

Canadian Quantum Energy Corporation

Second Quarter Financial Statements
Ending October 31, 2008
Unaudited

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

“Douglas J. Brett”

Douglas J. Brett
CEO

CANADIAN QUANTUM ENERGY CORPORATION

Balance Sheet

(Unaudited)

	October 31, 2008	April 30, 2008
ASSETS		
Current assets		
Cash and equivalents	\$ 398,619	\$ (6,872)
Accounts receivable	5,087	6,862
Prepaid expenses	4,759	7,493
Due from related parties (Note 4)	2,763	820
	<u>411,228</u>	<u>8,303</u>
Oil and gas properties (Note 3)	293,765	218,814
	<u>\$ 704,993</u>	<u>\$ 227,117</u>
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	\$ 89,192	\$ 34,326
Due to related parties (Note 4)	6,865	24,138
	<u>96,057</u>	<u>58,464</u>
Asset retirement obligation	90,113	87,894
	<u>186,170</u>	<u>146,358</u>
SHAREHOLDERS' EQUITY		
Share capital (Note 5)	4,024,822	3,500,019
Contributed surplus	379,050	379,050
Deficit	(3,885,049)	(3,798,310)
	<u>518,823</u>	<u>80,759</u>
	<u>\$ 704,993</u>	<u>\$ 227,117</u>
On behalf of the Board		
<u>Signed 'Douglas J. Brett'</u>	Director	
<u>Signed 'Michael Koenig'</u>	Director	

CANADIAN QUANTUM ENERGY CORPORATION

Statement of Operations

Comprehensive Income And Deficit
(Unaudited)

	For the Three Months		For the Six Months	
	Ended October 31		Ended October 31	
	2008	2007	2008	2007
REVENUE				
Oil and natural gas sales	\$ 52,827	\$ 30,494	\$ 77,655	\$ 65,596
Less royalties	(7,188)	(4,659)	(10,435)	(9,822)
	45,639	25,835	67,220	55,774
OTHER OPERATING INCOME				
Gain on Sale of Properties	-	50,000	-	50,000
	45,639	75,835	67,220	105,774
PRODUCTION COSTS				
Well expenses	9,860	8,438	22,525	30,899
Depletion and accretion	2,155	3,653	4,304	7,799
	12,015	12,091	26,829	38,698
	33,624	63,744	40,391	67,076
EXPENSES				
Office and professional	22,439	5,190	79,255	9,491
Public company costs	31,404	15,475	32,875	18,357
Management fees	7,500	7,500	15,000	15,000
	61,343	28,165	127,129	42,848
Net earnings (loss)	\$ (27,719)	\$ 35,579	\$ (86,739)	\$ 24,228
Earnings (loss) per common share	(0.005)	0.008	(0.018)	0.006
Weighted average number of common shares outstanding	5,059,741	4,398,267	4,941,341	4,398,267

Statement of Deficit

Six months ended Oct 31, 2008 and 2007
(Unaudited)

	2008	2007
Deficit, beginning of period	\$ (3,798,310)	\$ (3,769,748)
Net earnings (loss)	(86,739)	24,228
Deficit, end of period	\$ (3,885,049)	\$ (3,745,520)

CANADIAN QUANTUM ENERGY CORPORATION

Statement of Cash Flows

Current Quarter and Year to Date ended October 31, 2008 and 2007

(Unaudited)

	For the Three Months		For the Six Months	
	Ended October 31		Ended October 31	
	2008	2007	2008	2007
Cash provided by (used in)				
Operating activities				
Net earnings (loss)	\$ (27,719)	\$ 35,579	\$ (86,738)	\$ 24,228
Items not affecting cash:				
Depletion and accretion	2,155	3,653	4,304	7,799
	(25,564)	39,232	(82,434)	32,027
Changes in non-cash working capital balances:				
(Increase) decrease in prepaid expenses		-	2,734	-
(Increase) decrease in accounts receivable	2,022	-	1,775	(2,083)
Increase (decrease) in accounts payable	(656)	(1,883)	54,866	(84,580)
Increase (decrease) in related parties balances	49,845	(38,146)		
	(26,684)	4,600	(19,216)	13,335
	24,527	(35,429)	40,159	(73,328)
Financing activities				
Issuance of shares	462,628	-	524,803	-
	462,628	-	524,803	-
Investing activities				
Oil & gas property development	(71,857)	(2,683)	(77,037)	(28,030)
	(71,857)	(2,683)	(77,037)	(28,030)
Increase (decrease) in cash	389,734	1,120	405,491	(69,331)
Cash, beginning of period	8,885	5,612	(6,872)	76,063
Cash, end of period	\$ 398,619	\$ 6,732	\$ 398,619	\$ 6,732

CANADIAN QUANTUM ENERGY CORPORATION
NOTES TO INTERIM FINANCIAL STATEMENTS
6 MONTHS ENDED OCTOBER 31, 2008 (Unaudited)

Refer to the Corporation's Audited Annual Financial Statements dated April 30, 2008 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 \$3,885,049 since inception it has current cash available and commitments from operating partners sufficient to meet its resource 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 Oct 31, 2008 to be \$1,367. 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:

	Oct 31 2008	April 30 2008
Canadian properties	\$ 465,374	\$ 465,374
Unproven properties	233,112	156,075
Asset retirement costs	73,948	73,948
	<u>772,434</u>	<u>695,397</u>
Cumulative depletion	(478,669)	(476,583)
	<u>\$ 293,765</u>	<u>\$ 218,814</u>

The Company has not capitalized any interest or general and administrative costs in the year (2008-\$Nil), and no costs were excluded from depletion and depreciation (2008 - \$Nil).

CANADIAN QUANTUM ENERGY CORPORATION
NOTES TO INTERIM FINANCIAL STATEMENTS
6 MONTHS ENDED OCTOBER 31, 2008 (Unaudited)

4. RELATED PARTY TRANSACTIONS

	October 31 2008	April 30 2008
Receivable from:		
Brett Holdings Inc.	\$ 2,189	\$ -
Cameron Petroleum Inc.	573	820
	<u>\$ 2,763</u>	<u>\$ 820</u>
	October 31 2008	April 30 2008
Payable to:		
Brett Holdings Inc.	\$ (3,137)	\$ (24,138)
Cameron Petroleum Inc.	(3,675)	-
Focus Energy Management Inc.	(53)	
	<u>\$ (6,865)</u>	<u>\$ (24,138)</u>

Cameron Petroleum Inc., Brett Holdings Inc. and Focus Energy Management Inc. are all corporations controlled by various officers and directors of the Company.

Brett Holdings Inc. charges the Company \$2,500 per month management fees for the services of the Company's President and CEO, and remits to the Company its working interest share of net production proceeds of certain wells it operates.

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

Due to related parties includes, from time to time amounts that have been advanced by companies controlled by a director and officer of the Company. The amounts advanced are unsecured, non-interest bearing, and have no fixed terms of repayment.

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, 2008 (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 and outstanding:

	October 31 2008	April 30 2008
Class A preferred shares	\$ 39,600	\$ 39,600
Common shares	3,985,222	3,460,419
	<u>\$ 4,024,822</u>	<u>\$ 3,500,019</u>
	<u>Number</u>	<u>Amount</u>
Common shares:		
Balance, April 30, 2008	4,582,721	\$ 3,460,419
Exercised stock option, June 08	425,000	62,175
Private Placement, August 08	71,428	462,628
	<u>5,079,149</u>	<u>\$ 3,985,222</u>

The 13,200 issued and outstanding Class A preferred shares have a cumulative dividend rate of \$2.12 per share per annum. Arrears dividends amount to \$421,848 (Apr 30, 2008 – \$407,856). These shares are redeemable at \$26.52 per share at a minimum rate per year of the greater of 905 shares and that number of shares which is equal to 50% of the net income of the Company as reported in its audited financial statements divided by \$26.52. No shares were redeemed during 2008 and fiscal 2009.

(c) Stock-based compensation

As at October 31, 2008 the Company had no issued and outstanding stock options to acquire Common Shares.

6. SUBSEQUENT EVENTS

(a) Options

On November 6, 2008 the Corporation issued 500,000 options with a 5 year term to directors and officers at \$2.25.

(b) Election of Directors

At the Annual General and Special Meeting of Shareholders held on November 6, 2008 Eric M. Leslie, Neil Munro, Douglas J. Brett and Michael Koenig were elected to the Board of Directors of the Company.

(c) TSX Venture Listing

On December 23, 2008 the TSX Venture Exchange reactivated the Company to the TSX Venture Exchange from its NEX board.