Management Energy, Inc.
Form 10-Q
September 20, 2010

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

FORM 10-Q

[Mark One]
x QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended July 31, 2010

or

¨ 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: 333-152608

Management Energy, Inc.
(Exact name of registrant as specified in its charter)

Nevada	26-1749145
(State of Incorporation)	(IRS Employer Ident. No.)
30950 Rancho Viejo Road, Suite 120 San Juan Capistrano, CA	92675
(Address of Principal Executive Offices)	(Zip Code)

Registrant's telephone number: (949) 373-7282

(Former name or former address, 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 12 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 x No o

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (Section 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to

submit and post such reports) . Yes x No o

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 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	x 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 x

The number of shares outstanding of each of the issuer’s classes of equity as of September 20, 2010: 41,825,000 shares of common stock, par value $0.001 per share.

MANAGEMENT ENERGY, INC.

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MANAGEMENT ENERGY, INC.
(An Exploration Stage Company)
Balance Sheets
(Unaudited)

ASSETS	July 31, 2010	April 30, 2010
Current Assets		
Cash and Cash Equivalents	$ 700	$ 58,293
Prepaids	1,429	2,389
Total Current Assets	2,129	60,682
Total Assets	$ 2,129	$ 60,682
LIABILITIES & STOCKHOLDERS' EQUITY (DEFICIT)		
Current Liabilities		
Accounts Payable	$ 179,843	$ 122,652
Accounts Payable - Related Party	227,871	185,371
Accrued Expenses	64,541	67,041
Accrued Interest	1,986	726
Note Payable	50,000	50,000
Due to Affiliate	28,500	63,000
Total Current Liabilities	552,741	488,790
Stockholders' Equity (Deficit)		
Common Stock, $0.001 par value, 300,000,000 shares authorized, 39,825,000 shares issued and outstanding at July 31, 2010 and, 39,825,000 shares issued and outstanding at April 30, 2010	39,825	39,825
Additional paid-in capital	5,191,998	4,311,876
Deficit accumulated in the exploration stage	(5,782,435)	(4,779,809)
Total Stockholders' Equity (Deficit)	(550,612)	(428,108)
Total Liabilities and Stockholders' Equity (Deficit)	$ 2,129	$ 60,682

See accompanying notes to financial statements

MANAGEMENT ENERGY INC.
(An Exploration Stage Company)
Statements of Operations
(Unaudited)

	For the Three Months Ended July 31, 2010	For the Three Months Ended July 31, 2009	For the period of Inception, from May 19, 2005 through July 31, 2010
Expenses:			
Professional Fees	$ 15,095	$ 6,200	$ 169,175
Consulting	102,500	70,001	582,504
Mining Lease	—	—	125,082
Stock Based Compensation	880,122	—	4,683,987
Other General & Administrative	4,909	12,568	138,414
Total Operating Expenses	1,002,626	88,769	5,699,162
Operating Loss From Continuing Operations	$ (1,002,626)	$ (88,769)	$ (5,699,162)
Discontinued operations			
Gain (loss) from discontinued operations	—	—	(83,273)
Net Income (Loss)	$ (1,002,626)	$ (88,769)	$ (5,782,435)
Basic and Dilutive Net Loss From Continuing Operations Per Share	$ (0.03)	$ (0.00)	
Basic and Dilutive Net Income From Discontinued Operations Per Share	$ —	$ —	
Weighted average number of shares outstanding, basic and diluted	39,825,000	71,955,769	

See accompanying notes to financial statements

MANAGEMENT ENERGY INC.
(An Exploration Stage Company)
Statements of Cash flows
(Unaudited)

	For the Three Months Ended July 31, 2010	For the Three Months Ended July 31, 2009	For the period of Inception, May 19, 2005 to July 31, 2010
Cash Flows from Operating Activities			
Net loss from continuing operations	$ (1,002,626)	$ (88,769)	$ (5,699,162)
Net loss from discontinued operations	—	—	(83,273)
Adjustments to reconcile net loss to net cash used in operating activities:			
Depreciation expense	—	—	1,479
Stock issued to acquire mining lease	—	—	62,541
Stock based compensation	880,122	—	4,683,987
Change in operating assets and liabilities:			
Accounts receivable	—	—	(15,118)
Prepaids	960	—	(2,929)
Accounts payable	57,191	(19,797)	365,214
Accounts payable - related party	42,500	—	42,500
Accrued expenses	(2,500)	(2,759)	64,541
Accrued interest	1,260	—	1,986
Net Cash used in Operating Activities	(23,093)	(111,325)	(578,234)
Cash Flows from Investing Activities			
Purchase of equipment	—	—	(23,564)
Net Cash used in Investing Activities	—	—	(23,564)
Cash Flows from Financing Activities			
Proceeds from the sale of common stock	—	400,000	523,998
Proceeds from issuance of note payable	—	—	50,000
Borrowing from affiliate	(34,500)	8,700	28,500
Repayment of loan from officer	—	—	—
Net Cash provided by (used by) Financing Activities	(34,500)	408,700	602,498
Net Increase (Decrease) in Cash	$ (57,593)	$ 297,375	$ 700
Cash at beginning of period	$ 58,293	$ 900	$ —
Cash at end of period	$ 700	$ 298,275	$ 700

Cash paid for			
Interest	$ —	$ —	$ —
Income Taxes	$ —	$ —	$ —
Supplemental Disclosue of Non-Cash Disposal of Assets related to Discontinued Operations:			
Accounts receivable	$ —	$ —	$ 15,118
Prepaids	—	—	1,500
Property and Equipment	—	—	22,085
Common stock	—	—	(4,000)
Additional Paid in Capital	—	—	(34,703)
	$ —	$ —	$ —

See accompanying notes to financial statements

MANAGEMENT ENERGY INC.
(An Exploration Stage Company)
Statement of Stockholders' Equity (Deficit)
(Unaudited)

	Common Stock		Additional Paid-in	Accumulated Deficit During Exploration	
	Shares	Amount	Capital	Stage	Total
Balances at May 19, 2005	—	$ —	$ —	$ —	$ —
Common stock issued for cash on January 10, 2008 at $0.002 per share	9,000,000	9,000	9,000	—	18,000
Common stock issued for cash on February 20, 2008 at $0.02 per share	5,300,000	5,300	99,698	—	104,998
Net loss for the year ended April 30, 2008	—	—	—	(23,287)	(23,287)
Balances at April 30, 2008	14,300,000	$ 14,300	$ 108,698	$ (23,287)	$ 99,711
Shares retired in the disposal of assets	(4,000,000)	(4,000)	(34,703)	—	$ (38,703)
Common stock issued for cash on February 27, 2009 at $0.0002 per share	5,000,000	5,000	(4,000)	—	$ 1,000
Common Stock issued for professional services on April 15, 2009	1,625,000	1,625	1,161,875	—	$ 1,163,500
Common Stock issued in acquisition of mining lease on April 15, 2009	60,000,000	60,000	2,541	—	$ 62,541
Common Stock issued for professional services on April 16, 2009	2,010,500	2,010	1,465,655	—	$ 1,467,665
Shares retired due to termination of consulting agreement	(7,010,500)	(7,010)	(1,460,655)	—	$ (1,467,665)
Net loss from discontinued operations for the year ended April 30, 2009	—	—	—	(59,986)	$ (59,986)
Net loss from continuing operations for the year ended April 30, 2009	—	—	—	(1,369,375)	$ (1,369,375)
Balances at April 30, 2009	71,925,000	$ 71,925	$ 1,239,411	$ (1,452,648)	$ (141,312)
Common stock issued for cash on July 24, 2009 at $1.00 per share	400,000	400	399,600	—	$ 400,000

Shares retired due to settlement agreement	(32,500,000)		(32,500)		32,500		—	$	—
Warrants issued for consulting services	—		—		2,640,365		—	$	2,640,365
Net loss from continuing operations for the year ended April 30, 2010	—		—		—		(3,327,161)	$	(3,327,161)
Balances at April 30, 2010	39,825,000	$	39,825	$	4,311,876	$	(4,779,809)	$	(428,108)
Warrants issued for consulting services	—		—		880,122		—	$	880,122
Net loss from continuing operations for the three months ended July 31, 2010	—		—		—		(1,002,626)	$	(1,002,626)
Balances at July 31, 2010	39,825,000	$	39,825	$	5,191,998	$	(5,782,435)	$	(550,612)

See accompanying notes to financial statements

Management Energy, Inc.

(An Exploration Stage Company)
Notes to Unaudited Financial Statements

NOTE 1 – BACKGROUND, ORGANIZATION, AND BASIS OF PRESENTATION

Basis of Presentation

The unaudited financial statements have been prepared in accordance with the instructions to Form 10-Q and Item 8-03 of Regulation S-X. Accordingly, they do not include all footnote disclosures required by accounting principles generally accepted in the United States of America. These financial statements should be read in conjunction with our audited financial statements and notes thereto for the year ended April 30, 2010 included in our Form 10-K filed with the SEC on August 13, 2010. The accompanying financial statements reflect all adjustments, which, in the opinion of management, are necessary for a fair presentation of our financial position, results of operations and cash flows for the interim periods in accordance with accounting principles generally accepted in the United States of America. The results for any interim period are not necessarily indicative of the results for the entire fiscal year.

Organization

The Company was initially incorporated in the State of Nevada on May 19, 2005, as Inkie Entertainment Group, Inc., for the purpose of engaging in the production, distribution and marketing of filmed entertainment products. On January 15, 2008, the Company changed its name to Quantum Information, Inc. In January 2009, the Company announced that it would transition out of the filmed entertainment products business and into the coal business.

As part of that transition, on January 14, 2009, the Company sold all of its assets to Joel Klandrud, the Company's former officer and director, in exchange for the surrender to the Company by Mr. Klandrud of 4,000,000 shares of the Company's common stock, and the assumption by Mr. Klandrud of all of the Company's liabilities. The Company also changed its name to MGMT Energy, Inc. on February 5, 2009 and to Management Energy, Inc. on May 28, 2009 to better reflect the Company's business focus. See Note 7 – Discontinued Operations for further discussion.

On April 13, 2009, the Company entered into a Contribution and Assignment Agreement (the "Contribution Agreement") with Carbon County Holdings, LLC, a Delaware limited liability company ("CCH"), John P. Baugues, Jr., the Company's former Chief Executive Officer and director, The John Paul Baugues, Sr. Family Trust, the beneficiaries of which are John P. Baugues, Jr. and his children (the "Baugues Trust"), and Tydus Richards, the former Chairman of the Company's board of directors. Pursuant to the Contribution Agreement, CCH agreed to contribute and assign to the Company all of CCH's rights and obligations under that certain Mining Lease, dated on or around January 16, 2009 (the "Bolzer Lease"), between CCH, on the one hand, and Edith L. Bolzer and Richard L. Bolzer, as lessors, on the other hand, for the purpose of mining and removing coal from approximately 6,254 acres located in the vicinity of Bridger in Carbon County, Montana (the "Bolzer Property"). In exchange for the contribution and assignment of the Bolzer Lease, the Company agreed to issue to each of Mr. Baugues, the Baugues Trust, and Mr. Richards, the sole members of CCH, the number of shares of the Company's Common Stock set forth opposite such member's name below.

Name of Member	Number of Shares
John P. Baugues, Jr.	15,925,000
	16,575,000

The John Paul Baugues, Sr. Family Trust	
Tydus Richards	27,500,000
Total	60,000,000

Under the terms of the Bolzer Lease, the Company is required to pay to the lessors (1) a minimum annual payment in an amount equal to $62,541 in each year during the initial ten (10) year term of the Bolzer Lease, subject to increases in future years (the "Minimum Annual Payment") and (2) a royalty equal to 12.5% of the gross proceeds on all coal mined from the Bolzer Property (the "Royalty"). In addition, unless coal is mined from minerals owned by the lessors, for each ton of coal mined from, stored on or transported across the Bridger Property, the Company is required to pay a damage fee of $0.15 per ton for such coal (the "Damage Fee"). In the event that the Royalty and/or the Damage Fee in any year during the term exceeds twice the Minimum Annual Payment, the Company is not required to make the Minimum Annual Payment for that year.

The Bolzer Lease is effective for a 10 year term. The Company has the right to renew the Bolzer Lease for two additional 10 year terms upon at least 90 days written notice to the lessors prior to the expiration of the then-current term. After 3 years from the effective date, the Company has the right to terminate the Bolzer Lease, on any annual anniversary, upon 90 days prior written notice to the lessors and upon payment of all damage fees, rentals and royalties accrued through the date of termination.

On October 8, 2009, the Company entered into an agreement with Mr. Baugues, for the development of coal mines in an area of Carbon County, Montana known as the Bridger-Fromberg-Bear Mountain project. The project consists of 6,254 acres we have under lease and over 50,000 additional acres we are seeking to lease. Under the terms of the agreement:

- Mr. Baugues (or his new entity) will pay to the Company an overriding royalty equal to 2% of the gross selling price of all coal produced from any property that is part of the Bridger-Fromberg-Bear Mountain project.
- Mr. Baugues (or his new entity) will pay to the Company an additional overriding royalty equal to 15% of the net profits from the mining and sale of all coal produced from any property that is part of the Bridger-Fromberg-Bear Mountain project.
- The Company will have a right of first refusal to acquire up to a 50% interest in any property that becomes part of the Bridger-Fromberg-Bear Mountain project.
- Mr. Baugues surrendered to the Company 15,925,000 shares of the Company's common stock for cancellation and caused to be surrendered 16,575,000 shares of the Company's common stock held by the John T. Baugues Sr. Trust for cancellation.
- Subject to Mr. Baugues (or a new entity to be formed by him) achieving certain development milestones, the Company: (i) will sublease to a new entity to be formed by Mr. Baugues, the Company's mining lease for the 6,250 acre Bolzer Property and (ii) will not interfere with the development of the Bridger-Fromberg-Bear Mountain project by Mr. Baugues (or his new entity).
  - To retain the Bolzer Property sublease and other rights under the settlement agreement, Mr. Baugues (or his new entity) will be required to meet certain milestones (over a 15 month period) relating to obtaining financing, completing a drilling program, acquiring sufficient mining rights to constitute a viable development plan for the project, and submitting permitting applications.
- Subject to performance of the terms of the settlement agreement, the Company and Mr. Baugues will release each other from any claims that they may have against the other as of the date of the settlement agreement.

Status of Bridger-Fromberg-Bear Mountain Project.

We began development of the Bridger-Fromberg-Bear Mountain project in April 2009. To date, we have not made any significant progress in developing the project, primarily due to the failure of our development partner to meet milestones for the project and our own insufficient funding levels.

Our development partner has failed to meet its development milestones for the Bridger-Fromberg-Bear Mountain project, including milestones related to obtaining financing and acquiring additional mining rights for the project. We have not been in contact with our development partner regarding the project since April 2010, and are unaware of the status of its development efforts, if any. We have not exercised our right to terminate the development agreement. However, we are evaluating alternative arrangements to pursue the project.

Due to our insufficient funding levels, we failed to make the January 2010 scheduled minimum annual payment of $62,541 under our lease for the Bolzer Property, which is part of the Bridger-Fromberg-Bear Mountain project and the only mining rights we currently hold. Although we have not received a notice of default or terminations from the lessor of the property, there is no assurance we will not receive one in the future.

In addition, we have identified some potential imperfections in our legal rights to the lease for the Bolzer Property. We have not had sufficient financial resources to resolve these potential imperfections. Therefore, there is no assurance we have valid legal rights to the lease for the Bolzer Property.

As a result of these and other factors, there is no assurance that we will be able to successfully develop the project or identify, acquire or develop other coal properties that would allow us to profitably extract and distribute coal and to emerge from the exploration stage.

On May 28, 2009, the Company completed a five-for-one stock split of the Company's common stock and an increase in the number of our authorized shares of common stock to 300,000,000. The share and per-share information disclosed within this Form 10-Q reflect the completion of this stock split.

Business Overview

The Company's business plan is to engage in the exploration, extraction and distribution of coal. The Company is currently considered to be an exploration stage company because it is engaged in the search for coal deposits and is not engaged in the exploitation of a coal deposit. The Company has not engaged in the preparation of an established commercially mineable coal deposit for extraction or in the exploitation of a coal deposit. The Company will be in the exploration stage until it discovers commercially viable coal deposits on the Bolzer Property or any other property that the Company acquires, if ever. In an exploration stage company, management devotes most of its activities to acquiring and exploring mineral properties.

The Company currently leases the Bolzer Property for the purpose of mining, removing, marketing and selling coal. Further exploration will be required before a final evaluation as to the economic feasibility of coal extraction on the Bolzer Property can be determined. The Company has done preliminary estimates of the surface seams on the Bolzer Property, and intends to perform phase 1 drilling commencing in calendar year 2011 in order to determine whether it contains a commercially viable coal deposit.

Going Concern

The Company's financial statements are prepared using the accrual method of accounting in accordance with accounting principles generally accepted in the United States of America, and have been prepared on a going concern basis, which contemplates the realization of assets and the settlement of liabilities in the normal course of business. The Company incurred a net loss of $1,002,626 during the three months ended July 31, 2010, and an accumulated deficit of $5,782,435 since inception. The Company changed its principal business to the coal business in early 2009, but has not yet established an ongoing source of revenues sufficient to cover its operating costs and to allow it to continue as a going concern. The ability of the Company to continue as a going concern is dependent on the Company obtaining adequate capital to fund operating losses until it becomes profitable. If the Company is unable to obtain adequate capital, it could be forced to cease development of operations.

In order to continue as a going concern, develop a reliable source of revenues, and achieve a profitable level of operations the Company will need, among other things, additional capital resources. Management's plans to continue as a going concern include raising additional capital through sales of common stock and or a debt financing. However, management cannot provide any assurances that the Company will be successful in accomplishing any of its plans.

The ability of the Company to continue as a going concern is dependent upon its ability to successfully accomplish the plans described in the preceding paragraph and eventually secure other sources of financing and attain profitable operations. The accompanying financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent liabilities at the date of the financial statements and the reported amounts of expenses during the reporting period. Actual results could differ from those estimates.

Cash and equivalents

Cash and equivalents include investments with initial maturities of three months or less. The Company maintains its cash balances at credit-worthy financial institutions that are insured by the Federal Deposit Insurance Corporation ("FDIC") up to $250,000. There were no cash equivalents at July 31, 2010 or April 30, 2010.

Concentration of Credit Risk

Financial instruments and related items, which potentially subject the Company to concentrations of credit risk are cash and cash equivalents. The Company places its cash and temporary cash investments with credit quality institutions. At times, such investments may be in excess of FDIC insurance limits. As of July 31, 2010, there were no deposits in excess of federally insured limits.

Fair Value of Financial Instruments

In the first quarter of fiscal year 2009, the Company adopted Accounting Standards Codification subtopic 820-10, Fair Value Measurements and Disclosures ("ASC 820-10"). ASC 820-10 defines fair value, establishes a framework for measuring fair value and enhances fair value measurement disclosure. ASC 820-10 delays, until the first quarter of fiscal year 2009, the effective date for ASC 820-10 for all non-financial assets and non-financial liabilities, except those that are recognized or disclosed at fair value in the financial statements on a recurring basis (at least annually). The adoption of ASC 820-10 did not have a material impact on the Company's financial position or operations, but does require that the Company disclose assets and liabilities that are recognized and measured at fair value on a non-recurring basis, presented in a three-tier fair value hierarchy, as follows:

- Level 1. Observable inputs such as quoted prices in active markets;
- Level 2. Inputs, other than the quoted prices in active markets, that are observable either directly or indirectly; and
- Level 3. Unobservable inputs in which there is little or no market data, which require the reporting entity to develop its own assumptions.

The following presents the gross value of assets that were measured and recognized at fair value.

- Level 1: none
- Level 2: none
- Level 3: none

Effective October 1, 2008, the Company adopted Accounting Standards Codification subtopic 820-10, Fair Value Measurements and Disclosures ("ASC 820-10") and Accounting Standards Codification subtopic 825-10, Financial Instruments ("ASC 825-10"), which permits entities to choose to measure many financial instruments and certain other items at fair value. Neither of these statements had an impact on the Company's financial position, results of operations or cash flows. The carrying value of cash and cash equivalents, accounts payable and accrued expenses, as reflected in the balance sheets, approximate fair value because of the short-term maturity of these instruments.

Income Taxes

The Company accounts for income taxes under the standards issued by the FASB. Under those standards, deferred tax assets and liabilities are recognized for future tax benefits or consequences attributable to temporary differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. A valuation allowance is provided for significant deferred tax assets when it is more likely than not that such assets will not be realized through future operations.

Equipment

Equipment is recorded at cost and depreciated using straight line methods over the estimated useful lives of the related assets. The Company reviews the carrying value of long-term assets to be held and used when events and circumstances warrant such a review. If the carrying value of a long-lived asset is considered impaired, a loss is recognized based on the amount by which the carrying value exceeds the fair market value. Fair market value is determined primarily using the anticipated cash flows discounted at a rate commensurate with the risk involved. The cost of normal maintenance and repairs is charged to operations as incurred. Major overhaul that extends the useful life of existing assets is capitalized. When equipment is retired or disposed, the costs and related accumulated depreciation are eliminated and the resulting profit or loss is recognized in income.

Issuance of Shares for Non-Cash Consideration

The Company accounts for the issuance of equity instruments to acquire goods and/or services based on the fair value of the goods and services or the fair value of the equity instrument at the time of issuance, whichever is more reliably determinable.

The Company's accounting policy for equity instruments issued to consultants and vendors in exchange for goods and services follows the provisions of the standards issued by the FASB. The measurement date for the fair value of the equity instruments issued is determined as the earlier of (i) the date at which a commitment for performance by the consultant or vendor is reached or (ii) the date at which the consultant or vendor's performance is complete. In the case of equity instruments issued to consultants, the fair value of the equity instrument is recognized over the term of the consulting agreement.

Stock-Based Compensation

In December of 2004, the FASB issued a standard which applies to transactions in which an entity exchanges its equity instruments for goods or services and also applies to liabilities an entity may incur for goods or services that are based on the fair value of those equity instruments. For any unvested portion of previously issued and outstanding awards, compensation expense is required to be recorded based on the previously disclosed methodology and amounts. Prior periods presented are not required to be restated. The Company adopted this standard as of January 1, 2006 and applied the standard using the modified prospective method. The Company has not issued any stock options, however, there were warrants to purchase 8,000,000 common shares outstanding as of July 31, 2010. The warrants have an exercise price of $0.28 and 8,000,000 of which were exercisable as of July 31, 2010.

Exploration-Stage Company

The Company is considered an exploration-stage company, having limited operating revenues during the period presented, as defined by the FASB standard. This standard requires companies to report their operations, shareholders' deficit and cash flows since inception through the date that revenues are generated from management's intended

operations, among other things. Management has defined inception as May 19, 2005. Since inception, and more particularly since commencing business in January 2008, the Company has incurred a net loss of $5,782,435. Much of this related to consultants and professional fees, as a means to generate working capital. The Company's working capital has been generated through the sale of common stock. Management has provided financial data since May 19, 2005, "Inception", in the financial statements.

Net Loss Per Share

The FASB standard requires presentation of basic earnings or loss per share and diluted earnings or loss per share. Basic income (loss) per share ("Basic EPS") is computed by dividing net income (loss) available to common stockholders by the weighted average number of common shares outstanding during the period. Diluted earnings per share ("Diluted EPS") is similarly calculated using the treasury stock method except that the denominator is increased to reflect the potential dilution that would occur if dilutive securities at the end of the applicable period were exercised. There were no potential dilutive securities as of July 31, 2009. There were warrants to purchase 8,000,000 common shares outstanding as of July 31, 2010.

	For the Three Months Ended July 31,		For the period of Inception, from May 19, 2005 through July 31,
	2010	2009	2010
Net Income (Loss)	$ (1,002,626)	$ (88,769)	$ (5,782,435)
Basic and Dilutive Net Loss From Continuing Operations Per Share	$ (0.03)	$ (0.00)	
Basic and Dilutive Net Income From Discontinued Operations Per Share	$ —	$ —	
Weighted average number of shares outstanding, basic and diluted	39,825,000	71,955,769	

The weighted average number of shares included in the calculation above are post-split.

Recent Accounting Pronouncements

In May 2009, the FASB issued SFAS No. 165, "Subsequent Events," which is included in ASC Topic 855, Subsequent Events. ASC Topic 855 established principles and requirements for evaluating and reporting subsequent events and distinguishes which subsequent events should be recognized in the financial statements versus which subsequent events should be disclosed in the financial statements. ASC Topic 855 also requires disclosure of the date through which subsequent events are evaluated by management. ASC Topic 855 was effective for interim periods ending after June 15, 2009 and applies prospectively. Because ASC Topic 855 impacts the disclosure requirements, and not the accounting treatment for subsequent events, the adoption of ASC Topic 855 did not impact the Company's results of operations or financial condition. See Note 9 for disclosures regarding the Company's subsequent events.

Effective July 1, 2009, the Company adopted the FASB Accounting Standards Codification ("ASC") 105-10, Generally Accepted Accounting Principles—Overall ("ASC 105-10"). ASC 105-10 establishes the FASB Accounting Standards Codification (the "Codification") as the source of authoritative accounting principles recognized by the FASB to be applied by nongovernmental entities in the preparation of financial statements in conformity with U.S. GAAP. Rules and interpretive releases of the SEC under authority of federal securities laws are also sources of authoritative U.S. GAAP for SEC registrants. All guidance contained in the Codification carries an equal level of authority. The Codification superseded all existing non-SEC accounting and reporting standards. All other non-grandfathered, non-SEC accounting literature not included in the Codification is non-authoritative. The FASB will not issue new standards in the form of Statements, FASB Staff Positions or Emerging Issues Task Force Abstracts. Instead, it will issue Accounting Standards Updates ("ASUs"). The FASB will not consider ASUs as authoritative in their own right. ASUs will serve only to update the Codification, provide background information about the guidance and provide the bases for conclusions on the change(s) in the Codification. References made to FASB guidance throughout these consolidated financials have been updated for the Codification.

In August 2009, the FASB issued ASU No. 2009-05, Measuring Liabilities at Fair Value, which provides additional guidance on how companies should measure liabilities at fair value under ASC 820. The ASU clarifies that the quoted price for an identical liability should be used. However, if such information is not available, an entity may use the quoted price of an identical liability when traded as an asset, quoted prices for similar liabilities or similar liabilities traded as assets, or another valuation technique (such as the market or income approach). The ASU also indicates that the fair value of a liability is not adjusted to reflect the impact of contractual restrictions that prevent its transfer and indicates circumstances in which quoted prices for an identical liability or quoted price for an identical liability traded as an asset may be considered level 1 fair value measurements. This ASU is effective October 1, 2009. The adoption of this ASU did not impact the Company's results of operations or financial condition.

In October 2009, the FASB issued ASU No. 2009-13, Multiple-Deliverable Revenue Arrangements—a consensus of the FASB Emerging Issues Task Force, which provides amendments to the criteria for separating consideration in multiple-deliverable arrangements. As a result of these amendments, multiple-deliverable revenue arrangements will be separated in more circumstances than under existing U.S. GAAP. The ASU does this by establishing a selling price hierarchy for determining the selling price of a deliverable. The selling price used for each deliverable will be based on vendor-specific objective evidence if available, third-party evidence if vendor-specific objective evidence is not available, or estimated selling price if neither vendor-specific objective evidence nor third-party evidence is available. A vendor will be required to determine its best estimate of selling price in a manner that is consistent with that used to determine the price to sell the deliverable on a standalone basis. This ASU also eliminates the residual method of allocation and will require that arrangement consideration be allocated at the inception of the arrangement to all deliverables using the relative selling price method, which allocates any discount in the overall arrangement proportionally to each deliverable based on its relative selling price. Expanded disclosures of qualitative and quantitative information regarding application of the multiple-deliverable revenue arrangement guidance are also required under the ASU. The ASU does not apply to arrangements for which industry specific allocation and measurement guidance exists, such as long-term construction contracts and software transactions. ASU No. 2009-13 is effective beginning January 1, 2011. The Company is currently evaluating the impact of this standard on its results of operations and financial condition.

NOTE 3 – RELATED PARTY TRANSACTIONS

On January 10, 2008 the Board authorized the issuance of common stock to two Directors:

Joel Klandrud President and Chief	4,500,000 shares at a price of $0.002 per share

Operating Officer Director	
Sandra Dosdall Director	4,500,000 shares at a price of $0.002 per share

On January 14, 2009, the Company sold all of its assets to Joel Klandrud, the Company's former officer and director, pursuant to an Asset Sale Agreement. In exchange, Mr. Klandrud (1) surrendered to the Company for cancellation 4,000,000 shares of the Company's Common Stock, par value $0.001 per share, and (2) assumed all of the Company's liabilities. See Note 7 – Discontinued Operations for further discussion.

On January 14, 2009, the Company entered into a Support Services Agreement with Cardiff Partners, LLC (“Cardiff”). Matt Szot, the Company’s Chief Financial Officer, Treasurer, and Secretary, is the Chief Financial Officer of Cardiff. David Walters, the Company’s Chief Executive Officer and director, owns a 50% interest and is a managing member of Cardiff. Under the Support Services Agreement, Cardiff will provide the Company with financial management services, facilities and administrative services, and other services as agreed by the parties. Under the Support Services Agreement, the Company will pay to Cardiff monthly cash fees of $16,667 for the services. On January 8, 2010, the Support Services Agreement was renewed for an additional twelve months and the monthly cash fee increased to $17,500. The current term of the Support Services Agreement expires January 8, 2011. On April 2, 2009, the Company entered into Amendment #1 to the Cardiff Agreement. Pursuant to the amendment, the Company agreed to issue to Messrs. Walters and Szot and another principal of Cardiff an aggregate of 1,625,000 shares of the Company’s common stock as a retainer, in exchange for Cardiff agreement to continue to provide services under the Support Services Agreement. The Company incurred $52,500 and $50,001 under the terms of the agreement for the three months ended July 31, 2010 and 2009, respectively, which is included in consulting expenses in the accompanying statements of operations. As of July 31, 2010, $227,871 is outstanding under the agreement.

On January 14, 2009, the Company entered into a Placement Agency and Advisory Services Agreement with Monarch Bay Associates (“Monarch Bay”). Monarch Bay is a FINRA member firm. Under the agreement, Monarch Bay will act as the Company’s placement agent on an exclusive basis with respect to private placements of the Company’s capital stock. David Walters, the Company’s Chief Executive Officer and director, owns a 50% interest and is a managing member of Monarch Bay. Pursuant to the engagement letter, the Company is required to (1) pay to Monarch Bay 3% of the gross proceeds of any financing from non-Monarch Bay sources and issue to Monarch Bay warrants to purchase that number of shares of our common stock equal to 3% of the number of shares of common stock (including convertible securities) issued in such financing, and (2) pay to Monarch Bay 5% of the gross proceeds of any financing from Monarch Bay sources and issue to Monarch Bay warrants to purchase that number of shares of our common stock equal to 5% of the number of shares of common stock (including convertible securities) issued in such financing. The Company did not incur any expenses under the terms of the agreement during the three months ended July 31, 2010 and 2009.

On January 9, 2009, the Company entered into an Acquisition Agreement (the “Acquisition Agreement”) to acquire 100% of the ownership interests in Patoka River Coal Company, LLC, a Delaware limited liability company (“PRCC”), Patoka River Holdings, LLC, a Delaware limited liability company (“PRH”), and Carbon County Holdings, LLC (PRCC, PRH and CCH are collectively referred to herein as the “LLCs”) in exchange for the Company’s agreement to issue a total of 40,000,000 shares of the Company’s common stock to the owners of the LLCs, John P. Baugues, Jr. (the Company’s former Chief Executive Officer and director), the Baugues Trust, and TRX Capital, LLC, a California limited liability company controlled by Tydus Richards, the former Chairman of the Company’s board of directors. At that time, PRCC held an exclusive option to acquire two parcels of land in fee simple, which option expired on January 26, 2009, and CCH held certain leasehold mining rights. On March 31, 2009, the Company entered into a Letter Agreement Regarding Termination of Acquisition Agreement (the “Termination Letter”), pursuant to which the parties agreed to terminate the Acquisition Agreement.

On April 13, 2009, the Company entered into the Contribution Agreement with Carbon County Holdings, LLC, John P. Baugues, Jr., the Company’s former Chief Executive Officer and director, the Baugues Trust, and Tydus Richards, the former Chairman of the Company’s board of directors. Pursuant to the Contribution Agreement, CCH agreed to contribute and assign to the Company all of CCH’s rights and obligations under the Bolzer Lease in exchange for the issuance to the members of CCH of the number of shares of the Company’s Common Stock set forth opposite such member’s name below.

Name of Member	Number of Shares

John P. Baugues, Jr.	15,925,000
The John Paul Baugues, Sr. Family Trust	16,575,000
Tydus Richards	27,500,000
Total	60,000,000

On April 13, 2009, the Company entered into a Strategic Consulting Services Agreement with Charles S. Leykum (the Company's former Board Advisor). Pursuant to the Consulting Agreement, the Company agreed to issue to Mr. Leykum (or Mr. Leykum's designees) an aggregate of 2,010,500 shares of the Company's common stock as a payment, in exchange for Charles S. Leykum's agreement to provide services under the Consulting Agreement. The Consulting Agreement had a term of 24 months. The Company recorded the stock payment of $1,467,665 as a prepaid expense on April 13, 2009 which reflected the numbers shares issued multiplied by the closing trading price on the date of issuance.

On July 13, 2009, the Company agreed to the termination of its Strategic Consulting Services Agreement with Charles S. Leykum. In connection with the termination of the agreement, Mr. Leykum and certain affiliated entities surrendered 7,010,500 shares of the Company's common stock for cancellation and the parties agreed to a mutual release of all claims. The Company treated the termination and cancellation of shares as a Type 1 subsequent event because the termination provided information that led management to conclude that the prepaid asset no longer had future economic value. Accordingly, the termination of the Consulting Agreement and the related cancellation of shares were recorded as of April 30, 2009. See Note 6 for further discussion.

Effective July 10, 2009, John P. Baugues, Jr. resigned from the Board of Directors of the Company and as the Company's Chief Executive Officer.

On October 8, 2009, the Company entered into an agreement with Mr Baugues, for the development of coal mines in an area of Carbon County, Montana known as the Bridger-Fromberg-Bear Mountain project. Under the terms of the agreement:

- Mr. Baugues (or his new entity) will pay to the Company an overriding royalty equal to 2% of the gross selling price of all coal produced from any property that is part of the Bridger-Fromberg-Bear Mountain project.
- Mr. Baugues (or his new entity) will pay to the Company an additional overriding royalty equal to 15% of the net profits from the mining and sale of all coal produced from any property that is part of the Bridger-Fromberg-Bear Mountain project.
- The Company will have a right of first refusal to acquire up to a 50% interest in any property that becomes part of the Bridger-Fromberg-Bear Mountain project.
- Mr. Baugues surrendered to the Company 15,925,000 shares of the Company's common stock for cancellation and caused to be surrendered 16,575,000 shares of the Company's common stock held by the John T. Baugues Sr. Trust for cancellation.
- Subject to Mr. Baugues (or a new entity to be formed by him) achieving certain development milestones, the Company: (i) will sublease to a new entity to be formed by Mr. Baugues, the Company's mining lease for the 6,250 acre Bolzer property and (ii) will not interfere with the development of the Bridger-Fromberg-Bear Mountain project by Mr. Baugues (or his new entity).
- To retain the Bolzer property sublease and other rights under the settlement agreement, Mr. Baugues (or his new entity) will be required to meet certain milestones (over a 15 month period) relating to obtaining financing, completing a drilling program, acquiring sufficient mining rights to constitute a viable development plan for the project, and submitting permitting applications.
- Subject to performance of the terms of the settlement agreement, the Company and Mr. Baugues will release each other from any claims that they may have against the other as of the date of the settlement agreement.

On July 23, 2009, the Company entered into a stock purchase agreement with an accredited investor controlled by Tydus Richards, the former Chairman of our board of directors, for the sale of 400,000 shares of its common stock at a purchase price of $1.00 per share. The sale closed on July 24, 2009.

On July 16, 2009, the Company entered into a Consulting Services Agreement with Lotus Asset Management ("Lotus") controlled by Tydus Richards, the former Chairman of our board of directors. Pursuant to the agreement, in

consideration for providing certain services to us, Lotus was entitled to a monthly fee in the amount of $20,000. The agreement expired November 16, 2009. The Company incurred $20,000 under the terms of the agreement for the three months ended July 31, 2009, which is included in consulting expenses in the accompanying statements of operations. As of July 31, 2010, no amounts were outstanding under the agreement.

During the period from May 1, 2009 through April 30, 2010, Tydus Richards, the former Chairman of our board of directors and shareholder, made payments totaling $71,700 on behalf of the Company. The Company reimbursed Mr. Richards $8,700 on September 3, 2009 and the remaining balance of $63,000 was outstanding as of April 30, 2010. During the first quarter of the current fiscal year, Mr. Richards made additional payments totaling $4,500 on behalf of the Company. On May 12, 2010, the Company reimbursed an additional $39,000 of the balance and the remaining balance of $28,500 remains outstanding as of July 31, 2010.

NOTE 4 - COMMITMENTS AND CONTINGENCIES

Consulting Agreements

The Company has entered into consulting agreements for services to be provided to the Company in the ordinary course of business. These agreements call for expense reimbursement and various payments upon performance of services. See Note 3 for further discussion.

Legal

There were no legal proceedings against the Company.

Operating Leases Commitments

Under the terms of the Bolzer Lease, the Company is required to pay to the lessors (1) a minimum annual payment in an amount equal to $62,541 in each year during the initial ten (10) year term of the Bolzer Lease, subject to increases in future years and (2) a royalty equal to 12.5% of the gross proceeds on all coal mined from the Bridger Property. In addition, unless coal is mined from minerals owned by the lessors, for each ton of coal mined from, stored on or transported across the Bolzer Property, the Company is required to pay a damage fee of $0.15 per ton for such coal. In the event that the Royalty and/or the Damage Fee in any year during the term exceeds twice the Minimum Annual Payment, the Company is not required to make the Minimum Annual Payment for that year.

The Bolzer Lease is effective for a 10 year term. The Company has the right to renew the Bolzer Lease for two additional 10 year terms upon at least 90 days written notice to the lessors prior to the expiration of the then-current term. After 3 years from the effective date, the Company has the right to terminate the Bolzer Lease, on any annual anniversary, upon 90 days prior written notice to the lessors and upon payment of all damage fees, rentals and royalties accrued through the date of termination.

The future minimum lease payments associated with the Bolzer Lease for the fiscal years ending April 30 are as follows:

April 30, 2011	62,541
April 30, 2012	62,541
April 30, 2013	62,541
April 30, 2014	62,541
April 30, 2015	62,541
Thereafter	250,164
	562,869

We failed to make the January 2010 scheduled minimum annual payment of $62,541 under our lease for Bolzer Property. Although, to date, we have not received a notice of default from the lessor of the property, there is no assurance we will not receive one in the future.

NOTE 5 – ACCRUED EXPENSES

Accrued expenses consist of the following:

	July 31, 2010	April 30, 2010
Accrued Audit Fees	2,000	4,500
Accrued Lease Expense	62,541	62,541
	64,541	67,041

NOTE 6 – CAPITAL STOCK TRANSACTIONS

The Company is authorized to issue up to 300,000,000 shares of its common stock, par value $0.001 per share. At July 31, 2009, there were 71,925,000 shares issued and outstanding. At July 31, 2010, there were 39,825,000 shares issued and outstanding.

On May 28, 2009, the Company completed a five-for-one stock split of the Company's common stock and an increase in the number of our authorized shares of common stock from 75,000,000 to 300,000,000.

On January 10, 2008, 9,000,000 common shares were issued for cash at $0.002 per share, realizing $18,000.

On February 20, 2008, 5,300,000 common shares were issued for cash at $0.02 per share, realizing $104,998.

On January 14, 2009, the Company sold all of its assets to Joel Klandrud, the Company's former officer and director, pursuant to an Asset Sale Agreement. In exchange, Mr. Klandrud (1) surrendered to the Company for cancellation 4,000,000 shares of the Company's Common Stock, par value $0.001 per share, and (2) assumed all of the Company's liabilities. See Note 7 – Discontinued Operations for further discussion.

On January 27, 2009, the Company entered into a stock purchase agreement (the "Leykum SPA") with Charles S. Leykum, pursuant to which the Company agreed to sell to Mr. Leykum 1,250,000 shares of the Company's Common Stock, par value $0.001, for an aggregate price of $250. The issuance and sale of the shares of Common Stock to Mr. Leykum was subject to customary closing conditions as set forth in the Leykum SPA. This issuance was subsequent to the January 14, 2009 change in control and is considered to be founder's shares. These shares were issued on February 27, 2009. See Note 3.

On January 27, 2009, the Company entered into a stock purchase agreement (the "Master Fund SPA") with CSL Energy Master Fund, L.P., a Cayman Islands limited partnership ("Master Fund"), pursuant to which the Company agreed to sell to Master Fund 525,000 shares of the Company's common stock, par value $0.001, for an aggregate price of $105. The issuance and sale of the shares of Common Stock to Master Fund was subject to customary closing conditions as set forth in the Master Fund SPA. This issuance was subsequent to the January 14, 2009 change in control and is considered to be founder's shares. These shares were issued on February 27, 2009. See Note 3.

On January 27, 2009, the Company entered into a stock purchase agreement (the "Energy Fund SPA") with CSL Energy Fund, L.P., a Delaware limited partnership ("Energy Fund"), pursuant to which the Company agreed to sell to Energy Fund 3,225,000 shares of the Company's Common Stock, par value $0.001, for an aggregate price of $645. The issuance and sale of the shares of Common Stock to Energy Fund was subject to customary closing conditions as set forth in the Energy Fund SPA. This issuance was subsequent to the January 14, 2009 change in control and is

considered to be founder's shares. These shares were issued on February 27, 2009. See Note 3.

On April 2, 2009, the Company entered into that certain Amendment #1 Support Services Agreement, with Strands Management Company, LLC, David Walters, Matt Szot, and another principal (the "Amendment"), which Amendment amends that certain Support Services Agreement, dated as of January 8, 2009, between the Company and Strands. Pursuant to the Amendment, the Company agreed to issue to Messrs. Walters, Szot and another principal of Strands an aggregate of 1,625,000 shares of the Company's common stock as a retainer, in exchange for Strands' agreement to continue to provide services under the Support Services Agreement. The shares were issued on April 15, 2009, accordingly, the Company recorded a stock based compensation charge of $1,163,500 which is included in the statement of operations for the year ended April 30, 2009. See Note 3.

As discussed in Note 1 and Note 3, on April 13, 2009, the Company entered into the Contribution Agreement with Carbon County Holdings, LLC, John P. Baugues, Jr., the Company's former Chief Executive Officer and director, the Baugues Trust, and Tydus Richards, the former Chairman of the Company's board of directors. Pursuant to the Contribution Agreement, CCH agreed to contribute and assign to the Company all of CCH's rights and obligations under the Bolzer Lease in exchange for the issuance to the members of CCH of the number of shares of the Company's Common Stock set forth opposite such member's name below.

Name of Member	Number of Shares
John P. Baugues, Jr.	15,925,000
The John Paul Baugues, Sr. Family Trust	16,575,000
Tydus Richards	27,500,000
Total	60,000,000

The Company has treated the 60,000,000 shares issued pursuant to the Contribution Agreement as founder's shares. The Company determined that the first year lease payment of $62,541 was the best indicator of the cost of the acquisition, accordingly, the issuance of the 60,000,000 founder shares were recorded as a mining lease expense of $62,541 during the year ended April 30, 2009.

On April 13, 2009, the Company entered into a Strategic Consulting Services Agreement with Charles S. Leykum. Pursuant to the agreement, the Company agreed to issue to Mr. Leykum (or Mr. Leykum's designess) an aggregate of 2,010,500 shares of the Company's common stock as a payment, in exchange for Charles S. Leykum's agreement to provide services under the agreement. The agreement had a term of 24 months. The Company recorded the stock payment of $1,467,665 as a prepaid expense on April 13, 2009 which reflected the number of shares issued multiplied by the closing trading price on the date of issuance.

On July 13, 2009, the Company agreed to the termination of its Strategic Consulting Services Agreement with Charles S. Leykum. In connection with the termination of the agreement, Mr. Leykum and certain affiliated entities surrendered 7,010,500 shares of the Company's common stock for cancellation and the parties agreed to a mutual release of all claims. The Company treated the termination and cancellation of shares as a Type 1 subsequent event because the termination provided information that led management to conclude that the prepaid asset no longer had future economic value. Accordingly, the termination of the agreement and the related cancellation of shares were recorded as of April 30, 2009.

On July 23, 2009, the Company entered into a stock purchase agreement with an accredited investor controlled by Tydus Richards, the former Chairman of our board of directors, for the sale of 400,000 shares of its common stock at a purchase price of $1.00 per share. The sale closed on July 24, 2009.

On October 8, 2009, the Company entered into an agreement with Mr. Baugues. Under the terms of the agreement, Mr. Baugues surrendered to the Company 15,925,000 shares of the Company's common stock for cancellation and caused to be surrendered 16,575,000 shares of the Company's common stock held by the John T. Baugues Sr. Trust for cancellation.

NOTE 7 – DISCONTINUED OPERATIONS

On January 14, 2009, the Company sold all of its assets to Joel Klandrud, the Company's former officer and Director. In exchange, Mr. Klandrud (1) surrendered to the Company for cancellation 4,000,000 shares (800,000 pre-split) of the Company's Common Stock, par value $0.001 per share, and (2) assumed all of the Company's liabilities.

The following schedule shows the assets and liabilities as of January 14, 2009:

Accounts receivable	$ 15,118
Prepaids	1,500
Property and Equipment	22,085

The Company did not incurr any loss from discontinued operations, for the three months ended July 31, 2010 and 2009. The Company's loss from discontinued operations since inception through July 31, 2010, totaled $83,273. Prior year financial statements have been restated to present the discontinued operations.

NOTE 8 – NOTE PAYABLE

On March 8, 2010, the Company closed a note purchase agreement with an accredited investor pursuant to which the Company sold a $50,000 convertible note in a private placement transaction. In the transaction, the Company received proceeds of $35,000 and the investor also paid $15,000 of consulting expense on behalf of the Company. The convertible note is due and payable on December 31, 2010 with an interest rate of 10% per annum. The note is convertible at the option of the holder into our common stock at a fixed conversion price of $0.37, subject to adjustment for stock splits and combinations.

NOTE 9 - SUBSEQUENT EVENTS

On September 14, 2010, the Company entered into Amendment #2 to the Cardiff Agreement. Pursuant to the amendment, the Company agreed to issue to Messrs. Walters and Szot and another principal of Cardiff an aggregate of 2,000,000 shares of the Company's common stock as a retainer, in exchange for Cardiff agreement to continue to provide services under the Support Services Agreement.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operation

In this Quarterly Report on Form 10-Q, unless the context requires otherwise, "we," "us" and "our" refer to Management Energy, Inc., a Nevada corporation. The following Management's Discussion and Analysis of Financial Condition and Results of Operation provide information that we believe is relevant to an assessment and understanding of our financial condition and results of operations. The following discussion should be read in conjunction with our financial statements and notes thereto included with this Quarterly Report on Form 10-Q, and all our other filings, including Current Reports on Form 8-K, filed with the Securities and Exchange Commission ("SEC") through the date of this report.

Forward Looking Statements

This Quarterly Report on Form 10-Q includes both historical and forward-looking statements, which include information relating to future events, future financial performance, strategies, expectations, competitive environment and regulations. Words such as "may," "should," "could," "would," "predicts," "potential," "continue," "expects," "anticipa "intends," "plans," "believes," "estimates," and similar expressions, as well as statements in future tense, identify forward-looking statements. Such statements are intended to operate as "forward-looking statements" of the kind permitted by the Private Securities Litigation Reform Act of 1995, incorporated in Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). That legislation protects such predictive statements by creating a "safe harbor" from liability in the event that a particular prediction does not turn out as anticipated. Forward-looking statements should not be read as a guarantee of future performance or results and will probably not be accurate indications of when such performance or results will be achieved. Forward-looking statements are based on information we have when those statements are made or our management's good faith belief as of that time with respect to future events, and are subject to risks and uncertainties that could cause actual performance or results to differ materially from those expressed in or suggested by the forward-looking statements. You should review carefully the section entitled "Risk Factors" beginning on page 8 of our Annual Report on Form 10-K for a discussion of certain of the risks that could cause our actual results to differ from those expressed or suggested by the forward-looking statements.

The inclusion of the forward-looking statements should not be regarded as a representation by us, or any other person, that such forward-looking statements will be achieved. You should be aware that any forward-looking statement made by us in this Quarterly Report on Form 10-Q, or elsewhere, speaks only as of the date on which we make it. We undertake no duty to update any of the forward-looking statements, whether as a result of new information, future events or otherwise. In light of the foregoing, readers are cautioned not to place undue reliance on the forward-looking statements contained in this Quarterly Report on Form 10-Q.

Overview

Management Energy, Inc. plans to acquire and develop coal mining projects in the U.S. to provide coal to both domestic and foreign markets. We are currently considered to be an exploration stage corporation because we are engaged in the search for coal deposits and are not engaged in the exploitation of a coal deposit. We will be in the exploration stage until we discover commercially viable coal deposits on the Bolzer Property or any other property that we acquire, if ever. In an exploration stage company, management devotes most of its activities to acquiring and exploring mineral properties.

We are developing the Bridger-Fromberg-Bear Mountain project a coal mining project in the vicinity of Bridger in Carbon County, Montana. The project consists of 6,254 acres we have under lease and over 50,000 additional acres we are seeking to lease.

Reserve Estimates

The project is still in the development stage and requires additional drilling and study to establish reliable reserve estimates. Based on similar reserves in proximity and related coal seams, our external consultants have assumed for business planning purposes a reserve size of at least 200 million tons, a heat rate of more than 11,000 Btu, and less than 1% sulfur. However, there is no assurance that a commercially viable coal deposit exists on the project site. Furthermore, there is no assurance that we will be able to successfully develop the project or identify, acquire or develop other coal properties that would allow us to profitably extract and distribute coal and to emerge from the exploration stage.

Development Strategy

Our current strategy is to pursue the Bridger-Fromberg-Bear Mountain project with a development partner. We believe the benefits of this strategy include:

- Reduced capital requirements. Our development partner will have responsibility for obtaining funding for the project. We are entitled to an overriding royalty (based on sales and net profits) on the coal produced from the project without making any additional capital investment.

  - Option to participate in project investment. We have retained the option to participate up to 50% in any acquisition of coal properties that become part of the project.

- Access to industry and local market expertise. Our development partner has over 20 years coal industry experience and has successfully developed and exited a coal project in Montana.

In October 2009, we entered into an agreement with a development partner for the development of the Bridger-Fromberg-Bear Mountain Project. The agreement provides that:

- Subject to our partner achieving certain development milestones, we will sublease to our partner our mining lease to 6,254 acres in the project

- Our partner will pay to us an overriding royalty equal to 2% of the gross selling price of all coal produced from any property that is part of the Bridger-Fromberg-Bear Mountain project.

- Our partner will pay to us an additional overriding royalty equal to 15% of the net profits from the mining and sale of all coal produced from any property that is part of the Bridger-Fromberg-Bear Mountain project.

- We will have a right of first refusal to acquire up to a 50% interest in any property that becomes part of the Bridger-Fromberg-Bear Mountain project.

To retain its project rights, our development partner must meet certain milestones relating to obtaining financing, completing a drilling program, acquiring sufficient mining rights to constitute a viable development plan for the project, and submitting permitting applications.

Status of Bridger-Fromberg-Bear Mountain Project.

We began development of the Bridger-Fromberg-Bear Mountain project in April 2009. To date, we have not made any significant progress in developing the project, primarily due to the failure of our development partner to meet milestones for the project and our own insufficient funding levels.

Our development partner has failed to meet its development milestones for the Bridger-Fromberg-Bear Mountain project, including milestones related to obtaining financing and acquiring additional mining rights for the project. We have not been in contact with our development partner regarding the project since April 2010, and are unaware of the status of its development efforts, if any. We have not exercised our right to terminate the development agreement. However, we are evaluating alternative arrangements to pursue the project.

Due to our insufficient funding levels, we failed to make the January 2010 scheduled minimum annual payment of $62,541 under our lease for the Bolzer Property, which is part of the Bridger-Fromberg-Bear Mountain project and the only mining rights we currently hold. Although we have not received a notice of default or termination from the lessor of the property, there is no assurance we will not receive one in the future.

In addition, we have identified some potential imperfections in our legal rights to the lease for the Bolzer Property. We have not had sufficient financial resources to resolve these potential imperfections. Therefore, there is no assurance we have valid legal rights to the lease for the Bolzer Property.

As a result of these and other factors, there is no assurance that we will be able to successfully develop the project or identify, acquire or develop other coal properties that would allow us to profitably extract and distribute coal and to emerge from the exploration stage.

As we execute our business plan in the fiscal year ending April 30, 2011, we expect to incur a substantial amount of operating expenses that have not been incurred or reflected in our historical results of operations, including: mining lease expenses and expenses for personnel, operations, and professional fees. We also expect that we will continue to incur stock based compensation charges in future periods as we will likely issue equity awards as a form of compensation to management and other professional service providers.

Merger Plans

On September 15, 2010, we entered into a non-binding term sheet to merge with Maple Carpenter Creek Holdings, Inc. ("MCCH"). MCCH is engaged in the development of both thermal and metallurgical coal projects in the U.S. and Colombia. MCCH has represented to us that it has invested over $10 million in and owns the following coal project interests:

- Carpenter Creek, Montana: an 80% interest in the Carpenter Creek coal prospect near Round Up, Montana. – MCCH controls the surface rights covering a resource potential of 345 million tons; and the mineral rights for a resource potential of over 83 million tons of coal.

- Snider Ranch, Montana: an 80% interest in the Snider Ranch real estate and coal prospect and the Mattfield and Janich Ranch prospects, both of which prospects are adjacent to the Signal Peak Mine, near Roundup, Montana. MCCH controls the surface rights covering a resource potential of over 43 million tons of coal.

- Armadillo Group Holdings Corp: a 72% ownership of Armadillo Mining Corp. ("AMC") in Colombia. AMC has exclusive options to acquire two metallurgical coal mines in the Cundinamarca province of Colombia: (i) Caparrapi is a permitted mine with minimum production and with a resource potential of 11 million metric tonnes; (ii) Yacopi has resource potential of 40 million metric tonnes.

Under the terms of the non-binding term sheet, MCCH would merge with a wholly owned subsidiary of Management Energy, Inc. in exchange for our issuance of 62,737,500 shares of our common stock to the owners of MCCH. Post-transaction, our current shareholders would own 41,825,000 shares of common stock. The owners of MCCH also would be issued an additional 20,912,500 shares of common stock to vest on certain milestones to be defined in definitive transaction documents.

The term sheet is a non-binding expression of interest. Although we currently expect the transaction to close in October 2010, there is no assurance that we will enter into a definitive agreement for the transaction or complete the transaction. Among other contingencies, the transaction is subject to the following conditions:

- We must secure a minimum of $750,000 of equity financing to provide working capital for MCCH's operations. A minimum of $250,000 must be funded to MCCH on or before September 17, 2010, and the remainder must be funded on or before September 24, 2010. On September 16, 2010, the parties agreed to reduce the minimum equity financing to $250,000 and extend the deadline to September 20, 2010.
- Approval of MMEX Board of Directors and shareholders
- Any third-party rights of first refusal or waivers as required under MCCH's contracts.

- Any required governmental / regulatory approvals.
- Negotiation and execution of definitive transaction agreements on or before Friday, September 24, 2010, and closing on or before 30 days from first refusal period.

Results of Operations

Three months ended July 31, 2010, Compared to Three months ended July 31, 2009

Revenues

We have only recently entered the coal business. Accordingly, we have not generated any revenues from continuing operations. We do not expect to generate any revenues until at least the second quarter of calendar year 2011.

Operating Expenses

Operating expenses from continuing operations totaled $1,002,626 for the three months ended July 31, 2010 compared to $88,769 for the comparable period in the prior year.

The current period operating expenses primarily consist of a non-cash stock based compensation charge recorded of $880,122 for the 8,000,000 warrants issued as a retainer under an agreement with a coal consultant firm, $102,500 of consulting fees, as well as $15,095 of other professional fees and $4,909 of other general and administrative expenses.

The prior year operating expenses primarily consist of consulting fees pursuant to our Support Services Agreement, with Cardiff. Operating expenses for the three months ended July 31, 2009 also include $6,200 of other professional fees and $12,568 of other general and administrative expenses.

We recently changed our principal business to the coal business, and expect to continue to incur operating expenses to pursue our business plan.

Loss from Discontinued Operations

On January 14, 2009, we sold all of our assets to Joel Klandrud, our former officer and director, pursuant to an Asset Sale Agreement. In exchange, Mr. Klandrud (1) surrendered to us for cancellation 4,000,000 shares of our Common Stock, par value $0.001 per share, and (2) assumed all of our liabilities. We did not incurr any losses from discontinued operations for the three months ended July 31, 2010 and 2009.

Liquidity and Capital Resources

The accompanying financial statements have been prepared assuming that we will continue as a going concern. As shown in the accompanying financial statements, we incurred losses of $1,002,626 and $88,769 for the three months ended July 2010 and 2009, respectively and have an accumulated deficit of $5,782,435 at July 31, 2010. At July 31, 2010, we had cash and cash equivalents of $700 and $1,429 of other current assets.

We have not yet established a source of revenues to cover our operating costs and to allow us to continue as a going concern. We do not expect to generate any revenues until at least the second quarter of calendar year 2011. In order to continue as a going concern, develop a reliable source of revenues, and achieve a profitable level of operations, we will need, among other things, significant additional capital resources. Accordingly, management's plans to continue as a going concern include raising additional capital through sales of common stock and other securities.

The business of exploring, extracting and distributing coal is capital intensive. Execution of our business strategy will require substantial capital investment in the short-term and in future periods. We require capital for, among other purposes, identifying and acquiring additional reserves and developing acquired reserves.

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Our current funding is not sufficient to continue our operations for the remainder of the fiscal year ending April 30, 2011. We will require additional debt and/or equity financing to continue our operations and meet our contractual commitments (including under the Bolzer Property lease). We cannot provide any assurances that additional financing will be available to us or, if available, may not be available on acceptable terms.

Due to our insufficient funding levels, we failed to make the January 2010 scheduled minimum annual payment of $62,541 under our lease for Bolzer Property. Although, to date, we have not received a notice of default from the lessor of the property, there is no assurance we will not receive one in the future.

On March 8, 2010, we sold a $50,000 convertible note to an accredited investor in a private placement transaction. In the transaction, we received proceeds of $35,000 and the investor also paid $15,000 of consulting expense on our behalf. The convertible note is due and payable on December 31, 2010 with an interest rate of 10% per annum. The note is convertible at the option of the holder into our common stock at a fixed conversion price of $0.37, subject to adjustment for stock splits and combinations.

If we are unable to obtain adequate capital, we could be forced to cease or delay development of our operations, sell assets or our business may fail. In each such case, the holders of our common stock would lose all or most of their investment. Please see “Risk Factors” for information regarding the risks related to our financial condition.

Critical Accounting Policies and Estimates

Our financial statements and accompanying notes are prepared in accordance with generally accepted accounting principles used in the United States. Preparing financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses. These estimates and assumptions are affected by management’s application of accounting policies. We believe that understanding the basis and nature of the estimates is critical to an understanding of our financials.

Use of Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent liabilities at the date of the financial statements and the reported amounts of expenses during the reporting period. Actual results could differ from those estimates.

Issuance of Shares for Non-Cash Consideration

The Company accounts for the issuance of equity instruments to acquire goods and/or services based on the fair value of the goods and services or the fair value of the equity instrument at the time of issuance, whichever is more reliably determinable.

The Company's accounting policy for equity instruments issued to consultants and vendors in exchange for goods and services follows the provisions of the standards issued by the FASB. The measurement date for the fair value of the equity instruments issued is determined as the earlier of (i) the date at which a commitment for performance by the consultant or vendor is reached or (ii) the date at which the consultant or vendor's performance is complete. In the case of equity instruments issued to consultants, the fair value of the equity instrument is recognized over the term of the consulting agreement.

Stock-Based Compensation

In December of 2004, the FASB issued a standard which applies to transactions in which an entity exchanges its equity instruments for goods or services and also applies to liabilities an entity may incur for goods or services that are based on the fair value of those equity instruments. For any unvested portion of previously issued and outstanding awards, compensation expense is required to be recorded based on the previously disclosed methodology and amounts. Prior periods presented are not required to be restated. The Company adopted this standard as of January 1, 2006 and applied the standard using the modified prospective method. The Company has not issued any stock options, however, there were warrants to purchase 8,000,000 common shares outstanding as of July 31, 2010.

Recently Issued Accounting Pronouncements

In May 2009, the FASB issued SFAS No. 165, "Subsequent Events," which is included in ASC Topic 855, Subsequent Events. ASC Topic 855 established principles and requirements for evaluating and reporting subsequent events and distinguishes which subsequent events should be recognized in the financial statements versus which subsequent events should be disclosed in the financial statements. ASC Topic 855 also requires disclosure of the date through which subsequent events are evaluated by management. ASC Topic 855 was effective for interim periods ending after June 15, 2009 and applies prospectively. Because ASC Topic 855 impacts the disclosure requirements, and not the accounting treatment for subsequent events, the adoption of ASC Topic 855 did not impact the Company's results of operations or financial condition. See Note 9 for disclosures regarding the Company's subsequent events.

Effective July 1, 2009, the Company adopted the FASB Accounting Standards Codification ("ASC") 105-10, Generally Accepted Accounting Principles—Overall ("ASC 105-10"). ASC 105-10 establishes the FASB Accounting Standards Codification (the "Codification") as the source of authoritative accounting principles recognized by the FASB to be applied by nongovernmental entities in the preparation of financial statements in conformity with U.S. GAAP. Rules and interpretive releases of the SEC under authority of federal securities laws are also sources of authoritative U.S. GAAP for SEC registrants. All guidance contained in the Codification carries an equal level of authority. The Codification superseded all existing non-SEC accounting and reporting standards. All other non-grandfathered, non-SEC accounting literature not included in the Codification is non-authoritative. The FASB will not issue new standards in the form of Statements, FASB Staff Positions or Emerging Issues Task Force Abstracts. Instead, it will issue Accounting Standards Updates ("ASUs"). The FASB will not consider ASUs as authoritative in their own right. ASUs will serve only to update the Codification, provide background information about the guidance and provide the bases for conclusions on the change(s) in the Codification. References made to FASB guidance throughout these consolidated financials have been updated for the Codification.

In August 2009, the FASB issued ASU No. 2009-05, Measuring Liabilities at Fair Value, which provides additional guidance on how companies should measure liabilities at fair value under ASC 820. The ASU clarifies that the quoted price for an identical liability should be used. However, if such information is not available, an entity may use the quoted price of an identical liability when traded as an asset, quoted prices for similar liabilities or similar liabilities traded as assets, or another valuation technique (such as the market or income approach). The ASU also indicates that the fair value of a liability is not adjusted to reflect the impact of contractual restrictions that prevent its transfer and indicates circumstances in which quoted prices for an identical liability or quoted price for an identical liability traded as an asset may be considered level 1 fair value measurements. This ASU is effective October 1, 2009. The adoption of this ASU did not impact the Company's results of operations or financial condition.

In October 2009, the FASB issued ASU No. 2009-13, Multiple-Deliverable Revenue Arrangements—a consensus of the FASB Emerging Issues Task Force, which provides amendments to the criteria for separating consideration in multiple-deliverable arrangements. As a result of these amendments, multiple-deliverable revenue arrangements will be separated in more circumstances than under existing U.S. GAAP. The ASU does this by establishing a selling price hierarchy for determining the selling price of a deliverable. The selling price used for each deliverable will be based on vendor-specific objective evidence if available, third-party evidence if vendor-specific objective evidence is not available, or estimated selling price if neither vendor-specific objective evidence nor third-party evidence is available. A vendor will be required to determine its best estimate of selling price in a manner that is consistent with that used to determine the price to sell the deliverable on a standalone basis. This ASU also eliminates the residual method of allocation and will require that arrangement consideration be allocated at the inception of the arrangement to all deliverables using the relative selling price method, which allocates any discount in the overall arrangement proportionally to each deliverable based on its relative selling price. Expanded disclosures of qualitative and quantitative information regarding application of the multiple-deliverable revenue arrangement guidance are also required under the ASU. The ASU does not apply to arrangements for which industry specific allocation and measurement guidance exists, such as long-term construction contracts and software transactions. ASU No. 2009-13 is

effective beginning January 1, 2011. The Company is currently evaluating the impact of this standard on its results of operations and financial condition.

Off-Balance Sheet Arrangements

As of July 31, 2010, we did not have any significant off-balance sheet arrangements, as defined in Item 303 of Regulation S-K.

Item 3. Quantitative and Qualitative Disclosures about Market Risk.

None.

Item 4T. Controls and Procedures.

Evaluation of Disclosure and Procedures

Under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, we conducted an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures, as defined in Rule 15d-15(e) under the Securities Exchange Act of 1934, as amended, as of the end of the period covered by this report (the "Evaluation Date"). Based on this evaluation, our principal executive officer and principal financial officer concluded as of the Evaluation Date that our disclosure controls and procedures were effective such that the information relating to us required to be disclosed in our Securities and Exchange Commission ("SEC") reports (i) is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms and (ii) is accumulated and communicated to management, including our principal executive officer and principal financial officer, as appropriate, to allow timely decisions regarding required disclosure.

Changes in Control Over Financial Reporting

During our most recent fiscal quarter, there has not occurred any change in our internal control over financial reporting (as such term is defined in Rule 15d-15(f) under the Exchange Act) that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II

OTHER INFORMATION

Item 1. Legal Proceedings

None.

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

On September 14, 2010, the Company entered into Amendment #2 to the Cardiff Agreement. Pursuant to the amendment, the Company agreed to issue to Messrs. Walters and Szot and another principal of Cardiff an aggregate of 2,000,000 shares of the Company's common stock as a retainer, in exchange for Cardiff agreement to continue to provide services under the Support Services Agreement.

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.

No.	Description
Exhibit 10.1	Amendment #2 to the Support Services Agreement with Cardiff Partners, LLC dated September 14, 2010.
Exhibit 31.1	Certification by the Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002*
Exhibit 31.2	Certification by the Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002*
Exhibit 32.1	Certification by the Chief Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002*
Exhibit 32.2	Certification by the Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002*

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Dated: September 20, 2010	Management Energy, Inc.
	By: /s/ David Walters David Walters, Chief Executive Officer
	By: /s/ Matt Szot Matt Szot, Chief Financial Officer

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