

FELLOWS ENERGY LTD
Form 10QSB
November 20, 2006

**United States
Securities And Exchange Commission**

Washington, D.C. 20549

Form 10-QSB

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

FOR THE QUARTERLY PERIOD ENDED SEPTEMBER 30, 2006

Commission File Number: 000-33321

Fellows Energy Ltd.
(Exact Name of Small Business Issuer as Specified in its Charter)

Nevada
**(State or other jurisdiction of
incorporation or organization)**

33-0967648
**(I.R.S. Employer
Identification No.)**

370 Interlocken Boulevard, Suite 400
Broomfield, Colorado 80021

(Address of Principal Executive Offices)

(303) 327-1525
(Registrant's Telephone Number, Including Area Code)

Check whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 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. x Yes " No

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

" Yes x No

State the number of shares outstanding of each of the issuer's classes of common equity, as of the latest practicable

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date: As of November 17, 2006 there were 72,033,543 shares of the issuer's \$.001 par value common stock issued and outstanding.

Transitional Small Business Disclosure Format: Yes No

FELLOWS ENERGY LTD.

Quarterly Report on Form 10-QSB for the
Quarterly Period Ending September 30, 2006

Table of Contents

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

<u>Balance Sheets:</u> September 30, 2006 (Unaudited) and December 31, 2005	3
<u>Statements of Operations:</u> Three and Nine Months Ended September 30, 2006 and 2005 (Unaudited)	4
<u>Statements of Cash Flows:</u> Nine Months Ended September 30, 2006 and 2005 (Unaudited)	5
<u>Notes to Unaudited Financial Statements:</u> September 30, 2006	6-11
<u>Item 2. Management Discussion and Analysis</u>	14
<u>Item 3. Controls and Procedures</u>	20

PART II. OTHER INFORMATION

<u>Item 1. Legal Proceedings</u>	21
<u>Item 2. Unregistered Sales of Equity Securities and Use of Proceeds</u>	21
<u>Item 3. Defaults Upon Senior Securities</u>	21
<u>Item 4. Submission of Matters to a Vote of Security Holders</u>	21
<u>Item 5. Other Information</u>	21
<u>Item 6. Exhibits</u>	21
<u>Signatures</u>	22

Part I: Financial Information**Item 1. Financial Statements**Fellows Energy Ltd.
Balance Sheet
(Unaudited)

	September 30, 2006	December 31, 2005
Assets		
Cash and cash equivalents	\$ 660,775	\$ 347,558
Marketable securities, available-for-sale	—	405,556
Accounts receivable	164,537	—
Interest receivable	3,463	179
Note receivable	179,879	99,879
Total current assets	1,008,654	853,172
Proved and unproved oil & gas property	10,300,128	9,575,813
Equipment, net of \$89,168 and \$18,418 accumulated depreciation respectively	1,473,576	287,836
Deposits	187,000	716,000
Restricted cash	260,000	235,000
Deferred debt issue costs	305,011	533,769
Total assets	\$ 13,534,369	\$ 12,201,590
Liabilities And Stockholders' Equity		
Accounts payable	\$ 451,369	\$ 313,703
Convertible debenture interest payable	185,700	—
Joint venture partner interest payable	236,786	—
Total current liabilities	873,855	313,703
Convertible debenture	3,327,032	5,063,848
Notes payable	2,209,457	12,000
Stockholders' equity:		
Preferred stock, \$.001 par value; 25,000,000 shares authorized; none outstanding	—	—
Common stock, \$.001 par value; 100,000,000 shares authorized; 66,532,599 and 52,525,329 shares issued and outstanding, respectively	66,533	52,545
Additional paid-in capital	19,189,215	15,973,152
Stock issuance obligation	107,504	—
Stock pledged as collateral	(1,665,000)	(1,665,000)
Accumulated deficit	(10,578,710)	(7,555,331)
Accumulated other comprehensive income	4,483	6,673
Total stockholders' equity	7,124,025	6,812,039
Total liabilities and stockholders' equity	\$ 13,534,369	12,201,590

See accompanying notes to financial statements

Fellows Energy Ltd.
 Statements of Operations
 (Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2006	2005	2006	2005
Revenue	\$ 110,643	\$ —	\$ 454,484	\$ —
Operating expense				
Exploration and production	125,872	640,507	690,068	904,400
General and administrative	1,065,589	812,909	3,060,034	1,770,587
Operating (loss)	(1,080,818)	(1,453,416)	(3,295,618)	