	(193)
Prepaid expenses	-	-	2,500	2,500
Accounts payable and accrued liabilities	29,195	20,622	52,387	31,046
Accounts payable to related party	-	(3,500)	-	-
Cash provided by (used in) operating activities	(37,078)	(51,860)	(55,687)	(237,737)
Financing Activities				
Notes receivable	-	(25,000)	-	(25,000)
Promissory notes payable	22,948	(150,000)	22,948	(150,000)
Cash provided by (used in) financing activities	22,948	(175,000)	22,948	(175,000)
Increase (decrease) in cash during the period	(14,130)	(226,860)	(32,739)	62,737
Cash, beginning of the period	22,214	347,913	40,823	58,316
Cash, end of the period	\$ 8,084	\$ 121,053	\$ 8,084	\$ 121,053
Supplemental disclosure of cash flow information:				
Cash paid for income tax purposes	\$ -	\$ -	\$ -	\$ -
Cash paid for interest	\$ -	\$ -	\$ -	\$ -

SEE ACCOMPANYING NOTES

QUANTUM ENERGY, INC.

STATEMENT OF STOCKHOLDERS (DEFICIT)

for the six months ended August 31, 2008

(Stated in US Dollars)

(Unaudited)

	Common Shares Number	Par Value	Pain-in Capital	Accumulated Deficit	Total
Balance, February 2006	45,500,000	\$ 45,500	\$ 40,500	\$ (89,508)	\$ (3,508)
Acquisition of oil and gas properties	1,500,000	1,500	1,645,413	-	1,646,913
Net Loss	-	-	-	(3,806,055)	(3,806,055)
Balance, February 2007	45,500,000	47,000	1,685,913	(3,895,563)	(2,162,650)
Net Loss, February 2008	-	-	-	(486,122)	(486,122)
	45,500,000	47,000	1,685,913	(4,381,685)	(2,648,772)
Loss for the period	-	-	-	(110,835)	(110,835)
Balance, August 2008	47,000,000	\$47,000	\$1,685,913	(4,492,520)	(2,759,607)

F-4

SEE ACCOMPANYING NOTES

QUANTUM ENERGY, INC.

NOTES TO THE INTERIM FINANCIAL STATEMENTS

August 31, 2008

(Stated in US Dollars)

(Unaudited)

Note 1 **Basis of Presentation of Interim Financial Statements**

While the information presented in the accompanying interim three-month financial statements is unaudited, it includes all adjustments which are, in the opinion of management, necessary to present fairly the financial position, results of operations and cash flows for the interim period presented. All adjustments are of a normal recurring nature. Except as disclosed below, these interim financial statements follow the same accounting policies and methods of their application as Quantum Energy, Inc. (the Company) audited February 28, 2008 annual financial statements.

The results of operations for the six-month period ended August 31, 2008, are not necessarily indicative of the results to be expected for the year ending February 28, 2009.

These unaudited interim financial statements should be read in conjunction with the February 28, 2008 audited financial statements of the Company.

Note 2 **Nature and Continuance of Operations**

a) Organization

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

b) Going Concern

These financial statements have been prepared in accordance with generally accepted accounting principles applicable to a going concern, which assumes that the Company will be able to meet its obligations and continue its operations for its next fiscal year. Realization values may be substantially different from carrying values as shown and these financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern. At August 31, 2008, the Company had not yet achieved profitable operations, has accumulated losses of \$4,492,520 since its inception, has a working capital deficiency of \$2,379,622 and expects to incur further losses in the development of its business, all of which casts substantial doubt about the Company's ability to continue as a going concern. The Company's ability to continue as a going concern is dependent upon its ability to generate future profitable operations and/or to obtain the necessary financing to meet its obligations and repay its liabilities arising from normal business operations when they come due. Management has no formal plan in place to address this concern but considers that the Company will be able to obtain additional funds by equity financing and/or related party advances, however there is no assurance of additional funding being available.

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

F-5

SEE ACCOMPANYING NOTES

QUANTUM ENERGY, INC.

NOTES TO THE INTERIM FINANCIAL STATEMENTS

August 31, 2008

(Stated in US Dollars)

(Unaudited)

Note 2 **Significant Accounting Policies**

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

a) Cash and Cash Equivalents

For purposes of the balance sheet and the statement of cash flows, the Company considers all highly liquid debt instruments purchased with maturity of three months or less to be cash equivalents. As of August 31, 2008, the Company had no cash equivalents.

b) Foreign Currency Translation

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

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

Gains and losses are recorded in the statement of operations.

c) Other Equipment

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

d) Basic and Diluted Loss Per Share

Edgar Filing: QUANTUM ENERGY INC. - Form 10-Q

In accordance with SFAS No. 128 Earnings per Share , the basic loss per common share is computed by dividing net loss available to common stockholders by the weighted average number of common shares outstanding. Diluted loss per common share is computed similar to basic loss per common share except that the denominator is increased to include the number of additional common shares that would have been outstanding if the potential common shares had been issued and if the additional common shares were dilutive. At August 31, 2008, the Company had no stock equivalents that were anti-dilutive and excluded in the earnings per share computation.

e) Financial Instruments

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

F-6

SEE ACCOMPANYING NOTES

QUANTUM ENERGY, INC.

NOTES TO THE INTERIM FINANCIAL STATEMENTS

August 31, 2008

(Stated in US Dollars)

(Unaudited)

Note 3 **Other Assets**

	Cost	Accumulated Depreciation	Net Book Value August 31, 2008	Net Book Value February 29, 2008
Office equipment	\$3,629	\$2,364	\$1,265	\$1,513
Computer equipment	1,433	1,433	-	13
	\$5,062	\$3,797	\$1,265	\$1,526

Note 4 **Oil and Gas Properties**

The Company uses the successful efforts method of accounting for oil and gas producing activities. Costs to acquire mineral interests in oil and gas properties, to drill and equip exploratory wells that find proved reserves, to drill and equip development wells and related asset retirement costs are capitalized. Costs to drill exploratory wells that do not find proved reserves, geological and geophysical costs, and costs of carrying and retaining unproved properties are expensed.

Unproved oil and gas properties that are individually significant are periodically assessed for impairment of value, and a loss is recognized at the time of impairment by providing an impairment allowance. Other unproved properties are amortized based on the Company's experience of successful drilling and average holding period. Capitalized costs of producing oil and gas properties, after considering estimated residual salvage values, are depreciated and depleted by the unit-of-production method. Support equipment and other property and equipment are depreciated over their estimated useful lives.

On the sale or retirement of a complete unit of a proved property, the cost and related accumulated depreciation, depletion, and amortization are eliminated from the property accounts, and the resultant gain or loss is recognized. On the retirement or sale of a partial unit of proved property, the cost is charged to accumulated depreciation, depletion, and amortization with a resulting gain or loss recognized in income.

On the sale of an entire interest in an unproved property for cash or cash equivalent, gain or loss on the sale is recognized, taking into consideration the amount of any recorded impairment if the property had been assessed individually. If a partial interest in an unproved property is sold, the amount received is treated as a reduction of the costs of the interest retained.

As at February 29, 2008 the Company's management determined that future development and operating costs on the wells owned would exceed future revenues therefore an adjustment to the carrying values of the oil and gas properties was recognized as additional depletion at February 29, 2008.

F-7

SEE ACCOMPANYING NOTES

QUANTUM ENERGY, INC.

NOTES TO THE INTERIM FINANCIAL STATEMENTS

August 31, 2008

(Stated in US Dollars)

(Unaudited)

Note 5 **Promissory Notes Payable**

In accordance with the KOKO Purchase Agreement, the Company has accepted financing for \$1,444,760 due on demand, interest compounded annually at 4% and \$550,000 at 10%. At any time the Company may pay off all or any part of the principal that remains unpaid together with applicable interest. Gross promissory notes of \$1,617,708 are not secured, and have no defined terms of repayment. Promissory notes of \$400,000 are secured, by way of 250,000 shares in the capital stock of the Company and a collateral interest in the oil and gas properties. Interest of \$51,626 has been accrued in the financial statements.

Note 6 **Common Stock**

The authorized number of common shares remains at 75,000,000 common shares with a par value of \$0.001. The Company also issued 250,000 shares in the capital stock of the Company as a collateral interest against a promissory note issued by the Company.

F-8

SEE ACCOMPANYING NOTES

ITEM 2. MANAGEMENT DISCUSSION AND ANALYSIS OR PLAN OF OPERATION

Overview

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

We are a development stage company engaged in the acquisition and exploration of gas and oil properties. We were incorporated on February 5, 2004, in the State of Nevada. Our principal executive offices are located at 7250 NW Expressway, suite 260, Oklahoma City, OK. Our telephone number is (405) 728-3800.

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

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

Results Of Operations

Six months ended August 31, 2008 compared to six months ended August 31, 2007

Revenues for the six months ended August 31, 2008 were \$nil as compared to revenues of \$46,761 for the six months ended August 31, 2007.

For the six months ended August 31, 2008, operating expenses totaled \$60,518 as compared to operating expenses of \$83,257 for the six months ended August 31, 2007. This was a decrease of \$22,739 or 27%. This decrease was primarily due to a decrease in administrative costs incurred by the Company.

Interest expense for the six months ended August 31, 2008 was \$51,925 as compared to interest expenses of \$51,243 for the six months ended August 31, 2007. This was an increase of \$682, due from an increase in borrowed funds.

The net loss for the six months ended August 31, 2008 was \$110,835 as compared to \$90,995 for the six months ended August 31, 2007. The decrease in profitability for the six months ended August 31, 2008 was due to the lack of revenues.

Liquidity and Capital Resources

We had total current assets as of August 31, 2008 of \$8,084 as compared to \$43,323 as of August 31, 2007, all in cash. Additionally, we had a shareholders deficiency in the amount of \$2,759,607 as of August 31, 2008 as compared to \$2,648,772 as of August 31, 2007, a direct result of the Company not obtaining sufficient revenues.

The Company had a negative cash flow of \$55,687 from operating activities for the six months ended August 31, 2008, as compared to \$237,737 for the six months ended August 31, 2007, a decrease in cash outflow of approximately 77%.

Cash inflow from financing activities was \$22,948 the six months ended August 31, 2008 as compared to cash outflow of \$175,000 for the six months ended August 31, 2007 attributable to the increased financing.

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

The Company has not realized any revenues since inception for the six months ended August 31, 2008. The Company is presently operating at an ongoing deficit.

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

As of August 31, 2008 the Company had a working capital deficiency of \$2,379,622 as compared to \$2,269,048 as of August 31, 2007. A major portion of debt is attributed to payments made for mineral properties, and operating deficiency.

At August 31, 2008 there was no bank debt.

Off-Balance Sheet Arrangements

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

Recent Accounting Pronouncements

Edgar Filing: QUANTUM ENERGY INC. - Form 10-Q

In June 2006, the Financial Accounting Standards Board (FASB) issued FASB Interpretation No. 48, Accounting for Uncertainty in Income Taxes . The interpretation clarifies the accounting for uncertainty in income taxes recognized in a company s financial statements in accordance with SFAS No. 109, Accounting for Income Taxes . Specifically, the pronouncement prescribes a recognition threshold and a measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. The interpretation also provides guidance on the related derecognition, classification, interest and penalties, accounting for interim periods, disclosure and transition of uncertain tax position. The interpretation is effective for fiscal years beginning after December 15, 2006. The adoption of FIN 48 is not expected to have a material impact on the Company s financial position, results of operations or cash flows; however, the Company is still analyzing the effects of FIN 48.

In September 2006, the FASB issued SFAS No. 157, Fair Value Measurements . This Statement defines fair value as used in numerous accounting pronouncements, establishes a framework for measuring fair value in generally accepted accounting principles and expands disclosure related to the use of fair value measures in financial statements. The Statement is to be effective for the Company s financial statements issued in 2008; however, earlier application is encouraged. The Company does not anticipate the adoption of SFAS No. 157 will have a material impact on the Company s financial statements.

SFAS 155, Accounting for certain Hybrid Financial Instruments and SFAS 156, Accounting for servicing of Financial Assets were recently issued. SFAS 155 and 156 have no current applicability to the Company and have no effect on the financial statements.

In May 2005, the FASB issued SFAS 154, Accounting Changes and Error Corrections. This Statement replaces APB Opinion No. 20, Accounting Changes, and FASB statement No 3, Reporting Accounting Changes in Interim Financial Statements, and changes the requirements for the accounting for and reporting of a change in accounting principle. This (Expressed in U.S. Dollars) Statement applies to all voluntary changes in accounting principle. It also applies to changes required by an accounting pronouncement in the usual instance that the pronouncement does not include specific transition provisions. SFAS 154 also requires that a change in depreciation, amortization or depletion method for long-lived, non-financial assets be accounted for as a change in accounting estimate effected by a change in accounting principle. This Statement is effective in fiscal years beginning after December 15, 2005. The Company does not anticipate the adoption of SFAS No. 154 will have a material impact on the Company s financial statements.

In September 2006, the SEC issued Staff Accounting Bulletin No. 108 (SAB 108). Due to diversity in practice among registrants, SAB 108 expressed SEC staff views regarding the process by which misstatements in financial statements are evaluated for purposes of determining whether financial statement restatement is necessary. SAB 108 is effective for fiscal years ending after November 15, 2006, and early application is encouraged. The Company does not anticipate the adoption of SFAS No. 108 will have a material impact on the Company s financial statements.

Critical Accounting Policies

Edgar Filing: QUANTUM ENERGY INC. - Form 10-Q

We have identified the policies outlined below as critical to our business operations. The list is not intended to be a comprehensive list of all of our accounting policies. In many cases, the accounting treatment of a particular transaction is specifically dictated by accounting principles generally accepted in the United States, with no need for management's judgment in their application. The impact and any associated risks related to these policies on our business operations are discussed throughout Management's Plan of Operations where such policies affect our reported and expected financial results. Note that our preparation of the financial statements requires us to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of our financial statements, and the reported amounts of revenue and expenses during the reporting period. There can be no assurance that actual results will not differ from those estimates.

Going Concern

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

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

Off-Balance Sheet Arrangements

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

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

Not applicable.

ITEM 4. CONTROLS AND PROCEDURES.

Evaluation of Disclosure Controls and Procedures

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed by us in the reports that we file or submit to the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended, is recorded, processed, summarized and reported within the time periods specified by the Securities and Exchange Commission's rules and forms, and that information is accumulated and communicated to our management, including our principal executive and principal financial officer (whom we

Edgar Filing: QUANTUM ENERGY INC. - Form 10-Q

refer to in this periodic report as our Certifying Officer), as appropriate to allow timely decisions regarding required disclosure. Our management evaluated, with the participation of our Certifying Officer, the effectiveness of our disclosure controls and procedures as of August 31, 2008, pursuant to Rule 13a-15(b) under the Securities Exchange Act. Based upon that evaluation, our Certifying Officer concluded that, as of August 31, 2008, our disclosure controls and procedures were effective.

Changes in Internal Controls

There were no changes in our internal control over financial reporting that occurred during the quarter ended August 31, 2008, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II

Item 1. Legal Proceedings.

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

Item 1.A. Risk Factors

Not applicable.

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

None.

Item 3. Defaults upon Senior Securities.

None.

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

None.

Item 5. Other Information.

None.

Item 6. Exhibits

Exhibit No.	Description of Exhibit
--------------------	-------------------------------

31.1	Rule 13a-14 Certification of Chief Executive Officer and Chief Financial Officer
------	--

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

SIGNATURES

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

Quantum Energy, Inc.

By: /s/ Richard Porterfield
Richard Porterfield

President and Chief Financial Officer

Date: October 20, 2008