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 accompany notes are an integral part of these 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 accompany notes are an integral part of these 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 accompany notes are an integral part of these financial statements

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.

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.

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.

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.

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

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

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.

Office and public company expense

	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	For the three months ended May 31, 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	For the three months ended 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.