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## PROSPECTUS

Initial Public Offering

May 8, 2012

**CREST PETROLEUM CORP.**  
(a capital pool company)

**\$200,000**

**2,000,000 Common Shares**

**Price: \$0.10 per Common Share**

The purpose of this offering (the “**Offering**”) is to provide Crest Petroleum Corp. (the “**Corporation**”) with a minimum of funds with which to identify and evaluate businesses or assets with a view to completing a Qualifying Transaction, as hereafter defined. The Corporation offers through its agent, Haywood Securities Inc. (the “**Agent**”) 2,000,000 common shares of the Corporation (the “**Common Shares**”) to the public at a price of \$0.10 per Common Share (the “**Offering Price**”). Any proposed Qualifying Transaction must be approved by the TSX Venture Exchange (the “**Exchange**”) and in the case of a Non-Arm’s Length Qualifying Transaction, as hereafter defined, must also receive Majority of the Minority Approval, as hereafter defined, in accordance with Exchange Policy 2.4 (the “**CPC Policy**”). The Corporation is a Capital Pool Company (“**CPC**”). It has not commenced commercial operations and has no assets other than a minimum amount of cash. Except as specifically contemplated in the CPC Policy, until the Completion of the Qualifying Transaction, the Corporation will not carry on any business other than the identification and evaluation of assets or businesses with a view to completing a proposed Qualifying Transaction. See “Business of the Corporation” and “Use of Proceeds”.

	<b>Price to Public</b>	<b>Agent’s Commission<sup>(1)</sup></b>	<b>Net Proceeds to the Corporation<sup>(2)</sup></b>
Per Common Share	\$0.10	\$0.008	\$0.092
Total Offering <sup>(3)</sup>	\$200,000	\$16,000	\$184,000

**Notes:**

- (1) A commission equal to 8% of the gross proceeds of the Offering will be paid to the Agent. The Agent will be reimbursed for its reasonable legal fees, which will not exceed \$15,000, plus disbursements and taxes, and other expenses incurred pursuant to this Offering of which \$5,000 has been advanced by the Corporation as a retainer. The Corporation will also pay the Agent a corporate finance fee of \$10,000 plus applicable taxes. The Corporation will also grant the Agent and any sub-agents non-transferable options (the “**Agent’s Warrants**”) to acquire Common Shares in an amount equal to 8% of the number of Common Shares sold under the Offering at an exercise price of \$0.10 per Common Share, exercisable for a period ending 24 months from the date of listing of the Common Shares on the Exchange. See “Plan of Distribution”.
- (2) Before deducting the expenses of the Offering estimated at \$80,200 (but excluding the Agent’s commission), which includes legal and audit fees and other expenses of the Corporation, Agent’s corporate finance fee, expenses and legal fees, and the listing fee payable to the Exchange. See “Use of Proceeds”.

- (3) A total of 2,000,000 Common Shares are offered by this prospectus. In addition, this prospectus qualifies for distribution the grant of the Agent's Warrants and the incentive stock options. See "Plan of Distribution" and "Options to Purchase Securities".

This Offering is made on a "commercially reasonable efforts" basis by the Agent and is subject to a minimum subscription of 2,000,000 Common Shares for total gross proceeds to the Corporation of \$200,000. The Offering Price of the Common Shares was determined by negotiation between the Corporation and the Agent in accordance with the policies of the Exchange. All funds received from subscriptions for Common Shares will be held by the Agent pursuant to the terms of an agency agreement (the "**Agency Agreement**") entered into between the Corporation and the Agent and referred to under "Plan of Distribution". This Offering is not underwritten and if the minimum subscription is not raised within 90 days of the issuance of a receipt for the final prospectus or such other time as may be consented to by the principal regulator, the Agent and the persons or companies who subscribed within that period, all subscription monies will be returned to subscribers without interest or deduction unless the subscribers have otherwise instructed the Agent. See "Plan of Distribution".

Under the Agency Agreement, the Agent will be granted the Agent's Warrants. The Agent's Warrants are qualified under this prospectus for distribution. In addition, and subject to regulatory approval, on Closing, the Corporation proposes to grant options to purchase 500,000 Common Shares to directors and officers under the Corporation's stock option plan exercisable at a price of \$0.10 per share for a 5 year term from the date of grant.

#### *Market for Securities*

The Exchange has conditionally approved the listing of the Common Shares on the Exchange. Listing will be subject to the Corporation fulfilling all the listing requirements of the Exchange.

Other than the initial distribution of the Common Shares under this prospectus and the grant of the Agent's Warrants and the incentive stock options, trading in all securities of the Corporation is prohibited during the period between the date a receipt for this preliminary prospectus is issued by the securities regulatory authorities and the time the Common Shares are listed for trading except, subject to prior acceptance of the Exchange, where appropriate registration and prospectus exemptions are available under securities legislation or where the applicable securities regulatory authorities grant a discretionary order.

#### *Risk Factors*

**Investment in the Common Shares offered by this prospectus is highly speculative due to the nature of the Corporation's business and its present stage of development. This offering is suitable only to those investors who are prepared to risk the loss of their entire investment. See "Risk Factors".**

There is no market through which the Common Shares offered by this prospectus may be sold and purchasers may not be able to dispose of them on a timely basis. Upon completion of this Offering, purchasers will suffer an immediate dilution (based on the gross proceeds from this and prior issues without deduction of selling and related expenses) per Common Share of \$0.03 or 30%.

The Corporation was only recently incorporated and does not currently own any assets other than cash. The business objective of the Corporation is to identify and evaluate assets or businesses with a view to completing a Qualifying Transaction approved by the Exchange and in the case of a Non-Arm's Length Qualifying Transaction, as hereinafter defined, the Majority of the Minority Approval, as hereinafter defined; however, there can be no assurance that the Corporation will successfully complete a Qualifying Transaction. Although the Corporation has commenced the process of identifying potential acquisitions, the Corporation has yet to enter into any negotiations with respect to such potential acquisitions and may determine that current markets, terms of acquisition, or pricing conditions make such potential

acquisitions uneconomic. The Corporation has not entered into an Agreement in Principle, as defined in this prospectus. The Corporation may find that even if the terms of a potential acquisition are economic, the Corporation may not be able to finance such acquisition and additional funds may be required to meet such obligations. Since the Corporation has not placed any geographical restrictions on the location of a Qualifying Transaction, such Qualifying Transaction may involve the acquisition of a business located outside of Canada and, as such, investors should be aware that it may be difficult or may not be possible to effect service or notice to commence legal proceedings upon any directors, officers and experts outside of Canada and that it may not be possible to enforce against such persons or companies, judgments obtained in Canadian courts predicated upon the civil liability provisions of applicable securities laws of Canada. Where the investment or acquisition is financed by the issuance of shares from the Corporation's treasury, control of the Corporation may change and shareholders may suffer further dilution of their investment.

The Corporation will be in competition with other corporations with greater resources. The Corporation has neither a history of earnings nor has it paid any dividends and it is unlikely to generate earnings or pay dividends in the immediate or foreseeable future. The Exchange may suspend from trading or delist the Common Shares where the Corporation has failed to complete a Qualifying Transaction within 24 months of the date of listing. In addition, delisting of the Common Shares will result in the cancellation of all of the Common Shares of the Corporation owned by Insiders issued prior to this Offering.

Investors must rely solely on the expertise of the Corporation's promoters, directors and officers for any possible return on their investment. The Corporation's promoters, directors, officers and Control Persons, and their Associates and Affiliates, as a group, beneficially own or control, directly or indirectly 3,000,000 Common Shares, which represents 100% of the issued and outstanding Common Shares before giving effect to this Offering and approximately 64% (undiluted) of the issued and outstanding Common Shares after giving effect to this Offering. The directors and officers of the Corporation will only devote part of their time to the affairs of the Corporation and there are potential conflicts of interest to which some of the directors and officers of the Corporation will be subject in connection with the operations of the Corporation. See "Dilution", "Business of the Corporation", "Directors, Officers and Promoters", "Use of Proceeds" and "Risk Factors".

#### *Maximum Investment*

Pursuant to the CPC Policy, no purchaser of the Common Shares is permitted to directly or indirectly purchase more than 2% or 40,000 of the total Common Shares offered under this prospectus. In addition, the maximum number of Common Shares that may directly or indirectly be purchased by that purchaser, together with any Associates or Affiliates of that purchaser, is 4% or 80,000 of the total number of Common Shares offered under this prospectus.

Upon completion of the Offering, the Corporation must have a minimum of 200 shareholders with each shareholder beneficially owning at least 1,000 Common Shares free of resale restrictions, exclusive of any Common Shares held by Non-Arm's Length Parties to the Corporation.

The Agent conditionally offers the Common Shares on a "commercially reasonable efforts" basis, if, as and when subscriptions are accepted by the Corporation, subject to prior sale, in accordance with the terms and conditions of the Agency Agreement and subject to the approval of certain legal matters by Boughton Law Corporation, Vancouver, British Columbia, on behalf of the Corporation and by Fraser Milner Casgrain LLP, Calgary, Alberta on behalf of the Agent.

#### *Receipt of Subscriptions*

Subscriptions will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. It is expected that share certificates evidencing the Common Shares in definitive form will be available for delivery on the closing of this Offering.

**HAYWOOD SECURITIES INC.**

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## GLOSSARY

“**Affiliate**” means a company that is affiliated with another company as described below.

A company is an “**Affiliate**” of another company if:

- (a) one of them is the subsidiary of the other, or
- (b) each of them is controlled by the same Person.

A company is “**controlled**” by a Person if:

- (a) Voting Shares of the company are held, other than by way of security only, by or for the benefit of that Person, and
- (b) the Voting Shares, if voted, entitle the Person to elect a majority of the directors of the company.

A Person beneficially owns securities that are beneficially owned by:

- (a) a company controlled by that Person, or
- (b) an Affiliate of that Person or an Affiliate of any company controlled by that Person.

“**Agency Agreement**” means the agency agreement dated May 8, 2012 between the Corporation and the Agent.

“**Agent**” means Haywood Securities Inc.

“**Agent’s Warrants**” means the non-transferable warrants to be granted by the Corporation to the Agent and its sub-agents, if any, entitling the Agent to acquire up to 160,000 Common Shares at an exercise price of \$0.10 per share, expiring 24 months from the date of listing of the Common Shares on the Exchange.

“**Aggregate Pro Group**” means all Persons who are members of any Pro Group whether or not the Member is involved in a contractual relationship with the issuer to provide financing sponsorship and other advisory services.

“**Agreement in Principle**” means any enforceable agreement or any other agreement or similar commitment which identifies the fundamental terms upon which the parties agree or intend to agree which:

- (a) identifies assets or a business to be acquired which would reasonably appear to constitute Significant Assets and the acquisition of which would reasonably appear to constitute a Qualifying Transaction;
- (b) identifies the parties to the Qualifying Transaction;
- (c) identifies the consideration to be paid for the Significant Assets or otherwise identifies the means by which the consideration will be determined; and
- (d) identifies the conditions to any further formal agreements to complete the transaction, and

in respect of which there are no material conditions to closing (other than receipt of shareholder approval and Exchange acceptance), the satisfaction of which is dependent upon third parties and beyond the reasonable control of the Non-Arm's Length Parties to the CPC or the Non-Arm's Length Parties to the Qualifying Transaction.

**“Associate”** when used to indicate a relationship with a Person, means:

- (a) an issuer of which the Person beneficially owns or controls, directly or indirectly, voting securities entitling him to more than 10% of the voting rights attached to all outstanding voting securities of the Issuer;
- (b) any partner of the Person;
- (c) any trust or estate in which the Person has a substantial beneficial interest or in respect of which the Person serves as trustee or in a similar capacity; and
- (d) in the case of a Person who is an individual, a relative of that Person including:
  - (i) that Person's spouse or child, or
  - (ii) any relative of that Person or of his or her spouse who has the same residence as that person;

but

- (e) where the Exchange determines that two Persons shall, or shall not, be deemed to be associates with respect to a Member firm, Member corporation or holding company of a Member corporation, then such determination shall be determinative of their relationships in the application of Rule D with respect to that Member firm, Member corporation or holding company.

**“Closing”** means completion of the Offering.

**“Common Shares”** means the common shares in the capital of the Corporation.

**“company”** unless specifically indicated otherwise, means a corporation, incorporated association or organization, body corporate, partnership, trust, association or other entity other than an individual.

**“Completion of the Qualifying Transaction”** means the date the Final Exchange Bulletin is issued by the Exchange.

**“Control Person”** means any Person that holds or is one of a combination of Persons or companies that holds a sufficient number of any of the voting securities of an issuer so as to affect materially the control of that issuer, or that holds more than 20% of the outstanding voting securities of an issuer except where there is evidence showing that the holder of those securities does not materially affect the control of the issuer.

**“Corporation”** means Crest Petroleum Corp., a corporation incorporated under the laws of the Province of British Columbia.

**“CPC”** means a corporation:

- (a) that has filed and obtained a receipt for a preliminary CPC prospectus from one or more of the securities regulatory authorities in compliance with the CPC Policy; and
- (b) in regard to which the Final Exchange Bulletin has not yet been issued.

“**CPC Policy**” means Exchange Policy 2.4.

“**Escrow Agreement**” means the escrow agreement dated February 29, 2012, among the Corporation, the Trustee and the founding shareholders of the Corporation.

“**Exchange**” or “**TSXV**” means the TSX Venture Exchange Inc.

“**Final Exchange Bulletin**” means the Exchange bulletin that is issued following closing of the Qualifying Transaction and the submission of all required documentation and that evidences the final Exchange acceptance of the Qualifying Transaction.

“**Initial Listing Requirements**” means the minimum financial, distribution and other standards that must be met by applicants seeking a listing on a particular tier of the Exchange.

“**Insider**” if used in relation to an issuer, means:

- (a) a director or senior officer of the issuer,
- (b) a director or senior officer of a company that is itself an Insider or subsidiary of the issuer,
- (c) a Person that beneficially owns or controls, directly or indirectly, Voting Shares carrying more than 10% of the voting rights attached to all outstanding Voting Shares of the issuer, or
- (d) the issuer itself if it holds any of its own securities.

“**issuer**” means a company and its subsidiaries which have any of its securities listed for trading on the Exchange and, as the context requires, any applicant company seeking a listing of its securities on the Exchange.

“**Majority of the Minority Approval**” means the approval of a Non-Arm’s Length Qualifying Transaction by the majority of the votes cast by shareholders, other than:

- (a) Non-Arm’s Length Parties to the CPC;
- (b) Non-Arm’s Length Parties to the Qualifying Transaction; and
- (c) in the case of a Related Party Transaction:
  - (i) if the CPC holds its own shares, the CPC, and
  - (ii) a Person acting jointly or in concert with a Person referred to in paragraph (a) or (b) in respect of the transaction

at a properly constituted meeting of the common shareholders of the CPC.

“**Member**” means a Person who has executed the Members’ Agreement, as amended from time to time, and is accepted as and becomes a member of the Exchange under the Exchange requirements.

**“Members’ Agreement”** means the members’ agreement among the Exchange and each Person who, from time to time, is accepted as and becomes a Member of the Exchange under the Exchange requirements.

**“NEX”** means the market on which former Exchange and Toronto Stock Exchange issuers that do not meet Exchange Tier Maintenance Requirements for Tier 2 Issuers may continue to trade.

**“Non-Arm’s Length Party”** means in relation to a company, a promoter, officer, director, other Insider or Control Person of that company (including an issuer) and any Associates or Affiliates of any of such Persons. In relation to an individual, means any Associate of the individual or any company of which the individual is a promoter, officer, director, Insider or Control Person.

**“Non-Arm’s Length Parties to the Qualifying Transaction”** means the Vendor(s), any Target Company(ies) and includes, in relation to Significant Assets or Target Company(ies), the Non-Arm’s Length Parties of the Vendor(s), the Non-Arm’s Length Parties of any Target Company(ies) and all other parties to or associated with the Qualifying Transaction and Associates or Affiliates of all such other parties.

**“Non-Arm’s Length Qualifying Transaction”** means a proposed Qualifying Transaction where the same party or parties or their respective Associates or Affiliates control the CPC and the Significant Assets which are the subject of the proposed Qualifying Transaction.

**“Person”** means a company or individual.

**“Principal”** means:

- (a) a Person who acted as a promoter of the issuer within two years or their respective Associates or Affiliates, before the initial public offering (“**IPO**”) prospectus or the Final Exchange Bulletin;
- (b) a director or senior officer of the issuer or any of its material operating subsidiaries at the time of the IPO prospectus or Final Exchange Bulletin;
- (c) a 20% holder - a Person that holds securities carrying more than 20% of the voting rights attached to the issuer’s outstanding securities immediately before and immediately after the issuer’s IPO or immediately after the Final Exchange Bulletin for non IPO transactions; and
- (d) a 10% holder - a Person that:
  - (i) holds securities carrying more than 10% of the voting rights attached to the issuer’s outstanding securities immediately before and immediately after the issuer’s IPO or immediately after the Final Exchange Bulletin for non IPO transactions; and
  - (ii) has elected or appointed, or has the right to elect or appoint, one or more directors or senior officers of the issuer or any of its material operating subsidiaries.

In calculating these percentages, include securities that may be issued to the holder under outstanding convertible securities in both the holder’s securities and the total securities outstanding.

A company, trust, partnership or other entity more than 50% held by one or more Principals will be treated as a Principal. (In calculating this percentage, include securities of the entity that may be issued to the Principals under outstanding convertible securities in both the Principals’ securities of the entity and the total securities of the entity outstanding.) Any securities of the issuer that this entity holds will be subject to escrow requirements.

A Principal's spouse and their relatives that live at the same address as the Principal will also be treated as Principals and any securities of the issuer they hold will be subject to escrow requirements.

**“Pro Group”** means:

- (a) Subject to subparagraphs (b), (c) and (d) “Pro Group” shall include, either individually or as a group:
  - (i) the Member;
  - (ii) employees of the Member;
  - (iii) partners, officers and directors of the Member;
  - (iv) Affiliates of the Member; and
  - (v) Associates of any parties referred to in subparagraphs (i) through (iv).
- (b) the Exchange may, in its discretion, include a Person or party in the Pro Group for the purposes of a particular calculation where the Exchange determines that the Person is not acting at arm's length to the Member;
- (c) The Exchange may, in its discretion, exclude a Person from the Pro Group for the purposes of a particular calculation where the Exchange determines that the Person is acting at arm's length of the Member;
- (d) The Member may deem a Person who would otherwise be included in the Pro Group pursuant to subparagraph (a) to be excluded from the Pro Group where the Member determines that:
  - (i) the Person is an Affiliate or Associate of the Member acting at arm's length of the Member;
  - (ii) the Associate or Affiliate has a separate corporate and reporting structure;
  - (iii) there are sufficient controls on information flowing between the Member and the Associate or Affiliate; and
  - (iv) the Member maintains a list of such excluded Persons.

**“promoter”** has the meaning specified in section 1(1) of the *Securities Act* (British Columbia).

**“Qualifying Transaction”** means a transaction where a CPC acquires Significant Assets, other than cash, by way of purchase, amalgamation, merger or arrangement with another company or by other means.

**“Related Party Transaction”** has the meaning ascribed to that term under Multilateral Instrument 61-101 *Protection of Minority Security Holders in Special Transactions*, and includes a related party transaction that is determined by the Exchange, to be a Related Party Transaction. The Exchange may deem a transaction to be a Related Party Transaction where the transaction involves Non Arm's Length Parties, or other circumstances exist which may compromise the independence of the Issuer with respect to the transaction.

**“Resulting Issuer”** means the issuer that was formerly a CPC that exists upon issuance of the Final Exchange Bulletin.

“**SEDAR**” means System for Electronic Document Analysis and Retrieval.

“**Seed Shares**” means securities issued before an issuer’s initial public offering, regardless of whether the securities are subject to resale restrictions or are free trading.

“**Significant Assets**” means one or more assets or businesses which, when purchased, optioned or otherwise acquired by the CPC, together with any other concurrent transactions would result in the CPC meeting the Initial Listing Requirements of the Exchange.

“**Sponsor**” has the meaning specified in Exchange Policy 2.2 *Sponsorship and Sponsorship Requirements*.

“**Target Company**” means a company to be acquired by the CPC as its Significant Asset pursuant to a Qualifying Transaction.

“**Trustee**” means Equity Financial Trust Company of Suite 1620, 1185 West Georgia Street, Vancouver, British Columbia, V6E 4E6;

“**Vendor**” or “**Vendors**” means one or all of the beneficial owners of the Significant Assets (other than a Target Company(ies)).

“**Voting Shares**” means a security of an issuer that:

- (a) is not a debt security, and
- (b) carries a voting right either under all circumstances or under some circumstances that have occurred and are continuing.

## PROSPECTUS SUMMARY

*The following is a summary of the principal features of this distribution and should be read together with the more detailed information and financial data and statements contained elsewhere in this prospectus.*

**The Corporation:** Crest Petroleum Corp.

**Business of the Corporation:** The Corporation is a CPC under the CPC Policy. The principal business of the Corporation will be the identification and evaluation of assets or businesses with a view to completing a Qualifying Transaction. The Corporation has not commenced commercial operations and has no assets other than a minimum amount of cash. See “Business of the Corporation”.

**Offering:** The Corporation is offering to the public, through the Agent, 2,000,000 Common Shares at a price of \$0.10 per Common Share for gross proceeds of \$200,000. In addition, the Corporation will grant to the Agent the Agent’s Warrants to purchase up to 160,000 Common Shares at a price of \$0.10 per Common Share for a period of 24 months from the date of listing of the Common Shares on the Exchange, which options are qualified for distribution under this prospectus. On Closing, the Corporation proposes to grant incentive stock options to purchase 500,000 Common Shares to the directors and officers of the Corporation, all of which options are qualified for distribution under this prospectus. See “Plan of Distribution” and “Options to Purchase Securities”.

<b>Directors and Management:</b>	<b>Adam Cegielski</b>	Chief Executive Officer, Director and Promoter
	<b>Jim Greig</b>	Chief Financial Officer, Corporate Secretary and Director
	<b>David Schmidt</b>	Director
	<b>Toby Pierce</b>	Director
	<b>Jesse Meidl</b>	Director

**Use of Proceeds:** The total funds available to the Corporation, including the balance of cash proceeds raised prior to this Offering and the net proceeds of this Offering, will be approximately \$252,300. The total available funds will provide the Corporation with a minimum of funds with which to identify and evaluate assets or businesses, for acquisition with a view to completing a Qualifying Transaction. The Corporation may not have sufficient funds to secure such businesses or assets once identified and evaluated and additional funds may be required. Until Completion of the Qualifying Transaction and except as otherwise provided in the CPC Policy, a maximum of the lesser of 30% of the gross proceeds realized or \$210,000 may be used for purposes other than evaluating business or assets. See “Use of Proceeds”, “Business of the Corporation - Method of Financing” and “Risk Factors”.

**Escrowed Securities:**

All Common Shares that were issued prior to this Offering at a price below \$0.10 per Common Share, being 3,000,000 Common Shares and all Common Shares that may be acquired by Non-Arm's Length Parties to the Corporation under the Offering, being 160,000 Common Shares, will be deposited in escrow under the Escrow Agreement and will be released from escrow in stages over a period of up to three years after the date of the Final Exchange Bulletin. See "Escrowed Securities".

**Risk Factors:**

Investment in the Common Shares must be regarded as highly speculative due to the proposed nature of the Corporation's business and its present stage of development. The Corporation was only recently incorporated and has no active business or assets other than cash. It does not have a history of earnings, nor has it paid any dividends and will not generate earnings or pay dividends until at least after the Completion of the Qualifying Transaction. The Offering is only suitable to investors who are prepared to rely entirely on the directors and management of the Corporation and can afford to risk the loss of their entire investment. The directors and officers of the Corporation will only devote part of their time and attention to the affairs of the Corporation and there are potential conflicts of interest to which some of the directors and officers of the Corporation will be subject in connection with the operations of the Corporation. Assuming completion of the Offering, an investor will suffer an immediate dilution on investment of 30% or \$0.30 per Common Share. There can be no assurance that an active and liquid market for the Corporation's Common Shares will develop and an investor may find it difficult to resell the Common Shares. Until Completion of the Qualifying Transaction, if ever, the Corporation will not carry on any business other than the identification and evaluation of assets or businesses with a view to completing a Qualifying Transaction. The Corporation has only limited funds with which to identify and evaluate possible Qualifying Transactions and there can be no assurance that the Corporation will be able to identify or complete a suitable Qualifying Transaction.

The Qualifying Transaction may involve the acquisition of a business or assets located outside of Canada. It may therefore be difficult or impossible to effect service or notice to commence legal proceedings upon any directors, officers and experts outside of Canada and it may not be possible to enforce against such persons or companies judgments obtained in Canadian courts predicated upon the civil liability provisions applicable to securities laws in Canada. See "Business of the Corporation" and "Risk Factors".

## THE CORPORATION

The Corporation was incorporated by articles of incorporation under the *Business Corporations Act* (British Columbia) on January 24, 2012.

The head office of the Corporation is located at c/o 6028 Glenwynd Place, West Vancouver, B.C., V7W 2W5. The registered office of the Corporation is located at 1000 – 595 Burrard Street, Vancouver, British Columbia, V7X 1S8. The Corporation does not have any subsidiaries.

## BUSINESS OF THE CORPORATION

### Preliminary Expenses

The Corporation has incurred actual expenses to April 30, 2012 in the aggregate amount of \$14,306 in respect of bank fees, filing fees, office rent and professional fees. Since February 29, 2012, the Corporation has incurred share issuance cost totaling \$5,000 in respect of certain deposits paid to the Agent. Part of the net proceeds of the Offering will be utilized to satisfy additional obligations of the Corporation related to this Offering, including the expenses of its auditor, legal fees, fees of the Agent and its legal counsel, and fees of the Exchange and securities regulatory authorities. See “Use of Proceeds”.

### Proposed Operations until Completion of a Qualifying Transaction

To date, the Corporation has not conducted operations of any kind. The Corporation is a CPC under the policies of the Exchange. The Corporation proposes to identify and evaluate businesses and assets with a view to completing a Qualifying Transaction. Any proposed Qualifying Transaction must be accepted by the Exchange and in the case of a Non-Arm’s Length Qualifying Transaction is also subject to Majority of the Minority Approval in accordance with the CPC Policy. The Corporation has not conducted commercial operations. The Corporation has not selected a business sector or industry in which to primarily pursue a Qualifying Transaction, but expects to pursue a Qualifying Transaction in the oil and gas industry.

Until Completion of a Qualifying Transaction, the Corporation will not carry on any business other than the identification and evaluation of businesses or assets with a view to completing a potential Qualifying Transaction. With the consent of the Exchange, this may include the raising of additional funds in order to finance an acquisition. Except as described under “Use of Proceeds - Private Placements for Cash”, and “Use of Proceeds - Restrictions on Use of Proceeds”, the funds raised under this Offering and any subsequent financing will be utilized only for the identification and evaluation of potential Qualifying Transactions and not for any deposit, loan or direct investment in a potential acquisition.

Although the Corporation has commenced the process of identifying potential acquisitions with a view to completing a Qualifying Transaction, the Corporation has not yet entered into an Agreement in Principle.

### Method of Financing

The Corporation may use cash, bank financing, the issuance of treasury shares, private or public debt or equity financing or a combination of these for the purpose of financing its proposed Qualifying Transaction. **A Qualifying Transaction financed by the issuance of treasury shares could result in a change of control of the Corporation and may cause the shareholders’ interest in the Corporation to be further diluted.**

## **Criteria for a Qualifying Transaction**

All potential acquisitions will be screened initially by management of the Corporation to determine their economic viability. Approval of acquisitions will be made by the board of directors. The board of directors will examine proposed acquisitions having regard to sound business fundamentals, utilizing the expertise and experience of the directors. The board of directors of the Corporation must approve any proposed Qualifying Transaction. In exercising their powers and discharging their duties in relation to a proposed Qualifying Transaction, the directors will act honestly and in good faith with a view to the best interests of the Corporation and will exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

## **Process of Identification of a Qualifying Transaction**

The Corporation proposes to identify acquisitions of interests in assets or businesses through discussions with various business associates and contacts of the Corporation's directors. Once a prospective acquisition target has been identified and evaluated, the Corporation will proceed to negotiate the terms upon which it may acquire an interest in the asset or business.

## **Filings and Shareholder Approval of a Non-Arm's Length Qualifying Transaction**

Upon the Corporation reaching an Agreement in Principle, the Corporation must issue a comprehensive news release, at which time the Exchange generally will halt trading in the Corporation's Common Shares until the filing requirements of the Exchange have been satisfied as set forth under "Trading Halts, Suspensions and Delisting". Within 75 days after issuance of such news release, the Corporation will be required to submit for review to the Exchange either an information circular that complies with applicable corporate and securities laws or a filing statement that complies with Exchange requirements. An information circular must be submitted where there is a Non-Arm's Length Qualifying Transaction. A filing statement must be submitted where the Qualifying Transaction is not a Non-Arm's Length Qualifying Transaction. The information circular or filing statement, as applicable, must contain prospectus level disclosure of the Target Company and the Corporation, assuming Completion of the Qualifying Transaction, and be prepared in accordance with the CPC Policy and Form 3B1 or Form 3B2, as the case may be, of the Exchange. Upon acceptance by the Exchange, the Corporation must then either:

- (a) file the filing statement on SEDAR at least seven business days prior to closing of the Qualifying Transaction, and issue a news release which discloses the scheduled closing date for the Qualifying Transaction as well as the fact that the filing statement is available on SEDAR, or
- (b) mail the information circular and related proxy material to its shareholders in order to obtain the Majority of the Minority Approval of the Qualifying Transaction or other requisite approval, at a meeting of shareholders.

Unless waived by the Exchange, the Corporation will also be required to retain a Sponsor, who must be a Member of the Exchange, and who will be required to submit to the Exchange a Sponsor report prepared in accordance with the policies of the Exchange. The Corporation will no longer be considered to be a CPC upon the Exchange having issued the Final Exchange Bulletin. The Exchange will generally not issue the Final Exchange Bulletin until the Exchange has received:

- (a) in the case of a Non-Arm's Length Qualifying Transaction, confirmation of Majority of Minority Approval of the Qualifying Transaction;
- (b) confirmation of closing of the Qualifying Transaction; and

- (c) all post-meeting or final documentation, as applicable, otherwise required to be filed with the Exchange under the CPC Policy.

Upon issuance of the Final Exchange Bulletin, the CPC Policy will generally cease to apply, with the exception of the escrow provisions of the CPC Policy and the restrictions in the CPC Policy precluding the Corporation from completing a reverse take-over for a period of one year from the Completion of the Qualifying Transaction.

### **Initial Listing Requirements**

The Resulting Issuer must satisfy the Exchange's Initial Listing Requirements for the particular industry sector in either Tier 1 or Tier 2 as prescribed under the applicable policies of the Exchange.

### **Trading Halts, Suspension and Delisting**

The Exchange will generally halt trading in the Common Shares from the date of the public announcement of an Agreement in Principle until all filing requirements of the Exchange have been satisfied, which includes the submission of a sponsorship acknowledgment form, where the Qualifying Transaction is subject to sponsorship. In addition, personal information forms or, if applicable, declarations for all individuals who may be directors, senior officers, promoters, or insiders of the Resulting Issuer must be filed with the Exchange and any preliminary background searches that the Exchange considers necessary or advisable, must also be completed, before the trading halt will be lifted by the Exchange.

Even if all filing requirements have been satisfied and preliminary background checks completed, the Exchange may continue or reinstate a halt in trading of the Common Shares for public policy reasons including:

- (a) the unacceptable nature of the business of the Resulting Issuer, or
- (b) the number of conditions precedent to, or the nature and number of deficiencies required to be resolved prior to, completion of the Qualifying Transaction are so significant or numerous as to make it appear to the Exchange that the halt should be reinstated or continued.

A trading halt may also be imposed by the Exchange where the Corporation fails to file the supporting documents relating to the Qualifying Transaction within a period of 75 days after public announcement of the Agreement in Principle or if the Corporation fails to file post-meeting or final documents as applicable, within the time required. A trading halt may also be imposed if a Sponsor terminates its sponsorship.

The Exchange may suspend from trading or delist the Common Shares of the Corporation where the Exchange has not issued a Final Exchange Bulletin to the Corporation within 24 months after the date of listing. In the event that the Common Shares of the Corporation are delisted by the Exchange, within 90 days from the date of such delisting, the Corporation must wind up and must make a pro rata distribution of its remaining assets to its shareholders, unless shareholders, pursuant to a majority vote exclusive of the votes of Non-Arm's Length Parties to the Corporation, approve another use of the remaining assets. See "Filings and Shareholders Approval of a Non-Arm's Length Qualifying Transaction" above.

If the Corporation does not complete a Qualifying Transaction within 24 months after the date of listing, the Corporation may apply for listing on NEX rather than be delisted. In order to be eligible to list on NEX, the Corporation must:

- (a) obtain majority shareholder approval for the transfer to NEX exclusive of the votes of Non-Arm's Length Parties to the Corporation; and
- (b) either:
  - (i) cancel all escrowed Common Shares purchased by Non-Arm's Length Parties to the Corporation at a discount to the Offering Price in accordance with section 11.2(a) of the CPC Policy; or
  - (ii) subject to majority shareholder approval, cancel an amount of the escrowed Common Shares purchased by Non-Arm's Length Parties to the Corporation so that the average cost of the remaining escrowed Common Shares is at least equal to the Offering price.

If the Corporation lists the Common Shares on NEX, it must continue to comply with all requirements and restrictions of the CPC Policy.

### **Refusal of Qualifying Transaction**

The Exchange, in its sole discretion, may not approve a Qualifying Transaction where:

- (a) the Resulting Issuer fails to satisfy the applicable Initial Listing Requirements of the Exchange;
- (b) the aggregate number of securities of the Resulting Issuer owned, directly or indirectly, by:
  - (i) a Member firm of the Exchange;
  - (ii) registrants, unregistered corporate finance professionals, employee shareholders and partners of such Member firm; and
  - (iii) associates of any such person,
 collectively, would exceed 20% of the issued and outstanding securities of the Resulting Issuer;
- (c) the Resulting Issuer will be a finance company, financial institution, finance issuer, or mutual fund, as defined in applicable securities legislation;
- (d) the majority of the directors and senior officers of the Resulting Issuer are not residents of Canada or the United States or are individuals who have not demonstrated positive association as directors or officers with public companies that are subject to a regulatory regime comparable to the companies listed on a Canadian exchange; or
- (e) notwithstanding the definition of a Qualifying Transaction, there is any other reason for denying acceptance of the Qualifying Transaction.

### **USE OF PROCEEDS**

#### **Proceeds and Principal Purposes**

The gross proceeds to be received by the Corporation from the sale of the Common Shares distributed under this prospectus will be \$200,000. The gross proceeds received by the Corporation from the sale of 3,000,000 Common Shares prior to the date of this prospectus was \$150,000. The Corporation incurred expenses and costs totaling \$1,500 with respect to the organization of the Corporation and the issuance of Common Shares prior to the date of this prospectus. The expenses and costs of this Offering incurred to date and expected to be incurred total approximately \$96,200, including listing fees, Agent's commission, corporate finance fee and expenses, administrative service fees, legal fees, audit fees and expenses and

listing fees. The Corporation estimates that \$252,300 will be available to it upon completion of the Offering.

The following indicates the principal uses to which the Corporation proposes to use the total funds available to it upon completion of the Offering:

Cash proceeds raised prior to this Offering <sup>(1)</sup>	\$150,000
Expenses and costs relating to raising the cash proceeds	(1,500)
Cash proceeds to be raised under this Offering <sup>(2)</sup>	200,000
Expenses and costs relating to the Offering (including listing fees, Agent's commission and expenses, legal fees, audit fees and expenses) <sup>(3)</sup>	<u>(96,200)</u>
<b>Estimated funds available (on completion of the Offering)</b>	<b><u>\$252,300</u></b>
Funds available for identifying and evaluating assets or business prospects <sup>(4)</sup>	216,300
Estimated general and administrative expenses until Completion of a Qualifying Transaction <sup>(3)(5)</sup>	<u>36,000</u>
<b>Total Net Proceeds</b>	<b><u>\$252,300</u></b>

Notes:

- (1) See "Prior Sales".
- (2) If the Agent exercises the Agent's Warrants and the directors and officers exercise their options, there will be available to the Corporation a maximum of an additional \$66,000, which will be added to the working capital of the Corporation. There is no assurance that any of these options will be exercised.
- (3) See "Restrictions on Use of Proceeds". Until completion of its Qualifying Transaction, no more than the lesser of 30% (or \$105,000 in the case of the Corporation) of the gross proceeds from the sale of securities issued by a CPC and \$210,000 may be used for purposes such as listing and filing fees (including SEDAR fees), legal and audit fees relating to the preparation and filing of the CPC prospectus and general and administrative expenses. The Corporation's total estimated expenses (pre- and post-Offering) of \$132,200, include the Agent's corporate finance fee of \$10,000, plus applicable taxes and commission of \$16,000 on the Offering which are excluded from the 30% number, therefore, the Corporation's estimated expenses of \$105,000 (after deducting the Agent's corporate finance fee and commission) comply with the CPC Policy.
- (4) If the Corporation enters into an Agreement in Principle prior to spending the entire \$216,300 on identifying and evaluating assets or businesses, the remaining funds may be used to finance or partially finance the acquisition of Significant Assets or for working capital after Completion of the Qualifying Transaction.
- (5) This amount includes estimated general and administrative expenses of \$1,500 per month and assumes that it takes the Corporation the full 24 months to identify and complete a Qualifying Transaction.

Until required for the Corporation's purposes, the proceeds will only be invested in securities of, or those guaranteed by, the Government of Canada or any Province or territory of Canada or the Government of the United States of America, in certificates of deposit or interest-bearing accounts of Canadian chartered banks, trust companies or credit unions.

The proceeds from this Offering and any prior sale of Common Shares, after deducting the expenses associated with this Offering, will only be sufficient to identify and evaluate a finite number of assets and businesses, and additional funds may be required to finance any acquisition to which the Corporation may commit.

## **Permitted Use of Funds**

Until the Completion of the Qualifying Transaction and except as otherwise specifically provided by the CPC Policy and described in “Restrictions on Use of Proceeds”, “Private Placements for Cash,” and “Prohibited Payments to Non-Arm’s Length Parties”, the gross proceeds realized from the sale of all securities issued by the Corporation will be used by the Corporation only to identify and evaluate businesses or assets and obtain shareholder approval for a proposed Qualifying Transaction.

The proceeds may be used for expenses incurred for the preparation of:

- (a) valuations or appraisals;
- (b) business plans;
- (c) feasibility studies and technical assessments;
- (d) sponsorship reports;
- (e) engineering or geological reports;
- (f) financial statements, including audited financial statements;
- (g) fees for legal and accounting services; and
- (h) agent’s fees, costs and commissions,

relating to the identification and evaluation of assets or businesses and in the case of a Non-Arm’s Length Qualifying Transaction, the obtaining of shareholder approval for the Corporation’s proposed Qualifying Transaction.

In addition, with the prior acceptance of the Exchange, up to an aggregate of \$225,000 may be advanced as a refundable deposit or secured loan by the Corporation to a Vendor or Target Company, as the case may be, for a proposed arm’s length Qualifying Transaction, provided that:

- (a) the Qualifying Transaction has been publicly announced;
- (b) due diligence with respect to the Qualifying Transaction is well underway;
- (c) either a Sponsor has been engaged or sponsorship has been waived; and
- (d) the advance has been announced in a news release at least 15 days prior to the date of any such advance.

A maximum aggregate amount of \$25,000 may also be advanced as a non-refundable deposit, unsecured deposit or advance to a Vendor or Target Company, as the case may be, to preserve assets without the prior acceptance of the Exchange.

## **Restrictions on Use of Proceeds**

Until Completion of a Qualifying Transaction, not more than the lesser of 30% (\$105,000) of the gross proceeds from the sale of all securities issued by the Corporation or \$210,000, will be used for purposes other than those described above. For greater certainty, expenditures which are not included as “Permitted Use of Funds”, listed above, include:

- (a) listing and filing fees (including SEDAR fees);
- (b) other costs of the issuance of securities, including legal and audit expenses relating to the preparation and filing of this prospectus; and
- (c) administrative and general expenses of the Corporation, including:

- (i) office supplies, office rent and related utilities;
- (ii) printing costs, including printing of this prospectus and share certificates;
- (iii) equipment leases; and
- (iv) fees for legal advice and audit expenses relating to matters other than those described above under “Permitted Use of Funds”.

No proceeds will be used to acquire or lease a vehicle.

### **Private Placements for Cash**

After the closing of the Offering and until the Completion of the Qualifying Transaction, the Corporation will not issue any securities unless written acceptance of the Exchange is obtained before issuance. Prior to the Completion of the Qualifying Transaction, the Exchange generally will not accept a private placement by the Corporation where the gross proceeds raised from the issuance of securities both prior to and under the Offering, together with any proceeds anticipated to be raised upon closing of the private placement, will exceed \$5,000,000. The only securities issuable pursuant to such a private placement will be Common Shares. Subject to certain limited exceptions, any Common Shares issued under the private placement to Non-Arm’s Length Parties to the Corporation and to Principals of the Resulting Issuer will be escrowed.

### **Prohibited Payments to Non-Arm’s Length Parties**

Except as described under “Options to Purchase Securities” and “Restrictions on Use of Proceeds”, the Corporation has not made, and until the Completion of the Qualifying Transaction will not make, any payment of any kind, directly or indirectly, to a Non-Arm’s Length Party to the Corporation or a Non-Arm’s Length Party to the Qualifying Transaction, or to a Person engaged in investor relations activities, by any means, including:

- (a) remuneration, which includes but is not limited to salaries, consulting fees, management contract fees or directors’ fees, finders’ fees, loans, advances and bonuses, and
- (b) deposits and similar payments.

Further, no such payment will be made on or after the Completion of a Qualifying Transaction if such payment relates to services rendered or obligations incurred prior to or in connection with the Qualifying Transaction.

Notwithstanding the above, the Corporation may reimburse a Non-Arm’s Length Party to the Corporation for reasonable expenses for office supplies, office rent and related utilities, equipment leases (excluding vehicle leases), and legal services (provided that neither the lawyer providing the legal services nor any member of the law firm providing the services is a promoter of the Corporation or in the case of a law firm, no member of the firm, owns greater than 10% of the outstanding Common Shares of the Corporation). The Corporation may also reimburse a Non-Arm’s Length Party to the Corporation for reasonable out-of-pocket expenses incurred in pursuing the business of the Corporation described in “Permitted Use of Funds”.

The foregoing restrictions on the use of proceeds and prohibitions on payments to Non-Arm’s Length Parties and Persons engaged in investor relations activities continue to apply until the Completion of the Qualifying Transaction.

## **PLAN OF DISTRIBUTION**

### **Agency Agreement**

Under the Agency Agreement, the Corporation has appointed the Agent as its agent to offer for sale on a “commercially reasonable efforts” basis to the public, 2,000,000 Common Shares as provided in this prospectus, at a price of \$0.10 per Common Share, for gross proceeds of \$200,000, subject to the terms and conditions in the Agency Agreement. The Agent will receive a cash commission of 8% of the aggregate gross proceeds from the sale of the Common Shares. The Corporation will also pay the Agent a corporate finance fee of \$10,000 plus applicable taxes. In addition, the Corporation will pay the Agent’s reasonable legal fees which will not exceed \$15,000 plus disbursements and taxes, and other expenses incurred under the Offering of which \$5,000 has been advanced by the Corporation as a retainer.

The Corporation has also agreed to grant to the Agent and any sub-agents the Agent’s Warrants. The Agent’s Warrants entitles the Agent to acquire Common Shares in an amount equal to 8% of the number of Common Shares sold under the Offering at an exercise price of \$0.10 per Common Share, exercisable for a period ending 24 months from the date of listing of the Common Shares on the Exchange. All of the Agent’s Warrants are qualified under this prospectus. Not more than 50% of the Common Shares received on the exercise of the Agent’s Warrants may be sold by the Agent prior to the Completion of the Qualifying Transaction. The remaining 50% may be sold after the Completion of the Qualifying Transaction.

The Agent has agreed to use commercially reasonable efforts to secure subscriptions for the Common Shares offered hereunder on behalf of the Corporation and may make co-brokerage arrangements with other investment dealers at no additional cost to the Corporation. The obligations of the Agent under the Agency Agreement may be terminated at its discretion on the basis of its assessment of the state of financial markets and may also be terminated on the occurrence of certain events as stated in the Agency Agreement.

### **Commercially Reasonable Efforts Offering and Minimum Distribution**

The total Offering is of 2,000,000 Common Shares at a price of \$0.10 per Common Share for total gross proceeds of \$200,000. Under the CPC Policy, no purchaser of the Common Shares is permitted to purchase more than 2% or 40,000 of the total Common Shares in the Offering. In addition, the maximum number of Common Shares permitted to be purchased by that purchaser together with any Associates or Affiliates of that purchaser is 4% or 80,000 of the total number of Common Shares under the Offering. The funds received from this Offering will be deposited with the Agent, and will not be released until a minimum of \$200,000 has been deposited. The total subscription must be raised within 90 days of the date a receipt for the prospectus is issued, or such other time as may be consented to by the principal regulator and persons or companies who subscribed within that period, failing which the Agent will remit the funds collected to the original subscribers without interest or deduction, unless subscribers have otherwise instructed the Agent.

Upon completion of the Offering, the Corporation must have a minimum of 200 shareholders with each shareholder beneficially owning at least 1,000 Common Shares free of resale restrictions, exclusive of any Common Shares held by Non-Arm’s Length Parties to the Corporation.

## **Other Securities To Be Distributed**

On Closing, the Corporation proposes to grant incentive stock options to purchase 500,000 Common Shares to directors and officers in accordance with the policies of the Exchange which options are qualified for distribution under this prospectus. See “Options to Purchase Securities”.

## **Determination of Price**

The price of the Common Shares has been determined through negotiation between the Corporation and the Agent in accordance with the policies of the Exchange.

## **Listing Application**

The Exchange has conditionally approved the listing of the Common Shares on the Exchange. Listing will be subject to the Corporation fulfilling all the listing requirements of the Exchange.

## **Subscriptions by and Restrictions on the Agent**

There are Exchange restrictions on the securities that may be held by the Agent, pursuant to the Offering and prior to Completion of the Qualifying Transaction.

The Agent has advised the Corporation that to the best of its knowledge and belief, the following directors, officers, employees or contractors or any Associate or Affiliate of the foregoing have subscribed for Common Shares of the Corporation in the following amounts:

<b>Name of Subscriber</b>	<b>Number of Common Shares Subscribed</b>	<b>Subscription Price per Common Share</b>
Dain Currie <sup>(1)</sup>	100,000	\$0.05

(1) Mr. Currie is an employee of the Agent and therefore a member of the Pro Group.

All subscriptions by any member of the Aggregate Pro Group are subject to the applicable client priority rules and the general rule of the CPC Policy that no purchaser can: (i) directly or indirectly purchase more than 2% of the total Common Shares offered under this Offering; and (ii) together with any Associates or Affiliates purchase more than 4% of the total Common Shares offered under this Offering. Any Common Shares issued to any member of the Aggregate Pro Group prior to the date of this prospectus will be held in escrow under the CPC Policy.

Until Completion of the Qualifying Transaction, the aggregate number of Common Shares permitted to be owned directly or indirectly by the members of the Pro Group is 20% of the issued and outstanding Common Shares of the Corporation exclusive of Common Shares reserved for issuance at a future date. The Exchange will require that any securities issued to the Pro Group in connection with or in contemplation of the Qualifying Transaction will be required to be subject to a four month Exchange hold period and the securities certificate(s) legended accordingly, as prescribed by Exchange Policy 3.2 “*Filing Requirements and Continuous Disclosure*”.

## **Restrictions on Trading**

Other than the initial distribution of the Common Shares under this prospectus, the grant of the Agent’s Warrants, the grant of incentive stock options to directors and officers of the Corporation, no securities of the Corporation will be permitted to be issued during the period between the date a receipt for the preliminary prospectus is issued by the securities regulatory authorities and the time the Common Shares are listed for trading on the Exchange, except subject to prior acceptance of the Exchange, where

appropriate registration and prospectus exemptions are available under securities legislation or where the applicable securities regulatory authorities grant a discretionary order.

## DESCRIPTION OF THE SECURITIES

### Common Shares

The Corporation is authorized to issue an unlimited number of Common Shares without nominal or par value. As at the date of this prospectus, there are 3,000,000 Common Shares issued and outstanding as fully paid and non-assessable. In addition, 2,000,000 Common Shares are reserved for issuance under this prospectus, 500,000 Common Shares are reserved for issuance pursuant to the exercise of incentive stock options proposed to be granted to directors and officers of the Corporation on Closing and 160,000 Common Shares are reserved for issuance pursuant to the exercise of the Agent’s Warrants. See “Plan of Distribution” and “Options to Purchase Securities – Options Granted”.

The holders of Common Shares are entitled to dividends, if, as and when declared by the board of directors, to one vote per Common Share at meetings of the shareholders of the Corporation and, upon liquidation, to share equally in such assets of the Corporation as are distributable to the holders of Common Shares. All Common Shares to be outstanding after completion of this Offering will be fully paid and non-assessable.

## CAPITALIZATION

Designation of Security	Amount Authorized	Amount Outstanding as of March 31, 2012 <sup>(1)</sup>	Amount Outstanding as at May 8, 2012	Amount to be Outstanding after giving effect to the Offering <sup>(2) (3)</sup>
Common Shares	unlimited	\$150,000 (3,000,000 shares) <sup>(4)</sup>	\$150,000 (3,000,000 shares) <sup>(4)</sup>	\$350,000 (5,000,000 shares)

Notes:

- (1) As at March 31, 2012 and the date of this prospectus, the Corporation had not commenced commercial operations.
- (2) The Corporation has reserved a total of 500,000 Common Shares under its stock option plan for options to be granted to directors and officers of the Corporation on Closing, at a price of \$0.10 per share. The options to be granted to directors and officers will have a five year term. See “Options to Purchase Securities”. The Corporation has also reserved an aggregate of 160,000 Common Shares at an exercise price of \$0.10 per Common Share that expire 24 months from the date of listing of the Common Shares on the Exchange, pursuant to the Agent’s Warrants. See “Plan of Distribution”.
- (3) Based on gross proceeds of the Offering of \$200,000 and before deducting the Agent’s commission, legal fees and expenses and other expenses and costs of the Offering, estimated at \$90,000. See “Use of Proceeds – Proceeds and Principal Purposes”.
- (4) All 3,000,000 of these Common Shares are subject to escrow restrictions. An additional 160,000 Common Shares which will be acquired by directors and officers of the Corporation pursuant to the Offering will also be subject to escrow restrictions. See “Escrowed Securities”.

If the Corporation issues treasury shares to finance an acquisition or participation, control of the Corporation may change and subscribers may suffer additional dilution of their investment.

## OPTIONS TO PURCHASE SECURITIES

The Corporation has adopted an incentive stock option plan (the “**Option Plan**”), which provides that the board of directors of the Corporation may from time to time, in its discretion, and in accordance with the Exchange requirements, grant to directors, officers, employees and technical consultants to the Corporation, non-transferable options to purchase Common Shares, provided that the number of Common Shares reserved for issuance must not exceed 500,000, being 10% of the number of Common Shares to be outstanding at Closing. Under the Option Plan, such options may be exercisable for a period of up to 10 years from the date of grant. In connection with the foregoing, the number of Common Shares reserved for issuance to any individual director or officer will not exceed five percent (5%) of the issued and outstanding Common Shares and the number of Common Shares reserved for issuance to all technical consultants will not exceed two percent (2%) of the issued and outstanding Common Shares. Options may be exercised no later than 90 days following cessation of the optionee’s position with the Corporation, provided that if the cessation of office, directorship, or technical consulting arrangement was by reason of death, the option may be exercised within a maximum period of one year after such death, subject to the expiry date of such option. Any Common Shares acquired pursuant to the exercise of options prior to Completion of the Qualifying Transaction, must be deposited in escrow and will be subject to escrow until the Final Exchange Bulletin is issued. See “Escrow Securities”.

As at the date of this prospectus, the Corporation proposes to grant on Closing, stock options to the Corporation’s directors and officers to acquire 500,000 Common Shares as follows:

Optionee	Number of Common Shares Reserved Under Option <sup>(1) (2)</sup>	Exercise Price Per Common Share	Expiry Date
Adam Cegielski	100,000	\$0.10	5 years from the Date of Grant
Jim Greig	100,000	\$0.10	5 years from the Date of Grant
David Schmidt	100,000	\$0.10	5 years from the Date of Grant
Toby Pierce	100,000	\$0.10	5 years from the Date of Grant
Jesse Meidl	100,000	\$0.10	5 years from the Date of Grant
<b>TOTAL</b>	<b>500,000</b>		

Notes:

- (1) For the purpose of the number of Common Shares reserved under the Option Plan and the number of options granted, the Corporation has taken into account the 2,000,000 Common Shares offered under this prospectus and all previously issued Common Shares.
- (2) The incentive stock options to purchase 500,000 Common Shares proposed to be granted to directors and officers are qualified for distribution under the Prospectus.

## PRIOR SALES

Since the date of incorporation, the Corporation has issued 3,000,000 Common Shares as follows:

Date	Number of Common Shares	Issue Price per Share	Aggregate Issue Price	Nature of Consideration Received
January 24, 2012	1 <sup>(1)</sup>	\$0.01	\$0.01	Cash
January 31, 2012	3,000,000 <sup>(2)</sup>	\$0.05	\$150,000	Cash

<b>Date</b>	<b>Number of Common Shares</b>	<b>Issue Price per Share</b>	<b>Aggregate Issue Price</b>	<b>Nature of Consideration Received</b>
<b>TOTAL</b>	<b>3,000,000</b>		<b>\$150,000</b>	Cash

Notes:

- (1) This represents the incorporator's share which was issued on the date of incorporation and subsequently transferred back to the Corporation and cancelled.
- (2) These Common Shares are subject to escrow restrictions. An additional 160,000 Common Shares which will be acquired by directors and officers of the Corporation pursuant to the Offering will also be subject to escrow restrictions. See "Escrowed Securities". 100,000 Common Shares were sold to members of the Aggregate Pro Group.

## **ESCROWED SECURITIES**

### **Escrowed Securities Prior to the Completion of the Qualifying Transaction**

All of the 3,000,000 Common Shares issued prior to this Offering at a price below \$0.10 per Common Share and all Common Shares that may be acquired by Non-Arm's Length Parties to the Corporation either under the Offering or otherwise prior to Completion of the Qualifying Transaction will be deposited with the Trustee under the Escrow Agreement.

All Common Shares acquired on exercise of stock options prior to the Completion of a Qualifying Transaction must also be deposited in escrow and will be subject to escrow until the Final Exchange Bulletin is issued.

In addition, all Common Shares of the Corporation acquired in the secondary market prior to the Completion of a Qualifying Transaction by any person or company who becomes a Control Person are required to be deposited in escrow. Subject to certain exemptions permitted by the Exchange, all securities of the Corporation held by Principals of the Resulting Issuer will also be escrowed.

Notwithstanding the foregoing, Common Shares acquired by Principals of the Corporation or Principals of the Resulting Issuer pursuant to a private placement will not be subject to escrow provided that various conditions, as set forth in the CPC Policy, are met. See "Escrowed Securities on Private Placement".

The following table sets out, as at the date of this prospectus, the number of Common Shares of the Corporation, which are held in escrow.

<b>Name and Municipality of Residence of Shareholder</b>	<b>Number of Common Shares held in Escrow</b>	<b>Percentage of Shares Before Giving Effect to the Offering</b>	<b>Percentage of Shares After Giving Effect to the Offering <sup>(1)</sup></b>
Adam Cegielski West Vancouver, B.C.	500,000	16.7%	10.8%
Jim Greig Vancouver, B.C.	200,000	6.7%	4.8%
David Schmidt Vancouver, B.C.	500,000	16.7%	10.8%

Name and Municipality of Residence of Shareholder	Number of Common Shares held in Escrow	Percentage of Shares Before Giving Effect to the Offering	Percentage of Shares After Giving Effect to the Offering <sup>(1)</sup>
Toby Pierce London, United Kingdom	1,200,000	40%	24.8%
Jesse Meidl London, United Kingdom	100,000	3.3%	2.0%
Dain Currie <sup>(3)</sup> West Vancouver, B.C.	100,000	3.3%	2.0%
Lindsay Capital Corp. Georgetown, Grand Cayman	400,000	13.3%	8.0%
<b>TOTAL</b>	<b>3,000,000<sup>(2)</sup></b>	<b>100%</b>	<b>63.2%</b>

Notes:

- (1) Assuming that each of Adam Cegielski, David Schmidt, Toby Pierce and James Greig subscribe for 40,000 Common Shares pursuant to the Offering. The percentages have been calculated without including any Common Shares that may be issued upon the exercise of the Agent's Warrants and the stock options to be granted to directors and officers.
- (2) 3,160,000 assuming that each of Adam Cegielski, David Schmidt, Toby Pierce and James Greig subscribes for 40,000 Common Shares pursuant to the Offering.
- (3) Mr. Currie is an employee of the Agent and therefore a member of the Pro Group.

The Escrow Agreement provides that the Common Shares may not be sold, assigned, hypothecated, transferred within escrow or otherwise dealt with in any manner without prior consent of the Exchange. The Escrow Agreement provides that if the holder of the escrowed shares becomes bankrupt, the Common Shares may be transferred within escrow to the trustee in bankruptcy or to such other person as is legally entitled to the Common Shares. The Escrow Agreement further provides that upon the death of the holder of the escrowed shares, the Common Shares will be released from escrow and certificates for the Common Shares will be delivered to the legal representative of the deceased shareholder.

Where the Common Shares of the Corporation which are required to be held in escrow are held by a non-individual (a "**holding company**"), each holding company pursuant to the Escrow Agreement, has agreed, or will agree, not to carry out any transactions during the currency of the Escrow Agreement, which would result in a change of control of the holding company, without the consent of the Exchange. Any holding company must sign an undertaking to the Exchange that, to the extent reasonably possible, it will not permit or authorize any issuance of securities or transfer of securities which could reasonably result in a change of control of the holding company. In addition, the Exchange may require an undertaking from any control person of the holding company not to transfer the shares of that company.

Under the Escrow Agreement, 10% of the escrowed Common Shares will be released from escrow on the issuance of the Final Exchange Bulletin (the "**Initial Release**") and an additional 15% will be released on the dates that are 6 months, 12 months, 18 months, 24 months, 30 months and 36 months following the Initial Release.

If the Resulting Issuer meets the Exchange's Tier 1 Initial Listing Requirements either at the time the Final Exchange Bulletin is issued or subsequently, the release of the escrowed Common Shares will be accelerated. An accelerated escrow release will not commence until the Resulting Issuer has made

application to the Exchange for listing as a Tier 1 Issuer and the Exchange has issued a bulletin that announces the acceptance for listing of the Resulting Issuer on Tier 1 of the Exchange.

The Exchange's prior consent must be obtained before a transfer within escrow of escrowed Common Shares. Generally, the Exchange will only permit a transfer within escrow to be made to incoming Principals in connection with a proposed Qualifying Transaction.

If a Final Exchange Bulletin is not issued within 24 months from the date of listing on the Exchange, the escrowed Common Shares will not be released. Under the Escrow Agreement, each Non-Arm's Length Party to the Corporation who holds escrowed Common Shares acquired at a price below the Offering price under this prospectus has irrevocably authorized and directed the Trustee to immediately:

- (a) cancel all of those escrowed Common Shares upon the issuance by the Exchange of a bulletin delisting the Common Shares of the Corporation; or
- (b) if the Corporation lists on NEX, either:
  - i. cancel all Seed Shares purchased by Non-Arm's Length Parties to the Corporation at a discount from the IPO price in accordance with section 11.2(a) of the CPC Policy; or
  - ii. subject to majority shareholder approval, cancel an amount of Seed Shares purchased by Non-Arm's Length Parties to the Corporation so that the average cost of the remaining Seed Shares is at least equal to the IPO price.

### **Escrowed Securities On Qualifying Transaction**

Generally, if at least 75% of the securities issued pursuant to the Qualifying Transaction are "Value Securities", then all the securities issued to Principals of the Resulting Issuer pursuant to the Qualifying Transaction will be deposited into escrow under a value security agreement (the "**Value Security Escrow Agreement**"). "Value Securities" are securities issued pursuant to a transaction, for which the deemed value of the securities at least equals the value ascribed to the asset, using a valuation method acceptable to the Exchange, or securities that are otherwise determined by the Exchange to be Value Securities and required to be placed in escrow under a Value Security Escrow Agreement. However, if at least 75% of the securities issued pursuant to the Qualifying Transaction are not Value Securities, all securities issued pursuant to the Qualifying Transaction will be deposited into a surplus security escrow agreement (a "**Surplus Security Escrow Agreement**").

The principal distinction between a Value Security Escrow Agreement and a Surplus Security Escrow Agreement is the time period for release of securities from escrow. In the case of a Resulting Issuer that will be a Tier 2 Issuer when the Final Exchange Bulletin is issued, the Value Security Escrow Agreement provides for a three year escrow release mechanism with 10% of the escrowed securities being releasable at the time of the Final Exchange Bulletin, and 15% of the escrowed securities being releasable every 6 months thereafter, on each of the 6, 12, 18, 24, 30 and 36 month anniversaries of the Final Exchange Bulletin. In the case of a Resulting Issuer that will be a Tier 2 Issuer, when the Final Exchange Bulletin is issued, the Surplus Security Escrow Agreement provides for a three year escrow release mechanism with:

- (a) 5% of the escrowed securities being releasable at the time of Final Exchange bulletin, and on the 6 month anniversary of the Final Exchange Bulletin;
- (b) 10% of the escrowed securities being releasable in 6 month intervals on each of the 12 and 18 month anniversaries of the Final Exchange Bulletin;

- (c) 15% of the escrowed securities being releasable in 6 month intervals on each of the 24 and 30 month anniversaries of the Final Exchange Bulletin; and
- (d) 40% of the escrowed securities being releasable on the 36 month anniversary of the Final Exchange Bulletin.

In the case of a Resulting Issuer that will be a Tier 1 Issuer when the Final Exchange Bulletin is issued, the Value Security Escrow Agreement provides for an 18 month escrow release mechanism with 25% of the escrowed securities being releasable at the time of the Final Exchange Bulletin, and with 25% of the escrowed securities being releasable every 6 months thereafter. In the case of a Resulting Issuer that will be a Tier 1 Issuer when the Final Exchange Bulletin is issued, the Surplus Security Escrow Agreement provides for a three year escrow release mechanism with:

- (a) 10% of the escrowed securities being releasable upon the issuance of the Final Exchange Bulletin;
- (b) 20% of the escrowed securities being releasable on the 6 month anniversary of the Final Exchange Bulletin;
- (c) 30% of the escrowed securities being releasable on the 12 month anniversary of the Final Exchange Bulletin; and
- (d) 40% of the escrowed securities being releasable on the 18 month anniversary of the Final Exchange Bulletin.

#### **Escrowed Securities On Private Placement**

Securities issued pursuant to a private placement to Principals of the Corporation and the proposed Resulting Issuer will generally be exempt from escrow requirements where:

- (a) the private placement is announced at least five trading days after the news release announcing the Agreement in Principle and the pricing for the financing is at not less than the discounted market price, as determined in accordance with the policies of the Exchange; or
- (b) the private placement is announced concurrently with the Agreement in Principle and
  - (i) at least 75% of the proceeds from the private placement are not from Principals of the Corporation or the proposed Resulting Issuer,
  - (ii) if subscribers, other than Principals of the Corporation or the proposed Resulting Issuer, will obtain securities subject to hold periods, then in addition to any resale restrictions under applicable securities legislation, any securities issued to such Principals will be subject to a four month hold period, and
  - (iii) none of the proceeds of the private placement are allocated to pay compensation or to settle indebtedness owing to Principals of the Resulting Issuer.

#### **PRINCIPAL SHAREHOLDERS**

The following table lists those persons who beneficially own, directly or indirectly, or exercise control or direction over, more than 10% of the issued Common Shares as of the date of this prospectus.

<b>Name and Municipality of Residence of Shareholder</b>	<b>Type of Ownership</b>	<b>Number of Common Shares held</b>	<b>Percentage of Shares Before Giving Effect to the Offering <sup>(1)</sup></b>	<b>Percentage of Shares After Giving Effect to this Offering <sup>(2)</sup></b>	<b>Percentage of Shares After Giving Effect to this Offering (Fully Diluted) <sup>(3)(4)</sup></b>
Adam Cegielski West Vancouver, B.C.	Direct	500,000 <sup>(5)</sup>	16.7%	10.8%	11.3%
David Schmidt Vancouver, B.C.	Direct	500,000 <sup>(5)</sup>	16.7%	10.8%	11.3%
Toby Pierce London, United Kingdom	Direct	1,200,000 <sup>(5)</sup>	40%	24.8%	23.7%
Lindsay Capital Corp. Georgetown, Grand Cayman	Direct	400,000 <sup>(5)</sup>	13.33%	8.0%	7.1%
<b>Total</b>			<b>86.73%</b>	<b>54.4%</b>	<b>53.4%</b>

Notes:

- (1) The percentages have been calculated without including any Common Shares that may be issued upon the exercise of the Agent's Warrants and the stock options to be granted to directors and officers.
- (2) Assuming that each of Adam Cegielski, David Schmidt, Toby Pierce and James Greig subscribe for 40,000 Common Shares pursuant to the Offering. The percentages have been calculated without including any Common Shares that may be issued upon the exercise of the Agent's Warrants and the stock options to be granted to directors and officers.
- (3) Assuming completion of the Offering and exercise of the Agent's Warrants and all stock options to be granted to the directors and officers of the Corporation, the Corporation will have 5,660,000 Common Shares outstanding.
- (4) Assuming that each of Adam Cegielski, David Schmidt, Toby Pierce and James Greig purchase 40,000 Common Shares under the Offering and that each shareholder has exercised his stock options.
- (5) These Common Shares are subject to escrow.

The percentage of Common Shares beneficially owned, directly or indirectly, by promoters, directors, senior officers and Control Persons of the Corporation, and their Associates and Affiliates, collectively, is 100% before giving effect to this Offering and approximately 63.2% (undiluted) and 64.7% (fully diluted) after giving effect to this Offering, assuming that an aggregate of 160,000 Common Shares are purchased by these persons under this Offering.

## **DIRECTORS, OFFICERS AND PROMOTERS**

### **Name, Address, Occupation, Security Holding and Involvement with other Reporting Issuers**

The following table sets out the names of the current directors, officers and promoters of the Corporation, their municipalities of residence, their current positions with the Corporation, their principal occupations during the past five years and the number of shares of the Corporation beneficially owned, directly or indirectly, or over which control or direction is exercised.

<b>Name, Municipality of Residence and Position</b>	<b>Principal Occupation for Past Five Years</b>	<b>Common Shares Held<sup>(2)</sup></b>	<b>Percentage before Completion of Offering</b>	<b>Percentage After Completion of Offering<sup>(3)</sup></b>
Adam Cegielski West Vancouver, B.C. CEO, Director and Promoter	Independent Consultant and President of Insight Consulting; President, CEO and Director of Cayden Resources Inc.; Independent Consultant of Keegan Resources Inc.; Director of Burnt Ridge Resources; President, CEO and Director of Uranium Hunter Corporation; President, CEO and Director of Goldmountain Exploration Corp. (formerly Konigsberg Corp.); acting CFO for IBI Corporation	500,000	16.7%	10.8%
Jim Greig <sup>(1)</sup> Vancouver, B.C. CFO, Corporate Secretary and Director	Project Manager of Keegan Resources Ltd.; CFO of Georgetown Capital Corp.; Project Manager of McIntosh Engineering; Project Consultant of Jamieson Group	200,000	6.7%	4.8%
David Schmidt <sup>(1)</sup> Vancouver, B.C. Director	Self-employed Consultant to mineral exploration companies ( May 2000 to present); President, CFO and Director of Newmac Resources Inc. (mineral exploration); President and Director of Ryan Gold Corp. (mineral exploration); President, CEO and Director of Oceanside Capital Corp. (mineral exploration); and a director of Golden Touch Resources Corp. and Waymar Resources Ltd.	500,000	16.7%	10.8%
Toby Pierce London, United Kingdom Director	Oil and Gas Analyst for Tristone Capital and GMP Securities Europe LLP; CEO and Director of Burnt Ridge Resources	1,200,000	40%	24.8%
Jesse Meidl <sup>(1)(1)</sup> London, United Kingdom Director	Director of Sonoro Energy Ltd.; CFO of Caithness Petroleum Limited; investment banker in the International Oil & Gas group of Thomas Weisel Partners in London; CFO of Arsenal Energy Inc.; Director of Birch Lake Energy	100,000	3.3%	2.0%

Notes:

- (1) Member of the Corporation's Audit Committee. The Corporation does not have any other board committees. Each director holds office until the next annual meeting of shareholders.
- (2) These Common Shares are subject to escrow restrictions. See "Escrowed Securities".
- (3) Assuming that each of Adam Cegielski, David Schmidt, Toby Pierce and James Greig subscribe for 40,000 Common Shares pursuant to the Offering. The percentages have been calculated without including any Common Shares that may be issued upon the exercise of the Agent's Warrants and the stock options to be granted to directors and officers.

It is expected that all of the directors and officers will devote such time and expertise as is required by the Corporation. Time actually spent may vary according to the needs of the Corporation.

In addition to any other requirement of the Exchange, the Exchange expects management of the Corporation to meet a high management standard. The directors and officers of the Corporation believe that, on a collective basis, management possesses the appropriate experience, qualifications and history to be capable of identifying, investigating and acquiring a Significant Asset.

***Adam Cegielski (Age: 36) - CEO, Director and Promoter***

Mr. Cegielski is a graduate of the University of Guelph in Ontario, where he acquired his Bachelor of Science, Honours degree from the College of Physical and Engineering Science in Applied Biochemistry. Since January 2002 Mr. Cegielski has been the sole proprietor of Insight Consulting which provides management consulting services. From March 2006 to March 2008, Mr. Cegielski served as the CEO, President, Principal accounting officer, treasurer, secretary and director of Goldmountain Exploration Corp. (formerly Konigsberg Corp.). From March 2006 to April 2008 he served as President, CEO, Secretary, Treasurer and Director of Uranium Hunter Corp. From June 2009 to July 2009 he was Corporate Secretary of Cayden Resources Inc. (“**Cayden**”). From September 2008 to July 2009 he was CFO of Cayden, from September 2008 to June 2009 he was CEO and President of Cayden and from September 2008 to September 2010 he was director of Cayden. From November 2004 to February 2007, Mr. Cegielski was acting CFO of IBI Corporation. From March 2012 to present has served as a Director of Burnt Ridge Resources.

***Jim Greig (Age: 42) – CFO, Corporate Secretary and Director***

Mr. Greig is currently engaged as a Project Manager with Keegan Resources Ltd. as part of the mine development team. With over 17 years mining sector experience he brings comprehensive global experience in exploration, development and mineral production. Engagements within the mining sector include the Hunter-Dickinson Group, Kennecott Canada (January 1998 – December 1998), Robertson InfoData (Infomine.com), Lateegra Resources, Breakwater Resources Ltd, the Jamieson Group (mine performance improvements) and McIntosh Engineering (now Stantec). Mr. Greig has been the President of Walk and Roll Mobility since 2005.

***David Schmidt (Age: 33) – Director***

Mr. Schmidt completed his Bachelor of Applied Science (Mining) at the University of British Columbia in May 2000 and since then has been working as a self-employed consultant to mineral exploration companies. He assists with financings, corporate and financial disclosure and corporate development.

Mr. Schmidt was the President and CFO of Newmac Resources Inc. (“**Newmac**”) from March 2008 to January 2012, and a director of Newmac from April 2005 to January 2012. He was CFO of Sherbrook SBK Sport Corp. (formerly Sieger Capital Management Ltd.) (“**Sherbrook**”) from June 2007 to May 2010 and a director of Sherbrook from October 2006 to May 2010.

Mr. Schmidt has been a director of Ryan Gold Corp. (“**Ryan Gold**”) since December 2010 and VP Corporate Development since May 2011. He also served as President of Ryan Gold from December 2010 to May 2011.

Since February 2010 Mr. Schmidt has been a director of Waymar Resources Ltd. and since August 2010, he has been the President, CEO and a director of Oceanside Capital Corp.

***Toby Pierce (Age: 39) – Director***

Mr. Pierce has worked on various oil and mining start-ups and in an advisory capacity to several existing oil and gas firms. From 2005 to 2012, he acted as a senior institutional research analyst covering small to

medium cap international oil and gas stocks for Macquarie Tristone and GMP Securities Europe LLP. Mr. Pierce is also the CEO of Burnt Ridge Resources and a director of Redtail Metals Corp.

***Jesse Meidl (Age: 37) – Director***

Mr. Meidl has over 15 years of experience in the oil and gas sector. He is CFO of Caithness Petroleum Ltd. (“**Caithness**”), a private international energy company, headquartered in London, England. Prior to joining Caithness, he was an investment banker in the International Oil & Gas group of Thomas Weisel Partners in London. Mr. Meidl was previously the CFO for Arsenal Energy Inc., an international exploration company listed on the Toronto Stock Exchange, which held production assets in Canada and the USA and exploration assets in Egypt, Colombia and Uzbekistan. Prior to that, Mr. Meidl was an Analyst at APF Energy Trust. He qualified as a Chartered Accountant with KPMG in Calgary, where he specialised in oil and gas exploration and production and services. He also holds the CICA Corporate Finance qualification and a B.Comm. degree from the University of Saskatchewan.

**Aggregate Ownership of Securities**

Upon the completion of the Offering, the directors, officers and other members of management of the Corporation, as a group, will own, directly or indirectly, 2,500,000 Common Shares of the Corporation representing approximately 50% of the Common Shares then issued and outstanding (assuming no exercise of the Agent’s Warrants, the stock options to be granted to the directors and officers and that no Common Shares are purchased by these persons under this Offering).

**Audit Committee**

Under the provisions of the *Business Corporations Act* (British Columbia), the Corporation is required to have an audit committee. The general function of the audit committee is to review the overall audit plan and the Corporation’s system of internal controls, to review the results of the external audit and to resolve any potential dispute with the Corporation’s auditor. The audit committee of the Corporation currently consists of Jim Greig, David Schmidt and Jesse Meidl (Chairman). Once the Corporation has obtained a receipt for its prospectus from the securities regulatory authorities, the Corporation will also be subject to the requirements of National Instrument 52-110 *Audit Committees*.

**Other Reporting Issuer Experience**

The following table sets out the directors, officers and promoter(s) of the Corporation that are, or have been within the last five years, directors, officers or promoters of other issuers that are or were reporting issuers in any Canadian jurisdiction:

<b>Name</b>	<b>Name of Reporting Issuer</b>	<b>Name of Exchange or Market (if applicable)</b>	<b>Position</b>	<b>Period</b>
<b>Adam Cegielski</b>	Cayden Resources Inc.	TSXV	Director	September 2008 – September 2010
			CEO and President	September 2008 – June 2009
			CFO	September 2008 – July 2009
			Corporate Secretary	June 2009 – July 2009
	Uranium Hunter Corp.	OTCBB	Director, CEO, President, Secretary and	March 2006 – April 2008

<b>Name</b>	<b>Name of Reporting Issuer</b>	<b>Name of Exchange or Market (if applicable)</b>	<b>Position</b>	<b>Period</b>
			Treasurer	
	Goldmountain Exploration Corp. (formerly Konigsberg Corp.)	OTCBB	CEO, President, Principal Accounting Officer, Treasurer, Secretary and Director	March 2006 – March 2008
	IBI Corporation	TSXV	Acting CFO	November 2004 – February 2007
<b>Jim Greig</b>	Georgetown Capital Corp.	TSXV	CFO	February 22, 2011 to present
<b>David Schmidt</b>	Newmac Resources Inc.	TSXV	Director President and CFO	April 2005 – January 2012 March 2008 – January 2012
	Sherbrook SBK Sport Corp. (formerly Sieger Capital Management Ltd.)	TSXV	Director CFO	October 2006 – May 2010 June 2007 – May 2010
	Golden Touch Resources Corp. (formerly GFE Capital Corp.)	TSXV	Director CEO	January 2007 – July 2011 January 2007 – July 2010
	Auryx Gold Corp. (formerly Tova Ventures Inc.)	TSXV	Director	October 2007 – July 2010
	Ryan Gold Corp.	TSXV	President Director VP Corporate Development	December 2010 – May 2011 December 2010 – present May 2011 – present
	Waymar Resources Ltd.	TSXV	Director	February 12, 2010 – present
	Oceanside Capital Corp.	TSXV	President, CEO and Director	August 2010 – present
	<b>Jesse Meidl</b>	Sonoro Energy Ltd.	TSXV	Director
Arsenal Energy Inc.		TSX	CFO	January 2004 – June 2007
Birch Lake Energy Inc.		TSXV	Director	February 2012 - Present
<b>Toby Pierce</b>	Redtail Metals Corp.	TSXV	Director	April 2012 - Present

### **Corporate Cease Trade Orders or Bankruptcies**

No director, officer, Insider, Control Person or promoter of the Corporation or a shareholder holding a sufficient number of securities of the Corporation to affect materially the control of the Corporation has, within the last 10 years, been a director, officer or promoter of any issuer that, while such person was acting in that capacity, was the subject of a cease trade or similar order or an order that denied the company access to any statutory exemption for a period of more than 30 consecutive days or was declared a bankrupt or made a voluntary assignment in bankruptcy, made a proposal under any legislation relating to bankruptcy or been subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold the assets of that person.

### **Penalties or Sanctions**

No director, officer, Insider, Control Person or promoter of the Corporation or a shareholder holding a sufficient number of securities of the Corporation to affect materially the control of the Corporation has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory

authority or has been subject to any other penalties or sanctions imposed by a court or regulatory body or self-regulating authority that would be likely to be considered important to a reasonable investor making an investment decision.

### **Personal Bankruptcies**

No director, officer, Insider, Control Person or promoter of the Corporation or a shareholder holding a sufficient number of securities of the Corporation to affect materially the control of the Corporation, or a personal holding company of any such persons has, within the 10 years before the date of the prospectus, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or been subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold the assets of the individual.

### **Conflicts of Interest**

There are potential conflicts of interest to which some of the directors, officers, Insiders and promoters of the Corporation will be subject in connection with the operations of the Corporation. Some of the directors, officers, Insiders and promoters are engaged in and will continue to be engaged in corporations or businesses which may be in competition with the search by the Corporation for businesses or assets in order to close a Qualifying Transaction. Accordingly, situations may arise where some of the directors, officers, Insiders and promoters will be in direct competition with the Corporation. Conflicts, if any, will be subject to the procedures and remedies as provided under the *Business Corporations Act* (British Columbia).

### **Executive Compensation**

Except as set out below or otherwise disclosed in this prospectus, prior to Completion of a Qualifying Transaction, no payment of any kind has been made, or will be made, directly to indirectly, by the Corporation to a Non-Arm's Length Party to the Corporation or a Non-Arm's Length Party to the Qualifying Transaction, or to any person engaged in investor relations activities in respect of the securities of the Corporation or any Resulting Issuer by any means, including:

- (a) remuneration, which includes but is not limited to:
  - (i) salaries;
  - (ii) consulting fees;
  - (iii) management contract fees or directors' fees;
  - (iv) finder's fees;
  - (v) loans, advances, bonuses; and
- (b) deposits and similar payments.

However, the Corporation may reimburse Non-Arm's Length Parties for the Corporation's reasonable allocation of rent, secretarial services and other general administrative expenses, at fair market value ("**Permitted Reimbursement**"). There have been no reimbursements since incorporation. No reimbursement may be made for any payment made to lease or buy a vehicle.

The directors and officers of the Corporation will be granted stock options on Closing. See "Options to Purchase Securities".

After Completion of the Qualifying Transaction, the Corporation may pay remuneration to its officers if the directors determine the Corporation is able to do so. Except for stock options, no remuneration is anticipated to be paid to directors in their capacity as directors in the foreseeable future. No payment

other than the Permitted Reimbursements, will be made by the Corporation or by any party on behalf of the Corporation, after Completion of the Qualifying Transaction, if the payment relates to services rendered or obligations incurred or in connection with the Qualifying Transaction.

### PROMOTERS

Adam Cegielski may be considered to be the promoter of the Corporation, in that he took the initiative in founding and organizing the Corporation. Adam Cegielski owns 500,000 Common Shares of the Corporation and will own 540,000 Common Shares of the Corporation on completion of the Offering. See “Prior Sales” and “Directors, Officers and Promoters” for additional information about Mr. Cegielski and his shareholdings.

### DILUTION

Purchasers of Common Shares under this prospectus will suffer an immediate dilution of 30% or \$0.03 per Common Share on the basis of there being 5,000,000 Common Shares issued and outstanding following completion of this Offering. Dilution has been computed on the basis of total gross proceeds to be raised by this prospectus and from sales of securities prior to filing this prospectus, without deduction of commissions or related expenses incurred by the Corporation, and is set forth below:

<u>Item</u>	<u>Total Offering</u>
Gross proceeds of prior share issues	\$ 150,000
Gross proceeds of this Offering	\$ 200,000
Total gross proceeds after this Offering	<u>\$ 350,000</u>
Offering price per share	\$ 0.10
Gross proceeds per share after this Offering	\$ 0.07
Dilution per share to subscriber	\$ 0.03
Percentage of dilution in relation to offering price	30%

### RISK FACTORS

Investment in the Common Shares must be regarded as highly speculative due to the proposed nature of the Corporation’s business and its present stage of development. The following is a list of risk factors that a prospective investor should consider before subscribing for Common Shares:

- (a) the Corporation was only recently incorporated, has not commenced commercial operations and has no assets other than cash. It has no history of earnings, and will not generate earnings or pay dividends until at least after Completion of the Qualifying Transaction;
- (b) investment in the Common Shares offered by this prospectus is highly speculative given the proposed nature of the Corporation’s business and its present stage of development;
- (c) the directors and officers of the Corporation will only devote a portion of their time to the business and affairs of the Corporation and some of them are or will be engaged in other projects or businesses such that conflicts of interest may arise from time to time;
- (d) assuming completion of the Offering, an investor will suffer an immediate dilution to its investment of 30% or \$0.03 per Common Share calculated as set forth under “Dilution” above;

- (e) there can be no assurance that an active and liquid market for the Common Shares will develop and an investor may find it difficult to resell its Common Shares;
- (f) until Completion of a Qualifying Transaction, the Corporation is not permitted to carry on any business other than the identification and evaluation of potential Qualifying Transactions;
- (g) the Corporation has only limited funds with which to identify and evaluate potential Qualifying Transactions and there can be no assurance that the Corporation will be able to identify a suitable Qualifying Transaction;
- (h) even if a proposed Qualifying Transaction is identified, there can be no assurance that the Corporation will be able to successfully complete the transaction;
- (i) Completion of a Qualifying Transaction is subject to a number of conditions including acceptance by the Exchange and in the case of a Non-Arm's Length Qualifying Transaction, Majority of the Minority Approval;
- (j) unless the shareholder has the right to dissent and be paid fair value in accordance with applicable corporate or other law, a shareholder who votes against a proposed Non-Arm's Length Qualifying Transaction for which Majority of the Minority Approval by shareholders has been given, will have no rights of dissent and no entitlement to payment by the Corporation of fair value for the Common Shares;
- (k) upon public announcement of a proposed Qualifying Transaction, trading in the Common Shares of the Corporation will be halted and will remain halted for an indefinite period of time, typically until a Sponsor has been retained and certain preliminary reviews have been conducted. The Common Shares of the Corporation will be reinstated to trading before the Exchange has reviewed the transaction and before the Sponsor has completed its full review. Reinstatement to trading provides no assurance with respect to the merits of the transaction or the likelihood of the Corporation completing the proposed Qualifying Transaction;
- (l) trading in the Common Shares of the Corporation may be halted at other times for other reasons, including without limitation, for failure by the Corporation to submit documents to the Exchange in the time periods required;
- (m) the Exchange will generally suspend trading in the Corporation's Common Shares or delist the Corporation in the event that the Exchange has not issued a Final Exchange Bulletin within 24 months from the date of listing;
- (n) neither the Exchange nor any securities regulatory authority passes upon the merits of the proposed Qualifying Transaction;
- (o) if management of the Corporation resides outside of Canada or the Corporation identifies a foreign business as a proposed Qualifying Transaction, investors may find it difficult or impossible to effect service or notice to commence legal proceedings upon any management resident outside of Canada or upon the foreign business and may find it difficult or impossible to enforce against such persons, judgments obtained in Canadian courts;
- (p) the Qualifying Transaction may be financed in all or part by the issuance of additional securities by the Corporation and this may result in further dilution to the investor, which dilution may be significant and which may also result in a change of control of the Corporation; and

- (q) subject to prior Exchange acceptance, the Corporation may be permitted to loan or advance up to an aggregate of \$250,000 of its proceeds to a target business without requiring shareholder approval and there can be no assurance that the Corporation will be able to recover that loan.

As a result of these factors, this Offering is only suitable to investors who are willing to rely solely on management of the Corporation and who can afford to lose their entire investment. Those investors who are not prepared to do so should not invest in the Common Shares.

#### **DIVIDEND RECORD AND POLICY**

The Corporation has not paid any dividends since incorporation and it has no plans to pay dividends. The directors of the Corporation will determine if and when dividends should be declared and paid in the future based on the Corporation's financial position at the relevant time. All of the Common Shares are entitled to an equal share in any dividends declared and paid.

#### **INVESTOR RELATIONS AGREEMENTS**

The Corporation has not entered into any written or oral agreement or understanding with any person to provide any promotional or investor relations services for the Corporation or its securities or to engage in activities for the purposes of stabilizing the market.

#### **LEGAL PROCEEDINGS**

The Corporation is not currently a party to any legal proceedings, nor is the Corporation currently contemplating any legal proceedings. Management of the Corporation is currently not aware of any legal proceedings contemplated against the Corporation.

#### **RELATIONSHIP BETWEEN THE CORPORATION AND THE AGENT**

The Corporation is not a related or connected party (as such terms are defined in National Instrument 33-105 *Underwriting Conflicts*) to the Agent.

#### **RELATIONSHIP BETWEEN CORPORATION AND PROFESSIONAL PERSONS**

Certain legal matters relating to this Offering will be passed upon by Boughton Law Corporation, on behalf of the Corporation, and by Fraser Milner Casgrain LLP, on behalf of the Agent. No Person whose profession or business gives authority to a statement made by such Person and who is named in this prospectus has received or will receive a direct or indirect interest in the property of the Corporation or any Associate or Affiliate of the Corporation. As at the date of this prospectus, the aforementioned Persons beneficially own, directly or indirectly, no securities of the Corporation or its Associates and Affiliates. In addition, none of the aforementioned Persons nor any director, officer or employee of any of the aforementioned Persons, is or expected to be elected, appointed or employed as a director, senior officer or employee of the Corporation or of an Associate or Affiliate of the Corporation, or a Promoter of the Corporation or of an Associate or Affiliate of the Corporation.

#### **INTERESTS OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS**

The directors and officers of the Corporation have acquired Common Shares. See "Principal Shareholders".

## OTHER MATERIAL FACTS

To management's knowledge, there are no other material facts about the Common Shares being distributed that are not otherwise disclosed in this prospectus, or are necessary in order for the prospectus to contain full, true and plain disclosure of all material facts relating to the Common Shares being distributed.

## AUDITORS

The auditors of the Corporation are Jarvis Ryan Associates, at 54 Village Centre Place, Mississauga, Ontario, L4Z 1V9.

## REGISTRAR AND TRANSFER AGENT

The registrar and transfer agent of the Common Shares is Equity Financial Trust Company of Suite 1620, 1185 West Georgia Street, Vancouver, British Columbia, V6E 4E6.

## MATERIAL CONTRACTS

The following are the material contracts of the Corporation entered into since the date of its incorporation:

- (a) Subscription agreement dated various dates between the Corporation and each holder of Common Shares issued prior to the date of this prospectus. See "Prior Sales".
- (b) Registrar and Transfer Agent Agreement dated January 26, 2012 between the Corporation and the Trustee.
- (c) Escrow Agreement dated for reference as of February 29, 2012 among the Corporation, the Trustee and certain shareholders of the Corporation. See "Escrowed Securities".
- (d) Agency Agreement dated May 8, 2012 between the Corporation, and the Agent. See "Plan of Distribution".
- (e) Stock Option Plan dated April 10, 2012.

Copies of the material contracts described above may be inspected at the registered office of the Corporation located at the offices of Boughton Law Corporation, solicitors of the Corporation, located at Suite 1000, 595 Burrard Street, Vancouver, British Columbia, during normal business hours during the period of the distribution of the Common Shares under this prospectus and for a period of 30 days thereafter.

## ELIGIBILITY FOR INVESTMENT

Based on the current provisions of the *Income Tax Act* (Canada) (the "**Tax Act**") and the regulations thereunder, all amendments thereto proposed by or on behalf of the Minister of Finance (Canada) prior to the date hereof and our understanding of the current published administrative practices of the Canada Revenue Agency, in the opinion of Boughton Law Corporation, counsel to the Corporation, if on or before the Corporation's filing-due date for its first taxation year, the Corporation has become a "public corporation" as that term is defined in the Tax Act, it is, if it so elects in its return of income for the year in the manner described by the Tax Act, deemed to have been a public corporation from the beginning of its first taxation year, and the Common Shares will be qualified investments for a trust governed by a registered retirement savings plan ("**RRSP**"), a registered retirement income fund ("**RRIF**"), a registered education savings plan, a deferred profit sharing plan or a tax-free savings account ("**TFSA**") under the

Tax Act and the regulations made under that Act as of the date of the Offering (the RRSP, RRIF and TFSA collectively referred to as the “**Plans**”). The Corporation will provide a covenant in the Agency Agreement to file the public corporation election in the manner and within the timeframe noted above. The Corporation will make the election on the reliance that the Canada Revenue Agency will administratively accept that the election, if validly made in satisfaction of the minimum requirements set out in the Tax Act and the Regulations and duly filed, will render the Common Shares issued on the date of the Offering to be “qualified investments” for the Plans at the time of issuance (the “**Corporation's Reliance**”). As the Corporation’s Reliance may be incorrect or the election may not be accepted as being validly filed or made in satisfaction of the minimum requirements set out in the Tax Act and the Regulations, holders that intend to transfer Common Shares to a Plan after the completion of the Offering should consult their own independent tax advisor about any applicable tax consequences with respect to such a transfer as, for example, income tax and penalties may be payable as a result of the transfer.

Notwithstanding that the Common Shares may be a qualified investment for a trust governed by a TFSA, RRSP or RRIF, the holder of a TFSA or the annuitant under a RRSP or RRIF will be subject to a penalty tax on such Common Shares held in a TFSA, RRSP or RRIF, as the case may be, if such Common Shares are a “prohibited investment” within the meaning of the Tax Act. However, the Common Shares will not be a prohibited investment if the holder of the TFSA or the annuitant under the RRSP or RRIF, as the case may be, deals at arm’s length with the Corporation for the purposes of the Tax Act, and does not have a “significant interest”, within the meaning of the Tax Act, in either the Corporation or a corporation, partnership or trust that does not deal at arm’s length with the Corporation for purposes of the Tax Act. Holders that intend to hold Common Shares in a TFSA, RRSP or RRIF should consult their own tax advisors.

#### **PURCHASERS’ STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION**

Securities legislation in the provinces of British Columbia, Alberta and Ontario provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment. The securities legislation further provides a purchaser with remedies for rescission or damages if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser’s province. The purchaser should refer to applicable provisions of the securities legislation of the purchaser’s province for the particulars of these rights or consult with a legal advisor.

**AUDITORS' CONSENT**

To the Directors of Crest Petroleum Corp.

We have read the prospectus of Crest Petroleum Corp. (the "Company") dated May 8, 2012 relating to the issuance and sale of 2,000,000 common shares of the Company. We have complied with Canadian generally accepted standards for auditor's involvement with such documents.

We consent to the incorporation in the above-mentioned prospectus of our report to the directors of the Company on the statement of financial position of the Company as at February 29, 2012 and the statements of comprehensive loss, change in equity, and cash flows for the period from the date of incorporation, January 24, 2012 to February 29, 2012. Our report is dated May 8, 2012.

*"Jarvis Ryan Associates"*

Chartered Accountants  
Licensed Public Accountants

Mississauga, Canada  
May 9, 2012

**Crest Petroleum Corp.**  
**Financial Statements**  
**Period from Incorporation on**  
**January 24, 2012 to February 29, 2012**  
Expressed in Canadian Dollars

**Crest Petroleum Corp.**  
**Financial Statements**  
**February 29, 2012**  
Expressed in Canadian Dollars

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## **REPORT OF INDEPENDENT REGISTERED CHARTERED ACCOUNTANTS**

### **To the Board of Directors and Shareholders of Crest Petroleum Corp.**

We have audited the accompanying financial statements of Crest Petroleum Corp., which comprise the statement of financial position as at February 29, 2012 and the statement of comprehensive loss, statement of changes in equity and cash flows for the period from the date of incorporation, January 24, 2012 to February 29, 2012, and a summary of significant accounting policies and other explanatory information.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence that we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, the financial statements present fairly, in all material respects, the financial position of Crest Petroleum Corp. as at February 29, 2012, and its financial performance and its cash flows for the period from the date of incorporation, January 24, 2012 to February 29, 2012, in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

### **Emphasis of matter**

Without qualifying our opinion, we draw attention to Note 1 in the financial statements which describes matters and conditions that indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

*'Jarvis Ryan Associates'*

Chartered Accountants,  
Licensed Public Accountants

May 8, 2012  
Mississauga, Canada

**Crest Petroleum Corp.**  
**Statement of Financial Position**  
**As at February 29, 2012**  
(Expressed in Canadian dollars)

<b>ASSETS</b>	
<b>Current assets</b>	
Cash and cash equivalents	\$ 139,318
Prepaid expenditures	10,000
<b>TOTAL ASSETS</b>	<b>\$ 149,318</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>	
<b>Current liabilities</b>	
Accounts payable and accrued liabilities	\$ 5,000
<b>SHAREHOLDERS' EQUITY</b>	
Share capital (note 5)	150,000
Deficit	(5,682)
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>\$ 149,318</b>

Approved on behalf of the Board:

"Adam Cegielski"  
\_\_\_\_\_  
Adam Cegielski

"Jim Greig"  
\_\_\_\_\_  
Jim Greig

**Crest Petroleum Corp.**

**Statement of Comprehensive Loss**

**For the period from the date of incorporation, January 24, 2012 to February 29, 2012**

(Expressed in Canadian dollars)

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<b>Expenses</b>		
Bank fees	\$	86
Filing fees		448
Office		148
Professional fees		5,000
		<hr/>
		5,682
		<hr/>
<b>Net comprehensive loss for the period</b>	<b>\$</b>	<b>(5,682)</b>
		<hr/>
<b>Loss per share – basic and diluted (note 5)</b>	<b>\$</b>	<b>(0.00)</b>
		<hr/>

**Crest Petroleum Corp.****Statement of Changes in Equity****For the period from the date of incorporation, January 24, 2012 to February 29, 2012**

(Expressed in Canadian dollars)

	Share capital		Deficit	Total
	Number of Shares	Amount		
<b>Balance at January 24, 2012</b>	-	\$ -	\$ -	\$ -
Comprehensive income:				
Net loss for the period	-	-	(5,682)	(5,682)
Other comprehensive loss	-	-	-	-
<b>Total comprehensive loss for the period</b>	-	-	<b>(5,682)</b>	<b>(5,682)</b>
Transactions with owners, in their capacity as owners, and other transfers:				
Shares issued for cash	3,000,000	150,000	-	150,000
<b>Total transactions with owners and other transfers</b>	<b>3,000,000</b>	<b>150,000</b>	<b>-</b>	<b>150,000</b>
<b>Balance at February 29, 2012</b>	<b>3,000,000</b>	<b>\$ 150,000</b>	<b>\$ (5,682)</b>	<b>\$ 144,318</b>

**Crest Petroleum Corp.****Statement of Cash Flows****For the period from the date of incorporation, January 24, 2012 to February 29, 2012**

(Expressed in Canadian dollars)

<b>Operating activities</b>	
Loss for the period	\$ (5,682)
Increase in prepaid expenditures	(10,000)
Increase in accounts payable and accrued liabilities	5,000
<b>Net cash flows used in operating activities</b>	<b>10,682</b>
<b>Financing activities</b>	
Proceeds on issuance of common shares	150,000
<b>Net cash flows from financing activities</b>	<b>150,000</b>
Net increase in cash and cash equivalents	139,318
Cash and cash equivalents, beginning	-
<b>Cash and cash equivalents, ending</b>	<b>\$ 139,318</b>

**Crest Petroleum Corp.**  
**Notes to the Financial Statements**

**For the period from the date of incorporation, January 24, 2012 to February 29, 2012**

(Expressed in Canadian dollars)

**1. Description of business and nature of operations**

Crest Petroleum Corp. (the “Company”) was incorporated on January 24, 2012, under the laws of the province of British Columbia, Canada. The Company is a Capital Pool Company (“CPC”), as defined in Policy 2.4 of the TSX Venture Exchange (the “Exchange”) Corporate Finance Manual. The head office of the Company is located at 6028 Glenwynd Place, West Vancouver, British Columbia, Canada, V7W 2W5. The registered office of the Company is located at 1000-595 Burrard Street, Vancouver, British Columbia, V7X 1S8.

The Company’s principal activity is the identification, evaluation and negotiation for the acquisition of assets or a business (“Qualifying Transaction”) subject to receipt of shareholder approval and acceptance by the regulatory authorities for the purpose of obtaining a listing on the Exchange and becoming an issuer. The Company has not commenced operations and has no significant assets other than cash. The Company has commenced the process of identifying potential acquisitions, however to date, the Company has not yet identified a company or assets for a potential Qualifying Transaction.

Where an acquisition or participation is warranted, additional funding may be required. The ability of the Company to fund its potential operations is dependent upon the ability of the Company to obtain additional funding.

There is no assurance that the Company will identify a business or asset that warrants acquisition or participation within the time limitations permissible under Exchange policies, at which time, the Exchange may suspend or delist the Company’s shares from trading.

These financial statements were approved and authorized for issuance by the Board of Directors of Crest Petroleum Corp. on May 8, 2012.

**2. Significant accounting policies and basis of preparation**

These financial statements have been prepared using accounting policies in compliance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”), effective for the year ended February 29, 2012, using the significant accounting policies outlined below.

**a) Basis of preparation**

The financial statements of the Company have been prepared on an accrual basis and are based on historical costs, modified where applicable. The financial statements are presented in Canadian dollars unless otherwise noted.

**b) Significant accounting judgments, estimates and assumptions**

The preparation of the Company’s financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management’s experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

Areas requiring a significant degree of estimation and judgment relate to the determination of the useful lives of property, plant and equipment, the recoverability of the carrying value of exploration and evaluation assets, fair value measurements for financial instruments and stock-based compensation and other equity-based payments, the recognition and valuation of provisions for restoration and environmental liabilities, and the recoverability and measurement of future tax assets and liabilities. Actual results may differ from those estimates and judgments.

## **Crest Petroleum Corp.**

### **Notes to the Financial Statements**

**For the period from the date of incorporation, January 24, 2012 to February 29, 2012**

(Expressed in Canadian dollars)

#### **2. Significant accounting policies and basis of preparation (cont'd)**

##### ***c) Deferred financing costs***

Deferred financing costs relate directly to the proposed issuance of common shares by the Company. The costs will reduce the carrying value for financial statement purposes for those shares when issued by the Company. Upon completion of the financing, the deferred transaction and financing costs incurred will be charged against share capital.

##### ***d) Share capital***

Transaction costs directly attributable to the issuance of common shares are recognized as a reduction of share capital.

##### ***e) Loss per share***

Basic loss per share is calculated by dividing the loss attributable to common shareholders by the weighted average number of common shares outstanding in the period. For the period presented, the loss attributable to common shareholders equals the reported loss attributable to owners of the Company.

Diluted loss per share is calculated by the treasury stock method. Under the treasury stock method, the weighted average number of common shares outstanding for the calculation of diluted loss per share assumes that the proceeds to be received on the exercise of dilutive share options and warrants are used to repurchase common shares at the average market price during the period.

##### ***f) Financial instruments***

The Company classifies its financial instruments in the following categories: at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale and financial liabilities. The classification depends on the purpose for which the financial instruments were acquired. Management determines the classification of its financial instruments at initial recognition.

Financial assets are classified at fair value through profit or loss when they are either held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortized cost. They are included in current assets, except for maturities greater than twelve months after the end of the reporting period. These are classified as non-current assets.

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Company's intention to hold these investments to maturity. They are subsequently measured at amortized cost. Held-to-maturity investments are included in non-current assets, except for those which are expected to mature within twelve months after the end of the reporting period.

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not suitable to be classified as financial assets at fair value through profit or loss, loans and receivables or held-to-maturity investments and are subsequently measured at fair value. These are included in current assets. Unrealized gains and losses are recognized in other comprehensive income, except for impairment losses and foreign exchange gains and losses on monetary financial assets.

## **Crest Petroleum Corp.**

### **Notes to the Financial Statements**

**For the period from the date of incorporation, January 24, 2012 to February 29, 2012**

(Expressed in Canadian dollars)

#### **2. Significant accounting policies and basis of preparation (cont'd)**

##### ***f) Financial instruments (cont'd)***

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortized cost.

Regular purchases and sales of financial assets are recognized on the trade-date – the date on which the group commits to purchase the asset.

Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

At each reporting date, the Company assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a significant and prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen.

The Company does not have any derivative financial assets and liabilities.

##### ***g) Cash and cash equivalents***

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. The proceeds raised from the issuance of share capital may only be used to identify and evaluate assets or businesses, for future acquisition, with the exception that a maximum of the lesser of 30% of the gross proceeds realized or \$210,000 may be used for the purposes other than evaluating businesses or assets. These restrictions apply until the completion of a Qualifying Transaction by the Company, as defined under the policies of the Exchange, and except as otherwise provided in the policies of the Exchange.

##### ***h) Income taxes***

###### Current income tax:

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date, in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

###### Future income tax:

Future income tax is provided using the balance sheet method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

The carrying amount of future income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the future income tax asset to be utilized.

Future income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

## **Crest Petroleum Corp.**

### **Notes to the Financial Statements**

**For the period from the date of incorporation, January 24, 2012 to February 29, 2012**

(Expressed in Canadian dollars)

#### **2. Significant accounting policies and basis of preparation (cont'd)**

##### *h) Income taxes (cont'd)*

Future income tax assets and future income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the future income taxes relate to the same taxable entity and the same taxation authority.

#### **3. Accounting standards issued but not yet effective**

##### *Amended standard IAS 1 "Presentation of Financial Statements"*

In June 2011, the IASB issued amendments to IAS 1 – *Presentation of Financial Statements* ("IAS 1") that requires an entity to group items presented in the statement of other comprehensive income on the basis of whether they may be reclassified to profit or loss subsequent to initial recognition. For those items presented before tax, the amendments to IAS 1 also require that the tax related to the two separate groups be presented separately. The amendments to IAS 1 are effective for annual periods beginning on or after July 1, 2012, with earlier application permitted. The Company does not anticipate this amendment to have a significant impact on its financial statements.

##### *New standard IFRS 9 "Financial Instruments"*

This new standard is a partial replacement of IAS 39 "Financial Instruments: Recognition and Measurement". IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets.

The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2013.

##### *New standard IFRS 13 "Fair Value Measurement"*

In May 2011, as a result of the convergence project undertaken by the IASB with the US Financial Accounting Standards Board to develop common requirements for measuring fair value and for disclosing information about fair value measurements, the IASB issued IFRS 13 – *Fair Value Measurement* ("IFRS 13"). IFRS 13 is effective for annual periods beginning on or after January 1, 2013, with earlier application permitted. IFRS 13 defines fair value and sets out a single framework for measuring fair value which is applicable to all IFRSs that require or permit fair value measurements or disclosures about fair value measurements. IFRS 13 requires that when using a valuation technique to measure fair value, the use of relevant observable inputs should be maximized while unobservable inputs should be minimized.

The Company does not anticipate the application of IFRS 13 to have a significant impact on its financial statements.

**Crest Petroleum Corp.****Notes to the Financial Statements****For the period from the date of incorporation, January 24, 2012 to February 29, 2012**

(Expressed in Canadian dollars)

**4. Income tax expense and future tax assets and liabilities**

A reconciliation of the expected income tax recovery to the actual income tax recovery is as follows:

Net loss	\$	5,682
Statutory tax rate		15.5%
Expected income tax recovery at the statutory tax rate	\$	881
Non-deductible items and other		-
Effect of changes in tax rates		-
Expiration of non-capital losses		-
Temporary differences not recognized		(881)
Income tax recovery	\$	-

Details of movements of future tax assets and liabilities are as follows:

	At January 24, 2012	Charged (credited) to income (loss)	Charged (credited) to other comprehensive income (loss)	Charged (credited) to equity	At February 29, 2012
Exploration and evaluation assets	\$ -	\$ -	\$ -	\$ -	\$ -
Loss carry-forwards	-	881	-	-	881
Share issuance costs	-	-	-	-	-
Short-term investments	-	-	-	-	-
		881			881
Less: Valuation Allowance		(881)			(881)
	\$ -	\$ -	\$ -	\$ -	\$ -
Presented as:					
Future tax assets	\$ -				\$ -
Future tax liabilities	\$ -				\$ -

The Company has the following deductible temporary differences for which no future tax asset has been recognized:

Non-capital loss carry-forwards	\$	881
Exploration and evaluation assets		-
Share issuance costs		-
	\$	881

The tax pools relating to these deductible temporary differences expire as follows:

	Canadian non-capital losses	Exploration and evaluation assets
2032	\$ 881	\$ -
No expiry	-	-
	\$ 881	\$ -

## **Crest Petroleum Corp.**

### **Notes to the Financial Statements**

**For the period from the date of incorporation, January 24, 2012 to February 29, 2012**

(Expressed in Canadian dollars)

#### **5. Share capital**

##### *Authorized share capital*

Unlimited number of common shares, without par value.

##### *Issued share capital*

At February 29, 2012 there were 3,000,000 issued and fully paid common shares.

The Company completed its seed round financing on February 1, 2012 of 3,000,000 common shares at a price of \$0.05 per share for gross proceeds of \$150,000. These shares will be deposited in escrow pursuant to the terms of an escrow agreement and will be released over a period of up to three years after the date of the Final Exchange Bulletin, as defined in Policy 2.4 of the Exchange Corporate Finance Manual. If the Company does not receive final acceptance of a Qualifying Transaction and is delisted, the shares may be cancelled. All of the shares are considered contingently issuable until the Company completes the Qualifying Transaction, they are not considered to be outstanding shares for the purpose of the loss per share calculations. As of February 29, 2012, the Company had not completed a Qualifying Transaction.

#### **6. Financial risk management**

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

##### *Credit risk*

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash held in bank accounts. The majority of cash is deposited in bank accounts held with a major bank in Canada. As most of the Company's cash is held by one bank there is a concentration of credit risk. This risk is managed by using a major bank that is a high credit quality financial institution as determined by rating agencies.

##### *Liquidity risk*

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company ensures that there are sufficient funds to meet its short-term business requirements, taking into account its anticipated cash flows from operations and its holdings of cash and cash equivalents.

During the period ended February 29, 2012, the Company's sole source of funding has been the issuance of equity securities for cash, primarily through private placements. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding.

As at February 29, 2012, all of the Company's non-derivative financial liabilities are due within one year.

## **Crest Petroleum Corp.**

### **Notes to the Financial Statements**

**For the period from the date of incorporation, January 24, 2012 to February 29, 2012**

(Expressed in Canadian dollars)

#### **6. Financial risk management (cont'd)**

##### ***Market risk***

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of three types of risk: interest rate risk, currency risk, and other price risk. The Company is primarily exposed to interest rate risk.

##### ***Interest rate risk***

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company has a low exposure to interest rate risk on its cash equivalents as these instruments have original maturities of three months or less and are exposed to interest rate fluctuations on renewal.

##### ***Currency risk***

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company currently operates only in Canada and is not exposed to this risk.

##### ***Other price risk***

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Company is not exposed to this risk.

##### ***Fair value***

The fair value of the Company's financial assets and liabilities approximates the carrying amount.

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

Cash and cash equivalents are classified as level 1.

#### **7. Capital management**

The Company's objectives when managing capital are to ensure its ability to continue as a going concern and allow it to identify an appropriate business or asset in order to complete a qualifying transaction. The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of its underlying assets, including successful capital deployment. The Company considers its capital structure to include Shareholders' equity, debt and working capital. The Company prepares annual budgets in order to facilitate the management of its capital requirements. To maintain or adjust the capital structure, the Company may from time to time, issue common shares, raise debt, adjust its capital spending or change dividends paid to manage its current and projected debt levels. The Company is not subject to any external financial covenants.

**Crest Petroleum Corp.**  
**Notes to the Financial Statements**

**For the period from the date of incorporation, January 24, 2012 to February 29, 2012**

(Expressed in Canadian dollars)

**8. Subsequent events**

***Issuance of common shares***

Pursuant to the Offering, an additional 160,000 common shares will be acquired by directors and officers of the Company. These shares will be subject to escrow pursuant to the terms of an escrow agreement and will be released over a period of up to three years after the date of the final Exchange bulletin.

***Filing of a prospectus offering***

On May 8, 2012, the Company filed a final prospectus offering for the sale of a minimum of 2,000,000 common shares at a price of \$0.10 per common share. The offering was made pursuant to an agency agreement between the Company and Haywood Securities Inc. (the "Agent"). The Agent will receive a cash commission of 8% of the gross proceeds of the Offering and a corporate financing fee of \$10,000 plus applicable taxes, plus reimbursement of reasonable legal fees, which will not exceed \$15,000, disbursements and taxes and other expenses incurred pursuant to the Offering. In addition, the Company will grant the Agent and any sub-agents non-transferable options to acquire common shares in an amount equal to 8% of the number of common shares sold under the Offering at an exercise price of \$0.10 per common share, exercisable for a period of twenty-four months from the listing of the common shares on the Exchange.

***Adoption of stock option plan***

The Company has adopted an incentive stock option plan (the "Stock Option Plan") in accordance with the Exchange policies which provides that the Board of Directors of the Company may from time to time, in its discretion, grant to directors, officers, employees and consultants of the Company options to purchase common shares, provided that the number of common shares reserved for the issuance under the Stock Option Plan shall not exceed 10% of the issued and outstanding common shares to be outstanding at closing of the Offering, which may be exercisable for a period up to 10 years from the date of grant. The number of common shares reserved for issuance to any individual director or officer will not exceed 5% of the issued and outstanding common shares and the number of common shares reserved for issuance to all technical consultants will not exceed 2% of the issued and outstanding common shares. Options may be exercised no later than 90 days following cessation of the optionee's position with the Company, provided that if the cessation of office, directorship, or technical consulting arrangement was by reason of death, the option may be exercised within a maximum period of one year after such death, subject to the expiry date of such option. Any common shares acquired pursuant to the exercise of options prior to completion of the Qualifying Transaction, must be deposited in escrow and will be subject to escrow until the final exchange bulletin is issued.

In connection with the Offering, the Company at the time of the closing of the Offering intends to grant incentive stock options under the Stock Option Plan to purchase 500,000 common shares at a price of \$0.10 per common share to directors and officers, vesting as of the date on which the common shares are listed on the Exchange, exercisable for a period up to five years from the date of grant.

## CERTIFICATE OF THE CORPORATION

Date: May 8, 2012

This prospectus constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by the securities legislation of British Columbia, Alberta and Ontario.

*(signed) "Adam Cegielski"*

Adam Cegielski  
Chief Executive Officer

*(signed) "Jim Greig"*

Jim Greig  
Chief Financial Officer and Corporate Secretary

### ON BEHALF OF THE BOARD OF DIRECTORS

*(signed) "David Schmidt"*

David Schmidt  
Director

*(signed) "Toby Pierce"*

Toby Pierce  
Director

## CERTIFICATE OF THE PROMOTER

Date: May 8, 2012

This prospectus constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by the securities legislation of British Columbia, Alberta and Ontario.

*(signed) "Adam Cegielski"*

Adam Cegielski  
Promoter

**CERTIFICATE OF THE AGENT**

Date: May 8, 2012

To the best of our knowledge, information and belief, this prospectus constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by the securities legislation of British Columbia, Alberta and Ontario.

**HAYWOOD SECURITIES INC.**

*(signed)*                      *“Mark Reynolds”*  
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Mark Reynolds  
Managing Director