

QUANTUM ENERGY INC.

Form S-1

March 06, 2017

**UNITED STATES**

**SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

**FORM S-1**

**REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933**

**QUANTUM ENERGY, INC.**

(Exact name of registrant as specified in its charter)

**Nevada**

(State or other jurisdiction

of incorporation or organization)

**1311**

(Primary Standard Industrial

Classification Code Number)

**98-0428608**

(IRS Employer Identification Number)

**SEC File No. 333-118138**

**60 East Rio Salado Parkway, Suite 900**

**Tempe, Arizona 85281**

(Address, including zip code and telephone number, including area code, of principal executive offices)

**Nevada Agency and Trust Company**

**50 West Liberty Street, Suite 880**

**Reno, NV 89501**

(Name, address and telephone number of agent for service)

with copies to:

**Brunson Chandler & Jones**

**175 South Main Street**

**Suite 1410**

**Salt Lake City, Utah 84111**

**(801) 303-5730**

Approximate date of commencement of proposed sale to the public: As soon as practicable and from time to time after the effective date of this registration statement.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box.

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act Registration Statement number of the earlier effective Registration Statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act Registration Statement number of the earlier effective Registration Statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act Registration Statement number of the earlier effective Registration Statement for the same offering.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company.

Large accelerated filer  Accelerated Filer   
Non-accelerated filer  Smaller reporting company

**CALCULATION OF REGISTRATION FEE**

<b><u>Title of each class of securities to be registered</u></b>	<b>Amount to be registered</b>	<b>Proposed maximum offering price <u>per share</u></b>	<b>Proposed maximum aggregate offering <u>price</u></b>	<b>Amount of registration fee <u>(1)</u></b>
Newly Issued Common Stock to be registered as part of a Primary Offering (as defined herein)	41,333,125	\$0.20	\$8,266,625	\$958.10
Common Stock Issued and Outstanding to be registered as a part of a Secondary Offering by certain Selling Security Holders (as defined herein)	20,653,040 (2)	\$0.20	\$4,130,608	\$478.74
<b>TOTAL</b>	<b>61,986,165</b>	<b>\$0.20</b>	<b>\$12,397,233</b>	<b>\$1,436.84</b>

(1) The fee is calculated by multiplying the aggregate offering amount by .0001159, pursuant to Rule 457.

(2) Represents certain common shares currently outstanding to be sold by the Selling Security Holders.

THE OFFERING PRICE OF THE COMMON STOCK HAS BEEN ARBITRARILY DETERMINED AND BEARS NO RELATIONSHIP TO ANY OBJECTIVE CRITERION OF VALUE. THE PRICE DOES NOT BEAR ANY RELATIONSHIP TO OUR ASSETS, BOOK VALUE, HISTORICAL EARNINGS OR NET WORTH.

THE REGISTRANT HEREBY AMENDS THIS REGISTRATION STATEMENT ON SUCH DATE OR DATES AS MAY BE NECESSARY TO DELAY OUR EFFECTIVE DATE UNTIL WE WILL FILE A FURTHER AMENDMENT WHICH SPECIFICALLY STATES THAT THIS REGISTRATION STATEMENT SHALL THEREAFTER BECOME EFFECTIVE IN ACCORDANCE WITH SECTION 8(A) OF THE SECURITIES ACT OF 1933 OR UNTIL THIS REGISTRATION STATEMENT SHALL BECOME EFFECTIVE ON SUCH DATE AS THE COMMISSION, ACTING PURSUANT TO SECTION 8(A), MAY DETERMINE.

The information in this preliminary prospectus is not complete and may be changed. The securities registered hereunder, including those held by selling stockholders, may not be sold until this registration statement filed with the United States Securities and Exchange Commission is effective. This preliminary prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted under applicable law.

**SUBJECT TO COMPLETION, Dated February \_\_, 2017**

## PROSPECTUS

The information in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

### Quantum Energy, Inc.

#### 41,333,125 Common Shares in Primary Offering

#### 20,653,040 Common Shares in Secondary Offering

This prospectus relates to the sale of up to 41,333,125 shares of common stock being sold at \$0.20 per share pursuant to the Primary Offering and 20,653,040 shares of common stock being offered at \$0.20 per share by the Selling Security Holders pursuant to the Secondary Offering, of Quantum Energy, Inc. (“we,” “us,” or the “Company”).

	Per Share Sale Total	
Public Offering Price	\$0.20	\$8,266,625
Underwriting Discounts and Commissions	\$0.00	\$0
Proceeds to Quantum Energy, Inc.	\$0.20	\$8,266,625

The Company is offering for sale a maximum of 41,333,125 shares of its common stock, par value \$0.001 per share, in a direct offering (the “Primary Offering”). These shares will be offered at a fixed price of \$0.20 per share. There is no minimum number of shares that must be sold by us for the Primary Offering to proceed and therefore we may receive no proceeds or very minimal proceeds from the Primary Offering. In the event we do not raise sufficient capital to implement our planned operations, your entire investment could be lost. We will retain the proceeds from the sale any shares sold under the Primary Offering.

We will receive approximately \$8,266,625 in gross proceeds if we sell all of the shares in the Primary Offering, and we will receive estimated net proceeds (after paying certain expense related to the offering process) of approximately \$8,266,625, if we sell all of those shares.

Additionally, certain Selling Security Holders named in this prospectus are offering for sale 20,653,040 common shares (the “Secondary Offering”). The Company will not receive any proceeds from the sale of shares being sold by these Selling Security Holders under the Secondary Offering. The price at which the Selling Security Holders may sell their shares will be determined by the prevailing market price, as then-quoted on OTCMarkets, or at such other price agreeable to the Selling Security Holder and a prospective purchaser. No underwriting arrangements have been entered into by any of the Selling Security Holders. The Selling Security Holders and any intermediaries through whom such securities are sold may be deemed “underwriters” within the meaning of the Securities Act of 1933, as amended, with respect to the securities offered and any profits realized or commissions received may be deemed underwriting compensation.

The offering will commence on the effective date of this prospectus and will terminate upon the earliest of (i) such time as all of the common stock available hereunder has been sold pursuant to the registration statement or (ii) 365 days from the effective date of this prospectus.

We will sell the common shares ourselves and do not plan to use underwriters or pay any commissions. We will be selling our common shares using our best efforts and no one has agreed to buy any of our common shares. There is no minimum amount of common shares we must sell so no money raised from the sale of such common shares will go into escrow, trust or another similar arrangement. We will bear the all of the costs associated with this offering.

We were incorporated in the State of Nevada on February 5, 2004 as “Boomers Cultural Development.” On May 18, 2006 the company changed its name to Quantum Energy, Inc. when we acquired interests in numerous oil & gas properties in the Barnett Shale area of West Texas. Today, our business strategy is to develop, construct and operate crude oil processing facilities that include refineries in the Bakken field of North Dakota, Montana and Saskatchewan, Canada.

Our auditors have indicated in their opinion on our financial statements as of and for the period from inception to February 28, 2016 that there exists substantial doubt as to our ability to continue as a going concern. Moreover, we are an early stage venture with limited operating history. **As such, this offering is highly speculative and the common stock being offered for sale involves a high degree of risk and should be considered only be persons who can afford the loss of their entire investment. Readers are encouraged to reference the section entitled “Risk Factors” herein for additional information regarding the risks associated with our company and common stock**

**Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the accuracy or adequacy of this prospectus. Any representation to the contrary is a criminal offense.**

Our common stock is quoted on OTC Pink under the ticker symbol “QEGY.” There is a limited trading market for our common shares. Our most recent closing stock price, as of February 17, 2017, was \$0.15 per share.

The information in this prospectus is not complete and may be changed. This prospectus is included in the registration statement that was filed by us with the Securities and Exchange Commission. We may not sell these securities until the registration statement becomes effective. This prospectus is not an offer to sell these securities and is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

The date of this prospectus is February \_\_, 2017

## PROSPECTUS SUMMARY

As used in this prospectus, references to the “Company,” “we,” “our,” “us,” or “Quantum” refer to Quantum Energy, Inc. unless the context indicates otherwise.

You should carefully read all information in the prospectus, including the financial statements and their explanatory notes, under the Financial Statements prior to making an investment decision.

### The Company

**Organization:** The registrant was incorporated in the State of Nevada on February 4, 2004. Our principal executive offices are located at 60 East Rio Salado Parkway, Suite 900 Tempe, Arizona 85281.

**Management:** Our Chief Executive Officer is Mr. Stanley Wilson.

**Plan of Operations:** The Company is principally engaged in the development of energy processing facilities to refine the light crude in the Bakken field of North Dakota, Montana and Canada.

**Historical Operations:** Starting in May 2006, the Company decided to embark on a new business path in oil and gas exploration and acquisitions. The Company acquired interests in numerous oil & gas properties in the Barnett Shale area of West Texas. After the initial success of the Barnett Shale leases, the production program in the Barnett Shale area encountered substantial difficulties. Numerous wells throughout this extensive area experienced production difficulties. In addition to the production problems was the severe drop in natural gas prices. All of the wells in which the Company had interests were suspended and all marginal wells have been capped, resulting in the Company abandoning the Company's interest in the Barnett Shale area.

**Current Operations:** We are currently focused on the development, construction and operation of a 40,000 BPD full slate refinery in Stoughton, Saskatchewan, Canada through our 100% owned Canadian subsidiary, Dominion Energy Processing Group, Inc.

**Going Concern:** Our independent auditor has expressed substantial doubt about our ability to continue as a going concern given our lack of operating history and the fact to date have had no significant revenues. Potential investors should be aware that there are difficulties associated with being a new venture, and the high rate of failure associated with this fact. We have an accumulated deficit of at and have had no significant revenues to date. Our future is dependent upon our ability to obtain financing and upon future profitable operations from our operations. These factors raise substantial doubt that we will be able to continue as a

going concern.

The Company has no present plans to be acquired or to merge with another company nor does the registrant, or any of its shareholders, have any plans to enter into a change of control or similar transaction.

## THE OFFERING

Type of Securities Offered: Common Stock

Common Shares Being Sold

In this Offering: 1,333,125

Offering Price: The Company will offer its common shares at \$0.20 per share.

Common Shares Outstanding

Before the Offering: 9,911,683

Termination of the Offering: The Primary Offering will commence as of the effective date of this prospectus and will terminate upon the earliest of (i) such time as all of the common stock available thereunder has been sold pursuant to the registration statement or (ii) 365 days from the effective date of this prospectus. The Secondary Offering will commence as of the effective date of this prospectus and will terminate upon the earliest of (i) such times as all of the common stock available thereunder has been sold pursuant to the registration statement or (ii) 365 days from the effective date of this prospectus. Although we do not presently intend to do so, we have the right to amend the terms of the offering. Our Board of Directors may cancel the offering at any time.

Best efforts offering: We are offering our common stock on a “best efforts” basis through our Chief Executive Officer and President, who will not receive any discounts or commissions for selling the shares. There is no minimum number of shares that must be sold in order to close this offering.

Use of proceeds: We will receive approximately \$8,266,625 in gross proceeds if we sell all of the shares in the Primary Offering, however, there is not guarantee that we will receive any proceeds from this offering. We will use the proceeds of the Primary Offering, if any, to first cover administrative expenses in connection with this offering. We plan to use the remaining proceeds, if any, to develop clean energy centers throughout the Bakken Field with each to include a diesel refinery, separate adjacent processing plant, and the latest CO<sub>2</sub> capture technology to reduce emissions. We will receive none of the proceeds from the sale of shares by the Selling Security Holders in the Secondary Offering. See the section titled “Use of Proceeds” herein for a more detailed explanation of how proceeds from the Primary Offering will be used.

Market for Our common stock is currently traded on OTC Pink under the ticker symbol “QEGY.” We anticipate our Common applying for quoting of our common shares on the OTC Markets or OTCQB upon the effectiveness of Stock: the registration statement of which this prospectus forms a part. There can be no assurance that a market maker will agree to file the necessary documents with the Financial Industry Regulatory Authority, which operates the OTC Markets and OTCQB, nor can there be any assurance that such application for quotation will be approved.

Common Stock Control: Stanley Wilson, our Chairman, President, Secretary, Treasurer, and Director, and Kandy LP, controlled by Andrew J. Kacic, currently control a majority of issued and outstanding common stock voting rights of the Company, and will continue to own sufficient votes to control the operations of the Company after this offering, irrespective of its outcome.

Penny Stock Regulation: The liquidity of our common stock is restricted as the registrant's common stock falls within the definition of a penny stock. These requirements may restrict the ability of broker/dealers to sell the registrant's common stock, and may affect the ability to resell the registrant's common stock

## **RISK FACTORS**

In addition to the other information provided in this prospectus, you should carefully consider the following risk factors in evaluating our business before purchasing any of our common stock. All material risks are discussed in this section.

### **Risks Related to our Company**

*Our having generated no revenues from operations makes it difficult for us to evaluate our future business prospects and make decisions based on those estimates of our future performance.*

As of the year ended February 28, 2016, we have generated no revenues and incurred an operating loss of \$1,446,062. As a consequence, it is difficult, if not impossible, to forecast our future results based upon our historical data. Because of the related uncertainties, we may be hindered in our ability to anticipate and timely adapt to increases or decreases in revenues and expenses. If we make poor budgetary decisions as a result of unreliable data, we may never become profitable or incur losses, which may result in a decline in our stock price.

*We may be unable to continue paying the costs of being a reporting public company.*

The costs of being a public reporting company under the Securities Exchange Act of 1934 may be substantial and the Company may not be able to absorb the costs of being a public company which may cause us to cease being public in the future or require additional fundraising in order to remain in business. We estimate that in the future, costs for legal and accounting will be \$25,000 per year.

*Our lack of operating history makes evaluating our business difficult.*

We are a relatively new entrant to the refinery development and operation field. As a result, we have a limited operating history and we may not sustain profitability in the future. To sustain profitability, we must:

- develop viable oil processing properties;
- attract, integrate, and motivate highly qualified professionals and third party contractors to expand operations;
- raise sufficient capital to expand operations; and
- process oil in such amounts so as to become profitable.

We may not be successful in accomplishing these objectives. Further, our lack of operating history makes it difficult to evaluate our business and prospects. Our prospects must be considered in light of the risks, uncertainties, expenses and difficulties frequently encountered by companies in their early stages of development, particularly companies in highly competitive industries such as mineral mining. The historical information in this report may not be indicative of our future financial condition and future performance. For example, we expect that our future annual growth rate in revenues will be moderate and likely be less than the growth rates experienced in the early part of our history.

***We depend heavily on key personnel, and turnover of key senior management could harm our business.***

Our future business and results of operations depend in significant part upon the continued contributions of our Chief Executive Officer Stanley F. Wilson. If we lose his services or if he fails to perform in his current position, or if we are not able to attract and retain skilled employees as needed, our business could suffer. Significant turnover in our senior management could significantly deplete our institutional knowledge held by our existing senior management team. We depend on the skills and abilities of these key employees in managing the product acquisition, marketing and sales aspects of our business, any part of which could be harmed by turnover in the future.

***The risks associated with exploration and, if applicable, mining could cause personal injury or death, environmental damages, delays in mining, monetary losses and possible legal liability.***

We are engaged in the processing of crude oil through the construction and operation of refinery facilities. There are significant operational risks associated with such operations. We do not presently carry property and liability insurance. Cost effective insurance contains exclusions and limitations on coverage and may be unavailable in some circumstances.

***Our auditor has indicated in its report that there is substantial doubt about our ability to continue as a going concern as a result of our lack of revenues and if we are unable to generate significant revenue or secure financing we may be required to cease or curtail our operations.***

Our auditor has indicated in its report that our lack of revenues raises substantial doubt about our ability to continue as a going concern. The financial statements do not include adjustments that might result from the outcome of this uncertainty. If we are unable to generate significant revenue or secure financing we may be required to cease or curtail

our operations.

*Because we have a limited history of operations we may not be able to successfully implement our business plan.*

We have less than three years of operational history in our industry. Accordingly, our operations are subject to the risks inherent in the establishment of a new business enterprise, including access to capital, successful implementation of our business plan and limited revenue from operations. We cannot assure you that our intended activities or plan of operation will be successful or result in revenue or profit to us and any failure to implement our business plan may have a material adverse effect on the business of the Company.

***Our future results and reputation may be affected by litigation or other liability claims.***

We have not procured a general liability insurance policy for our business. To the extent that we suffer a loss of a type which would normally be covered by general liability, we would incur significant expenses in defending any action against us and in paying any claims that result from a settlement or judgment against us. Adverse publicity could result in a loss of consumer confidence in our business or our securities.

***Our Articles of Incorporation and Bylaws limit the liability of, and provide indemnification for, our officers and directors.***

Our Articles of Incorporation generally limit our officers' and directors' personal liability to the Company and its stockholders for breach of fiduciary duty as an officer or director except for breach of the duty of loyalty or acts or omissions not made in good faith or which involve intentional misconduct or a knowing violation of law. Our Articles of Incorporation and Bylaws, provide indemnification for our officers and directors to the fullest extent authorized by the Nevada Revised Statutes against all expense, liability, and loss, including attorney's fees, judgments, fines excise taxes or penalties and amounts to be paid in settlement reasonably incurred or suffered by an officer or director in connection with any action, suit or proceeding, whether civil or criminal, administrative or investigative to which the officer or director is made a party or is threatened to be made a party, or in which the officer or director is involved by reason of the fact that he is or was an officer or director of the Company, or is or was serving at the request of the Company whether the basis of the proceeding is an alleged action in an official capacity as an officer or director, or in any other capacity while serving as an officer or director. Thus, the Company may be prevented from recovering damages for certain alleged errors or omissions by the officers and directors for liabilities incurred in connection with their good faith acts for the Company. Such an indemnification payment might deplete the Company's assets. Stockholders who have questions regarding the fiduciary obligations of the officers and directors of the Company should consult with independent legal counsel. It is the position of the Securities and Exchange Commission that exculpation from and indemnification for liabilities arising under the Securities Act of 1933, as amended, and the rules and regulations thereunder is against public policy and therefore unenforceable.

***If our estimates related to expenditures and cash flow from operations are erroneous, and we are unable to sell additional equity securities, our business could fall short of expectations and you may lose your entire investment.***

Our financial success is dependent in part upon the accuracy of our management's estimates of expenditures and cash flow from operations. If such estimates are erroneous or inaccurate, we may not be able to carry out our business plan, which could, in a worst-case scenario, result in the failure of our business and you losing your entire investment.

***Implications of Being an Emerging Growth Company.***

As a company with less than \$1.0 billion in revenue during its last fiscal year, we are considered an "emerging growth company" as defined in the JOBS Act. For as long as a company is deemed to be an emerging growth company, it may take advantage of specified reduced reporting and other regulatory requirements that are generally unavailable to other public companies. These provisions include:

- A requirement to have only two years of audited financial statements and only two years of related management's discussion and analysis included in an initial public offering registration statement;
- an exemption to provide less than five years of selected financial data in an initial public offering registration statement;
- an exemption from the auditor attestation requirement in the assessment of the emerging growth company's internal controls over financial reporting;
- an exemption from the adoption of new or revised financial accounting standards until they would apply to private companies;
- an exemption from compliance with any new requirements adopted by the Public Company Accounting Oversight Board requiring mandatory audit firm rotation or a supplement to the auditor's report in which the auditor would be required to provide additional information about the audit and the financial statements of the issuer; and
- reduced disclosure about the emerging growth company's executive compensation arrangements

An emerging growth company is also exempt from Section 404(b) of Sarbanes Oxley which requires that the registered accounting firm shall, in the same report, attest to and report on the assessment on the effectiveness of the internal control structure and procedures for financial reporting. Similarly, as a Smaller Reporting Company we are exempt from Section 404(b) of the Sarbanes-Oxley Act and our independent registered public accounting firm will not be required to formally attest to the effectiveness of our internal control over financial reporting until such time as we cease being a Smaller Reporting Company.

As an emerging growth company, we are exempt from Section 14A (a) and (b) of the Securities Exchange Act of 1934 which require the shareholder approval of executive compensation and golden parachutes.

Section 107 of the JOBS Act provides that an emerging growth company can take advantage of the extended transition period provided in Section 7(a)(2)(B) of the Securities Act for complying with new or revised accounting standards. In other words, an emerging growth company can delay the adoption of certain accounting standards until those standards would otherwise apply to private companies. We have elected to take advantage of the benefits of this extended transition period. Our financial statements may therefore not be comparable to those of companies that comply with such new or revised accounting standards.

We would cease to be an emerging growth company upon the earliest of:

- the first fiscal year following the fifth anniversary of this offering,
- the first fiscal year after our annual gross revenues are \$1 billion or more,
- the date on which we have, during the previous three-year period, issued more than \$1 billion in non-convertible debt securities, or
- as of the end of any fiscal year in which the market value of our common stock held by non-affiliates exceeded \$700 million as of the end of the second quarter of that fiscal year.

***You may have limited access to information regarding our business because our obligations to file periodic reports with the SEC could be automatically suspended under certain circumstances.***

As of effectiveness of our registration statement of which this prospectus is a part, we will be required to file periodic reports with the SEC which will be immediately available to the public for inspection and copying (see “Where You Can Find More Information” elsewhere in this prospectus). Except during the year that our registration statement becomes effective, these reporting obligations may (in our discretion) be automatically suspended under Section 15(d) of the Exchange Act if we have less than 300 shareholders and do not file a registration statement on Form 8A (which we have no current plans to file). If this occurs after the year in which our registration statement becomes effective, we will no longer be obligated to file periodic reports with the SEC and your access to our business information would then be even more restricted. After this registration statement on Form S-1 becomes effective, we will be required to deliver periodic reports to security holders. However, we will not be required to furnish proxy statements to security

holders and our directors, officers and principal beneficial owners will not be required to report their beneficial ownership of securities to the SEC pursuant to Section 16 of the Exchange Act. Previously, a company with more than 500 shareholders of record and \$10 million in assets had to register under the Exchange Act. However, the JOBS Act raises the minimum shareholder threshold from 500 to either 2,000 persons or 500 persons who are not "accredited investors" (or 2,000 persons in the case of banks and bank holding companies). The JOBS Act excludes securities received by employees pursuant to employee stock incentive plans for purposes of calculating the shareholder threshold. This means that access to information regarding our business and operations will be limited.

**Risks Related to our Business**

*Crude oil prices and refined fuel prices are volatile and a decline in refined fuel prices and an increase in oil prices could materially and adversely affect our financial results and impede our growth.*

Our revenue, profitability and cash flow depend upon the prices and demand for refined fuels and the cost of crude oil. The markets for these commodities are very volatile and even relatively modest drops in prices can significantly affect our financial results and impede our growth. Prices for refined fuels and crude oil may fluctuate widely in response to a variety of additional factors that are beyond our control, such as:

- changes in global supply and demand for natural gas and oil;
- commodity processing, gathering, and transportation availability;
- domestic and global political and economic conditions;
- the ability of members of the Organization of Petroleum Exporting Countries to agree to and maintain oil price and production controls;
- weather conditions, including hurricanes;
- technological advances affecting energy consumption;
- domestic and foreign governmental regulations; and
- the price and availability of alternative fuels.

Lower refined fuel prices and an increase in crude oil prices may not only decrease our revenue on a per share basis, but also may reduce the amount of refined fuel that we can produce economically.

*We may be unable to continue paying the costs of being public.*

The costs of being a public company may be substantial and the Company may not be able to absorb the costs of being a public company which may cause us to cease being public in the future or require additional fundraising in order to remain in business. We estimate that in the future, costs for legal and accounting at \$20,000 per year.

*Competition in the crude oil refining industry is intense, which may adversely affect our ability to succeed.*

The crude oil refining industry is intensely competitive, and we compete with companies that have greater resources than we do. Many of these companies have refining, processing and gathering operations and market petroleum and other products on a regional, national or worldwide basis. Our larger competitors may be able to absorb the burden of

present and future federal, state, local and other laws and regulations more easily than we can. Our ability to develop or acquire additional properties will be dependent upon our ability to evaluate and select suitable properties and to consummate transactions in a highly competitive environment. Some of our competitors have been operating in the Bakken region much longer than we have and have demonstrated the ability to operate through industry cycles. Any of these competitive disadvantages could adversely affect our business, financial condition and results of operations.

***We may have difficulty managing growth in our business, which could adversely affect our financial condition and results of operations.***

Significant growth in the size and scope of our operations could place a strain on our financial, technical, operational and management resources. The failure to continue to upgrade our technical, administrative, operating and financial control systems or the occurrences of unexpected expansion difficulties, including the failure to recruit and retain experienced managers, geologists, engineers and other professionals in the natural gas and oil industry could have a material adverse effect on our business, financial condition and results of operations and our ability to timely execute our business plans.

***We are subject to complex federal, state, local and other laws and regulations that could materially and adversely affect our business, financial condition and results of operations.***

Our crude oil refining operations are subject to complex and stringent laws and regulations. In order to conduct our operations in compliance with these laws and regulations, we must obtain and maintain numerous permits, approvals and certificates from various federal, state and local governmental authorities. We may incur substantial costs in order to maintain compliance with these existing laws and regulations. In addition, our costs of compliance may increase if existing laws and regulations are revised or reinterpreted or if new laws and regulations become applicable to our operations. These costs could have a material and adverse effect on our business, financial condition and results of operations. Moreover, our failure to comply with these laws and regulations, as interpreted and enforced, could have a material adverse effect on our business, financial condition and results of operations.

***Refinery activities are subject to certain environmental regulations which may prevent or delay the commencement or continuance of our operations.***

In general, our refinery activities are subject to certain federal, state and local laws and regulations relating to environmental quality and pollution control. Such laws and regulations increase the costs of these activities and may prevent or delay the commencement or continuance of a given operation. Compliance with these laws and regulations has not had a material effect on our operations or financial condition to date. Specifically, we are subject to legislation regarding emissions into the environment, water discharges and storage and disposition of hazardous wastes. In addition, legislation has been enacted which requires well and facility sites to be abandoned and reclaimed to the satisfaction of state authorities. However, such laws and regulations are frequently changed and we are unable to predict the ultimate cost of compliance. Generally, environmental requirements do not appear to affect us any differently or to any greater or lesser extent than other companies in the industry.

***Any change to government regulation/administrative practices may have a negative impact on our ability to operate and our profitability.***

The laws, regulations, policies or current administrative practices of any government body, organization or regulatory agency in the United States or any other jurisdiction, may be changed, applied or interpreted in a manner which will fundamentally alter the ability of our company to carry on our business.

The actions, policies or regulations, or changes thereto, of any government body or regulatory agency, or other special interest groups, may have a detrimental effect on us. Any or all of these situations may have a negative impact on our ability to operate and/or our profitability.

***The marketability of refined fuel products will be affected by numerous factors beyond our control, which may result in us not receiving an adequate return on invested capital to be profitable or viable.***

The marketability of refined fuel products will be affected by numerous factors beyond our control. These factors include market fluctuations in oil and gas pricing and demand, the proximity and capacity of natural resource markets and processing equipment, governmental regulations, land tenure, land use, regulation concerning the importing and exporting of oil and gas and environmental protection regulations. The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in us not receiving an adequate return on invested capital to be profitable or viable.

***We do not yet have substantial assets or revenues and are largely dependent upon the proceeds of this offering to fully fund our business. If we do not the sell shares in this offering we may have to seek alternative financing to complete our business or abandon them.***

We have limited capital resources. To date, the Company has funded its operations from limited funding and has not generated sufficient cash from operations to be profitable. Unless the company begins to generate sufficient revenues to finance operations as a going concern, we may experience liquidity and solvency problems. Such liquidity and solvency problems may for us to cease operations if additional financing is not available. No known alternative sources of funds are available to the Company in the event it does not have adequate proceeds from this offering. However, the Company believes that the net proceeds of this offering will be sufficient to satisfy operating requirements for the next twelve months

***The Company may not be able to attain profitability without additional funding, which may be unavailable.***

The Company has limited capital resources. Unless the Company begins to generate sufficient revenues to finance operations as a going concern, the Company may experience liquidity and solvency problems. Such liquidity and solvency problems may force the Company to cease operations if additional financing is not available. No known alternative resources of funds are available in the event we do not generate sufficient funds from operations.

***Our generating minimal revenues from operations makes it difficult for us to evaluate our future business prospects and make decisions based on those estimates of our future performance.***

As of February 28, 2016, we have generated minimal revenues and incurred a loss of \$1,446,062. As a consequence, it is difficult, if not impossible, to forecast our future results based upon our historical data. Because of the related uncertainties, we may be hindered in our ability to anticipate and timely adapt to increases or decreases in sales, revenues or expenses. If we make poor budgetary decisions as a result of unreliable data, we may never become profitable or incur losses, which may result in a decline in our stock price.

### **Risks Related to our Common Stock**

***We are subject to penny stock regulations and restrictions and you may have difficulty selling shares of our common stock.***

The SEC has adopted regulations which generally define so-called “penny stocks” to be an equity security that has a market price less than \$5.00 per share or an exercise price of less than \$5.00 per share, subject to certain exemptions. We anticipate that our common stock will become a “penny stock”, and we will become subject to Rule 15g-9 under the Exchange Act, or the “Penny Stock Rule.” This rule imposes additional sales practice requirements on broker-dealers that sell such securities to persons other than established customers. For transactions covered by Rule 15g-9, a broker-dealer must make a special suitability determination for the purchaser and have received the purchaser’s written consent to the transaction prior to sale. As a result, this rule may affect the ability of broker-dealers to sell our securities and may affect the ability of purchasers to sell any of our securities in the secondary market.

For any transaction involving a penny stock, unless exempt, the rules require delivery, prior to any transaction in a penny stock, of a disclosure schedule prepared by the SEC relating to the penny stock market. Disclosure is also required to be made about sales commissions payable to both the broker-dealer and the registered representative and current quotations for the securities. Finally, monthly statements are required to be sent disclosing recent price information for the penny stock held in the account and information on the limited market in penny stock.

We do not anticipate that our common stock will qualify for exemption from the Penny Stock Rule. In any event, even if our common stock were exempt from the Penny Stock Rule, we would remain subject to Section 15(b)(6) of the Exchange Act, which gives the SEC the authority to restrict any person from participating in a distribution of penny stock, if the SEC finds that such a restriction would be in the public interest.

***Sales of our common stock under Rule 144 could reduce the price of our stock.***

There are 41,333,125 newly issued shares are being registered in this offering, however all of the remaining shares will still be subject to the resale restrictions of Rule 144. In general, persons holding restricted securities, including affiliates, must hold their shares for a period of at least six months, may not sell more than one percent of the total issued and outstanding shares in any 90-day period, and must resell the shares in an unsolicited brokerage transaction at the market price. The availability for sale of substantial amounts of common stock under Rule 144 could reduce prevailing market prices for our securities.

***Because we do not have an audit or compensation committee, shareholders will have to rely on the entire board of directors, none of which are independent, to perform these functions.***

We do not have an audit or compensation committee comprised of independent directors. Indeed, we do not have any audit or compensation committee. These functions are performed by the board of directors as a whole. No members of the board of directors are independent directors. Thus, there is a potential conflict in that board members who are also part of management will participate in discussions concerning management compensation and audit issues that may affect management decisions.

***We may, in the future, issue additional shares of common stock, which would reduce investors' percent of ownership and may dilute our share value.***

Our Articles of Incorporation, as amended, authorize the issuance of 295,000,000 shares of common stock. As of February 23, 2017, the Company has issued and outstanding 59,911,683 shares of common stock. Accordingly, we are authorized to issue additional shares of common stock and may elect to do so in due course. The future issuance of common stock may result in substantial dilution in the percentage of our common stock held by our then existing shareholders. We may value any common stock issued in the future on an arbitrary basis. The issuance of common stock for future services or acquisitions or other corporate actions may have the effect of diluting the value of the shares held by our investors, and might have an adverse effect on any trading market for our common stock.

***We are subject to compliance with securities law, which exposes us to potential liabilities, including potential rescission rights.***

We may offer to sell our common stock to investors pursuant to certain exemptions from the registration requirements of the Securities Act of 1933, as well as those of various state securities laws. The basis for relying on such exemptions is factual; that is, the applicability of such exemptions depends upon our conduct and that of those persons

contacting prospective investors and making the offering. We may not seek any legal opinion to the effect that any such offering would be exempt from registration under any federal or state law. Instead, we may elect to rely upon the operative facts as the basis for such exemption, including information provided by investors themselves.

If any such offering did not qualify for such exemption, an investor would have the right to rescind its purchase of the securities if it so desired. It is possible that if an investor should seek rescission, such investor would succeed. A similar situation prevails under state law in those states where the securities may be offered without registration in reliance on the partial preemption from the registration or qualification provisions of such state statutes under the National Securities Markets Improvement Act of 1996. If investors were successful in seeking rescission, we would face severe financial demands that could adversely affect our business and operations. Additionally, if we did not in fact qualify for the exemptions upon which it has relied, we may become subject to significant fines and penalties imposed by the SEC and state securities agencies.

***Anti-takeover effects of certain provisions of Nevada state law hinder a potential takeover of the Company.***

Though not now, we may be or in the future we may become subject to Nevada's control share law. A corporation is subject to Nevada's control share law if it has more than 200 stockholders, at least 100 of who are stockholders of record and residents of Nevada, and it does business in Nevada or through an affiliated corporation. The law focuses on the acquisition of a "controlling interest" which means the ownership of outstanding voting shares sufficient, but for the control share law, to enable the acquiring person to exercise the following proportions of the voting power of the corporation in the election of directors: (i) one-fifth or more but less than one-third, (ii) one-third or more but less than a majority, or (iii) a majority or more. The ability to exercise such voting power may be direct or indirect, as well as individual or in association with others.

The effect of the control share law is that the acquiring person, and those acting in association with it, obtains only such voting rights in the control shares as are conferred by a resolution of the stockholders of the corporation, approved at a special or annual meeting of stockholders. The control share law contemplates that voting rights will be considered only once by the other stockholders. Thus, there is no authority to strip voting rights from the control shares of an acquiring person once those rights have been approved. If the stockholders do not grant voting rights to the control shares acquired by an acquiring person, those shares do not become permanent non-voting shares. The acquiring person is free to sell its shares to others. If the buyers of those shares themselves do not acquire a controlling interest, their shares do not become governed by the control share law.

If control shares are accorded full voting rights and the acquiring person has acquired control shares with a majority or more of the voting power, any stockholder of record, other than an acquiring person, who has not voted in favor of approval of voting rights is entitled to demand fair value for such stockholder's shares.

Nevada's control share law may have the effect of discouraging takeovers of the corporation.

In addition to the control share law, Nevada has a business combination law which prohibits certain business combinations between Nevada corporations and "interested stockholders" for three years after the "interested stockholder" first becomes an "interested stockholder," unless the corporation's board of directors approves the combination in advance. For purposes of Nevada law, an "interested stockholder" is any person who is (i) the beneficial owner, directly or indirectly, of ten percent or more of the voting power of the outstanding voting shares of the corporation, or (ii) an affiliate or associate of the corporation and at any time within the three previous years was the beneficial owner, directly or indirectly, of ten percent or more of the voting power of the then outstanding shares of the corporation. The definition of the term "business combination" is sufficiently broad to cover virtually any kind of transaction that would allow a potential acquirer to use the corporation's assets to finance the acquisition or otherwise to benefit its own interests rather than the interests of the corporation and its other stockholders.

The effect of Nevada's business combination law is to potentially discourage parties interested in taking control of the Company.

*Because we do not intend to pay any cash dividends on our common stock, our stockholders will not be able to receive a return on their shares unless they sell them.*

We intend to retain any future earnings to finance the development and expansion of our business. We do not anticipate paying any cash dividends on our common stock in the foreseeable future. Unless we pay dividends, our stockholders will not be able to receive a return on their shares unless they sell them. There is no assurance that stockholders will be able to sell shares when desired.

*Opt-in right for emerging growth company.*

We have elected to use the extended transition period for complying with new or revised accounting standards under Section 102(b)(2) of the JOBS Act, that allows us to delay the adoption of new or revised accounting standards that have different effective dates for public and private companies until those standards apply to private companies. As a result of this election, our financial statements may not be comparable to companies that comply with public company effective dates.

## **FORWARD-LOOKING INFORMATION**

This prospectus contains forward-looking statements which relate to future events or our future financial performance. In some cases, you can identify forward-looking statements by terminology such as “may,” “should,” “expects,” “plans,” “anticipates,” “believes,” “estimates,” “predicts,” “potential” or “continue” or the negative of these terms or other comparable terminology. These forward-looking statements include, without limitation, statements about our market opportunity, our strategies, competition, expected activities and expenditures as we pursue our business plan, and the adequacy of our available cash resources. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance or achievements. Actual results may differ materially from the predictions discussed in these forward-looking statements. The economic environment within which we operate could materially affect our actual results. Additional factors that could materially affect these forward-looking statements and/or predictions include, among other things: the volatility of real estate prices, the possibility that our marketing efforts will not be successful in identifying buyers of real estate, the Company’s need for and ability to obtain additional financing, and, other factors over which we have little or no control.

While these forward-looking statements, and any assumptions upon which they are based, are made in good faith and reflect our current judgment regarding the direction of our business, actual results will almost always vary, sometimes materially, from any estimates, predictions, projections, assumptions or other future performance suggested herein. Except as required by applicable law, including the securities laws of the United States, we do not intend to update any of the forward-looking statements to conform these statements to actual results.

## **USE OF PROCEEDS**

Our offering is being made on a self-underwritten basis: no minimum number of shares must be sold in order for the offering to proceed. The offering price per share is \$0.20. The following table sets forth the uses of proceeds assuming the sale of 25%, 50%, 75% and 100%, respectively, of the securities offered for sale by the Company in the Primary Offering. There is no guarantee that we will receive any proceeds from the offering.

	<b>100% of</b>	<b>75% of</b>	<b>50% of</b>	<b>25% of</b>
	<b>Offering Sold</b>	<b>Offering Sold</b>	<b>Offering Sold</b>	<b>Offering Sold</b>
<b>Offering Proceeds</b>	\$8,266,625	\$6,199,969	\$4,133,313	\$2,066,656
Shares Sold	41,333,125	30,999,844	20,666,563	10,333,281
Gross Proceeds	\$8,266,625	\$6,199,969	\$4,133,313	\$2,066,656
<b>Total Before Expenses</b>	\$8,266,625	\$6,199,969	\$4,133,313	\$2,066,656
<b>Offering Expenses</b>				
Accounting	10,000	10,000	10,000	10,000
Legal	30,000	30,000		