

ENTHEOS TECHNOLOGIES INC
Form S-1/A
January 14, 2010

As filed with the Securities and Exchange Commission on January 14, 2010

Registration No. 333-157829

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM S-1/A

Pre-Effective Amendment No. 4

REGISTRATION STATEMENT

UNDER

THE SECURITIES ACT OF 1933

Entheos Technologies, Inc.

(Exact name of Registrant as specified in its charter)

Nevada
(State or other Jurisdiction of
Incorporation or organization)

(7389)
(Primary Standard Industrial
Classification Code Number)

98-0170247
(IRS Employer I.D. No.)

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(Address, including zip code, and telephone and facsimile numbers, including area code, of registrant's executive offices)

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Copies to: Joseph Sierchio, Esq.

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As soon as practicable after this Registration Statement becomes effective.
(Approximate date of commencement of proposed sale to the public)

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 of the Securities Act of 1933, as amended, check here:

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

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

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

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Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

Large Accelerated Filer **Accelerated Filer**
Non-accelerated Filer (Do not check if a smaller reporting company) **Smaller reporting company**

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered(1)	Proposed Maximum Offering Price Per Shares (2)	Proposed Maximum Aggregate Offering Price (2)	Amount of Registration Fee
Common stock, \$0.0001 par value (3)	6,450,000	\$0.41	\$2,644,500	\$148
Common stock, \$0.0001 par value (4)	6,450,000	\$0.60	\$3,870,000	\$216
Common stock, \$0.0001 par value (5)	6,450,000	\$0.75	\$4,837,500	\$270
Total	19,350,000	-	\$11,352,000	\$634

(1) All of the shares are offered by the Selling Stockholders. Accordingly, this registration statement includes an indeterminate number of additional shares of common stock issuable for no additional consideration pursuant to any stock dividend, stock split, recapitalization or other similar transaction effected without the receipt of consideration, which results in an increase in the number of outstanding shares of our common stock. In the event of a stock split, stock dividend or similar transaction involving our common stock, in order to prevent dilution, the number of shares registered shall be automatically increased to cover the additional shares in accordance with Rule 416(a) under the Securities Act of 1933.

(2) Estimated solely for purposes of determining the registration fee pursuant to Rule 457 under the Securities Act.

(3) Represents share purchased from the Registrant in a private placement completed on July 28, 2008.

(4) Issuable on exercise of the Series A Warrants at an exercise price of \$0.60 per share.

(5) Issuable on exercise of the Series B Warrants at an exercise price of \$0.75 per share.

The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the registration statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

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

PRELIMINARY PROSPECTUS SUBJECT TO COMPLETION, DATED JANUARY 14, 2010

PROSPECTUS

ENTHEOS TECHNOLOGIES, INC.

19,350,000 Shares of Common Stock

This prospectus relates to the resale by certain of our stockholders (the **Selling Stockholders**) named in the section of this prospectus titled **Selling Stockholders** of up to 19,350,000 shares of our common stock (the **Shares**). The shares being offered under this prospectus are comprised of:

- 6,450,000 shares of our common stock that were purchased by certain of the Selling Stockholders in transactions with us pursuant to exemptions from the registration requirements of the Securities Act of 1933 as amended (the **Securities Act**);
- 6,450,000 shares of common stock which may be issued to certain of the Selling Stockholders upon the exercise of our outstanding Series A Warrants; and,
- 6,450,000 shares of common stock which may be issued to certain of the Selling Stockholders upon the exercise of our outstanding Series B Warrants.

Although we will pay substantially all the expenses incidental to the registration of the shares, we will not receive any proceeds from the sales by the Selling Stockholders. We will, however, receive proceeds if the Warrants are exercised; to the extent we receive such proceeds, they will be used for working capital purposes.

The Selling Stockholders and any underwriter, broker-dealer or agent that participates in the sale of the shares or interests therein may be deemed "underwriters" within the meaning of Section 2(11) of the Securities Act. Any discounts, commissions, concessions, profit or other compensation any of them earns on any sale or resale of the shares, directly or indirectly, may be underwriting discounts and commissions under the Securities Act. The Selling

Stockholders who are "underwriters" within the meaning of Section 2(11) of the Securities Act will be subject to the prospectus delivery requirements of the Securities Act.

Our common stock is presently quoted for trading under the symbol **ETHT** on the over the counter bulletin board (the **OTCBB**). On January 12, 2010, the closing price of the common stock, as reported on the OTCBB was \$0.64. The Selling Stockholders have advised us that they will sell the shares of common stock from time to time in the open market, on the OTCBB, in privately negotiated transactions or a combination of these methods, at market prices prevailing at the time of sale, at prices related to the prevailing market prices, at negotiated prices, or otherwise as described under the section of this prospectus titled **Plan of Distribution**.

Investing in our common stock is highly speculative and involves a high degree of risk. You should carefully consider the risks and uncertainties described under the heading "Risk Factors" beginning on page 8 of this prospectus before making a decision to purchase our common stock. You should read this prospectus and any prospectus supplement carefully before you decide to invest.

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

THE DATE OF THIS PROSPECTUS IS _____, 2010

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You should rely only on the information contained in this prospectus. We have not authorized anyone to provide you with information different from the information contained in this prospectus. We are offering to sell, and seeking offers to buy, our common stock only in jurisdictions where offers and sales are permitted. The information contained in this prospectus is accurate only as of the date of this prospectus, regardless of when this prospectus is delivered or

when any sale of our common stock occurs.

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PROSPECTUS SUMMARY

This summary highlights information set forth in greater detail elsewhere in this prospectus. It may not contain all the information that may be important to you. You should read this entire prospectus carefully, including the sections entitled "Risk Factors" beginning on page 8, "Management's Discussion and Analysis of Financial Condition and Results of Operations," beginning on page 20 and our historical financial statements and related notes included elsewhere in this prospectus. Unless the context requires otherwise, references to the "Company," "Entheos," "we," "our," and "us," refer to Entheos Technologies, Inc. and its wholly-owned subsidiaries.

Our Company

We were incorporated under the laws of the State of Utah on July 14, 1983, under the name of Far West Gold, Inc. On May 9, 1996, our stockholders authorized a name change to Far West Resources, Inc. On June 30, 1997, the stockholders authorized a name change to American Alliance Corporation and authorized a change in the state of domicile from Utah to Nevada. In January 1999, the Company entered into the field of targeted Internet streaming with the launch of www.eviewonline.com; which was subsequently merged with www.whatsonline.com. On May 20, 1999, we changed our name to WhatsOnline.com, Inc.

On June 30, 2000, our shareholders approved a proposal to permit the Company's Board of Directors, in its discretion, to change the Company's name from WhatsOnline.com, Inc. to Entheos Technologies, Inc.; name change was effective on August 3, 2000.

From 2002 until September 2008, through our wholly-owned subsidiary Email Solutions, Inc., the Company served as an Application Service Provider (ASP) providing reliable, real time, high volume outsourced email and search engine optimization services.

Due to the limited success of the ASP business, management decided that it was in the best interest to abandon the ASP business and focus on identifying undervalued oil and gas opportunities for acquisition, development and exploration.

We are now a small independent oil and gas production company focusing as a non-operator with a small working interest in producing oil and gas wells and in the re-development/recompletion of oil and gas wells.

In September 2008, we acquired a 21.75% working interest (16.3125% net revenue interest) in the Cooke #6 well located at the Cooke Ranch field in La Salle County, Texas which has been producing oil and gas from the Escondido formation since 2007.

In September 2008, we acquired a 20.00% working interest (15.00% net revenue interest) in Onnie Ray #1 Well in Lee County, Texas and the Stahl #1 Well in Fayette County, Texas which were subsequently re-entered and are producing gas from the Austin Chalk formation; we also acquired a 20.00% working interest (15.00% net revenue interest) in the Haile #1 Well in Frio County, Texas which has been undergoing re-entry operations since the date of acquisition. The well was shut-in in September 2009.

On October 31, 2008 we acquired a 20.00% working interest (15.00% net revenue interest) in Pearce #1 Well in Frio County, Texas, which was subsequently re-entered and began producing gas in December 2008.

Our Contact Information

Our corporate headquarters is located at 888 3rd Street SW, Suite 1000, Calgary, AB Canada T2P 5C5. Our telephone number is 800-755-5815. We currently do not have a corporate website address.

Summary Financial Information

The following tables set forth a summary of certain selected financial data. You should read this information together with the consolidated financial statements and the notes to the consolidated financial statements appearing elsewhere in this prospectus.

Consolidated Statements of Operations Data:	For the Nine Months Ended September 30, 2009	For the Nine Months Ended September 30, 2008	For the Year Ended December 31, 2008	For the Year Ended December 31, 2007
Revenue	\$ 37,409	\$ 0	\$ 13,770	\$ 0
Loss from operations	\$ (566,231)	\$ (149,650)	\$ (279,447)	\$ (27,610)
Net income (loss) attributable to common stockholders	\$ 2,036,902	\$ (143,331)	\$ (265,149)	\$ (24,682)
Basic and diluted income (loss) per common share	\$ 0.03	\$ 0.00	\$ 0.00	\$ 0.00
Weighted average number of common shares outstanding used in basic and diluted net income (loss) per share calculation	63,075,122	58,131,691	59,374,302	96,515,533

Consolidated Balance Sheet Data:	September 30, 2009	September 30, 2008	December 31, 2008	December 31, 2007
Cash	\$ 2,470,056	\$ 2,859,798	\$ 2,734,591	\$ 46,306
Working Capital	\$ 1,772,186	\$ 2,850,875	\$ 2,676,632	\$ 21,194
Total assets	\$ 2,524,643	\$ 3,149,083	\$ 3,088,147	\$ 46,306

Total liabilities	\$	703,353	\$	9,643	\$	62,931	\$	25,112
Total stockholders equity	\$	1,821,290	\$	3,130,440	\$	3,025,216	\$	21,194

Private Placement

On July 28, 2008, we completed the sale of an aggregate of 6,450,000 units at a per unit purchase price of \$0.50 (the **Private Placement**) for total cash proceeds of \$3,200,000; a total of 50,000 units were issued in payment of legal services of \$25,000. Each unit consisted of one share of the Company's common stock (the **Unit Shares**), one Series A Warrant (the **Series A Warrants**) to purchase a share (the **Series A Shares**) of common stock at an exercise price \$0.60 per share for a period of 18 months from the date of issuance and one Series B Warrant (the **Series B Warrants**) to purchase a share (the **Series B Shares**) of common stock at an exercise price \$0.75 per share for a period of 24 months from the date of issuance. The Series A Warrants and the Series B Warrants are sometimes referred to

collectively as the **Warrants**.

The units were sold pursuant to the terms of Subscription Agreements having an effective date of July 28, 2008 between us and six (6) of the Selling Stockholders, all of whom were accredited investors, as defined in Rule 501 of Regulation D promulgated under the Securities Act. The net proceeds of the Private Placement will be used for working capital purposes. In connection with the private placement, the Company issued an aggregate of 50,000 units in payment of legal fees in the amount of \$25,000. These units were otherwise issued on the same terms and conditions as the units sold in the private placement.

In connection with the Private Placement, we agreed to file a registration statement for the purpose of registering the shares issued in the Private Placement as well as the shares issuable upon the exercise of the Series A Warrants and the Series B Warrants, for resale by the Selling Stockholders. Accordingly, the 6,450,000 shares issued in the Private Placement and the 12,900,000 shares issuable upon exercise, if any, of the outstanding Series A Warrants and the Series B Warrants, are included in the registration statement of which this prospectus is part.

The Unit Shares comprised approximately 11% (without giving effect to the exercise of any of the Series A Warrants or Series B Warrants) of our issued and outstanding shares as of July 28, 2008, the date on which the Private Placement was consummated.

Risk Factors

Our business operations are subject to numerous risks. Because we are an early stage company with a limited history of operations, we are also subject to many risks associated with early-stage companies. For a more detailed discussion of some of the risks you should consider, you are urged to carefully review and consider the section entitled **Risk Factors** beginning on page 8 of this prospectus.

Selling Stockholders

The Selling Stockholders are stockholders who purchased shares of our common stock from us in the Private Placement completed on July 28, 2008, or through the exercise of the Series A Warrants and the Series B Warrants. **Please refer to Selling Stockholders.**

Securities Being Offered

The Selling Stockholders named in this prospectus are offering for resale up to 19,350,000 shares of our common stock to the public by means of this prospectus. The shares being offered under this prospectus are comprised of 6,450,000 shares that were purchased by certain of the Selling Stockholders in the Private Placement and up to 6,450,000 shares issuable upon exercise of the Series A Warrants and up to 6,450,000 shares issuable upon exercise of the Series B Warrants.

Although we will pay substantially all the expenses incident to the registration of the shares, we will not receive any proceeds from the sales by the Selling Stockholders. However, we may receive proceeds of up to approximately \$3,870,000 from the exercise of the remaining outstanding Series A Warrants and up to \$4,837,500 from the exercise of the remaining outstanding Series B Warrants; if such proceeds are received by us, they will be used for working capital purposes.

All of the shares of our common stock, owned by the Selling Stockholders, will be registered by the registration statement of which this prospectus is a part. The Selling Stockholders may sell some or all of their shares immediately after they are registered. **Please refer to Plan of Distribution.**

Offering Price

The Selling Stockholders may sell their shares pursuant to this prospectus, at open market, on the OTCBB, in privately negotiated transactions or a combination of these methods, at market prices prevailing at the time of sale, at prices related to the prevailing market prices, at negotiated prices, or otherwise as described under the section of this prospectus titled **Plan of Distribution**.

Duration of Offering

We have agreed to use our commercially reasonable efforts to keep the registration statement of which this prospectus is part, continuously effective under the Securities Act until all of the securities covered by such registration statement have been sold, or may be sold without volume restrictions pursuant to Rule 144 or any successor rule, as determined by our counsel pursuant to a written opinion letter to such effect, addressed and acceptable to our transfer agent and the affected holders of such securities.

Use of Proceeds

We will incur all costs associated with this registration statement and prospectus. We will not receive any of the proceeds from the sale of the shares of our common stock being offered for sale by the Selling Stockholders. However, we did receive aggregate proceeds of \$3,200,000 from the sale of our shares to certain Selling Stockholders. We may receive up to an additional approximately \$3,870,000, if all of the outstanding Series A Warrants are exercised and up to \$4,837,500 if all of the outstanding Series B Warrants are exercised. The Series A Warrants initially were to expire on January 28, 2010 and have an exercise price of \$0.60 per share; the Series B Warrants initially were to expire on July 28, 2010 and have an exercise price of \$0.75 per share. On December 11, 2009 our Board of Directors extended the term of the Series A warrant to July 28, 2010 and the Series B Warrant to January 28, 2011.

All funds, if any, received by us from the exercise of the Series A Warrants or the Series B Warrants will be used for working capital purposes.

Description of Our Stock

We have authorized capital of 200,000,000 shares of \$0.00001 par value common stock, and 10,000,000 shares of \$0.0001 par value preferred stock.

Number of Shares Outstanding

As of January 12, 2009, 63,075,122 shares of common stock were issued and outstanding, of which 32,639,800 shares (approximately 52%) were owned by 1420525 Alberta Ltd. a private corporation, the sole shareholder of which is Mr. Harmel S. Rayat, our former Chief Executive Officer, Chief Financial Officer, director and controlling shareholder. No preferred shares were issued and outstanding. This total does not include any shares of common stock issuable upon the exercise of any of our issued and outstanding stock purchase warrants, including, but not limited to, Series A Warrants and Series B Warrants. **Please refer to Description of Securities. If all of the registered shares are sold, there will be a total of 75,975,122 shares issued and outstanding.**

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus includes certain statements that may be deemed to be forward-looking statements. All statements included in this prospectus, other than statements of historical facts, address matters that the Company reasonably expects, believes or anticipates will or may occur in the future. Forward-looking statements may relate to, among other things:

- the Company's future financial position, including working capital and anticipated cash flow;
- amounts and nature of future capital expenditures;
- operating costs and other expenses;
- wells to be drilled or reworked;
- oil and natural gas prices and demand;
- existing fields, wells and prospects;
- diversification of exploration;
- estimates of proved oil and natural gas reserves;
- reserve potential;
- development and drilling potential;
- expansion and other development trends in the oil and natural gas industry;
- the Company's business strategy;
- production of oil and natural gas;
- effects of federal, state and local regulation;
- insurance coverage;
- employee relations;
- investment strategy and risk; and
- expansion and growth of the Company's business and operations.

Although the Company believes that the expectations reflected in such forward-looking statements are reasonable, it can give no assurance that such expectations will prove to be correct. Disclosure of important factors that could cause

actual results to differ materially from the Company's expectations, or cautionary statements, are included under **Risk Factors** and elsewhere in this prospectus, including, without limitation, in conjunction with the forward-looking statements. The following factors, among others that could cause actual results to differ materially from the Company's expectations, include:

- unexpected changes in business or economic conditions;
- significant changes in natural gas and oil prices;
- timing and amount of production;
- unanticipated down-hole mechanical problems in wells or problems related to producing reservoirs or infrastructure;
- changes in overhead costs; and
- material events resulting in changes in estimates.

All forward-looking statements speak only as of the date made. All subsequent written and oral forward-looking statements attributable to the Company, or persons acting on the Company's behalf, are expressly qualified in their entirety by the cautionary statements. Except as required by law, the Company undertakes no obligation to update any forward-looking statement to reflect events or circumstances after the date on which it is made or to reflect the occurrence of anticipated or unanticipated events or circumstances.

RISK FACTORS

INVESTING IN OUR COMMON STOCK INVOLVES A HIGH DEGREE OF RISK. BEFORE INVESTING IN OUR COMMON STOCK YOU SHOULD CAREFULLY CONSIDER THE FOLLOWING RISKS, TOGETHER WITH THE FINANCIAL AND OTHER INFORMATION CONTAINED IN THIS PROSPECTUS. IF ANY OF THE FOLLOWING RISKS ACTUALLY OCCURS, OUR BUSINESS, PROSPECTS, FINANCIAL CONDITION AND RESULTS OF OPERATIONS COULD BE ADVERSELY AFFECTED. IN THAT CASE, THE TRADING PRICE OF OUR COMMON STOCK WOULD LIKELY DECLINE AND YOU MAY LOSE ALL OR A PART OF YOUR INVESTMENT.

Risks Specific to Our Company

WE HAVE A HISTORY OF LOSSES WHICH MAY CONTINUE, WHICH MAY NEGATIVELY IMPACT OUR ABILITY TO ACHIEVE OUR BUSINESS OBJECTIVES.

We have very limited history with respect to our acquisition and development of oil and gas properties. In the nine months ended September 30, 2009 and in each of the fiscal years ended December 31, 2008 and 2007, we recorded operating losses of \$566,231, \$279,447 and \$27,610 respectively. We cannot assure you that we can achieve or sustain profitability on a quarterly or annual basis in the future. Our operations are subject to the risks and competition inherent in the establishment of a business enterprise. There can be no assurance that our future operations will be profitable. Revenues and profits, if any, will depend upon various factors, including whether we will be able to continue expansion of our revenue. We may not achieve our business objectives and the failure to achieve such goals would have an adverse impact on us.

SINCE WE ARE IN THE EARLY STAGE OF DEVELOPMENT AND HAVE A LIMITED OPERATING HISTORY, IT MAY BE DIFFICULT FOR YOU TO ASSESS OUR BUSINESS AND FUTURE PROSPECTS.

We have only a limited history of revenues from oil and natural gas operations and have limited tangible assets. We have yet to generate positive earnings and there can be no assurance that we will ever operate profitably. With this limited operating history our company must be considered in the exploration stage. Our success is significantly dependent on a successful acquisition, drilling, completion and production program. Our operations will be subject to all the risks inherent in the establishment of a developing enterprise and the uncertainties arising from the absence of a significant operating history. We may be unable to locate recoverable reserves or operate on a profitable basis. We are in the exploration stage and potential investors should be aware of the difficulties normally encountered by enterprises in the exploration stage. If our business plan is not successful, and we are not able to operate profitably, investors may lose some or all of their investment in our company.

BECAUSE WE ARE SMALL AND DO NOT HAVE MUCH CAPITAL, WE MAY HAVE TO LIMIT OUR DEVELOPMENT AND PRODUCTION ACTIVITY WHICH MAY RESULT IN A LOSS OF YOUR INVESTMENT.

Because we are small and do not have much capital, we must limit our oil and gas acquisition, development and production activity. As such we may not be able to complete an exploration program that is as thorough as we would like. In that event, existing reserves may go undiscovered. Without finding reserves or acquiring additional reserves, we cannot generate revenues and you will lose your investment.

AS OUR PROPERTIES ARE IN THE EXPLORATION STAGE, THERE CAN BE NO ASSURANCE THAT WE WILL ESTABLISH COMMERCIAL DISCOVERIES ON OUR PROPERTIES.

Exploration for economic reserves of oil and gas is subject to a number of risk factors. Few wells that are ultimately reworked are capable of producing commercially viable quantities of oil and or gas for any extended period of time. If the wells in which we have an interest do not produce commercially viable amounts of oil or gas or cease to produce such quantities after being reworked we may need to curtail or cease our operations.

THE POTENTIAL PROFITABILITY OF OIL AND GAS VENTURES DEPENDS UPON FACTORS BEYOND THE CONTROL OF OUR COMPANY.

The potential profitability of oil and gas properties is dependent upon many factors beyond our control. For instance, world prices and markets for oil and gas are unpredictable, highly volatile, potentially subject to governmental fixing, pegging, controls, or any combination of these and other factors, and respond to changes in domestic, international, political, social, and economic environments. Additionally, due to worldwide economic uncertainty, the availability and cost of funds for production and other expenses have become increasingly difficult, if not impossible, to project. In addition, adverse weather conditions can also hinder drilling operations. These changes and events may materially affect our financial performance. These factors cannot be accurately predicted and the combination of these factors may result in our company not receiving an adequate return on invested capital.

THE OIL AND GAS INDUSTRY IS HIGHLY COMPETITIVE AND THERE IS NO ASSURANCE THAT WE WILL BE SUCCESSFUL IN ACQUIRING OIL AND GAS INTERESTS OR LEASES.

The oil and gas industry is intensely competitive. We compete with numerous individuals and companies, including many major oil and gas companies, which may have substantially greater technical, financial and operational resources and staffs. Accordingly, there is a high degree of competition for desirable oil and gas leases, suitable properties for drilling operations and necessary drilling equipment, as well as for access to funds. We cannot predict if the necessary funds can be raised or that any projected work will be completed or additional oil and gas interests acquired.

Risks Specific to Our Industry

OIL AND GAS OPERATIONS ARE SUBJECT TO COMPREHENSIVE REGULATION WHICH MAY CAUSE SUBSTANTIAL DELAYS OR REQUIRE CAPITAL OUTLAYS IN EXCESS OF THOSE ANTICIPATED CAUSING AN ADVERSE EFFECT ON OUR COMPANY.

Oil and gas operations are subject to federal, state, and local laws relating to the protection of the environment, including laws regulating removal of natural resources from the ground and the discharge of materials into the environment. Oil and gas operations are also subject to federal, state, and local laws and regulations which seek to maintain health and safety standards by regulating the design and use of drilling methods and equipment. Various permits from government bodies are required for drilling operations to be conducted; no assurance can be given that such permits will be received. Environmental standards imposed by federal, provincial, or local authorities may be changed and any such changes may have material adverse effects on our activities. Moreover, compliance with such laws may cause substantial delays or require capital outlays in excess of those anticipated, thus causing an adverse effect on us. Additionally, we may be subject to liability for pollution or other environmental damages. To date we have not been required to spend any material amount on compliance with environmental regulations.

However, we may be required to do so in future and this may affect our ability to expand or maintain our operations.

EXPLORATION AND PRODUCTION ACTIVITIES ARE SUBJECT TO CERTAIN ENVIRONMENTAL REGULATIONS WHICH MAY PREVENT OR DELAY THE COMMENCEMENT OR CONTINUANCE OF OUR OPERATIONS.

In general, our exploration, development and production activities are subject to certain federal, state and local laws and regulations relating to environmental quality and pollution control. Such laws and regulations increase the costs of these activities and may prevent or delay the commencement or continuance of a given operation. Compliance with these laws and regulations has not had a material effect on our operations or financial condition to date. Specifically, we are subject to legislation regarding emissions into the environment, water discharges and storage and disposition of hazardous wastes. In addition, legislation has been enacted which requires well and facility sites to be abandoned and reclaimed to the satisfaction of state authorities. However, such laws and regulations are frequently changed and we are unable to predict the ultimate cost of compliance. Generally, environmental requirements do not appear to affect us any differently or to any greater or lesser extent than other companies in the industry. We believe that our operations comply, in all material respects, with all applicable environmental regulations. Our operating partners maintain insurance coverage customary to the industry; however, we are not fully insured against all possible environmental risks.

EXPLORATORY DRILLING INVOLVES MANY RISKS AND WE MAY BECOME LIABLE FOR POLLUTION OR OTHER LIABILITIES WHICH MAY HAVE AN ADVERSE EFFECT ON OUR FINANCIAL POSITION.

Drilling operations generally involve a high degree of risk. Hazards such as unusual or unexpected geological formations, power outages, labor disruptions, blow-outs, sour gas leakage, fire, inability to obtain suitable or adequate machinery, equipment or labor, and other risks are involved. We may become subject to liability for pollution or hazards against which we cannot adequately insure or which we may elect not to insure. Incurring any such liability may have a material adverse effect on our financial position and operations.

THE VALUE AND TRANSFERABILITY OF YOUR SHARES MAY BE ADVERSELY IMPACTED BY THE LIMITED TRADING MARKET FOR OUR STOCK ON THE OTCBB, WHICH IS A QUOTATION SYSTEM, NOT AN ISSUER LISTING SERVICE, MARKET OR EXCHANGE. BECAUSE BUYING AND SELLING STOCK ON THE OTCBB IS NOT AS EFFICIENT AS BUYING AND SELLING STOCK THROUGH AN EXCHANGE, IT MAY BE DIFFICULT FOR YOU TO SELL YOUR SHARES OR YOU MAY NOT BE ABLE TO SELL YOUR SHARES FOR AN OPTIMUM TRADING PRICE.

The OTCBB is a regulated quotation service that displays real-time quotes, last sale prices and volume limitations in over-the-counter securities. Because trades and quotations on the OTCBB involve a manual process, the market information for such securities cannot be guaranteed. In addition, quote information, or even firm quotes, may not be available. The manual execution process may delay order processing and intervening price fluctuations may result in the failure of a limit order to execute or the execution of a market order at a significantly different price. Execution of trades, execution reporting and the delivery of legal trade confirmations may be delayed significantly. Consequently,

one may not be able to sell shares of our common stock at the optimum trading prices.

When fewer shares of a security are being traded on the OTCBB, volatility of prices may increase and price movement may outpace the ability to deliver accurate quote information. Lower trading

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volumes in a security may result in a lower likelihood of an individual's orders being executed, and current prices may differ significantly from the price one was quoted by the OTCBB at the time of the order entry.

Orders for OTCBB securities may not be canceled or edited like orders for other securities. All requests to change or cancel an order must be submitted to, received and processed by the OTCBB. Due to the manual order processing involved in handling OTC Bulletin Board trades, order processing and reporting may be delayed, and an individual may not be able to cancel or edit his order. Consequently, one may not be able to sell shares of common stock at the optimum trading prices.

The dealer's spread (the difference between the bid and ask prices) may be large and may result in substantial losses to the seller of securities on the OTCBB if the common stock or other security must be sold immediately. Further, purchasers of securities on the OTCBB may not have a bid price for securities bought and sold through the OTCBB. Due to the foregoing, demand for securities that are traded through the OTCBB may be decreased or eliminated.

THE TRADING PRICE OF OUR COMMON STOCK HISTORICALLY HAS BEEN VOLATILE AND MAY NOT REFLECT ITS VALUE.

The trading price of our common stock has, from time to time, fluctuated widely and in the future may be subject to similar fluctuations. From August 31, 2008 through January 12, 2010 our stock has traded at a low of \$0.38 (September 25, 2008) and a high of \$2.00 (November 24, 2008). The trading price may be affected by a number of factors including the risk factors set forth herein, as well as our operating results, financial condition, general economic conditions, market demand for our common stock, and various other events or factors both in and out of our control. In addition, the sale of our common stock into the public market upon the effectiveness of this registration statement could put downward pressure on the trading price of our common stock. In recent years, broad stock market indices, in general, and smaller capitalization companies, in particular, have experienced substantial price fluctuations. In a volatile market, we may experience wide fluctuations in the market price of our common stock. These fluctuations may have a negative effect on the market price of our common stock.

1420525 ALBERTA LTD., A PRIVATE CORPORATION SOLELY OWNED BY MR. HARMEL RAYAT, OUR FORMER CHIEF FINANCIAL OFFICER, DIRECTOR AND CONTROLLING SHAREHOLDER, OWNS APPROXIMATELY 52% OF OUR ISSUED AND OUTSTANDING STOCK. THIS OWNERSHIP INTEREST MAY PRECLUDE YOU FROM INFLUENCING SIGNIFICANT CORPORATE DECISIONS.

Upon completion of the offering (without giving effect to the exercise of the Series A Warrants and Series B Warrants), 1420525 Alberta Ltd., a private corporation the sole shareholder of which is Harmel S. Rayat, our former chief financial officer, director and controlling shareholder, will own in the aggregate, 32,639,800 shares or approximately 52% of our outstanding common stock. As a result, Mr. Rayat may be able to exercise a controlling influence over matters requiring shareholder approval, including the election of directors and approval of significant corporate transactions, and will have significant control over our management and policies through his ownership in 1420525 Alberta Ltd. Mr. Rayat's interests may at times be different from yours. For example, he may support proposals and actions with which you may disagree or which are not in your interests. The concentration of ownership

could delay or prevent a change in control of our company or otherwise discourage a potential acquirer from attempting to obtain control of our company, which in turn could reduce the price of our common stock. In addition, Mr. Rayat could use his voting influence to maintain our existing management and directors in office, delay or prevent changes of control of our company, or support or reject other management and board proposals that are subject to shareholder approval, such as amendments to our

employee stock plans and approvals of significant financing transactions.

WE MAY COMPETE FOR THE TIME AND EFFORTS OF OUR OFFICERS AND DIRECTORS.

Certain of our officers and directors are also officers, directors, and employees of other companies; except for Mr. Cooper, none of our officers and directors anticipate devoting more than approximately five (5%) percent of their time to our matters. We currently have no employment agreements with any of our officers and directors imposing any specific condition on our officers and directors regarding their continued employment by us.

WE HAVE A LARGE NUMBER OF RESTRICTED SHARES OUTSTANDING, A PORTION OF WHICH MAY BE SOLD UNDER RULE 144 WHICH MAY REDUCE THE MARKET PRICE OF OUR SHARES.

Of the 63,075,122 shares of our common stock issued and outstanding as of January 12, 2010, a total of 54,881,800 shares (inclusive of the 32,639,800 shares beneficially owned by 1420525 Alberta Ltd.) are deemed **restricted securities**, within the meaning of Rule 144. Absent registration under the Securities Act, the sale of such shares is subject to Rule 144, as promulgated under the Securities Act.

In general, subject to the satisfaction of certain conditions, Rule 144 permits a person who presently is not and who has not been an affiliate of ours for at least three months immediately preceding the sale and who has beneficially owned the shares of common stock for at least six months to sell such shares without regard to any of the volume limitations set forth in Rule 144. This provision may already with respect to the shares issued in connection with the Private Placement, assuming that at such time the relevant criteria of Rule 144 is satisfied by both the Selling Stockholders owning the restricted shares and ourselves.

Under Rule 144, subject to the satisfaction of certain other conditions, a person deemed to be one of our affiliates, who has beneficially owned restricted shares of our common stock for at least one year is permitted to sell in a brokerage transaction, within any three-month period, a number of shares that does not exceed the greater of 1% of the total number of outstanding shares of the same class, or, if our common stock is quoted on a stock exchange, the average weekly trading volume during the four calendar weeks preceding the sale, if greater. This provision currently may apply to the shares owned by 1420525 Alberta Ltd. According, if all of the conditions of Rule 144 to be satisfied by both 1420525 Alberta Ltd. and us at the time of any proposed sale, are satisfied, then 1420525 Alberta Ltd. may sell pursuant to Rule 144, based on the issued and outstanding shares of our common stock, approximately every three months.

The possibility that substantial amounts of our common stock may be sold under Rule 144 into the public market may adversely affect prevailing market prices for the common stock and could impair our ability to raise capital in the future through the sale of equity securities. **Please refer to Description of Securities-Shares Eligible for Future Sale.**

THERE ARE OPTIONS AND WARRANTS TO PURCHASE SHARES OF OUR COMMON STOCK CURRENTLY OUTSTANDING.

As of January 12, 2010, we have outstanding options and warrants to purchase an aggregate of 13,050,000 shares of our common stock to various persons and entities. The exercise prices on these options and warrants are as follows: 150,000 stock options at \$1.00 per share, 6,450,000 Series A Warrants at \$0.60 and 6,450,000 Series B Warrants at \$0.75 per share. If issued, the shares underlying these options and warrants would increase the number of shares of our common stock currently outstanding and will dilute the holdings and voting rights of our then-existing shareholders.

WE HAVE THE ABILITY TO ISSUE ADDITIONAL SHARES OF OUR COMMON STOCK WITHOUT ASKING FOR SHAREHOLDER APPROVAL, WHICH COULD CAUSE YOUR INVESTMENT TO BE DILUTED.

Our articles of incorporation authorize the Board of Directors to issue up to 200,000,000 shares of common stock and up to 10,000,000 shares of preferred stock. The power of the Board of Directors to issue shares of common stock or warrants or options to purchase shares of common stock is generally not subject to shareholder approval. Accordingly, any time the Board of Directors determines that it is in the best interests of the corporation to issue shares of its common stock, your investment will be diluted.

WE MAY ISSUE PREFERRED STOCK WHICH MAY HAVE GREATER RIGHTS THAN OUR COMMON STOCK.

We are permitted in our charter to issue up to 10,000,000 shares of preferred stock. Currently no preferred shares are issued and outstanding; however, we can issue shares of our preferred stock in one or more series and can set the terms of the preferred stock without seeking any further approval from our common stockholders. Any preferred stock that we issue may rank ahead of our common stock in terms of dividend priority or liquidation premiums and may have greater voting rights than our common stock. In addition, such preferred stock may contain provisions allowing them to be converted into shares of common stock, which could dilute the value of common stock to current stockholders and could adversely affect the market price, if any, of our common stock.

OUR COMPLIANCE WITH CHANGING LAWS AND RULES REGARDING CORPORATE GOVERNANCE AND PUBLIC DISCLOSURE MAY RESULT IN ADDITIONAL EXPENSES TO US WHICH, IN TURN, MAY ADVERSELY AFFECT OUR ABILITY TO CONTINUE OUR OPERATIONS.

Keeping abreast of, and in compliance with, changing laws, regulations and standards relating to corporate governance and public disclosure, including the Sarbanes-Oxley Act of 2002, new SEC regulations and, in the event we are ever approved for listing on either NASDAQ or a registered exchange, NASDAQ and stock exchange rules, will require an increased amount of management attention and external resources. We intend to continue to invest all reasonably necessary resources to comply with evolving standards, which may result in increased general and administrative expenses and a diversion of management time and attention from revenue-generating activities to compliance activities. This could have an adverse impact on our ongoing operations.

BECAUSE OUR COMMON STOCK IS A "PENNY STOCK," YOU MAY FIND IT DIFFICULT TO SELL THE SHARES OF OUR COMMON STOCK YOU ACQUIRED IN THIS OFFERING.

Our common stock is a **penny stock** as that term is defined under Rule 3a51-1 of the Securities Exchange Act of 1934. Generally, a "penny stock" is a common stock that is not listed on a securities exchange and trades for less than \$5.00 a share. Prices often are not available to buyers and sellers and the market may be very limited. Penny stocks in start-up companies are among the riskiest equity investments. Broker-dealers who sell penny stocks must provide purchasers of these stocks with a standardized risk-disclosure document prepared by the U.S. Securities & Exchange Commission. The document provides information about penny stocks and the nature and level of risks involved in investing in the penny stock market. A broker must also give a purchaser, orally or in writing, bid and offer quotations and information regarding broker and salesperson compensation, make a written determination

that the penny stock is a suitable investment for the purchaser, and obtain the purchaser's written agreement to the purchase. Many brokers choose not to participate in penny stock transactions. Because of the penny stock rules, there is less trading activity in penny stocks and you are likely to have difficulty selling your shares.

WE DO NOT INTEND TO PAY DIVIDENDS FOR THE FORESEEABLE FUTURE.

We currently intend to retain future earnings, if any, to support the development and expansion of our business and do not anticipate paying cash dividends in the foreseeable future. Our payment of any future dividends will be at the discretion of our Board of Directors after taking into account various factors, including but not limited to our financial condition, operating results, cash needs, growth plans and the terms of any credit agreements that we may be a party to at the time. Accordingly, investors must rely on sales of their common stock after price appreciation, which may never occur, as the only way to realize their investment. Investors seeking cash dividends should not purchase the shares offered by us pursuant to this prospectus.

FINRA SALES PRACTICE REQUIREMENTS MAY ALSO LIMIT A STOCKHOLDER'S ABILITY TO BUY AND SELL OUR STOCK.

In addition to the penny stock rules described below, the Financial Industry Regulatory Authority (**FINRA**) has adopted rules that require that in recommending an investment to a customer, a broker-dealer must have reasonable grounds for believing that the investment is suitable for that customer. Prior to recommending speculative low priced securities to their non-institutional customers, broker-dealers must make reasonable efforts to obtain information about the customer's financial status, tax status, investment objectives and other information. Under interpretations of these rules, the FINRA believes that there is a high probability that speculative low priced securities will not be suitable for at least some customers. The FINRA requirements make it more difficult for broker-dealers to recommend that their customers buy our common stock, which may limit your ability to buy and sell our stock and have an adverse effect on the market for our shares.

JULY 2008 FINANCING

On July 28, 2008, we consummated the sale of an aggregate of 6,400,000 units each consisting of one Unit Share, one Series A Warrant to purchase an additional share at a price of \$0.60 per share and one Series B Warrant to purchase an additional share of our common stock at a per share purchase price of \$0.75, for an aggregate purchase price of \$3,200,000 (or \$0.50 per unit) pursuant to the terms of a Subscription Agreement effective as of July 28, 2008 with the Selling Stockholders all of whom were accredited investors, as defined in Rule 501 of Regulation D promulgated under the Securities Act (the Private Placement). An additional 50,000 units were issued in payment of legal services in the amount of \$25,000. Except as noted we do not have, and have not had any relationship, agreement, understanding or arrangement with any of the Selling Stockholders in the past three years, relating to any to be services performed or to be performed.

We did not use the services of an underwriter or placement agent with respect to the Private Placement and we did not pay any commissions or finders' fees in connection with the Private Placement. In connection with the private placement, the Company issued an aggregate of 50,000 units in payment of legal fees in the amount of \$25,000. These units were otherwise issued on the same terms and conditions as the units sold in the private placement.

The securities that were issued to the Investors in the Private Placement were not registered under the Securities Act, and may not be offered or sold in the United States absent registration or an applicable

exemption from the registration requirements of the Securities Act. In connection with the Subscriptions Agreement we entered into a Registration Rights Agreement dated July 28, 2008 with the Investors. Pursuant to the terms of the Registration Rights Agreement, we have agreed to register the resale of the Private Placement Shares and the Warrant Shares on a registration statement to be filed by us with the United States Securities and Exchange Commission (the **SEC**) under the Securities Act of 1933, as amended. We have agreed to use our commercially reasonable efforts to file the registration statement with the SEC within 60 days after July 28, 2008, to cause such registration statement to be declared effective by the SEC within the earlier of 90 days after July 28, 2008 (or, in the event, of a review by the SEC, 150 days after July 28, 2008) or the 5th business day following the date on which we are notified by the SEC that the SEC will not review the registration statement or that the SEC has no further comments on the registration statement and to cause such registration statement to remain effective for the required registration period.

The Registration Rights Agreement does not provide for any penalties or liquidated damages in the event we are not able to meet the aforesaid target dates.

The 6,450,000 shares issued in the Private Placement, the 6,450,000 shares issuable upon exercise, if any, of the Series A Warrants, and the 6,450,000 shares issuable upon exercise, if any, of the outstanding Series B Warrants, are collectively the subject of the registration statement of which this prospectus is part.

The Series A Warrants were initially exercisable for a period of 18 months at an initial exercise price of \$0.60 per share beginning on July 28, 2008. The Series B Warrants were initially exercisable for a period of 24 months at an initial exercise price of \$0.75 per share beginning on July 28, 2008. Because of the inordinate delay encountered by us in connection with the filing and review of the registration statement of which this Prospectus is part, on December 11, 2009 our Board of Directors extended the term of the Series A warrant to July 28, 2010 and the Series B Warrant to January 28, 2011.

The number of shares issuable upon exercise of the Series A Warrants and Series B Warrants and the exercise price of the Series A Warrants and Series B Warrants are adjustable in the event of stock splits, combinations and reclassifications, but not in the event of the issuance by us of additional securities, unless such issuance is at a price per share which is less than the then applicable exercise price of the warrants, in which event then the exercise price shall be reduced and only reduced to equal lower issuance price and the number of shares issuable upon exercise thereof shall be increased such that the aggregate exercise price payable thereunder, after taking into account the decrease in the exercise price, shall be equal to the aggregate exercise price prior to such adjustment.

Pursuant to the Subscription Agreement and the Registration Rights Agreement, we and the Selling Stockholders have made other covenants and representations and warranties regarding matters that are customarily included in financings of this nature. In the event that during the twelve month period following the Closing Date (July 28, 2008), we sell shares at a price per share which is less than \$0.50 (**Base Share Price**), we are required to issue to the Selling Stockholders the number of shares equal to (1) the quotient of the aggregate purchase price payable under the Securities Purchase Agreement divided by Base Share Price less (2) the quotient of the aggregate purchase price divided by the per share purchase price under the Securities Purchase Agreement. This provision has lapsed without our having issued any additional shares. The Warrants contain comparable provisions.

USE OF PROCEEDS

This prospectus relates to the resale of certain shares of our common stock that may be offered and sold from time to time by the Selling Stockholders. This prospectus also relates to shares of our

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common stock to be issued to persons who exercise the Series A Warrants and Series B Warrants. We will not receive any proceeds from the sale of shares of common stock in this offering. However, we will receive proceeds from the exercise of any Series A Warrants or Series B Warrants and we will use any such proceeds for working capital purposes.

DETERMINATION OF OFFERING PRICE

The Selling Stockholders will determine at what price they may sell the offered shares, and such sales may be made at prevailing market prices, or at privately negotiated prices. **Please refer to Plan of Distribution.**

MARKET PRICE OF AND DIVIDENDS ON OUR COMMON STOCK

AND RELATED STOCKHOLDER MATTERS

Market Information-the OTCBB

Our common stock is quoted on the OTC Bulletin Board (OTCBB) under the symbol **ETHT**. The OTCBB is a regulated quotation service that displays real-time quotes, last-sale prices, and volume information in over-the-counter equity securities. The OTCBB is a quotation medium for subscribing members, not an issuer listing service, and should not be confused with The NASDAQ Stock Market.

As of January 12, 2010 there were 63,075,122 shares of our common stock outstanding and held by 318 stockholders of record. As of January 12, 2010, we had 6,450,000 shares of common stock reserved for issuance upon exercise of outstanding Series A Warrants, 6,450,000 shares of common stock reserved for issuance upon exercise of outstanding Series B Warrants and 150,000 shares of common stock reserved for issuance upon exercise of outstanding stock options. We have no shares of preferred stock issued and outstanding.

Currently, there is only a limited public market for our stock on the OTCBB. You should also note that the OTCBB is not a listing service or exchange, but is instead a dealer quotation service for subscribing members. If our common stock is not quoted on the OTCBB or if a public market for our common stock does not develop, then investors may not be able to resell the shares of our common stock that they have purchased and may lose all of their investment. Even if an active trading market for our common stock develops, the market price of our common stock may be significantly affected by factors such as actual or anticipated fluctuations in our operation results, general market conditions and other factors. In addition, the stock market has from time to time experienced significant price and volume fluctuations that have particularly affected the market prices for the shares of developmental stage companies, which may materially adversely affect the market price of our common stock. Accordingly, investors may find that the price for our securities may be highly volatile and may bear no relationship to our actual financial condition or results

of operation.

For the periods indicated, the following table sets forth the high and low per share intra-day sales prices per share of common stock. These prices represent inter-dealer quotations without retail markup, markdown, or commission and may not necessarily represent actual transactions.

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		High		Low
Fiscal Year 2009				
Fourth Quarter	\$	0.60	\$	0.50
Third Quarter	\$	0.52	\$	0.50
Second Quarter	\$	0.51	\$	0.50
First Quarter	\$	0.51	\$	0.41
Fiscal Year 2008				