

CRUX RESOURCE MANAGEMENT, LLC
(“*Crux*”)

FORM ADV, PART 2A
(the “*Brochure*”)

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This Brochure provides information about the qualifications and business practices of Crux Resource Management, LLC. If you have any questions about the contents of this brochure, please contact us at (303) 396-8751. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (“*SEC*”) or by any state securities authority. Additional information about Crux also is available on the SEC’s website at www.adviserinfo.sec.gov. Crux may refer to itself as a “registered investment adviser” or “*RIA*”. You should be aware that registration with the SEC or a state securities authority does not imply a certain level of skill or training.

Important Note About This Brochure

This Brochure is not:

- an offer or agreement to provide advisory services to any person;
- an offer to sell interests or a solicitation of an offer to purchase interests in any investment product or vehicle advised by Crux;
- a complete discussion of the features, risks or conflicts associated with any account advised by Crux; or
- to be relied on in determining whether to invest in a Private Fund (as defined herein) or establish an advisory relationship with Crux.

As required by the Investment Advisers Act of 1940, as amended (the “***Advisers Act***”), Crux provides this Brochure to current and prospective clients and may also, in its discretion, provide this Brochure to current or prospective investors in a Private Fund, together with other relevant offering materials, prior to, or in connection with, such persons’ establishment or consideration of a client relationship or an investment in a Private Fund.

Persons who receive this Brochure (whether or not from Crux) should be aware that it is designed solely to provide information about Crux as necessary to respond to certain disclosure obligations under the Advisers Act. Therefore, the information in this Brochure may differ from information provided in the materials that govern an account or investor relationship such as an advisory contract or a Private Fund’s Governing Documents (as defined below).

More complete information about each Private Fund, as well as Crux’s investment management services in general, is included in relevant Governing Documents, certain of which may be provided to current and eligible prospective clients or Investors (as defined below) only by Crux or another designated party. To the extent that there is any conflict between discussions herein and similar or related discussions in any Governing Documents, the relevant Governing Documents shall govern and control.

In no event should this Brochure be considered to be an offer of interests in a Private Fund or relied upon in determining to invest. It is also not an offer of, or agreement to provide, advisory services directly to any recipient.

ITEM 2: MATERIAL CHANGES

This is the initial version of the Firm's Brochure.

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ITEM 4: ADVISORY BUSINESS

Firm Overview

Crux Resource Management, LLC, a Delaware limited liability company (“**Crux**,” “**we**,” “**our**” or “**us**”), was organized in 2017. We will provide investment management and other services to private pooled investment funds, including currently Crux Resources Fund I-A, LP, any parallel vehicle, and any future funds as established, (the “**Funds**”), with respect to direct and/or indirect investments in oil and natural gas properties and assets, including working interests and net profits interests.

Our investment advice is provided in accordance with the investment objectives and strategies described in the applicable offering and Governing Documents of the Funds, and the information in this brochure is qualified in its entirety by the information set forth in such documents.

Crux Resources Fund I GP, LLC, also a Delaware limited liability company, (the “**General Partner**”) will rely on our investment adviser registration instead of separately registering as an investment adviser with the Securities and Exchange Commission (the “**SEC**”). See **Item 10**. Except as the context otherwise requires, any reference to “we,” “us,” or “our” in this document includes Crux Resource Management, LLC and any affiliates relying on our registration.

Principal Owners

Crux Resources, LLC is the sole owner and manager of Crux and the relying adviser, and is owned by Marvin Wesley Schrader and Gregory Allen Way, (the “**Founders**”) who serve as the Board of Managers.

Types of Advisory Services

We provide investment management and supervisory services to the Fund with respect to direct and/or indirect investments in oil and natural gas properties, including working interests, net profits interests and related assets. We also provide advisory services with respect to derivatives and other financial instruments in an attempt to offset risks relating to fluctuations in oil and natural gas prices. We do not provide investment advice with respect to any other types of investments that may be deemed to be securities for purposes of the Advisers Act. We and/or our affiliates have full discretionary power and authority with respect to the investment of each Fund’s assets, including the location, acquisition, management and liquidation of investments. Crux Operating, LLC (the “**Operator**”) generally serves as the named operator of oil and gas properties, including certain working interests owned by the Funds (and from which net profits interests are carved).

Nature of Crux’s Clients and Investors

We provide investment management services solely with respect to the Funds. Crux does not have a separate client relationship with investors in the Funds, which are referred to throughout this Brochure as “**Investors**.” The Funds are typically U.S. limited partnerships or limited liability companies (“**Private Funds**”) that are not registered or required to be registered under the U.S. Investment Company Act of 1940 (the “**Investment Company Act**”) or the U.S. Securities Act of 1933 (the “**Securities Act**”) and are privately placed to qualified investors in the United States and elsewhere. See, also **Item 7 below**. Investors in the Funds are typically domiciled in the U.S. and include public and private defined benefit retirement plans, endowments and foundations, family offices, wealth management firms, healthcare entities, financial institutions and high net worth individuals that are accredited investors and qualified clients.

No Investor or prospective Investor should look to us or our affiliates for advice regarding any of its own investment decisions, including any decision to invest in the Funds. Accordingly, we treat the Funds, and not any of the investors in the Funds, as our “clients” for purposes of the Advisers Act and other

applicable laws and regulations, to the extent permitted under such laws. Among other things, this generally means that disclosures required to be made by us to our clients are made to the Funds, and not to the Investors, and that necessary consents may be given by us and/or our affiliates on behalf of the Funds and their Investors. **See Item 8 below.**

Investment Mandates & Restrictions

We provide investment advice to each Fund in accordance with the investment objectives, strategies and guidelines as set forth in the relevant Fund's private placement memorandum, organizational documents and other related documents (collectively "***Governing Documents***") or investment agreement, and in all cases investments are selected on the basis of the Client's investment needs and objectives.

The Funds are not tailored to the individualized needs of any particular Investor, though certain Funds may take into consideration the general characteristics (*e.g.*, tax status) of its target Investors when structuring its operations. An investment in a Fund does not, in and of itself, create an advisory relationship between the Investor and Crux and Crux typically does not enter into separate advisory arrangements with any Investor. Therefore, each Investor must consider for itself whether any Fund meets the Investor's investment objectives and risk tolerance before investing in the Fund. Information about each Fund is set forth in its Governing Documents, which will be available to current and eligible prospective Investors only through Crux or another authorized party.

Assets Under Management

As of March 16, 2017 we had no regulatory assets under management.

ITEM 5: FEES AND COMPENSATION

In consideration of our services, we generally receive management fees, and we and/or certain of our affiliates are entitled to receive carried interest distributions, with respect to the Funds. While such fees, carried interest distributions and expenses are described in detail in the applicable Fund governing and offering documents, a general summary of our basic fee schedule is set forth below. Our advisory fees with respect to the Funds generally are not negotiable. We and/or our affiliates have entered and may enter into side agreements with certain Investors that provide such Investors with preferential terms or rights, including reduced fees.

Management Fees & Fee Offsets

With respect to each Fund, we generally are entitled to receive an annual management fee, as set forth in the applicable Governing Documents of each Fund, payable with respect to each calendar quarter in advance, as follows:

- (a) During the investment period, the management fee ranges from 1.75% to 2.25% per annum of the aggregate commitments of Investors (other than affiliated partners); and
- (b) After the end of the investment period, the management fee generally will be based on the lesser of: a) capital contributions used to fund the cost of portfolio investments that have not been disposed of, written-off or written down by at least 90%; and b) the unrealized value of portfolio investments as set forth in the Fund's most recent quarterly report to Investors.

Pursuant to the terms set forth in Fund Governing Documents, Crux may elect to forego all or any portion of the management fee in exchange for an interest in the Fund. Moreover, management fees shall be reduced, but not below zero, by:

- (a) Placement Fees paid or payable by the Fund;
- (b) Excess Organizational Expenses, as defined in Fund Governing Documents; and
- (c) Fee income received by Crux or an affiliate with respect to any Portfolio Investments, as described in Fund Governing Documents.

Carried Interest Distributions

Following a return of capital contributions to Investors and after each Investor has received distributions sufficient to provide it with a preferred rate of return on its capital contribution(s), we or certain of our affiliates generally are entitled to receive carried interest distributions equal to a percentage (typically 20%) of distributable cash of each Fund. Upon liquidation of a Fund, we or our affiliates generally are required to return to the Fund (for distribution to each Investor) any amount by which the cumulative distributions to all Investors (on an aggregate basis) has not caused each Investor to receive an amount equal to the aggregate capital contributions made by such Investor plus the preferred rate of return on such Investor's capital contributions (subject to certain limitations).

Operating Fees

Our affiliated Operator generally acts as the operator of each Fund's oil and gas properties in accordance with the Governing Documents for each Fund and pursuant to a Joint Operating Agreement. Under such agreement, the costs, expenses and liabilities that in the good faith judgment of the General Partner are incurred by or arise out of the operation and activities of the Fund, including direct expenses such as the charge to the Fund for the use of the General Partner's or the Manager's consultants, geologists, geophysicists, engineers and other professionals employed or retained by the General Partner, the Manager or their Affiliates as well as title insurance or examination costs, deposits and commitments fees, travel expenses to visit the physical location of a Portfolio Investment or a field location, broker's

commissions, third party due diligence expenses, filing fees, recording costs, and transfer and sales taxes, if any, and other similar costs. Operating Fees are not subject to any management fee offset.

Payment of Fees

Management fees are payable by Investors quarterly, in advance, as of the first day of each calendar quarter. We or our affiliate have the discretion to pay management fees from capital contributions drawn for such purpose, proceeds received in respect of any investments or any other funds or other assets determined by us or our affiliates to be available. In the event that a Fund is dissolved or our advisory services are terminated prior to the end of any calendar quarter, then a proportionate amount of any unearned management fees will be refunded to the applicable Investor(s).

Carried interest distributions are distributed from the distributable cash and/or proceeds of the Fund to certain Investors and us or our affiliate at least quarterly (following a return of capital and a preferred rate of return to Investors).

Other Expenses

In addition to the Management Fee, each Fund is responsible for the costs, expenses and liabilities that in the good faith judgment of the General Partner are incurred by or arise out of the operation and activities of the Fund (“***Fund Expenses***”). If any fees, costs or expenses are incurred jointly for any Fund, and/or any other account or parallel entity sponsored or managed by Crux or our affiliates, those expenses will be allocated among such Funds or entities in a manner as we reasonably determine to be fair and equitable under the circumstances. Partnership Expenses are described more fully in the Fund’s Governing Documents but generally may include the following:

- **Organizational Expenses** – all costs and expenses incurred in connection with the formation and organization of, and sale of interests in, the Fund and the Related Investment Funds, as determined by the General Partner, including all Placement Fees and all out-of-pocket legal, accounting, printing, travel and filing fees and expenses. As noted above, Management Fees are generally offset by the amount of any organizational expenses in excess of an amount designated for each Fund in Fund Governing Documents.
- **Operating Expenses** – the costs, expenses and liabilities that in the good faith judgment of the General Partner are incurred by or arise out of the operation and activities of the Fund, including: (a) Acquisition Costs; (b) Lease Operating and Production Costs; (c) Midstream Operating Costs; (d) the Management Fee; (e) the fees and expenses relating to Portfolio Investments (including (i) direct expenses such as the charge to the Fund for the use of the General Partner’s or the Manager’s consultants, geologists, geophysicists, engineers and other professionals employed or retained by the General Partner, the Manager or their Affiliates as well as title insurance or examination costs, deposits and commitments fees, travel expenses to visit the physical location of a Portfolio Investment or a field location, broker’s commissions, third party due diligence expenses, filing fees, recording costs, and transfer and sales taxes, if any, and other similar costs, (ii) during the Due Diligence Phase, headquarter travel costs of the General Partner, headquarter travel costs of the Manager, and any third party costs relating to the potential Portfolio Investment), proposed but unconsummated investments, except as provided in clause (iii) of the definition of Manager Expenses, and Temporary Investments, including the evaluation, acquisition, holding, valuation and disposition thereof, to the extent that such fees and expenses are not otherwise reimbursed by any third Person; (f) premiums for insurance protecting the Portfolio Investments, the Fund and any Covered Persons from liabilities to third Persons in connection with Fund affairs; (g) third party legal, custodial and auditing expenses, including expenses associated with the preparation of the Fund’s financial statements, tax returns and Schedule K-1s and the representation of the Fund or the Partners by the tax matters partner; (h) accounting (during the Ownership Phase) related to properties or monthly operational reports, but not

including preparation of quarterly GAAP financial statements for the Fund, banking, engineering, legal and consulting expenses; (i) appraisal expenses; (j) expenses related to organizing Persons through or in which Portfolio Investments may be made; (k) expenses of the Advisory Committee; (l) taxes and other governmental charges, fees and duties payable by the Fund; (m) Damages (subject to the General Partner's indemnification obligations set forth in Fund Governing Documents); (n) costs of any Partner meetings; (o) costs of winding up and liquidating the Fund; (p) Hedge Costs; (q) litigation and indemnification expenses which are the obligation of the Fund hereunder (including, without limitation, amounts paid in satisfaction of judgments, in compromise or as fines or penalties, and counsel fees and expenses incurred in connection with the preparation for or defense or disposition of any investigation, action, suit, arbitration or other proceeding), and uninsured losses; (r) third party advisor expenses of the Advisory Committee; and (s) reporting costs specifically identified as Fund Expenses in Fund Governing Documents; but, in all cases, not including Organizational Expenses or Manager Expenses.

Crux is responsible for the costs and expenses incurred by the Manager in providing for its and the General Partner's normal operating overhead ("**Manager Expenses**"), including, but not limited to: (a) salaries (including benefits) and other forms of compensation of the Manager's employees, rent, occupancy costs, utilities and other expenses incurred in maintaining the Manager's place of business; (b) all costs and expenses of the General Partner and the Manager during the Acquisition Phase of a potential Portfolio Investment, including for the avoidance of doubt, all time and travel related to the acquisition of the Portfolio Investment; (c) during the Due Diligence Phase of an unconsummated Portfolio Investment, all headquarter time of both the General Partner and the Manager; (d) during the Ownership Phase of a Portfolio Investment, all headquarter costs of both the General Partner and the Manager, including for the avoidance of doubt, Fund accounting and preparation of unaudited financial statements, quarterly Fund reporting, and travel costs of headquarter personnel related to Fund and Related Investment Fund management; (e) during the Acquisition Phase, the time actually spent on Fund and Related Investment Fund management by the Vice President of Engineering and the Vice President of Marketing of the Manager; and (f) reporting costs set forth as Manager Expenses including Fund Governing Documents; but not including Organizational Expenses or Fund Expenses, *provided however*, that Manager Expenses shall not include direct expenses of the type set forth in the definition of Fund Expenses.

Investors are charged for Fund Expenses through a capital call or through a deduction from available cash held by the Fund, as selected by Crux. Crux discloses certain information about the amount and nature of Fund Expenses in capital call notices and Fund financial statements. In addition, pursuant to Fund Governing Documents, Crux will generally provide to the Advisory Committee an Annual Budget for the operation of the Fund setting forth the anticipated income, operating expenses, ad valorem and production taxes and capital expenditures on a Fund basis for the ensuing year, including reasonable detail regarding each Portfolio Investment in which the Fund has an interest in an amount greater than \$3,000,000, and in the aggregate for those Portfolio Investments totaling less than \$3,000,000. The Annual Budget shall specifically identify costs and expense to be paid to the General Partner (and any affiliate of the General Partner) and shall identify amounts that the General Partner proposes to pay to third parties.

ITEM 6: PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

As noted above, the Funds generally pay Carried Interest or performance-based fees to Crux that are tied to the performance of the relevant Fund. Crux's receipt of performance-based fees raises certain conflicts of interest, which are described below.

Performance-based fees and other arrangements where the incentive to achieve gains may exceed the disincentive to suffer losses may cause Crux to choose investments that are riskier or more speculative than might otherwise have been chosen. Certain of our individual employees, agents and affiliates may be compensated to some extent based upon investment profits for which they are responsible and, accordingly, may face the same potential conflict. The method of calculating the carried interest may result in conflicts of interest with respect to the management and disposition of investments, including the sequence of dispositions.

The performance-based fees paid by one Fund may differ from the performance-based fees paid by another Fund. Such differences in fee structure could theoretically incent Crux to favor one Fund over another in its investment allocations. This potential conflict is mitigated by a requirement that 75% of the aggregate capital commitments of a Fund be invested or reserved for follow-on investments and payment of organizational expenses and fund expenses before sponsoring a successor fund. As such, and generally only one Fund will be in its Investment Period, as defined in Fund Governing Documents, or making new investments at a time.

To mitigate these conflicts, Crux management has invested or will invest substantial personal funds in the Funds and Crux's policies and procedures seek to provide that investment decisions are made in accordance with the fiduciary duties owed to the Clients and without consideration of Crux's (or its personnel's) pecuniary, investment or other financial interests. We further attempt to address these conflicts through full and fair disclosure in the applicable offering and Governing Documents and/or this brochure.

ITEM 7: TYPES OF CLIENTS

We provide investment management services only with respect to our affiliated private pooled investment vehicles, our sole advisory clients. We do not provide investment management services to any other types of clients.

As noted above, Investors in the Funds are generally institutional investors and certain high net worth investors that are “accredited investors,” “qualified clients” and “qualified purchasers” (if required pursuant to the Fund’s exemption), as such terms are defined in the Securities Act, and the Investment Company Act, and the rules promulgated thereunder.

The Funds have a specified minimum investment as set forth in their Governing Documents. This minimum investment is subject to discretion, and Crux or its affiliates may permit investments of a smaller amount generally or with respect to any Investor.

ITEM 8: METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

Following is a summary of the investment strategies and risks involved in Crux's investment activities. Investors and potential Investors should review the applicable Governing Documents for the particular Fund(s) in which they are considering investing for a more comprehensive discussion of the relevant risks associated with investing in that Fund.

Methods of Analysis and Investment Strategies

The primary investment objective of the Funds is to provide Investors with an attractive return on investment through the acquisition of producing oil and natural gas properties and through follow-on exploitation and development projects. We seek investment opportunities that provide: (i) preservation of the Funds' capital and (ii) potential for appreciation in asset value.

The major elements of our acquisition and exploitation strategy are the following:

- Acquire long-lived U.S. onshore oil and gas properties;
- Apply technical and operating skills to enhance returns; and
- Exit investments within ten years from acquisition.

We focus on acquiring oil and gas assets that (i) are mature producing assets, (ii) involve onshore and inland waters production in the U.S. only, (iii) have not, in our opinion, been fully and efficiently exploited, (iv) have development potential in producing zones other than the currently producing zones, (v) have potential in addition to current production for development of oil and gas using conventional or "unconventional" techniques (e.g., shale gas, liquids-rich shale, tight sands, coal bed methane, horizontal and underbalanced drilling) and (vii) provide decline rates that are relatively low and that have a reasonable degree of predictability. We believe these characteristics present attractive investment opportunities for the Funds and lend themselves to our strengths and expertise. In addition, we focus on acquiring operated oil and gas assets and, where applicable, related midstream infrastructure assets. Operated assets are those assets that permit us to act as the named operator and to control the day-to-day management and capital expenditures of the acquired oil and gas asset, in contrast to non-operated properties, where the operations are largely controlled by a third party. Certain Funds may also invest to a limited degree in complementary midstream assets.

The investment strategies summarized above are not intended to be comprehensive. For more information regarding our investment strategies, please see the offering document of the applicable Fund.

Certain Risk Factors

There can be no assurance that the Funds will achieve their investment objectives or that an investment in the Funds will be profitable. The Funds' investment strategies involve a substantial degree of risk, including risk of complete loss. Nothing in this brochure is intended to imply, and no one is or will be authorized to represent, that an investment in the Funds is low risk or risk free. The Funds' investment strategies and programs are appropriate only for sophisticated persons who fully understand and are capable of bearing the risks of investment. Prospective Investors should consider the following risks, among others, before making any investment decisions. The various risks outlined below are not the only risks associated with these investment strategies and processes. The following risks are qualified in their entirety by the risks set forth in the Funds' offering documents.

Industry Risks

Risk of Oil and Gas Investments. Investments in oil and gas assets are subject to various risks, including adverse changes in commodity prices, adverse geological conditions, changes in availability of debt

financing, changes in interest rates, production tax rates and other operating expenses, environmental laws and regulations, other governmental rules and fiscal policies, environmental claims arising in respect of oil and gas assets acquired with undisclosed or unknown environmental problems or as to which inadequate reserves had been established, risks due to dependence on cash flow, as well as acts of God, uninsurable losses and other factors which are beyond the control of us, our affiliates and the Funds.

Volatility of Commodity Prices. The revenues, profitability and future growth of the Fund's investments depend substantially on prevailing prices for crude oil, natural gas, natural gas liquids that are processed from produced natural gas, and any other saleable minerals (all of the preceding are the "Commodities"). Historically, prices for Commodities have been extremely volatile and are likely to continue to be extremely volatile in the future. These prices will affect the amount of cash flow available for distributions and capital expenditures by the Fund, its ability to access additional capital with attractive terms, or at all, the Fund's liquidity, and the quantity and present value of the Fund's reserves. Among the factors outside of the Fund's control that can cause fluctuations in Commodity prices are the domestic and foreign supply of Commodities, the level of demand and inventory levels, the price and availability of alternative fuels, technological advances affecting energy consumption, weather conditions and natural disasters, the price of foreign imports, regional and worldwide economic conditions, currency exchange rates, speculation as to the future price of crude oil and natural gas and the speculative trading of crude oil and natural gas futures contracts, political conditions and the presence of conflicts in oil and gas producing regions, terrorist attacks, and domestic and foreign governmental regulations. Accordingly, any substantial or extended decline in the prices that the Fund receives for production from its oil and gas interests would have a material adverse effect on the Fund's financial condition, liquidity, ability to meet our financial obligations, and our results of operations.

Uncertainty of Reserve and Acquisition Assumptions. Estimating accumulations of oil and gas is complex and is not exact because of the numerous uncertainties inherent in the process. The process relies on interpretations of available geologic, geophysical, engineering and production data. The extent, quality and reliability of this technical data can vary. The process also requires certain economic assumptions, such as Commodity prices, drilling, completing, and operating expenses, capital expenditures, taxes and availability of funds. The actual future production, well life, Commodity prices, drilling, completing and operating expenses, capital expenditures and taxes with respect to a property will most likely vary from the estimates thereof at the time of the acquisition of the property. Any significant variance could materially adversely affect the value and performance of any acquisition by the Fund.

Operating Hazards. The oil and gas business involves a variety of operating risks, including the risk of fire, explosions, blow-outs, pipe failure, casing collapse, abnormally pressured formations, and environmental hazards such as oil spills, gas leaks, ruptures and discharges of toxic gases, the occurrence of any of which could result in substantial losses to the Fund due to injury and loss of life, severe damage to and destruction of property, natural resources and equipment, pollution and other environmental damage, clean-up responsibilities, regulatory investigation and penalties and suspension of operations. Also, the Fund could in some circumstances have liability for actions taken by third parties over which the Fund has no or limited control, including operators of properties in which we have an interest. The occurrence of an uninsured or underinsured loss could result in significant costs that could have a material adverse effect on the Fund's financial condition and liquidity. In addition, maintenance activities undertaken to reduce operational risks can be costly and can require exploration, exploitation, and development operations to be curtailed while those activities are being completed.

Extensive Environmental and Other Regulation. The Fund's operations are subject to, and may be restricted by, extensive federal, tribal, state and local laws and regulations. Under these laws and regulations, the Fund may be liable for personal injuries, property damage, environmental remediation and other damages. Failure to comply with these laws and regulations may result in the suspension or termination of the Fund's operations and subject the Fund to administrative, civil and criminal penalties,

and the costs the Fund incurs in order to comply with such laws and regulations may be significant. There is an inherent risk that the Fund may incur significant environmental costs and liabilities due to the nature of its business. For example, an accidental release from one of its wells, even though the Fund is not the operator, could subject the Fund to substantial liabilities arising from environmental cleanup and restoration costs, claims made by neighboring landowners and other third parties for personal injury and property damage, and fines or penalties for related violations of environmental laws or regulations. Additionally, changes in environmental laws and regulations occur frequently, and any changes that result in more stringent or costly waste handling, storage, transport, disposal, or cleanup requirements could require the Fund to make significant expenditures to maintain compliance, and may otherwise have a material adverse effect on the Fund's earnings, results of operations, competitive position, or financial condition. Changes to the requirements for drilling, completing, operating, and abandoning wells and related facilities could have similar adverse effects on the Fund.

Drilling Permitting Risks. Public interest in environmental protection has increased in recent years, and environmental organizations have opposed, with some success, certain drilling projects. Drilling and development activities may require federal, tribal, state and local review (including environmental reviews) and approvals. Delays in obtaining such approvals or the imposition of onerous conditions on such approvals could have a material adverse effect on the Fund's ability to develop its properties and the value thereof. Furthermore, a critical habitat designation for certain wildlife under the U.S. Endangered Species Act or similar state laws could result in material restrictions to public or private land use and could delay or prohibit land access or development. The listing of certain species as threatened or endangered could have a material adverse effect on our operations in areas where such listed species are found.

Substantial Capital Requirements. A substantial amount of capital is required to acquire, explore for, develop, produce and market oil and gas reserves. Lower Commodity prices or operating difficulties affecting assets acquired by the Fund may result in its cash flow from operations being less than expected and may limit the ability of the Fund to expend the capital necessary to undertake or complete drilling, completing, and development activities unless additional funds are raised through other means including debt and equity offerings, which may not be available with attractive terms or at all due to factors beyond the control of the Fund, including general economic and financial market conditions, Commodity prices, the Fund's credit ratings, interest rates, market perceptions of the Fund or the oil and gas industry, the Fund's market value, and the Fund's operating performance. If the Fund is unable to participate in drilling, completing, and development activities proposed by co-owners in the properties owned by the Fund, it may be subject to nonconsent penalties that may include loss of the Fund's interests or require that all cash flow from the properties be distributed to the participating parties until they have recouped some multiple of their expenditures. There can be no assurance that the Fund will be able to raise or borrow the capital required to continue funding its capital expenditure requirements if they ultimately exceed the capital ultimately funded by this Offering.

Hedging. As part of each Fund's business strategy and to reduce its exposure to the volatility of oil and gas prices, we may, directly or indirectly, hedge a portion of its production. Additionally, we may hedge a portion of the production attributable to a Fund's net profits interests. Physical hedges generally are not permitted. In a typical hedging transaction, a Fund will have the right to receive from the counterparty to the hedge, the excess of the fixed price or range of prices specified in the hedge over a floating price based on a market index, multiplied by the quantity or notional amount hedged. If the floating price exceeds the fixed price or range of prices, the Fund will be required to pay the counterparty the difference multiplied by the quantity or notional amount hedged. The Fund may be required to make such payment regardless of whether the Fund has access to the quantities of oil or gas specified in the hedge or receives sufficient proceeds from the net profits interests to make the payment. Significant reductions in production at times when the floating price exceeds the fixed price or range of prices could require the Fund to make payments under the hedge agreements even though such payments are not offset by sales

and production revenues or production proceeds credited to the net profits account, in which case distributions to Investors would be reduced or eliminated. Hedging will also prevent the Funds from receiving the full advantage of increases in oil or gas prices above the fixed amount or range specified in the hedge. These hedging arrangements also may expose the Funds to risk of financial loss if the other party to any hedging arrangement fails to perform, in which case, distributions to Investors would be reduced or eliminated.

Pipeline Capacity; Shut-in Wells; Delays in Production. The marketability of the Fund's production may depend upon the availability and capacity of oil and gas gathering systems, pipelines, and processing facilities owned and operated by third parties, the effect of federal, tribal, and state regulation of such production and transportation, general economic conditions, and changes in supply due to drilling by other producers and changes in demand, all of which could have a material adverse effect the Fund's ability to market its production and the Commodity prices the Fund receives for its production. Those factors result in basis differentials between published indices generally used to establish the price received for regional production and the actual price the Fund will receive for its production. These differentials are difficult to predict as they are based on market forces outside of the control of the Fund. Furthermore, production from wells drilled in areas remote from midstream and marketing facilities may be delayed until sufficient reserves are established to justify construction of necessary pipelines, processing, and production facilities.

A portion of the Fund's production may be interrupted, or shut in, from time to time as a result of these factors. Curtailments and disruptions in these systems may last from a few days to several months or longer. Any significant curtailment in gathering, processing or pipeline system capacity, significant delay in the construction of necessary facilities, or lack of availability of transport, would interfere with the Fund's ability to market the oil and gas that it produces, and could materially and adversely affect its cash flow and results of operations and the expected results of its operations.

Unavailability of Drilling, Completing, and Related Equipment, Supplies and Materials. Oil and gas exploration and development activities are dependent on the availability of drilling, completing, and related equipment and associated personnel in the particular areas where activities will be conducted. If the overall demand for equipment and associated personnel increases, or access restrictions are imposed, it may materially affect the availability of equipment and associated personnel to the Fund, which could result in a material decrease in the Fund's net production revenue causing a reduction in its oil and gas acquisition, development, and exploration activities.

Delay in Distributions of Revenue. Distribution of revenue may be delayed for substantial periods of time after discovery of hydrocarbons due to unavailability of, or delay in obtaining, necessary material for completion of a well, reduced takes by purchasers due to market conditions, delays in obtaining satisfactory purchase contracts and connections for wells, delays in title opinions, and obtaining division orders and other circumstances.

Third Party Title Claims. The Fund will generally use land consultants to conduct a routine title review before the purchase of oil and gas producing properties to ensure that it is receiving proper title to the interests it is purchasing. Even if the Fund does conduct a title review, such review may not, because of the time available to conduct the review, reliance on prior title reviews prepared by third parties or other reasons, identify all defects in the chain of title to the properties and is no guarantee that defects will not arise to defeat the Fund's title or ownership claim, which could result in a loss of all or part of a property or a material reduction of the revenue received by the Fund.

Scrutiny and Regulation of the Private Equity Industry. There continues to be significant attention paid to, and scrutiny of, the private equity industry in the U.S. and globally. Various federal, state, and local agencies have examined the role of placement agents, finders, and other similar private equity service

providers as well as various conflicts of interest involving fees paid to private equity managers. There can be no assurance that this attention and scrutiny will not have an adverse impact on the Fund or the investments of the Fund.

Operatorship of Assets. In some instances the Fund may acquire interests in oil and gas assets that are operated by third parties out of the Fund's control. The Fund may have made certain financial and operating assumptions as part of its acquisitions about its ability to timely deploy capital to drill new wells or conduct work at existing wells or the cost assumptions associated with any operations. If, however, the Fund is a non-operator, the Fund may have virtually no ability to exercise influence over the operational decisions of its operators, including the setting of capital expenditure budgets and drilling locations and schedules. Dependence on the Fund's operators could prevent the Fund from realizing its target returns for these acquisitions. If an operator is not successful in the development, exploitation, production, and exploration activities related to the Fund's non-operated oil and gas assets, or the Fund is unable or unwilling to perform, the Fund's financial condition and results of operations would be materially adversely affected. Operators will make decisions in connection with their operations that, subject to legal or contractual obligations, may not be in the Fund's best interests. Further, the Fund may face lease termination issues if it is unable to drill wells to maintain its oil and gas leases beyond their primary terms.

Lack of Diversification. The Fund is focused on acquisitions in the Permian, Mid-Continent, Bakken and Rockies regions. However, assets acquired may result in a highly consolidated position in a single basin. This narrower focus would mean that the Fund may be more negatively impacted by factors affecting the oil and gas industry in the specific region where one or more assets may be acquired than if the Fund was diversified across multiple regions in the country. As a result of the narrow focus of the Fund, the Fund may be disproportionately exposed to the effects of regional supply and demand factors, delays or interruptions of production from wells in this area caused by governmental regulation, processing or transportation capacity constraints, market limitations, weather events or interruption of the processing or transportation of Commodities.

Special Risks of the Fund

No Operating History. Although the Founders may have extensive experience investing in and structuring investments of the type contemplated by the Fund, the General Partner, the Parent Company and the Fund are newly formed entities with no operating history upon which to evaluate likely performance.

Speculative Nature of Investment; Investment Suitable Only for Financially Able. The acquisition and development of oil and natural gas reserves involves the possibility of a total loss of an investment in the Fund. Investment is suitable only for Investors who are financially able to withstand a total loss of their investment.

Highly Competitive Market for Investment Opportunities. The activity of identifying, negotiating and closing acquisitions in the energy sector is highly competitive and involves a high degree of uncertainty. There can be no assurance that the Fund will be able to find or complete acquisitions at attractive prices, that any acquisition or any drilling activities will be successful or that the Fund will be able to fully invest the Commitments. The Fund will compete for acquisition opportunities, transport of production and for drilling rigs and other equipment and services, with major and diversified energy companies and large independent energy companies with significantly greater financial, employee and technological resources than the Fund. If the Fund is unable to successfully identify and close on acquisitions, obtain necessary transport, equipment and services at attractive prices and compete against its competitors, its business, prospects, financial condition, and results of operations may be adversely affected.

Limited Number of Investments; Less than Full Subscription; Uncertainty of Future Returns. The Fund may participate in a limited number of acquisitions, and, as a consequence, the aggregate return of the Fund may be substantially affected by the unfavorable performance of a single acquisition. In addition, if less than the maximum amount of subscriptions is accepted by the Fund, the Fund will be able to participate in relatively fewer acquisitions. Consequently, there can be no assurance that the Fund will be able to provide any return on (or return of) investment to its Investors and there can be no assurance as to the degree of diversification that will actually be achieved in the Fund's acquisitions.

Potential Acquisitions Not Yet Identified or Selected; No Opportunity for Investors to Evaluate Potential Acquisitions. The General Partner will review potential acquisitions on an ongoing basis. The General Partner has not selected any particular one(s) for acquisition by the Fund and the Investors will not have an opportunity before purchasing Fund interests to evaluate for themselves the relevant geophysical, geological, economic or other information regarding the potential acquisition(s) to be selected.

Exclusive Reliance upon the General Partner for Management of Fund; Investors May Not Manage. The General Partner will exclusively manage and control all aspects of the business of the Fund and will make all decisions respecting the business of the Fund. The Founders, in their capacity as the owners and managers of the Parent Company, will exclusively manage and control all aspects of the business of the General Partner and will generally make all decisions on behalf of the General Partner with respect to the Fund. If one or all of the Founders is not available, for any reason, the Fund's acquisition program and its operations would be materially adversely affected. The Investors will not take part in the management of the Fund.

Long-Term Investment. Fund interests are not intended to be held as short-term investments. Even if the investment strategy of the Fund proves successful, it is unlikely to produce a realized return to the Limited Partners for a number of years.

Management Fees Payable Notwithstanding Performance. Limited Partners will be required to pay Management Fees, based on each Limited Partner's Invested Capital Contribution, and the payment of such Management Fees are required even if the Fund has not made an investment or experiences net losses in a particular quarter.

Side Letters. The General Partner and the Fund may enter into a side letter or other written agreement with one or more Investors. Such side letter may entitle an investor to make an investment in the Fund on terms other than described in the Fund Agreement or the subscription agreement.

Restrictions on Purchase and Transfer; Lack of Liquidity. Fund interests have not been, nor are they expected to be, registered under the securities laws of any jurisdiction, including the U.S. or any state, and are therefore subject to restrictions on transfer contained in such laws. Investors may not withdraw funds from the Fund, unless withdrawal is required or approved by the General Partner. In certain circumstances, a Limited Partner may be required to withdraw all or a portion of its Fund interests if such Limited Partner's continued participation in the Fund would result in a violation of ERISA or other laws or could otherwise be expected to have a material adverse effect on the Fund. In addition, the Fund is not registered, nor does it expect to register, under the Investment Company Act, which ordinarily provides certain protections to investors and imposes certain restrictions on registered investment companies. In the case of any proposed transfer of Fund interests, the prospective transferee may be required to deliver to the Fund an opinion of counsel satisfactory to the General Partner as to the transferee's compliance with applicable securities laws or other applicable laws. There is no market for the Fund interests and none is expected to develop. There is no commitment by the General Partner, the Fund or anyone else to purchase Fund interests from Investors desiring to sell; however, if withdrawal is required or approved by the General Partner to avoid a violation of ERISA or other laws or to otherwise avoid a material adverse effect on the Fund, the withdrawing Limited Partner will receive an amount from the Fund that is equal to

the fair value of such Limited Partner's withdrawn Fund interest as of the effective date of the withdrawal, as determined by the General Partner.

Liquidity of Fund Investments. Some of the investments that are made by the Fund may lack liquidity. It is unlikely that there will be a public market for the investments held by the Fund at the time of their acquisition. As a consequence, the prices at which the Fund exits an investment may not correspond to the General Partner's targets.

Exculpation and Indemnification of General Partner; No Ability to Remove General Partner. The Fund Agreement will provide for the indemnification and exculpation of the General Partner, persons designated by it, including but not limited to its affiliates and their respective officers, shareholders, directors, members, limited partners, managers, employees, agents and affiliates of the General Partner, from any liability for losses, damages or expenses resulting from General Partner's status as the General Partner of the Fund and such other parties acts or omissions in connection therewith, or General Partner's acts or omissions, or its management of the Fund's affairs absent fraud, gross negligence or willful misconduct. The Limited Partners will not be able to remove the General Partner from its position as General Partner of the Fund except as defined in the Fund Agreement. Accordingly, an Investor may be entitled to a more limited right of action against the General Partner and such other parties in certain circumstances than it would otherwise have absent such limitations. Certain indemnifications for liabilities arising under the securities laws are against public policy and are therefore unenforceable. Certain state securities commissions may also limit or prohibit indemnification for securities laws liabilities.

Financial Capability of the General Partner. The General Partner does not currently have any assets other than its interests in the Fund. Because the General Partner is primarily responsible for the conduct of the Fund's affairs, a significant adverse financial reversal for the General Partner could have an adverse effect on the Fund and the value of the Fund interests.

Irrevocable Subscriptions. The execution of the subscription agreement by an Investor constitutes a binding offer to buy Fund interests. Once an Investor subscribes for Fund interests, that Investor will not be able to revoke its subscription.

Possible Dilution by Failing to Participate in Voluntary Additional Capital Contributions. In order to raise additional capital in the future, the Fund may conduct additional offerings of LP Interests in the Fund with other investors. Such additional issuances would potentially result in dilution of the investment of the Investors in this Offering.

Past Experience Not Indicative of the Fund. Information concerning the prior economic results of business activities of the Founders presented herein is not indicative of the results to be expected by the Fund. Actual investment returns, results of operations and Fund outcomes will vary.

Risk of Return of Distributions to Investors. If Investors receive a distribution from the Fund at a time when the Fund is insolvent, after giving effect to the distribution, the Investors may be liable to return such distributions to the Fund.

No Allocations or Distributions If Capital Account Deficit. The Fund Agreement prohibits the Investors from receiving allocations to the extent such would create or increase deficits in their capital accounts.

Diverse Limited Partner Group. The Limited Partners, including the General Partner, may have conflicting investment, tax and other interests with respect to their investments in the Fund. The conflicting interests of individual Limited Partners may relate to or arise from, among other things, the nature of investments made by the Fund, the structuring or the acquisition of assets and the timing of disposition of assets. As a consequence, conflicts of interest may arise in connection with decisions made

by the General Partner, including with respect to the nature or structuring of acquisitions and dispositions, that may be more beneficial for one limited partner than for another limited partner, especially with respect to Limited Partners' individual tax situations. In selecting and structuring investments appropriate for the Fund, and their eventual disposition, the General Partner will consider the investment and tax objectives of the Fund and its Limited Partners as a whole, not the investment, tax or other objectives of any limited partner individually.

Valuation Risk. The determination of fair market value of the Fund's assets will be based on the General Partner's and the Parent Company's valuation processes. The fair market value determined by the General Partner may vary from actual amounts realized upon the disposition of the assets being valued. Although fair market value determinations will be made in good faith, there can be no assurances that they will prove to be accurate. The Fund may rely on valuations it receives from third party appraisals in determining the value of various relevant assets. Such valuations may turn out to be inaccurate and affect the Fund's returns.

Default. If a Limited Partner defaults on its obligation to make required capital contributions, it may be difficult for the Fund to make up the shortfall from other sources. The other Limited Partners may be required to make additional contributions to replace such shortfall, thereby reducing the diversification of their investments. Any default by one or more Limited Partners could have an extremely deleterious effect on the Fund.

Changes in Applicable Law. The Fund must comply with various legal requirements, including requirements imposed by the securities laws, tax laws and other laws in various jurisdictions. Should any of those laws change over the term of the Fund's existence, the legal requirements to which the Fund and the Limited Partners may be subject could differ materially from current requirements. For example, from time to time the market for private transactions has been adversely affected by a decrease in the availability of senior and subordinated financing for transactions, in part in response to regulatory pressures on providers of financing to reduce or eliminate their exposure to such transactions.

Other Risks

The Fund and Investors will be subject to certain tax risks and other risks as identified in the private placement memorandum and Fund Governing Documents, as well as the following risks.

Potential Conflicts of Interest. In the ordinary course of their businesses, we and our affiliates may engage in activities in which our interests may conflict with the interests of the Funds or Investors. We or our affiliates, in our ordinary course of business, may possess, or come into possession of, information relevant to the Funds' investment activities that we may be prohibited from disclosing to the Funds or Investors. Additionally, conflicts of interest may occur between Funds.

Cybersecurity Risks. We, the Funds and our respective affiliates and service providers depend on information technology systems and, notwithstanding the diligence that we or our affiliates may perform on its or the Fund's (or any other clients) service providers, it may not be in a position to verify the risks or reliability of such information technology systems. We, the Funds and our respective affiliates and service providers are subject to risks associated with a breach in cybersecurity. "Cybersecurity" is a generic term used to describe the technology, processes and practices designed to protect networks, systems, computers, programs and data from both intentional cyber-attacks and hacking by other computer users as well as unintentional damage or interruption that, in either case, can result in damage and disruption to hardware and software systems, loss or corruption of data, and/or misappropriation of confidential information. We, our affiliates and our information and technology systems are vulnerable to damage or interruption from computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorized persons and security breaches, usage errors by their respective

professionals, power outages and catastrophic events such as fires, tornadoes, floods, hurricanes and earthquakes. Although we have implemented various measures to manage risks relating to these types of events, if these systems are compromised, become inoperable for extended periods of time or cease to function properly, we or an affiliate may have to make a significant investment to fix or replace them. The failure of these systems and/or of disaster recovery plans for any reason could cause significant interruptions in our, a Fund's or any of our respective affiliates' operations and result in a failure to maintain the security, confidentiality or privacy of sensitive data, including personal information relating to Investors (and the beneficial owners of Investors). Such a failure could harm our or our affiliates' reputation, subject any such entity and their respective affiliates to legal claims and otherwise affect its business and financial performance. Such damage or interruptions to information technology systems may cause losses to the Funds or individual Investors by interfering with the operations of us and our affiliates (or their service providers). The Funds may also incur substantial costs as the result of a cybersecurity breach, including those associated with forensic analysis of the origin and scope of the breach, increased and upgraded cybersecurity, identity theft, unauthorized use of proprietary information, litigation, adverse Investor reaction, the dissemination of confidential and proprietary information and reputational damage. Any such breach could expose the Funds us and our respective affiliates to civil, legal or regulatory liability as well as regulatory inquiry and/or action, and the Funds may be required to indemnify us and our affiliates against any losses incurred in connection therewith. Cybersecurity issues and risks are currently a major focus area of the SEC and other regulatory authorities.

THE FOREGOING RISK FACTORS DO NOT PURPORT TO BE A COMPLETE DESCRIPTION OF ALL OF THE RISKS ASSOCIATED WITH THE FUNDS' INVESTMENT STRATEGIES OF, OR THAT ARE APPLICABLE TO, THE FUNDS. PROSPECTIVE INVESTORS SHOULD READ THIS BROCHURE AND THE OFFERING AND GOVERNING DOCUMENTS OF THE FUNDS IN THEIR ENTIRETY BEFORE MAKING ANY INVESTMENT DECISIONS.

ITEM 9: DISCIPLINARY INFORMATION

Crux is required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of Crux or the integrity of Crux's management.

Crux has no information to disclose in response to this item.

ITEM 10: OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Crux Affiliates

Crux Resource Fund I GP, LLC serves as general partner of the Fund and, in such capacity, may be deemed to be “investment advisers” (as such term is defined in the Advisers Act). The General Partner will rely on our registration instead of separately registering with the SEC as an investment adviser under the Advisers Act. In order to rely on our registration, (i) the Relying Adviser, its employees and persons acting on its behalf will be “persons associated with” and “supervised persons” of (as each term is defined in the Advisers Act) Crux Resource Management, LLC, (ii) the investment advisory services of the Relying Adviser, its employees and persons acting on its behalf will be subject to our supervision and control with respect to any investment advisory functions thereof, (iii) any investment advisory functions of the Relying Adviser will be subject to the Advisers Act and the rules and regulations thereunder, and (iv) the activities and books and records of the Relying Adviser will be subject to inspection and examination by the SEC. The Relying Adviser will be subject to our compliance policies and procedures.

Crux Operating, LLC serves, or may serve, as the Operator for the Funds properties and assets. The Funds are responsible for salaries and other expenses incurred by the Operator in providing services to the Funds and portfolio investments, as discussed in Item 5 above.

To the extent that the Operator or any affiliate provides services to any Fund or portfolio investment that would otherwise be provided by independent third parties, Crux or any such affiliate, as applicable, will receive fees at rates customarily charged for similar services by persons engaged in the same or substantially similar activities and the provisions of any such agreement shall be at least as favorable to the Fund or such portfolio investment as the terms reasonably expected by the General Partner to be available in an arm’s-length transaction with an independent third party.

Other Activities

The Founders of Crux are expected to devote such time to the Fund as is reasonably required to conduct the investment and other activities of the Fund and any related investment Funds. Crux employees must generally obtain prior approval from the CCO for outside activities. Employees are expected to avoid activities that could present actual or perceived conflicts of interest. Subject to the foregoing, each of the Founders may (a) serve on boards of directors of public and private companies and retain fees for such services for such Founders’ own account; (b) engage in such civic, professional, industry and charitable activities as such Founder shall choose; (c) conduct and manage such Founder’s personal and family investment activities; and (d) engage in any other activities approved by the Advisory Committee. Accordingly, Crux Founders and employees may have personal and family investment entities and may invest in public or private investments, which are unrelated to the investment activities of Crux or the Funds. Any personal investment activities must be consistent with the Company’s Code of Ethics. Please refer to Item 11 - Code of Ethics for a further discussion on potential conflicts of interest.

Other Registrations

The Funds expect to invest in hedging instruments deemed to be commodity interests as defined in the Commodity Futures Trading Commission (“CFTC”) regulations. Crux Resource Management, LLC intends to claim an exemption from registration with the National Futures Association as a commodity pool operator or commodity trading advisor pursuant to CFTC Rule 4.13(a)(3). Neither we nor any of our affiliates or supervised persons is registered or has an application pending to register as a broker-dealer, registered representative of a broker-dealer or futures commission merchant.

ITEM 11: CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

Code of Ethics

We have adopted and implemented a code of ethics, which will set forth standards of business conduct for our supervised persons. Our code of ethics is primarily designed to educate supervised persons about our philosophy regarding ethics and professionalism, emphasize our fiduciary duties to the Funds, encourage supervised persons to comply with applicable laws, prevent the misuse of material non-public information, restrict the circulation of rumors and other forms of market abuse and address conflicts of interest that arise from personal trading by access persons. Among other things, we impose restrictions on access persons relating to the purchase or sale of certain securities for their own accounts and the accounts of certain affiliated persons. Access persons are required to submit reports disclosing personal securities transactions. We also maintain certain policies and procedures designed to prevent supervised persons from misusing material non-public information or engaging in any activity that may be deemed insider trading. We will furnish a copy of our code of ethics to the Funds upon request.

Reporting Requirements under the Code

To assist Crux in monitoring personal trading activities in order to detect potential conflicts of interest or violations of the Code, fiduciary duty or applicable law, Access Persons must provide periodic reports with respect to personal securities transactions, holdings and accounts, including annual reports of holdings in certain, reportable securities and quarterly reports of their personal transactions in reportable securities. These reports are submitted to and reviewed by the CCO or the CCO's designee.

Advisory Committee

An advisory committee (the "***Advisory Committee***") has been or will be established with respect to each Fund. The Advisory Committee typically consists of a representative of each Investor (or related Investors jointly managed) that has made a capital commitment of \$10 million or more. In general, the Advisory Committee of a Fund is authorized to (i) consent to, approve, review or waive any matter requiring the consent, approval, review or waiver of the Advisory Committee as set forth in the Fund's Governing Documents, (ii) review and approve or object to valuations of securities or other assets of the Fund for which no third party valuation has been obtained and (iii) provide such advice and counsel as is requested or required pursuant to the Fund's Governing Documents in connection with potential conflicts of interest, valuation matters and other matters relating to the Fund. We and/or our affiliate generally will seek the consent of the Advisory Committee on any matter involving a material conflict of interest (as determined by us or such affiliate) with the Fund that is not specifically addressed in the applicable Governing Documents.

Transactions with Affiliates

We and/or our affiliates may enter into (i) contracts and transactions with the Fund that are authorized or contemplated by the Governing Documents of the Fund and (ii) any other contract; *provided* that the Advisory Committee consents thereto.

Personal Investments

Except as otherwise provided in the Governing Documents of each Fund, we and our Affiliates (as defined in the Governing Documents of each Fund), including the Relying Adviser, may not acquire, invest in or hold an interest in any lease owned by a Fund or from which a net profits interest is created without the prior consent of the Advisory Committee of such Fund. The Governing Documents of each Fund include procedures to address potential conflicts of interest that may arise between us, our Affiliates and/or the Relying Advisers, on one hand, and the Funds, on the other hand. In general, we will attempt to

manage any conflicts in accordance with fiduciary requirements and applicable law (which may include disclosure and consent).

Gifts and Entertainment

Crux employees may on occasion accept gifts or invitations to entertainment but must always act in the best interest of Crux and its Clients and avoid any activity that might create an actual or perceived conflict of interest or impropriety in the course of the Company's business relationships. Crux's gifts and entertainment policy implements internal controls to monitor such activity, which include (among others):

- Requiring employees to obtain pre-clearance from the CCO before accepting gifts and entertainment of significant value; and
- Prohibiting more than four gifts or entertainment given or sponsored by the same person or entity without pre-approval from the CCO.

Political Contributions

Crux employees are required to seek prior approval before making political contributions to any political official, candidate for political office, political party or political action committee ("***PAC***"). Political contributions are generally permitted except where such contributions may raise issues under the pay-to-play rule.

ITEM 12: BROKERAGE PRACTICES

Brokerage Practices

In general, we (or our affiliates) have authority to determine the brokers to be used for Fund transactions and to negotiate commission rates and other monies paid by the Funds. We may use brokers to purchase or sell oil and natural gas working interests, net profits interests and related assets. The Governing Documents with respect to each Fund do not preclude us from engaging such brokers as we determine are in the best interests of such Fund for purposes of the transaction, or limit the amount of fees paid in connection with such engagement. To the extent we utilize brokers, we will select such brokers based on various factors including marketing approach, access to buyers and fees.

Allocation of Investment Opportunities

During the investment period of a Fund, any investment opportunity that is presented to us or our affiliates that we (or our affiliates) believe is suitable and appropriate for the Fund and consistent with its investment objectives will be offered to the Fund and its related Funds to the extent that the Fund and its related Funds have available remaining capital commitments net of reasonable reserves for expenses, follow-on investments and investments that are in process. Notwithstanding the foregoing, we may call and invest the remaining capital commitments of existing Funds in our discretion; *provided* that the Advisory Committee consents to any investment that is not a follow-on investment. If an investment opportunity is offered to and declined by a Fund, then we may offer such investment to another Fund.

ITEM 13: REVIEW OF ACCOUNTS

Reviews of Accounts

We provide investment advice primarily with respect to investments in oil and natural gas working properties and assets, including working interests and net profits interests. In monitoring the performance of the Funds and their investments, we perform various levels of review. Among other items, we may consider the following: production data, drilling or other development activity reports, engineering reports and reviews of net profits accounts.

For Funds investing in oil and gas interests, our engineers and geologists monitor the Funds' oil and gas investments daily by reviewing production data and drilling or other development activity reports from the field. They are instructed to monitor performance and propose field and well management techniques consistent with prudent oil and gas industry standards. Senior management reviews production and production sales performance of the oil and gas investments, and reports from the engineers at least weekly. For Funds investing in oil and gas net profits interests, our accounting and financial personnel review debits and credits to the net profits accounts monthly. They are instructed to ensure that the debits and credits conform to the net profits interest conveyance agreement defining and creating each net profits interest, and their work is reviewed by senior management.

All Funds and investments are reviewed by our executive officers at least quarterly. With respect to accounting matters, we have engaged a nationally-recognized, independent public accounting firm to conduct annual audits of the Funds. While we generally will conduct reviews of all client accounts on at least a quarterly basis, we may conduct additional or more frequent reviews under certain circumstances, including in the event of a proposal for or the acquisition of an investment.

Reports to Investors

We generally provide Investors in the Funds with the following reports and information:

- Annual audited GAAP Financial Statements delivered 90 days after the end of the year and quarterly financial statements within 60 days of the end of each quarter. Financial Statements will include a Balance Sheet, Statement of Operations, Statement of Cash Flows, Statement of Equity and individual Statement of Equity.
- A quarterly estimate of the fair market value of its ownership interest. This estimate will incorporate any "waterfall provisions" found in the legal agreements and will include supporting calculations and discussion of the valuation methodologies used will as requested.
- An independent reserve report be prepared by a well-known, qualified, independent petroleum engineer annually. A copy of the reserve report will be provided to us within 90 days after the end of the year and will be incorporated into the estimate of fair value discussed above.
- Annual Schedule K-1, a copy of the Fund tax return, a description of any tax elections made, details of any reportable transactions (or a statement that there are no known reportable transactions), and a timely response to any other reasonable requests for required tax information.

Investors generally will have the right, at their own expense, to have an annual independent third party review of any payments to the investment sponsor or its affiliate(s) in accordance with the legal documents. The General Partner will cooperate fully with any consultant hired by Investors for the purpose of determining the reasonableness of the assumptions used in the annual reserve report.

The Advisory Committee may receive additional information at its meetings or in conjunction with conducting its activities. Representatives of Crux may be made available for discussions with Investors on a periodic or agreed upon basis.

ITEM 14: CLIENT REFERRALS AND OTHER COMPENSATION

Crux has not entered into any agreement with any firm to act as placement agent.

Neither Crux nor any affiliate generally receives any economic benefit from a non-client for providing investment advice or other advisory services to its Clients, except that Crux or its affiliates act as operator to portfolio investments, as described in Item 5 above.

ITEM 15: CUSTODY

Due to its affiliation with the General Partner for the Funds, Crux is generally deemed to have custody of client funds and securities for purposes of Rule 206(4)-2 under the Advisers Act (the “**Custody Rule**”). In order to comply with the Custody Rule, Crux utilizes the services of qualified custodians (as defined under Rule 206(4)-2) to hold clients’ assets, to the extent required by the Custody Rule. Generally, the securities owned by the Funds are deemed to be “privately offered securities” as defined in the Custody Rule and accordingly are not required to be and are not maintained at a qualified custodian.

Crux also ensures that each qualified custodian maintains these assets in an account that contains only clients’ assets, under the client’s name. In accordance with the Custody Rule, Crux also (i) will engage an independent auditor registered with and subject to inspection by the PCAOB to audit each Fund at the end of each fiscal year and (ii) distribute the results of the audit in audited financial statements that are prepared in accordance with generally accepted accounting principles to all Investors within 120 days after the end of the fiscal year for each Fund. Qualified custodians do not provide statements directly to Investors in the Funds.

ITEM 16: INVESTMENT DISCRETION

Crux provides investment advisory services to the Funds on a discretionary basis, subject to the overall supervision of the General Partner. The investment objectives and restrictions of the Funds are set forth in the relevant Governing Documents. Investors in the Funds do not have authority to impose any restrictions upon Crux's discretionary authority. However, Crux may, under certain circumstances, enter agreements or side letters with Investors that limit certain fund investments to address specific legal, regulatory, tax or policy restrictions of the Investor.

Each Fund Investor will generally grant the General Partner thereof a limited power of attorney to enable the General Partner to execute the applicable partnership agreement and perform certain other activities in connection therewith on its behalf.

ITEM 17: VOTING CLIENT SECURITIES

While we and/or our affiliates technically will have the authority to vote proxies on behalf of the Funds, the Funds only invest in oil and natural gas properties and assets, including working interests and net profits interests. Accordingly, neither we nor any of our affiliates currently vote proxies for any Funds or clients and we do not expect to be called upon to vote proxies with respect to securities owned by the Funds.

In the event we are ever hold public securities and/or are in a position to vote proxies, we will adopt and implement proxy voting policies and procedures designed to ensure that the firm will vote such proxies based on what it consider to be in the best financial interest of the Funds and Fund Investors. Copies of our proxy voting policy, together with information regarding how we have voted past proxies, will be made available to the Funds upon request.

ITEM 18: FINANCIAL INFORMATION

Crux is not aware of any financial condition reasonably likely to impair its ability to meet contractual commitments to clients.