

QUANTUM ENERGY INC.  
Form S-1/A  
November 28, 2018

**UNITED STATES**

**SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

**FORM S-1/A**

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

**QUANTUM ENERGY, INC.**

(Exact name of registrant as specified in its charter)

<b>Nevada</b>	<b>1311</b>	<b>98-0428608</b>
(State or other jurisdiction of incorporation or organization)	(Primary Standard Industrial Classification Code Number)	(IRS Employer Identification Number)

**SEC File No. 333-225892**

**218 N. Jefferson Street, Suite 400**

**Chicago, Illinois 60661**

(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**

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

with copies to:

**Jerold N. Siegan**

**218 N. Jefferson Street**

**Suite 400**

**Chicago, Illinois 60661**

**(480) 734-0337**

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

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## CALCULATION OF REGISTRATION FEE

Title of each class of securities to be registered	Amount to be registered	Proposed maximum offering price per share	Proposed maximum aggregate offering price	Amount of registration fee (1)
Newly Issued Common Stock to be registered as part of a Primary Offering (as defined herein)	2,000,000	\$2.00	\$4,000,000	\$484.80
Common Stock Issued and Outstanding to be registered as a part of a Secondary Offering by certain Selling Stockholders (as defined herein)	24,680,137 <sup>(2)(3)</sup>	\$0.065	\$1,604,209	\$194.43
<b>TOTAL</b>	<b>26,680,137</b>	—	<b>\$5,604,209</b>	<b>\$679.23<sup>(4)</sup></b>

(1) The fee is calculated by multiplying the aggregate offering amount by .000121200, pursuant to Rule 457.

- (2) Represents certain Common Stock currently outstanding to be sold by the selling stockholders.
- (3) Includes 3,116,468 shares of Common Stock reserved for issuance upon the exercise of outstanding options and warrants all of which have an exercise price of \$1.00(USD) per share.
- (4) The Registrant paid \$622.50 when it filed the Form S-1A on November 11, 2018. The amount due is 73.23.

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 November \_\_, 2018**

**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.**

**2,000,000 shares of Common Stock in Primary Offering**

**24,680,137 shares of Common Stock in Secondary Offering**

This prospectus relates to the sale of up to 2,000,000 shares of Common Stock being sold at \$2.00(USD) per share pursuant to the Primary Offering by Quantum Energy, Inc. (“we,” “us,” or the “Company”) and 24,680,137 shares of Common Stock being offered at \$0.065 (USD) per share by the selling stockholders pursuant to the Secondary Offering of their shares of our Common Stock (and which includes 3,116,468 shares of Common Stock reserved for issuance upon the exercise of outstanding options and warrants all having an exercise price of \$1.00 (USD) per share).

	<b>Per Share (\$USD)</b>	<b>Sale Total (\$USD)</b>
Public Primary Offering Price of Common Stock	\$2.00	\$4,000,000
Underwriting Discounts and Commissions	—	—
Gross Proceeds to Quantum Energy, Inc.	\$2.00	\$4,000,000

We are offering for sale a maximum of 2,000,000 shares of our Common Stock, par value \$0.001 per share (the “Common Stock”), in a direct offering (the “Primary Offering”). These shares will be offered at a fixed price of \$2.00 (USD) 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 \$4,000,000 (USD) in gross proceeds if we sell all of the shares of Common Stock in the Primary Offering, and we will receive estimated net offering proceeds (after paying certain expense related to the offering process) of approximately \$3,813,150.78 (USD), if we sell all of those shares.

Additionally, certain selling stockholders named in this prospectus are offering for sale 24,680,137 shares of Common Stock, (which includes 3,116,468 shares of Common Stock reserved for issuance upon the exercise of outstanding options and warrants all of which have an exercise price of \$1.00(USD) per share) (the “Secondary Offering”). We will not receive any proceeds from the sale of shares being sold by these selling stockholders under the Secondary Offering. The selling stockholders will offer their shares at a fixed price of \$0.065 (USD) per share, or at such other price agreeable to the selling stockholder and a prospective purchaser. No underwriting arrangements have been entered into by any of the selling stockholders. The selling stockholders and any intermediaries through whom such securities are sold may be deemed “underwriters” within the meaning of the Securities Act of 1933, as amended (“the “Securities Act”), 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 Stock in the Primary Offering ourselves and do not plan to use underwriters or pay any commissions. We will be selling our Common Stock using our best efforts and no one has agreed to buy any of our shares of Common Stock. There is no minimum amount of Common Stock we must sell so no money raised from the sale of such Common Stock 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.” We changed our name to Quantum Energy, Inc. on May 18, 2006. Our business strategy is to develop, construct and operate a “state-of-the art”, energy efficient, 40,000 BPD full slate crude oil processing facility in Stoughton, Saskatchewan, Canada. We may decide to develop, construct and operate additional refineries in other locations.

Our auditors have indicated in their opinion on our financial statements as of and for the period from inception to February 28, 2018 that there exists substantial doubt as to our ability to continue as a going concern. We are an early stage venture with no operating history. We will require substantial additional capital to implement our planned operations. **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 by 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 OTCQB under the ticker symbol “QEGY.” There is a limited trading market for our Common Stock. Our most recent bid and asked stock prices, as of **November 28, 2018**, were **\$0.20 (USD) per share and \$0.43 (USD) per share, respectively.**

Our preferred stock is not quoted on any market or system and there is currently no market for our preferred stock.

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 November \_\_, 2018



## 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:** We were incorporated in the State of Nevada on February 5, 2004 as “Boomers Cultural Development”. On May 18, 2006, our name was changed to Quantum Energy, Inc., because we changed our business strategy to focus on the energy industry. Our principal executive offices are located at 218 N. Jefferson Street, Suite 400, Chicago Illinois 60661.

**Management:** Our Management consists of Jeffrey J. Mallmes, our Chairman of the Board, President, Treasurer and director and Andrew J. Kacic, our Secretary and director, William J. Hinz, director, Richard K. Ethington, director and Pamela L. Bing, director.

**Plan of Operations:** Our business strategy is to develop a “state-of-the art”, energy efficient, 40,000 BPD full slate refinery in Stoughton, Saskatchewan, Canada (the “Stoughton Refinery”) to refine the light shale crude oil from the Bakken formation of the Viewfield oil field area of Saskatchewan, Canada.

**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 operating revenues to date. 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 \$11,232,157 at August 31, 2018. Our future is dependent upon our ability to obtain the substantial financing to develop, construct and operate the Stoughton Refinery and our ability to achieve profitable operations from operating the Stoughton refinery. These factors raise substantial doubt that we will be able to continue as a going concern.

**Letter of Intent with Inductance Energy Corporation** On April 15, 2018, we entered into a conditional binding letter of intent with Inductance Energy Corporation a Wyoming corporation (“IEC”), pursuant to which if all of the conditions contained in the letter of intent are satisfied, (a) we will be merged with a newly formed subsidiary of IEC with us being the surviving company, (b) we will issue to IEC such number of new shares of our Common Stock as shall represent 60% of our then issued and outstanding shares of Common Stock, and (c) IEC will provide to us as the surviving company up to \$50,000,000(USD), a portion of which (estimated at \$7,500,000 CAD) we intend to use to (i) validate the viability and

suitability of the development of the Stoughton Refinery on the land (“Land”) for intended sight in Stoughton Saskatchewan Canada, which will include obtaining environmental and engineering studies to validate the viability and suitability of the intended site for the Stoughton Refinery, and (ii) if the site is determined to be viable and suitable, we will commence the process of obtaining the required permits to build the Stoughton Refinery and (iii) we will acquire the Land, and (iv) we will pay other related costs. See the section titled “Certain Relationships and Related Transactions Related Party Transaction” herein for a more detailed explanation of this transaction. No assurances can be given that the conditions to the letter of intent with IEC will be satisfied or that the transactions or financing, including the estimated \$7,500,000(CAD), contemplated in the letter of intent will be consummated.

## THE OFFERING

Type of Securities Offered:	Common Stock
Common Stock Being Sold In this Offering:	2,000,000 shares of Common Stock in the Primary Offering and 24,680,137 shares of Common Stock in the Secondary Offering (which includes 3,116,468 shares of Common Stock reserved for issuance upon the exercise of outstanding options and warrants all of which have an exercise price of \$1.00(USD) per share).
Offering Price:	We are offering our Common Stock in the Primary Offering at \$2.00 (USD) per share. The Selling Stockholders are offering their shares of Common Stock at \$0.065(USD) per share.
Shares of Common Stock Outstanding Before the Offering:	48,491,485 (which includes the shares reserved for issuance upon the exercise of Shares issued and outstanding options and warrants all of which have an exercise price of \$1.00(USD) per share)
Shares of Common Stock Outstanding After the offering:	50,491,485 if all 2,000,000 shares offered in the Primary Offering are sold. The sale of shares by the Selling Stockholders in the Secondary Offering will not change the number of shares of Common Stock issued and outstanding after the Offering.
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.
Best efforts offering:	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.  We are offering our Common Stock in the Primary Offering on a “best efforts” basis through our Executive Officers and Directors, who will not receive any discounts or commissions for selling the

shares. There is no minimum number of shares of Common Stock that must be sold in order to close this offering.

Use of  
proceeds:

We will receive approximately \$4,000,000 (USD) 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 the Primary Offering. We intend to use the proceeds of the Primary Offering, if any, to cover administrative expenses in connection with this offering and to fund the commencement of the development of the Stoughton Refinery including: validating the viability and suitability of the development of the Stoughton Refinery on the intended sight in Stoughton Saskatchewan Canada, which will include obtaining environmental and engineering studies to validate the viability and suitability of the intended site for the Stoughton Refinery. If the site is determined to be viable and suitable, the Company intends to commence the process of obtaining the required permits to build the Stoughton Refinery and pay other related costs (collectively the “Predevelopment Work”). See the section titled “Use of Proceeds” herein for a more detailed explanation of how proceeds from the Primary Offering will be used. Substantial additional financing will be required to purchase the Land, construct the Stoughton Refinery and obtain required governmental permits. If we raise less than \$4,000,000 (USD) from this Primary Offering will need to obtain additional substantial financing to cover the balance of the costs for the Predevelopment Work. Also, we have entered into a conditional binding letter of intent from IEC which provides that if the stated conditions in the letter of intent are satisfied we will receive the necessary funds (estimated at\$7,500,000(CAD)) to commence the permitting process and to complete the Predevelopment Work and the purchase of the Land. See “Letter of Intent with Inductance Energy” and the section titled “Certain Relationships and Related Transactions- *Related Party Transaction*” herein for a more detailed explanation of this transaction.

We will receive none of the proceeds from the sale of Common Stock by the selling stockholders in the Secondary Offering.

Market for our Common Stock:	Our Common Stock currently trades on OTCQB under the ticker symbol “QEGY.”
Common Stock owned by Directors and Officers:	Jeffrey Mallmes, our Chairman, President, Treasurer, and director owns 15.64% of our issued and outstanding Common Stock, and Kandy LP, controlled by Andrew J. Kacic, our Secretary and director, owns 18.66% of our issued and outstanding Common Stock. William J Hinz, Mr. Ethington and Ms. Bing own no shares of our issued and outstanding Common Stock.
“penny stock” Regulation:	The liquidity of our Common Stock is restricted as our Common Stock falls within the definition of a “penny stock”. The restrictions applicable to a “penny stock” may limit or deter the ability or desirability of broker/dealers to sell our Common Stock and may affect the ability of our stockholders to resell their shares of our 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 lack of operating history and our having generated no revenues from operations makes it difficult for us to evaluate our future business prospects.*

As of the date of this Prospectus, we have not commenced operations of our intended Stoughton Refinery, and as of the year ended February 28, 2018 we had generated no revenues and incurred an operating loss of \$449,613 and as of the six months ended August 31, 2018 we had generated no revenues and incurred an operating loss of \$214,641. Also, we have not confirmed the viability and suitability of the Land for the Stoughton Refinery, commenced the permitting process, purchased the Land for the Stoughton Refinery, or commenced the development or construction of the Stoughton Refinery. 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 commence operating the Stoughton Refinery or become profitable, which may result in a decline in our stock price.

Also, we have no track record in executing our business model and as a consequence, it is difficult, if not impossible to judge our ability to execute our business strategy effectively and we may not be able to implement our business strategy or attain or sustain profitability in the future. To attain and sustain profitability, we must:

raise sufficient capital to validate the Land, commence the permitting process, purchase the land, and substantial capital to commence the development and construction of the Stoughton Refinery and to complete the development of the construction of the Stoughton Refinery;  
attract, integrate, and motivate highly qualified professionals and third-party contractors to develop, construct and operate the Stoughton Refinery; and  
process oil in such amounts so as to be profitable.

We may not be successful in accomplishing any of these objectives. Our future success depends on our ability to accomplish these objectives and execute our business strategy effectively. 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.

***We will require substantial additional capital to implement our business strategy regarding the development, construction and operation of our Stoughton Refinery.***

We estimate that we will require approximately \$600,000,000(CAD) to implement our business strategy, including validating the viability and suitability of the Land, commencing the permitting process, purchasing the Land, completing the development and construction of the Stoughton Refinery and commencing the operation of the Stoughton Refinery. At the present time, we have not made any arrangements or received any unconditional commitments to raise funds or to otherwise obtain the significant financing that we will require. If we do not raise such significant amount of capital, it is unlikely that we will be able to complete our business strategy or commence operations of our Stoughton Refinery and in such event, we will either have to suspend our development efforts or our operations until we do raise the capital or cease operations entirely.

***If our estimates related to expenditures and cash flow from operations are erroneous, and we are unable to sell additional equity securities or otherwise obtain financing, 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 required to validate the viability and suitability of the Land, commencing the permitting process, purchasing the Land, completing the development and construction of the Stoughton Refinery and commencing the operation of the Stoughton Refinery and estimates of cash flow from operations. If such estimates are materially erroneous or inaccurate, we may not be able to carry out our business strategy, which could, in a worst-case scenario, result in the failure of our business and you losing your entire investment.

***Because we have no history of operating a refinery we may not be able to successfully implement our business plan.***

We have no 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 our business.

***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. If we are unable to generate sufficient revenue or secure the substantial financing that will be required in order to develop, construct and commence the operation of the Stoughton Refinery, 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 the needed substantial financing, we may be

required to cease or curtail our operations. We do not expect to generate significant revenues from operations until the Stoughton Refinery has been in operation for at least approximately six months.

***The risks associated with processing of crude oil could cause personal injury or death, environmental damages, monetary losses and possible legal liability.***

We intend to engage in the processing of crude oil through the development, construction and operation of the Stoughton Refinery facility. There are significant operational risks associated with such operations. We do not presently carry property and liability insurance. 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. Cost effective insurance may contain exclusions and limitations on coverage and may be unavailable in some circumstances. Additionally, we will require substantial capital to afford the cost of property and liability insurance.

***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. The costs of defending any action against us and in paying any claims that result from a settlement or judgment against us could result in adverse publicity, which in turn could result in a loss of consumer confidence in our business or our securities.

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

Our ability to execute our business strategy and our future business and, once operational our results of operations will depend in significant part upon the continued contributions of our senior executive management team including Jeffrey Mallmes, our Chairman, President, Treasurer and director and Andrew J. Kacic, our Secretary and directors and William J. Hinz, Richard Ethington and Pamela Bing our independent directors. If we lose the services of any of them or if they fail to perform in their current positions, or if we are not able to attract and retain skilled employees as needed, our ability to complete the Predevelopment Work or commence our refinery operations and our business (if we can commence our refinery operations) could suffer. Significant turnover in our senior management could significantly deplete our institutional knowledge held by our senior management team. We depend on the skills and abilities of these key employees in managing the Predevelopment Work, the development, construction and operation of the Stoughton Refinery, and the marketing and sales aspects of our business, any part of which could be harmed by turnover. In this regard, Mr. Mallmes is an experienced business executive and his experience includes working in and manufacturing for the oil industry. However, he has no experience in developing, constructing or operating an oil refinery. Accordingly, the Company intends to hire an experienced oil refinery executive ("Refinery Executive") to work full time to develop, construct and operate the Stoughton Refinery. Mr. Mallmes has devoted 25-30 hours per week to the Company's business since he was appointed Chairman, President, Treasurer and director and he intends to continue to devote such amount of time (and more if required) to the Company's business. No assurances can be given that the Company will be able to hire a Refinery Executive or that the Company will have sufficient capital to attract a



Refinery Executive to join the Company's senior management team.

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***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 us and to our 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, we may be prevented from recovering damages for certain alleged errors or omissions by our officers and directors for liabilities incurred in connection with their good faith acts for the Company. Such an indemnification payment might deplete our assets. Stockholders who have questions regarding the fiduciary obligations of our officers and directors should consult with independent legal counsel.

With regard to the foregoing provisions, or otherwise, we have been advised that in the opinion of the Securities and Exchange Commission, such indemnification is against public policy as expressed in the Securities Act of 1933, as amended, and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by us of expenses incurred or paid by a director, officer or controlling person of the Corporation in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the Common Stock being registered, we will, unless in the opinion of our counsel the matter has been settled by a controlling precedent, submit to a court of appropriate jurisdiction the question of whether such indemnification by us is against public policy as expressed in the Securities Act of 1933, as amended, and will be governed by the final adjudication of such case.

***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 Jumpstart Our Business Startups Act of 2012 (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 ("PCAOB") 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 Act of 2002 ("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 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, as amended (the “Exchange Act”) which require the stockholders’ 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 last day or our first fiscal year following the fifth anniversary of this offering,  
the last day of our fiscal year during which we had annual gross revenues are \$1 billion or more,  
the date on which we have, during the previous 3-year period, issued more than \$1 billion in non-convertible debt securities, or  
the date on which we are deemed to be a “large accelerated filer”, as defined in section 240.12b-2 of title 17, Code of Federal Regulations, or any successor thereto.

***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 stockholders and do not file a registration statement on Form 8-A under the Exchange Act. 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 the registration statement (of which this Prospectus is a part) 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 stockholders of record and \$10 million in assets had to register under the Exchange Act. However, the JOBS Act raised the minimum stockholders 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

stockholder threshold. This means that access to information regarding our business and operations will be limited.

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

The costs of being a public company may be substantial and we 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 or remain a public company. We estimate that in the future, costs for legal and accounting at \$150,000 per year.

**Risks Related to our Business**

*The volatility of the prices of crude oil and other feedstocks, blendstocks, refined products and fuel prices and utility services could materially and adversely affect our financial results and impede our growth.*

If we are able to successfully develop, construct and commence operating the Stoughton Refinery, our revenues, profitability, cash flows and liquidity from refinery operations will depend primarily on the prices and demand for refined fuels and the margin above operating expenses (including the cost of refinery feedstocks, such as crude oil, and products blended into refined products) at which we are able to sell refined products. Refining is primarily a margin-based business and, to increase profitability, it is important to maximize the yields of high value finished products while minimizing the costs of feedstock and operating expenses. When the margin between refined product prices and crude oil and other feedstock costs tightens, our earnings, profitability and cash flows will be negatively affected. Refining margins historically have been volatile, and are likely to continue to be volatile, as a result of a variety of factors, including fluctuations in the prices of crude oil, other feedstocks, refined products and fuel and utility services. An increase or decrease in the price of crude oil will likely result in a similar increase or decrease in prices for refined products; however, there may be a time lag in the realization, or no such realization, of the similar increase or decrease in prices for refined products. The effect of changes in crude oil prices on our refining margins therefore depends in part on how quickly and how fully refined product prices adjust to reflect these changes.

In addition, the nature of our business will require us to maintain substantial crude oil, feedstock and refined product inventories. Because crude oil, feedstock and refined products are commodities, we will have no control over the changing market value of these inventories. Our crude oil, feedstock and refined product inventories will be valued at the lower of cost or market value under the last-in-first-out (“LIFO”), inventory valuation methodology. If the market value of our crude oil, feedstock and refined product inventories were to decline to an amount less than our LIFO cost, we would record a write-down of inventory and a non-cash charge to cost of sales.

Prices of refined fuels and crude oil, other feedstocks, blendstocks, and refined products depend on numerous factors including a variety of economic, market, environmental and political conditions 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;  
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.

Our direct operating expense structure will also impact our profitability. If our Stoughton Refinery is operational, our major direct operating expenses will include employee and contract labor, maintenance and energy. We believe that an important variable direct operating cost will be energy, which is comprised primarily of fuel and other utility services. The volatility in costs of fuel, principally natural gas, and other utility services, principally electricity, used by our Stoughton Refinery and other operations will affect our operating costs. Fuel and utility prices have been, and will continue to be, affected by factors outside our control, such as supply and demand for fuel and utility services in both local and regional markets. Natural gas prices have historically been volatile and, typically, electricity prices fluctuate with natural gas prices. Future increases in fuel and utility prices may have a negative effect on our revenues, profitability and cash flows. We intend to explore and, if feasible, use alternative sources of energy to operate the Stoughton Refinery in order to lower our Stoughton Refinery operating costs, however no assurances can be given that such alternative sources of energy will be feasible or provided sufficient power for operating the Stoughton Refinery or will lower our Stoughton Refinery operating costs.

***Competition from companies who produce their own supply feedstocks, have extensive retail outlets, make alternative fuels or have greater financial and other resources than we do could materially and adversely affect our***

*business and results of operations.*

The crude oil refining industry is intensely competitive. Assuming we are able to successfully develop, construct and commence operating the Stoughton Refinery, our refining operations will compete with domestic refiners and marketers in regions of Canada and the United States in which we intend to operate, as well as with domestic refiners in other regions and foreign refiners that import products into Canada and the United States. In addition, we will compete with producers and marketers in other industries that supply alternative forms of energy and fuels to satisfy the requirements of our industrial, commercial and individual consumers. Certain of our competitors have larger and more complex refineries and may be able to realize lower per-barrel costs or higher margins per barrel of throughput. Several of our principal competitors, including but not limited to integrated national or international oil companies, are larger and have substantially greater resources than we do and access to proprietary sources of controlled crude oil production. Unlike these competitors, we will obtain substantially all of our feedstocks from unaffiliated sources. Currently we are not engaged in the petroleum exploration and production business and therefore do not produce any of our crude oil feedstocks. We do not have a retail business and therefore we will be dependent upon others for outlets for our refined products. Because of their integrated operations and larger capitalization, these competitors may be more flexible in responding to volatile industry or market conditions, such as shortages of crude oil supply and other feedstocks or intense price fluctuations. Some of our competitors have been operating in the Bakken formation and have demonstrated the ability to operate through industry cycles. Also, some of our competitors may be able to absorb the burden of present and future federal, provincial, state, local and other laws and regulations more easily than we can. Any of these competitive disadvantages could adversely affect our business, financial condition and results of operations.

Although we intend to develop the Stoughton Refinery as a “state-of-the-art” energy efficient facility, even newer or upgraded refineries that may be developed in the future may be more efficient than the Stoughton Refinery, which may put us at a competitive disadvantage. We intend to take necessary measures to maintain the Stoughton Refinery including, when needed, the installation of new equipment and redesigning older equipment to improve our operations. Over time, the Stoughton Refinery may become obsolete, or be unable to compete, because of the construction of new, more efficient facilities by our competitors. Although we believe that the design of the Stoughton Refinery will allow us to quickly and efficiently upgrade that refinery, no assurances can be given that we will be able to do so if and when needed.

***Continued economic turmoil in the global financial system has had and may in the future have an adverse impact on the refining industry.***

Our business and profitability will be affected by the overall level of demand for our products, which in turn will be affected by factors such as overall levels of economic activity and business and consumer confidence and spending. Declines in global economic activity and consumer and business confidence and spending (such as those that occurred during the 2009 global recession) may significantly reduce the level of demand for our products. Reduced demand for our products may have an adverse impact on our business, financial condition, results of operations and cash flows. In addition, downturns in the economy may impact the demand for refined fuels and, in turn, result in excess refining capacity. Refining margins are impacted by changes in domestic and global refining capacity, as increases in refining capacity can adversely impact refining margins, earnings and cash flows.