

AMERICAN PETRO-HUNTER INC
Form 10-Q
August 16, 2010

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

FORM 10-Q

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

For the quarterly period ended: June 30, 2010

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
(State or Other Jurisdiction of
Incorporation or Organization)

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

17470 North Pacesetter Way
Scottsdale, AZ 85255

(Address of principal executive offices) (Zip Code)
(480) 305-2052
(Registrant's telephone number, including area code)

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. 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 to 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 Smaller Reporting
(Do not check if smaller company
reporting company)

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Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
Yes 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 August 13, 2010
Common stock, \$.001 par value	27,060,561

AMERICAN PETRO HUNTER INC.
FORM 10-Q

June 30, 2010

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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 terms, or the 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, 2009, filed on March 26, 2010.

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 Balance Sheets

	(Unaudited)	
	June 30, 2010	December 31, 2009
Assets		
Current assets:		
Cash	\$ 13,036	\$ 38,021
Accounts receivable	6,277	5,018
Other receivable	176,982	13,184
Taxes recoverable	2,111	2,111
Prepaid expenses	4,000	-
Total current assets	202,406	58,334
Investments in mineral properties	1,274,175	708,434
Total assets	\$ 1,476,581	\$ 766,768
Liabilities and Stockholders' (Deficit)		
Liabilities:		
Accounts payable and other liabilities	\$ 309,486	\$ 184,602
Note payable	38,150	35,977
Convertible debenture	895,985	-
Accrued interest on convertible debenture	14,589	-
Convertible debenture, net of discount of \$17,165 and \$384,021	616,140	599,285
Loan guarantee	94,860	94,860
Total liabilities	1,969,210	914,724
Stockholders' equity		
Common stock, \$0.001 par value, 200,000,000 shares authorized, 27,060,561 and 23,748,561 shares issued and outstanding as of June 30, 2010 and December 31, 2009, respectively	27,061	23,749
Common stock to be issued; 542,857 and 1,830,825 as of June 30, 2010 and December 31, 2009, respectively	543	1,831
Additional paid-in capital	5,833,288	5,110,636
Accumulated comprehensive gain (loss)	(8,114)	(8,114)
(Deficit) accumulated during development stage	(6,345,407)	(5,276,058)
Total stockholders' (deficit)	(492,629)	(147,956)
Total liabilities and stockholders' (deficit)	\$ 1,476,581	\$ 766,768

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

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

	For the three months ended June 30,		For the six months ended June 30,		For the Period from January 24, 1996 (inception) to June 30, 2010
	2010	2009	2010	2009	2010
Revenue	\$ 10,794	\$ -	\$ 20,123	\$ -	\$ 97,851
Cost of Goods Sold					
Production expenses	488	-	11,371	-	24,461
Gross profit	10,306	-	8,752	-	73,390
General and administrative	126,601	161,442	200,178	200,911	2,352,514
Executive compensation	51,000	54,273	285,000	72,749	858,237
Rent	12,529	-	21,165	200	81,378
Total expenses	190,130	215,715	506,343	273,860	3,292,129
Net loss before other income (expense)	(179,824)	(215,715)	(497,591)	(273,860)	(3,218,739)
Other income (expense):					
Interest expense	(173,811)	(2,725)	(454,858)	(3,835)	(720,298)
Loan placement fee	-	(230,616)	-	(238,227)	(238,227)
Loss from discontinued operations	-	-	-	-	(937,194)
Loss from loan guarantee	-	-	-	-	(84,858)
Loss from settlement of debt	-	-	-	(14,971)	(14,971)
Impairment expense	-	-	(116,900)	-	(1,217,080)
Income from debt forgiveness	-	-	-	-	85,960
Total other income (expenses)	(173,811)	(233,341)	(571,758)	(257,033)	(3,126,668)
Net loss	(353,635)	(449,056)	(1,069,349)	(530,893)	(6,345,407)
Other comprehensive gain (loss):					
Foreign currency translation gain	-	7,709	-	36,718	(8,114)
Comprehensive loss	\$ (353,635)	\$ (441,347)	\$ (1,069,349)	\$ (494,175)	\$ (6,353,521)
common shares outstanding basic and fully diluted	27,060,561	21,610,715	26,406,316	17,243,740	
Net (loss) per share - basic and fully diluted	(0.013)	(0.020)	\$ (0.040)	\$ (0.029)	

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

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

	For the six months ended		For the Period from January 24, 1996 (inception) to June 30, 2010
	2010	2009	2010
Cash flows from operating activities			
Net (loss)	\$ (1,069,349)	\$ (530,893)	\$ (5,408,213)
Adjustments to reconcile net (loss) to net cash used in operating activities:			
Accrued interest on notes payable	2,174	1,472	18,573
(Gain) loss from loan guarantee	-	4,447	94,860
Warrants issued for services	-	238,227	366,227
Shares issued for services and compensation	170,000	-	1,162,558
Amortization of discount	366,857	-	564,462
Impairment expense	116,900	-	889,629
Accrued interest on convertible debenture	14,589	-	14,589
Changes in operating assets and liabilities:			
(Increase) decrease in accounts receivable	(1,259)	-	(6,277)
(Increase) decrease in other receivable	(163,798)	-	(176,982)
(Increase) decrease in taxes recoverable	-	(108)	(2,111)
(Increase) decrease in prepaid expenses	(4,000)	-	(4,000)
Increase (decrease) in accounts payable and other liabilities	124,883	136,182	2,087,846
Increase (decrease) in due to related parties	-	(123,852)	(107,170)
Net cash (used) by operating activities	(443,003)	(274,525)	(506,009)
Cash flows from investing activities			
Acquisition of investments in mineral properties	(682,642)	(400,666)	(2,156,305)
Net cash provided by investing activities	(682,642)	(400,666)	(2,156,305)
Cash flows from financing activities			
Proceeds from sale of common stock, net of share issuance costs	155,000	45,000	803,168
Proceeds from warrant exercise	49,676	-	695,200
Proceeds from note payable	-	30,985	243,000
Proceeds from convertible debenture	895,984	500,000	1,895,984
Payments for convertible debenture	-	-	(16,694)
Net cash provided by financing activities	1,100,660	575,985	3,620,658
Cash flows used in discontinued operations	-	-	(937,194)
Foreign currency translation effect on cash	-	36,718	(8,114)
Net increase (decrease) in cash	(24,985)	(62,488)	13,036
Cash - beginning	38,021	136	-

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Cash - ending	\$ 13,036	\$ (62,352)	\$ 13,036
Supplemental disclosures:			
Interest paid	\$ 69,000	\$ -	\$ 69,000
Income taxes paid	\$ -	\$ -	\$ -
Non-cash transactions:			
Warrants issued for services	\$ -	\$ -	\$ 366,227
Shares issued for services and compensation	\$ 170,000	\$ -	\$ 1,162,558
Note payable converted to common stock	\$ 350,000	\$ -	\$ 569,864
Accounts payable converted to common stock	\$ -	\$ -	\$ 165,082

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

American Petro-Hunter, Inc.
Condensed Statement of Stockholder's Equity (Deficit)

	Common Stock Shares	Common Stock Amount	Additional Paid-in Capital	Common Stock to be issued	Deficit accumulated during the development stage	Accumulated Comp. gain(loss)	Total Stockholder's Equity (Deficit)
Shares issued for cash, net of issue costs	10,497,300	\$ 10,497	\$ 296,833	\$ -	\$ -	\$ -	\$ 307,330
Net income	-	-	-	-	4,856	-	4,856
Balance at December 31, 1996	10,497,300	10,497	296,833	-	4,856	-	312,186
Shares issued for cash, net of issue costs	187,416	187	46,850	-	-	-	47,037
Net loss	-	-	-	-	(96,386)	-	(96,386)
Unrealized foreign exchange gain	-	-	-	-	-	8,258	8,258
Balance at December 31, 1997	10,684,716	10,684	343,683	-	(91,530)	8,258	271,095
Stock reverse split 3:1	(7,123,094)	(7,123)	7,123	-	-	-	-
Shares issued	7,773,026	7,773	1,980,833	-	-	-	1,988,606
Unrealized foreign exchange loss	-	-	-	-	-	(8,258)	(8,258)
Net loss	-	-	-	-	(1,798,830)	-	(1,798,830)
Balance at December 31, 1998	11,334,648	11,334	2,331,639	-	(1,890,360)	-	452,613
1998 issuance cancelled	(4,800,000)	(4,800)	(1,339,200)	-	-	-	(1,344,000)
Share issue costs	500,000	500	85,000	-	-	-	85,500
Net loss	-	-	-	-	(307,331)	-	(307,331)
Balance at December 31, 1999	7,034,648	7,034	1,077,439	-	(2,197,691)	-	(1,113,218)
Shares issued	4,435,570	-	1,083,791	-	-	-	1,083,791
Finders' fees	-	-	48,000	-	-	-	48,000
Share purchase warrants	-	-	80,000	-	-	-	80,000
Net loss	-	-	-	-	(547,097)	-	(547,097)
Balance at December 31, 2000	11,470,218	7,034	2,289,230	-	(2,744,788)	-	(448,524)
	(10,323,196)	(5,887)	5,887	-	-	-	-

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Stock reverse split							
10:1							
Shares issued	4,253,617	4,254	552,106	-	-	-	556,360
Net loss	-	-	-	-	(297,352)	-	(297,352)
Balance at							
December 31, 2001	5,400,639	5,401	2,847,223	-	(3,042,140)	-	(189,516)
Shares issued	220,000	220	21,780	-	-	-	22,000
Net loss	-	-	-	-	(29,664)	-	(29,664)
Balance at							
December 31, 2002	5,620,639	5,621	2,869,003	-	(3,071,804)	-	(197,180)
Shares issued	430,000	430	25,370	-	-	-	25,800
Other							
comprehensive loss	-	-	-	-	17,920	(17,920)	-
Net loss	-	-	-	-	(57,652)	-	(57,652)
Balance at							
December 31, 2003	6,050,639	6,051	2,894,373	-	(3,111,536)	(17,920)	(229,032)
Shares issued for							
services rendered	475,000	475	56,525	-	-	-	53,774
Other							
comprehensive loss	-	-	-	-	-	(9,773)	(9,773)
Net loss	-	-	-	-	(134,058)	-	(134,058)
Balance at							
December 31, 2004	6,525,639	6,526	2,950,898	-	(3,245,594)	(27,693)	(319,089)
Shares issued for							
services rendered	-	-	-	-	-	-	3,226
Shares issued for							
cash	1,739,380	1,739	85,230	-	-	-	86,969
Other							
comprehensive loss	-	-	-	-	-	(6,156)	(6,156)
Net loss	-	-	-	-	(70,711)	-	(70,711)
Balance at							
December 31, 2005	8,265,019	8,265	3,036,128	-	(3,316,305)	(33,849)	(305,761)
Other							
comprehensive loss	-	-	-	-	-	(6,380)	(6,380)
Net loss	-	-	-	-	(72,398)	-	(72,398)
Balance at							
December 31, 2006	8,265,019	8,265	3,036,128	-	(3,388,703)	(40,229)	(384,539)
Other							
comprehensive loss	-	-	-	-	-	(49,031)	(49,031)
Share subscription							
received in							
advance	-	-	-	60,000	-	-	60,000
Net loss	-	-	-	-	(107,554)	-	(107,554)
Balance at							
December 31, 2007	8,265,019	8,265	3,036,128	60,000	(3,496,257)	(89,260)	(481,124)

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Share issued for subscription received in 07	1,200,000	1,200	58,800	(60,000)	-	-	-
Common stock sold at \$0.05 per share	600,000	600	29,400	-	-	-	30,000
Share subscription received in 2008	-	-	-	40,000	-	-	40,000
Other comprehensive gain	-	-	-	-	-	81,146	81,146
Net loss	-	-	-	-	(123,823)	-	(123,823)
Balance at December 31, 2008	10,065,019	10,065	3,124,328	40,000	(3,620,080)	(8,114)	(453,801)
Shares owed at December 31, 2008 issued	800,000	800	39,200	(40,000)	-	-	-
Shares issued for cash	2,250,000	2,250	42,750	-	-	-	45,000
Shares issued for accts payable conversion	8,254,088	8,254	156,828	-	-	-	165,082
Shares issued for notes payable conversion	879,454	880	218,984	-	-	-	219,864
Warrants issued for services	-	-	238,227	-	-	-	238,227
Warrant exercise	1,500,000	1,500	223,500	-	-	-	225,000
Shares sold for cash, not issued at year-end	-	-	66,310	190	-	-	66,500
Warrant exercise, not issued yet at year-end	-	-	418,883	1,641	-	-	420,524
Warrants issued with debt	-	-	581,626	-	-	-	581,626
Net loss	-	-	-	-	(1,655,978)	-	(1,655,978)
Balance at December 31, 2009	23,748,561	\$ 23,749	\$ 5,110,636	\$ 1,831	\$ (5,276,058)	\$ (8,114)	\$ (147,956)
Shares issued for executive compensation	250,000	250	169,750	-	-	-	170,000
Shares issued from shares to be issued	1,830,825	1,831	-	(1,831)	-	-	-
Exercise of Warrants	231,175	231	34,445	-	-	-	34,676
Shares issued for convertible debt	1,000,000	1,000	349,000	-	-	-	350,000

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Shares sold for cash	154,557	443	155,000
Exercise of Warrants	14,900	100	15,000
Net loss		(1,069,349)	(1,069,349)
Balance at June 30, 2010	27,060,561	\$ 27,061	\$ 5,833,288
		\$ 543	\$ (6,345,407)
			\$ (8,114)
			\$ (492,629)

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

American Petro-Hunter Inc.
(A Development Stage Company)
Notes to Financial Statements
June 30, 2010

1. Nature and Continuance of Operations

American Petro-Hunter Inc. (the "Company") was incorporated in the State of Nevada on January 24, 1996 as Wolf Exploration Inc. On March 17, 1997, Wolf Exploration Inc. changed its name to Wolf Industries Inc.; on November 21, 2000, they changed its name to Travelport Systems Inc., and on August 17, 2001, changed its name to American Petro-Hunter Inc.

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.

Going Concern

These 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 minimal revenues, has limited assets and has accumulated deficit and comprehensive losses during the development period of \$6,345,407 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.

Development Stage Activities

The Company is in the development stage. We have had minimal revenue from our current operations. To generate revenue, our new business plan is to focus development of our natural resource projects. Based upon our business plan, we are a development stage enterprise. Accordingly, we present our financial statements in conformity with the accounting principles generally accepted in the United States of America that apply in establishing operating enterprises. As a development stage enterprise, we disclose the deficit accumulated during the development stage and the cumulative statements of operations and cash flows from our inception to the current balance sheet date.

2. Significant Accounting Policies

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

Principles of accounting

These financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP).

Income taxes

The Company accounts for income taxes under FASB Codification Topic 740-10-25 ("ASC 740-10-25"). Under ASC 740-10-25, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Under ASC 740-10-25, the effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

Revenue Recognition

It is our policy that revenues will be recognized in accordance with ASC subtopic 605-10 (formerly SEC Staff Accounting Bulletin (SAB) No. 104, "Revenue Recognition."). Under ASC 605-10, product revenues are recognized when persuasive evidence of an arrangement exists, delivery has occurred, the sales price is fixed and determinable and collectability is reasonably assured.

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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.

Net loss per share

In accordance with ASC subtopic 260-10, the basic loss per common share is computed by dividing net loss available to common stockholders by the weighted average number of common shares outstanding. Diluted loss per common share is computed similar to basic loss per common share except that the denominator is increased to include the number of additional common shares that would have been outstanding if the potential common shares had been issued and if the additional common shares were dilutive.

Financial instruments

The Company's financial instruments consist of cash and cash equivalents, accounts receivable, accounts payable, 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 from these financial instruments. The fair values of these financial instruments approximate their carrying values because of their relatively short-term maturities. See Note 5 for further details.

Reclassifications

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

3. Recent Accounting Pronouncements

The FASB issued ASC subtopic 855-10 (formerly SFAS 165 "Subsequent Events"), incorporating guidance on subsequent events into authoritative accounting literature and clarifying the time following the balance sheet date which management reviewed for events and transactions that may require disclosure in the financial statements. The Company has adopted this standard. The standard increased our disclosure by requiring disclosure reviewing subsequent events. ASC 855-10 is included in the "Subsequent Events" accounting guidance.

In April 2009, the FASB issued ASC subtopic 820-10 (formerly Staff Position No. FAS 157-4, Determining Fair Value When Volume and Level of Activity for the Asset or Liability Have Significantly Decreased and Identifying Transactions That Are Not Orderly"). ASC 820-10 provides guidance on how to determine the fair value of assets and liabilities when the volume and level of activity for the asset/liability has significantly decreased. FSP 157-4 also provides guidance on identifying circumstances that indicate a transaction is not orderly. In addition, FSP 157-4 requires disclosure in interim and annual periods of the inputs and valuation techniques used to measure fair value and a discussion of changes in valuation techniques. The Company determined that adoption of FSP 157-4 did not have a material impact on its results of operations and financial position.

In July 2006, the FASB issued ASC subtopic 740-10 (formerly Interpretation No. ("FIN") 48, "Accounting for Uncertainty in Income Taxes"). ASC 740-10 sets forth a recognition threshold and valuation method to recognize and measure an income tax position taken, or expected to be taken, in a tax return. The evaluation is based on a two-step approach. The first step requires an entity to evaluate whether the tax position would "more likely than not," based upon its technical merits, be sustained upon examination by the appropriate taxing authority. The second step requires the tax position to be measured at the largest amount of tax benefit that is greater than 50 percent likely of being realized upon ultimate settlement. In addition, previously recognized benefits from tax positions that no longer meet the new criteria would no longer be recognized. The application of this Interpretation will be considered a change in accounting principle with the cumulative effect of the change recorded to the opening balance of retained earnings in the period of adoption. Adoption of this new standard did not have a material impact on our financial position, results of operations or cash flows.

In April 2008, the FASB issued ASC 815-40 (formerly Emerging Issues Task Force (“EITF”) 07-05, "Determining whether an Instrument (or Embedded Feature) Is Indexed to an Entity’s Own Stock"). ASC 815-40 applies to any freestanding financial instruments or embedded features that have the characteristics of a derivative, and to any freestanding financial instruments that are potentially settled in an entity’s own common stock. ASC 815-40 is effective for financial statements issued for fiscal years beginning after December 15, 2008. The adoption of this pronouncement did not have a material impact on its financial position, results of operations or cash flows.

In June 2009, the FASB issued ASC 105 Accounting Standards Codification TM and the Hierarchy of Generally Accepted Accounting Principles. The FASB Accounting Standards Codification TM (the “Codification”) has become the source of authoritative accounting principles recognized by the FASB to be applied by nongovernmental entities in the preparation of financial statements in accordance with Generally Accepted Accounting Principles (“GAAP”). All existing accounting standard documents are superseded by the Codification and any accounting literature not included in the Codification will not be authoritative. Rules and interpretive releases of the SEC issued under the authority of federal securities laws, however, will continue to be the source of authoritative generally accepted accounting principles for SEC registrants. Effective September 30, 2009, all references made to GAAP in our consolidated financial statements will include references to the new Codification. The Codification does not change or alter existing GAAP and, therefore, will not have an impact on our financial position, results of operations or cash flows.

In June 2009, the FASB issued changes to the consolidation guidance applicable to a variable interest entity (VIE). FASB ASC Topic 810, "Consolidation," amends the guidance governing the determination of whether an enterprise is the primary beneficiary of a VIE, and is, therefore, required to consolidate an entity, by requiring a qualitative analysis rather than a quantitative analysis. The qualitative analysis will include, among other things, consideration of who has the power to direct the activities of the entity that most significantly impact the entity's economic performance and who has the obligation to absorb losses or the right to receive benefits of the VIE that could potentially be significant to the VIE. This standard also requires continuous reassessments of whether an enterprise is the primary beneficiary of a VIE. FASB ASC 810 also requires enhanced disclosures about an enterprise's involvement with a VIE. Topic 810 is effective as of the beginning of interim and annual reporting periods that begin after November 15, 2009. This will not have an impact on the Company’s financial position, results of operations or cash flows.

In June 2009, the FASB issued Financial Accounting Standards Codification No. 860 - Transfers and Servicing. FASB ASC No. 860 improves the relevance, representational faithfulness, and comparability of the information that a reporting entity provides in its financial statements about a transfer of financial assets; the effects of a transfer on its financial position, financial performance, and cash flows; and a transferor's continuing involvement, if any, in transferred financial assets. FASB ASC No. 860 is effective as of the beginning of each reporting entity's first annual reporting period that begins after November 15, 2009, for interim periods within that first annual reporting period and for interim and annual reporting periods thereafter. The adoption of FASB ASC No. 860 will not have an impact on the Company’s financial statements.

International Financial Reporting Standards

In November 2008, the Securities and Exchange Commission (“SEC”) issued for comment a proposed roadmap regarding potential use of financial statements prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board. Under the proposed roadmap, the Company would be required to prepare financial statements in accordance with IFRS in fiscal year 2014, including comparative information also prepared under IFRS for fiscal 2013 and 2012. The Company is currently assessing the potential impact of IFRS on its financial statements and will continue to follow the proposed roadmap for future developments.

4. Investments in Mineral Properties

During the six months ended June 30, 2010, the Company made eight investments in the amount of \$682,642. During the year ended December 31, 2009, the Company made nine investments in natural resource projects in the amount of

\$1,473,663. Several of those investments produced “dry holes” and were therefore fully impaired. During the period ended June 30, 2010 and December 31, 2009, impairment expense related to these “dry holes” was \$116,900 and \$765,229, respectively. As of June 30, 2010, the Company has three investments, valued at cost, for a total of \$1,274,175 and as of December 31, 2009, the Company has two investments, valued at cost, for a total of \$708,434, respectively. Management evaluated all investments as of June 30, 2010 and determined that no impairment was necessary. Those investments were:

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S&W Oil & Gas, LLC - Poston Prospect

On May 4, 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 in the 81.5% net revenue interest in the Poston Prospect. During the year ended December 31, 2009, an additional \$44,624 was paid for completion of the oil well and for the purchase of necessary equipment. All of the Company’s revenue for the six months ended June 30, 2010 and year ended December 31, 2009 was generated by this investment.

S&W Oil & Gas, LLC – Rooney Prospect

On June 19, 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. Pursuant to the LOI, the Company paid S&W a total of \$113,333 for land acquisition and leasing costs, \$216,660 for the 3D seismic shoot costs, and \$269,281 for completion of the oil well and the purchase of necessary equipment in exchange for a 50% working interest in the 81.5 net revenue interest of the project. During the six months ended June 30, 2010, an additional \$82,750 was invested in this well.

Oklahoma

During the quarter ending June 30, 2010, the Company entered into an agreement with Bay Petroleum to purchase working interests in several properties in Oklahoma and advanced funds for lease purchases. The Company paid Bay Petroleum \$482,850 in exchange for 25% to 50% working interest in the net revenue of the project. Drilling will commence in the third quarter 2010.

5. Fair Value Measurements

The Company adopted ASC Topic 820-10 at the beginning of 2009 to measure the fair value of certain of its financial assets required to be measured on a recurring basis. The adoption of ASC Topic 820-10 did not impact the Company’s financial condition or results of operations. ASC Topic 820-10 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). ASC Topic 820-10 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants on the measurement date. A fair value measurement assumes that the transaction to sell the asset or transfer the liability occurs in the principal market for the asset or liability. The three levels of the fair value hierarchy under ASC Topic 820-10 are described below:

Level 1 – Valuations based on quoted prices in active markets for identical assets or liabilities that an entity has the ability to access.

Level 2 – Valuations based on quoted prices for similar assets and liabilities in active markets, quoted prices for identical assets and liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable data for substantially the full term of the assets or liabilities.

Level 3 – Valuations based on inputs that are supportable by little or no market activity and that are significant to the fair value of the asset or liability.

The following table presents a reconciliation of all assets and liabilities measured at fair value on a recurring basis as of June 30, 2010:

	Level 1	Level 2	Level 3	Fair Value
Cash	\$ 13,036	\$ -	\$ -	\$ 13,036
Accounts & other receivables	-	183,259	-	183,259
Prepaid expenses	-	4,000	-	4,000
Accounts payable	-	309,486	-	309,486
Notes payable	-	38,150	-	38,150
Loan Guarantee	-	94,860	-	94,860
Total	\$ 13,036	\$ 629,755	\$ -	\$ 642,791

6. Debt and Debt Guarantee

Notes Payable

As of June 30, 2010 and December 31, 2009, the Company has a note payable of \$25,000 bearing interest at 12% per annum collateralized by a general security arrangement over all of the Company's assets. The note was payable in full on May 18, 2007 and is therefore in default as of June 30, 2010. During six months ended June 30, 2010 and the year ended December 31, 2009, the Company accrued interest expense of \$2,173 and \$3,855, respectively. As of June 30, 2010 and December 31, 2009, the balance of the note payable, including accrued interest, is \$38,150 and \$35,977, respectively.

During the year ended December 31, 2009, the Company received \$218,000 from the issuance of a convertible note payable. The note paid 6% interest, was due on April 14, 2011, and was convertible at \$0.25 per share. The note accrued interest of \$1,863 before the principle and accrued interest balance of \$219,864 was converted into 879,454 shares of common stock during the year ended December 31, 2009. As of June 30, 2010, nothing is due relating to this note payable.

Convertible Debentures

In August and September of 2009, the company received \$1,000,000 from an investor to issue a convertible debenture, bearing interest at a rate of 18% per annum paid monthly on any unpaid principle balance to the investor, secured by the assets of the Company. \$500,000 of the debenture is due on August 13, 2010 and the other \$500,000 is due on September 15, 2010. The debenture calls for monthly interest payments 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 at the lower of \$0.35 per share or a 25% discount to the average closing price of the five proceeding days. In relation to the debentures, the Company issued 2,857,142 warrants to purchase common shares of the Company for \$0.50 per share. The warrants have a term of two years. At the time of filing for June 30, 2010, the company is in default. Interest payments continue to be made.

The warrants issued and beneficial conversion feature associated with the above convertible debentures were valued using the black scholes option pricing model and 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 six months ended June 30, 2010 and the year ended December 31, 2009, \$366,856 and \$197,605, respectively, was amortized into interest expense in relation to these discounts. In March 2010, \$350,000 of the debenture balance was converted to 1,000,000 shares of stock. As of June 30, 2010 and December 31, 2009, the balance due on the convertible debentures, net of the discount of \$17,165 and \$384,021, was \$616,140 and \$599,285, respectively.

During May and June 2010, the company received \$895,984 from an investor to issue a convertible debenture, bearing interest at a rate of 24% per annum. The note is due May 17, 2011. The holder of the convertible debenture has the right to convert any portion of the unpaid principle and/or accrued interest at any time at the conversion price of \$0.90. As of June 30, 2010, the balance due on the convertible debenture was \$910,574, including accrued interest of \$14,589.

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.

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.

Interest expense

Interest expense related to all of the above items for the six months ended June 30, 2010 and December 31, 2009 was \$454,858 and \$265,440, respectively.

7. Stockholders' Equity Transactions

Common Stock

During the year ended December 31, 2009, the Company issued 800,000 shares of common stock that was owed but not issued as of December 31, 2008.

During the year ended December 31, 2009, the Company issued 2,250,000 units at a price of \$0.02 per share for cash.

During the year ended December 31, 2009, the Company issued 8,254,088 shares at a price of \$0.02 per share to convert \$165,082 of accounts payable.

During year ended December 31, 2009, the Company issued 879,454 shares at a price of \$0.25 per share to convert a note payable balance of \$219,864 (See Note 6).

During year ended December 31, 2009, the Company issued 1,500,000 shares of common stock in an exercise of 1,500,000 warrants at a price of \$0.15 for total proceeds of \$225,000.

During the year ended December 31, 2009, the Company sold 190,000 shares of common stock for \$66,500 cash. As of December 31, 2009, these shares have not been issued and are shown as common stock owed but not issued.

During the year ended December 31, 2009, the Company received \$420,524 for the exercise of 1,640,825 warrants to purchase 1,640,825 shares of common stock. As of December 31, 2009, these shares have not been issued and are shown as common stock owed but not issued.

During the quarter ended March 31, 2010, the Company issued 190,000 shares of common stock that was owed but not issued as of December 31, 2009.

During the quarter ended March 31, 2010, the Company issued 1,640,825 shares of common stock that was owed but not issued as of December 31, 2009.

During the quarter ended March 31, 2010, the Company issued 250,000 shares to Directors in lieu of executive compensation of \$170,000.

During the quarter ended March 31, 2010, the Company issued 231,175 shares of common stock in an exercise of 231,175 warrants at a price of \$0.15 for total proceeds of \$34,676.

During the quarter ended March 31, 2010, the Company issued 1,000,000 shares of common stock in exchange for \$350,000 of convertible debt. (See Note 6).

During the quarter ended March 31, 2010, the Company received \$155,000 for the purchase of 442,857 shares of common stock and 442,857 warrants with an exercise price of \$0.50. As of June 30, 2010, these shares have not been issued and are shown as common stock owed but not issued.

During the quarter ended March 31, 2010, the Company received \$15,000 for the exercise of 100,000 warrants to purchase 100,000 shares of common stock. As of June 30, 2010, these shares have not been issued and are shown as common stock owed but not issued.

There was no stock activity in the quarter ended June 30, 2010.

As of June 30, 2010 and December 31, 2009, there are 27,060,561 and 23,748,561 shares of common stock outstanding, respectively, and 542,857 and 1,830,825 shares of common stock owed but not issued, respectively.

Warrants

As of December 31, 2008, there were 2,600,000 warrants outstanding at an exercise price of \$0.15.

During the year ended December 31, 2009, the Company issued 2,857,142 warrants with a convertible debenture. These warrants have 2 year terms expiring in August and September of 2011 and an exercise price of \$0.50. See Note 6 for further details.

During the year ended December 31, 2009, the Company issued 1,672,000 warrants for services. The warrants had two-year terms and an exercise price of \$0.35. The warrants were valued using the black scholes option pricing model and valued at \$238,227. 800,000 of these warrants were cancelled during the year when the service was not performed.

During year ended December 31, 2009, a total of 3,140,825 warrants were exercised into common shares of the Company at a price of \$0.15 and \$0.35 per share to a total of \$645,524 cash.

During the quarter ended March 31, 2010, a total of 331,175 warrants were exercised into common shares of the Company at a price of \$0.15 per share to a total of \$49,676.

During the quarter ended March 31, 2010, the Company issued 442,857 warrants with an exercise price of \$0.50.

As of June 30, 2010, there are 3,299,999 warrants outstanding at an exercise price of \$0.50. These warrants will expire in the year ending December 31, 2011.

8. Income Taxes

The Company follows ASC subtopic 740-10 (formerly Statement of Financial Accounting Standard No. 109, "Accounting for Income Taxes") for recording the provision for income taxes. ASC 740-10 requires the use of the asset and liability method of accounting for income taxes. Under the asset and liability method, deferred tax assets and liabilities are computed based upon the difference between the financial statement and income tax basis of assets and liabilities using the enacted marginal tax rate applicable when the related asset or liability is expected to be realized or settled. Deferred income tax expenses or benefits are based on the changes in the asset or liability each period. If available evidence suggests that it is more likely than not that some portion or all of the deferred tax assets will not be realized, a valuation allowance is required to reduce the deferred tax assets to the amount that is more likely than not to be realized. Future changes in such valuation allowance are included in the provision for deferred income taxes in the period of change.

Deferred income taxes may arise from temporary differences resulting from income and expense items reported for financial accounting and tax purposes in different periods. Deferred taxes are classified as current or non-current, depending on the classification of assets and liabilities to which they relate. Deferred taxes arising from temporary differences that are not related to an asset or liability are classified as current or non-current depending on the periods in which the temporary differences are expected to reverse.

The Company's effective income tax rate is higher than would be expected if the federal statutory rate were applied to income before tax, primarily because of expenses deductible for financial reporting purposes that are not deductible for tax purposes during the year ended December 31, 2009. The Company's operations for the year ended December 31, 2009 and 2008 resulted in losses, thus no income taxes have been reflected in the accompanying statements of operations.

As of June 30, 2010, the Company has net operating loss carry-forwards of approximately \$5,400,000 (December 31, 2009 - \$4,510,829) which may or may not be used to reduce future income taxes payable. 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 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.

9. **Subsequent Events**

In preparing these financial statements, the Company has evaluated events and transactions for potential recognition or disclosure through the date the financial statements were issued. There are no subsequent events to note.

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 are an oil and natural gas exploration and production (E&P) company with current projects in California, Kansas and Oklahoma. As of June 30, 2010, we had no producing wells in California, two producing wells in Kansas and one producing well in Oklahoma, and rights for the exploration and production of oil and gas on more than an aggregate of approximately 11,613 acres in those states. Subsequent to our quarterly period ended June 30, 2010, we had a third well begin early production in Kansas. Typically, our interest in a well arises from a contract with another entity pursuant to which provide financial support for certain costs incurred in the exploration and development of a project, which may include land costs, seismic or other exploration, and test drilling. In exchange, we typically receive an interest in the proceeds from the project's production.

We were formed on January 24, 1996 pursuant to the laws of the State of Nevada under the name Wolf Exploration, Inc. In August 2001, we changed our name to American Petro-Hunter, Inc and began focusing our business on 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, which includes historic engineering and geological development of the prospect as well as costs for a seismic program required to finalize and define the initial well location, 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. The results of the seismic indicate the need to reprocess the data and potentially add additional seismic lines to identify the test well locations. We are planning additional seismic shoots prior to December 2010 and the combined data packages will be used to evaluate whether there is a suitable location for a test well.

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 on all commercial production in the 750-acre Poston Prospect #1 Lutters oilfield in Southwest Trego County, Kansas, for a purchase price of \$64,536, which we have paid. Management believes this prospect contains a potential multi-well program and that the available transportation and support infrastructure will support a requisite storage tank battery at the location. On May 13, 2009, drilling began on the prospect with a planned total depth of 4,500 feet. On May 19, 2009, we announced that the well had reached a total depth of 4,400 feet, encountering both oil and gas over a 46 foot interval. The oil was excellent quality 35 degree light oil and tests resulted in 65% oil cut with 10% gas and mud with no water. The #1 Lutters Well was completed on June 16, 2009. We then made a casing election set pipe following well logging. Oil production on the #1 Lutters Well began on June 18, 2009. On July 9, 2009, we announced that 770 barrels of oil had been shipped from the #1 Lutters Well for the 11 days of production in June 2009. As of August 2009, we began receiving revenue from this oilfield and since then have experienced average production of approximately 30 barrels per day. The next

well planned for the Poston Project was designated as the #2 Lutters Well, which was drilled to a total depth of 4,320 feet where we encountered good oil shows during drilling and in initial drill stem tests from a target zone. 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, management believes the project itself remains viable as there are additional offset opportunities for this project. On July 1, 2010 we announced completion of the #3 Lutters Well, at a depth of 4,328 feet, as a direct-offset to the #1 Lutters Well. On July 14, 2010, we announced that the #3 Lutters Well had begun production. Current production for the #1 Lutters Well has been variable as a result of paraffin issues and required the down hole pump to be raised to upper perforations. The current daily rates are in the 30 to 35 barrel per day levels after a squeeze job to cement in a water zone producing in the 20 barrel range or a 65% oil cut. Production at the #3 Lutters Well has begun at the rate of 60 barrels per day. We are currently increasing the pump jack strokes per minute in an attempt to increase the production rate at the #3 Lutters Well, with a target production rate of 110 barrels per day by the end of July 2010.

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 1,760-acre Brinkman Prospect located in Clark County, Kansas, approximately 20 miles south of Dodge City. The project is proximal to historic oil production primarily from Marmaton Limestone with secondary objectives in the Morrow Sand. Of significance, over 49,000 barrels have been produced from a seismic anomaly to the northeast of the chosen drilling location as well as Langdon Sands that has produced cumulative gas production in excess of 1 BCF. We paid 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, we 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 and were plugged and abandoned. We may engage in future exploratory drilling at the Brinkman Prospect in the future, but no drilling is currently planned for the Brinkman Prospect in 2010.

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 Project located in southwestern Ford County, Kansas. The Rooney Project is located in southwestern Ford County, Kansas, which is 20 miles due south of Dodge City. The project consists of eight sections totaling 7,040 acres and the large contiguous acreage block represents the first land position we acquired that management considers to be a "core" land holding that could, with future successful development, provide the basis for the requisite production necessary to meet our intermediate and long-term goals. The Rooney Project is directly adjacent to the north edge of existing Morrow Sand oil and gas production. An analog well designated as 3-30-25W in the Morrow pool has cumulatively produced 344,448 barrels of oil and 933,622 MCF gas. There are multiple wells within two miles of our acreage that have produced in the 35,000 to 40,000 barrel range from discrete sand channels. It is these sand channels that we attempted to identify through the completion of a 3D seismic shoot across the entire acreage. Based on the 3D seismic shoot, we developed a minimum of five target locations for new wells. Under the terms of the agreement with S&W, we paid S&W a total of \$113,333.12 for land acquisition and leasing costs. We also agreed to pay 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. S&W has assigned a 50% of the working interest and 81.5% net revenue interest in the prospect to us.

On November 12, 2009, drilling at the #24-1 Double H Oil Well site in the Rooney Project commenced, and we successfully discovered both oil and gas. On December 9, 2009, we announced the preliminary findings from the initial drill stem tests at the #24-1 Double H Oil Well. A 12-foot pay zone was encountered that produced excellent quality 44 degree oil in the tubing up to the surface from 5,400 feet of depth with fluid test results returning 99% oil cut. On January 4, 2010, the #24-1 Double H well at the Rooney Prospect commenced oil production, and we entered into an oil purchase contract with the National Co-op Refinery Association of McPherson Kansas to purchase all production at the Rooney lease at a premium to Kansas common oil prices of \$3.85 per barrel above the daily price. This price premium reflects the quality of the 44 degree oil being produced at Rooney. The #24-1 Double H Oil Well required a re-completion due to casing separation that allowed the Dakota Formation producing fresh water to enter the well bore. Following a re-cementing of the casing, the limestone reservoir was treated to attempt to dehydrate the clays that were causing clogging of the perforations. The reservoir at this location only may have been adversely impacted by the fresh water. In May 2010, the #2 Double H well in Kansas reached a total depth of 5,460 feet. The #2 Double H is a direct offset to the #24-1 Double H discovery well. The #2 Double H Well encountered oil shows in several formations down-hole including the targeted Morrow sand and Mississippian. Our engineering team is now assessing the results and will report on their findings and recommendations for the next step in the development program.

In February 2010, we drilled the Shelor 23-2 Well at the Rooney Project, which was drilled to a depth of 5,400 feet. The well encountered a fault that cut off the reservoir at this easterly location and, although geological information was gained, did not result in any reservoir being identified. The Shelor 23-2 Well was plugged and abandoned.

Having completed the #24-1 Double H Oil Well and drilled the #2 Double H Well and the Shelor 23-2 Well, we plan to further evaluate the Rooney Prospect as to its future potential for commercial oil for the fiscal year 2010.

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. The 500 acre block has a well defined 3D seismic anomaly that includes seven potential zones to be tested. 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. Management believes that 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 the Wurster Gas Project, a prospect located in Sacramento County, California, 20 miles south of the city of Sacramento. The Wurster Prospect target lies due east of the Victory Gas Project in which we also have a 25% working interest. This project targets Winters sandstones which have, in the Sacramento Valley, have accounted for over 400 BCF of gas production to-date along the Upper Cretaceous Winters "Eastside Stratigraphic Trend." Pursuant to the Participation Agreement, we have paid Archer \$25,000 for 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 and have paid \$125,000 for dry hole costs. 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 we have in the prospect. On October 8, 2009, we began drilling operations at the Wurster Gas Prospect – Archer-Tsakopoulos #2 well, which was planned as a 7,800 foot test for gas indicated by 3D seismic tests. 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.

On April 21, 2010, we entered into an operating agreement with Bay Petroleum Corp. ("Bay") to participate in the drilling for oil in northern Oklahoma (the "Prospect"). Pursuant to operating agreement, we agreed to pay to Bay \$52,125 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 and 80% net revenue interest in the Prospect. We are also responsible for 25% of all expenditures in connection with the development and operation of the Prospect for drilling. On June 1, 2010, we announced that the No. 1 well had been put into production. The current daily rates are in the 25 to 80 barrel per day levels, with water in the 200 barrel range or approximately 10% oil cut. Dewatering is expected to increase the cut and barrels per day. A water disposal well has been permitted and we are awaiting notification from the State. On June 5, 2010 drilling commenced on the No. 2 well and on June 14, 2010, we announced that we had begun work on completion of the well. On June 23, 2010, we announced that drilling had commenced on the No. 3 well. On that date we also announced the acquisition of 3 additional blocks increasing our overall working interest participation up to 7 lease blocks currently. We believe the Prospect will involve the drilling of at least one well per month with continued drilling through 2011, which represents an investment of approximately \$1.4 million.

Properties

Production, Production Prices and Production Costs

Sales of oil during the 2009 fiscal year amounted to \$77,728 for 1,242 barrels at an average price of \$62.58 per barrel and at an average production cost per barrel of \$10.54. Production costs are expected to increase as production increases. Prior to the 2009 fiscal year we had not had any oil production. We have not had any gas production.

Development Activities

During the 2009 fiscal year we drilled seven exploratory wells, of which two were net productive and five did not contain sufficient volumes to warrant completion for commercial production. We did not drill any development wells during the 2009 fiscal year. As of August 13, 2010, during the 2010 fiscal year we have drilled four exploratory wells, of which one is net productive and one did not contain sufficient volumes to warrant completion; as of August 13, 2010, the other two such wells, the No. 2 and No. 3 Prospect wells are still being drilled and/or evaluated for completion as detailed above. As of August 13, 2010, during the 2010 fiscal year we have also drilled two development wells, as direct offshoots of the Lutters #1 well and the #24-1 Double H well, the former of which is net productive. We undertook no exploratory or development activity in 2008 or 2007.

Delivery Commitments

As of August 13, 2010, we had no delivery commitments for fixed and determinable quantities of oil or natural gas. On January 4, 2010, we entered into an oil purchase contract with the National Co-op Refinery Association of McPherson Kansas to purchase all production at the Rooney lease at a premium to Kansas common oil prices of \$3.85 per barrel above the daily price. This price premium reflects the quality of the 44 degree oil being produced at Rooney.

Properties, Wells, Operations, Acreage and Current Activities

The following table sets forth our interest in wells and acreage as of August 13, 2010.

	Number of Productive Wells		Developed Acreage (3)		Undeveloped Acreage	
	Gross (1)	Net (2)	Gross (1)	Net (2)	Gross (1)	Net (2)
Oil	4	1,015	440	230	10,133	3,383
Gas	0	0	0	0	1,040	260

(1) A gross well or acre is a well or acre in which we own an interest.

(2) A net well or acre is deemed to exist when the sum of fractional ownership interests in wells or acres equals 1.

(3) Developed acreage is acreage assignable to productive wells.

As of August 13, 2010, our acreage subject to leases has the minimum remaining lease terms set forth in the following table.

Property	Gross Acreage	Net Acreage	Minimum Remaining Lease Terms
Trego County, KS (Poston Prospect)	750	152.8	Held by production
Clark County, KS (Brinkman Prospect)	1,760	358.6	1 year
Ford County, KS (Rooney Prospect)	7,040	2,868.8	3 months
Thomas County, KS (Colby Prospect)	500	101.9	1 year

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Sacramento County, CA (Wurster Gas Project)	1,040	260	6 months
Payne County, OK (Bay Prospect)	523	131	2 years

All of our oil and gas interests and acreage are located in, and all of our drilling and other development activities have occurred in, the United States.

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Critical Accounting Policies

The preparation of financial statements in conformity with United States generally accepted accounting principles (“U.S. GAAP”) 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 U.S. GAAP. 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, 2009. As of, and for the six months ended June 30, 2010, 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, 2009, filed on March 26, 2010.

The financial statements mentioned above have been prepared in conformity with U.S. GAAP and are stated in United States dollars.

Comparison of six month periods ended June 30, 2010 and June 30, 2009

For the six month periods ended June 30, 2010 and June 30, 2009, we incurred a comprehensive loss of \$1,069,349 and \$494,175, respectively. The increase was largely attributed to an increase in interest expense from \$3,835 for the six month period ended June 30, 2009 to \$454,858 for the six month period ended June 30, 2010.

General and administration expenses for the six month period ended June 30, 2010 amounted to \$200,178 compared to \$200,911 in the same period of 2009. Executive compensation for the six month period ended June 30, 2010 was \$285,000 compared to \$72,749, in the same period of 2009.

We had no foreign currency gain or loss during the six month period ended June 30, 2010 compared to a gain of \$36,718 in the same period of 2009, due to more favorable exchange rates during that period.

Comparison of three month periods ended June 30, 2010 and June 30, 2009

For the three month periods ended June 30, 2010 and June 30, 2009, we incurred a comprehensive loss of \$353,635 and \$441,347, respectively. The decrease was largely attributed to a decrease in loan placement fees from \$230,616 for the three month period ended June 30, 2009 to \$0 for the three month period ended June 30, 2010.

General and administration expenses for the three month period ended June 30, 2010 amounted to \$126,601 compared to \$161,442 in the same period of 2009. Executive compensation for the three month period ended June 30, 2010 was \$51,000 compared to \$54,273, in the same period of 2009.

We had no foreign currency gain or loss during the three month period ended June 30, 2010 compared to a gain of \$7,709 in the same period of 2009, due to more favorable exchange rates during that period.

Period from inception, January 24, 1996 to June 30, 2010

We have an accumulated deficit during the development stage of \$6,345,407.

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 June 30, 2010, we had cash of \$13,036 and working capital deficiency of \$1,766,804. During the six month period ended June 30, 2010, we funded our operations from revenue received and proceeds of private sales of equity and convertible notes and the exercise of warrants. Our current cash requirements are significant due to planned exploration and development of current projects. We anticipate drilling 11 wells in Kansas & Oklahoma in 2010 which will cost approximately \$2,100,000. Additionally, we have other obligations to drill other properties and we expect to acquire rights in additional projects. Accordingly, we expect to continue to use debt and equity financing to fund operations for the next twelve months, as we look to expand our asset base and fund exploration and development of our properties. Changes in our operating plans, increased expenses, acquisitions, or other events may cause us to seek even greater equity or debt financing in the future.

For the six month period ended June 30, 2010, we used net cash of \$443,003 in operations. Net cash from operating activities reflected an increase other receivables of \$163,798.

We raised \$1,100,660 during the six month period ended June 30, 2010 from the issuance of common stock, and convertible notes and the exercise of warrants.

Our management believes that we will be able to generate sufficient revenue or raise sufficient amounts of working capital through debt or equity offerings, as may be required to meet our short-term and long-term obligations. However, there are no assurances that we will be able to raise the required working capital on terms favorable, or that such working capital will be available on any terms when needed

Off-Balance Sheet Arrangements

There are no off-balance sheet arrangements.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

Not applicable.

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 quarterly period ended June 30, 2010 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.

None.

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

None.

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Reserved.

Not applicable.

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)	Operating Agreement with Bay Petroleum Corp. dated April 21, 2010
10.2(3)	Note Purchase Agreement
10.3(3)	Form of Convertible Debenture
10.4(3)	Form of Warrant
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 by reference to Form 8-K dated April 23, 2010.
- (3) Incorporated by reference to Form 8-K dated May 20, 2010.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

AMERICAN PETRO-HUNTER INC.

Date: August 16, 2010

By: /s/ Robert B McIntosh
Robert B, McIntosh, President and Chief Executive
Officer
(Principal Executive Officer)

Date: August 16, 2010

By: /s/ John J. Lennon
John J. Lennon, Chief Financial Officer
(Principal Financial Officer and Principal Accounting
Officer)