# DISCLOSURE REPORT
# FOR THE SIX MONTHS ENDING

# JUNE 30, 2010
# AND
# JUNE 30, 2011

# UNAUDITED

**CAVU Resources, Inc.**
**f/k/a/ Proxity, Inc.**

**5147 South Harvard Ave. STE 138**
**Tulsa, OK 74135**
**(504) 722-7402**
**(504) 918-782-0776 Fax**

www.cavu-resources.com

## Item I. NAME OF ISSUER.

CAVU Resources, Inc. (April 27, 2009)
formerly known as Proxity, Inc. (January 3, 2005)
formerly known as Proxity Digital Networks, Inc. (October 16, 2001)
formerly known as CasinoBuilders.com, Inc. (May 13, 1999)
formerly known as Magic Lantern Group, Inc. (August 23, 1995)
incorporated in the State of Nevada on August 23, 1995

**Address of principal executive offices:**

5147 South Harvard Ave. Street STE 138
Tulsa, OK 74135

Phone 504-722-7402 Fax 918-782-0776
www.cavu-resources.com

**Issuer's State of Incorporation**

Nevada, August 23, 1995

## Item II. SHARES OUTSTANDING.

The Company has been authorized to issue 200,000,000 common shares and 11,000,000 preferred shares, each having a par value of $0.0001.

As of June 30, 2011 the Company has 177,975,851 shares of common stock and 1,000,000 shares of preferred stock issued and outstanding.

The CUSIP number is: 14965R 104

The Trading symbol is: CAVR

**Par or stated value and description of the security**

A. *Par or Stated Value*.
The par value of the Company's shares of

(i) common stock is: $0.0001 per share
(ii) preferred stock is: $0.0001 per share

B. *Common or Preferred Stock*.
1. Common Stock. The Company is authorized to issue 200,000,000 shares of common stock. Each share of common stock has one vote. The holders of common stock shall not have any conversion, redemption, or preemptive rights.

2. Preferred Stock. The Company has been authorized to issue 11,000,000 shares of preferred stock. Ten million of the 11,000,000 shares of preferred stock have yet to be issued or

have the rights associated with them defined. One million shares of the 11,000,000 shares of preferred stock have been designated as Series A Preferred Stock. One million shares of the Series A Preferred have been issued. The rights for the Series A Preferred Stock are defined in a Certificate of Designation the Company filed with the Nevada Secretary of State on April 24, 2009. A summary of those rights is as follows:

(i) Dividend Rights. The Series A Preferred Stock is not entitled to receive dividends.
(ii) Voting Rights. The Holders of Series A Preferred Stock shall be entitled to vote with the Common Stock as if their shares were converted into shares of Common Stock at a ratio of 1000 shares of Common Stock for each one full share of Series A Preferred Stock (the "Voting Rate"). The Holders of shares of the Series A Preferred shall be entitled to vote on all matters on which the Common Stock shall be entitled to vote.
(iii) Conversion Rights. The Series A Preferred Stock can be converted by a resolution of the Board of Directors of the Corporation. Upon conversion, each share of Series A Preferred Stock will automatically be converted into one hundred (100) shares of Common Stock of the Corporation on the date of such occurrence. In addition to the shares of Common Stock a Holder will receive in the event of a conversion of the Series A Preferred Stock, the Holders of Series A Preferred Stock shall be entitled to receive, out of the assets of the Corporation, cash in an amount equal to $10.00 for each one (1) share of Series A Preferred Stock (as adjusted for stock splits, combinations, reorganizations and the like) held by such Holder.
(iv) Liquidation Preference. In the event of any liquidation, dissolution or winding up of the affairs of the Corporation, either voluntarily or involuntarily, the entire remaining assets, if any, of the Corporation available for distribution to stockholders shall be distributed to the holders of Common Stock pro rata, treating each share of Series A Preferred Stock as if it were a single share of Common Stock.

**Number of shares or total amount of the securities outstanding for each class of securities authorized**

The Company is authorized to issue common shares.

| Period Ended | Authorized | Outstanding | Tradeable | Beneficial Shareholders | Shareholders of Record |
|---|---|---|---|---|---|
| 06/30/2010 | 200,000,000 | 91,436,398 | 31,318,447 | * | 191 |
| 12/31/2010 | 200,000,000 | 140,436,398 | 32,468,447 | | 198 |
| 06/30/2011 | 200,000,000 | 177,975,851 | 63,307,878 | * | 198 |

*The company has ordered the NOBO list for disclosure

The Company is authorized to issue preferred shares.

| Period Ended | Authorized | Outstanding | Tradeable | Beneficial Shareholders | Shareholders of Record |
|---|---|---|---|---|---|
| 06/30/10 | 10,000,000 | 0 | 0 | | 0 |
| 06/30/10 | 1,000,000 | 1,000,000 | 0 | | 2 |
| 06/30/10 | 10,000,000 | 0 | 0 | | 0 |
| 06/30/11 | 1,000,000 | 1,000,000 | 0 | | 2 |

## Item XIV Beneficial Owners

| Title of class | Name and address of beneficial owner [1] | Amount of beneficial ownership | Percent of class* |
|---|---|---|---|
| **More Than 5% Beneficial Owners:** | | | |
| Common | Claymore Consulting, LLC(2)<br>5147 South Harvard Ave, Suite 138<br>Tulsa, OK 74135 | 22,589,000 | 12.69% |
| Common | Ty Energy, LLC(3)<br>5147 South Harvard Ave, Suite 138<br>Tulsa, OK 74135 | 43,089,000 | 24.21% |
| Common | Carlos Rojas c/o<br>Enrique Jose Rodriguez<br>Fyrvaktarkroken 30<br>121 32 Enskededalea<br>Stockholm, Sweden<br>ID# 63079845 | 8,800,000 | 4.94% |
| Common | Bluecrest Re-Insurance<br>C/O Empower Corporation Limited<br>Caribbean Pl, PMB#2<br>Providencials, Turks & Caicos<br>ID # 63079845 | 8,800,000 | 4.94% |
| Series A Preferred (4) | Claymore Consulting, LLC | 750,000 | 75% |
| Series A Preferred (3,4) | Ty Energy, LLC | 250,000 | 25% |

[1] As used in this table, "beneficial ownership" shareholders with an ownership in excess of 5% that means the sole or shared power to vote, or to direct the voting of, a security, or the sole or shared investment power with respect to a security (i.e., the power to dispose of, or to direct the disposition of, a security). In addition, for purposes of this table, a person is deemed, as of any date, to have "beneficial ownership" of any security that such person has the right to acquire within 60 days after such date.

[2] William C. Robinson and Desai V. Robinson are the Managers of the LLC. The LLC is owned 100% by the Desai Vol Robinson Revocable Trust. William C. Robinson and Desai Vol Robinson are the Co-Trustees of the Trust.

[3] William C. Robinson was the manager this family LLC and resigned October, 2009.

[4] The Series A Preferred is a class of super voter shares with 1000 to 1 voting rights

### Name and address of issuer's stock transfer agent

Pacific Stock Transfer Company
500 E. Warm Springs Road, Suite 240
Las Vegas, NV 89119
702-361-3033
702-433-1979 fax
www.pacificstocktransfer.com
The Transfer Agent is registered under the Exchange Act.
The Securities and Exchange Commission is the regulatory authority of the transfer agent.

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# Item III. FINANCIAL STATEMENTS.

**Index to Financial Statements**

# Item III. FINANCIAL STATEMENTS.

**MANAGEMENTS' REPORT**

To the Board of Directors
CAVU Resources, Inc.
5147 South Harvard Ave.
Suite 138
Tulsa, OK 74135

We have compiled the accompanying balance sheets of CAVU Resources, Inc. (the "Company") as of June 30, 2010 and June 30, 2011, and the related statements of operations and cash flows for the six months then ended, in accordance with Statements on *Standards for Accounting and Review Services* issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of financial statements information that is the representation of management. We have not audited or reviewed the accompanying financial statements and, accordingly, the company may amend these financials and do not express an opinion or any other form of assurance on them.

We are not independent with respect to CAVU Resources, Inc.

*S/William C. Robinson, CEO and President*

September 12, 2011

## Item III. FINANCIAL STATEMENTS.

**CAVU RESOURCES, INC.**
**CONDENSED CONSOLIDATED BALANCE SHEETS**
**AS OF JUNE 30, 2011 AND JUNE 30, 2010**

| | 2011 | 2010 |
|---|---|---|
| **ASSETS** | (Unaudited) | (Unaudited) |
| Current Assets | | |
| Cash | $ 8,974 | $ 15,571 |
| Accounts Receivable | 1,692,337 | 1,281,756 |
| Deposits | 0 | 21,731 |
| Notes Receivable (Note 4) | 2,135,000 | 300,000 |
| Total Current Assets | 3,836,311 | 1,619,058 |
| Oil and Gas Leases, Net of Accumulated Amortization of $713,632 | 0 | 64,893 |
| Equipment & Vehicles, Net of Accumulated Depreciation of $361,059 and $1,882,212 (Note 5) | 1,607,796 | 1,899,456 |
| Other Assets (Note 5) | 1,347,058 | 1,307,606 |
| TOTAL ASSETS | $ 6,791,165 | $ 4,891,013 |
| **LIABILITIES & SHAREHOLDERS' EQUITY (DEFICIT)** | | |
| Current Liabilities | | |
| Accounts Payable | $ 1,714,560 | $ 1,670,218 |
| Related Party Payable (Note 6) | 180,489 | (4,600) |
| Promissory Notes (Note 6) | 1,156,197 | 2,393,353 |
| TOTAL LIABILITIES | 3,051,246 | 4,058,971 |
| Commitments & Contingencies (Note 10) | | |
| Shareholders' Equity (Deficit) (Note 8) | | |
| Common Stock, $0.0001 par value; 200,000,000 shares authorized, and 177,975,852 shares issued and shares outstanding at June 30, 2011 and 91,436,398 shares outstanding June 30, 2010, respectively. | 17,798 | 9,144 |
| Additional Paid-in Capital | 2,097,240 | 1,584,937 |
| Deferred Stock Based Compensation | 0 | 0 |
| Shares to be Issued | 0 | 0 |
| Accumulated Earnings (Deficit) (See Note 10) | 1,624,881 | (762,038) |
| Total Shareholders' Equity | 3,739,919 | 832,042 |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT) | $ 6,791,165 | $ 4,891,013 |

**The Accompanying Notes Are an Integral Part of these Consolidated Financial Statements**

# Item III. FINANCIAL STATEMENTS.

## CAVU RESOURCES, INC. f/k/a PROXITY, INC.

## CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

| | Common Stock | | | | |
|---|---|---|---|---|---|
| | Shares Issued | Par $0.0001 | Additional Paid in Capital | Accumulated Deficit | Total Stockholder's Equity |
| **Balance, June 30, 2010** | 91,436,398 | 9,144 | 1,584,937 | (762,038) | 832,042 |
| **Stock Issued For Services** | 3,000,000 | 300 | 39,700 | | 40,000 |
| **Stock Issued For Investment** | 83,539,454 | 8,354 | 472,603 | | 480,957 |
| **Sale of Subsidiary** | | | | 786,281 | 786,281 |
| **Net Income** | - | - | | 1,600,638 | 1,600,638 |
| **Balance, June 30, 2011** | 177,975,852 | 17,798 | 2,097,240 | 1,624,881 | 3,739,919 |

**The Accompanying Notes Are an Integral Part of these Consolidated Financial Statements**

# Item III. FINANCIAL STATEMENTS.

**CAVU RESOURCES, INC.**
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**
**FOR THE SIX MONTHS ENDED JUNE 30, 2011 AND 2010**
**(Unaudited)**

| | Six Months Ended June 30, 2011 | Six Months Ended June 30, 2010 |
|---|---|---|
| Net Sales | $ 851,492 | $ 561,271 |
| Cost of Sales | 215,447 | 435,907 |
| Gross Profit | 636,045 | 125,364 |
| Operating Expenses | | |
| Depreciation and Amortization | 114,012 | 102,229 |
| Consulting Fees | 20,000 | 130,000 |
| Other Operating Expenses | 588,614 | 577,891 |
| Total Operating Expenses | 722,626 | 810,120 |
| Loss From Operations | (86,581) | (684,756) |
| Other Income and (Expenses) | | |
| Interest Expense | (62,774) | (31,359) |
| Gain (loss) on Sale of Assets | (99,252) | 822,567 |
| Gain on sale of Subsidiary | 1,849,246 | 0 |
| Total Other Income and Expenses | 1,687,219 | 791,208 |
| Net Income | $ 1,600,638 | $ 106,452 |
| Income/(Loss) Per Common Share | | |
| Basic and Diluted | $ .012 | $ .0014 |
| Weighted Average Shares Used to Compute Basic and Diluted Loss Per Common Share | 134,706,125 | 75,870,094 |

**The Accompanying Notes Are an Integral Part of these Consolidated Financial Statements**

# Item III. FINANCIAL STATEMENTS.

**CAVU RESOURCES, INC.**
**CONSOLIDATED STATEMENTS OF CASH FLOWS**
**FOR THE SIX MONTHS ENDED JUNE 30, 2011 AND 2010**

| | 2011 | 2010 |
|---|---|---|
| | (Unaudited) | (Unaudited) |
| CASH USED IN OPERATING ACTIVITIES | | |
| Net Income | $ 1,600,638 | $ 106,452 |
| Adjustments to Reconcile Net Income to Net Cash Used in Operating Activities | | |
| Depreciation and Amortization | 114,012 | 102,229 |
| Accounts receivable | (573,055) | (1,209,156) |
| Increase (decrease) in Note Receivable | (1,746,126) | 38,000 |
| Decrease in Other Assets, Deposits | 0 | 63,268 |
| Increase in Accounts Payable | 247,401 | 1,315,936 |
| NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES | (357,131) | 416,730 |
| CASH USED IN INVESTING ACTIVITIES: | | |
| Investment in Oil and Gas Licenses and Equipment | (255,689) | (1,582,297) |
| Investment Other Assets | (624,606) | (585,154) |
| NET CASH USED IN FINANCING ACTIVITIES | (880,295) | (2,167,451) |
| CASH PROVIDED BY FINANCING ACTIVITIES: | | |
| Proceeds from the Sale of Subsidiary | 2,135.000 | 0 |
| Proceeds From Sale of Common Stock | 551,857 | 2,086,390 |
| Proceeds From (Payments on) Promissory Notes | (1,501,314) | (365,246) |
| NET CASH PROVIDED BY FINANCING ACTIVITIES | 1,180,543 | 1,721,144 |
| NET INCREASE IN CASH | (51,883) | (29,577) |
| BEGINNING CASH | $ 60,857 | $ 45,148 |
| ENDING CASH | 8,974 | 15,571 |
| SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION | $ | $ |
| Cash Paid for Interest | $ 62,774 | $ 31,359 |
| Cash Paid for Income Taxes | | |

**The Accompanying Notes Are an Integral Part of these Consolidated Financial Statements**

# Item III. FINANCIAL STATEMENTS.

**CAVU RESOURCES, INC.**
**FOOTNOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**
**FOR THE SIX MONTHS ENDED JUNE 30, 2011 AND 2010**
**(Unaudited)**

**NOTE 1 - NATURE OF BUSINESS**

CAVU Resources, Inc., formerly known as Proxity, Inc. (the "Company") was incorporated under the laws of the State of Nevada on August 23, 1995 as Magic Lantern Group, Inc. The Company was a dormant entity in recent years until it acquired its operating subsidiary, CAVU Resources, Inc. on April 24, 2009. The Company plans to acquire and develop assets and technologies within the energy sector. Certain assets already held by the Company as a result of the acquisition of CAVU Resources, Inc. include mineral rights, oil and gas leases and drilling equipment for oil and gas exploration.

Control by Principal Stockholders

The Company's directors, executive officers and their affiliates or related parties, own beneficially and in the aggregate, the majority of the voting power of the outstanding shares of the common stock of the Company. Accordingly, if voting their respective shares uniformly, the directors, executive officers and their affiliates would have the ability to control the approval of most corporate actions, including increasing the authorized capital stock of the Company and the dissolution, merger or sale of the Company's assets or business.

Quasi-Reorganization

On April 24, 2009, the a majority of the stockholders of record of the Company approved a plan of quasi-reorganization which called for restatement of accounts to eliminate the accumulated deficit and related capital accounts on the Company's balance sheet. The quasi-reorganization was effective April 23, 2009. Since April 24, 2009, the Company has been operating its new business model as described previously within these footnotes.

**NOTE 2 – BASIS OF PRESENTATION**

In the opinion of management, the accompanying balance sheets and related ANNUAL statements of income, cash flows, and stockholders' equity include all adjustments, consisting only of normal recurring items, necessary for their fair presentation in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP"). Preparing financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses. Actual results and outcomes may differ from management's estimates and assumptions.

ANNUAL results are not necessarily indicative of results for a full year. The information included in these ANNUAL financial statements should be read in conjunction with information included in the annual financial statements.

These financial statements include the results of operations for the Company and the Company's wholly owned subsidiaries, CAVU Resources, Inc., 5 months of operations of Envirotek Fuel Systems, Inc. as it was sold June 1, 2011, FILO Quip Resources, LLC, and its minority owned subsidiary Proxity Electronic Commerce, LLC and Cyber Aerospace, LLC from January 1, 2011 through June 30, 2011. All intercompany balances have been eliminated in consolidation.

**NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Marketable Securities**

The Company's short-term investments are classified as available-for-sale at the respective balance sheet dates. The Company accounts for its investments at fair value in accordance with SFAS 115. The investments classified as available-for-sale are recorded at fair value based upon quoted market prices, and any material temporary difference between the cost and fair value of an investment is presented as a separate component of accumulated other comprehensive income (loss.) Unrealized losses are charged against "Other income (expense)" when a decline in fair value is determined to be other than-temporary. The Company considers several factors to determine whether a loss is other-than-temporary. These factors include but are not limited to: (i) the extent to which the fair value is less than cost basis, (ii) the financial condition and near term prospects of the issuer, (iii) the length of time a security is in an unrealized loss position and (iv) the Company's ability to hold the security for a period of time sufficient to allow for any anticipated recovery in fair value. The

Company's ongoing consideration of these factors could result in additional impairment charges in the future, which could adversely affect its results of operation. There was no impairment charges recorded on the Company's investments during the six months ended June 30, 2011 and 2010, respectively. The specific identification method is used to determine the realized gains and losses on investments.

**Fair Value Measurements**

Effective January 1, 2008, we adopted SFAS 157, Fair Value Measurements (SFAS 157). SFAS 157 clarifies the definition of fair value, prescribes methods for measuring fair value, and establishes a fair value hierarchy to classify the inputs used in measuring fair value as follows:

Level 1-Inputs are unadjusted quoted prices in active markets for identical assets or liabilities available at the measurement date.

Level 2-Inputs are unadjusted quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets and liabilities in markets that are not active, inputs other then quoted prices that are observable, and inputs derived from or corroborated by observable market data.

Level 3-Inputs are unobservable inputs which reflect the reporting entity's own assumptions on what assumptions the market participants would use in pricing the asset or liability based on the best available information.

The adoption of SFAS No. 157 did not have a material impact on our fair value measurements.

The following tables present our assets and liabilities that are measured at fair value on a recurring basis and are categorized using the fair value hierarchy. The fair value hierarchy has three levels based on the reliability of the inputs used to determine fair value.

| | | Fair Value Measurements at Reporting Date Using | | |
|---|---|---|---|---|
| Description | June 30, 2011 | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
| Restricted Securities | $ 722,452 | $ 722,452 | $ — | $ — |
| Total Assets | $ 722,452 | $ 722,452 | $ — | $ — |

**Property and Equipment**

Property and equipment consists only of a website and is recorded at cost less accumulated depreciation. Depreciation and amortization is calculated using the straight-line method over the expected useful life of the asset, after the asset is placed in service. The Company generally uses the following depreciable lives for its major classifications of property and equipment:

| Description | Useful Lives |
|---|---|
| Website | 3 years |
| Drilling Equipment | 10 years |
| Oil and Gas Leases | 10 years |

# Item III. FINANCIAL STATEMENTS.

**Revenue Recognition**

The Company records revenues when the following fundamental criteria are met: (i) persuasive evidence of an arrangement exists, (ii) delivery has occurred or services have been rendered, (iii) the price to the customer is fixed or determinable and (iv) collection of the resulting receivable is reasonably assured. Revenues are recorded in accordance with Staff Accounting Bulletin ("SAB") No. 104, as issued by the United States Securities and Exchange Commission ("SAB 104"), the Company is still contemplating various business plans but anticipates recognizing revenues in 2010 and 2011.

The Company negotiates contracts with its customers, which may include revenue arrangements with multiple deliverables, as outlined by Emerging Issues Task Force No. 00-21 ("EITF 00-21"). The Company's accounting policies are defined such that each deliverable under a contract is accounted for separately. Historically, the Company has not entered into contracts with its customers that provided for multiple deliverables.

**NOTE 3 – GOING CONCERN**

The Company's financial statements have been prepared on a going concern basis, which contemplates continuity of operations, realization of assets and liquidation of liabilities in the normal course of business. The Company had operating gains of $1,600,638 during the six months ended June 30, 2011, and cumulative losses of $456,888 as of June, 2011. The ability of the Company to operate as a going concern depends upon its ability to obtain outside sources of working capital. Management is aware of these requirements and is undertaking specific measures to address these liquidity concerns. Notwithstanding the foregoing, there can be no assurance that the Company will be successful in obtaining financing, that it will have sufficient funds to execute its business plan or that it will generate positive operating results. The financial statements do not include any adjustments relating to the recoverability and classification of asset carrying amounts or the amount and classification of liabilities that might result should the Company be unable to continue as a going concern.

**NOTE 4 – NOTE RECEIVABLE**

In January 2009, prior to the acquisition on April 24, 2009, CAVU Resources, Inc. had acquired a note receivable for $300,000 bearing interest at 12% and due from an unaffiliated individual. The note receivable was acquired while it was in default. The Company is currently attempting to negotiate payment terms with regard to this note receivable and filed suit, received a judgment and settlement and had to write off $275,000.

**NOTE 5 – DRILLING EQUIPMENT**

Property and equipment consisted of the following:

| | June 30, 2011 | June 30, 2010 |
|---|---|---|
| Drilling Equipment | 1,968,855$ | $ 3,781,667 |
| Less: Accumulated Depreciation | (361,059) | (1,882.212) |
| | $1,607,796 | $ 1,899,456 |

**NOTE 6 – DEBT**

On December 31, 2010, the Company entered into a convertible demand promissory note with Claymore Consulting, LLC in the amount of $250,000 at 8% interest and canceled the existing consulting agreement with the company. The company also sold 500,000 of preferred A stock at par value of .0001 a share to Claymore Consulting, LLC, for its manager, William C. Robinson to guaranteed $2,315,000 in debt for the Company. The convertible demand promissory note is due in full on December 31, 2011 and carries interest at an annualized rate of 8%.

On January 7, 2009, prior to the acquisition on April 24, 2009, CAVU Resources, Inc. entered into five and three year leases with Verilease Financing, Inc. for drilling and oil field equipment in the amount of $1,115,000 at an interest rate of 12.5%. On April 27, 2011, CAVU entered into an agreement to sale all of the equipment associated with this lease and settled the remaining balance for a secured note in the amount of 344,700. On May 15, 2011 the company began making monthly payments of $25,000 a month. As of September 3, 2011 the company was in arrears $75,000.

On January 15, 2009 the Company entered into a revolving line of credit with its CEO and President. As of June 30, 2011, the amount advanced owed was $4,611. The interest being charged on the balance is at a rate of 8% per annum.

On October 24, 2009 the Company entered into a convertible note with Ty Energy, LLC in the amount of $75,000.

@ 12% interest. This note can be converted any time at a 50% discount to the trailing 20 day closing bid price. The note was converted into common stock on October 13, 2010.

On November 24, 2009 the Company entered into a note with Ty Energy, LLC in the amount of $45,000 @ 12% interest and is a demand note as of June 30, 2011 the outstanding current balance was $61,691.49.

On January 15, 2009, prior to the acquisition on April 24, 2009, CAVU Resources, Inc. entered into a convertible demand promissory note with Energy Group of America, Inc. for $400,000, in connection with the purchase of drilling equipment. The convertible demand promissory note is due in full on September 12, 2009 and carries interest at an annualized rate of 8%. Energy Group of America, Inc. was also granted conversion rights to convert up to the full amount of the convertible demand promissory note at any time and at adjusted conversion prices to be agreed to by the parties. On October 24, 2010 Energy Group of America, Inc. had a balance payable of $393,559.28 on its demand promissory note. Energy Group elected to cancel $243,559.28 of the note and settle all claims for $150,000 the company has continued to make payments on this note. On January 8, 2010 the Company entered into a note with Ayuda Funding Group, LLC in the amount of $385,000 at 15% interest, the note became due in April of 2010, this retired the original note made by Ayuda for $100,000. In connection with this new note the Company also agreed to pay a royalty on it oil and gas lease owned by Envirotek Fuel Systems, Inc. in the amount of 7.5% of its net revenue or a minimum of $7,500 a month. The Company negotiated a forbearance agreement with Ayuda in February, 2011 and agreed to make payments of $75,000 starting in March. The Company’s most recent plan calls for monthly payments of $75,000 a month starting in May l until this debt is satisfied. In April 2011 the company revised its agreement and has being paying lump sum payments the balance as of June 30, 2011 was $231,541.46

On the 21st of January, 2010 the Company entered into a note for $25,000 @15% interest to purchase a pipeline from Charles Price in Nowata, Oklahoma. The note is a demand note. The company converted this into 1,437,489 shares of common stock and the note was paid off.

On March 18, 2010 the Company entered into a convertible note with Jim Stock in the amount of $80,000 at 8% interest. Mr. Stock has the right to convert into stock at $.02.The company was notified of Mr. Stock intention to convert $50,000 worth of this note. On June 19, 2011 $50,000 of the note was converted into 2,500,000 shares of common stock.

On May 4, 2010 the Company entered into a $20,000 note @ 12% interest with Dakota petroleum to purchase a 50 acre lease in Pauls Valley Oklahoma. The note is a demand note.

On May 24, 2010 for $250,000, September 19, 2010 for $44,000, December 17, 2010 for $16,000 and February 24, 2011 for $35,000 the Company entered into a series of demand notes with GT Energy, LLC at 12% interest.

On May 24, 2010 the company entered into a convertible demand note with Clarence Foust in the amount of $18,000 at an interest rate of 12%.

On June 23, 2010 the Company entered into a convertible note with Barclay Lyons, LLC for $15,000 at 21% interest. The note can be converted into stock at a 50% discount to the five day average closing price. The company also gave three one million shares warrants for $.35, $.45, $.55 at the five day presiding closing price the day of notification. This is a demand note. On April 27, 2011 this note and all associated fees and interest was paid in full and all warrants were canceled.

On June 23, 2010 the Company entered into a convertible note with War Chest Capital Multi Strategy Fund for $5,000 at 21% interest. The note can be converted into stock at a 50% discount to the five day average closing price. The company also gave three one million shares warrants for $.35, $.45, $.55 at the five day presiding closing price the day of notification. This is a demand note. On April 27, 2011 this note with all associated fees and interest was paid in full and all warrants were canceled.

On January 15, 2011 the company entered into a note with Claymore Consulting, LLC for accrued fees and expenses in the amount of $250,000 at 8% interest.

For the six months ended June 30 2011 and 2010, the Company recorded $ 62,774 and $31,359 of interest expense associated with all of the Company’s debts. Interest expense is classified within other income and expenses in the statements of operations.

The company issues short term notes from time to time to vendors on outstanding debt and currently has notes with A. Feezel Company and Arrow Pump and Supply this are however included in the accounts payable.

**NOTE 7 – RELATED PARTY TRANSACTIONS**

On January 15, 2009 the Company entered into a revolving line of credit with its CEO and President. As of June 30, 2011, the amount advanced was $4,611.00. Interest is being charged on the balance at a rate of 8% per annum.

On April 24, 2009, upon closing of a merger with CAVU Resources, Inc., a Nevada corporation, the Company issued 55,200,000 shares of common stock and 500,000 shares of Series A Preferred Stock to the shareholders of CAVU Resources, Inc. The transaction did not result in a change of control of the Company. The Company's CEO and President, William Robinson, entities controlled by the CEO and President, or family members of the CEO had controlling interests in both the Company and CAVU Resources, Inc., as of the date of the merger. During 2008, 2007 and 2006, the Company's CEO and President also held the same position for Cyber Defense Systems, Inc. ("CDS"), an Over the Counter Bulletin Board Company. During 2008, 2007 and 2006, the Company advanced funds to CDS and charged CDS interest on the daily balance outstanding and owed to the Company at a 12% annual interest rate. As of September 30, 2009 and December 31, 2008, CDS owed the Company $645,047 and $615,525, respectively. On August 4, 2009 CDS was acquired and the Company's note was assumed by a private company, Cyber Aerospace, LLC, ("CAL") managed by the Company's CEO and President William C. Robinson. CAL has the global distribution and trademark rights to the family of Unmanned Aerial Vehicles marked under the name CyberBug and CyberScout. Mr. Robinson, his wife, their family Limited Partnership along with the Company and private investors currently had debt that was converted to equity in CAL. On December 31, 2010 the Company agreed to purchase 40% of CDS outstanding ownership in exchange for canceling the note with a closing balance of $772,114.60. Desai V. Robinson the Company's Treasure and Information Officer owns 60% of CAL.

In January 2010 the company purchased a 2006 Land Rover for Claymore Consulting, LLC for a total of $25,000 including the assumption of an existing loan. On January 15, 2011 the company purchased a 2006 Mercedes 280 SLK from Claymore Consulting, LLC for $25,000 including the assumption of an existing loan. Claymore Consulting, LLC is owned by Desai Robinson, wife of William C. Robinson.

On January 1, 2011 the Company entered into an employment agreement with William C. Robinson for three years as CEO and President at a salary of $10,000 a month and an annual bonus of 5% of the net profits. The company has the option to lease his personal vehicle for $600 a month or provide a vehicle and housing.

On January 1, 2011 the Company entered into an employment agreement with Desai V. Robinson for three years as Vice President, Director of Public Information at a salary of $5,000 a month. The company has the option to lease her personal vehicle for $500 a month or provide a vehicle.

On December 31, 2010 the company entered into a new note with Claymore Consulting, LLC for accrued fees and expenses in the amount of $250,000 at 8% interest.

**NOTE 8 - STOCKHOLDERS' EQUITY**

CAVU Resources, Inc is authorized to issue 200,000,000 shares, in aggregate, consisting of 200,000,000 shares of common stock, $0.0001 par value. The Company's current Articles of Incorporation authorizes the Board of Directors (the "Board") to determine the preferences, limitations and relative rights of any class or series of preferred stock prior to issuance. Each such class or series must be given distinguishable designated rights prior to issuance. As of June 30, 2011 and June 30, 2010, 177,975,851 shares and 91,436,398 shares of the Company's common stock were issued and outstanding, respectively.

In April 2009, the Company's Board approved an increase in the authorized available number of shares of common stock that can be issued by the Company from 300,000,000 to 600,000,000 shares.

On April 21, 2009, the Company effectuated a reverse stock split of 1 share of common stock for every 250 shares of outstanding common stock.

# Item III. FINANCIAL STATEMENTS

On April 24, 2009, upon closing of a merger with CAVU Resources, Inc., a Nevada corporation, the Company issued 55,200,000 shares of common stock and 500,000 shares of Series A Preferred Stock to the shareholders of CAVU Resources, Inc. The transaction did not result in a change of control of the Company.

On April 22, 2010 the Company reduced its outstanding authorized shares from 600,000,000 to 200,000,000.

On December 17 and December 31, 2010 the Company issued 500,000 Preferred A shares to Claymore Consulting, LLC. The issued and outstanding of Preferred A as of June 30, 2010 was 1,000,000 shares. The common shares outstanding were 91,436,398 . On June 30, 2011 the common shares outstanding were 177,975,851.

**NOTE 9 – INCOME TAX**

**United States of America**

Since the Company has had operating losses since inception, there is no provision for corporate income taxes in the United States of America. Therefore, there are no deferred tax amounts as of June 30, 2011 and June 30, 2010, respectively.

**Nevada**

The Company is incorporated in Nevada with business operations primarily in Oklahoma. Therefore, the Company is subject to corporate income tax based on the operations conducted in each state.

SFAS 109, *Accounting for Income Taxes*, which requires the asset and liability method of accounting for income taxes. Under the asset and liability method, deferred income taxes are recognized for the tax consequences of “temporary differences” by applying enacted statutory tax rates applicable to future years to differences between the financial statement carrying amounts and the tax basis of existing assets and liabilities. The Company is not in discussions with any tax authorities whereby any settlements over past due taxes are in progress.

The Company's net deferred tax asset as of June 30, 2011 and June 30, 2010 consisted of the following:

| | June 30, 2011 | June 30, 2010, 2010 |
|---|---|---|
| Net operating loss carry forward | $ 456,888 | $ 678,814 |
| Valuation allowance | — | (7,912,000) |
| Net deferred tax asset | $ 456,888 | $ — |

The net operating losses generated in the periods ended June 30, 2011 and June 30, 2010 will begin to expire in 2026. The Company has recorded a full allowance against its deferred tax assets due to the fact that the likelihood of any benefit being derived by the Company in future years is indeterminable as of the date of these consolidated financial statements.

The components of current income tax expense for the years ended June 30, 2011 and June 30, 2010, consisted of the following:

| | June 30, 2011 | June 30, 2010 |
|---|---|---|
| Current federal tax expense | $ — | $ — |
| Current state tax expense | — | — |
| Change in NOL benefits | | — |
| Change in valuation allowance | | — |
| Income tax expense | $ — | $ — |

The following is a reconciliation of the provision for income taxes at the United States federal income tax rate to the income taxes reflected in the statement of operations:

| | June 30, 2011 | June 30 2010 |
|---|---|---|
| Tax expense (credit) at statutory rate-federal | (35%) | (35%) |
| State tax expense net of federal tax | (6%) | (6%) |
| Changes in valuation allowance | 41% | 41% |
| Tax expense at actual rate | 0% | 0% |

# Item III. FINANCIAL STATEMENTS.

**NOTE 10 - COMMITMENTS & CONTINGENCIES**

Consultants

In February 2011, the Company entered into a contract with a consultant who will manage the Company's assets and seek additional investments in the oil and gas industry as well as trade oil in bulk transactions. The consultant agreed to provide services for the company for two years for 2,000,000 shares of restricted common stock. The consultant will also have their expenses reimbursed and an hourly consulting fee upon approval for specific projects.

Litigation

We may be involved from time to time in ordinary litigation that will not have a material effect on our operations or finances. We are not aware of any pending or threatened litigation against the Company or our officers and directors in their capacity as such that could have a material impact on our operations or finances, other than disclosed in sections ITEM IV and ITEM V.

Collateral Pledge

In connection with the loan from Ayuda Funding Corporation, Verilease Finance, LLC, G T Energy, LLC and American Heritage Bank, specific asset of the company are secured as well as a pledge of all of his personal shares and a personal guarantee from William C. Robinson the CEO and President.

Subsequent Funding

None

**NOTE 11 - RECENTLY ISSUED ACCOUNTING STANDARDS**

In September 2006, the FASB issued SFAS No. 157, *Defining Fair Value Measurement* ("SFAS 157"), which defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles and expands disclosures about fair value measurements. SFAS 157 is effective for financial statements issued for fiscal years beginning after November 15, 2007. The Company is currently evaluating the impact of adopting SFAS 157 on its consolidated financial statements.

In September 2006, FASB issued SFAS No. 158, *Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans - an amendment of FASB Statements No. 87, 88, 106, and 132(R)* ("SFAS 158"). The Company has adopted SFAS 158 except for the requirement to measure plan assets and benefit obligations as of the date of the Company's fiscal year-end statement of financial position, which is effective to fiscal years beginning after December 15, 2008. The Company is currently assessing the potential impact that the adoption of SFAS 158 could have on its financial statements.

In December 2006, FASB issued FSB EITF 00-19-2, *Accounting for Registration Payment Arrangements* ("FSB EITF 00-19"), which specifies that the contingent obligation to make future payments or otherwise transfer consideration under a registration payment arrangement should be separately recognized and measured in accordance with FASB Statement No. 5, *Accounting for Contingencies*. FSB EITF 00-19-2 is effective immediately for new and modified registration payment arrangements entered into after December 21, 2006, and beginning in the fiscal year ended December 31, 2007 for any such instruments entered into before that date. The Company does not expect the issuance of FSB EITF 00-19-2 to have a material impact on the consolidated financial statements.

In February 2007, the FASB issued SFAS No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities* ("SFAS 159"). SFAS 159 permits entities to choose to measure many financial instruments, and certain other items, at fair value. SFAS No. 159 applies to reporting periods beginning after November 15, 2007. The adoption of SFAS 159 is not expected to have a material impact on the Company's financial condition or results of operations.

In April 2007, the FASB issued a FASB Statement Position ("FSP") on FASB FIN 39-1 which modifies FIN 39, *Offsetting of Amounts relating to Certain Contracts* ("FIN 39"). FIN 39-1 addresses whether a reporting entity that is party to a master netting arrangement can offset fair value amounts recognized for the right to reclaim cash collateral (a receivable) or the obligation to return cash collateral (a payable) against fair value amounts recognized for derivative instruments that have been offset under the same master netting arrangement in accordance with FIN 39. Upon adoption of this FSP, a reporting entity shall be permitted to change its accounting policy to offset or not offset fair value amounts recognized for derivative instruments under master netting arrangements. The guidance in this FSP is effective for fiscal years beginning after November 15, 2007. The Company is currently assessing the potential impact of implementing this standard.

In December 2007, the FASB issued SFAS No. 141 (R), *Business Combinations* ("SFAS 141"). SFAS 141(R) establishes principles and requirements for how the acquirer of a business recognizes and measures in its financial statements the identifiable assets acquired, the liabilities assumed, and any noncontrolling interest in the acquiree. SFAS

141R also provides guidance for recognizing and measuring the goodwill acquired in the business combination and determines what information to disclose to enable users of the financial statements to evaluate the nature and financial

The effects of the business combination. The guidance will become effective as of the beginning of the Company's fiscal year beginning after December 15, 2008. Management believes the adoption of this pronouncement will not have a material impact on the Company's consolidated financial statements.

In December 2007, the FASB issued SFAS No. 160, Noncontrolling Interests in Consolidated Financial Statements—an amendment of ARB No. 51 ("SFAS 160"). SFAS 160 establishes accounting and reporting standards for the noncontrolling interest in a subsidiary and for the deconsolidation of a subsidiary. The guidance will become effective as of the beginning of the Company's fiscal year beginning after

December 15, 2008. Management believes the adoption of this pronouncement will not have a material impact on the Company's consolidated financial statements.

In February 2008, FASB issued FSP SFAS No. 140-3, *Accounting for Transfers of Financial Assets and Repurchase Financing Transactions* ("FSP SFAS 140-3"). The objective of this FSP is to provide guidance on accounting for a transfer of a financial asset and a repurchase financing. This FSP presumes that an initial transfer of a financial asset and a repurchase financing are considered part of the same arrangement (linked transaction) under SFAS No. 140, *Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities* ("SFAS 140"). However, if certain criteria are met, the initial transfer and repurchase financing shall not be evaluated as a linked transaction and shall be evaluated separately under SFAS 140. FSP SFAS 140-3 is effective for financial statements issued for fiscal years beginning after November 15, 2008, and ANNUAL periods within these fiscal years. Earlier application is not permitted. The Company is currently reviewing the effect, if any; the proposed guidance will have on its consolidated financial statements.

In February 2008, FASB issued FSP SFAS No. 157-1, *Application of FASB Statement No. 157 to FASB Statement No. 13 and Other Accounting Pronouncements That Address Fair Value Measurements for Purposes of Lease Classification or Measurement under Statement 13* ("FSP SFAS 157-1"). FSP SFAS 157-1 amends SFAS 157 to exclude SFAS 13, *Accounting for Leases* (SFAS 13), and other accounting pronouncements that address fair value measurements for purposes of lease classification or measurement under SFAS 13. However, this scope exception does not apply to assets acquired and liabilities assumed in a business combination that are required to be measured at fair value under SFAS 141, or SFAS 141(R), regardless of whether those assets and liabilities are related to leases. FSP SFAS 157-1 is effective upon the initial adoption of SFAS 157. The Company is currently evaluating the impact of adopting FSP SFAS No. 157-1 on its consolidated financial statements.

In February 2008, FASB issued FSP SFAS No. 157-2, *Effective date of FASB Statement No. 157* ("FSP SFAS 157-2"). FSP SFAS 157-2 delays the effective date of SFAS 157 to fiscal years beginning after November 15, 2008, and ANNUAL periods within those fiscal years. The Company is currently evaluating the impact of adopting FSP SFAS No. 157-2 on its consolidated financial statements.

In March 2008, FASB issued SFAS 161, Disclosures *about Derivative Instruments and Hedging Activities - an amendment of FASB Statement No. 133* ("SFAS 161"). SFAS 161 changes the disclosure requirements for derivative instruments and hedging activities. Entities are required to provide enhanced disclosures about (a) how and why an entity uses derivative instruments, (b) how derivative instruments and related hedged items are accounted for under Statement 133 and its related interpretations, and (c) how derivative instruments and related hedged items affect an entity's financial position, financial performance, and cash flows. SFAS 161 is effective for fiscal years and ANNUAL periods beginning after November 15, 2008. The Company is currently assessing the potential impact that the adoption of SFAS 161 could have on its consolidated financial statements.

## Item IV. MANAGEMENT DISCUSSION AND ANALYSIS OR PLAN OR OPERATION.

1. Corporate History

| Date | Corporate Action |
|---|---|
| 8/23/1995 | Articles of Incorporation-Incorporated as Magic Lantern Group, Inc. |
| 10/16/1995 | Amendment-Increase authorized common shares |
| 5/13/1999 | Amendment-Name Change to CasinoBuilders.com, Inc. |
| 5/21/2001 | Amendment-Increase authorized common shares |
| 6/4/2001 | Amendment-Restated Articles |
| 10/16/2001 | Amendment-Name Change to Proxity Digital Networks, Inc. |
| 8/28/2003 | Amendment-Increase authorized common shares |
| 7/9/2004 | Amendment-Increase authorized common shares |
| 1/3/2005 | Amendment-Name Change to Proxity, Inc. |
| 4/17/2009 | Wholly-owned subsidiary formed-Proxity Acquisition Sub, Inc. |
| 4/21/2009 | Amended and Restated Articles-Increase authorize shares, authorize preferred |
| 4/21/2009 | Certificate of Change-Reverse Stock Split-1 share for 250 shares |
| 4/24/2009 | Certificate of Designation |
| 4/24/2009 | The Company, its wholly-owned subsidiary Proxity Acquisition Sub, Inc. and CAVU Resources, Inc., a Nevada corporation entered into and executed an Agreement and Plan of Merger. Following the merger, the Company changed its name to "CAVU Resources, Inc." |
| 5/17/2010 | Amended and Restated Articles- decreased authorize common shares |

2. The Company was first organized on August 23, 1995 in the state of Nevada as Magic Lantern Group, Inc.

3. The Company's fiscal year is December 31.

4. Neither the Company nor any predecessor has been in bankruptcy, receivership or any similar proceeding in the past three years.

5. On April 24, 2009, the Company merged its wholly owned subsidiary Proxity. A acquisition Sub, Inc., with CAVU Resources, Inc., with CAVU Resources, Inc., surviving as a subsidiary of the Company. The Company then subsequently merged CAVU Resources, Inc., I into the Company and changed its name to CAVU Resources, Inc., in connection with the merger (the "Merger").

6. The Company did not have a change of control in connection with the Merger.

7. A reverse stock split of 1:250 shares of common stock was authorized in March of 2009 and effectuated in April of 2009. The Merger is described in item 5. Other than the reverse stock split and merger referenced in the prior sentences, to the best knowledge of the Company there are no past pending or anticipated stock splits, stock dividends, recapitalizations, mergers, acquisitions, spin-offs, or reorganizations.

8. On April 24, 2009, the Company merged its wholly owned subsidiary Proxity Acquisition Sub, Inc., with CAVU Resources, Inc., with CAVU Resources, Inc., surviving as a subsidiary of the Company. The Company then subsequently merged CAVU Resources, Inc., into the Company and changed its name to CAVU Resources, Inc., in connection with the merger (the "Merger"). The Company did not undergo a change of control in connection with the Merger. The Company sold shares of Cyber Defense for $60,000 in August of 2007 and $184,000 in January of 2008. The Company sold its shares in 2009 in the amount of $447,031 and 2010 in the amount of $1,264,316.

9. The Company has purchased a number of oil and gas well leases and equipment to facilitate the drilling of the oil and gas. The oil and gas well leases and equipment are further detailed in this disclosure.

10. On May 18, 2009, the Company hired James Crane as its Chief Financial Officer. Mr. Crane's contract is for a term of eighteen months. His compensation includes a stock issuance of 1,000,000 shares of the Company's common stock, of which 300,000 shares are vested immediately on May 18, 2010, and the remaining 700,000shares were vested on April 30, 2010 and valued at $20,000, additionally, Mr. Crane's professional Services firm, J. Crane & Company, P.C., will be compensated in cash for services provided by Mr. Crane and his employees at an hourly rate of $100. This agreement was terminated on December 31, 2010.

11. The Company sold shares of Cyber Defense for $60,000 in August of 2007 and $184,000 in January of 2008.

12. In May 2009, the Company issued 69,388 shares of the Company's common stock to investors for gross proceeds of $24,980.

13. On May 24, 2009 the company paid $10,000 and entered into a note for $450,000 to purchase Envirotek Fuel Systems, Inc. for $460,000.

14. On July 29, 2009 the company entered into a note with Ayuda Funding Corporation for $110,000 for expenses and the purchase of Envirotek Fuel System, Inc. The proceeds were paid down against the purchase price and related expenses.

15. On October 24, 2009 the Company entered into an agreement with Ty Energy, LLC to borrow $75,000 and $45,000 to expedite the acquisition of the Oil and Gas Lease know as the Chisholm a family LLC managed by William Robinson and resigned as manager on October 24, 2010. Ty Energy, LLC has the right to convert the debt into shares of common stock of the company as a 50% discount to the on a 20 day lowest trailing closing bid price.

16. On October 27, 2009, the Company entered into an agreement to settle its outstanding debt in reference to amended and restated convertible notes issued in 2006 by and between Sea Lion Investors LLC, Myrtle Holdings LLC and Equity Planners LLC, under which $806,562.72 is presently outstanding. The parties agreed to settle these notes for 7,100,000 shares.

17. On October 28, 2009 the Company paid $150,000 down and entered into a 6 month note for $500,000 with private parties for the purchase of FILO Quip Resources, LLC and the Oil and Gas Lease know as the Chisholm lease. This note has been paid.

18. On October 11, 2009 the Company sold to a private investor 109,290 common shares for $12,000.

19. On October 27, 2009 the Company sold to a private investor 55,046 common shares for $6,000.

20. On December 14, 2009 the Company sold to a private investor 474,784 common shares for $52,087.

21. On December 18, 2009 the Company entered into an agreement to purchase ASG, Inc. for $2,000,000 the Company decide to let the agreement expire after extensive due diligence and uncertainty of future value to the Company.

22. On December 31, 2009 the Company purchased a 30 acre site with improvements for $100,000 cash from NSH Holdings, LLC a company managed by William C. Robinson.

23. On December 15, 2009 and January 20, 2010, the company has received $50,000 each respectfully for a total of $100,000 of a $5,000,000 private placement being offered by CAVU Resources One, LP (the "Partnership") is seeking aggregate capital contributions ("Capital Contributions") of $5,000,000 million from the sale of 100 units (the "Units") of the Partnership. Each Unit will consist of one interest in the Partnership and 50,000 shares of restricted common stock of CAVU Resources Inc., a Nevada corporation. The price per Unit is $50,000, payable in full in cash at the time of subscription. This offering will not break escrow unless the minimum amount of $50,000 has been raised. The offering period is November 15, 2009 through December 31, 2010. The Partnership will be managed by CAVU Resources, Inc. (the "General Partner"). The profits will be pay out 100% to the Limited partner until the investment is returned, than all future profits will be split 75% to the Limited Partner and 25% to the General partner. The General Partner will receive a 5% management fee. The partnership was amended to extend thru December 31, 2011.

24. On January 8, 2010 the Company entered into a note with Ayuda Funding Group, LLC in the amount of $385,000 at 15% interest, the note became due in April of 2010, this retired the original note made by Ayuda for $100,000.In connection with this new note the Company agreed to pay a royalty on it oil and gas lease owned by Envirotek Fuel Systems, Inc. in the amount of 7.5% of its net revenue or a minimum of $7,500 a month. The Company negotiated a forbearance agreement with Ayuda in February, 2011 and the company had agreed to make payments of $75,000 starting in March. The Company's renegotiated this loan and has been making lump sum payments and will continue to do so until this debt is satisfied.

25. On January 8, 2010 the Company settled the outstanding note against the Envirotek Fuel Systems, Inc. purchase for $250,000.

26. On January 15, 2010 the company received $95,000 as a fee from the sale of units of its $5,000,000 506 Red D Private Placement for CAVU Resources One, LP. The company issued 100,000 shares at a value of $5,000 as part of this transaction this company has now merged with FILO Quip Resources, Inc. recently renamed CAVU Energy Services, Inc.

27. On January 7, 2009, before the acquisition on April 24, 2009, the Company entered into five and three year leases with Verilease Finance, Inc. for drilling and oil field equipment in the

amount of $800,000 and $285,362, respectively. The monthly payments for these leases began on June 15, 2009 and were for interest-only amount of $5,846 in total. As of November 15, 2009, the monthly payments for each lease will be for $17,812 and $4,100 respectively. The Company has proposed a purchase of the equipment leased canceling these terms and is negotiating a settlement. The equipment was sold and the lease was settled for $344,700.00 with payments of $25,000 a month beginning May 15, 2011.

28. On January 15, 2009, before the merger on April 24, 2009, CAVU Resources, Inc. entered into a convertible demand promissory note with Energy Group of America, Inc. for $400,000, in connection with the purchase of drilling equipment. The convertible demand promissory note is due in full on September 12, 2009 and carries interest at an annualized rate of 8%. Energy Group of America, Inc. was also granted conversion rights to convert negotiated amounts of the convertible demand promissory note at any time and at a negotiated conversion price per share of the Company's common stock. On December 14, 2009, February 2, 2010 and June 24, 2010, Energy Group of America, Inc. elected to convert a portion of its debt into shares of the Company's common stock. In October 2010, Energy Group agreed to settle the outstanding balance $393,559.28 and cancel any outstanding an agreement for $150,000. The company has continued to make payment reducing this debt.

29. On January 28, 2010 the Company entered into an agreement to purchase the Alexander oil and gas lease and a pipeline in Pecos Texas for $2,400,000. This agreement has expired.

30. On January 21, 2010 and February 5, 2010 the entered into a convertible debenture agreement with Tripod Group, LLC, they advanced $55,000 and $51,250 respectively to the Company. In March 2010, a private group of investors purchased the 12,266,668 shares held as security shares from Tripod and paid the notes in full.

31. On February 2, 2010 the Company sold to a private investor 1,000,000 common shares for $20,000.

32. On February 16, 2011 the company entered into a consulting agreement with Resources Unlimited NW, LLC, to provide Michael Sheikh as the CFO of the company. Mr. Sheikh was paid 2,000,000 shares of common stock valued at $20,000.

33. In June of 2009, a consultant engaged by CAVU Resources, Inc. entered into an agreement with Cade Drilling, LLC to drill a well in Colorado. Unknown to the management of CAVU at the time, the well was drilled and the funds advanced to the consultant to pay for the services were only partially applied. The well was completed and the Drilling contractor and associated suppliers that were owed funds filed an action in Colorado against Company. The Company was not notified in a timely fashion and a default judgment was entered against the Company on March 2, 2010. The Company has begun negotiations to settle this claim and believes terms favorable to the Company will be agreed to.

34. On March 19, 2010 the Company sold to a private investor 1,000,000 common shares for $50,000

35. On April 22, 2010 the Company amended its Article to reduce the number of shares authorized from 600,000,000 to 200,000,000.

36. On May 24, 2010 the Company entered into an agreement to sell 50% of its Chisholm lease and entered into a non interest bearing note and mortgaged against its 30 acre facility in Tulsa, Oklahoma for $250,000 with GT Energy, LLC for the completion for the Chisholm Lease purchase. G T Energy was issued 250,000 and 2,000,000 shares of the Company's common stock as part of the transaction additional consideration was $41,250.00. The Company will be paid $1,100,000 as additional consideration from the production revenues until its original investment is recovered. The note is due December 31, 2010; the note has been amended.

37. On May 20, 2010 the company entered into an agreement to purchase a 50 acre lease with three wells and equipment known as the Chisholm B-3 lease. The company entered into an agreement and note for $20,000 @ 12% interest to be paid upon demand.

38. In the purchase of the Chisholm and the Garfield lease there was existing debt in the amount of approximately $60,000 from various vendors. There had been liens filed and in the completion of the work in progress an additional liens filed of approximately $70,000. These liens have either been settled and or have negotiations in progress to settle.

39. On March 20, 2010 the Company entered into a loan agreement in the amount of $80,000 @ 12% interest with Jim Stock. The company amended this agreement to $5,000 a month until paid with the right to prepay upon availability of funds.

40. On June 15, 2010 the company entered into an agreement to lease some new technology called an Ionizer to treat the water on it Chisholm Lease. $6,000 in cash and 206,250 shares of stock valued at $5,000 were issued and an agreement to pay $1,000 a month was signed.

41. On December 14, 2009, February 2, 2010 and June 24, 2010, the Company renegotiated in exchange for canceling $125,000 of certain convertible demand promissory notes, the Company agreed to issue 9,787,725 shares of the Company's common stock to Energy Group of America, Inc.

42. On September 29, 2010 the Company sold to private investors 14,000,000 for $98,000.

43. On October 13, 2010 the Company in cancelation of existing debt sold to Ty Energy, LLC, 20,000,000 shares for $75,000.

44. On November 5, 2010 the company sold to private investors 3,000,000 shares for $15,000.

45. On November 10, 2010 the Company sold to private investors 1,750,000 shares for $8,750.

46. On December 6, 2010 the Company sold to private investor 2,000,000 common shares for $15,000.

47. On December 17, 2010 the Company sold 250,000 shares of Preferred A for $25.00.

48. On December 31, 2010 the Company sold 250,000 shares of Preferred A for $25.00

49. On January 24, 2011 the company issued 2,200,000 as part of fee for a future registration.
50. On January 26, 2011 the company sold to a private investor 1,000,000 shares for $7,500.00

51. On February 1, 2011 the company agreed to have the revenue from the sale of oil produced on the Chisholm lease paid directly to vendors holding approximately $300,000 of debt for work and equipment provided over the last 12 months. As of June 30, 2011, there was $97,129 paid on the outstanding debt.

52. On March 23, 2011 and May 4, 2011 the company issued to a private investor 16,000,000 common shares for $250,000 for the reduction of debt.

53. On March 25, 2011 the company converted a note in the amount of $25,686.00 in to 1,437,489 common shares.

54. On March 29, 2011 the company issued 1,035,297 common shares to a private investor for $10,150.00 to pay for the reduction of debt.

55. On March 29, 2011 the company issued 2,000,000 common shares to a private investor for $40,000 to pay for consulting services.

56. On April 25, May 23 and August 19, 2011 the company issued 6,000,000 common shares to a Direct Global Media, Inc. for $180,000 for a six month contract to pay for investor relations, stock awareness and marketing expenses.

57. On May 5, 2011 the company issued to a private investor 11,366,667 shares for $255,961 for the reduction of debt.

58. On May 18, 2011 the company entered into an agreement to purchase 470 acres know as the Happyland and Allen Lease this agreement has expired.

59. On May 23, 2011 the company issued 250,000 common shares to a private investor for $5,000.00 for a down payment on a lease.

60. On May 23, 2011 the company issued 250,000 common shares to a private investor for $5,000.00 for a down payment on a lease.

61. On August 17, 2011 to company issued to a nonprofit foundation 500,000 shares for $15,000.

62. On August 19, 2011 the company converted a note for $50,000 into 2,500,000 common shares.

63. On August 19, 2011 the company issued 3,000,000 shares for a two year consulting agreement to Specialty Situations, LLC for an investor relations contract.

63. On August 22, 2011 the company sold 5,000,000 for $100,000 for the reduction of debt.

64. The Company's securities have never been delisted by any securities exchange, NASDAQ or the OTC Bulletin Board

65. To the best knowledge of the Company, there are no current, past, pending or threatened legal proceedings or administrative actions either by or against the issuer that could have a material effect on the issuer's business, financial condition, or operations. Other than what has been disclosed and or identified in Sections ITEM IV and ITEM V.

B. Business of Issuer

**Forward-Looking Statements**

Certain statements, other than purely historical information, including estimates, projections, statements relating to our business plans, objectives, and expected operating results, and the assumptions upon which those statements are based, are “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. These forward-looking statements generally are identified by the words “believes,” “project,” “expects,” “anticipates,” “estimates,” “intends,” “strategy,” “plan,” “may,” “will,” “would,” “will be,” “will continue,” “will likely result,” and similar expressions. We intend such forward-looking statements to be covered by the safe-harbor provisions for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995, and are including this statement for purposes of complying with those safe-harbor provisions. Forward-looking statements are based on current expectations and assumptions that are subject to risks and uncertainties, which may cause actual results to differ materially from the forward-looking statements. Our ability to predict results or the actual effect of future plans or strategies is inherently uncertain. Factors which could have a material adverse affect on our operations and future prospects on a consolidated basis include, but are not limited to: changes in economic conditions, legislative / regulatory changes, availability of capital, interest rates, competition, and generally accepted accounting principles. These risks and uncertainties should also be considered in evaluating forward-looking statements and undue reliance should not be placed on such statements. We undertake no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise. Further information concerning our business, including additional factors that could materially affect our financial results, is included herein and can also be obtained by contacting the Company.

1. The Company's primary SIC Code is 7389

2. The Company’s and its subsidiaries current operations are limited to the 1) passive collection of oil and gas, 2) negotiation of contracts to provide drilling services for third parties drilling for oil and gas and 3) negotiation of contracts to construct oil and gas pipelines for third parties transporting oil and gas. Once sufficient capital has been raised, then the Company intends to engage in active oil and gas acquisition by cleaning out and servicing the well bores on non-operating wells owned by the Company through its subsidiary, CAVU Energy Services, LLC. It will also begin to produce energy from solar and wind sources. Once contracts for the 1) drilling of oil and gas wells and 2) construction of oil and gas pipelines for third parties have been finalized, then the Company’s subsidiaries, CAVU Energy Services, LLC will begin drilling and construction respectively. At present, the Company lacks sufficient capital to execute on its business plan.

3. The Company is not currently a shell company and, to the best knowledge of current management, has never been a shell company.

Securities Act Rule 405 defines a "shell company" as a company that has a) no or nominal operations and b) either, no or nominal assets, assets consisting solely of cash and cash equivalents, or assets consisting of any amount of cash and cash equivalents and nominal other assets. Because the Company possesses significant assets that are neither cash, nor cash equivalents, the Company is not a "shell company" as described in Securities Act Rule 405.

Current management assumed control of the Company in October of 2001 and possesses incomplete information about the Company and its operations prior to that date. However, to the best knowledge of current management, the Company has never been a shell company within the meaning of Rule 405.

4. The Company conducts all of its business through its subsidiaries, as follows:

a) Proxity Electronic Commerce, LLC. This entity is owned 32% by the Company. It provides information systems dealing with Government logistics databases and vendor awareness of business opportunities in selling both to the Government as well as industry. In the future we hope that this LLC will generate significant profits for the Company. At present our ownership interest in this entity does not produce material revenue for the Company. In the future we expect that its revenue stream will not be material to the Company's overall financial performance.

b) Cyber Aerospace, LLC. This entity is 40% owned by the Company. Cyber is a designer and manufacture of Unmanned Aerial Systems ("UAS"). The company is a small business women owned company providing services to Law enforcement, military, commercial and oil field security operations globally. Cyber currently plans to build and assemble its products in Oklahoma. At present our ownership interest in this entity does not produce material revenue for the Company. In the future we expect that its revenue stream will not be material to the Company's overall financial performance.

c) CAVU Energy Services, LLC. This entity is owned 100% by the Company. It will be included in the financial statements to be provided in a later attachment to this disclosure statement. It provides contract and directional drilling services to oil and natural gas exploration and production companies. In the future we hope that this LLC will generate significant profits for the Company. At present its operations, assets, and financial results are not material to our overall operations. On August 15, 2011 CAVU Energy Services, LLC and CAVU Resources One, L.P. merged into FILO Quip Resources, LLC and converted to an Oklahoma Corporation called CAVU Energy Services, Inc. the surviving company and is now a 100% owned subsidiary. On July 27, 2011 the board voted to send out a proxy asking the shareholders to approve a spinout and distribution on a 40 to 1 basis of ownership of CAVU Resources, Inc. common stock as of August 19, 2011.

d) CAVU Resources One L.P. This entity is owned 99% by the Company. It will be included in the financial statements to be provided in a later attachment to this disclosure statement. It was formed to raise $5,000,000 for lease acquisition and to fund development and drilling opportunities on the companies Chisholm Lease and lease opportunities in the Bakkan play in Montana and North Dakota. The company currently has a private placement memorandum that has currently raised $100,000 for start up expenses. In the future we hope that this LLC will generate significant profits for the Company. At present its operations, assets, and financial results are not material to our overall operations. This company merged with FILO Quip Resources, Inc.

e) FILO Quip Resources, LLC. This entity is owned 100% by the Company. It will be included in the financial statements to be provided in a later attachment to this disclosure statement. All of our oil and gas operations, trucking waste water transportation and disposal, will be conducted by this entity, currently 20% of the Company's revenue is generated by this entity. The company was converted to a corporation as of August 17, 2011 and renamed CAVU Energy Services, Inc.

f) The attached Proxy explains the aforementioned transaction:

**PROXY STATEMENT**
**FOR ANNUAL MEETING OF STOCKHOLDERS**

To be held September 16, 2011 at 3:00 p.m. central

**INFORMATION CONCERNING SOLICITATION AND VOTING**

**General**

The enclosed proxy is solicited to the holders of common stock on behalf of the Board of Directors of CAVU Resources, Inc., an Oklahoma corporation ("CAVU"), for use at the Annual Meeting of Stockholders to be held on September 16, 2011, at 3:00 p.m. local time (the "Annual Meeting"), or at any adjournment or postponement thereof, to vote on a proposal to combine and spin-off CAVU's wholly owned subsidiaries: FILO Quip Resources, Inc. ; CAVU Energy Services, LLC and CAVU Resources One, LP into one company to be named CAVU Energy Services, Inc. ("CVE") through a tax-free spin-off transaction (the "Spin-off"). The Company will also request shareholder approval to elect the Board of Directors; Advisory directors and the auditors until the next annual meeting. The Annual Meeting will be held at *The Mansion on Turtle Creek Hotel*, located at 2821 Turtle Creek Blvd., Dallas, Texas 75219. We intend to mail or electronically deliver this proxy statement, the accompanying proxy card and Notice of Annual Meeting on or about August 4, 2011 to all stockholders entitled to vote at the Annual Meeting.

**Solicitation**

Your vote is being solicited by CAVU's Board of Directors. CAVU will bear the entire cost of solicitation of proxies, including preparation, assembly, printing and mailing of this proxy statement, the proxy and any additional information furnished to stockholders. CAVU will be reimbursed by CVE the newly created public company resulting from the Spin-off for expenses incurred in connection with the Spin-off upon completion of the transaction. We have retained **Pacific Stock Transfer Co., 4045 South Spencer St., Suite 403, Las Vegas, NV 89119, Super Edgar, Inc., 66 Exchange Place, Ste 100, Salt Lake City, UT 84111 and Broadridge Financial Solutions, Inc., 51 Mercedes Way, Edgewood, NY 11717 USA, Phone: 631.254.7067 to assist in the solicitation of proxies, for an estimated fees of $12,000** plus reimbursement of certain out-of-pocket expenses. Copies of solicitation materials will be furnished to banks, brokerage houses, fiduciaries and custodians holding in their names shares of common stock beneficially owned by others to forward to such beneficial owners. No person or entity representing beneficial owners of common stock will reimbursed for their costs of forwarding solicitation materials to such beneficial owners. Original solicitation of proxies by mail may be supplemented by telephone, telegram or personal solicitation by directors, officers or other regular employees of our company. No additional compensation will be paid to directors, officers or other regular employees for such services.

**Voting Rights and Outstanding Shares**

We have designated a record date of July 27, 2011 for the Annual Meeting (the "Meeting Record Date"). Only stockholders of record at the close of business on the Meeting Record Date will be entitled to notice of and to vote at the Annual Meeting. At the close of business on the Meeting Record Date, we had outstanding and entitled to vote 177,975,851 shares of common stock. The presence at the Annual Meeting or at any adjournment or postponement thereof, either in person or by proxy, of the holders of not less than a majority of the shares entitled to vote at any meeting will constitute a quorum. If a quorum is present at the Annual Meeting, action may be taken on the matter described in this Proxy Statement by the holders of a majority of the shares present and voting.

On the matter to be voted upon at the Annual Meeting, each holder of record of common stock on the Meeting Record Date will be entitled to one vote for each share held. All votes will be tabulated by the inspector of election appointed for the meeting, who will separately tabulate affirmative and negative votes, abstentions and broker non-votes. Abstentions will be counted towards the tabulation of votes cast on proposals presented to the stockholders for the purposes of determining the presence of a quorum and will have the same effect as negative votes. Broker non-votes are counted towards a quorum, but are not counted for any purpose in determining whether a matter has been approved. If you sign your proxy card or broker voting instruction card with no instructions, your shares will be voted FOR the Spin-off.

**Revocability of Proxies**

Any person giving a proxy pursuant to this solicitation has the power to revoke it at any time before it is voted. It may be revoked by filing with the Chairman of the Board at our principal offices, 5147 South Harvard Ave., Suite 138, Tulsa, Oklahoma 74135 a written notice of revocation or a duly executed proxy bearing a later date, or it may be revoked by attending the meeting and voting in person. Attendance at the meeting will not, by itself, revoke a proxy. If you hold shares through a bank or broker, you must contact that firm to revoke any prior proxy.

**Electronic Delivery of Proxy Materials and Annual Reports**

If you are a stockholder of record, you may request and consent to electronic delivery of our future proxy materials and annual reports by following the instructions on your proxy card. If your shares are held in street name, please contact your broker, bank or other nominee and ask about the availability of electronic delivery. If you select electronic delivery, we will discontinue mailing the proxy materials and annual reports to you beginning next year and you will be sent an e-mail message notifying you of the Internet address or addresses where you may access the proxy materials and annual report. Your consent to electronic delivery will remain in effect until you revoke it. If you selected electronic delivery last year, we will not mail the materials to you this year and you will receive an e-mail message with the Internet address where you may access the proxy materials and annual report for the current year.

## PROPOSAL TO APPROVE THE SEPARATION OF CAVU'S WHOLLY OWNED SUBSIDIARIES CAVU ENERGY SERVICES, LLC; FILO QUIP RESOURCES, LLC; AND CAVU RESOURCES ONE, LP THROUGH A TAX-FREE SPIN-OFF TRANSACTION

**Overview of the Spin-Off**

On July 27, 2011, our Board of Directors authorized management to pursue a plan to combine and separate our three drilling service subsidiaries through a tax-free Spin-off transaction (the "Spin-off"). The Spin-off will be completed by merging the three subsidiaries [CAVU Energy Services, LLC; FILO QUIP Resources, LLC and CAVU Resources One, LP] into one company and renaming the newly-formed subsidiary corporation "CAVU Energy Services, Inc." ("CVE") an Oklahoma corporation. Concurrent with the consolidation of the three entities, the newly named subsidiary will be spun-off into an independent company. Immediately following the consolidation, CAVU would issue a distribution of the capital stock of the subsidiary to our stockholders as a new, independent and stand-alone public company. Following the Spin-off, our stockholders will own shares of CVE and continue to own shares of CAVU. CAVU will continue its existing business, including but excluding the drilling services operations after completion of any outstanding placement or service orders received in the ordinary course of business prior to the completion of the Spin-off.

If approved by the shareholders, the planned distribution of CVE common stock will be made on a pro rata basis to our stockholders of record as of the close of business on the 18th day of September, 2011 (the "Payment Date"). To The Record Date will be August 19, 2011 (Record Date), if the Spin-off transaction is approved by the stockholders. You must be a record holder of CAVU common stock on the Record Date to participate in the Spin-off and receive CVE common stock.

As a result of the Spin-off, it is currently contemplated that each CAVU stockholder will receive one share of CVE common stock for every forty shares of CAVU common stock he or she owns on the Record Date (1:40 ratio). The Spin-off will not affect the number of outstanding shares of CAVU common stock or any rights of CAVU stockholders, although it may affect the market value of CAVU common stock. It is expected that approximately 4,699,396 shares of CVE common stock will be issued to CAVU stockholders on the payment date. The actual number of shares of CVE common stock to be issued will be determined based on the outstanding shares of CAVU on the Record Date.

Completion of the Spin-off is subject to final approval by CAVU's board of directors as well as stockholder approval at the Annual Meeting and effectiveness of an S-1 registration statement to be filed with the Securities and Exchange Commission (the "SEC"). The S-1 registration will include detailed information about CVE and its financial history, capitalization, the Spin-off and related matters. The information statement will be distributed to CAVU stockholders following completion of the SEC's review of the S-1. CAVU's board of directors reserves the right to amend, modify or abandon the Spin-off and the related transactions at any time prior to the payment date. No shares of common stock of SVE will be delivered to the shareholders until the S-1 registration statement is effective.

The Spin-off is intended to be in the form of a tax-free dividend to CAVU stockholders. However, we have not obtained a ruling from the U.S. Internal Revenue Service or a favorable opinion from our certified public accounting firm confirming the tax-free status of the Spin-off. Therefore, you should consult your own tax advisor as to the particular consequences of the Spin-off to you.

**Reasons for the Spin-Off**

Our Board of Directors has determined that the Spin-off is in the best interests of CAVU and its stockholders. Our Board of Directors believes that the separation of CVE from the retained CAVU businesses is beneficial because each of these businesses has different characteristics and different operating and business strategies. The Spin-off is intended to benefit stockholders by allowing CAVU to maximize the performance of its business assets through undivided senior management focus on and capital allocation to its business while simultaneously allowing CVE the ability to maximize the performance of the drilling services and maintenance of well sites. We believe the separate companies may create more long-term value for stockholders individually than through the current combined entity.

Our Board of Directors considered the following potential benefits in making the determination to pursue the Spin-off. CAVU believes that the Spin-off will:

- Separate the risks associated with the development of acquiring new oil and gas leases and the early losses generally associated with such development from the results of operations of CAVU's retained businesses.
- Reduce competition within CAVU for capital and resources. As a separate entity, CVE will have direct access to the public and private capital markets to allow it to seek financing for its operations and growth without having to compete with the CAVU with respect to capital and resources. As an independent entity, CVE will be in a position to pursue strategies its Board of Directors and management believe will create long-term stockholder value for CVE products, including organic and acquisition growth opportunities, provided it continues to have access to capital.
- Allow management of each separate company to design and implement corporate strategies and policies that are based primarily on the business characteristics of that company, maintain a sharper focus on core business and growth opportunities, and concentrate financial resources wholly on its own operations.
- Increase transparency and clarity into the different businesses of CAVU and CVE. The investment community, including the respective analysts, stockholders and investors of CAVU and CVE will be better able to evaluate the merits and future prospects of each company. This will enhance the likelihood that each company will receive appropriate market recognition of its individual performance and potential.CVE has been approached with several opportunities for assts purchases and possible combinations with companies that have similar business models. CVE anticipates entering into agreements that would bring revenue and assets to meet requirements for future listing on an exchange. Any acquisition and or merger could possibly bring ownership dilution and a possible change of control to CVE.

Notwithstanding the foregoing, we cannot assure you that, following the Spin-off, any of the benefits listed above will be realized to the extent anticipated or at all.

CAVU's Board of Directors also considered a number of other factors in evaluating the Spin-off, including:

- The one-time and on-going costs of the Spin-off;
- The diversion of management resulting from the time and effort necessary to complete the Spin-off;
- The risk that the business of the two companies may overlap or compete in the future;
- The risk that CVE may fail as an independent entity due to a lack of financing, lack of new product success or for any variety of other reasons and the impact, if any, that such a failure would have on CAVU;
- The redundancies of cost associated with managing two separate publically traded companies;
- The capital structure of each of the separate companies; and
- The risk that the combined trading prices of CAVU common stock and CVE common stock after the distribution may be lower than the trading price of CAVU common stock before the distribution.

After careful deliberation and consideration of both the expected benefits and risks, our Board of Directors determined that pursuing the Spin-off is in the best interests of CAVU and its stockholders.

**Interests of Certain CAVU Directors in Spin-Off**

Immediately following the Spin-Off of CVE, the Board of Directors of CAVU and CVE will be the same until such time that CVE elects new Directors**.**

**Relationship between CAVU and CVE Following the Spin-Off**

Following the Spin-off, each of CAVU and CVE will be an independent company. CAVU will enter into a Separation and Distribution Agreement with CVE governing the terms of the separation. The details of the Separation and Distribution Agreement will be described in more detail in the S-1. The Separation and Distribution Agreement will primarily govern the transfer of CVE's and FILO's assets into a one separate company, including the transfer any equipment necessary to drill and service existing wells. Following the distribution, we do not expect to provide CVE with any transition services or to receive transition services from CVE. We also do not expect to share any employees or contract for any services with CVE.

**CAVU Stock Options and Warrants**

Holders of CAVU stock options that continue to be employed by CAVU after the Spin-off will continue to hold those options. CAVU's Board of Directors believes the Spin-off should have minimal impact on the long-term value of awards and accordingly no adjustment is contemplated to preserve the intrinsic value of any equity awards. CAVU stock options will not be converted into or granted any right to receive shares or stock options of CVE. Accordingly, unless a stock option holder exercises the option prior to the Payment Date for the Spin-off; such option holder will not participate in the distribution. CAVU has no outstanding warrants.

**Financial Condition of CVE Following the Spin-Off**

The respective subsidiaries have not entered into a Separation Agreement that outlines or details the financial condition of CVE following the Spin-Off. There can be no assurance that the financial condition of CVE following the Spin-Off will be adequate to satisfy any debt obligations of CVE.

**Listing and Trading of CVE Common Stock**

There is currently no public market for CVE common stock. Following the Spin-off, there can be no assurance there will be any market available for CVE. We cannot predict what the trading prices for CVE common stock will be before or after the payment date. We also cannot predict any change that may occur in the trading price of CAVU common stock as a result of the Spin-off. Until CVE common stock is fully distributed and an orderly market develops in CVE common stock, the price at which it trades may fluctuate significantly and may be lower or higher than the price that would be expected for a fully distributed issue. Similarly, the price of CAVU common stock following the Spin-off may fluctuate significantly and may be higher or lower than the price that would be expected when combined with the price of CVE common stock.

No Shares of common stock will be distributed until an S-1 registration statement is effective. The shares of CVE common stock distributed to CAVU stockholders will be freely transferable except for shares received by persons who may be deemed to be CVE "affiliates" under the Securities Act of 1933, as amended. Persons that may be considered affiliates of CVE after the Spin-off generally include individuals or entities that control, are controlled by or are under common control with us. This may include some or all of CVE officers and directors as well as CVE principal stockholders. Persons that are CVE affiliates will be permitted to sell their shares only pursuant to an effective registration statement under the Securities Act of 1933, as amended, or an exemption from the registration requirements of the Securities Act, such as the exemptions afforded by Section 4(1) of the Securities Act or Rule 144 thereunder.

**Fractional Shares**

No fractional shares of CVE common stock will be issued as a result of the Spin-off. In the event the Spin-off leaves a stockholder with a fraction of a share of CVE common stock, the number of shares to be distributed to the shareholder will be rounded up to the nearest whole number of shares. Ownership percentages are not expected to change meaningfully as a result of rounding up fractional shares that result from the Spin-off.

**Spin-off Conditions and Termination**

We expect that the Spin-off will be effective on the payment date, provided that, among other things:

- the SEC has declared effective CVE's registration statement on form S-1 under the Securities Exchange Act of 1934, as amended, and no stop order relating to the registration statement is in effect; and

- no action, proceeding or investigation shall have been instituted or threatened before any court or administrative body to restrain, enjoin or otherwise prevent the consummation of the Spin-off, and no restraining order or injunction issued by any court of competent jurisdiction shall be in effect restraining the consummation of the Spin-off.

The fulfillment of the foregoing conditions will not create any obligation on CAVU's part to effect the Spin-off, and our Board of Directors reserves the right to amend, modify or abandon the Spin-off and the related transactions at any time prior to the payment date. Our Board of Directors may also waive any of these conditions.

In addition, CAVU has the right not to complete the Spin-off and related transactions if, at any time, CAVU's Board of Directors determines, in its sole discretion, that the distribution is not in the best interests of CAVU and its stockholders or that business conditions are such that it is not advisable to effect the Spin-off.

**Material U.S. Federal Income Tax Consequences of the Spin-Off**

The following is a summary of certain material U.S. federal income tax consequences to CAVU, the holders of CAVU common stock, CVE and the holders of CVE common stock after the Spin-off. This summary does not discuss all tax considerations that may be relevant to stockholders in light of their particular circumstances, nor does it address the consequences to stockholders subject to Annual rules under the U.S. federal income tax laws, such as stockholders subject to the alternative minimum tax, tax-exempt entities, non-resident alien individuals, foreign entities, foreign trusts and estates and beneficiaries thereof, stockholders who acquire shares as compensation for services, banks, insurance companies, other financial institutions, traders in securities that use mark-to-market accounting, and dealers in securities or commodities. In addition, this summary does not address any state, local or foreign tax consequences. This summary is based upon provisions of the Internal Revenue Code of 1986, amended (the "Code"), and regulations, rulings and judicial decisions, as of the date hereof. Those authorities may be changed, perhaps retroactively, so as to result in U.S. federal income tax consequences different from those summarized below.

If a partnership (or other entity treated as a partnership) holds CAVU or CVE common stock, the tax treatment of a partner will generally depend upon the status of the partner and the activities of the partnership. If you are a partner of a partnership holding CAVU or CVE common stock, you should consult your tax advisors.

**All stockholders should consult their own tax advisors concerning the specific tax consequences of the Spin-off of CVE common stock to holders of CAVU common stock in light of their particular circumstances. This summary is not intended to be, nor should it be construed to be, legal or tax advice to any particular investor.**

CAVU has not obtained a ruling from the IRS that the Spin-off will qualify as a tax-free transaction under Section 355 of the Code and a tax-free reorganization under Section 368(a)(1)(D) of the Code. On the basis of CAVU's position and opinion only and assuming that CAVU common stock is a capital asset in the hands of a CAVU stockholder on the payment date:

- holders of CAVU common stock should not recognize any income, gain or loss as a result of the receipt of shares of CVE common stock in the Spin-off;
- holders of CAVU common stock should apportion the tax basis of their CAVU common stock between such CAVU common stock and CVE common stock received in the Spin-off in proportion to the relative fair market values of such stock at the time of the Spin-off;
- the holding period for CVE common stock received in the Spin-off by holders of CAVU common stock should include the period during which such holders held the CAVU common stock with respect to which the Spin-off was made; and
- neither CVE nor CAVU should recognize gain or loss as a result of the Spin-off.

Current federal tax regulations also generally provide that if an CAVU stockholder holds different blocks of CAVU common stock (generally shares of CAVU common stock purchased on different dates or at different prices), the aggregate basis for each block of CAVU common stock purchased or acquired on the same date and at the same price should be allocated, to the greatest extent possible, between the shares of CVE common stock received in the Spin-off in respect of such block of CAVU common stock and such block of CAVU common stock, in proportion to their respective fair market values, and the holding period of the shares of CVE common stock received in the Spin-off in respect of such block of CAVU common stock should include the holding period of such block of CAVU common stock, provided that such block of CAVU common stock was held as a capital asset on the payment date. If an CAVU stockholder is not able to identify which particular shares of CVE common stock are received in the Spin-off with respect to a particular block of CAVU common stock, for purposes of applying the rules described above, the stockholder may designate which shares of CVE common stock are received in the Spin-off in respect of a particular block of CAVU common stock, provided that the number of shares so designated is consistent with the ratio of the total number of shares of CVE common stock distributed to the CAVU stockholder in the Spin-off to the total number of shares of CAVU common stock on which the CAVU stockholder received that distribution.

If the distribution were not to qualify as a tax-free Spin-off, each CAVU stockholder receiving shares of CVE common stock in the Spin-off would be treated as if such stockholder had received a distribution in an amount equal to the fair market value of CVE common stock received, which would result in (1) a taxable dividend to the extent of such stockholder's pro rata share of CAVU's current and accumulated earnings and profits, (2) a reduction in such stockholder's basis in CAVU common stock to the extent the amount received exceeds such stockholder's share of earnings and profits and (3) a taxable gain to the extent the amount received exceeds the sum of the amount treated as a dividend and the stockholder's basis in the CAVU common stock. Any such gain would generally be a capital gain if the CAVU common stock is held as a capital asset on the payment date. In addition, CAVU would recognize a taxable gain to the extent the fair market value of CVE common stock distributed in the Spin-off exceeded its tax basis in such common stock.

Even if the Spin-off otherwise qualifies for tax-free status under Section 355 of the Code, CAVU could recognize taxable gain if the Spin-off is determined to be part of a plan or series of related transactions pursuant to which one or more persons acquire, directly or indirectly, stock representing a 50% or greater interest in either CAVU or CVE. Under the Code, any acquisitions of CAVU or CVE within the four-year period beginning two years before the date of the Spin-off are presumed to be part of such a plan. Regulations issued by the IRS, however, provide mitigating rules in many circumstances. Nonetheless, a merger, recapitalization or acquisition, or issuance or redemption of CVE common stock after the Spin-off could, in some circumstances, be counted toward the 50% change of ownership threshold.

There are other restrictions imposed on CVE under current U.S. federal tax law for Spin-offs with which CVE should need to comply in order to preserve the favorable tax rule of the distribution, such as continuing to own and manage its CVE business and limitations on sale or redemptions of its common stock or other property following the distribution.

If you are a "significant distributee" with respect to the Spin-off, you are required to attach a statement to your federal income tax return for the year in which the Spin-off occurs setting forth CVE's name and IRS employer identification number, CAVU's name and IRS employer identification number, the date of the Spin-off, and the fair market value of the shares of CVE common stock that you receive in the Spin-off. Upon request, CAVU will provide the information necessary to comply with this reporting requirement to each stockholder of record on the Payment Date. You are a "significant distributee" with respect to the Spin-off if you own at least 5% of the outstanding shares of CAVU common stock immediately before the Spin-off. You should consult your own tax advisor concerning the application of this reporting requirement in light of your particular circumstances.

**Dissenters' Rights**

CAVU's common stockholders will not have dissenters' rights of appraisal under Nevada law with respect to the Spin-off.

**Recommendation of Our Board of Directors**

**CAVU's Board of Directors recommends a vote FOR the approval of the separation of CAVU's three subsidiaries by combining CAVU Energy Services, LLC, CAVU Resources Once, L.P. and FILO QUIP Resources, LLC into one company to be named "CAVU Energy Services, Inc." and concurrently spinning off the subsidiary and through a tax-free spin-off transaction.**

5. The effect of government regulations.

Oil and Gas Acquisition and Drilling

We monitor and comply with current government regulations that affect our activities, although our operations may be adversely affected by changes in government policy, regulations or taxation. There can be no assurance that we will be able to obtain all of the necessary licenses and permits that may be required to carry out our exploration and development programs. It is not expected that any of these controls or regulations will affect our operations in a manner materially different than they would affect other natural gas, oil and drilling companies operating in the areas in which we operate.

The United States federal government and various state and local governments have adopted laws and regulations regarding the protection of human health and the environment. These laws and regulations may require the acquisition of a permit by operators before drilling commences, prohibit drilling activities on certain lands lying within wilderness areas, wetlands, or where pollution might cause serious harm, and impose substantial liabilities for pollution resulting from drilling operations, particularly with respect to operations in onshore and offshore waters or on submerged lands. These laws and regulations may increase the costs of drilling and operating wells. Because these laws and regulations change frequently, the costs of compliance with existing and future environmental regulations cannot be predicted with certainty.

The transportation and certain sales of natural gas in interstate commerce are heavily regulated by agencies of the federal government. Production of any oil and gas by properties in which we have an interest will be affected to some degree by state regulations. States have statutory provisions regulating the production and sale of oil and gas, including provisions regarding deliverability. Such statutes and the regulations are generally intended to prevent waste of oil and gas and to protect correlative rights to produce oil and gas between owners of a common reservoir. State regulatory authorities may also regulate the amount of oil and gas produced by assigning allowable rates of production to each well or pro-ration unit.

Any exploration or production on Federal land will have to comply with the Federal Land Management Planning Act, which has the effect generally of protecting the environment. Any exploration or production on private property whether owned or leased will have to comply with the Endangered Species Act and the Clean Water Act. The cost of complying with environmental concerns under any of these acts varies on a case by case basis. In many instances the cost can be prohibitive to development. Environmental costs associated with a particular project must be factored into the overall cost evaluation of whether to proceed with the project.

Pipeline Construction.
Oil and gas pipelines are subject to extensive laws and regulations related to pipeline integrity. Additional laws and regulations that may be enacted in the future or a new interpretation of existing laws and regulations could significantly increase the regulatory burden.

Alternative Energy.
We anticipate that any energy production facilities will be subject to oversight and regulation in accordance with national and local ordinances relating to building codes, safety, environmental protection, utility interconnection and metering, and related matters. It is difficult to track the requirements of individual states and to comply with the varying standards. The Company and its wholly owned subsidiaries have no employees. All work is performed by consultants.

**Additional Disclosure Guidelines for Issuers Engaged in Oil and Gas Producing Activities.**

1. Production. Oil and gas production will occur in our wholly owned subsidiary, CAVU Energy Services, LLC. This was formed in 2009 did not engage in oil and gas production prior to formation. It has only recently begun a *de minimis* amount of oil and gas production as of the date of the Merger, April 24, 2009. This production has been limited to the passive capture of oil and gas. No active

drilling is being conducted.

2. Productive Wells and Acreage.

a. Nowata County, Oklahoma. As of June 30, 2011 the company has agreement to purchase 85 total well bores on 1,060 net mineral acres in Nowata County, Oklahoma. This was historically a water flood much of the equipment and all of the flow lines are still intact. The acquisition also includes 5 disposal and 1 injections well that will have to be reworked and permitted. All wells in production are primarily oil wells. However, the acreage has been mapped geologically and management has identified over 50 additional locations that can be drilled to a depth of about 1,500 feet to test for oil and natural gas. Wells on this acreage are currently spaced on 5 acre spacing units.

All wells are currently completed in one reservoir. However, in this area there are multiple zones that can be completed for hydrocarbons. As such, the Company may complete some of these well bores in the future in multiple zones. These completions would be for natural gas and oil. The Company owns 100% working interest in all of the leases in this project. The company also own approximately 25 miles of existing gas transmission lines.

b. Garvin County, Oklahoma. As of December 31, 2010, the Company had 9 total well bores on 220 gross mineral acres in Garvin County, Oklahoma. Of the 9 wells, 4 of them are 'shut-in,' or not currently turned on for production, due to the well bores needing to be cleaned out and serviced. One of the other wells is water injection or saltwater disposal well. All wells in this project are oil and gas wells and there is a pipeline in the area that is currently shut in and the Company is exploring purchasing this line to increase sale of its natural gas. However, the acreage has been mapped geologically and management has identified 3 locations that can be drilled to a depth of about 4,200 feet to test for oil. Wells on this acreage are currently spaced on 10 acre spacing units.

All wells are currently completed in one reservoir. However, in this area there are multiple zones that can be completed for hydrocarbons. As such, the Company may complete some of these well bores in the future in multiple zones. These completions would all be for oil. The Company owns 85% working interest in all of the leases in this project.

The project area stretches from Pauls Valley to the Texas/Oklahoma state line and covers approximately 290 square miles. The area contains over 90 wells that were drilled between the late 1970’s and early 2000’s. Most of these wells are currently shut-in and can be secured, reworked and systematically put back into production starting with ones closest to a new gas gathering system.

CAVU currently owns 190 acres with 9 existing wells, 4 of which were reworked in 2009, 2010 and 2011. Current production from one well is 25 to 35 BOPD a day with completion of the 2 production wells the company estimates similar results. By using this approach, CAVU could eventually work its way through the area consisting of more than 3,000 acres and 90 additional shut-in wells, of which 30 are known to be commercially viable wells that could be put back into production at an estimated cost of approximately $188,000 per well. Some of these wells also have other potentially productive intervals that could be perforated and co-produced with the original productive zone.

Chisholm Project

- Located about 1.5 hours south of Oklahoma City, OK
- In the historically prolific Washita River Valley
- Established oil and gas field
- Numerous historical wells completed in basal creek and oil creek zones.
- 87%+ success rate when drilling for oil in these zones
- Current Gross Revenue approximately $250,000 a year
- Nine well on the lease have multiple production zones
- The Layton at 2800’
- The McKinney at 2950’
- The Burns at 3025’
- The Second Bromide at 3050’
- The Tulip Creek at 3100’
- The McLish at 3200’
- The Upper Oil Creek sand at 3680’
- The Arbuckle at 3900’
- Most wells on the lease have produced from the Burns, Second Bromide, McLish and Oil Creek.
- Estimated cumulative production for a well completed in the Basal Oil Creek sand is between 50,000 and 350,000 barrels of oil. With total recoverable in all zone estimated to be 350,000 to 500,000 barrels of oil,

This project has been managed and operated in a makeshift fashion in the past. As a result, many of the wells were not properly managed and maintained, leading to low production. In fact, most of the wells were not swabbed or acidized or both from time to time to keep production up. At most, it is estimated that these existing wells have not produced more than 35-45% of their recoverable reserves.

The various operators would also sometimes sell their lease holdings and wells to another operator. This also led to mismanagement and inconsistent production results. Another factor was the economics of the energy market, which was volatile, leading some operators to shut in wells almost on a whim and bring them back on line when market prices bounced back weeks, months or in a lot of cases years later. These inconsistencies are evident when reviewing the individual well histories that are of record. CAVU management of this project is changing everything. The gathering system, wells, leases and new wells can now be consolidated and put under one management team. CAVU has already implemented the plan is to bring 5 of the wells including re-work of the current disposal well that can later be converted to a producing well. The 3 existing wells are back online by the recently completed service work (cleaning out the well bores, acidizing the perforations and in some cases perforating new potentially productive reservoirs). It should be noted that of the 2 wells that were put back into production in 2009, one well tested at about 35 BOPD and another at 10 BOPD with one well being acidized. Currently the company has completed the rework of the temporary disposal well and a producing well that has tested at 10 to 20 BOPD.

While service work is being done on these wells and new wells are being drilled, the CAVU land team plans to begin working with people in the area who have shut-in wells on their land. There are more than 50 of the known 90 viable wells that are contiguous to this acreage position and within immediate range of the CAVU gas gathering capabilities. Preliminary talks suggest that a majority of these shut-in wells can be acquired for little to no money so long as CAVU can get them into operation within a few months. If CAVU were to be successful in systematically working its way out towards wells beyond these initial 50 wells, there are also about another 200 other wells in the general area that are shut-in with most believed to be commercially viable.

Management believes that within 12 months of acquisition of 30-50 shut-in wells that the commercially viable wells can be turned on, which is estimated to result in additional production ranging anywhere between 100-200 BOPD in production. Management is utilizing forecasts of 500 BOPD for production rates after drilling the new wells and putting these 30-50 wells into production.

***Project Strengths***

The positive aspects for developing shallow gas and oil production in this area are:

- Location to strong and insulated gas markets with taps into major pipelines, ample infrastructure and good availability of service companies.
- Multiple pay zones at shallow depths with several zones that blanket the area, making it feasible to complete a well nearly every time one is drilled while keeping drilling risk low.
- Land is predominantly fee simple with pro-industry regulators who encourage exploration.

***Estimated Project Costs***

Four of the five wells scheduled to be re-worked or re-completed will be back into production by October 1, 2011.The costs have been estimated at a total of $941,025 or about $188,205 per well. Using the latest quotes for field services, the budget for these 5 wells was developed as follows:

c. The FILO Saltwater Disposal Well # 1. This property is located in a prime location, surrounded by oil and gas fields and on the intersection of a Highway and a County Road. FILO Quip Resources, LLC, the Operating Company has obtained a drilling permit and operation permit for 50,000 bbls of disposal per day from the Oklahoma Corporation Commission, a commercial saltwater disposal permit for the FILO SWD well, which allows the injection of salt water, drilling and production byproducts. A second commercial disposal well, located near the same property is our goal. Having two disposal wells located near the same property has very unique and beneficial advantages. By potentially having two wells in operation, the risk of down time is drastically limited when one well goes down for maintenance which will allow us to offer 24 hour, 365 day a year service. Two injection pumps will also be installed, so that in the event of mechanical failure of one, the other pump will be placed into service.

In addition to income generated from disposal fees, a significant source of income is generated from “skim oil”. When the hauling company vacuums or sucks up saltwater from holding tanks on producing properties, a small amount of oil is picked up at the same time. The off loaded water filters through a series of settling tanks at the SWD facility and all oil is skimmed, segregated and accumulated for sale. The skim oil aspect of the saltwater disposal business is like owing a producing well which never depletes.

To further increase profitability of the facility, additional oil field services may be offered. For example, the sale of treated “KCL” or heavy brine water may also be considered as the same trucks that haul produced saltwater away from producing properties also deliver clean, treated water to drill sites and work over operations.

Expansion into future disposal facilities in other areas will likely be pursued and can be accomplished very efficiently in conjunction with our exploratory drilling and re-entry projects. Wells drilled under exploratory projects in which BOC has a significant interest may be completed in a manner suitable to the future use and conversion for saltwater disposal where applicable geographically and when saltwater disposal operations are permitted by the landowner. The saltwater disposal facilities may be owned and operated wholly by BOC. Alternatively, a trucking company may be brought in as a partner to guarantee a steady volume of saltwater for disposal.

Saltwater is produced in conjunction with oil and gas production as a natural by-product. Therefore, commercial saltwater disposal services are a necessity for most oil and gas producers. Produced saltwater is either trucked or piped from a production property and then disposed of into regulated and monitored Salt Water Disposal “SWD” wells. The trucking company charges the producer a hauling and disposal fee based on the number of hours involved and the number of barrels hauled, and in turn pay the owner of the SWD well for disposal services. A significant profit center in SWD operations is from the skim oil that is received in conjunction with the saltwater which is like owning a producer well that never depletes. Disposing of wastewater through underground began in the 1930s, when oil companies started pumping brine produced from oil and gas production into porous rock formations underground. This disposal method is more cost effective than treating and reusing wastewater.

Underground injection is the placing of fluids underground, in porous formations of rocks, through or other similar conveyance systems. While rocks such as sandstone, shale, and limestone appear to be solid, they can contain significant voids or pores that allow water and other fluids to fill and move through them. Man-made or produced fluids (liquids, gases or slurries) can move into the pores of rocks by the use of pumps or by gravity. The fluids may be water, wastewater or water mixed with chemicals.

Americans generate large amounts of waste fluids. More than 750 billion gallons of *hazardous and non-hazardous* fluids are disposed of safely through underground injection. Over 9 billion gallons of *hazardous waste* is injected each year into facilities across the United States. While treatment technologies exist, it would be very costly to treat and release to surface waters the billions and trillions of gallons of wastes that industries produce each year. Agribusiness and the chemical and petroleum industries all make use of underground injection for waste disposal. When properly sited, constructed, and operated, underground injection is an effective and environmentally safe method to dispose of wastes. The Environmental Protection Agency (EPA) insures that these fluids are disposed of safely and cost effectively while fulfilling their mission to protect underground sources of drinking water from contamination by regulating the location, construction, operation and closure of injection.

Oil and gas reservoirs are usually found in porous rocks, which also contain saltwater. This saltwater, which accompanies the oil and gas to the surface, can be disposed in two ways: 1) Returned by fluid injection into the reservoir where it originated for secondary or enhanced oil recovery; or 2) Injected into underground porous rock formations not productive of oil or gas, and sealed above and below by unbroken, impermeable strata. Saltwater disposal wells use this second method to manage saltwater.

Operators are responsible for disposing of produced water and frac fluid. Frac fluid is shale to release gas trapped in the shale.

Operators are required to follow the appropriate state disposal regulations administered by the agency's Technical Permitting Section-Underground Injection Control Program. Underground Injection Control is a program that is federally delegated by the U.S. Environmental Protection Agency to Oklahoma, and it follows national guidelines under the federal Safe Drinking Water Act for surface and groundwater protection. EPA awarded the appropriate state "primary enforcement responsibility" over oil and gas injection and disposal wells on April 23, 1982.

Disposal wells inject fluid into an underground interval that is not productive of oil and gas. Injection wells re-inject fluids into the same or similar reservoir, from which the fluids originated, for secondary recovery of oil. Operators use secondary recovery techniques when an oil field's pressure has been depleted, and oil is no longer produced from a field's natural pressure. Secondary recovery, sometimes known as water flooding generally injects produced saltwater into a reservoir to reestablish sufficient pressure that will allow an operator to recover additional amounts of oil.  Some Class V, for example, injects surface water to replenish depleted aquifers or to prevent salt-water intrusion. Some Class II injects fluids for enhanced recovery of oil and natural gas, and others inject liquid hydrocarbons that constitute our Nation's strategic fuel reserves in times of crisis.

♦In 1974, responding to concerns about underground injection practices, including failure of some, the U.S. Environmental Protection Agency (EPA) raised concerns that injected waste could contaminate underground drinking water.

♦In December 1974, Congress enacted the Safe Drinking Water Act, which required the EPA to set requirements for protecting underground sources of drinking water (USDWs).

♦EPA passed its Underground Injection Control regulations in 1980.

♦In 1988 EPA made its UIC regulations stronger to comply with the newly upgraded waste disposal amendments of the Resource Conservation and Recovery Act.

In general, owners and operators of most new Class I, II and III injection are required to:

1. Site the in a location that is free of faults and other adverse geological features;

2. Drill to a depth that allows the injection into formations that do not contain water that can potentially be used as a source of drinking water. These injection zones are confined from any formation that may contain water that may potentially be used as a source of drinking water;

3. Build to inject through an internal pipe (tubing) that is located inside another pipe (casing). This outer pipe has cement on the outside to fill any voids occurring between the outside pipe and the hole that was bored for the well (borehole). This allows for multiple layers of containment of the potentially contaminating injection fluids;

4. Test for integrity at the time of completion and every five years thereafter (more frequently for hazardous waste,

5. Monitor continuously to assure the integrity of the well.
(Class I *Municipal* Injection are a special case and do not have to meet all the requirements stated above. Class I Municipal Injection is only presently found in Florida. They are discussed more fully below in the section discussing “Class I Injection)

Class II injection are those associated with the oil and gas industry. They include which inject brine and other fluids associated with oil and gas production. The EPA estimates there are 147,000 Class II Injection in the United States. More than 700 million gallons of fluids are injected into Class II each year. Most of the injected fluid is brine that is produced when oil and gas are extracted from the earth. Typically, 10 gallons of brine are produced for each gallon of oil. Fluids are injected into these to enhance oil recovery. Oil is also injected into these for the purposes of underground storage.

Examples of Fluids:
•Produced high salinity brine
•Crude oil (for storage)
•Polymers and viscosifiers for enhanced recovery
•Drilling fluids and mud’s

Protective Regulations for Class II Injection
• Construction and site location
• Cased and cemented to prevent movement of fluids into USDWs
• Construction and design of well (casing, tubing, and packer) varies

Monitoring and testing
• Internal/External mechanical integrity testing (MIT)
• Periodic monitoring and reporting
Record keeping and Reporting

• Plan for safe plugging and abandoning of, including demonstration of financial responsibility.

Specifically, a disposal well's construction standards require three layers of casing to ensure groundwater is protected. The first protection layer is surface casing—a steel pipe that is encased in cement that reaches from the ground surface to below the deepest usable quality groundwater level. Surface casing acts as a protective sleeve through which deeper drilling occurs. The second protection layer is the production casing—a pipe placed in the wellbore to the well's total depth and permanently cemented in place. The third protection layer is the injection tubing string and packer that conducts the injected water down through the injection tubing string and production casing to perforations at the bottom of the well to inject the water into an underground formation. With this well construction, all three protection layers must fail at the same time to impact groundwater.

The purpose of the state's Underground Injection Control Program's permitting process, well monitoring process and field inspections is to prevent pollution. Proper well completion, injection procedures and monitoring ensures that fresh water sources are not impacted by saltwater.

To protect groundwater, the state's rules for the construction of disposal wells are specially designed to require multiple layers of cement and steel to ensure that shallow, usable quality water is not impacted. Disposal wells inject saltwater into underground formations, sometimes over a mile in depth, into fields that are already full of naturally occurring saltwater. In contrast, wells that supply fresh water usually are no deeper than a few hundred feet.

In addition to construction standards, the permitting process for saltwater disposal wells involves numerous requirements and safeguards including: notice to the public; hearing opportunities; a review of area geology; and required areas of review near the proposed wells to determine if there are other wells penetrating the same geologic horizon proposed for disposal.

This property is located in a prime location, surrounded by oil and gas fields and on the intersection of a Highway and a County Road.  FILO Quip Resources, LLC, the Operating Company has obtained a drilling permit and operation permit for 50,000 BBLS of disposal per day from the Oklahoma Corporation Commission, a commercial saltwater disposal permit for the FILO SWD well, which allows the injection of salt water, drilling and production byproducts. We have secured commitments for up to 12,000 BBLS of SW per day and have targeted the acquisition of a second commercial disposal well, located at the outside of our area of influence assuring us both the national and local producers in the area.  Having two disposal wells located near the same property has very unique and beneficial advantages. By potentially having two wells in operation, the risk of down time is drastically limited when one well goes down for maintenance which will allow us to offer 24 hour, 365 day a year service. Two injection pumps will also be installed, so that in the event of mechanical failure of one, the other pump will be placed into service.

In addition to income generated from disposal fees, a significant source of income is generated from “skim oil”. When the hauling company vacuums or sucks up saltwater from holding tanks on producing properties, a small amount of oil is picked up at the same time. The off loaded water filters through a series of settling tanks at the SWD facility and all oil is skimmed, segregated and accumulated for sale. The skim oil aspect of the saltwater disposal business is like owing a producing well which never depletes.

To further increase profitability of the facility, additional oil field services may be offered. For example, the sale of treated “KCL” or heavy brine water may also be considered as the same trucks that haul produced saltwater away from producing properties also deliver clean, treated water to drill sites and work over operations.

Expansion into future disposal facilities in other areas will likely be pursued and can be accomplished very efficiently in conjunction with our exploratory drilling and re-entry projects. Wells drilled under exploratory projects in which BOC has a significant interest may be completed in a manner suitable to the future use and conversion for saltwater disposal where applicable geographically and when saltwater disposal operations are permitted by the landowner. The saltwater disposal facilities may be owned and operated wholly by BOC. Alternatively, a trucking company may be brought in as a partner to guarantee a steady volume of saltwater for disposal.

d. Garfield County, Oklahoma. As of April 30, 2009, the Company had 1 well bore on 160 net mineral acres in Garfield County, Oklahoma. While there are several reservoirs that can be tested for oil and natural gas, the existing well in this project is a natural gas well. The acreage has been mapped geologically and management has identified at least 4 additional new locations that can be drilled to a depth of about 4,000 feet to test for oil or natural gas. Wells on this acreage are currently spaced on 40 acre spacing units.

The well is currently completed in one reservoir. However, in this area there are multiple zones that can be completed for hydrocarbons. As such, the Company may complete some of these well bores in the future in multiple zones. These completions would all be for natural gas and/or oil. The Company owns 100% working interest in all of the leases in this project.

The company has recompleted this well, replaced equipment and completed a foam frac of the potential producing zones. Upon replacement of the gas transmission equipment this well will be placed back into production. The company owns 100% of the working interest of this project

3. Undeveloped Acreage. The Company has an option on 16,800 acres in Southeastern Montana and the company plans to renew this option in October 2011.

4. The Company also has an option on 10,000 acres in Northeastern Colorado for a wind farm. The company plans to renew this option in October, 2011. The company has not renewed this option but plans to renegotiate a new lease in the third quarter of this year.

5. Drilling Activity. Please see the response in Additional Disclosure Guidelines for Issuers Engaged in Oil and Gas Producing Activities.

6. Present Activities. At the current time, the Company, through its subsidiaries FILO Quip Resources, LLC and CAVU Energy Service, LLC, recently merged and renamed CAVU Energy Service, Inc. is limited to the passive capture of a *de minimis* amount of oil and gas on some of the leases, the Company currently lacks the capital resources to actively exploit the wells it possesses. Thus, the entity has been drilling wells and installing water floods, engaging in pressure maintenance operations, or engaging in operations related to those activities on a reduced level. Once sufficient capital has been raised by the Company, it intends to begin to rehabilitate the wells and begin active production on a more aggressive schedule.

7. Delivery Commitments. The Company currently has not contracted for any delivery commitments.

**<u>The nature of products or services offered</u>**

A. **Principal products or services, and their markets**.

**Principal products or services, and their markets**.

CAVU Resources, Inc. conducts its operations through a series of four subsidiary companies, three of which are wholly-owned and all of which are managed by William C. Robinson, our president and director. Each subsidiary has a distinct business plan and focus. At present, those subsidiaries and their respective plans may be summarized as follows:

**<u>FILO Quip Resources, LLC</u>**.

FILO Quip Resources, LLC was formed to seek opportunities in the energy sector. The company recently merged with CAVU Energy Services, LLC and CAVU Resources One L.P. and has been renamed CAVU Energy Services, Inc. At present, its operations are limited to the passive capture of oil and gas. It intends to develop this entity into an independent energy company primarily engaged in the acquisition, exploration and development of natural resource properties with a focus on the production of oil and natural gas as well as wind energy. While the development of energy resources will be the primary focus of the entity, it will also construct oil and gas pipelines for third parties. The Company has developed a 190 acre oil production field in Southern Oklahoma. The Company has imitated new technology to enhance production. The Company has also developed a monitoring and security system to control its operations remotely and monitor and tract any intrusions and or theft from its secured properties. At present, the Company lacks sufficient capital to execute on its plan for this subsidiary. Once capitalized, the Company intends for its principal products, services and the markets they are geared towards to be as follows:

**Oil and Gas Production Acquisition**

The Company plans to concentrate on the purchase and acquisition of oil and gas reserves primarily in the regions where the Company has personal knowledge and access to previous geological surveys and operators that have knowledge of operating leases. The Company also intends to gain knowledge on existing operating leases by entering into strategic agreements with certain companies that supply specialty chemicals for oil and gas wells operated by major independent oil companies. The knowledge gained from the analysis of the parameters gathered from the oil and gas wells to customize a chemical program can also be utilized to evaluate the future production potential for the wells. This knowledge will allow the Company to utilize the engineer's information to determine the value of the oil and gas production stream for the life of the well and will be a part of the evaluation used to approach the owner of the wells to purchase a working interest in the oil and gas wells.

The Company plans to focus our production operations in Montana, Oklahoma, Northeastern Colorado and Southern Kansas, and to continue to build scale, particularly in the longer life onshore regions, through acquisition activities and complimentary development drilling activities.

**CAVU Energy Services, LLC**

At present, the Company has been merged with FILO Quip Resources, LLC and CAVU Resources One, LP and renamed CAVU Energy Services, Inc. the new company has received a commitment of $10 million dollars from Kodiak Capital Group, LLC to fund future operations. Until the company files a registration statement and receives the initial funding from Kodiak it lacks sufficient capital to execute on its plan for this subsidiary. Once capitalized, the Company intends for CAVU Energy Services, Inc. to be an oil and gas drilling Services Company. The Company currently owns two drilling and work over rigs one is currently not located and has been recently reported stolen and the other is being stored for future repairs, trucks, two dozers, backhoe and additional oil and gas operating equipment. The Company plans to hire contract crews to operate its equipment as business is contracted. It will both provide drilling services for CAVU Resources and its subsidiaries oil and gas exploration, and drilling services for other companies engaging in oil and gas exploration. This entity has access to seasoned drilling crews both to work its own leases and to provide drilling services to third parties. This entity is currently in negotiations to begin drilling for third parties, but has not yet entered into a binding agreement to do so. Currently, the revenue generated by this entity is not material to the Company. It is not anticipated that future revenue from this entity will be material to the Company's overall financial performance.

**Alternative Energy Production**.
The Company has targeted additional opportunities in the alternative energy arena and intends to secure leases on the land in Colorado for wind energy farms.

**Wind Power**
Wind power is the conversion of wind energy into more useful forms of energy, such as electricity, using wind turbines. Wind power is most often captured by converting the rotation of turbine blades into electrical current by means of an electrical generator. Wind energy is plentiful, renewable, widely distributed, cleans and reduces toxic atmospheric and greenhouse gas emissions if used to replace fossil-fuel-derived electricity. The intermittency of wind seldom creates problems when using wind power at low to moderate penetration levels. Most wind energy can be found at high altitudes where continuous wind speeds of over 5 meters per second at 10 meters of height occur.

**Oil and Gas Pipeline Construction**.
In order to generate additional revenue the Company intends to engage in the construction of oil

and natural gas pipelines for third parties. The construction of these pipelines will include securing right of ways for the pipelines, trenching and laying pipelines and connecting pipelines at oil and gas connection points.

In addition to the acquisition, exploration and development of natural resource properties, the production of oil and natural gas and solar and wind energy and the construction of oil and gas pipelines, CAVU also engages or intends to engage in the following additional activities:

**Energy Trading.**

Fuel Trading operations have been set in Spokane, Washington. We have secured several suppliers for D-2 and JP 54 fuel supplies. We have been approached by representatives looking for multi-ton purchases of these products. We are currently negotiating multiple transactions. In the future we hope that this division will generate significant profits for the Company. At present its operations, assets, and financial results are not material to our overall operations.

Our recent and targeted acquisitions and the proposed wind and co-generation facilities may qualify for energy credits. If we do qualify for these credits, then because these credits can be traded in a secondary market, we plan to trade and utilize these as an additional revenue stream. However, currently, it is not material to our overall operations.

**Cyber Aerospace, LLC**

This entity is 40% owned by the Company. Cyber is a designer and manufacture of Unmanned Aerial Systems (“UAS”). The company is a small business women owned company providing services to Law enforcement, military, commercial and oil field security operations globally. Cyber currently plans to build and assemble its products in Oklahoma. Currently, the revenue generated by this entity is not material to the Company. It is not anticipated that future revenue from this entity will be material to the Company’s overall financial performance.

**Oil Field Security Systems.**

Oil field security is growing business segment with renewed security threats to oil and gas fields around the world. With volatile prices, and difficult economic times, the theft of product and equipment has opened a new revenue opportunity for the Company’s client base. The Company plans to provide security to oil and gas fields. Currently, the revenue generated by this entity is not material to the Company. It is not anticipated that future revenue from this entity will be material to the Company’s overall financial performance.

**Environmental Clean Up**.

The Company is currently negotiating additional acquisitions in environmental service, including oil field clean up, disaster clean up and hazardous transportation and emergency response. In the future we hope that this will generate significant profits for the Company. However, currently, it is not material to our overall operations.

**Proxity Electronic Commerce, LLC**

Proxity Electronic Commerce, an entity in which the Company currently holds a minority interest, was founded in 2005 with the goal of becoming the leader in providing information systems dealing with government logistics databases and vendor awareness of business opportunities in selling both to the government as well as industry. The founders of PECS are the originators of the current systems of logistics used by industry and the military including FEDLOGS, Haystack and the ILI Logicom parts database. The PECS databases provide information on 12 million parts, their suppliers, government specs and standards as well as non-government standards, which are linked from the database to the cited standards. The system also provides an alert service on sales opportunities to the government's 400,000 contractors as well as requisite data used by the military. In the future we hope that this LLC will generate significant profits for the Company. Currently, the revenue generated by this entity is not material to the Company. It is not anticipated that future revenue from this entity will be material to the Company's overall financial performance.

B. **Distribution methods of the products or services**.

Distribution of Oil and Gas.

Oil and Natural Gas Delivery to Marketplace.
The current gas that is being passively captured is being fed into existing gas pipelines maintained by other unrelated gas companies. At present, the Company lacks the capital necessary to further exploit its oil and gas leases. If the Company is eventually successful in exploiting the oil and gas leases that it currently holds, then the Company will possess stores of oil and gas that it needs to provide to the end users. The Company intends to store any oil that it produces in tank farms near the production site. The stored oil will then be picked up by tanker trucks and taken to market. The natural gas produced by the Company will be fed into natural gas pipelines and sold to end users.

C. **Status of any publicly announced new product or service**. With respect to oil and gas acquisition, we currently lack the capital necessary to implement our plan. Until sufficient capital can be raised, except for our continued passive capture of de minimis amounts; our oil and gas acquisition will remain in the planning and development stage. With respect to drilling for oil and gas and constructing oil and gas pipelines for third parties, we are currently negotiating contracts to begin these services. Upon finalization of these contracts and our raising of sufficient capital, then we will begin implementing drilling and construction.

D. **Competitive business conditions, the issuer's competitive position in the industry, and methods of competition**. The oil producing properties, exploratory drilling prospects, gas industry, alternative energy industry and oil and gas pipeline construction industries are highly competitive. Properties in which we have an interest will encounter strong competition from many other competitors in the respective industries, including many that possess financial resources greater than ours.

E. **Sources and availability of raw materials and the names of principal suppliers**. The Company sources its materials from a variety of vendors, contractors and suppliers for its work in the oil and gas industry, oil and gas pipeline construction industry and alternative energy industry. The availability of these materials and supplies is generally favorable due to the competitive nature of the industry. However, during times of great demand for materials, equipment and services, the Company could experience delays in getting the equipment, materials and services its needs.

Once we commence operation, then, with respect to the oil and gas industry, we anticipate that our primary suppliers will be:

1. In Oklahoma, the Company's primary suppliers would be Pioneer Pipe & Supply, CAM Well Service, A. Feezel Company, J H Field Services, Morgan Field Services, Arrow Pump and Supply, Global Artificial Lift and J and J Tubulars.

2. In Colorado, the Company has entered into an agreement with another company to manage the Company's supply chain for well field services. The specific terms of this contract are subject to confidentiality provisions. The Company has not yet identified any primary suppliers for its alternative energy needs.

F. **Dependence on one or a few major customers**.
While management anticipates having multiple customers at any given time for its drilling services and oil and gas pipeline construction industry, the Company anticipates that the majority of its initial revenue in the oil and gas pipeline construction industry will come from a single customer.

G. **Patents, trademarks, licenses, franchises, concessions, royalty agreements or labor contracts, including their duration**. We do not own, either legally or beneficially, any patent or trademark.

H. **The need for any government approval of principal products or services and the status of any requested government approvals**.

Oil and Gas Acquisition and Drilling
Crude oil operations are subject to extensive federal, state and local government regulations, which may be changed from time to time. Matters subject to regulation include discharge permits for drilling operations, drilling bonds, reports concerning operations, the spacing of wells, unitization and pooling of properties and taxation. We have not obtained the governmental approvals that will be necessary for us to begin active operations.

Alternative Energy Production.
We anticipate that any energy production facilities will be subject to oversight and regulation in accordance with national and local ordinances relating to building codes, safety, environmental protection, utility interconnection and metering, and related matters. We have not obtained the governmental approvals that will be necessary for us to begin active operations.

Oil and Gas Pipeline Construction.
There are federal guidelines for the U.S. Department of Transportation and pipeline companies that we will need to be in compliance with. We have not obtained the governmental approvals that will be necessary for us to begin active operations.

**RISK FACTORS**: The following are certain identifiable risk factors for the Company, and its subsidiaries business operations. You should carefully consider the following risk factors and all other information contained herein in evaluating our business and prospects. You should also refer to the other information contained in document notes in determining the viability of the business.

**Risk Related to New Business and Financial Condition**
**Because we have a limited operating history related to our current business strategy, we are subject to the risks of failure associated with any new business ventures.**

We have only recently incorporated our strategy of the acquisition and drilling of oil and gas leases, development of alternative energy, drilling and construction of oil and gas pipelines and have a limited operating history in this area on which potential investors can assess our performance and prospects. Potential investors should be aware that there is a substantial risk of failure associated with any new business strategy as a result of problems encountered in connection with their commencement of new operations. These include, but are not limited to, the entry of new competition, unknown or unexpected additional costs, and expenses that may exceed estimates.

**If we are not able to raise additional funds in the future to complete our business plan and grow the business, we will not meet our long term business and financial goals.**

Our cash requirements will be significant. Our current cash position will not enable us to pursue all aspects of our business plan. We have no commitments to obtain any additional funds and cannot be sure that we will be able to raise additional funds on favorable terms, if at all. We cannot be certain that the future revenues we generate or capital we raise will be sufficient to meet our expected expenses. If we do not have sufficient funds in the future we may have to cease operations. We may be unable to fund growth, continue to possess our oil and gas leases and equipment, take advantage of business opportunities, or respond to competitive pressures, any of which could have a material and adverse effect on our business, results of operations and financial condition and the value of your investment. If we raise additional funds by issuing equity securities, existing shareholders may experience significant dilution in their ownership interests. If we obtain additional financing by issuing debt securities, the terms of these securities could restrict or prevent us from paying dividends and could restrict our flexibility in making business decisions.

**Risk Factors related to Oil and Gas Production and Drilling**

**Because Crude Oil Development, Re-completion of Wells, Restoring Wells to Production and Drilling and Completing New Wells Are Speculative Activities That Involve Numerous Risks and Substantial and Uncertain Costs, We May Be Unable to Maintain Profitability.**

Drilling for crude oil and reworking existing wells involves numerous risks, including the risk that no commercially productive crude oil reservoirs will be encountered. The cost of drilling, completing and operating wells is substantial and uncertain, and drilling operations may be curtailed, delayed or cancelled as a result of a variety of factors beyond our control, including:

- unexpected drilling conditions;
- pressure or irregularities in formations;
- equipment failures or accidents;
- inability to obtain leases on economic terms, where applicable;
- adverse weather conditions;
- compliance with governmental requirements; and
- shortages or delays in the availability of drilling rigs or crews and the delivery of equipment.

Drilling or reworking is a highly speculative activity. Even when fully and correctly utilized, modern well completion techniques such as hydraulic fracturing and horizontal drilling do not guarantee that we will find crude oil and/or natural gas in our wells. Hydraulic fracturing involves pumping a fluid with or without particulates into a formation at high pressure, thereby creating fractures in the rock and leaving the particulates in the fractures to ensure that the fractures remain open, thereby potentially increasing the ability of the reservoir to produce oil. Horizontal drilling involves drilling horizontally out from an existing vertical well bore, thereby potentially increasing the area and reach of the well bore that is in contact with the reservoir. Our future drilling activities may not be successful and, if unsuccessful, such failure would have an adverse effect on our future results of operations and financial condition. We cannot assure you that our overall drilling success rate or our drilling success rate for activities within a particular geographic area will not decline. We may identify and develop prospects through a number of methods, some of which do not include lateral drilling or hydraulic fracturing, and some of which may be unproven. The drilling and results for these prospects may be particularly uncertain. Our drilling schedule may vary from our capital budget. The final determination with respect to the drilling of any scheduled or budgeted prospects will be dependent on a number of factors, including, but not limited to:

- the results of previous development efforts and the acquisition, review and analysis of data;
- the availability of sufficient capital resources to us for the drilling of the prospects;
- economic and industry conditions at the time of drilling, including prevailing and anticipated prices for crude oil and the availability of drilling rigs and crews;
- our financial resources and results;
- the availability of leases and permits on reasonable terms for the prospects; and
- the success of our drilling technology.

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. We cannot assure you that these projects can be successfully developed or that the wells discussed will, if drilled, encounter reservoirs of commercially productive crude oil or natural gas. There are numerous uncertainties in estimating quantities of proved reserves, including many factors beyond our control that could adversely affect our ability to maintain profitability.

**If We Are Not Successful In Obtaining New Or Maintaining Current Leases For Abandoned Oil Wells, Our Business Will Fail.**

Because we do not own land and do not intend to purchase any real property, we are dependent upon entering into lease agreements with landowners and engaging in workovers of previously abandoned wells. If we are not able to enter into new lease agreements, our growth plans will be frustrated. If we are unable to maintain our current leases by meeting the terms of those leases, or if we are unable to negotiate new lease agreements to replace our current leases when they expire, our business, revenues, and financial position will be negatively impacted.

**If We Are Unable To Locate Abandoned Oil Wells and Bring Them Into Production Through Our Workover Efforts, Our Business Will Fail.**

Our business plan depends on our ability, with our consultants, to identify oil wells that will generate significant levels of crude oil in response to our workover efforts. The identification of such wells is based upon seismic and other data, but involves extrapolation, assumptions, experience, and percentages. It is not an exact science, and we fully expect that some of the wells we identify will not become commercially viable, and thus we will have expended time, money, and effort on wells, which did not become productive. If we pursue too many wells that do not become productive, our costs will increase, our revenues will decrease, and our financial condition will be materially and adversely affected.

**Because Crude Oil Prices Are Highly Volatile in General, Low Prices Will Negatively Affect Our Financial Results.**

Our revenues, operating results, profitability, cash flow, future rate of growth and ability to borrow funds or obtain additional capital are substantially dependent upon prevailing prices of crude oil. A wide variety of factors affect the price of crude oil, including OPEC, national and international economic conditions, and consumer demand for gasoline and a wide variety of manufactured products. We have no control over the factors affecting the price of crude oil, nor can we predict its fluctuations. The price of crude oil has dropped significantly over the past twelve months, and we cannot guarantee that it will not continue to do so. Accordingly, if the price of crude oil drops or stabilizes at a low price, our revenues will be negatively impacted and our business may fail.

Historically, the markets for crude oil have been very volatile, and such markets are likely to continue to be volatile in the future. Prices for crude oil are subject to wide fluctuation in response to relatively minor changes in the supply of and demand for crude oil, market uncertainty and a variety of additional factors that are beyond our control, including:

- worldwide and domestic supplies of crude oil;
- the level of consumer product demand;
- weather conditions;
- domestic and foreign governmental regulations;
- the price and availability of alternative fuels;
- political instability or armed conflict in oil producing regions;
- the price and level of foreign imports; and
- overall domestic and global economic conditions.

It is extremely difficult to predict future crude oil price movements with any certainty. Declines in crude oil prices may materially adversely affect our financial condition, liquidity, ability to finance planned capital expenditures and results of operations.

**Because the Oil and Gas Industry is Highly Competitive, There Is No Assurance We Will Capture Enough of the Market or The Right Investments In Oil and Gas Properties to Achieve Profitability.**
The oil and gas industry is intensely competitive. We compete with numerous individuals and companies, including many major oil and gas companies, which 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 whether the necessary funds can be raised or that any projected work will be completed.

**Because Oil and Gas Operations are Subject to Comprehensive Regulation That May Cause Substantial Delays or Require Capital Outlays in Excess of Those Anticipate, Our Business May be Adversely Effected.**

Crude oil operations are subject to extensive federal, state and local government regulations, which may be changed from time to time. Matters subject to regulation include discharge permits for drilling operations, drilling bonds, reports concerning operations, the spacing of wells, unitization and pooling of properties and taxation. From time to time, regulatory agencies have imposed price controls and limitations on production by restricting the rate of flow of crude oil wells below actual production capacity in order to conserve supplies of crude oil. There are federal, state and local laws and regulations primarily relating to protection of human health and the environment applicable to the development, production, handling, storage, transportation and disposal of crude oil, byproducts thereof and other substances and materials produced or used in connection with crude oil operations. In addition, we may inherit liability for environmental damages caused by previous owners of property we purchase or lease. As a result, we may incur substantial liabilities to third parties or governmental entities. We are also subject to changing and extensive tax laws, the effects of which cannot be predicted. The implementation of new, or the modification of existing, laws or regulations could have a material adverse effect on us.

Any failure on our part to comply with existing regulations could result in the loss of our license to operate. Some breaches, such as the failure to remediate land when we abandon a well, could result in significant fines, and lack of willingness by landowners to enter into lease agreements with us in the future. Such results would effectively limit our ability to continue operating or to continue to do so profitably.

**Because Drilling Involves Many Risks, We May Become Liable for Pollution or Other Liabilities Which May Have an Adverse Effect on Our Financial Position.**

Oil and natural gas operations are subject to particular hazards incident to the drilling and production of oil and natural gas, such as blowouts, power outages, labor disruptions, cratering, explosions, uncontrollable flows of oil, natural gas or well fluids, fires and pollution and other environmental risks. These hazards can cause personal injury and loss of life, severe damage to and destruction of property and equipment, pollution or environmental damage and suspension of operation. We may become subject to liability for pollution or hazards against which we cannot adequately insure or for which we may elect not to insure. Incurring any such liability may have a material adverse effect on our financial position and operations.

**Because We Depend On Successful Exploration, Development and Acquisitions to Maintain Reserves and Revenue in the Future, Our Survival Depends on Finding and/or Acquiring Additional Reserves.**

In general, the volume of production from oil properties declines as reserves are depleted, with the rate of decline depending on reservoir characteristics. Except to the extent that we conduct successful exploration and development activities or acquire properties containing proved reserves, or both, our proved reserves will decline as reserves are produced. Our future oil production is, therefore, highly dependent on our level of success in finding or acquiring additional reserves. Additionally, the business of exploring for, developing, or acquiring reserves is capital intensive. Recovery of our reserves, particularly undeveloped reserves, will require significant additional capital expenditures and successful drilling operations. To the extent cash flow from operations is reduced and external sources of capital become limited or unavailable, our ability to make the necessary capital investment to maintain or expand our asset base of and oil reserves would be impaired.

**Because We Are a Small Company Compared with Our Competitors, We May Not Be Able to Keep Pace with Technological Developments in Our Industry.**

The natural gas and oil industry and drilling industry are characterized by rapid and significant technological advancements and introductions of new products and services using new technologies. As others use or develop new technologies, we may be placed at a competitive disadvantage or competitive pressures may force us to implement those new technologies at substantial costs. In addition, other oil and/or drilling companies may have greater financial, technical, and personnel resources that allow them to enjoy technological advantages and may in the future allow them to implement new technologies before we can. We may not be able to respond to these competitive pressures and implement new technologies on a timely basis or at an acceptable cost. If one or more of the technologies we use now or in the future were to become obsolete or if we are unable to use the most advanced commercially available technology, our business, financial condition, and results of operations could be materially adversely affected.

**Risks Related to Alternative Energy Production**

**If existing regulations and policies and future changes to these regulations and policies present technical, regulatory and economic barriers to the use of alternative power sources, which we are unable to overcome, our business may fail.**

The market for renewable power is heavily influenced by foreign, U.S. federal, state and local government regulations and policies concerning the oil and electric utility industry, as well as policies promulgated by fuel companies and electric utilities. These regulations and policies often relate to pricing and technical interconnection of customer-owned electricity generation. In the U.S. and in a number of other countries, these regulations and policies are being modified and may continue to be modified. Further investment in the research and development of alternative energy sources could be deterred by these regulations and policies, which could result insufficient capital for the Company. Any new government regulations or utility policies pertaining to our industry may result in significant additional expenses to the end user and, as a result, could cause a significant reduction in demand for our services.

**If a reduction or elimination of government and economic incentives occurs, our revenue would likely decline and our financial condition would be materially, negatively impacted.**

Today, the cost of solar, wind, and other eco-friendly power exceeds retail electric rates in many locations. As a result, federal, state and local government bodies have provided incentives in the form of feed-in tariffs, rebates, tax credits and other incentives to end users, distributors, system integrators and manufacturers of alternative power products to promote the use of alternative energy in on-grid applications and to reduce dependency on other forms of energy. These government economic incentives could be reduced or eliminated altogether. Reductions in, or eliminations or expirations of, governmental incentives could result in lower revenues for our businesses, which have a material negative impact on our business.

**Risks Related to Oil and Gas Pipeline Construction**.

**We must either obtain the right from landowners or exercise the power of eminent domain in order to use most of the land on which the pipelines are laid, and we are subject to the possibility of increased costs to retain necessary land use.**

Frequently, when we contract to construct a pipeline, we agree to secure the right of way on land to lay the pipeline. If we are unable to negotiate a right of way with a landowner, then, unless eminent domain is available, we may have to significantly alter the course of the pipeline, thus leading to increased costs and a corresponding loss of profitability.

Whether we have the power of eminent domain for our pipelines, other than interstate natural gas pipelines, varies from state to state depending upon the type of pipeline—petroleum liquids, natural gas or carbon dioxide—and the laws of the particular state. Interstate natural gas pipelines have federal eminent domain authority. In either case, we must compensate landowners for the use of their property and, in eminent domain actions, such compensation may be determined by a court. If the court awards an amount to the landowner in excess of what we had contracted with the party we were building the pipeline for, then our profitability could be negatively affected and the business may fail.

**Energy commodity transportation involves numerous risks that may result in accidents or otherwise adversely affect operations.**

There are a variety of hazards and operating risks inherent to natural gas transmission and storage activities, and refined petroleum products and carbon dioxide transportation activities—such as leaks, explosions and mechanical problems that could result in substantial financial losses. In addition, these risks could result in loss of human life, significant damage to property, environmental pollution and impairment of operations. For pipeline located near populated areas, including residential areas, commercial business centers, industrial sites and other public gathering areas, the level of damage resulting from these risks could be greater. If a leak, explosion or mechanical problem were the result of our faulty construction, then we may be subject to liability for pollution or hazards against which we cannot adequately insure or for which we may elect not to insure. Incurring any such liability may have a material adverse effect on our financial position and operations.

**Risks Related to Management**

**If We Are Unable to Retain the Services of Our Present Management or If We Are Unable to Successfully Recruit Qualified Managerial and Field Personnel Having Experience in Oil Exploration, We May Not Be Able to Continue Our Operations.**

Our success depends to a significant extent upon the continued services of our current management. Loss of their services could have a material adverse effect on our growth, revenues, and prospective business. In addition, in order to successfully implement and manage our business plan, we will be dependent upon, among other things, successfully recruiting qualified managerial and field personnel having experience in the oil and gas exploration, drilling, alternative energy and oil and gas pipeline construction business. Competition for qualified individuals is intense. There can be no assurance that we will be able to find, attract and retain existing employees or that we will be able to find, attract and retain qualified personnel on acceptable terms.

**Because Our Articles of Incorporation and Bylaws and Nevada Law Limit the Liability of Our Officers, Directors, and Others, Shareholders May Have No Recourse for Acts Performed in Good Faith.**

Under our articles of incorporation, bylaws and Nevada law, each of our officers, directors, employees, attorneys, accountants and agents are not liable to us or the shareholders for any acts they perform in good faith, or for any non-action or failure to act, except for acts of fraud, willful misconduct or gross negligence. Our articles and bylaws provide that we will indemnify each of our officers, directors, employees, attorneys, accountants and agents from any claim, loss, cost, damage liability and expense by reason of any act undertaken or omitted to be undertaken by them, unless the act performed or omitted to be performed constitutes fraud, willful misconduct or gross negligence.

**Our executive officers have significant influence over our affairs, and might cause us to engage in transactions that are not in our or our stockholders' best interests.**

In addition to managing us, our executive officers provide advice on our operating policies and strategies. Our executive officers may also cause us to engage in future transactions with them and their affiliates, subject to the approval of, or guidelines approved by, the Board of Directors. Our Board of Directors, however, consists of three of our executive officers. Accordingly, our executive officers have significant influence over our affairs, and may cause us to engage in transactions, which are not in our best interest.

We anticipate that our business strategy moving forward will be the acquisition of oil and gas, development of alternative energy sources, performance of drilling services for third parties seeking oil and gas and construction of oil and gas pipelines. However, our executive officers will have considerable discretion in the direction of our company, and individual shareholders will not have the opportunity to assess whether our funds are being used appropriately. Corporate funds may be used for corporate purposes that do not increase our operating results or market value, and until they are used, they may be placed in investments that do not produce income or that lose value.

**Risks Related to Our Securities**

**Because we do not Expect to Pay Dividends on the Common Stock for the Foreseeable Future, Investors Seeking Cash Dividends Should Not Purchase our Common Stock.**

We do not currently intend to pay cash dividends on our common stock and do not anticipate paying any dividends at any time in the foreseeable future. We currently intend to retain future earnings, if any, to finance the expansion of our business. As a result, we do not anticipate paying any cash dividends on the common stock 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 own common stock after price appreciation, which may never occur, as the only way to realize gains on their investment. Investors seeking cash dividends should not purchase the common stock.

**Because we are Subject to the "Penny Stock" Rules, the Level of Trading Activity in our Stock may be Reduced.**

Broker-dealer practices in connection with transactions in "penny stocks" are regulated by penny stock rules adopted by the Securities and Exchange Commission. Penny stocks generally are equity securities with a price of less than $5.00 (other than securities registered on some national securities exchanges or quoted on Nasdaq). The penny stock rules require a broker-dealer, prior to a transaction in a penny stock not otherwise exempt from the rules, to deliver a standardized risk disclosure document that provides information about penny stocks and the nature and level of risks in the penny stock market. The broker-dealer also must provide the customer with current bid and offer quotations for the penny stock, the compensation of the broker-dealer and its salesperson in the transaction, and, if the broker-dealer is the sole market maker, the broker-dealer must disclose this fact and the broker-dealers' presumed control over the market, and monthly account statements showing the market value of each penny stock held in the customer's account. In addition, broker-dealers who sell these securities to persons other than established customers and "accredited investors" must make a special written determination that the penny stock is a suitable investment for the purchaser and receive the purchaser's written agreement to the transaction. Consequently, these requirements may have the effect of reducing the level of trading activity, if any, in the secondary market for a security subject to the penny stock rules, and investors in the common stock may find it difficult to sell their shares.

**If a Substantial Number of Shares are Sold, the Market Price for Our Common Stock Could Decline.**

If any of our stockholders sells substantial amounts of our common stock in the public market, the market price of our common stock could fall. In addition, such sales could create the perception of difficulties or problems with our business strategy. As a result, these stock sales also might make it more difficult for us to sell equity or equity-related securities in the future at a time and price that we deem appropriate.

**Because the Company has issued 1,000,000 shares of Series A Preferred stock shares that carry 1000-1 voting rights and approximately 59.22% of the shares of outstanding common stock of the Company, on a fully diluted basis, to Claymore Consulting, LLC and Ty Energy, LLC, the control of the Company will be concentrated in the hands of two parties**. .

The level of control exercised by Claymore and Ty will enable these parties to elect our entire board of directors without the concurrence of any of our other shareholders. Accordingly, they are in a position to control our policies, management and affairs. Thus any purchaser of a common share of stock of the Company should expect that such share will not entitle him to any meaningfully voting say in the Company's matters.

**If we issue shares of preferred stock with superior rights than the common stock registered in this prospectus, it could result in a decrease in the value of our common stock and delay or prevent a change in control of us.**

Our board of directors is authorized to issue up to 11,000,000 shares of preferred stock. Our Board of Directors has the power to establish the dividend rates, liquidation preferences, voting rights, redemption and conversion terms and privileges with respect to any series of preferred stock. The issuance of any shares of preferred stock having rights superior to those of the common stock may result in a decrease in the value or market price of the common stock. Holders of preferred stock may have the right to receive dividends, certain preferences in liquidation and conversion rights. The issuance of preferred stock could, under certain circumstances, have the effect of delaying, deferring or preventing a change in control of us without further vote or action by the stockholders and may adversely affect the voting and other rights of the holders of common stock.

**<u>The nature and extent of the issuer's facilities as filed</u>**

Clearly describe the assets, properties or facilities of the issuer, give the location of the principal plants and other property of the issuer and describe the condition of the properties. If the issuer does not have complete ownership or control of the property (for example, if other also own property or if there is a mortgage on the property), describe the limitations on the ownership.

If the issuer leases any assets, properties or facilities, clearly describe them as above and the terms of their leases.

1. Master Lease Agreement between Varilease Finance, Inc., and the Company and amendment to lease. The Company leased equipment totaling $1,150,000 in value with attached equipment list. The equipment was sold and the lease was settled for $344,700.00 in payment of $25,000 a month.

2. The company has a secured note with Ayuda Funding and has entered into a forbearance agreement and has paid the balance down to $231.541.46 and continues to make a minimum of $50,000 a month against the debt.

3. The settled note and agreement with Energy Group of America, inc., the paid note and settlement agreement with the attached equipment list.

4. The Company has options to purchase 1) additional oil and gas leases and 2) land to produce wind power. However, the Company is still seeking funding to complete these contracts, and as a result does not want to disclose the location of the oil and gas leases and wind producing land. The Company is concerned that the release of such information would cause substantial harm to its competitive position as it feels that a third party competitor may attempt to interfere with its current contractual rights to the land. Further, the Company believes that it is proper to not disclose the options at this time

as such options are regularly kept confidential in the energy development industry. If the Company exercises the options, then it will disclose the agreements.

The foregoing summary descriptions of certain terms and conditions of items described in this disclosure are necessarily incomplete and are qualified in their entirety by the full terms of the respective contracts, copies of which are attached hereto.

**Management's Discussion and Analysis or Plan of Operation**

Plan of Operation for the Next Twelve Months

The Company presently lacks the capital necessary to implement its full business plan over the next twelve months. It is the Company's intention to focus in the short term on raising capital.

The Company hopes to generate the capital necessary to implement its business plan through the sale of its common stock and the issuance of debt in private placements. In addition, the Company is currently negotiating contracts 1) to provide drilling services for third parties drilling for oil and gas, 2) to construct oil and gas pipelines for third parties seeking to transport oil and gas and 3) to acquire operating leases to rework to increase production and create new revenues for the Company. If the Company is successful in obtaining such contracts, it anticipates that it will be able to obtain the financing necessary to perform such agreements by factoring or other commercial financing transactions. There can be no assurance that the Company will be successful in these efforts. Off-Balance Sheet Arrangements: none.

## ITEM V. LEGAL PROCEEDINGS.

To the best of our knowledge, during the past five years, none of the following occurred with respect to our present or former director, executive officer, control person or employee: (1) any bankruptcy petition filed by or against any business of which such person was a general partner or executive officer either at the time of the bankruptcy or within two years prior to that time; (2) any conviction in a criminal proceeding or being subject to a pending criminal proceeding (excluding traffic violations and other minor offenses); (3) being subject to any order, judgment or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, permanently or temporarily enjoining, barring, suspending or otherwise limiting his or her involvement in any type of business, securities or banking activities; and (4) being found by a court of competent jurisdiction (in a civil action), the SEC or the Commodities Futures Trading Commission to have violated a federal or state securities or commodities law, and the judgment has not been reversed, suspended or vacated.

## Item VI. DEFAULTS UPON SENIOR SECURITIES.

**1.** On January 8, 2010 the Company entered into a note with Ayuda Funding Group, LLC in the amount of $385,000 at 15% interest, the note became due in April of 2010, this retired the original note made by Ayuda for $100,000. In connection with this new note the Company also agreed to pay a royalty on it oil and gas lease owned by Envirotek Fuel Systems, Inc. in the amount of 7.5% of its net revenue or a minimum of $7,500 a month. The Company negotiated a forbearance agreement with Ayuda in February, 2011 and the company had agreed to make payment of $59,700,000 starting in April. The Company's most recent plan calls for monthly payments of $50,000 starting in June until this debt is satisfied.

**2.** On January 7, 2009, before the acquisition on April 24, 2009, the Company entered into five and three year leases with Verilease Financing, Inc. for drilling and oil field equipment in the amount of $800,000 and $285,362, respectively. The monthly payments for these leases began on June 15, 2009 and were for interest-only amount of $5,846 in total. As of November 15, 2009, the monthly payments for each lease will be for $17,812 and $4,100 respectively. Each lease carries 12.5% interest per annum and includes a balloon payment due upon the end of each lease. The Company has sold the equipment leased canceling these terms and is negotiating a settlement of $344,700.00. The company has agreed to pay $25,000 a month until this debt is paid the company is $75,000 in arrears.

## Item VII. OTHER INFORMATION.

**NONE**

## Item VIII. EXHIBITS AS FILED.

A. Material Contracts.

1. On January 15, 2009, before the merger on April 24, 2009, CAVU Resources, Inc. entered into a convertible demand promissory note with Energy Group of America, Inc. for $400,000, in connection with the purchase of drilling equipment. The convertible demand promissory note is due in full on September 12, 2009 and carries interest at an annualized rate of 8%. Energy Group of America, Inc. was also granted conversion rights to convert negotiated amounts of the convertible demand promissory note at any time and at a negotiated conversion price per share of the Company's common stock. On December 14, 2009, February 2, 2010 and June 24, 2010, Energy Group of America, Inc. elected to convert into shares of the Company's common stock. On October 11, 2010 Energy Group agreed to settle the outstanding balance of $393,559 and cancel any outstanding an agreement for $150,000, the Company has paid the balance down to $85,000. A copy of this note is attached hereto as Exhibit VIII-1.

2. On January 8, 2010 the Company entered into a note with Ayuda Funding, LLC in the amount of $385,000 at 12% interest, the note became due in April of 2010 and The Company also agreed to pay a royalty on it oil and gas lease owned by Envirotek Fuel Systems, Inc. in the amount of 7.5% of its net revenue or a minimum of $7,500 a month. The Company has negotiated a forbearance agreement and bought back the Royalty for $864,500 from Ayuda Funding, LLC and will begin making payments of $75,000 a month until this debt is satisfied. The company entered into a forbearance agreement in February and the company plans to begin making payments in April. The agreements are hereto attached as Exhibit VIII-2

3. On January 7, 2009, before the acquisition on April 24, 2009, the Company entered into five and three year leases with Verilease Finance, Inc. for drilling and oil field equipment in the amount of $800,000 and $285,362, respectively. The monthly payments for these leases began on June 15, 2009 and were for interest-only amount of $5,846 in total. As of November 15, 2009, the monthly payments for each lease will be for $17,812 and $4,100 respectively. Each lease carries 12.5% interest per annum and includes a balloon payment due upon the end of each lease. The equipment was sold and the lease was settled for $344,700.00 with payments of $25,000 a month beginning May 15, 2011. The agreements are hereto attached as Exhibit VIII-3.

4. The settlement agreement with Surge Global Energy, Inc. On November 15, 2010 the company entered into an agreement to settle the disputed contract between Mandalay Energy Resources, LLC and Surge Global Energy, Inc. for $130,000. The agreements are hereto attached as Exhibit VIII-4.

5. On November 30, 2010 and on various dates up through June 1, 2011 the company amended and entered into agreements to sell its stock in its 100% owned subsidiary Envirotek Fuel Systems, Inc. for $2,500,000. The agreement called for $300,000 to be paid down and applied to secured lenders and the balance to paid in the form of a demand note for $2,200,000. The transaction was closed and the sale of the stock and the transfer of ownership closed on June 1, 2011. The company is also obligated to pay a 10% finder's fee to private parties that introduced the transaction. The agreement is attached hereto as Exhibit VIII-5.

6. On March 20, 2010 the Company entered into a note to borrow $80,000.00 from James Stock. The note calls for a $5,000 a month payment with a balloon payment on June 30th, 2011. $50,000 of this note was converted in 2,500,000 shares of common stock on August 19, 2011. The note is attached hereto as Exhibit VIII-6.

A1. Consulting and Employment Agreements between the Company and officers and operators of the Company and/or entities providing officers of the Company to provide services.

1. Employment contract of William C. Robinson as the Chief Executive Officer, President, Chief Operating Officer and sole director of the Company. This contract is attached hereto as Exhibit VIII-A1.

2. Employment contract of Desai V. Robinson as the Treasure and Chief Information Officer of the Company. This contract is attached hereto as Exhibit VIII-A2.

3. Resources Unlimited NW, LLC, will provide Michael Sheikh as a consultant and the chief financial officer of the company. Mr. Sheikh also is the owner of this Limited Liability Company. The contract is attached hereto as Exhibit VIII-A3.

**The foregoing summary descriptions of certain terms and conditions of certain material contracts listed in Item VIII are necessarily incomplete and are qualified in their entirety by the full terms of the respective contracts, copies of which are attached hereto.**

## Item IX. Issuer's Certifications.

The issuer shall include certification by the chief executive officer of the issuer (or any other persons with different titles, but having the same responsibilities).

I, William Robinson, certify that:

1. I have reviewed this annual disclosure statement of CAVU Resources, Inc.;

2. Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement: and

3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in al material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

Date: September 12, 2011

/S/

William Robinson
President/Chief Executive Officer