AMERICAN PETRO-HUNTER INC
Form 10-Q
November 19, 2009

U.S. SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-Q

x QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended: September 30, 2009

o TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from ______ to ______

Commission file number: 0-22723

AMERICAN PETRO-HUNTER INC.

(Exact name of registrant as specified in its charter)

NEVADA	98-0171619
(State of incorporation)	(IRS Employer ID No.)

17470 North Pacesetter Way
Scottsdale, AZ 85255
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: (480) 305-2052

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

x Yes ¨ No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required o submit and post such files).

¨ Yes ¨ No

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

¨ Large accelerated filer	¨ Accelerated filer	¨ Non-accelerated filer (Do not check if smaller reporting company)	x Smaller Reporting company

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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class	Outstanding at November 19, 2009
Common stock, $.001 par value	23,748,561

AMERICAN PETRO HUNTER, INC.
FORM 10-Q

September 30, 2009

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FORWARD-LOOKING STATEMENTS

This Report on Form 10-Q contains forward-looking statements within the meaning of the “safe harbor” provisions of the Private Securities Litigation Reform Act of 1995. Reference is made in particular to the description of our plans and objectives for future operations, assumptions underlying such plans and objectives, and other forward-looking statements included in this report. Such statements may be identified by the use of forward-looking terminology such as “may,” “will,” “expect,” “believe,” “estimate,” “anticipate,” “intend,” “continue,” or similar terms, variations of such ter negative of such terms. Such statements are based on management's current expectations and are subject to a number of factors and uncertainties, which could cause actual results to differ materially from those described in the forward-looking statements. Such statements address future events and conditions concerning, among others, capital expenditures, earnings, litigation, regulatory matters, liquidity and capital resources and accounting matters. Actual results in each case could differ materially from those anticipated in such statements by reason of factors such as future economic conditions, changes in consumer demand, legislative, regulatory and competitive developments in markets in which we operate, results of litigation and other circumstances affecting anticipated revenues and costs, and the risk factors set forth under the heading “Risk Factors” in our Annual report on Form 10-K for the fiscal year ended December 31, 2008, filed on April 15, 2009.

As used in this Form 10-Q, “we,” “us” and “our” refer to American Petro-Hunter Inc., which is also sometimes referred to as the “Company.”

YOU SHOULD NOT PLACE UNDUE RELIANCE ON THESE FORWARD LOOKING STATEMENTS

The forward-looking statements made in this report on Form 10-Q relate only to events or information as of the date on which the statements are made in this report on Form 10-Q. Except as required by law, we undertake no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise, after the date on which the statements are made or to reflect the occurrence of unanticipated events. You should read this report and the documents that we reference in this report, including documents referenced by incorporation, completely and with the understanding that our actual future results may be materially different from what we expect or hope.

PART I—FINANCIAL INFORMATION

Item 1. Financial Statements.

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

Condensed Financial Statements
(Unaudited)
30 September 2009

American Petro-Hunter Inc.
(A Development Stage Company)
Condensed Balance Sheets

	As at 30 September 2009 $ (Unaudited)	As at 31 December 2008 (Audited) $
Assets		
Current		
Cash	127,111	136
Accounts Receivable	9,642	-
Taxes recoverable	2,111	2,003
	138,864	2,139
Mineral properties (Note 4)	577,608	-
	716,472	2,139
Liabilities		
Current		
Accounts payable and accrued liabilities	199,376	217,252
Due to related party (Note 5)	25	123,877
Notes payable (Note 8)	138,297	31,518
Convertible debenture, net of discount of $529,427 (Note 6)	470,558	-
Loan guarantee (Note 7)	94,860	83,293
	903,116	455,940
Stockholders' deficiency		
Common stock (Note 9)		
200,000,000 voting shares, par value $0.001 authorized; 23,748,561 and 10,065,019 shares issued and outstanding at 30 September 2009 and 31 December 2008, respectively	23,745	10,065
Common stock to be issued, 0 and 800,000 shares at 30 September 2009 and 31 December 2008, respectively	-	40,000
Additional paid-in capital	4,617,579	3,124,328
Accumulated comprehensive gain (loss)	12,107	(8,114)
Deficit accumulated during the development stage	(4,840,075)	(3,620,080)
	(186,644)	(453,801)
	716,472	2,139

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

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American Petro-Hunter Inc.
(A Development Stage Company)
Condensed Statements of Operations
(Unaudited)

	For the three month period ended 30 September 2009 $	For the three month period ended 30 September 2008 $	For the nine month period ended 30 September 2009 $	For the nine month period ended 30 September 2008 $	For the period from the date of inception on 24 January 1996 to 30 September 2009 $
Revenues	54,981	-	54,981	-	54,981
Cost of Goods Sold					
Production Expenses	2,491	-	2,491	-	2,491
Gross Profit	52,490	-	52,490	-	52,490
Expenses					
General and administrative	77,939	21,400	205,851	79,614	1,939,391
Executive compensation	63,000	-	135,749	-	547,022
Exploration costs	-		44,624		44,624
Finders' fees	3,375	-	31,750	-	79,750
Rent	179	-	379	-	64,477
Research and development	-	-	-	-	566,875
Net loss before other items	(92,003)	(21,400)	(365,863)	(79,614)	(3,189,649)
Other items					
Interest	(80,949)	-	(84,784)	-	(95,750)
Loan placement fee	-	-	(238,227)	-	(238,227)
Loss from discontinued operations	-	-	-	-	(365,519)
Loss from loan guarantee	-	-	-	-	(84,858)
Loss from settlement of debt	-	-	(14,971)	-	(14,971)
Impairment expense	(516,150)	-	(516,150)	-	(516,150)
Write-down of investments	-	-	-	-	(7,500)
Write-off loans and advances	-	-	-	-	(327,451)
Net loss for the period	(689,102)	(21,400)	(1,219,995)	(79,614)	(4,840,075)

Other comprehensive gain (loss)					
Foreign currency translation gain	(16,497)	16,598	20,221	29,326	12,107
Comprehensive loss	(705,599)	(4,802)	(1,199,774)	(50,288)	(4,827,968)
Basic and diluted loss per common share	(0.03)	(0.00)	(0.06)	(0.00)	
Weighted average number of common shares used in per share calculations	23,039,770	10,065,019	19,182,852	9,079,599	

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

American Petro-Hunter Inc.
(A Development Stage Company)
Condensed Statements of Cash Flows
(Unaudited)

	For the nine month period ended 30 Sept 2009 $	For the nine month period ended 30 Sept 2008 $	For the period from the date of inception on 24 January 1996 to 30 Sept 2009 $
Cash flows used in operating activities			
Net loss for the period	(1,219,995)	(79,614)	(4,474,556)
Adjustments to reconcile net loss to net cash used in operating activities:			
Accrued interest on note payable	1,472	-	5,031
Stock purchase warrants issued	-	-	80,000
(Gain) loss from loan guarantee	4,447	-	87,740
Warrants issued for services	238,227	-	238,227
Loss on settlement of debt	14,971	-	14,971
Shares issued for services rendered	-	-	992,558
Shares issued for settlement of debt	150,111	-	150,111
Stock purchase warrants issued for finders' fee	-	-	48,000
Amortization of discount	52,199	-	52,199
Impairment expense	516,150	-	516,150
Write down of investment in AEI Trucolor	-	-	7,500
Changes in operating assets and liabilities			
(Increase) decrease in taxes recoverable	(108)	169	(2,111)
(Increase) decrease in accounts receivable	(9,642)	-	(9,642)
Increase (decrease) in accounts payable and accrued liabilities	(12,227)	20,878	1,824,821
Decrease in due to related parties	(123,852)	(5,041)	(107,145)
	(388,247)	(105,364)	(576,146)
Cash flows from investing activities			
Acquisition of mineral properties	(1,093,758)	-	(1,093,758)
Cash flows used in financing activities			
Purchase of common shares for cash	262,132	70,000	894,532
Purchase of common shares for promissory note	219,863	-	219,863
Proceeds from note payable	106,779	-	131,779
Proceeds from convertible debenture	999,985	-	999,985
Share issue costs	-	-	(95,732)
	1,588,759	70,000	2,150,427
Cash flows used in discontinued operations	-	-	(365,519)
Foreign currency translation effect on cash	20,221	29,326	12,107

Increase (decrease) in cash and cash equivalents	126,975	(6,038)	127,111
Cash and cash equivalents, beginning of period	136	6,207	-
Cash and cash equivalents, end of period	127,111	169	127,111

Supplemental Disclosures with Respect to Cash Flows (Note 11)

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

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1. Nature and Continuance of Operations

American Petro-Hunter Inc. (the "Company") was incorporated in the State of Nevada on 24 January 1996 as Wolf Exploration Inc. On 17 March 1997, Wolf Exploration Inc. changed its name to Wolf Industries Inc.; on 21 November 2000, changed its name to Travelport Systems Inc., and on 17 August 2001, changed its name to American Petro-Hunter Inc. 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 focus is currently in locating and assessing potential acquisition targets, including real property, oil and gas companies.

These condensed financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") 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 a development stage and has no revenue, has limited assets and has accumulated deficit and comprehensive losses during the development period of $4,271,726 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 condensed 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 condensed financial statements.

Basis of presentation

The unaudited condensed financial statements have been prepared in accordance with GAAP.

The unaudited condensed financial statements do not include all information and footnote disclosures required under GAAP. In management's opinion, all adjustments (consisting solely of normal recurring accruals) considered necessary for a fair presentation of the financial position results of operations, changes in stockholders' equity (deficiency) and cash flows as of 30 September 2009, and for all periods presented, have been included. Readers of these condensed financial statements should note that interim results for the periods presented are not necessarily indicative of the results that can be expected for the fiscal year as a whole.

These condensed financial statements should be read in conjunction with the financial statements and notes thereto included in the Company's annual report on Form 10-K for the fiscal year ended 31 December 2008.

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.

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 that it will utilize the net operating losses carry-forwards 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 1 December 2006, the Company adopted the provisions of SFAS No. 123R, "Share-Based Payment", 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 granted stock options in exchange for services during the nine month period ended 30 September 2009.

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. Common stock equivalents were not included in the calculation of diluted loss per share as their effect would be anti-dilutive.

Financial instruments

The Company's financial instruments consist of cash and cash equivalents, taxes recoverable, accounts payable and accrued liabilities, due to related party, notes 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 form 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.

Reclassifications

Certain comparative figures have been reclassified to conform to the current period's presentation.

3. Recent Accounting Pronouncements

The following recent accounting pronouncements are disclosed as they may be applicable to the Company's operations and could have an impact on the Company's condensed financial statements:

In June 2009, the Financial Accounting Standards Board ("FASB") issued SFAS No. 168, "The FASB Accounting Standards Codification and the Hierarchy of Generally Accepted Accounting Principle – a replacement of FASB statement No. 162". SFAS No. 168 replaces the sources of accounting principles and the framework for selecting the principles used in the preparation of financial statements of nongovernmental entities that are presented in conformity with generally accepted accounting principles as stated with FASB Accounting Standards Codification becoming the source of authoritative U.S. GAAP recognized by the FASB to be applied by nongovernmental entities. Rules and interpretive releases of the SEC under authority of federal securities laws are also sources of authoritative GAAP for SEC registrants. SFAS No. 168 is effective for financial statements issued for fiscal years and interim periods beginning after 15 September 2009. The Company does not expect this adoption will have a material impact on the Company's interim condensed financial statements.

In June 2009, the FASB issued SFAS No. 167, "Amendments to FASB Interpretation No. 46(R)". SFAS No. 167 is intended to establish general standards of financial reporting for companies with variable interest entities. It requires timely and useful disclosure of information related to the Company's involvement with variable interest entities. This disclosure should alert all users to the effects on specific provisions of FASB Interpretation No. 46 (revised December 2003), "Consolidation of Variable Interest Entities", related to the changes to the special-purpose entity proposal in FASB Statement No. 166, "Accounting for Transfers of Financial Assets", and the treatment of specific provisions of Interpretation 46(R). SFAS No. 167 is effective for financial statements issued for fiscal years and interim periods beginning after 15 November 2009. The Company has determined that the adoption of SFAS No. 167 will have no impact will have on its condensed financial statements.

In June 2009, the FASB issued SFAS No. 166, "Accounting for Transfers of Financial Assets—an amendment of FASB Statement" ("SFAS 166"). SFAS No. 166 is intended to establish standards of financial reporting for the transfer of assets and transferred assets to improve the relevance, representational faithfulness, and comparability. SFAS No. 166 was established to clarify derecognition of assets under FASB Statement No. 140, "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities". SFAS No. 166 is effective for financial statements issued for fiscal years and interim periods beginning after 15 November 2009. The Company has determined that the adoption of SFAS No. 166 will have no impact will have on its condensed financial statements.

In May 2009, the FASB issued SFAS No. 165, "Subsequent Events". SFAS No. 165 is intended to establish general standards of accounting for and disclosure of events that occur after the balance sheet date, but before financial statements are issued or are available to be issued. It requires the disclosure of the date through which an entity has evaluated subsequent events and the basis for that date–that is, whether that date represents the date the financial statements were issued or were available to be issued. This disclosure should alert all users of financial statements that an entity has not evaluated subsequent events after that date in the set of financial statements being presented. SFAS No. 165 is effective for financial statements issued for fiscal years and interim periods ending after 15 June 2009. The adoption of this statement did not have a material impact on its interim condensed financial statements.

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In May 2008, the FASB issued SFAS No. 163, "Accounting for Financial Guarantee Insurance Contracts – an interpretation of FASB Statement No. 60". SFAS No. 163 provides enhanced guidance on the recognition and measurement to be used to account for premium revenue and claim liabilities and related disclosures and is limited to financial guarantee insurance (and reinsurance) contracts, issued by enterprises included within the scope of FASB Statement No. 60, "Accounting and Reporting by Insurance Enterprises". SFAS No. 163 also requires that an insurance enterprise recognize a claim liability prior to an event of default when there is evidence that credit deterioration has occurred in an insured financial obligation. SFAS No. 163 is effective for financial statements issued for fiscal years and interim periods beginning after 15 December 2008, with early application not permitted. The adoption of SFAS No. 163 did not have an impact on the Company's condensed financial statements.

In May 2008, the FASB issued SFAS No. 162, "The Hierarchy of Generally Accepted Accounting Principles". SFAS No. 162 is intended to improve financial reporting by identifying a consistent framework, or hierarchy, for selecting accounting principles to be used in preparing financial statements that are presented in conformity with GAAP for nongovernmental entities. Prior to the issuance of SFAS No. 162, GAAP hierarchy was defined in the American Institute of Certified Public Accountants ("AICPA") Statement on Auditing Standards No. 69, "The Meaning of Present Fairly in Conformity with Generally Accepted Accounting Principles". SAS No. 69 has been criticized because it is directed to the auditor rather than the entity. SFAS No. 162 addresses these issues by establishing that the GAAP hierarchy should be directed to entities because it is the entity, not its auditor, which is responsible for selecting accounting principles for financial statements that are presented in conformity with GAAP. SFAS No. 162 is effective 60 days following the SEC's approval of the Public Company Accounting Oversight Board Auditing amendments to AU Section 411, "The Meaning of Present Fairly in Conformity with Generally Accepted Accounting Principles". The Company does not expect SFAS No. 162 to have a material effect on its condensed financial statements.

In March 2008, the FASB issued SFAS No. 161, "Disclosures about Derivative Instruments and Hedging Activities – an amendment of FASB Statement No. 133". SFAS No. 161 is intended to improve transparency in financial reporting by requiring enhanced disclosures of an entity's derivative instruments and hedging activities and their effects on the entity's financial position, financial performance, and cash flows. SFAS No. 161 applies to all derivate instruments within the scope of SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities". It also applies to non-derivative hedging instruments and all hedged items designated and qualifying as hedges under SFAS No. 133. SFAS No. 161 is effective prospectively for financial statements issued for fiscal years beginning after 15 November 2008, with early application encouraged. The adoption of SFAS No. 161 did not have an impact on the Company's condensed financial statements.

In December 2007, the FASB issued SFAS No. 141 (revised 2007), "Business Combinations". SFAS No. 141(R) establishes principles and requirements for how an acquirer recognizes and measures in its financial statements the identifiable assets acquired, the liabilities assumed, any noncontrolling interest in the acquiree and the goodwill acquired. SFAS No. 141(R) also establishes disclosure requirements to enable the evaluation of the nature and financial effects of the business combination. SFAS No. 141(R) is effective for fiscal years beginning after 15 December 2008. The adoption of SFAS No. 141(R) did not have an impact on the Company's condensed financial statements.

In December 2007, the FASB issued SFAS No. 160, "Noncontrolling Interests in Consolidated Financial Statements – an amendment of Accounting Research Bulletin No. 51". SFAS No. 160 establishes accounting and reporting standards for ownership interests in subsidiaries held by parties other than the parent, the amount of consolidated net income attributable and to the noncontrolling interest, changes in a parent's ownership interest, and the valuation of retained noncontrolling equity investments when a subsidiary is deconsolidated. SFAS No. 160 also establishes disclosure requirements that clearly identify and distinguish between the interests of the parent and the interests of the noncontrolling owners. SFAS No. 160 is effective for fiscal years beginning after 15 December 2008. The adoption of SFAS No. 160 did not have an impact on the Company's condensed financial statements.

4. Mineral Properties

Archer Explorations, Inc. - Stanislaus County

On 6 April 2009, the Company entered into a participation agreement (the “Participation Agreement”) with Archer Explorations, Inc. (“Archer”) to participate in the drilling for oil on a prospect located in Stanislaus County, California. Pursuant to the Participation Agreement, the Company paid Archer $200,000 for all costs in connection with the acquisition and operation of the prospect until completion of an initial test well in exchange for a 25% working interest in the prospect. The assignment of the 25% interest will only be made upon the successful completion of the initial test well. The Company is also responsible for 25% of all expenditures in connection with the development and operation of the prospect for drilling. The Company may elect not to participate in additional expenditures in connection with the prospect at which time the Company will forfeit any interests it has in the prospect.

S&W Oil & Gas, LLC - Poston Prospect

On 4 May 2009, the Company entered into a binding Letter of Intent ("LOI") with S&W Oil & Gas, LLC ("S&W") to participate in the drilling for oil in the Poston Prospect #1 Lutters in Southwest Trego County, Kansas (the "Poston Prospect"). Pursuant to the LOI, the Company paid S&W $64,536 in exchange for a 25% working interest and 81.5% net revenue interest in the Poston Prospect. In the event S&W determines that the drill stem tests and or logs support commercial production, an additional $44,624 paid per 25% working interest held by the Company is due for completion of the oil well and for the purchase of necessary equipment.

Archer Explorations, Inc. - Sacramento County

On 4 June 2009, the Company entered into a participation agreement with Archer (the "Archer Participant Agreement") to participate in the drilling for natural gas on a prospect located in Sacramento County, California. Pursuant to the Archer Participant Agreement, the Company agrees to pay to Archer $142,000 for all costs in connection with the acquisition and operation of the prospect up to the drilling of an initial test well in exchange for a 25% working interest in the prospect. The Company is also responsible for 25% of all expenditures in connection with the development and operation of the prospect for drilling. The Company may elect not to participate in additional expenditures in connection with the prospect at which time the Company will forfeit any interests it has in the prospect.

S&W Oil & Gas, LLC – Brinkman Prospect

On 11 June 2009, the Company entered into a binding LOI with S&W to participate in the drilling for oil and natural gas in the Brinkman Prospect located in Clark County, Kansas. Pursuant to the LOI, the Company paid S&W a total of $22,833 for land acquisition, leasing and seismic costs for a 25% working interest in the Prospect. In addition, the Company will pay $56,467 to cover dry-hole cased drilling costs associated with the first exploratory oil well and 25% of all further going forward costs such as completion and related infrastructure costs. If a successful commercial well is established, the Company will receive an 81.5% net revenue interest in the prospect. The LOI contains customary representations and warranties by the parties.

S&W Oil & Gas, LLC – Rooney Prospect

On 19 June 2009, the Company entered into a binding LOI with S&W to participate in the drilling for oil and natural gas in the Rooney Prospect located in southwestern Ford County, Kansas. The Rooney Prospect consists of 8 sections totaling 5,120 acres. Pursuant to the LOI, the Company paid S&W a total of $113,333 for land acquisition and leasing costs and agreed to pay up to $216,667 for the 3D seismic shoot costs that include processing and interpretation as well as 50% of all further going forward costs such as completion and related infrastructure costs. If a successful commercial well is established, S&W will assign 50% of the working interest and 81.5% net revenue interest in the Prospect to the Company. The LOI contains customary representations and warranties by the parties.

Mineral Property Impairment

Drilling operations at the Archer-Tsakopoulos #2 well in California and the #1 Keck well in Kansas has ended. Both wells successfully encountered oil and gas in the target horizons but lacked adequate reservoirs in order to complete them as commercial producers. In the quarter ended September 30, 2009 the Company incurred $516,150 in impairment expense relating to these wells.

5. Due to Related Party and Related Party Transactions

Amount due to related party is payable to a company owned by a former director and officer of the Company. Amount due to related party is non-interest bearing, unsecured and has no fixed terms of repayment.

During the nine month period ended 30 September 2009, the Company carried out a number of transactions with related parties in the normal course of business.

During the nine month period ended 30 September 2009, the Company paid a total of $7,999 (2008 - $1,325) in consulting fees to a company controlled by a former director.

In February 2009, the Company entered into a one-year management and governance consultant agreement (the “Consulting Agreement”) with Chamberlain Capital Partners (“Chamberlain”), an affiliated entity, whereby it was agreed that Chamberlain provide the Company with management and governance consulting services for a monthly fee of $2,500. During the nine month period ended 30 September 2009, the Company incurred $12,500 (2008 - $Nil) in management and consulting expenses in connection with the Consulting Agreement.

In March 2009, the Company entered into a one-year management and governance consultant agreement with a director and officer of the Company (the “Related Party”), whereby it was agreed that the Related Party provide the Company with corporate management consulting services for a monthly fee of $15,000. During the nine month period ended 30 September 2009, the Company incurred $68,500 (2008 - $Nil) in management and consulting expenses to the Related Party.

In March 2009, the Company entered into a one-year business consultant agreement (the “Business Consulting Agreement”) with Bakerview Investor Relations, Inc. (“Bakerview”), whereby it was agreed that Bakerview provide the Company with marketing and investor relation services for a monthly fee of $7,500. During the nine month period ended 30 September 2009, the Company incurred $48,750 (2008 - $Nil) in business consulting expenses in connection with the Business Consulting Agreement.

In March 2009, the Company entered into debt assignment agreements with various related parties (the “Related Parties”) and third parties (the “Debt Purchasers”), whereby the Debt Purchasers agreed to purchase existing amounts due to the Related Parties from the Company in the amount of $165,082 (the “Existing Debts”). The Company also entered into agreements with the Debt Purchasers whereby the Debt Purchasers agreed to convert the Existing Debts into 8,254,088 common shares of the Company valued at $165,082 (Note 9).

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 1 December 2007 and expires on 30 November 2009 and is subject to termination upon 30-day prior written notice by either party. Effective 13 February 2009, the Agreement was terminated. During the nine month period ended 30 September 2009, the Company incurred $2,500 (2008 - $7,500) in management and consulting expenses in connection with the Agreement.

6. Convertible Debentures

In August of 2009, the Company received of $500,000 to issue convertible debenture, bearing interest at a rate of 18% per annum paid monthly on any unpaid principle balance to the investor, secured by a general charge on the assets of the Company but not limited to the Company’s 25% working interest in Lutters #1 well (“Lutters”) located in Kansas and due on 13 August 2010. The Company pays up to $7,500 per month to the investor until the debenture is fully paid. The holder of the convertible debenture has the right to convert any portion of the unpaid principle and/or accrued interest at any time on the basis a price being lower of $0.35 per share or a 25% discount to the average price of closing prices. The Company issued 1,428,571 warrants to purchase common shares of the Company for $0.50 per share. The warrants have a term of two years.

In September of 2009, the Company received of $500,000 to issue convertible debenture, bearing interest at a rate of 18% per annum paid monthly on any unpaid principle balance to the investor, secured by a general charge on the assets of the Company but not limited to the Company's 25% working interest in Lutters #1 well ("Lutters") located in Kansas and due on 15 September 2010. The Company pays up to $7,500 per month to the investor until the debenture is fully paid. The holder of the convertible debenture has the right to convert any portion of the unpaid principle and/or accrued interest at any time on the basis a price being lower of $0.35 per share or a 25% discount to the average price of closing prices. The Company issued 1,428,571 warrants to purchase common shares of the Company for $0.50 per share. The warrants have a term of two years.

The warrants issued and beneficial conversion feature associated with the above convertible debentures were bifurcated out of the debenture proceeds and recorded as additional paid in capital in the amount of $581,626. A discount on the convertible debenture was recorded in the same amount and will be amortized into interest expense over the life of the debenture using the interest method. For the nine months ended September 30, 2009, $52,199 was amortized into interest expense in relation to these discounts. As of September 30, 2009, the balance due on the convertible debentures, net of the discount of $529,427, was $470,558.

7. 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 a former president and purchaser. The agreements included an indemnity guarantee from the purchaser of Calgary Chemical, whereby the purchaser would indemnify and save harmless the Company from any and all liability, loss, damage or expenses.

During the nine month period ended 30 September 2009, the Company recorded a foreign exchange loss of $7,120 (2008 – $3,090) related to this guarantee.

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.

8. Notes Payable

	30 Sept 2009 $	31 December 2008 (Audited) $
Promissory note payable of $25,000 bearing interest at 12% per annum collateralized by a general security arrangement over all of the Company's assets and payable in full on 18 May 2007. This note payable was in default at 30 September 2009 (Note 12). During the nine month period ended 30 September 2009, the Company accrued interest expense of $1,472. The balance as at 30 September 2009 consists of principle and accrued interest of $7,989 (2008 - $6,518).	32,989	31,518
Loan issued by Coach Capital LLC, non-interest bearing, unsecured and having no fixed terms of repayment.	20,985	-
Promissory note payable of $10,000 bearing interest at 18% per annum, unsecured, repayable quarterly from 26 May 2009; due on demand. The	10,000	-

holder has the right to convert any portion of the unpaid principle and/or accrued interest at any time into common shares. The balance as at 30 September 2009 includes accrued interest of $Nil.		
Equity Trust - Loan issued, non-interest bearing, unsecured and having no fixed terms of repayment.	66,500	-
Note Payable DGM 7/29/09 - Loan issued, non-interest bearing, unsecured and having no fixed terms of repayment.	1,876	-
Terra Equity - Loan issued, non-interest bearing, unsecured and having no fixed terms of repayment.	4,715	-
Caledonia Partners - Loan issued, non-interest bearing, unsecured and having no fixed terms of repayment.	1,232	-
	138, 297	31,518

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9. Stockholders’ Deficiency

Common Stock Issued

During the year ended 31 December 2007, the Company received full payment towards subscription to purchase 1,200,000 units at a price of $0.05 per unit. Each unit consisted of one common share and one two-year share purchase warrant exercisable into common shares of the Company at a price of $0.15 per share through 23 February 2010. During the year ended 31 December 2008, the Company issued these 1,200,000 units related to the share subscriptions received during the year ended 31 December 2007.

During the year ended 31 December 2008 the Company issued 600,000 units at a price of $0.05 per unit. Each unit consisted of one common share and one two-year share purchase warrant exercisable into common shares of the Company at a price at $0.15 per share.

During the year ended 31 December 2008, the Company received full payment towards subscription to purchase 800,000 units at a price of $0.05 per unit. Each unit consisted of one common share and one share purchase warrant. Each whole share purchase warrant entitles the holder to purchase an additional common share at a price of $0.15 per share during the following three years. During the six month period ended 30 June 2009, the Company issued these 800,000 units related to the share subscriptions received during the year ended 31 December 2008.

During the nine month period ended 30 September 2009, the Company issued 2,250,000 units at a price of $0.02 per share for cash.

During the nine month period ended 30 September 2009, the Company issued 8,254,088 shares at a price of $0.02 per share to debt purchasers to convert the existing debts in the amount of $165,082 (Note 5).

During the nine month period ended 30 September 2009, the Company issued 879,454 shares at a price of $0.25 per share to covert the promissory note in the amount of $219,863 (Note 8).

During the nine month period ended 30 September 2009, the Company received $217,132 cash for 1,500,000 common shares in a warrant exercise.

Warrants

During the nine month period ended 30 September 2009, a total 800,000 previously outstanding warrants were cancelled.

During the nine month period ended 30 September 2009, a total of 1,500,000 share purchase warrants were exercised into common shares of the Company at a price at $0.15 per share.

During the nine month period ended 30 September 2009, the Company issued 872,000 warrants to purchase common shares of the Company for $0.35 per share up to 14 April 2011, valued at $230,616 as a consideration for a promissory note payable (Note 8).

As of 30 September 2009, there are 1,100,000 and 3,729,142 warrants outstanding at an exercise price of $0.15 and $0.50, respectively. These warrants will expire in the years ending 31 December 2010 and 2011, respectively.

10. Income Taxes

The Company's operations for the nine month period ended 30 September 2009 and for the year ended 31 December 2008 resulted in losses, thus no income taxes have been reflected in the accompanying statements of operations.

As of 30 September 2009 and 31 December 2008 the Company had the following deferred tax asset:

		30 Sept 2009		31 December 2008 (Audited)
Deferred asset related to net operating loss carry-forwards	$	1,645,000	$	1,230,000
Less: Valuation allowance		(1,645,000)		(1,230,000)
Deferred tax asset recognized		-		-

As of 30 September 2009, the Company has net operating loss carry-forwards of approximately $4,840,075 (31 December 2008 - $3,620,000) which may be used to reduce future income taxes payable and which expire between 2027 to 2029. 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.

A valuation allowance has been recorded to reduce the net benefit recorded in the condensed 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 these deferred tax assets. The Company has concluded that it is more likely than not that it will not realize any deferred tax assets.

The provision for income taxes differs from the amount computed by applying the statutory federal income tax rate of 34% (31 December 2008 – 34%) to net loss for the year. The sources and tax effect of the differences are as follows:

	For the nine month period ended 30 Sept 2009 $	For the year ended 31 December 2008 (Audited) $
Computed tax benefit at statutory rates	415,000	44,000
Less: Change in valuation allowance	(415,000)	(44,000)
Income tax provision	-	-

11. Supplemental Disclosures with Respect to Cash Flows

	For the nine month period ended 30 Sept 2009 $	For the nine month period ended 30 Sept 2008 $	For the period from the date of inception on 24 January 1996 to 30 Sept 2009 $
Shares issued in settlement of debt	-	-	1,659,778
Shares issued for services rendered	-	-	992,558
Shares issued for investment	-	-	7,500
Warrants issued for services	-	-	238,227

12. Commitment

As at 30 September 2009, the Company is in default of its promissory note payable of $25,000 bearing interest at 12% per annum collateralized by a general security arrangement over all of the Company’s assets; was payable in full on 18 May 2007 (Note 8).

13. Subsequent Events

Subsequent to the nine month period ended 30 September 2009 to the date the financial statements were available to be issued on 19 November 2009, the following events occurred:

Subsequent to September 30, 2009, drilling operations at the Archer-Tsakopoulos #2 well in California and the #1 Keck well in Kansas has ended. Both wells successfully encountered oil and gas in the target horizons but lacked adequate reservoirs in order to complete them as commercial producers. These properties were impaired as of September 30, 2009. See Note 4.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

The following discussion should be read in conjunction with our financial statements and notes thereto included elsewhere in this quarterly 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.

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 changed our focus to the exploration and eventual exploitation of oil and gas.

On April 6, 2009, we entered into a Participation Agreement with Archer Exploration, Inc. ("Archer") to participate in the drilling for natural gas on a prospect located in Stanislaus County, California. Pursuant to the agreement, we agreed to pay to Archer $200,000 for all costs in connection with the acquisition and operation of the prospect until completion of an initial test well in exchange for a 25% working interest in the prospect. The assignment of the 25% interest will only be made upon the successful completion of the initial test well. The seismic shoot began on August 10, 2009.

On May 4, 2009, we entered into a binding Letter of Intent with S&W Oil & Gas, LLC ("S&W") to acquire a 25% working interest and 81.5% net revenue interest in the Poston Prospect #1 Lutters oilfield in Southwest Trego County, Kansas, for a purchase price of $64,536. On May 13, 2009, drilling began on the prospect and the well was completed on June 16, 2009. Oil production on the well began on June 18, 2009 and as of August 2009, we have begun receiving revenue from this oilfield. The next well planned for the Poston Project was designated as the #2 Lutters Well. Preliminary drilling at #2 Lutters Well tested positive for oil. After further drilling, we encountered good oil shows but we did not complete drilling of the well for commercial production because of the oil's permeability and porosity. However, the project itself remains viable as there are additional offset opportunities for this project.

On June 4, 2009, we entered into a Participation Agreement with Archer to participate in the drilling for natural gas on a prospect located in Sacramento County, California. Pursuant to the agreement, we agreed to pay to Archer $142,000 for all costs in connection with the acquisition and operation of the prospect until completion of an initial test well in exchange for a 25% working interest in the prospect. The assignment of the 25% interest will only be made upon the successful completion of the initial test well. In July 2009, a seismic shoot was completed on the prospect. Based on the favorable results of the survey, we began drilling in this well location. However, after drilling, although we encountered good gas shows, the gas volumes were insufficient to warrant completion of the well as a viable producer.

On June 11, 2009, we entered into a binding Letter of Intent with S&W to participate in the drilling for oil and natural gas in the Brinkman Prospect located in Clark County, Kansas. We agreed to pay S&W a total of $22,833.28 for land acquisition, leasing and seismic costs for a 25% working interest in the prospect. In addition, we agreed to pay $56,466.66 to cover dry-hole cased drilling costs associated with the first exploratory oil well and 25% of all further going forward costs such as completion and related infrastructure costs. If a successful commercial well is established, the Company will receive an 81.5% net revenue interest in the prospect. On July 28, 2009, drilling on the Brinkman Prospect commenced and by August 14, 2009, drilling was completed. Several oil and gas shows in the well were tested and deemed not commercially viable. We will work with the engineering team to determine if the prospect has any future potential for commercial hydrocarbon production.

On June 19, 2009, we entered into a binding Letter of Intent with S&W to participate in the drilling for oil and natural gas in the Rooney Prospect located in southwestern Ford County, Kansas. The prospect consists of 8 sections totaling 5,120 acres. We agreed to pay S&W a total of $113,333.12 for land acquisition and leasing costs and up to $216,666.64 for the 3D seismic shoot costs that include processing and interpretation as well as 50% of all further going forward costs such as completion and related infrastructure costs. If a successful commercial well is established, S&W will assign 50% of the working interest and 81.5% net revenue interest in the prospect to the Company. As of September 16, 2009, we had completed the 3D seismic shoot. By November 12, 2009, we had prepared for the start of drilling operations in this prospect. It is anticipated that actual drilling at the #24-1 Double H Oil Well site will commence on November 15, 2009.

On August 25, 2009, we entered into a binding Letter of Intent with S&W to participate in the drilling for oil in the Colby Prospect located in Thomas County, Kansas. We agreed to pay S&W cash in an amount to be determined for dry-hole cased drilling costs as well as 25% of all further going forward costs such as completion and related infrastructure costs. If a successful commercial well is established, S&W will assign 25% of the working interest and 81.5% net revenue interest in the Prospect to us. On October 20, 2009, we began drilling operations at the #1 Keck Well, and on November 4, 2009, drilling operations at this well ended. While the well successfully encountered oil and gas in the target horizons, there were no adequate reservoirs in order to complete the well as a commercial producer. The Colby remains a viable prospect, and further work and analysis will be required in order to fully develop the Colby lease.

On September 8, 2009, we entered into a Participation Agreement with Archer to participate in the drilling for natural gas on a prospect located in Sacramento County, California. Pursuant to the Agreement, we agreed to pay to Archer $25,000 for all costs in connection with the acquisition and operation of the prospect up to the drilling of an initial test well in exchange for a 25% working interest in the prospect. Further, we are responsible for its proportionate share of the dry hole costs, which is $125,000. We are also responsible for 25% of all expenditures in connection with the development and operation of the prospect for drilling. We may elect not to participate in additional expenditures in connection with the prospect at which time we will forfeit any interests it has in the prospect. On October 8, 2009, we began drilling operations at the Wurster Gas Prospect – Archer-Tsakopoulos #2 well. We increased our working interest in the Archer-Tsakopoulos #2 well up to 36% by purchasing an additional 11% through the payment of a pro-rata share for the seismic reprocessing and drilling costs in the amount of $66,000. On November 4, 2009, drilling at this well ended. While the well successfully encountered oil and gas in the target horizons, there were no adequate reservoirs in order to complete the well as a commercial producer.

Development

Our future operations are dependent upon the identification and successful completion of additional long-term or permanent equity financings, the support of creditors and shareholders, and, ultimately, the achievement of profitable operations. There can be no assurances that we will be successful, which would in turn significantly affect our ability to meet our business objectives. If not, we will likely be required to reduce operations or liquidate assets. We will continue to evaluate our projected expenditures relative to our available cash and to seek additional means of financing in order to satisfy our acquisition, working capital and other cash requirements.

We continue to operate with very limited administrative support, and our current officers and directors continue to be responsible for many duties to preserve our working capital. We expect no significant changes in the number of employees over the next 12 months.

We have initiated drilling operations on several prospects, and as such we may have some significant ongoing capital expenditures. We believe that, with our current efforts to raise capital, we will have sufficient cash resources to satisfy our needs over the next 12 months. Our ability to satisfy cash requirements thereafter will determine whether we achieve our business objectives. Should we require additional cash in the future, there can be no assurance that we will be successful in raising additional debt or equity financing on terms acceptable to our Company, if at all.

Critical Accounting Policies

The preparation of financial statements in conformity with United States generally accepted accounting principles requires management of our Company to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods.

The discussion and analysis of our financial condition and results of operations are based upon our financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States of America. We believe certain critical accounting policies affect our more significant judgments and estimates used in the preparation of the financial statements. A description of our critical accounting policies is set forth in our Annual Report on Form 10-K for the year ended December 31, 2008. As of, and for the nine months ended, September 30, 2009, there have been no material changes or updates to our critical accounting policies.

Results of Operations

The following discussion of the financial condition, results of operations, cash flows and changes in our financial position should be read in conjunction with our audited consolidated financial statements and notes included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2008 filed on April 15, 2009.

The financial statements mentioned above have been prepared in conformity with accounting principles generally accepted in the United States of America and are stated in United States dollars.

Comparison of nine month periods ended September 30, 2009 and September 30, 2008

For the nine month periods ended September 30, 2009 and September 30, 2008, we incurred a comprehensive loss of $1,199,774 and $50,288, respectively. The increase was largely attributed to a loan placement fee in the amount of $238,227, an impairment expense in the amount of $516,150 plus additional administrative expenses and executive compensation.

General and administration expenses for the nine month period ended September 30, 2009, amounted to $205,851 compared to $79,614 in the same period of 2008. Executive compensation for the nine month period ended September 30, 2009 was $135,749 compared to $NIL in the same period of 2008.

We had a foreign currency gain of $20,221 during the nine month period ended September 30, 2009, compared to a gain of $29,326 in the same period of 2008. This was a result of less favorable exchange rates in 2009.

Comparison of three month periods ended September 30, 2009 and September 30, 2008

For the three month periods ended September 30, 2009 and September 30, 2008, we incurred a comprehensive loss of $705,599 and $4,802, respectively. The increase was largely attributed to an impairment expense in the amount of $516,150 plus additional administrative expenses and executive compensation.

General and administration expenses for the three month period ended September 30, 2009, amounted to $77,939 compared to $21,400 in the same period of 2008. Executive compensation for the three month period ended September 30, 2009 was $63,000 compared to $NIL in the same period of 2008.

We had a foreign currency loss of $16,497 during the three month period ended September 30, 2009, compared to a gain of $16,598 in the same period of 2008. This was a result of less favorable exchange rates in 2009.

Period from inception, January 24, 1996 to September 30, 2009

We had an accumulated deficit during the development stage of $4,827,968.

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

Liquidity and Capital Resources

As of September 30, 2009, we had cash of $127,111, and working capital deficiency of $764,252. During the nine month period ended September 30, 2009, we funded our operations from the proceeds of private sales of equity and/or convertible notes. We are currently seeking further financing and we believe that will provide sufficient working capital to fund our operations for at least the next six months. Changes in our operating plans, increased expenses, acquisitions, or other events, may cause us to seek additional equity or debt financing in the future.

For the nine month period ended September 30, 2009, we used net cash of $388,247 in operations. Net cash from operating activities reflected a decrease in accounts payable and accrued liabilities of $12,227 and decrease in amount due to related parties of $123,852.

We raised $1,588,759 during the nine month period ended September 30, 2009 from the issuance of common stock and convertible notes.

Our current cash requirements are significant due to planned exploration and development of current projects. Accordingly, we expect to continue to use debt and equity financing to fund operations for at least the remainder of our fiscal year ended December 31, 2009, as we look to expand our asset base and fund exploration and development of our properties.

Recent Financings

On August 13, 2009, we issued a secured convertible promissory note in the principal amount of $500,000 (the "Note") to a foreign accredited investor. The Note will accrue simple interest at 18% per annum, and we will repay the principal and interest on or before August 13, 2010. Pursuant to the Note, we will pay and assign up to $7,500 of any royalty fees payable to us from our investment in the Poston Prospect #1 Lutters oil well located in Trego County, Kansas. The holder of the Note, at any time, and we, on August 13, 2010, may convert any remaining outstanding principal balance and accrued interest under the Note into shares of our common stock based on a per share conversion price of the lower of (i) $0.35, or (ii) a twenty five percent (25%) discount to the average closing trading price of a share of our common stock during the five (5) trading days prior to the conversion date. The Note is secured against our assets. In addition, we issued to the purchaser of the Note, a warrant to purchase up to 1,428,571 shares of our common stock at a price per share equal to $0.50. The warrant expires on August 13, 2011.

On September 22, 2009, we executed a secured convertible promissory note in the principal amount of $500,000 (the "Subsequent Note") with an accredited investor. The Subsequent Note will accrue simple interest at 18% per annum, and we will repay the principal and interest on or before September 15, 2010. Pursuant to the Note, any monthly royalty fee payable to us from any of our current or future working interests in our wells will be payable to the holder in an amount up to the amount of accrued but unpaid interest owed. The holder of the Note, at any time, and us, on September 15, 2010, may convert any remaining outstanding principal balance and accrued interest under the Note into shares of our common stock based on a per share conversion price of the lower of (i) $0.35, or (ii) a twenty five percent (25%) discount to the average closing trading price of a share of our common stock during the five (5) trading days prior to the conversion date. The Note is secured against our assets. In addition, we issued to the holder of the Note, a warrant to purchase up to 1,428,571 shares of our common stock at a price per share equal to $0.50. The warrant expires on September 22, 2011.

Off-Balance Sheet Transactions

There are no off-balance sheet items.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

None.

Item 4. Controls and Procedures.

Our management with the participation and under the supervision of our Principal Executive Officer and Principal Financial Officer reviewed and evaluated the effectiveness of the design and operation of our disclosure controls and procedures (as defined by Rule 13a-15(e) or 15d-15(e)) of the Exchange Act Rule 13a-15 as of the end of the period covered by this report. Based upon their evaluation, our Principal Executive Officer and Principal Financial Officer concluded that, as of the end of such period, our disclosure controls and procedures are effective and sufficient to ensure that we record, process, summarize, and report information required to be disclosed in the reports we filed under the Exchange Act within the time periods specified in the Securities and Exchange Commission's rules and regulations, 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.

There were no changes in our internal controls over financial reporting that occurred during the three months ended September 30, 2009 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.

PART II—OTHER INFORMATION

Item 1. Legal Proceedings.

None.

Item 1A. Risk Factors.

Factors That May Affect Our Business, Future Operating Results and Financial Condition

The risks described below are the ones we believe are the most important for you to consider, these risks are not the only ones that we face. If events anticipated by any of the following risks actually occur, our business, operating results or financial condition could suffer and the trading price of our common stock could decline.

Risks Relating to Our Business

The duration or severity of the current global economic downturn and disruptions in the financial markets, and their impact on our Company, are uncertain.

The oil and gas industry generally is highly cyclical, with prices subject to worldwide market forces of supply and demand and other influences. The recent global economic downturn, coupled with the global financial and credit market disruptions, have had a historic negative impact on the oil and gas industry. These events have contributed to an unprecedented decline in crude oil and natural gas prices, weak end markets, a sharp drop in demand, increased global inventories, and higher costs of borrowing and/or diminished credit availability. While we believe that the long-term prospects for oil and gas remain bright, we are unable to predict the duration or severity of the current global economic and financial crisis. There can be no assurance that any actions we may take in response to further deterioration in economic and financial conditions will be sufficient. A protracted continuation or worsening of the global economic downturn or disruptions in the financial markets could have a material adverse effect on our business, financial condition or results of operations.

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

We have incurred net losses and other comprehensive losses of $4,827,968 for the period from January 24, 1996 (inception) to September 30, 2009. 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 15, 2009, our independent auditors stated that our financial statements for the fiscal year ended December 31, 2008 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 significantly depends on successful acquisition and subsequent exploration activities. 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.

We are subject to new corporate governance and internal control reporting requirements, and our costs related to compliance with, or our failure to comply with existing and future requirements, could adversely affect our business.

We may face new corporate governance requirements under the Sarbanes-Oxley Act of 2002, as well as new rules and regulations subsequently adopted by the SEC and the Public Company Accounting Oversight Board. These laws, rules and regulations continue to evolve and may become increasingly stringent in the future. In particular, under rules proposed by the SEC on August 6, 2006 we are required to include management's report on internal controls as part of our annual report pursuant to Section 404 of the Sarbanes-Oxley Act. Furthermore, under the proposed rules, an attestation report on our internal controls from our independent registered public accounting firm will be required as part of our annual report for the fiscal year ending December 31, 2010. We strive to continuously evaluate and improve our control structure to help ensure that we comply with Section 404 of the Sarbanes-Oxley Act. The financial cost of compliance with these laws, rules and regulations is expected to remain substantial. We cannot assure you that we will be able to fully comply with these laws, rules and regulations that address corporate governance, internal control reporting and similar matters. Failure to comply with these laws, rules and regulations could materially adversely affect our reputation, financial condition and the value of our securities.

Risks Related to our Oil and Gas Exploration

Our future operating revenue is dependent upon the performance of our properties.

Our future operating revenue depends upon our ability to profitably operate our existing properties by drilling and completing wells that produce commercial quantities of oil and gas and our ability to expand our operations through the successful implementation of our plans to explore, acquire and develop additional properties. The successful development of oil and gas properties requires an assessment of potential recoverable reserves, future oil and gas prices, operating costs, potential environmental and other liabilities and other factors. Such assessments are necessarily inexact. No assurance can be given that we can produce sufficient revenue to operate our existing properties or acquire additional oil and gas producing properties and leases. We may not discover or successfully produce any recoverable reserves in the future, or we may not be able to make a profit from the reserves that we may discover. In the event that we are unable to produce sufficient operating revenue to fund our future operations, we will be forced to seek additional, third-party funding, if such funding can be obtained. Such options would possibly include debt financing, sale of equity interests in our Company, joint venture arrangements, or the sale of oil and gas interests. If we are unable to secure such financing on a timely basis, we could be required to delay or scale back our operations. If such unavailability of funds continued for an extended period of time, this could result in the termination of our operations and the loss of an investor's entire investment.

We own rights to oil properties that have not yet been developed.

We own rights to oil and gas properties that have limited or no development. There are no guarantees that our properties will be developed profitably or that the potential oil and gas resources on the property will produce as expected if they are developed.

Title to the properties in which we have an interest may be impaired by title defects.

Our general policy is to obtain title opinions on significant properties that we drill or acquire. However, there is no assurance that we will not suffer a monetary loss from title defects or title failure. Additionally, undeveloped acreage has greater risk of title defects than developed acreage. Generally, under the terms of the operating agreements affecting our properties, any monetary loss is to be borne by all parties to any such agreement in proportion to their interests in such property. If there are any title defects or defects in assignment of leasehold rights in properties in which we hold an interest, we will suffer a financial loss.

We are subject to risks arising from the failure to fully identify potential problems related to acquired reserves or to properly estimate those reserves.

Although we perform a review of the acquired properties that we believe is consistent with industry practices, such reviews are inherently incomplete. It generally is not feasible to review in depth every individual property involved in each acquisition. Ordinarily, we will focus our review efforts on the higher-value properties and will sample the remainder, and depend on the representations of previous owners. However, even a detailed review of records and properties may not necessarily reveal existing or potential problems, nor will it permit a buyer to become sufficiently familiar with the properties to assess fully their deficiencies and potential. Inspections may not always be performed on every well, and environmental problems, such as ground water contamination, are not necessarily observable even when an inspection is undertaken. Even when problems are identified, we often assume certain environmental and other risks and liabilities in connection with acquired properties. There are numerous uncertainties inherent in estimating quantities of proved oil reserves and actual future production rates and associated costs with respect to acquired properties, and actual results may vary substantially from those assumed in the estimates.

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.

Even if we are able to discover and produce oil or natural gas, 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.

Inherent risk in drilling.

Drilling for oil and gas involves numerous risks, including the risk that we will not encounter commercially productive oil and gas reservoirs. The wells we drill or participate in may not be productive and we may not recover all or any portion of our investment in those wells. The seismic data and other technologies we use do not allow us to know conclusively prior to drilling a well that crude or natural gas is present or may be produced economically. The costs of drilling, completing and operating wells are often uncertain, and drilling operations may be curtailed, delayed or canceled as a result of a variety of factors including, but not limited to:

- unexpected drilling conditions;
- pressure or irregularities in formations;
- equipment failures or accidents;
- mechanical difficulties, such as lost or stuck oil field drilling and service tools;
- fires, explosions, blowouts and surface cratering;
- uncontrollable flows of oil and formation water;
- environmental hazards, such as oil spills, pipeline ruptures and discharges of toxic gases;
- other adverse weather conditions; and
- increase in the cost of, or shortages or delays in the availability of, drilling rigs and equipment.

Certain future drilling activities may not be successful and, if unsuccessful, this failure could have an adverse effect on our future results of operations and financial condition. While all drilling, whether developmental or exploratory, involves these risks, exploratory drilling involves greater risks of dry holes or failure to find commercial quantities of hydrocarbons.

Our oil and gas operations involve substantial costs and are subject to various economic risks.

Our oil and gas operations are subject to the economic risks typically associated with exploration, development and production activities, including the necessity of significant expenditures to locate and acquire producing properties and to drill exploratory wells. The cost and length of time necessary to produce any reserves may be such that it will not be economically viable. In conducting exploration and development activities, the presence of unanticipated pressure or irregularities in formations, miscalculations or accidents may cause our exploration, development and production activities to be unsuccessful. In addition, the cost and timing of drilling, completing and operating wells is often uncertain. We also face the risk that the oil and gas reserves may be less than anticipated, that we will not have sufficient funds to successfully drill on the property, that we will not be able to market the oil and gas due to a lack of a market and that fluctuations in the prices of oil will make development of those leases uneconomical. This could result in a total loss of our investment.

A substantial or extended decline in oil and gas prices may adversely affect our business, financial condition, cash flow, liquidity or results of operations as well as our ability to meet our capital expenditure obligations and financial commitments to implement our business plan.

Any revenues, cash flow, profitability and future rate of growth we achieve will be greatly dependent upon prevailing prices for oil and gas. Our ability to maintain or increase our borrowing capacity and to obtain additional capital on attractive terms is also expected to be dependent on oil and gas prices. Historically, oil and gas prices and markets have been volatile and are likely to continue to be volatile in the future. Prices for oil and gas are subject to potentially wide fluctuations in response to relatively minor changes in supply of and demand for oil and gas, market uncertainty, and a variety of additional factors beyond our control. Those factors include:

- the domestic and foreign supply of oil and natural gas;

- the ability of members of the Organization of Petroleum Exporting Countries and other producing countries to agree upon and maintain oil prices and production levels;
- political instability, armed conflict or terrorist attacks, whether or not in oil or natural gas producing regions;
- the level of consumer product demand;
- the growth of consumer product demand in emerging markets, such as China and India;
- weather conditions, including hurricanes and other natural occurrences that affect the supply and/or demand of oil and natural gas;

- domestic and foreign governmental regulations and other actions;
- the price and availability of alternative fuels;
- the price of foreign imports;
- the availability of liquid natural gas imports; and
- worldwide economic conditions.

These external factors and the volatile nature of the energy markets make it difficult to estimate future prices of oil and natural gas. Lower oil and natural gas prices may not only decrease our revenues on a per unit basis, but may also reduce the amount of oil we can produce economically, if any. A substantial or extended decline in oil and natural gas prices may materially affect our future business, financial condition, results of operations, liquidity and borrowing capacity. While our revenues may increase if prevailing oil and gas prices increase significantly, exploration and production costs and acquisition costs for additional properties and reserves may also increase.

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

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 governmental bodies are required for drilling operations to be conducted and 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.

The unavailability or high cost of drilling rigs, equipment, supplies, personnel and oil field services could adversely affect our ability to execute our exploration and development plans on a timely basis and within our budget.

Our industry is cyclical and, from time to time, there is a shortage of drilling rigs, equipment, supplies or qualified personnel. During these periods, the costs and delivery times of rigs, equipment and supplies are substantially greater. In addition, the demand for, and wage rates of, qualified drilling rig crews rise as the number of active rigs in service increases. As a result of increasing levels of exploration and production in response to strong prices of oil and natural gas, the demand for oilfield services and equipment has risen, and the costs of these services and equipment are increasing. If the unavailability or high cost of drilling rigs, equipment, supplies or qualified personnel were particularly severe in areas where we operate, we could be materially and adversely affected.

We depend on the skill, ability and decisions of third party operators to a significant extent.

The success of the drilling, development and production of the oil properties in which we have or expect to have a working interest is substantially dependent upon the decisions of such third-party operators and their diligence to comply with various laws, rules and regulations affecting such properties. The failure of any third-party operator to make decisions, perform their services, discharge their obligations, deal with regulatory agencies, and comply with laws, rules and regulations, including environmental laws and regulations in a proper manner with respect to properties in which we have an interest could result in material adverse consequences to our interest in such properties, including substantial penalties and compliance costs. Such adverse consequences could result in substantial liabilities to us or reduce the value of our properties, which could negatively affect our results of 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 future 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 will be 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 current operations comply, in all material respects, with all applicable environmental regulations.

Risks Related to our Common Stock

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.

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 markets.

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. Furthermore, our stock price may be impacted by factors that are unrelated or disproportionate to our operating performance. These market fluctuations, as well as general economic, political and market conditions, such as recessions, interest rates or international currency fluctuations may adversely affect the market price and liquidity of our common stock.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

None.

Item 3. Defaults Upon Senior Securities.

None

Item 4. Submission of Matters to a Vote of Security Holders.

None

Item 5. Other Information.

None.

Item 6. Exhibits.

Exhibit Number	Name
3.1(1)	Amended and Restated Articles of Incorporation
3.2(1)	Bylaws
10.1(2)	Letter of Intent with S&W Oil & Gas, LLC dated August 25, 2009.
10.2(3)	Participation Agreement with Archer Exploration, Inc. dated September 8, 2009.
10.3(4)	Secured Convertible Promissory Note dated September 15, 2009
31.1	Rule 13a-14(a)/15d-14(a) Certification (Principal Executive Officer)
31.2	Rule 13a-14(d)/15d-14(d) 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 herein by reference to exhibits previously filed on Registrant’s Current Report on Form 8-K, filed on August 27, 2009.

(3) incorporated herein by reference to exhibits previously filed on Registrant’s Current Report on Form 8-K, filed on September 14, 2009.

(4) incorporated herein by reference to exhibits previously filed on Registrant’s Current Report on Form 8-K, filed on September 24, 2009.

SIGNATURES

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

AMERICAN PETRO-HUNTER INC.
(Registrant)

Date: November 19, 2009	By:	/s/ Robert B. McIntosh Robert B, McIntosh, President and Chief Executive Officer (Principal Executive Officer)
Date: November 19, 2009	By:	/s/ John J. Lennon John J. Lennon, Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)