

AMERICAN PETRO-HUNTER INC  
Form 10KSB  
April 15, 2008

**UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549**

**FORM 10-KSB**

**R ANNUAL REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**For the fiscal year ended December 31, 2007**

**£ TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**Commission File Number 0-22723**

**AMERICAN PETRO-HUNTER, INC.**

(Name of small business issuer as specified in its charter)

**Nevada**  
(State or Other Jurisdiction of  
Incorporation or Organization)

**98-0171619**  
(I.R.S. Employer  
Identification Number)

**225 Marine Drive, Suite 210**  
**Blaine, Washington, USA**  
(Address of Principal Executive Offices)

**98230**  
(Zip Code)

**(360) 332-0905**  
(Issuer's telephone number)

Securities registered pursuant to Section 12(b) of the Act:  
None.

Securities registered pursuant to Section 12(g) of the Act:

**COMMON STOCK, PAR VALUE \$0.001**  
(Title of Class)

Indicate by checkmark whether the Issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 12 months (or for such shorter period that the issuer was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes R No £

Indicate by checkmark if there is no disclosure of delinquent filers in response to Item 405 of Regulation S-B contained in this form, and no disclosure will be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-KSB or any amendment to this Form 10-KSB. R

Indicate by checkmark if there is no disclosure of delinquent filers in response to Item 405 of Regulation S-B contained in this form, and no disclosure will be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-KSB or any amendment to this Form

10-KSB. £

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  
£ No R

Net revenues for the most recent fiscal year ending December 31, 2007 were \$0.

The aggregate market value of voting stock held by non-affiliates of the registrant was \$661,202 as of April 14, 2008, 2008 (computed by reference to the average bid and ask price of a share of the registrant's common stock on that date as reported by the Over the Counter Bulletin Board). For purposes of this computation, it has been assumed that the shares beneficially held by directors and officers of registrant were "held by affiliates"; this assumption is not to be deemed to be an admission by such persons that they are affiliates of registrant.

Number of shares of issuer's common stock outstanding as of **April 14, 2008: 8,265,019**

Transitional Small Business Disclosure Format (check one). Yes £ No R

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## PART I

### ITEM 1 — DESCRIPTION OF BUSINESS

#### Background

American Petro-Hunter Inc. (the "Company," "we," "us," "our") was formed on January 24, 1996 pursuant to the laws of the State of Nevada under the name Wolf Exploration, Inc. with a business plan to acquire properties for precious metal exploration in the western United States. However, after considering several properties, we determined the properties identified were not suitable to fully implement an exploration and development project in the United States. In August 1996, we changed our management team and developed a new business plan to sell chemical products to the oil and gas industry.

In October 1996, we entered into an agreement to acquire two numbered companies that were combined with 714674 Alberta Ltd. continuing in operation. The business operated as Calgary Chemical, selling chemical products to the oil and gas industry.

In March 1997, we changed our name to Wolf Industries Inc. to reflect these developments.

Effective June 30, 1998, we sold our subsidiary, 714674 Alberta Ltd. ("Calgary Chemical") to Gorda Technology Holdings Limited, a Turks and Caicos Islands corporation ("Gorda"). The terms of the sale were as follows:

- (a) forgiveness of the inter-company debt owed by Calgary Chemical to us in the amount of \$82,289 (Canadian);
- (b) payment by Gorda to us of fifteen percent of Calgary Chemical's after-tax profit (as determined by generally accepted accounting principles) for the fiscal year ended December 31, 1998 payable on or before March 31, 1999 and completion of an audit of the financial statements of Calgary Chemical for such period;
- (c) indemnification by Gorda to hold us harmless from any and all liability arising from the debt guarantees of Calgary Chemical;
- (d) agreement by Gorda to hire Mr. Blair Coady as the President and Chief Executive Officer of Calgary Chemical; and
- (e) receipt from Mr. Coady of his resignation as our President and Chief Executive Officer, Secretary, and Director and the surrender of Mr. Coady's options to acquire 700,000 shares of our common stock.

The sale of Calgary Chemical was subject to approval of our shareholders, which was received at our annual general meeting of July 24, 1998.

On April 8, 1998, we entered into a license agreement with Andrew Engineering Inc. ("Andrew") a British Columbia corporation, Andrew Rawicz Ph.D., and Ivan Melnyk, Ph.D., whereby we acquired a world-wide license to manufacture and market a patent pending device for the color matching of dentures to a dental patient's existing tooth color. Drs. Rawicz and Melnyk hold the patent pending for the color analyzer and Andrew developed and/or acquired the techniques and other proprietary information related to the device. The license agreement required us and Andrew to develop a business plan for manufacturing and marketing the device, including obtaining financing of \$1,500,000 US. The license agreement required the issuance of 4,800,000 shares of restricted stock to Andrew with registration rights on 600,000 of those shares, and also required that Mr. Patrick McGowan to be appointed President and Chief Executive Officer. Mr. McGowan signed a management agreement with us, and at a meeting of our Board of Directors held on April 16, 1998, Mr. McGowan and Mr. A. Schwabe were appointed to our Board of Directors.

They were also appointed interim President and CEO, and Secretary, Treasurer respectively, pending the approval of the shareholders of the Gorda transaction wherein Mr. Coady would resign from all positions. The license agreement also obligated us to pay a royalty to Andrew in the amount of ten percent (10%) of gross profit on sales if we manufactured the product itself or a royalty of seven percent (7%) of gross revenues if manufacturing was done by an independent third party.

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In September 1998, 4,800,000 shares of our common stock were issued to Andrew in accordance with the terms of the license agreement. As a result of settlement of the litigation with AEI Trucolor Inc. ("Trucolor"), the license agreement was cancelled and the 4,800,000 shares were returned to our treasury in 1999. This action was settled by the execution of two agreements, the effect of which was that we acquired a 40% interest in Trucolor, an arm's length company. As a result of the agreement, Trucolor became the owner of the rights to the device. During 2006, Trucolor was dissolved.

Pursuant to an agreement dated June 14, 2000, we purchased a 100% interest in a private company owned by our former director called Travelport Media Inc. ("TPI"). TPI was a Nevada private internet e-commerce technology and content development company specializing in the travel and hospitality industry. The agreement required us to issue 3,000,000 share purchase warrants in exchange for a 100% interest in TPI. The share purchase warrants allowed the holder to purchase 3,000,000 shares of our common stock for \$0.27 per share. Before the end of December 31, 2000, our relationship with the consultant and former shareholder of TPI became strained, resulting in the consultant resigning as our director on September 11, 2000.

In November, 2000, we received shareholder and regulatory approval to change our name to "Travelport Systems Inc." in anticipation of our new strategic direction.

Subsequent to December 31, 2000, we entered into a settlement agreement whereby we would give our interest in the shares of TPI back to the original owner on the condition that the original owner and our former director would assume a liability of \$86,000 which we incurred. In addition, subsequent to December 31, 2000 we cancelled 150,000 share purchase options exercisable at \$0.15 per share until October 11, 2005, and we cancelled 200,000 share purchase options exercisable at \$0.25 per share until October 19, 2005 issued to employees of TPI. After settling that action, in August 2001, we changed our name to "American Petro-Hunter Inc." and our focus to the exploration and eventual exploitation of oil and gas.

## **Our Business**

During 1998, we sold Calgary Chemical and acquired the worldwide manufacturing and marketing rights to a dental color analyzer (the "Product"). This technology was developed to assist the dental industry in determining the shades and colors of dental materials used in replacement and/or restorative work, by precisely matching these shades to the original teeth of patients. The dental color analyzer discriminates between the minutest differences in tooth shading and determines the best shade match for partial or total restorative material. It does so by taking into account the differences in color of spectrally unmatched materials when illuminated with different light sources such as sunlight, incandescent lamps, and fluorescent lamps. Since acquiring the rights in April 1998, our efforts have been directed towards research, development and business plans for manufacturing and marketing the product. This has involved manufacturing a small quantity of the product for testing and demonstration purposes; engaging technical experts and firms to evaluate the product; attendance at dental conventions and shows to demonstrate the product; attendance at various dental firms and laboratories to demonstrate and evaluate the product; and work on both the product and related software to perfect its operation. We have also engaged the assistance of consultants to develop marketing plans for the product. This has resulted in us incurring substantial research and development expenditures in 1998.

We have also held discussions with companies involved in the distribution of dental products in Canada, the United States and Europe regarding marketing of the product.

We developed preliminary business plans to proceed with manufacture and sale of the units, but were delayed in proceeding pending completion of this research and development, and by the action brought against us by AEI Trucolor

As a result of settlement of the Trucolor action, Trucolor became the owner of the dental color analyzer. The manufacturing/distribution agreement was not consummated with a third party, as anticipated by the settlement agreement, and as a result we own a 40% interest in Trucolor, and GPT owns a 60% interest. During 2006, Trucolor was dissolved.

## **Our Strategy**

Our focus is currently in locating and assessing potential acquisition targets, including real property, oil and gas rights and oil and gas companies. We will focus primarily on oil and gas properties within the U.S. and Canada including exploration, secondary recovery and development projects. Each project will be evaluated by our management based on sound geology, acceptable risk levels and total capital requirements to develop. Our officers and directors expect to travel to different locations throughout North America to evaluate potential acquisitions. Further, our management will participate in a variety of different conferences throughout 2008 to increase our exposure to potential opportunities.

Our ability to execute our strategy as outlined above is dependent on several factors including but not limited to: (i) identifying potential acquisitions of either assets or operational companies with prices, terms and conditions acceptable to us; (ii) additional financing for capital expenditures, acquisitions and working capital either in the form of equity or debt with terms and conditions that would be acceptable to us; (iii) our success in developing revenue, profitability and cash flow; (iv) the development of successful strategic alliances or partnerships; and (v) the extent and associated efforts and costs of federal, state and local regulations in each of the industries in which we currently or plan to operate in. There are no assurances that we will be successful in implementing our strategy as any negative result of one of the factors alone or in combination could have a material adverse effect on our business.

## **Customers**

As of December 31, 2007, we had no customers.

## **Dividends**

We have not, and currently do not intend to, pay dividends. Any change in this current intention is in the discretion of the Board of Directors.

## **Employees**

As of December 31, 2007, we had no full time employees. We currently utilize temporary contract labor throughout the year to address business and administrative needs.

## **Factors, Risks and Uncertainties That May Affect our Business**

*With the exception of historical facts stated herein, the matters discussed in this report on Form 10-KSB are “forward looking” statements that involve risks and uncertainties that could cause actual results to differ materially from projected results. Such “forward looking” statements include, but are not necessarily limited to statements regarding anticipated levels of future revenues and earnings from the operations of American Petro-Hunter, Inc. and its subsidiaries, (the “Company,” “we,” “us” or “our”), projected costs and expenses related to our operations, liquidity, capital resources, and availability of future equity capital on commercially reasonable terms. Factors that could cause actual results to differ materially are discussed below. We disclaim any intent or obligation to publicly update these “forward looking” statements, whether as a result of new information, future events or otherwise.*

### **Risks Relating to Our Business**

**We have a history of losses which may continue, which may negatively impact our ability to achieve our business objectives.**



We incurred net losses of \$3,585,517 for the period from January 24, 1996 (inception) to December 31, 2007, and \$156,585 for the year ended December 31, 2007. We cannot be assured that we can achieve or sustain profitability on a quarterly or annual basis in the future. Our operations are subject to the risks and competition inherent in the establishment of a business enterprise. There can be no assurance that future operations will be profitable. We may not achieve our business objectives and the failure to achieve such goals would have an adverse impact on us.

**If we are unable to obtain additional funding our business operations will be harmed and if we do obtain additional financing our then existing shareholders may suffer substantial dilution.**

We will require additional funds to initiate our oil and gas exploration activities, and to take advantage of any available business opportunities. Historically, we have financed our expenditures primarily with proceeds from the sale of debt and equity securities, and bridge loans from our officers and stockholders. In order to meet our obligations or acquire an operating business, we will have to raise additional funds. Obtaining additional financing will be subject to market conditions, industry trends, investor sentiment and investor acceptance of our business plan and management. These factors may make the timing, amount, terms and conditions of additional financing unattractive or unavailable to us. If we are not successful in achieving financing in the amount necessary to further our operations, implementation of our business plan may fail or be delayed.

**Our independent auditors have expressed substantial doubt about our ability to continue as a going concern, which may hinder our ability to obtain future financing.**

In their report dated April 3, 2008, our independent auditors stated that our financial statements for the fiscal year ended December 31, 2007 were prepared assuming that we would continue as a going concern. Our ability to continue as a going concern is an issue raised as a result of recurring losses from operations. We continue to experience net operating losses. Our ability to continue as a going concern is subject to our ability to obtain necessary funding from outside sources, including obtaining additional funding from the sale of our securities. Our continued net operating losses increase the difficulty in meeting such goals and there can be no assurances that such methods will prove successful.

**We have a limited operating history and if we are not successful in growing our business, then we may have to scale back or even cease our ongoing business operations.**

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

**Our compliance with the Sarbanes-Oxley Act and SEC rules concerning internal controls may be time-consuming, difficult and costly for us.**

It may be time consuming, difficult and costly for us to develop and implement the internal controls and reporting procedures required by the Sarbanes-Oxley Act. We may need to hire additional financial reporting, internal controls and other finance staff in order to develop and implement appropriate internal controls and reporting procedures. If we are unable to comply with the internal controls requirements of the Sarbanes-Oxley Act, we may not be able to obtain the independent accountant certifications that the Sarbanes-Oxley Act requires publicly-traded companies to obtain, and this would impact our ability to comply with SEC regulations governing public companies.

### **Risks Related to our Oil and Gas Exploration**

**If we are unable to successfully recruit qualified managerial and field personnel having experience in oil and gas exploration, we may not be able to execute on our business plan.**

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 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.

**We may not be insured against all of the operating risks to which our business is exposed.**

Our business is subject to all of the operating risks normally associated with the exploration for and production of oil and gas, any of which could result in damage to, or destruction of, property and injury to persons. As protection against financial loss resulting from these types of operating hazards, we maintain insurance coverage. However, because we are in the exploratory stage and have not identified for reorganization, an operating business, we are not fully insured against all these risks. The occurrence of a significant event against which we are not fully insured could have a material adverse effect on our financial position.

**Even if we are able to, the potential profitability of oil and gas ventures depends upon factors beyond the control of our company.**

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

**Competition in the oil and gas industry is highly competitive and there is no assurance that we will be successful in acquiring the leases.**

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 if the necessary funds can be raised or that any projected work will be completed.

**The marketability of natural resources will be affected by numerous factors beyond our control which may result in us not receiving an adequate return on invested capital to be profitable or viable.**

The marketability of natural resources which may be acquired or discovered by us will be affected by numerous factors beyond our control. These factors include market fluctuations in oil and gas pricing and demand, the proximity and capacity of natural resource markets and processing equipment, governmental regulations, land tenure, land use, regulation concerning the importing and exporting of oil and gas and environmental protection regulations. The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in us not receiving an adequate return on invested capital to be profitable or viable.

**Oil and gas operations are subject to comprehensive regulation which may cause substantial delays or require capital outlays in excess of those anticipated causing an adverse effect on our company.**

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

**Exploration and production activities are subject to certain environmental regulations which may prevent or delay the commencement or continuation of our operations.**

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

**Exploratory drilling involves many risks and we may become liable for pollution or other liabilities which may have an adverse effect on our financial position.**

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

#### **Risk Related to Seeking Other Business Opportunities**

**Exploring and entering into business opportunities could be very time consuming and costly and could adversely affect our financial condition.**

We have not identified and have no commitments to enter into or acquire a specific business opportunity such as a merger, joint venture or acquisition of a private or public entity. There can be no assurance we will be successful in identifying and evaluating suitable business opportunities or in concluding a business combination. However, if we entered into a potential business opportunity our participation in a business opportunity may be highly illiquid and could result in a total loss to us and our stockholders if the business or opportunity proved to be unsuccessful. Due to the special risks inherent in the investigation, acquisition,

**Even if we were to enter into a business opportunity there is no assurance of success or profitability.**

There is no assurance that we will acquire a favorable business opportunity. Moreover, even if we become involved in a business opportunity because of the unforeseen costs, expenses, and difficulties involved with a new business opportunity, there is no assurance that it will generate revenues or profits, or that the market price of our common stock will increase.

**SEC reporting requirements may be too costly for us to take advantage of any potential business opportunities.**

The Securities Exchange Act of 1934 (the "Exchange Act"), require companies to provide certain information about significant acquisitions, including certified financial statements for the company acquired, covering one, two or three years, depending on the relative size of the acquisition. The time and additional costs that may be incurred by some prospective entities to prepare such statements may preclude consummation of an otherwise desirable acquisition by us. Acquisition prospects that do not have or are unable to obtain the required audited financial statements may not be appropriate for acquisition.

#### **Risk Relating To Our Common Stock**

**A limited public trading market exists for our common stock, which makes it more difficult for our stockholders to sell their common stock in the public.**

Although our common stock is quoted on the OTCBB under the symbol "AAPH," there is a limited public market for our common stock. No assurance can be given that an active market will develop or that a stockholder will ever be able to liquidate its shares of common stock without considerable delay, if at all. Many brokerage firms may not be willing to effect transactions in the securities. Even if a purchaser finds a broker willing to effect a transaction in these securities, the combination of brokerage commissions, state transfer taxes, if any, and any other selling costs may exceed the selling price



**Our common stock may be subject to the penny stock rules which may make it more difficult to sell our common stock.**

The Securities and Exchange Commission has adopted regulations which generally define a “penny stock” to be any equity security that has a market price, as defined, less than \$5.00 per share or an exercise price of less than \$5.00 per share, subject to certain exceptions. Our securities may be covered by the penny stock rules, which impose additional sales practice requirements on broker-dealers who sell to persons other than established customers and accredited investors such as, institutions with assets in excess of \$5,000,000 or an individual with net worth in excess of \$1,000,000 or annual income exceeding \$200,000 or \$300,000 jointly with his or her spouse. For transactions covered by this rule, the broker-dealers must make a special suitability determination for the purchase and receive the purchaser’s written agreement of the transaction prior to the sale. Consequently, the rule may affect the ability of broker-dealers to sell our securities and also affect the ability of our stockholders to sell their shares in the secondary market.

**Our management and stockholders may lose control of the Company as a result of a merger or acquisition.**

We may consider an acquisition in which we would issue as consideration for the business opportunity to be acquired an amount of our authorized but unissued common stock that would, upon issuance, represent the great majority of the voting power and equity of the Company. As a result, the acquiring company's stockholders and management would control the Company, and our current management may be replaced by persons unknown at this time. Such a merger would result in a greatly reduced percentage of ownership of the Company by its current stockholders.

**We have historically not paid dividends and do not intend to pay dividends.**

We have historically not paid dividends to our stockholders and management does not anticipate paying any cash dividends on our common stock to our stockholders for the foreseeable future. We intend to retain future earnings, if any, for use in the operation and expansion of our business

**ITEM 2 — DESCRIPTION OF PROPERTY**

Effective December 2007 we moved our offices to 225 Marine Drive, Suite 210, Blaine, Washington, under a consulting agreement with our President. We do not pay rent for the use of its office but may be responsible for certain telephone charges and miscellaneous office expenses. We share this office space with other companies, and occupy approximately 750 square feet.

**ITEM 3 — LEGAL PROCEEDINGS**

None.

**ITEM 4 — SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS**

None.

**PART II**

**ITEM 5 — MARKET FOR COMMON EQUITY AND RELATED STOCKHOLDER MATTERS**

**Market Information**

Our common stock is traded on the Over the Counter Bulletin Board under the symbol AAPH.



The following is the range of high and low bid prices for our common stock for the periods indicated. The quotations reflect inter-dealer prices, without retail mark-up, mark-down or commissions and may not represent actual transactions.

<b>Fiscal 2007</b>		<b>High</b>		<b>Low</b>
First Quarter (March 31, 2007)	\$	.25	\$	.14
Second Quarter (June 30, 2007)	\$	.14	\$	.125
Third Quarter (September 30, 2007)	\$	.128	\$	.125
Fourth Quarter (December 31, 2007)	\$	.15	\$	.08

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<b>Fiscal 2006</b>		<b>High</b>		<b>Low</b>
First Quarter (March 31, 2006)	\$	.20	\$	.12
Second Quarter (June 30, 2006)	\$	.20	\$	.12
Third Quarter (September 30, 2006)	\$	.29	\$	.12
Fourth Quarter (December 31, 2006)	\$	.24	\$	.13

The closing price for our common stock on December 31, 2007 was \$0.09.

### **Stockholders**

As of December 31, 2007, there were 8,265,019 shares of common stock issued and outstanding held by 67 stockholders of record (not including street name holders).

### **Dividends**

We have not paid dividends to date and do not anticipate paying any dividends in the foreseeable future. Our Board of Directors intends to follow a policy of retaining earnings, if any, to finance our growth. The declaration and payment of dividends in the future will be determined by our Board of Directors in light of conditions then existing, including our earnings, financial condition, capital requirements and other factors.

### **Equity Compensation Plan Information**

In November 1996, by resolution of our board of directors, we adopted the Wolf Exploration Inc. 1996 Directors and Officers Stock Option Plan ("the Plan"), for our officers and directors, whereby 1,000,000 shares of our common stock was reserved for issuance. The plan permitted us to grant nonqualified stock options within five years of the date of establishing the Plan. By resolution of our directors dated May 28, 1998, we reserved an additional one million shares of common stock for the Plan bringing the total shares reserved to 2,000,000 and renamed the Plan "The Wolf Industries Inc. 1998 Directors and Officers Stock Option Plan" (the "Revised Plan") with all other terms and conditions of the Plan remaining in full force and effect.

In September 1998, by resolution of our board of directors, we established the "1998 Key Personnel Compensation Plan" ("Key Plan"), for our key personnel, whereby 1,000,000 shares of our common stock was reserved for issuance. The Key Plan permitted us to grant nonqualified stock options within five years of the date of establishing the Plan. By resolution of our directors dated November, 1998, a further 1,000,000 shares of common stock was authorized to be reserved for issuance, bringing the total issuable under the Key Plan to 2,000,000 shares of common stock.

In October, 2000, by resolution of our board of directors, we established the 2000 Stock Option Plan ("2000 Plan"), for our officers, directors, employees, consultants and advisors, whereby 5,000,000 of our common stock was reserved for issuance. The 2000 Plan permitted us to grant nonqualified stock options within five years of the date of establishing the Plan.

In September, 2001, by resolution of our board of directors, we established the 2001 Stock Option Plan ("2001 Plan"), for our officers, directors, employees, consultants and advisors, whereby 1,500,000 of our common stock was reserved for issuance. The 2001 Plan permitted us to grant incentive and nonqualified stock options, restricted stock, stock bonuses, stock appreciation rights, reload options. Options under the 2001 Plan are exercisable subject to continued employment and other conditions.

There are no options currently outstanding under any of the aforementioned plans.

**ITEM 6 — MANAGEMENT’S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION**

The following discussion should be read in conjunction with our consolidated financial statements and notes thereto included elsewhere in this Report. Forward looking statements are statements not based on historical information and which relate to future operations, strategies, financial results or other developments. Forward-looking statements are based upon estimates, forecasts, and assumptions that are inherently subject to significant business, economic and competitive uncertainties and contingencies, many of which are beyond our control and many of which, with respect to future business decisions, are subject to change. These uncertainties and contingencies can affect actual results and could cause actual results to differ materially from those expressed in any forward-looking statements made by us, or on our behalf. We disclaim any obligation to update forward-looking statements.

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The discussion and financial statements contained herein are for our fiscal year ended December 31, 2007 and December 31, 2006. The following discussion regarding our financial statements should be read in conjunction with our financial statements included herewith. Revenue and expense transactions in Canadian dollars are converted to U.S. dollars at the average rates in effect when the transactions occurred. Asset and liability accounts are converted at year-end closing rates, which were US\$1.0194 for one Canadian dollar at December 31, 2007 and US\$0.8619 at December 31, 2006.

### **Financial Condition as of December 31, 2007**

We reported total current assets of \$8,691 at December 31, 2007 consisting of cash of \$6,207, and taxes recoverable totaling \$2,484. Total current liabilities reported of \$489,815 consisted of accounts payables of \$255,695, amounts payable to related parties of \$105,896, note payable of \$25,000, and a loan guarantee of \$103,224. The Company had a working capital deficit of \$481,124 at December 31, 2007.

Stockholders' Deficiency increased from \$384,539 at December 31, 2006 to \$481,124 at December 31, 2007. This increase is due to net losses of approximately \$107,554 and other comprehensive losses of approximately \$49,031. Additionally, we received \$60,000 in advance for shares of our common stock to be issued.

We are currently a development stage company focused on the oil and gas industry, and evaluating opportunities for expansion within that industry through acquisition or other strategic relationships.

### **Plan of Operation**

#### **Background**

We were formed on January 24, 1996 pursuant to the laws of the State of Nevada under the name Wolf Exploration, Inc. with a business plan to acquire properties for precious metal exploration in the western United States. However, after considering several properties, we determined the properties identified were not suitable to fully implement an exploration and development project in the United States. In August 1996, we changed our management team and developed a new business plan to sell chemical products to the oil and gas industry. In 1998, we sold that business and developed a new business plan for the manufacturing and marketing of a dental color analyzer. Our plans to manufacture and sell the analyzer were delayed pending completion of research and development and by an action brought against us by AEI Trucolor. After settling that action, in August 2001, we changed our name to "American Petro-Hunter Inc." and our focus to the exploration and eventual exploitation of oil and gas.

We have had no revenues since 2004. The accompanying financial statements have been prepared assuming that we will continue as a going concern. Having no sources of income, substantial doubt is raised about our ability to continue as a going concern.

Our plan of operations for the next fiscal year is to seek out a privately held business with whom we can reorganize so as to take advantage of our status as a publicly held corporation. As of the date of this report, our management has evaluated several potential reorganizations but deemed them unsuitable. However as of the date of this report, there has been no decision to proceed on any reorganization nor has any agreement been reached on even principal terms of such reorganization. We also intend to investigate the acquisition and development of natural resource projects without necessarily reorganizing with another party.

#### **Cash and Cash Equivalents**

As of December 31, 2007, we had cash of \$6,207 and did not have any cash equivalents. We anticipate that a substantial portion shall be used as working capital and to execute our reorganization strategy and business plan. As

such, we further anticipate that we will have to raise additional capital through debt or equity financings to fund our operations during the next 6 to 12 months.

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## **Results of Operations**

### **For the Fiscal Year Ended December 31, 2007**

For the fiscal year ended December 31, 2007, we incurred a net loss of \$107,554.

Administration expenses for the fiscal year end amounted to \$92,554 compared to \$61,523 in 2006. Executive compensation for the fiscal year end is \$15,000 compared to \$10,000 in 2006.

### **For the Fiscal Year Ended December 31, 2006**

For the fiscal year ended December 31, 2006, we incurred a net loss of \$72,397.

Administration expenses for the fiscal year end amounted to \$61,523 compared to \$42,329 in 2005. Executive compensation for the fiscal year end is \$10,000 compared to \$26,268 in 2005.

### **Period from inception, January 24, 1996 to December 31, 2007**

We have incurred losses in each period since inception and have an accumulated deficit, consisting of deficit and accumulated comprehensive losses, of \$3,585,517 at December 31, 2007. We expect to continue to incur losses as a result of expenditures for general and administrative activities while we remain in the development stage.

## **Liquidity and Capital Resources**

We are experiencing illiquidity and has been dependent upon shareholders and directors to provide funds to maintain its activities. At fiscal year ended December 31, 2007, the balance of amounts owing to related parties amounted to \$105,896. There are no specific terms of repayment for amounts owing to related parties.

We had a working capital deficiency of \$481,124 at December 31, 2007.

As a development stage company, we currently have limited operations, principally directed at evaluating potential acquisition targets and revenue-generating opportunities.

Our management believes that we will be able to generate sufficient revenue or raise sufficient amounts of working capital through debt or equity offerings, as may be required to meet our short-term and long-term obligations. In order to execute on our business strategy, we will require additional working capital, commensurate with the operational needs of the target companies we may pursue. Such working capital will most likely be obtained through equity or debt financings until such time as acquired operations are integrated and producing revenue in excess of operating expenses. There are no assurances that we will be able to raise the required working capital on terms favorable, or that such working capital will be available on any terms when needed.

## **Off-Balance Sheet Transactions**

There are no off balance sheet items.

## **Capital Expenditures**

We did not make any capital expenditures in the fiscal year ending December 31, 2007.

The following table outlines payments due under our significant contractual obligations over the periods shown, exclusive of interest:

<b>Contract Obligations At December 31, 2007</b>	<b>Total</b>	<b>Payments Due by Period</b>			<b>More than 5 years</b>
		<b>Less than 1 Year</b>	<b>1-3 years</b>	<b>3-5 years</b>	
Total Short Term Debt	\$ 25,000	\$ 25,000	\$	\$	\$

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The above table outlines our obligations as of December 31, 2007 and does not reflect any changes in our obligations that have occurred after that date.

## **ITEM 7 — FINANCIAL STATEMENTS**

The Financial Statements that constitute Item 7 are included at the end of this report beginning on Page F-1.

## **ITEM 8 — CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE**

On March 27, 2008, Morgan & Company (“Morgan”) resigned as our independent accountant.

Morgan’s report on our financial statements for the fiscal years ended December 31, 2006 and 2005 contained a modified opinion on our uncertainty to continue as a going concern because of recurring losses from operations, negative cash flows, stockholders’ deficiency and dependence upon obtaining adequate financing to fulfill our exploration activities.

Our Board of Directors approved the decision to change independent accountants on March 27, 2008.

During the last two fiscal years ended December 31, 2005 and 2006, and further through the subsequent interim periods ended March 31, 2007, June 30, 2007 and September 30, 2007 and the date of resignation of Morgan, there have been no disagreements with Morgan on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure, which disagreement if not resolved to the satisfaction of Morgan, would have caused them to make reference to the subject matter of the disagreement(s) in connection with their report as required by Item 304(a)(1)(iv) of Regulation S-K.

During the last two fiscal years ended December 31, 2005 and 2006, and further through the subsequent interim periods ended March 31, 2007, June 30, 2007 and September 30, 2007, Morgan did not advise us on any matter set forth in Item 304(a)(1)(v)(A) through (D) of Regulation S-K.

On March 27, 2008, we engaged Berkovits & Company, LLP (“Berkovits”) as our new independent accountants to audit our financial statements for the fiscal year ending December 31, 2007. During the last two fiscal years ended December 31, 2005 and 2006, and further through the subsequent interim periods ended March 31, 2007, June 30, 2007 and September 30, 2007, we did not consult with Berkovits regarding (i) the application of accounting principles to a specific transaction, either completed or proposed, or the type of audit opinion that might be rendered on our financial statements, and no written report or oral advice was provided to us by Berkovits concluding there was an important factor to be considered by us in reaching a decision as to an accounting, auditing or financial reporting issue; or (ii) any matter that was either the subject of a disagreement, as that term is defined in Item 304 (a)(1)(iv) of Regulation S-K or a reportable event, as that term is described in Item 304 (a)(1)(v) of Regulation S-K.

## **ITEM 8A — CONTROLS AND PROCEDURES**

We carried out an evaluation, under the supervision and with the participation of our management, including our Principal Executive Officer along with our Principal Financial Officer, of the effectiveness of the design of the our disclosure controls and procedures (as defined by Exchange Act Rule 13a-15(e) and 15a-15(e)) as of the end of our fiscal year pursuant to Exchange Act Rule 13a-15. Based upon that evaluation, our Principal Executive Officer along with our Principal Financial Officer concluded that our disclosure controls and procedures are effective in ensuring that information required to be disclosed by us in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission’s rules and forms.



**Management's Report on Internal Control over Financial Reporting**

Our management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act. Under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, we conducted an evaluation of the effectiveness of our internal control over financial reporting based on criteria established in the framework in *Internal Control – Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this evaluation, our management concluded that our internal control over financial reporting was effective as of December 31, 2007.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate. All internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

This annual report does not include an attestation report of our registered public accounting firm regarding internal control over financial reporting. Our management's report was not subject to attestation by our registered public accounting firm pursuant to temporary rules of the Securities and Exchange Commission that permit us to provide only our management's report in this annual report.

### **Changes in Internal Control over Financial Reporting**

We have had very limited operations and there were no changes in our internal controls over financial reporting that occurred during the three months ended December 31, 2007 that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting. We believe that a control system, no matter how well designed and operated, cannot provide absolute assurance that the objectives of the control system are met, and no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within any company have been detected.

### **ITEM 8B — OTHER INFORMATION**

One December 1, 2007, we entered into a Management and Governance Consultant Agreement with Sound Energy Advisors, LLC, an affiliated entity of our President (the "Consultant"), whereby it was agreed that the Consultant would provide us with management and consulting services for a monthly fee of \$2,500. The agreement was effective on December 1, 2007 and expires on November 30, 2009 and is subject to termination upon 30-day prior written notice by either party.

Subsequent to year end, we completed an equity financing for 600,000 units at \$0.05 per unit for total proceeds of \$30,000 to foreign accredited investors. Each unit is comprised of one share of our common stock and a warrant to purchase one share of our common stock at a price per share of \$0.15 for a period of 3 years from the date of issuance. We offered and sold our securities in reliance on Section 506 of Regulation D and/or Regulation S of the Securities Act, and comparable exemptions for sales to "accredited" investors under state securities laws.

## **PART III**

### **ITEM 9 — DIRECTORS AND EXECUTIVE OFFICERS**

#### **Directors and Executive Officers**

The following table sets forth the names and ages of our current directors and executive officers, the principal offices and positions held by each person:

<b>Person</b>	<b>Age</b>	<b>Position</b>
Gregory Leigh Lyons	49	Chairman of the Board; President, Chief Financial Officer and Secretary
Gregory Leigh Lyons		

Mr. Lyons was appointed as our President, Secretary and Treasurer effective December 5, 2007. Prior to joining us, Mr. Lyons founded Sound Energy Advisors LLC, which provides corporate governance and management consulting services to start-up and small cap companies. In addition, Mr. Lyons spent over 23 years working in a variety of upper management and executive positions for small and large, publicly-traded and private, foreign and domestic companies, and in many foreign countries including Venezuela, Ecuador, Bolivia, Argentina, Colombia and Iran. From August 2005 to May 2006, Mr. Lyons was the Chief Executive Officer and a director of Digital Ecosystems Corp. (OTC BB: DGEO), a global oil and gas exploration company specializing in acquiring unconventional oil and gas prospects in North America and Australia. From 2000 to 2005, Mr. Lyons was Chief Operating Officer and Project Director for Gas TransBoliviano S.A., a Shell/Enron controlled gas transmission company headquartered in Bolivia. Mr. Lyons currently serves on the Board of Directors of Radial Energy Inc. (OTCBB: RENG). Mr. Lyons received his Bachelor of Arts (BA) in Earth Science from the University of California, Santa Cruz in 1984 and is an Alumnus of the Harvard Business School having completed the Advanced Management Program (AMP) in 2004.

### Audit Committee Financial Expert

Our Board of Directors has not established a separate audit committee within the meaning of Section 3(a)(58)(A) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Instead, the entire Board of Directors acts as the audit committee within the meaning of Section 3(a)(58)(B) of the Exchange Act. In addition, Gregory Leigh Lyons currently meets the definition of an "audit committee financial expert" within the meaning of Item 407(d)(5) of Regulation SB. Mr Lyons is not an independent director. We are seeking candidates for outside directors and for a financial expert to serve on a separate audit committee when we establish one. Due to our small size and limited operations and resources, it has been difficult to recruit outside directors and financial experts.

### Compliance with Section 16(a) of the Securities Exchange Act of 1934

Based solely upon a review of Forms 3, 4 and 5 delivered to us as filed with the Securities Exchange Commission, our President and Director, Gregory Leigh Lyons failed to file on a timely basis a Form 3 as required pursuant to Section 16(a) of the Securities Exchange Act. Mr. Lyons had one late report during the fiscal year ended December 31, 2007.

Except as set forth above, and based solely upon a review of Forms 3, 4 and 5 delivered to us as filed with the Securities Exchange Commission, our executive officers and directors, and persons who own more than 10% of our Common Stock timely filed all required reports pursuant to Section 16(a) of the Securities Exchange Act.

### Code of Ethics

Given our limited operations and resources and because we are in the development stage, we have not yet adopted a code of ethics. Upon commencement of significant operations and hiring other executive officers, we intend to adopt a code of ethics that will apply to all our employees.

## ITEM 10 — EXECUTIVE COMPENSATION

### Summary Compensation

The summary compensation table below shows certain compensation information for services rendered in all capacities to us by our principal executive officer and by each other executive officer whose total annual salary and bonus exceeded \$100,000 during the fiscal periods ended December 31, 2007 and December 31, 2006. Other than as set forth below, no executive officer's total annual compensation exceeded \$100,000 during our last fiscal period.

Summary Compensation Table

Name and Principal Position (a)	Year (b)	Salary (\$) (c)	Bonus (\$) (d)	Stock Awards (\$) (e)(2)	Option Awards (\$) (f)	Non Equity Non-qualified Incentive Plan Compensation		All Other Compensation (\$) (i)	Total (\$) (j)
						Compensation (\$) (g)	Deferred Earnings (\$) (h)		
Patrick McGowan, Former Chairman of the Board, President, and Chief Financial Officer(1)	2007	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 15,000	\$ 15,000
Gregory Leigh Lyons	2006	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 10,000	\$ 10,000
	2007	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 2,500	\$ 2,500

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Chairman of the Board,  
 President, and Chief  
 Financial Officer

Mike Veldhuis, Director	2007 \$	-0-	\$	-0-	\$	-0-	\$	-0-	\$	-0-	\$	19,406	\$	19,406
	2006 \$	-0-	\$	-0-	\$	-0-	\$	-0-	\$	-0-	\$	8,079		