

AMERICAN PETRO-HUNTER INC  
Form 10KSB/A  
September 19, 2008

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

**FORM 10-KSB/A**  
**(Amendment No. 1)**

**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  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.

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

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

### **Explanatory Note**

We are filing this Form 10-KSB/A to reflect corrections in the 10-KSB Original Filing filed with the Securities and Exchange Commission on April 15, 2008 in response to a comment letter received from the Commission on September 8, 2008. We are making revisions to the following sections: "Front Cover Page," "Description of Business," "Controls and Procedures," "Financial Statements," "Exhibit 31.1" and "Exhibit 31.2."

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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 maintain, improve and implement our internal controls and reporting procedures policy as required by the Sarbanes-Oxley Act. We may need to hire additional financial reporting, internal controls and other finance staff in order to further develop and implement appropriate internal controls and reporting procedures as we grow our business. 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<br/>At December 31, 2007</b> | <b>Payments Due by Period</b> |                             |                  |                  |                              |
|--|-------------------------------|-----------------------------|------------------|------------------|------------------------------|
|  | <b>Total</b>                  | <b>Less than<br/>1 Year</b> | <b>1-3 years</b> | <b>3-5 years</b> | <b>More than<br/>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 and that such information is accumulated and communicated to our management, including our



Principal Executive Officer and Principal Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

### **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) | Awards (\$)(e)(2) | Awards (\$)(f) | Non Equity Non-qualified Incentive Deferred Compensation |                           | All Other Compensation (\$)(i) | Total (\$)(j) |
|---|----------|----------------|---------------|-------------------|----------------|--|---------------------------|--------------------------------|---------------|
|   |          |                |               |                   |                | Stock Option Awards (\$)(g)                              | Plan Compensation (\$)(h) |                                |               |
| Patrick McGowan,<br>Former Chairman of the Board,<br>President, and Chief Financial<br>Officer(1) | 2007     | \$ -0-         | \$ -0-        | \$ -0-            | \$ -0-         | \$ -0-   | \$ -0-                    | \$ 15,000                      | \$ 15,000     |
|   | 2006     | \$ -0-         | \$ -0-        | \$ -0-            | \$ -0-         | \$ -0-   | \$ -0-                    | \$ 10,000                      | \$ 10,000     |
| Gregory Leigh Lyons   | 2007     | \$ -0-         | \$ -0-        | \$ -0-            | \$ -0-         | \$ -0-   | \$ -0-                    | \$ 2,500                       | \$ 2,500      |

Chairman of the Board, President,  
and Chief Financial Officer

|                         |      |        |        |        |        |        |        |        |        |           |
|-------------------------|------|--------|--------|--------|--------|--------|--------|--------|--------|-----------|
| Mike Veldhuis, Director | 2007 | \$ -0- | \$ -0- | \$ -0- | \$ -0- | \$ -0- | \$ -0- | \$ -0- | 19,406 | \$ 19,406 |
|                         | 2006 | \$ -0- | \$ -0- | \$ -0- | \$ -0- | \$ -0- | \$ -0- | \$ -0- | 8,079  | \$ 8,079  |
| Barry Whelan, Director  | 2007 | \$ -0- | \$ -0- | \$ -0- | \$ -0- | \$ -0- | \$ -0- | \$ -0- | 0      | \$ 0      |
|                         | 2006 | \$ -0- | \$ -0- | \$ -0- | \$ -0- | \$ -0- | \$ -0- | \$ -0- | 579    | \$ 579    |

(1) Mr. McGowan, Mr. Veldhuis and Mr. Whelan resigned all their positions with us on December 7, 2007.

Mr. Lyons billed a total of \$2,500 for the fiscal year ended December 31, 2007 in accordance with a consulting agreement approved by the board of directors on December 21, 2007, whereby Mr. Lyons, through his affiliate, Sound Energy Advisors, LLC (“SEA”), agreed to provide us with management and governance consulting services, including of liaising with our officers and employees concerning matters relating to the management and corporate governance of our day to day operations, accounting, regulatory compliance, marketing and investor relations issues. In consideration of services rendered, we agreed to pay SEA a fee in the amount of \$2,500 per month, together with applicable taxes and out-of-pocket expenses for specialized services. The agreement is for a two year term commencing December 1, 2007 and continuing until November 30, 2009 and is subject to termination upon 30 day prior written notice by either party.

Mr. McGowan billed a total of \$15,000 and \$10,000 in management fess for the fiscal years ended December 31, 2007 and 2006 respectively in accordance with a management agreement approved by the board of directors on April 1, 1998 at a rate of Cnd \$7,000 per month, which was subsequently reduced to Cnd \$5,000 per month effective August 1999, and in 2002, to Cnd \$2,500 retroactive to October 1, 2001. The management agreement was further reduced to \$833.33 per month effective January 1, 2006.

Two private companies owned by Mr. Veldhuis were paid a total of \$19,406 and \$7,500 of consulting fees for the fiscal years ended December 31, 2007 and 2006, respectively.

Mr. Whelan was paid a total of \$0 and \$579 of consulting fees for the fiscal years ended December 31, 2007 and 2006, respectively.

### **Director Compensation**

Our board of directors are reimbursed for actual expenses incurred in attending Board meetings. There are no other compensation arrangement with directors, and the directors did not receive any compensation in the fiscal years ending December 31, 2007 and 2006.

### **ITEM 11 — SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS**

The following table sets forth, as of April 14, 2008, the number and percentage of outstanding shares of our common stock owned by (i) each person known to us to beneficially own more than 5% of our outstanding common stock, (ii) each director, (iii) each named executive officer, and (iv) all executive officers and directors as a group. Share ownership is deemed to include all shares that may be acquired through the exercise or conversion of any other security immediately or within the next sixty days. Such shares that may be so acquired are also deemed outstanding for purposes of calculating the percentage of ownership for that individual or any group of which that individual is a member. Unless otherwise indicated, the stockholders listed possess sole voting and investment power with respect to the shares shown.

| Name and Address<br>of Beneficial Owner  | Title of Class | Amount and Nature<br>of Beneficial<br>Ownership of<br>Common Stock(1) | Percentage of<br>Common Stock<br>Outstanding(1) |
|--|----------------|---|---|
| Patrick A. McGowan<br>211-1148 Westwood Street<br>Coquitlam, B.C., Canada<br>V3B 4S4           | Common         | 225,438   | 2.73%   |
| Gregory Leigh Lyons<br>Suite 225 - 225 Marine Drive<br>Blaine, WA 98230                        | Common         | -   | -   |
| Mike Veldhuis<br>Suite 2 – 2072 West 3 <sup>rd</sup> Ave<br>Vancouver, B.C., Canada<br>V6J 1L5 | Common         | -   | -   |
| Barry L. Whelan<br>1250 – 800 West Pender Street<br>Vancouver, B.C., Canada<br>V6C 2V6         | Common         | -   | -   |
| All Executive Officers and Directors as a Group (4<br>persons)                                 | Common         | 225,438   | 2.73%   |

(1)Based upon information furnished to us by the directors and executive officers or obtained from our stock transfer books showing 8,265,019 shares of common stock outstanding as of April 14, 2008. We are informed that these persons hold the sole voting and dispositive power with respect to the common stock except as noted herein. For purposes of computing “beneficial ownership” and the percentage of outstanding common stock held by each person or group of persons named above as of April 14, 2008, any security which such person or group of persons has the right to acquire within 60 days after such date is deemed to be outstanding for the purpose of computing beneficial ownership and the percentage ownership of such person or persons, but is not deemed to be outstanding for the purpose of computing the percentage ownership of any other person.

## ITEM 12 — CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

In December 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.

Mr. McGowan billed us a total of \$15,000 during 2007 and \$10,000 during 2006 for services rendered.

Mr. Veldhuis, one of our directors, is an owner of Endurven Management Inc. and 0758445 BCLTD which were paid a total of \$19,406 and \$8,079 of consulting fees for the fiscal years ended December 31, 2007 and 2006, respectively.

Mr. Whelan, one of our directors, was paid a total of \$579 of consulting fees for the fiscal year ended December 31, 2006.

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**ITEM 13 — EXHIBITS**

| <b>Exhibit Number</b> | <b>Name</b>   |
|-----------------------|---|
| 3.1(1)                | Amended and Restated Articles of Incorporation  |
| 4.1(2)                | 1998 Directors and Officers Option Plan   |
| 4.2(3)                | Amended 1998 Key Personnel Compensation Plan  |
| 4.3(4)                | 2000 Stock Option Plan  |
| 4.4(5)                | 2001 Stock Option Plan  |
| 10.1(6)               | Sale Agreement between Wolf Industries Inc. and Gorda Technology Holdings Limited                 |
| 10.2(6)               | License Agreement between Wolf Industries Inc. and Andrew Engineering Inc., et al                 |
| 10.3(7)               | Asset Purchase Agreement between Wolf Industries Inc. and Andrew Engineering Inc.                 |
| 10.4(7)               | Agreement between Wolf Industries Inc., Andrew Engineering Inc., Andrew Rawicz and GPT Management |
| 10.5(8)               | Letter of Intent with Galloway Financial Services   |
| 10.6(8)               | Letter Agreement with Dancing Star Resources  |
| 10.7(8)               | Assignment of Lease with Exor Oil Company, LLC  |
| 10.8(9)               | Loan Agreement with VCF Capital Corp.   |
| 10.9(9)               | Form of Securities Purchase Agreement   |
| 10.10                 | Management and Governance Consultant Agreement  |
| 16(10)                | Letter from Morgan and Company  |
| 23.1                  | Consent of Morgan and Company   |
| 31.1                  | Rule 13(a) — 14(a)/15(d) — 14(a) Certification (Principal Executive Officer)                      |
| 31.2                  | Rule 13(a) — 14(a)/15(d) — 14(a) Certification (Principal Financial Officer)                      |
| 32                    | Section 1350 Certifications   |

**Footnotes to Exhibits Index**

- (1) Incorporated by reference to Form 10-SB12G dated June 19, 1997.
- (2) Incorporated by reference to Form S-8 dated September 10, 1998.
- (3) Incorporated by reference to Form S-8 dated December 9, 1998.
- (4) Incorporated by reference to Form S-8 dated October 20, 2000.
- (5) Incorporated by reference to Form S-8 dated October 2, 2001.
- (6) Incorporated by reference to Form 10-QSB for the period ended March 31, 1998.
- (7) Incorporated by reference to Form 10-QSB for the period ended June 30, 1999.
- (8) Incorporated by reference to Form 10-QSB for the period ended September 30, 2001.
- (9) Incorporated by reference to Form 10-KSB for the year ended December 31, 2006.
- (10) Incorporated by reference to Form 8-K/A dated April 14, 2008.

**ITEM 14 — PRINCIPAL ACCOUNTANT FEES AND SERVICES.**

The following table shows the fees paid or accrued by us for the audit and other services provided Morgan and Company for the fiscal periods shown.

|                      | <b>December 31, 2007</b> | <b>December 31, 2006</b> |
|----------------------|--------------------------|--------------------------|
| Audit Fees           | \$ 22,064                | \$ 34,840                |
| Audit — Related Fees | —                        | —                        |
| Tax Fees             | —                        | —                        |
| All Other Fees       | —                        | —                        |
| <b>Total</b>         | <b>\$ 22,064</b>         | <b>\$ 34,840</b>         |

Audit fees consist of fees billed for professional services rendered for the audit of our financial statements and review of the interim financial statements included in quarterly reports and services that are normally provided by the above auditors in connection with statutory and regulatory filings or engagements

In the absence of a formal audit committee, the full Board of Directors pre-approves all audit and non-audit services to be performed by the independent registered public accounting firm in accordance with the rules and regulations promulgated under the Securities Exchange Act of 1934, as amended. The Board of Directors pre-approved 100% of the audit, audit-related and tax services performed by the independent registered public accounting firm in fiscal 2007. The percentage of hours expended on the principal accountant's engagement to audit the Company's financial statements for the most recent fiscal year that were attributed to work performed by persons other than the principal accountant's full-time, permanent employees was 0%.

**SIGNATURES**

In accordance with Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act") the Registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

**AMERICAN PETRO-HUNTER, INC.**

Dated: September 19, 2008

/s/ Gregory Leigh Lyons  
By: Gregory Leigh Lyons  
Its: President, Chief Financial Officer and Chairman of the Board (Principal Executive Officer)

Dated: September 19, 2008

/s/ Gregory Leigh Lyons  
By: Gregory Leigh Lyons  
Its: President, Chief Financial Officer and Chairman of the Board (Principal Financial Officer and Principal Accounting Officer)

Pursuant to requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated:

| <b>Signature</b>                               | <b>Capacity</b> | <b>Date</b>        |
|--|-----------------|--------------------|
| /s/ Gregory Leigh Lyons<br>Gregory Leigh Lyons | Director        | September 19, 2008 |

**AMERICAN PETRO-HUNTER INC.**  
**(A Development Stage Company)**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2007 AND 2006**  
**(Stated in U.S. Dollars)**

**American Petro-Hunter Inc.**  
**Index to Financial Statements**  
**December 31, 2007**

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**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

We have audited the accompanying balance sheet of American Petro-Hunter, Inc. (“the Company”) (a development stage company) as of December 31, 2007 and the related statements of operations, changes in stockholders’ deficit and cash flows for the year then ended. These financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on these financial statements based on our audit. Our opinion on the statements of operations, changes in stockholders’ deficit and cash flows for the period from January 24, 1996 (inception) to December 31, 2007 insofar as it relates to amounts for periods prior to January 1, 2007 is based on the reports of other auditors.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of American Petro-Hunter, Inc. as of December 31, 2007, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States.

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 1 to the financial statements, the Company’s dependence on outside financing, lack of sufficient working capital, and recurring losses raise substantial doubt about the Company’s ability to continue as a going concern. Management’s plans are described in Note 1 to the financial statements. The financial statements do not include any adjustments that might result from the outcome of this uncertainty

/s/ Berkovits & Company, LLP

Ft. Lauderdale, Florida  
April 3, 2008

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**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the Stockholders and Directors of  
American Petro-Hunter Inc.  
(A Development Stage Company)

We have audited the accompanying balance sheets of American Petro-Hunter Inc. (a development stage company) as of December 31, 2006 and 2005, and the related statements of operations, cash flows, and stockholders' deficiency for each of the two years in the period ended December 31, 2006 and for the period from inception, January 24, 1996 to December 31, 2006. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2006 and 2005, and the results of its operations and its cash flows for the years ended December 31, 2006 and 2005, and the period from inception, January 24, 1996 to December 31, 2006, in conformity with accounting principles generally accepted in the United States of America.

The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

The accompanying financial statements have been prepared assuming the Company will continue as a going concern. As discussed in Note 1 to the financial statements, the Company has suffered recurring losses from operations, has negative cash flows, has a stockholders' deficiency and is dependent upon obtaining adequate financing to fulfill its exploration activities. These factors raise substantial doubt about its ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 1. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Vancouver, Canada  
March 21, 2007

"Morgan & Company"  
Chartered Accountants

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**American Petro-Hunter Inc.**  
**(A Development Stage Company)**

Balance sheets

(Expressed in U.S. Dollars)

**As of December 31,**

|  | <b>2007</b>      | <b>2006</b>      |
|--|------------------|------------------|
| <b>Assets</b>  |                  |                  |
| Cash   | \$ 6,207         | \$ 20,783        |
| Taxes recoverable  | 2,484            | 1,905            |
| <b>Total Current Assets</b>  | <b>\$ 8,691</b>  | <b>\$ 22,688</b> |
| <b>Liabilities and Stockholders' Deficit</b>   |                  |                  |
| Accounts payable and accrued liabilities   | \$ 255,695       | \$ 219,531       |
| Due to related parties   | 105,896          | 74,166           |
| Loan guarantee   | 103,224          | 88,530           |
| Note payable   | 25,000           | 25,000           |
| <b>Total Current Liabilities</b>   | <b>489,815</b>   | <b>407,227</b>   |
| Common stock 200,000,000 voting shares, par value \$0.001 authorized;<br>8,265,019 shares issued and outstanding | 8,265            | 8,265            |
| Common stock to be issued  | 60,000           | -                |
| Additional paid-in capital   | 3,036,128        | 3,036,128        |
| Accumulated comprehensive loss   | (89,260)         | (40,229)         |
| Deficit accumulated during the development stage   | (3,496,257)      | (3,388,703)      |
| <b>Total Stockholders' Deficit</b>   | <b>(481,124)</b> | <b>(384,539)</b> |
| <b>Total Liabilities and Stockholders' Deficit</b>   | <b>\$ 8,691</b>  | <b>\$ 22,688</b> |

The accompanying notes are an integral part of these financial statements.

**American Petro-Hunter Inc.**  
**(A Development Stage Company)**  
 Statements of Operations  
 (Expressed in U.S. Dollars)

|  | For the year<br>ended<br>December 31,<br>2007 | For the year<br>ended<br>December 31,<br>2006 | For the<br>period from<br>January 24,<br>1996<br>(inception) to<br>December 31,<br>2007 |
|--|---|---|---|
| <b>Revenues</b>  | \$ -  | \$ -  | \$ -  |
| <b>Expenses:</b>   |   |   |   |
| General and administrative   | 92,554  | 61,523  | 1,634,868   |
| Executive compensation   | 15,000  | 10,000  | 399,488   |
| Finders' fees  | -   | -   | 48,000  |
| Rent   | -   | 874   | 61,698  |
| Research and development   | -   | -   | 566,875   |
| Total expenses   | 107,554                                       | 72,397  | 2,710,929   |
| <b>Loss before other expenses</b>  | (107,554)                                     | (72,397)                                      | (2,710,929)   |
| <b>Other expenses:</b>   |   |   |   |
| Write-off loans and advances   | -   | -   | (327,451)   |
| Loss from discontinued operations  | -   | -   | (365,519)   |
| Loss from loan guarantee   | -   | -   | (84,858)  |
| Write-down of investments  | -   | (1)   | (7,500)   |
| Total other expenses   | -   | (1)   | (785,328)   |
| <b>Net loss</b>  | (107,554)                                     | (72,398)                                      | (3,496,257)   |
| <b>Other comprehensive loss</b>  |   |   |   |
| Foreign currency translation loss  | (49,031)                                      | (6,380)                                       | (89,260)  |
| <b>Comprehensive loss</b>  | \$ (156,585)                                  | \$ (78,778)                                   | \$ (3,585,517)  |
| <b>Basic and diluted loss per common share</b>                                 | \$ (0.013)                                    | \$ (0.008)                                    |   |
| <b>Weighted average number of common shares used in per share calculations</b> | 8,265,019                                     | 8,265,019                                     |   |

The accompanying notes are an integral part of these financial statements.



**American Petro-Hunter Inc.****(A Development Stage Company)**

Statements of Changes in Stockholders' Deficit

(Expressed in U.S. Dollars)

|  | Common Stock |           | Additional   | Common      | Deficit     | accumulated   | accumulated | Stockholders' |
|--|--------------|-----------|--------------|-------------|-------------|---------------|-------------|---------------|
|  | Number of    | Par Value | paid-in      | stock to    | during the  | comprehensive | loss        | Equity        |
|  | shares       |           | capital      | development | development | loss          |             | (Deficit)     |
|  | issued       |           | and          | stage       | stage       |               |             |               |
|  |              |           | deferred     | stage       | stage       |               |             |               |
|  |              |           | compensation | stage       | stage       |               |             |               |
|  |              |           | be issued    | stage       | stage       |               |             |               |
| Share issue for cash, net of issue costs | 10,497,300   | \$ 10,497 | \$ 296,833   | \$ -        | \$ -        | \$ -          | \$ -        | 307,330       |
| Net income                               | -            | -         | -            | -           | -           | 4,856         | -           | 4,856         |
| <b>Balance at December 31, 1996</b>      | 10,497,300   | 10,497    | 296,833      | -           | -           | 4,856         | -           | 312,186       |
| Share issued for cash, net of issue cost | 187,416      | 187       | 46,850       | -           | -           | -             | -           | 47,037        |
| Net loss                                 | -            | -         | -            | -           | -           | (96,386)      | -           | (96,386)      |
| Unrealized foreign exchange gain         | -            | -         | -            | -           | -           | -             | 8,258       | 8,258         |
| <b>Balance at December 31, 1997</b>      | 10,684,716   | 10,684    | 343,683      | -           | -           | (91,530)      | 8,258       | 271,095       |
| Stock reverse split 3:1                  | (7,123,094)  | (7,123)   | 7,123        | -           | -           | -             | -           | -             |
| Shares issued                            | 7,773,026    | 7,773     | 1,980,833    | -           | -           | -             | -           | 1,988,606     |
| Unrealized foreign exchange loss         | -            | -         | -            | -           | -           | -             | (8,258)     | (8,258)       |
| Net loss                                 | -            | -         | -            | -           | -           | (1,798,830)   | -           | (1,798,830)   |
| <b>Balance at December 31, 1998</b>      | 11,334,648   | 11,334    | 2,331,639    | -           | -           | (1,890,360)   | -           | 452,613       |
| 1998 issuance cancelled                  | (4,800,000)  | (4,800)   | (1,339,200)  | -           | -           | -             | -           | (1,344,000)   |
| Share issue costs                        | 500,000      | 500       | 85,000       | -           | -           | -             | -           | 85,500        |
| Net loss                                 | -            | -         | -            | -           | -           | (307,331)     | -           | (307,331)     |
| <b>Balance at December 31, 1999</b>      | 7,034,648    | 7,034     | 1,077,439    | -           | -           | (2,197,691)   | -           | (1,113,218)   |
| Share issued                             | 4,435,570    | -         | 1,083,791    | -           | -           | -             | -           | 1,083,791     |
| Finders' fees                            | -            | -         | 48,000       | -           | -           | -             | -           | 48,000        |
| Share purchase warrants                  | -            | -         | 80,000       | -           | -           | -             | -           | 80,000        |

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|   |              |         |           |         |   |             |          |           |
|---|--------------|---------|-----------|---------|---|-------------|----------|-----------|
| Net loss                                    | -            | -       | -         | -       | - | (547,097)   | -        | (547,097) |
| <b>Balance at<br/>December 31,<br/>2000</b> | 11,470,218   | 7,034   | 2,289,230 | -       | - | (2,744,788) | -        | (448,524) |
| Stock reverse split<br>10:1                 | (10,323,196) | (5,887) | 5,887     | -       | - | -           | -        | -         |
| Share issued                                | 4,253,617    | 4,254   | 552,106   | -       | - | -           | -        | 556,360   |
| Net loss                                    | -            | -       | -         | -       | - | (297,352)   | -        | (297,352) |
| <b>Balance at<br/>December 31,<br/>2001</b> | 5,400,639    | 5,401   | 2,847,223 | -       | - | (3,042,140) | -        | (189,516) |
| Share issued                                | 220,000      | 220     | 21,780    | -       | - | -           | -        | 22,000    |
| Net loss                                    | -            | -       | -         | -       | - | (29,664)    | -        | (29,664)  |
| <b>Balance at<br/>December 31,<br/>2002</b> | 5,620,639    | 5,621   | 2,869,003 | -       | - | (3,071,804) | -        | (197,180) |
| Share issued                                | 430,000      | 430     | 25,370    | -       | - | -           | -        | 25,800    |
| Other<br>comprehensive<br>loss              | -            | -       | -         | -       | - | 17,920      | (17,920) | -         |
| Net loss                                    | -            | -       | -         | -       | - | (57,652)    | -        | (57,652)  |
| <b>Balance at<br/>December 31,<br/>2003</b> | 6,050,639    | 6,051   | 2,894,373 | -       | - | (3,111,536) | (17,920) | (229,032) |
| Share issued for<br>services rendered       | 475,000      | 475     | 56,525    | (3,226) | - | -           | -        | 53,774    |
| Other<br>comprehensive<br>loss              | -            | -       | -         | -       | - | -           | (9,773)  | (9,773)   |
| Net loss                                    | -            | -       | -         | -       | - | (134,058)   | -        | (134,058) |
| <b>Balance at<br/>December 31,<br/>2004</b> | 6,525,639    | 6,526   | 2,950,898 | (3,226) | - | (3,245,594) | (27,693) | (319,089) |
| Shares issued for<br>services rendered      | -            | -       | -         | 3,226   | - | -           | -        | 3,226     |
| Share issued for<br>cash                    | 1,739,380    | 1,739   | 85,230    | -       | - | -           | -        | 86,969    |
| Other<br>comprehensive<br>loss              | -            | -       | -         | -       | - | -           | (6,156)  | (6,156)   |
| Net loss                                    | -            | -       | -         | -       | - | (70,711)    | -        | (70,711)  |
| <b>Balance at<br/>December 31,<br/>2005</b> | 8,265,019    | 8,265   | 3,036,128 | -       | - | (3,316,305) | (33,849) | (305,761) |
|   | -            | -       | -         | -       | - | -           | (6,380)  | (6,380)   |

|  |           |          |              |      |           |                |             |              |  |
|--|-----------|----------|--------------|------|-----------|----------------|-------------|--------------|--|
| Other comprehensive loss               |           |          |              |      |           |                |             |              |  |
| Net loss                               | -         | -        | -            | -    | -         | (72,398)       | -           | (72,398)     |  |
| <b>Balance at December 31, 2006</b>    | 8,265,019 | 8,265    | 3,036,128    | -    | -         | (3,388,703)    | (40,229)    | (384,539)    |  |
| Other comprehensive loss               | -         | -        | -            | -    | -         | -              | (49,031)    | (49,031)     |  |
| Share subscription received in advance | -         | -        | -            | -    | 60,000    | -              | -           | 60,000       |  |
| Net loss                               | -         | -        | -            | -    | -         | (107,554)      | -           | (107,554)    |  |
| <b>Balance at December 31, 2007</b>    | 8,265,019 | \$ 8,265 | \$ 3,036,128 | \$ - | \$ 60,000 | \$ (3,496,257) | \$ (89,260) | \$ (481,124) |  |

The accompanying notes are an integral part of these financial statements.

**American Petro-Hunter Inc.**  
**(A Development Stage Company)**  
 Statements of Cash Flows  
 (Expressed in U.S. Dollars)

|   | For the year<br>ended<br>December 31,<br>2007 | For the year<br>ended<br>December 31,<br>2006 | For the<br>period from<br>January 24,<br>1996<br>(inception) to<br>December 31,<br>2007 |
|---|---|---|---|
| <b>Cash flows from operating activities</b>                                 |   |   |   |
| Net loss  | \$ (107,554)                                  | \$ (72,398)                                   | \$ (3,130,738)  |
| Adjustments to reconcile net loss to net cash used in operating activities: |   |   |   |
| Accrued interest on note payable  | 2,959   | 600   | 3,559   |
| Stock purchase warrants issued  | -   | -   | 80,000  |
| Loss from loan guarantee  | 14,694  | 3,672   | 103,224   |
| Shares issued for services rendered   | -   | -   | 992,558   |
| Stock purchase warrants issued for finders' fee                             | -   | -   | 48,000  |
| Write down of investment in AEI Trucolor                                    | -   | 1   | 7,500   |
| Changes in operating assets and liabilities:                                |   |   |   |
| Increase in taxes recoverable   | (579)   | (1,531)                                       | (2,484)   |
| Increase in accounts payable and accrued liabilities                        | 33,205  | 22,268  | 1,835,969   |
| Increase in accounts payable to related parties                             | 31,730  | -   | 31,730  |
| Net cash used in operating activities                                       | (25,545)                                      | (47,388)                                      | (30,682)  |
| <b>Cash flows from financing activities</b>                                 |   |   |   |
| Stock subscriptions received  | 60,000  | -   | 562,400   |
| Proceeds from note payable  | -   | 25,000  | 25,000  |
| Share issue costs   | -   | -   | (95,732)  |
| Net cash provided by financing activities                                   | 60,000  | 25,000  | 491,668   |
| <b>Cash flows from discontinued operations</b>                              | -   | -   | (365,519)   |
| <b>Foreign currency translation effect on cash</b>                          | (49,031)                                      | (6,380)                                       | (89,260)  |
| <b>Change in cash</b>   | (14,576)                                      | (28,768)                                      | 6,207   |
| <b>Cash, Beginning of period</b>  | 20,783  | 49,551  | -   |
| <b>Cash, End of period</b>  | \$ 6,207                                      | \$ 20,783                                     | \$ 6,207  |

The accompanying notes are an integral part of these financial statements.

**Supplemental Disclosures with Respect to Cash Flows (Note 9)**

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**American Petro-Hunter Inc.**  
**(A Development Stage Company)**  
(Expressed in U.S. Dollars)  
Notes to Financial Statements  
**December 31, 2007 and 2006**

**1. Nature and Continuance of Operations**

American Petro-Hunter Inc. (“the Company”) was incorporated in the State of Nevada on January 24, 1996 as Wolf Exploration Inc. Wolf Exploration Inc., changed its name to Wolf Industries Inc. on March 17, 1997, to Travelport Systems Inc., on November 21, 2000 and to American Petro-Hunter Inc., on August 17, 2001. The Company’s business offices are located in Blaine, Washington, USA.

The Company is evaluating the acquisition of certain natural resource projects with the intent of developing such projects. The Company’s focus is currently in locating and assessing potential acquisition targets, including real property, oil and gas rights and oil and gas companies.

These financial statements have been prepared in accordance with the United States generally accepted accounting principles applicable to a going concern, which contemplates the realization of assets and the satisfaction of liabilities and commitments in the normal course of business. The Company is at development stage and has no revenue, has limited assets and has accumulated deficit and comprehensive losses during the development period of \$3,585,517 and requires additional funds to maintain its operations. Management’s plan in this regard is to raise equity financing as required. There can be no assurance that sufficient funding will be obtained. The foregoing matters raise substantial doubt about the Company’s ability to continue as a going concern. The financial statements do not include any adjustments relating to the recoverability and classification of recorded assets, or the amounts of and classification of liabilities that might be necessary in the event the Company cannot continue in existence.

**2. Significant Accounting Policies**

The following is a summary of significant accounting policies used in the preparation of these financial statements.

**Principles in accounting**

These financial statements are stated in United States dollars (“U.S. dollars”) and have been prepared in accordance with accounting principles generally accepted in the United States of America.

**Foreign currency translation**

The Company’s functional currency is the Canadian dollar and its reporting currency is the U.S. dollar. Assets and liabilities denominated in foreign currencies are translated to U.S. dollars in accordance with Statement of Financial Accounting Standards (“SFAS”) No. 52 “*Foreign Currency Translation*” using the exchange rate in effect at the balance sheet date. Revenues and expenses are translated at rates approximating exchange rates in effect at the time of the transactions. Certain translation adjustments are reported as a separate component of stockholders’ deficit, whereas gains or losses resulting from foreign currency transactions are included in the results of operations.

**American Petro-Hunter Inc.**  
**(A Development Stage Company)**  
(Expressed in U.S. Dollars)  
Notes to Financial Statements  
**December 31, 2007 and 2006**

**2. Significant Accounting Policies (continued)**

**Income taxes**

The Company adopted the SFAS No. 109, "*Accounting for Income Taxes*". Pursuant to SFAS No. 109, deferred income tax assets and liabilities are computed for differences between the financial statement carrying amounts and the respective tax bases. Deferred tax assets and liabilities are measured using enacted or substantially enacted tax rates expected to apply to the taxable income in the periods in which those differences are expected to affect taxable income. Valuation allowances are established when necessary to reduce deferred income tax assets to the amount expected to be realized.

Potential benefits of net operating losses have not been recognized in the financial statements because the Company cannot be assured it is more likely than not it will utilize the net operating losses carried forward in future years.

**Use of estimates**

The preparation of financial statements, in conformity with accounting principles generally accepted in the United States, requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Stock-based compensation**

Effective December 1, 2006, the Company adopted the provisions of SFAS No. 123R, "Share-Based Payment," ("SFAS 123R"), which establishes standards for the accounting for transactions in which an entity incurs liabilities in exchange for goods or services that are based on the fair value of the entity's equity instruments or that may be settled by the issuance of those equity instruments.

The Company has not issued common stock nor granted stock options in exchange for services during the years ended December 31, 2007 and 2006.

**Comprehensive income (loss)**

The Company has adopted SFAS No. 130, "*Reporting Comprehensive Income*", which established standards for the reporting and display of comprehensive income/ loss, its components and accumulated balances in financial statements.

**Concentration of Credit Risk**

The Company maintains its cash in a bank deposit account in the United States, which at times, may exceed US federally insured limits.

**American Petro-Hunter Inc.**  
**(A Development Stage Company)**  
(Expressed in U.S. Dollars)  
Notes to Financial Statements  
**December 31, 2007 and 2006**

**2. Significant Accounting Policies (continued)**

**Net Loss per share**

The Company computes net income (loss) per share in accordance with SFAS No. 128, “*Earnings per share*” which requires presentation of both basic and diluted earnings per share (“EPS”) on the face of the income statement. Basic EPS is computed by dividing net income (loss) available to common shareholders by the weighted average number of common shares outstanding during the year. Diluted EPS gives effect to all dilutive potential common shares outstanding during the period using the treasury stock method. In computing diluted EPS, the average stock price for the period is used in determining the number of shares assumed to be purchased from the exercise of stock options or warrants. Diluted EPS excludes all dilutive potential shares if their effect is anti-dilutive. Because the Company does not have any potentially dilutive securities only basic loss per share is presented in the accompanying financial statements.

**Financial instruments**

The Company’s financial instruments consist of cash, taxes recoverable, accounts payable and accrued liabilities, due to related parties, note payable and loan guarantee. Unless otherwise noted, it is management’s opinion that the Company is not exposed to significant interest, or credit risks arising from these financial instruments. The fair values of these financial instruments approximate their carrying values because of their relatively short-term maturities.

The Company operates outside of the United States of America and is exposed to foreign currency risk due to the fluctuation between the currency in which the Company operates in and the U.S. dollars.

**3. Recent Accounting Pronouncements**

The following are disclosed as they may be applicable to the Company’s operations and have an impact on the Company’s financial statements:

In February 2007, the Financial Accounting Standard Board (“FASB”) issued SFAS No. 159, “*Establishing the Fair Value Option for Financial Assets and Liabilities*” (“SFAS No. 159”). SFAS No. 159 permits all entities to choose to elect, at specified election dates, to measure eligible financial instruments at fair value. An entity shall report unrealized gains and losses on items for which the fair value option has been elected in earnings, at each subsequent reporting date, and recognize upfront costs and fees related to those items in earnings as incurred and not deferred. SFAS No. 159 applies to fiscal years beginning after November 15, 2007, with early adoption permitted for an equity that has also elected to apply the provisions of SFAS No. 157, “*Fair Value Measurements*”. An entity is prohibited from retrospectively applying SFAS No. 159, unless it chooses early adoption. SFAS No. 159 also applies to eligible items existing at November 15, 2007 (or early adoption date). The Company is evaluating the impact of the adoption of SFAS No. 159 could have on the Company’s financial statements.



**American Petro-Hunter Inc.**  
**(A Development Stage Company)**  
(Expressed in U.S. Dollars)  
Notes to Financial Statements  
**December 31, 2007 and 2006**

**3. Recent Accounting Pronouncements (continued)**

In September 2006, FASB issued SFAS No. 157, "*Fair Value Measures*" ("SFAS No. 157"). This Statement defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles (GAAP), expands disclosures about fair value measurements, and applies under other accounting pronouncements that require or permit fair value measurements. SFAS No. 157 does not require any new fair value measurements. However, the FASB anticipates that for some entities, the application of SFAS No. 157 will change current practice. SFAS No. 157 is effective for financial statements issued for fiscal years beginning after November 15, 2007, which for the Company would be the fiscal year beginning January 1, 2008. The Company is currently evaluating the impact of adopting SFAS No. 157 and does not expect that it will have a significant effect on its financial position or results of operations.

In September 2006, the Securities and Exchange Commission ("SEC") issued Staff Accounting Bulletin ("SAB") No. 108, "*Considering the Effects of Prior Year Misstatements when Quantifying Misstatements in Current Year Financial Statements.*" SAB No. 108 addresses how the effects of prior year uncorrected misstatements should be considered when quantifying misstatements in current year financial statements. SAB No. 108 requires companies to quantify misstatements using a balance sheet and income statement approach and to evaluate whether either approach results in quantifying an error that is material in light of relevant quantitative and qualitative factors. SAB No. 108 is effective for interim periods ending after November 15, 2006. The Company is currently evaluating the impact of adopting SAB No. 108 and does not expect that it will have a significant effect on its financial position or results of operations.

In June 2006, FASB issued Interpretation No. 48, "*Accounting for Uncertainty in Income Taxes-an Interpretation of FASB Statement No. 109.*" This Interpretation clarifies the accounting for uncertainty in income taxes recognized in an enterprise's financial statements in accordance with FASB No. 109, "*Accounting for Income Taxes.*" This Interpretation prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. This Interpretation also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. This Interpretation is effective for fiscal years beginning after December 15, 2006. The Company has determined that the adoption of Statement No. 158 does not have any material impact on the Company's results of operations or financial position.

**4. Related Party Transactions**

Amounts due to related parties are payable to a director of the Company, a former director of the Company, a company owned by a director of the Company, and a company owned by a former director and officer of the Company. All amounts due to related parties are non-interest bearing, unsecured and payable on demand.

During the year ended December 31, 2007, the Company accrued and/or paid executive compensation of \$15,000 (2006 - \$10,000) to a former director.

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**4. Related Party Transactions (continued)**

During the year ended December 31, 2006, the Company paid accounting fees, rental, and office expenses of \$14,682 to a company owned by a former director and officer, which are included in general and administrative expenses.

During the year ended December 31, 2007, the Company paid a total of \$19,406 (2006 - \$8,079) in consulting fees to two companies controlled by a former director and to a director, which are included in general and administrative expenses.

In December 2007, the Company entered into a Management and Governance Consultant Agreement (the "Agreement") with Sound Energy Advisors, LLC, an affiliated entity, whereby it was agreed that the consultant provide the Company 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.

During the year ended December 31, 2007, the Company carried out a number of transactions with related parties in the normal course of business.

**5. Note Payable**

On October 18, 2006, the Company entered into a promissory note agreement with VCF Capital Corp. ("VCF"), an affiliated company, whereby VCF loaned the Company \$25,000. The loan bears interest at 12% per annum, is collateralized by a general security arrangement over all of the Company's assets and was payable in full on May 18, 2007.

This note payable was in default at December 31, 2007. During the years ended December 31, 2007 and 2006, the Company accrued \$6,870 and \$600 of interest expense which is included in general and administrative expenses.

**6. Loan Guarantee**

In 2004, the Company received a demand for payment from Canadian Western Bank ("CWB") pursuant to a guarantee provided by the Company in favor of Calgary Chemical, a former subsidiary.

The Company divested itself of Calgary Chemical in 1998 under an agreement with its purchaser (a former president). The agreement included an indemnity guarantee, whereby the purchaser would indemnify and hold the Company harmless from any and all liability, loss, damage or expenses.

Upon receipt of the claim, the Company accrued the amount of the claim since in the opinion of legal counsel it is more likely than not that CWB would prevail in this action.

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**7. Common Stock to be issued**

During the year ended December 31, 2007, the Company received full payment towards subscriptions to purchase 1,200,000 units at a price of \$0.05 per unit. Each unit consists of the right to purchase a common share and contains a purchase warrant. Each purchase warrant entitles the holder to purchase an additional common share at a price of \$0.15 through February 23, 2010. At December 31, 2007, the Company had not issued the common shares and share purchase warrants related to these subscriptions.

**8. Income Taxes**

The Company's operations for the years ended December 31, 2007 and 2006 resulted in losses, thus no income taxes have been reflected in the accompanying statements of operations.

As of December 31, 2007 and 2006 the Company had the following deferred tax asset:

|   | <b>2007</b>  | <b>2006</b>  |
|---|--------------|--------------|
| Deferred asset related to net operating loss carry-forwards | \$ 1,186,000 | \$ 1,038,000 |
| Less: Valuation allowance                                   | (1,186,000)  | (1,038,000)  |
| Deferred tax asset recognized                               | \$ -         | \$ -         |

A valuation allowance has been recorded to reduce the net benefit recorded in the financial statements related to this deferred asset. The valuation allowance is deemed necessary as a result of the uncertainty associated with the ultimate realization of the deferred tax asset. The Company has concluded that it is more likely than not, that it will not realize the benefit of this deferred tax asset.

As of December 31, 2007, the Company has net operating loss carry-forwards of approximately \$3,586,000 (2006 - \$3,054,000) which may be used to reduce future income taxes payable and which expire from 2026 to 2027. Current Federal Tax Law limits the amount of loss available to offset against future taxable income when a substantial change in ownership occurs. Therefore, the amount available to offset future taxable income may be limited.

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**8. Income Taxes (continued)**

The provision/benefit for income taxes differs from the amount computed by applying the statutory federal income tax rate of 34% (2006 - 34%) to the net loss for the year. The difference is summarized as follows:

|   | <b>2007</b> | <b>2006</b> |
|---|-------------|-------------|
| Computed tax benefit at statutory rates | \$ 37,000   | \$ 25,000   |
| Less: Valuation allowance               | (37,000)    | (25,000)    |
| Income tax benefit                      | \$ -        | \$ -        |

**9. Supplemental Disclosure with Respect to Cash Flows**

|                                     | <b>For the year<br/>ended<br/>December 31,<br/>2007<br/>(As restated)</b> | <b>For the year<br/>ended December<br/>31,<br/>2006</b> | <b>For the period<br/>from January 24,<br/>1996 (inception)<br/>to December 31,<br/>2007</b> |
|-------------------------------------|---|---|--|
| Shares issued in settlement of debt | \$ -  | \$ -  | \$ 1,509,667   |
| Shares issued for services rendered | \$ -  | \$ -  | \$ 992,558   |
| Shares issued for investment        | \$ -  | \$ -  | \$ 7,500   |

**10. Subsequent Event**

Subsequent to year end, the Company 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 the Company's common stock and a warrant to purchase one share of the Company's common stock at a price per share of \$0.15 for a period of 3 years from the date of issuance.

**11. Restatement of Financial Statements**

The Company's disclosure in Note 9, "Supplemental Disclosure with Respect to Cash Flows" for the year ended December 31, 2008 has been restated to report the amounts for shares issued in settlement of debt, for services rendered, and for investment purposes for the year ended December 31, 2007 to be \$Nil.

**INDEX TO EXHIBITS**

| <b>Exhibit Number</b> | <b>Name</b>   |
|-----------------------|---|
| 3.1(1)                | Amended and Restated Articles of Incorporation  |
| 4.1(2)                | 1998 Directors and Officers Option Plan   |
| 4.2(3)                | Amended 1998 Key Personnel Compensation Plan  |
| 4.3(4)                | 2000 Stock Option Plan  |
| 4.4(5)                | 2001 Stock Option Plan  |
| 10.1(6)               | Sale Agreement between Wolf Industries Inc. and Gorda Technology Holdings Limited                 |
| 10.2(6)               | License Agreement between Wolf Industries Inc. and Andrew Engineering Inc., et al                 |
| 10.3(7)               | Asset Purchase Agreement between Wolf Industries Inc. and Andrew Engineering Inc.                 |
| 10.4(7)               | Agreement between Wolf Industries Inc., Andrew Engineering Inc., Andrew Rawicz and GPT Management |
| 10.5(8)               | Letter of Intent with Galloway Financial Services   |
| 10.6(8)               | Letter Agreement with Dancing Star Resources  |
| 10.7(8)               | Assignment of Lease with Exor Oil Company, LLC  |
| 10.8(9)               | Loan Agreement with VCF Capital Corp.   |
| 10.9(9)               | Form of Securities Purchase Agreement   |
| 10.10                 | Management and Governance Consultant Agreement  |
| 16(10)                | Letter from Morgan and Company  |
| 23.1                  | Consent of Morgan and Company   |
| 31.1                  | Rule 13(a) — 14(a)/15(d) — 14(a) Certification (Principal Executive Officer)                      |
| 31.2                  | Rule 13(a) — 14(a)/15(d) — 14(a) Certification (Principal Financial Officer)                      |
| 32                    | Section 1350 Certifications   |

**Footnotes to Exhibits Index**

- (1) Incorporated by reference to Form 10-SB12G dated June 19, 1997.
- (2) Incorporated by reference to Form S-8 dated September 10, 1998.

- (3) Incorporated by reference to Form S-8 dated December 9, 1998.
- (4) Incorporated by reference to Form S-8 dated October 20, 2000.
- (5) Incorporated by reference to Form S-8 dated October 2, 2001.
- (6) Incorporated by reference to Form 10-QSB for the period ended March 31, 1998.
- (7) Incorporated by reference to Form 10-QSB for the period ended June 30, 1999.
- (8) Incorporated by reference to Form 10-QSB for the period ended September 30, 2001.
- (9) Incorporated by reference to Form 10-KSB for the period ended December 31, 2006.
- (10) Incorporated by reference to Form 8-K/A dated April 14, 2008.

**MANAGEMENT AND GOVERNANCE CONSULTANT AGREEMENT**

**THIS AGREEMENT** dated effective December 1, 2007, although executed on December 21, 2007 is made:

**BETWEEN:**

**American Petro-Hunter Inc.**

225 Marine Drive, Suite 210  
Blaine, WA 98230 USA

(referred to as the "Company")

**AND:**

**Sound Energy Advisors LLC**

225 Marine Drive, Suite 210  
Blaine, WA 98230 USA

(referred to as "Consultant")

**1. Consultation Services**

The Company hereby engages the Consultant to perform the following services in accordance with the terms and conditions set forth in this Agreement: The Consultant will consult with the officers and employees of the Company concerning matters relating to corporate management and governance, including day-to-day operations, accounting, regulatory compliance, marketing and investor relation services.

**2. Terms of Agreement.**

The term of this Agreement will commence December 1, 2007 and will continue until November 30, 2009. Either party may terminate this Agreement by giving the other party thirty (30) days written notice delivered by registered mail or confirmed email.

**3. Place Where Services Will Be Rendered**

The Consultant will perform most services in accordance with this Agreement at 225 Marine Drive, Blaine, WA 98230. In addition, the Consultant will perform services on the telephone and at such other places as designated by the Company to perform these services in accordance with this Agreement.

**4. Payment to Consultant**

The Consultant will be paid in advance on the 1st day of each month at the rate of Two Thousand Five Hundred Dollars in US funds (US\$ 2,500.00) per month for work performed in accordance with this Agreement; Provided that the Consultant issues an invoice to the Company on or before the first day of each month of the term. The Company will reimburse the Consultant for all disbursements, including travel, accommodation, printing, postage, long distance telephone charges and other related costs, reasonably incurred by the Consultant for the purpose of the provision of the Consultant's services to the Company within 10 days of having received written receipts in respect of this disbursements, providing that any such disbursement exceeding \$500.00 must have been approved by the Company in advance of its having been incurred; and providing further that the disbursements must be submitted once a month and will only be reimbursed once a month. The Consultant has the right to ask the Company for an advance payment, if

appropriate, to pay for certain disbursements that have been pre-approved by the Company.

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**5. Independent Contractor**

Both the Company and the Consultant agree that the Consultant will at all times act as an independent contractor in the performance of its duties under this Contract. Accordingly, the Consultant shall be solely responsible for payment of all taxes including Federal, State and local taxes arising out of the Consultant's activities in accordance with this Agreement, including by way of illustration but not limitation, Federal and State income tax, business tax, and any other taxes or business license fees as may be required to be paid.

**6. Confidential Information and Non-Competition**

The Consultant agrees that any information received by the Consultant or Gregory Leigh Lyons during the performance of the Consultant's obligations pursuant to this Agreement or otherwise, regarding the business, financial, technological or other any other affairs of the Company or its personnel will be maintained by the Consultant and Gregory Leigh Lyons as strictly confidential and will not be revealed by the Consultant or Gregory Leigh Lyons to any other persons, firms, organizations or other entities whatsoever. This covenant shall survive the termination of this Agreement.

The Consultant agrees that during the term of this Agreement and thereafter, it and Gregory Leigh Lyons will not compete or attempt to compete with the business or technology of the Company or in any other respects whatsoever.

**7. Employment of Others**

The Company may from time to time request that the Consultant arrange for the services of others. All costs to the Consultant for those services will be paid by the Company.

**8. Signatures**

Both the Company and the Consultant agree to the above Contract.

**9. Entire Agreement**

This agreement contains the entire agreement between the parties hereto with respect to the Consultant's engagement by the Company and supersedes any prior oral or written agreements or understandings with respect hereto.

**10. Notices**

All notices, requests, demands, and other communications hereunder shall be in writing and shall be delivered personally, sent by recognized overnight courier or sent by registered or certified mail, return receipt requested, to the other parties hereto at his or its address as set forth above, and shall be deemed given when delivered, or if sent by registered or certified mail, five (5) days after mailing. Any party may change the address to which notices, requests, demands, and other communications hereunder shall be sent by sending written notice of such change of address to the other parties in the manner above provided.

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**11. Successors and Assigns**

Subject to the terms of Paragraph 7, this Agreement shall inure to the benefit of, and be binding upon, the successors and assigns of the party hereto.

**12. Amendment**

No amendment of any provision of the Agreement, or consent to any departure therefrom, shall be effective unless the same be in writing signed by the parties.

**13. Waiver**

The waiver by the Company of any breach of any term or condition of the Agreement shall not be deemed to constitute the waiver of any other breach of the same or any other term or condition hereof.

**14. Severability**

Each of the terms and provisions of this Agreement is to be deemed severable in whole or in part and, if any terms or provision or the application thereof in any circumstances should be invalid, illegal or unenforceable, the remaining terms and provisions or the application of such term or provision to circumstances other than those as to which it is held invalid, illegal or unenforceable shall not be affected thereby and shall remain in full force and effect.

**15. Governing Law**

This agreement and the enforcement thereof shall be governed and controlled in all aspect by the laws of the State of Nevada.

**14. Counterparts**

This Agreement may be executed in several counterparts and all so executed shall constitute one agreement binding on all the parties hereto, notwithstanding that all the parties are not signatories to the original or the same counterpart.

**AMERICAN PETRO-HUNTER INC.**

\_\_\_\_\_  
Gregory Leigh Lyons, Director

**SOUND ENERGY ADVISORS LLC**

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Gregory Leigh Lyons, President

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