

Canadian Quantum Energy Corporation

Second Quarter Financial Statements Ending October 31, 2009 Unaudited

The Second Quarter financial statements have not been reviewed by the auditors of the Company. They have been approved by both the Audit Committee and the Board of Directors.

“Douglas J. Brett”

President & C.E.O.

CANADIAN QUANTUM ENERGY CORPORATION**Balance Sheet**

Unaudited

	Oct. 31, 2009	April 30, 2009
ASSETS		
Current assets		
Cash and equivalents	\$ 344,164	\$ 247,969
Accounts receivable	16,662	3,620
Prepaid expenses	10,824	12,028
Due from related parties (Note 4)	6,883	204
	<u>378,533</u>	<u>263,821</u>
Property and equipment	1,135	1,335
Oil and gas properties (Note 3)	700,274	586,934
	<u>\$ 1,079,942</u>	<u>\$ 852,090</u>
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	\$ 21,404	\$ 368,108
Due to related parties (Note 4)	7,128	4,455
	<u>28,532</u>	<u>372,563</u>
Asset retirement obligation	153,567	151,350
	<u>182,099</u>	<u>523,913</u>
SHAREHOLDERS' EQUITY		
Share capital (Note 5)	5,541,813	4,090,822
Contributed surplus	1,153,118	1,153,118
Deficit	(5,797,088)	(4,915,763)
	<u>897,843</u>	<u>328,177</u>
	<u>\$ 1,079,942</u>	<u>\$ 852,090</u>

On behalf of the BoardSigned 'Douglas J. Brett'

Director

Signed 'Michael Koenig'

Director

CANADIAN QUANTUM ENERGY CORPORATION

**Statement of Operations
Comprehensive Income And Deficit
Unaudited**

	For the Three Months Ended October 31		For the Six Months Ended October 31	
	2009	2008	2009	2008
REVENUE				
Oil and natural gas sales	\$ 28,163	\$ 52,827	\$ 51,716	\$ 77,655
Less royalties	(5,748)	(7,188)	(9,130)	(10,435)
	22,415	45,639	42,586	67,220
OTHER OPERATING INCOME				
Gain on Sale of Properties	-	-	250,000	-
	22,415	45,639	292,586	67,220
PRODUCTION COSTS				
Well expenses	12,301	9,860	27,578	22,525
Depletion and accretion	6,905	2,155	20,427	4,304
	19,206	12,015	48,005	26,829
	3,209	33,624	244,581	40,391
EXPENSES				
Office and professional	110,993	22,439	258,239	79,255
Public company costs	18,956	31,404	27,670	32,875
Management fees	41,500	7,500	82,000	15,000
	171,449	61,343	367,909	127,130
Net earnings (loss)	\$ (168,240)	\$ (27,719)	\$ (123,328)	\$ (86,739)
Earnings (loss) per common share	(0.031)	(0.005)	(0.023)	(0.018)
Weighted average number of common shares outstanding	5,507,986	5,059,741	5,293,569	4,941,341

**Statement of Deficit
Six Months ended October 31, 2009 & 2008
Unaudited**

	2009	2008
Deficit, beginning of period	\$ (5,673,760)	\$ (3,798,310)
Net earnings (loss)	(123,328)	(86,739)
Deficit, end of period	\$ (5,797,088)	\$ (3,885,049)

CANADIAN QUANTUM ENERGY CORPORATION
Statement of Cash Flows

Current Quarter and Year to Date ended October 31, 2009 and 2008
Unaudited

	For the Three Months		Year to Date	
	Ended October 31		Ended October 31	
	2009	2008	2009	2008
Cash provided by (used for)				
Operating activities				
Net earnings (loss)	\$ (168,240)	\$ (27,719)	\$ (123,328)	\$ (86,739)
Items not affecting cash:				
Depletion and accretion	6,905	2,155	20,427	4,304
Depreciation	100	-	200	-
	(161,235)	(25,564)	(102,701)	(82,435)
Changes in non-cash working capital balances:				
(Increase) decrease in prepaid expenses				
(Increase) decrease in accounts receivable	747	2,022	1,204	2,734
Increase (decrease) in accounts payable	(3,387)	(656)	(13,042)	1,775
Increase (decrease) in related parties balances	(389,632)	49,845	(346,704)	54,866
	(4,364)	(26,684)	(4,006)	(19,216)
	(396,636)	24,527	(362,548)	40,159
Financing activities				
Issuance of shares	1,490,591	462,628	1,490,591	524,804
Redemption of preferred shares	(797,597)		(797,597)	
	692,994	462,628	692,994	524,804
Investing activities				
Oil & gas property development	(6,465)	(71,857)	(131,550)	(77,037)
	(6,465)	(71,587)	(131,550)	(77,037)
Increase (decrease) in cash	128,658	389,734	96,195	405,491
Cash, beginning of period	215,506	8,885	247,969	(6,872)
Cash, end of period	\$ 344,164	\$ 398,619	\$ 344,164	\$ 398,619

CANADIAN QUANTUM ENERGY CORPORATION
NOTES TO INTERIM FINANCIAL STATEMENTS
6 Months Ended October 31, 2009 (Unaudited)

Refer to the Corporation's Audited Annual Financial Statements dated April 30, 2009 and accompanying Notes thereto for complete note disclosure.

1. GOING CONCERN

The recoverability of amounts shown for oil and gas properties is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development, the purchase of properties, and upon future profitable production or proceeds from the disposition thereof. These financial statements have been prepared on a going concern basis. While the Company has accumulated losses of \$5,797,088 since inception it has current cash and commitments from operating partners sufficient to meet its resources property development needs for a minimum of the next twelve months.

2. OIL & GAS ACCOUNTING POLICIES

(a) Asset retirement obligations

The Company records the fair value of an asset retirement obligation as a liability in the period in which it incurs an obligation for the retirement of tangible long-lived assets, such as from the acquisition, construction, development, and/or normal use of the assets. The total estimated asset retirement costs are capitalized as part of the carrying amount for the long-lived asset and depleted using a unit of production method over estimated gross proved reserves. The total obligation is adjusted at the end of each fiscal period to reflect the passage of time and changes in the estimated future cash flows underlying the obligations. An additional asset retirement obligation of \$788 has been recorded for the quarter.

(b) Depletion expense

The Company applied its depletion policy to its undepleted Oil and Gas Properties balances including estimated Asset Retirement Obligation costs and determined depletion and asset retirement expense for the quarter ended October 31, 2009 to be \$6,905. Depletion expense is calculated using gross reserve and production figures and gas figures were converted to BOE at a rate of 10:1.

3. OIL AND GAS PROPERTIES

The Company has interests in various oil and gas properties in Eastern Canada. The costs including acquisition, exploration, development and equipment are as follows:

	October 31 2009	April 30 2009
Canadian properties	\$ 477,574	\$ 477,574
Unproven properties	609,275	477,725
Asset retirement costs	121,409	121,409
	<u>1,208,258</u>	<u>1,076,708</u>
Cumulative depletion	(507,984)	(489,774)
	<u>\$ 700,274</u>	<u>\$ 586,934</u>

CANADIAN QUANTUM ENERGY CORPORATION
NOTES TO INTERIM FINANCIAL STATEMENTS
6 Months Ended October 31, 2009 (Unaudited)

4. RELATED PARTY TRANSACTIONS

	October 31 2009	April 30 2009
Receivable from:		
Brett Holdings Inc.	\$ -	\$ 204
Cameron Petroleum Inc.	6,883	-
	<u>\$ 6,883</u>	<u>\$ 204</u>
Payable to:		
Brett Holdings Inc.	\$ (332)	\$ -
Davis Martindale LLP	-	(1,995)
Doug Brett	-	(2,460)
Madeline M. Brett	(4,696)	-
Merchant Equities Capital Corp.	(2,100)	-
	<u>\$ (7,128)</u>	<u>\$ (4,455)</u>

Brett Holdings Inc., Cameron Petroleum Inc., Focus Management Inc., Davis Martindale LLP, Merchant Equities Capital Corporation and Seven Energy (Canada) Inc. are companies associated by various officers and directors of the company.

Brett Holdings Inc. charges the company \$12,500 per month management fees for the services of the Company's President and CEO and remits to the Company its working interest share of the net production proceeds of certain wells it operates.

Focus Management Inc. is a corporation controlled by an officer and director of the Company.

Cameron Petroleum Inc. is an operator of certain wells in which Company has a working interest and accordingly remits to the Company its share of net production proceeds and invoice the Company for its share of development and exploration expenses. Its president and owner is Madeline M. Brett.

Davis Martindale LLP provides accounting services to the Company.

Merchant Equities Capital Corp., a company controlled by Eric Leslie a director of the Company, provides management consulting services to the Company on an as needed basis.

All amounts reported throughout the period were incurred in the normal course of operation and are measured at the exchange amount, which is the amount agreed to by the related parties.

CANADIAN QUANTUM ENERGY CORPORATION
NOTES TO INTERIM FINANCIAL STATEMENTS
6 Months Ended October 31, 2009 (Unaudited)

5. SHARE CAPITAL

(a) Authorized:

10,000,000	Class A preferred shares, non-voting, redeemable with a par value of \$3 per share
10,000,000	Class B preferred shares, non-voting, redeemable with a par value of \$10 per share
Unlimited	Common shares

(b) Issued & Outstanding:

	<u>October 31</u> <u>2009</u>	<u>April 30</u> <u>2009</u>
Class A preferred shares	\$ -	\$ 39,600
Common Shares	<u>5,541,813</u>	<u>4,051,222</u>
	<u>\$ 5,541,813</u>	<u>\$ 4,090,822</u>

The 13,200 issued and outstanding Class A preferred shares have a cumulative dividend rate of \$2.12 per share per annum. On September 30, 2009 Corporation redeemed all of the issued and outstanding series 1 Class “A” preferred shares, all of which were held by Madeline Brett, the Corporate secretary of the Corporation, for the total redemption price of \$350,064. In connection with the redemption, the Corporation also paid accrual dividends in the amount of \$447,512.87 to Madeline Brett.

(1) The Company effected a 4 x 1 Forward Split of its Common Shares on November 20, 2009 which resulted in there being a total 24,581,776 of Common Shares issued and outstanding.

(c) Stock-based Compensation

The policies of the TSX Venture Exchange (“Exchange”) require that Tier 1 and Tier 2 listed companies adopt either a “rolling” stock option plan or a “fixed number” stock option plan. The Exchange requires “rolling” stock option plans to be ratified annually by a Company’s Shareholders.

At the Company’s Annual General and Special Meeting held on November 16, 2009, the shareholders approved a rolling 10% stock option plan (Stock Option Plan”).

Summary of Options Outstanding:

<u>Security</u>	<u>Number</u>	<u>Exercise Price</u>	<u>Expiry Date</u>
Common Shares	500,000 (2,000,000 After 4x1 Forward Split)	\$2.25 (\$0.56 After 4x1 Forward Split)	Nov 06, 2013
Common Shares	75,000 (300,000 After 4x1 Forward Split)	\$1.70 (\$0.43 After 4x1 Forward Split)	Nov 16, 2014

CANADIAN QUANTUM ENERGY CORPORATION

NOTES TO INTERIM FINANCIAL STATEMENTS

6 Months Ended October 31, 2009 (Unaudited)

6. Subsequent Events

- (a) On November 12, 2009 the Company announced that Junex Inc., after having drilled and cased 2 earning test wells on the Company's Nicolet Permit, had earned from the Company, to the base of the Utica Shale, a 50% interest in the Nicolet Permit.
- (b) On November 20, 2009, after obtaining the prerequisite regulatory and shareholder approvals, a 4 for 1 forward split of the Company's issued and outstanding common shares was implemented after which the Company had 24,581,776 Common Shares issued and outstanding and 2,300,000 options.

Canadian Quantum Energy Corporation
Management Discussion & Analysis
For the Second Quarter ended October 31, 2009

This Management's discussion and analysis ("MD&A") for Canadian Quantum Energy Corporation (the "Company") should be read in conjunction with the unaudited financial statements ended October 31, 2009 and the audited financial statements and accompanying notes for the year ended April 30, 2009. This MD&A is dated December 11, 2009. Additional information relating to the Company is available on SEDAR at www.sedar.com.

Included in the MD&A are references to financial measures commonly used in the oil and gas industry such as cash flow and cash flow per share. These measures have no standardized meaning, are not defined by Canadian generally accepted accounting principles ("GAAP"), and accordingly are referred to as non-GAAP measures. Cash flow and cash flow per share are used by the Company to assess operating results between years and between peer companies. The Company's reported amounts may not be comparable to similarly titled measures reported by other companies. Cash flow should not be considered an alternative to, or more meaningful than, cash provided by operating, investing, and financing activities or net income as determined by Canadian GAAP as an indicator of the Company's performance or liquidity.

Risk Factors

The Company, its plans and its operations are exposed to certain risks and uncertainties. The common shares of the Company have experienced, and may continue to experience, substantial price volatility due to fluctuating economic and market conditions, and variations in actual and anticipated financial results. These and other factors may materially affect the price of the Company's shares in the future. As the Company is in the early stages of commercialization of its resources, there is no certainty over how its role and competitive position within the industry will unfold in the future.

As explained in Financial Condition and Liquidity, existing cash resources are inadequate to fund the Company's ongoing operations and future plans. Failure to secure additional financing solutions could materially impact the Company's ability to execute its plans and realize subsequent operating results.

There is risk that the Company's wells may not perform as expected, thus generating results which differ materially from expectations. There are competitive actions of other companies, including increased competition from other oil and gas companies or from companies that provide alternate sources of energy. There is a risk of actions by governmental authorities, including changes in environmental and other regulations that may impose restrictions in areas where the company operates. There is the possibility of the occurrence of unexpected events such as fires, blow-outs, freeze ups, equipment failures and other similar events affecting the Company or other parties whose operations are assets directly or indirectly affect us and that may or may not be financially recoverable.

The Company's revenue is partially driven by market prices for the commodities it produces which are out of the Company's control. Volumes are too small to enter into an economic hedging scenario but the Company will look to a hedging proposal once significant volumes are being produced.

Forward-looking Statements

Certain statements contained in this MD&A may constitute forward-looking statements. These statements relate to future events or the Company's future performance. All statements, other than statements of historical fact, may be forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "plan", "continue", "estimate", "expect", "may", "will", "project", "predict", "propose", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar expressions. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. The Company believes that the expectations reflected in those forward-looking statements are reasonable but no assurance can be given that these expectations will prove to be correct and such forward-looking statements included in this MD&A should not be unduly relied upon by investors as actual results may vary. These statements speak only as of the date of this MD&A and are expressly qualified, in their entirety, by this cautionary statement.

In particular, this MD&A contains forward-looking statements, pertaining to the following:

- capital expenditure programs;
- development of resources;
- treatment under governmental regulatory and taxation regimes;
- expectations regarding the Company's ability to raise capital;
- expenditures to be made by the Company to meet certain work commitments; and
- work plans to be conducted by the Company.

With respect to forward-looking statements listed above and contained in this MD&A, the Company has made assumptions regarding, among other things:

- the Province of Quebec legislative and regulatory environment;
- the impact of increasing competition;
- unpredictable changes to the market prices for oil and natural gas;
- that costs related to development of the oil and gas properties in the Province of Quebec will remain consistent with historical experiences;
- availability of additional financing and farm-in or joint venture partners;
- anticipated results of exploration activities; and
- the Company's ability to obtain additional financing on satisfactory terms.

The Company's actual results could differ materially from those anticipated in these forward-looking statements as a result of the risk factors set forth below and elsewhere in this MD&A:

- volatility in the market prices for oil and natural gas;
- uncertainties associated with estimating resources;
- geological, technical, drilling and processing problems;
- liabilities and risks, including environmental liabilities and risks, inherent in oil and natural gas operations;
- fluctuations in currency and interest rates;
- incorrect assessments of the value of acquisitions;
- unanticipated results of exploration activities;
- competition for, among other things, capital, acquisitions of reserves, undeveloped lands and skilled personnel;
- lack of availability of additional financing and farm-in or joint venture partners;
- unpredictable weather conditions; and

The Company's actual results could differ materially from those anticipated in these forward-looking statements as a result of these risk factors set forth above.

Investors should not place undue reliance on forward-looking statements as the plans, intentions or expectations upon which they are based might not occur. Readers are cautioned that the foregoing lists of factors are not exhaustive. The forward-looking statements contained in this MD&A are expressly qualified by this cautionary statement. The Company does not undertake any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, unless required by law.

OVERALL PERFORMANCE

Summary of Quarterly Results

	Jan. 31, 2008	April 30, 2008	July 31, 2008	Oct. 31, 2008	Jan. 31, 2009	April 30, 2009	July 31, 2009	October 31, 2009
Net Oil & Gas Sales	\$28,266	\$23,075	\$21,581	\$45,639	\$31,292	\$13,461	\$20,170	\$22,415
Production Costs	\$17,540	\$15,123	\$14,815	\$12,015	\$14,718	\$30,521	\$28,798	\$19,206
Net Income (loss)	(\$3,494)	(\$49,296)	(\$59,021)	(\$27,719)	(\$54,758)	(\$975,955)	\$44,887	\$(168,240)
Total Assets	\$243,961	\$227,117	\$248,411	\$704,993	\$812,840	852,090	\$945,630	\$1,079,942
Net Income (Loss) Per share	\$0.00	(\$0.01)	(\$0.01)	(\$0.00)	(\$0.011)	(0.192)	0.01	(0.031)
Net Income (Loss) Diluted Per Share	\$0.00	(\$0.01)	(\$0.01)	(\$0.00)	(\$0.011)	(0.192)	0.01	(0.031)

The January 31, 2008 loss of (\$3,494) is due to lower natural gas and oil production. The April 30, 2008 loss (\$49,296) is related to professional fees and decrease in natural gas and oil production. The July 31, 2008 loss of (\$59,021) is due to a decrease in oil and gas production and professional fees. The October 31, 2008 loss of (\$27,719) is mainly related to professional fees. The January 31, 2009 loss of (\$54,758) is related primarily to professional fees. The April 30, 2009 loss of (\$1, 117,453) is primarily due to an adjustment relating to the stock options granted by the Company. The July 31, 2009 Net Income of \$44,887 is mainly attributable to a one time payment by Junex Inc. pursuant to an agreement that provided for Junex to earn a 50% interest in the Company's Nicolet Permit to the base of the Utica Shale section. The October 31, 2009 (\$168,240) relates primarily to professional fees.

Results of Operations

The Company is currently working on confirming that there are commercial natural gas reserves on its Quebec properties. The Gentilly #1 well was drilled by the operator, Talisman, late in 2006 and completed and tested in the Ordovician section. Recent area activity in the shallower Utica Shale had prompted the Company and its partners to determine the commercial viability of the Utica Shale. The

Company participated as to a 3.75% W.I. in the recompletion, stimulation and testing of the shale section in the Gentilly #1 Well. The encouraging results have prompted Quantum and its partners, Talisman and Questerre, to drill a horizontal well near the original vertical test. Commencement of the drilling of the Talisman Gentilly #2 HZ will be mid December, 2009.

Junex Inc. has drilled the two wells it was required to drill to earn a 50% working interest in the Nicolet permit (to the base of the Utica Shale). The Company still holds 100% of the hydrocarbon rights below the base of the Utica shale.

Risk associated with the Utica shale Play is considered to be medium to high from a geological stand point. Additional risks exist with respect to the development of the Utica Shale Play including drilling horizontal risks, complicated simulation procedure and lack of substation infrastructure in the area

Revenue, Production and Pricing

Net production revenue decreased from \$45,639 in the second quarter of last year to \$22,415 for the second quarter of this year, a decrease of 49%. Comparing sales for the second quarter of last year to this year, natural gas increased from an average of 15.54 thousand cubic feet per day (mcf) to 16.21, and oil increased from 2.15 bbls oil to 3.12 bbls per day, pricing averaged \$8.98/mcf and \$126.21/ bbls during the second quarter in fiscal 2009, to \$3.51/mcf and \$55.16/bbls over the same period in fiscal 2010.

Production Expenses

Production expenses at the end of the second quarter of fiscal 2010 are \$48,005, versus \$26,829 in 2009. On a unit basis, a cost increased to \$44.84/boe during second quarter in fiscal 2010 from \$30.79/boe over the same period in fiscal 2009. A multiple of six was used in the conversion of natural gas to a barrel of oil equivalent.

General and Administrative Expense

Canadian Quantum's general and administrative expenses are \$367,909 at the end of the second quarter of fiscal 2010 compared to \$127,941 a year earlier. On a unit basis, a cost increased to \$343.65/boe during second quarter in fiscal 2010 from \$146.81/boe over the same period in fiscal 2009.

Depletion and Depreciation

Depletion expense is calculated using gross reserve and production figures and gas figures were converted to BOE at a rate of 6:1. Reserve valuations and ceiling test calculations were made using oil and gas prices equivalent forecasted by reserve engineer.

Income Taxes

Canadian Quantum does not currently have any income tax liabilities.

Related Party Transactions

Related party transactions amounts are receivable /payable to related parties as follows:

	<u>October 31, 2009</u>	<u>April 30, 2009</u>
Receivable from:		
Brett Holdings Inc.	\$ -	\$ 204
Cameron Petroleum Inc.	<u>6,883</u>	<u>-</u>
	<u>\$ 6,883</u>	<u>\$ 204</u>
Payable to:		
Brett Holdings Inc.	\$ (332)	\$ -
Davis Martindale LLP	-	(1,995)
Doug Brett	-	(2,460)
Madeline M. Brett	(4,525)	-
Merchant Equities Capital Corp.	<u>(2,100)</u>	<u>-</u>
	<u>\$ (7,128)</u>	<u>\$ (4,455)</u>

Brett Holdings Inc., Cameron Petroleum Inc., Focus Management Inc., Davis Martindale LLP, Merchant Equities Capital Corporation and Seven Energy (Canada) Inc. are companies associated or controlled by various officers and directors of the Company.

Brett Holdings Inc. charges the Company \$12,500 per month in management fees for the services of the Company's President and CEO and remits to the Company its working interest share of the net production proceeds of certain wells it operates.

Focus Management Inc. is a corporation controlled by an officer and director of the Company.

Cameron Petroleum Inc. is an operator of certain wells in which Company has a working interest and accordingly remits to the Company its share of net production proceeds and invoice the Company for its share of development and exploration expenses.

Davis Martindale LLP provides accounting services to the Company.

Merchant Equities Capital Corp., a company controlled by Eric Leslie who is a director of the Company, provides management consulting services to the Company, on an as needed basis.

Outstanding Share Data

(a) Authorized and Issued Share Capital:

Authorized Share Capital:

10,000,000 Class A Preferred Shares, non-voting, redeemable with a par value \$3 per share
 10,000,000 Class B Preferred Shares, non-voting, redeemable with a par value \$10 per share
 Unlimited Common shares.

<u>Issued</u>		<u>October 31,</u> <u>2009</u>	<u>April 30,</u> <u>2009</u>
13,200	Class A preferred shares	-	\$ 39,600
6,145,444	Common shares	<u>\$ 5,541,813</u>	<u>\$ 4,051,222</u>
		\$ 5,541,813	\$ 4,090,822

The 13,200 issued and outstanding Class A Preferred Shares had a cumulative dividend rate of \$2.12 per share per annum.

On September 30, 2009, the Company redeemed all of the issued and outstanding Class "A" Preferred Shares, all of which were held by Madeline Brett, the Corporate Secretary of the Corporation, for the total redemption price of \$350,064. In connection with the redemption, the Corporation also paid accrual dividends in the amount of \$447,512.87 to Madeline Brett.

On November 20, 2009, after receiving the required shareholders and regulatory approvals, the Company affected a 4 - 1 share split issuing 3 additional shares for each one previously held. This resulted in a total of 24,581,776 issued with 26,881,776 shares issued on a fully diluted basis.

(b) Summary of Options Outstanding

<u>Security</u>	<u>Number</u>	<u>Exercise Price</u>	<u>Expiry Date</u>
Common Shares	500,000	\$2.25	Nov 06, 2013
	(2,000,000 - After 4x1 Forward Split)	(\$0.56 - After 4x1 Forward Split)	
Common Shares	75,000	\$1.70	Nov 16, 2014
	(300,000 - After 4x1 Forward Split)	(\$0.43 - After 4x1 Forward Split)	

(c) There are no escrowed or pooled shares.

Liquidity and Capital Resources

Based on the latest financial statements, the Company has a net working capital of \$350,001. Total assets exceed total current liabilities by approximately \$1,051,410. Liquidity of oil and gas assets however will depend on market conditions should the liquidation of properties be necessary. The accounts receivable are considered recoverable within normal time frames. The financial security of the Company will depend on the ability of the management to secure required funding for on going oil and gas development projects. Currently, management intends to raise additional funds through joint venture arrangements in the development of its newly acquired assets.

Additional Disclosure for Venture Issuers without Significant Revenue

Detailed expenses for Three Months ended October 31:

	2009	2008
Legal	\$ 10,174	\$ -
Public company costs	15,876	14,434
TSX fees	750	1,250
Transfer agent	1,294	3,729
Press Releases	1,036	-
Accounting	26,010	19,733
Bank charges and interest	47	22
Management fees	41,500	7,500
Office	18,526	5,953
Postage and courier	-	21
Insurance	722	712
Depreciation	100	-
Adv. & Promotions	1,119	4,962
AGM Expenses	-	3,027
Consulting & Research	54,295	-
	<u>\$ 171,449</u>	<u>\$ 61,343</u>

Stock Market Listing

The shares of the Company are listed to trade on the TSX Venture Exchange under the symbol CQM.

Trends

Decreased oil and gas prices will reduce the value of the Company's economic reserves and bottom line. An increase in costs for services and equipment will also have a negative impact on the Company's bottom line. Lease costs and rig availability will continue to be an issue for Fiscal 2010 and may delay the scheduling of various projects.

Significant Events

- a) On June 15th, 2009 the Company announced the signing of a definitive Farm-out Agreement with Junex Inc. governing operations on the Nicolet Permit. Coincident with the signing of the Farm-out Agreement, Junex paid \$250,000 to the Company.
- b) On July 13th, 2009, the Company announced that Junex Inc. had commenced the drilling of their second and final earning well on the Nicolet Permit to a planned depth of 1,600 meters. The Company also announced that the major oil and gas company that the Company had entered into an option agreement with on its Nicolet Permit had not exercised their right to acquire an interest in the Nicolet Permit. Consequently, after Junex earn its interest pursuant to the terms of the Farmout Agreement, the Company will own in the Nicolet Permit an undivided 50% interest from surface to the base of the Utica Shale formation and an undivided 100% interest below the base of the Utica Shale formation.
- c) On September 24, 2009 the Company announced that the Company had completed a non-brokered private placement of common shares and common shares issued on a "flow-through" basis for

aggregate gross proceeds of approximately \$1,500,000. The Company issued a total of 662,961 common shares at a price of \$1.35 per common share and 403,334 flow-through shares at a price of \$1.50 per flow-through share. The shares issued in connection with the private placement are subject to a four month hold period that expires on January 25, 2010.

- d) On October 1, 2009 the Company announced the completion of the redemption of all of the issued and outstanding series 1 Class "A" preferred shares for a total redemption price of \$350,064. In connection with the redemption, the Company also paid accrued dividends in the amount of \$447,512.87 to the holder of the series 1 Class "A" preferred shares. Canadian Quantum now has a total of 6,145,444 common shares issued and outstanding (Pre 4x1 Forward Split) and no preferred shares.
- e) On October 19, 2009 the Company announced that the Board of Directors of the Company had unanimously approved a 4 for 1 forward split of the Company's issued and outstanding common shares which was subject to approval by the shareholders of the Company as well by the TSX Venture Exchange. The necessary approvals were subsequently obtained and as of November 20, 2009 the 4 for 1 forward split was effected.
- f) On November 12, 2009 the Company announced that Junex Inc. ("Junex") has earned a 50% working interest in the interval from the surface to the base of the Utica Formation in the Nicolet Permit, which covers 54,363 acres and is located in the heart of the St. Lawrence Lowlands Utica play. Junex earned this working interest in the Nicolet property from Canadian Quantum by drilling two wells on the Nicolet Permit to the base of the Utica Formation, of which the St-Grégoire #2 Well was the second earning well. Prior to the drilling of this well, Junex completed a seismic survey of approximately 14 line-kilometres to position the well proximal to and on the downthrown side of the Yamaska Fault Zone. This well was drilled to total depth of 1,619 meters and a total of 42.6 meters of cores was cut in the Utica Shale. These cores were conserved by and sent to CBM Solutions for laboratory analysis. The St-Grégoire #2 Well also encountered significant natural gas shows with overpressure in lower sections of the wellbore, necessitating the installation and cementing of 7 inch diameter intermediate casing in the Well. The Utica Formation is approximately 247 metres thick in the well and isotopic analysis of the gas indicates that it is thermogenic in origin. Preliminary core analysis results have been received: preliminary gas contents of the Utica cores of up to 38 standard cubic feet per ton (scf/ton) have been measured. Subject to final core results and all other scientific data collected in the St. Lawrence Lowlands Basin, Canadian Quantum and its partner Junex plan to implement an exploration program in the coming months that may include completion of one or both wells drilled that have recently been drilled and cased on the jointly held Nicolet property. The Company now has a 50% interest from surface to the base of the Utica shale formation and a 100% interest below the Utica Shale formation in the Nicolet Permit.
- g) On November 24, 2009 announced that it will be participating in the Talisman Gentilly 2A HZ, a horizontal well off-setting the original vertical Gentilly #1, Utica Shale Play, Quebec, as to a 3.75% working interest and a 0.75% royalty interest.

Disclosure Controls

The Company has adopted a policy of disclosure controls and procedures and will continue to review these, as appropriate, from time to time. The Chief Executive Officer and acting Chief Financial Officer have concluded that, during 2009, the process in place was effective enough to ensure that material information was accumulated and communicated to management in a sufficiently timely manner for management to make decisions regarding the Company's disclosure as required by securities legislation.

Contractual Obligations

There are no expected drilling obligations other than the ones specified above under the Company's control.

CANADIAN QUANTUM ENERGY CORPORATION

Signed: 'Douglas J. Brett'

Douglas J. Brett
President