

Edgar Filing: AUSTRALIAN OIL & GAS CORP - Form 10KSB

AUSTRALIAN OIL & GAS CORP
Form 10KSB
March 23, 2005

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

Form 10-KSB

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

For the fiscal year ended December 31, 2004

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

For the transition period from _____ to _____

Commission file number 000-26721

AUSTRALIAN OIL & GAS CORPORATION

(Name of small business issuer in its charter)

Delaware

84-1379164

(State or other jurisdiction of incorporation or organization)

(I.R.S. Employer Identification No.)

2480 North Tolemac Way, Prescott, Arizona

86305

(Address of principal executive offices)

(Zip Code)

Issuer's telephone number (928) 778 1450

Website: www.ausoil.com

Securities registered under Section 12(b) of the Exchange Act: None

Securities registered under Section 12(g) of the Exchange Act:

Title of each class
common stock - \$0.001 par value

Name of each exchange on which registered
OTCBB

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

Check if there is no disclosure of delinquent filers in response to Item 405 of

Edgar Filing: AUSTRALIAN OIL & GAS CORP - Form 10KSB

Regulation S-B is not contained in this form, and no disclosure will be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-KSB or any amendment to this Form 10-KSB. [X]

State issuer's revenues for its most recent fiscal year. \$0

As of December 31, 2004, the market value of the voting and non-voting common equity held by non-affiliates of the registrant was approximately \$690,027.

Check whether the issuer has filed all documents and reports required to be filed by Section 12, 13 or 15(d) of the Exchange Act after the distribution of securities under a plan confirmed by a court. Yes [X] No []

At December 31, 2004, 27,300,550 shares of common stock were outstanding.

TABLE OF CONTENTS

PART I

| | |
|---------|--|
| Item 1. | Description of Business..... |
| | General |
| | Description of Business |
| | Oil and Gas Acreage |
| | Reserve Estimates |
| | Production |
| | Productive Wells and Acreage |
| | Underdeveloped Acreage |
| | Drilling Activity |
| | Current Activities and Plans |
| | Competitive Factors |
| | Environmental Compliance and Risk |
| | Employees |
| Item 2. | Description of Properties..... |
| Item 3. | Legal Proceedings..... |
| Item 4. | Submission of Matters to a Vote of Security Holders..... |

PART II

| | |
|----------|--|
| Item 5. | Market for Common Equity and Related Stockholder Matters..... |
| Item 6. | Plan of Operation..... |
| Item 7. | Financial Statements..... |
| Item 8. | Changes in and Disagreements with Accountants on Accounting and Financial Disclosure..... |
| Item 8A. | Controls and Procedures..... |
| Item 8B. | Other Information..... |

Edgar Filing: AUSTRALIAN OIL & GAS CORP - Form 10KSB

PART III

| | |
|----------|---|
| Item 9. | Directors, Executive Officers, Promoters and Control Persons; Compliance with Section 16(a) of the Exchange Act..... |
| Item 10. | Executive Compensation..... |
| Item 11. | Security Ownership of Certain Beneficial Owners and Management and Related Stockholder matters..... |
| Item 12. | Certain Relationships and Related Party Transactions..... |
| Item 13. | Exhibits and Reports on Form 8K..... |
| Item 14 | Principal Accountant Fees and Services..... |
| | Signatures..... |
| | Financial Statements |
| | Certifications..... |

Forward Looking Statements

References in this report to "the Company", "we", "us", or "our" are intended to refer to Australian Oil & Gas Corporation. This annual report contains certain statements that may be deemed forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (Securities Act), and Section 21E of the United States Securities Exchange Act of 1934, as amended (Exchange Act). Readers of this annual report are cautioned that such forward-looking statements are not guarantees of future performance and that actual results, developments and business decisions may differ from those envisaged by such forward-looking statements.

All statements, other than statements of historical facts, so included in this annual report that address activities, events or developments that the Company intends, expects, projects, believes or anticipates will or may occur in the future, including, without limitation: statements regarding the Company's business strategy, plans and objectives and statements expressing beliefs and expectations regarding the ability of the Company to successfully raise the additional capital necessary to meet its obligations, the ability of the Company to secure the permits, licences and leases necessary to facilitate anticipated drilling activities and the ability of the Company to attract additional working interest owners to participate in the exploration and development of oil and gas reserves, are forward-looking statements within the meaning of the Act. These forward-looking statements are and will be based on management's then-current views and assumptions regarding future events.

PART I

ITEM 1. DESCRIPTION OF BUSINESS

General -----

Since August 2003, Australian Oil & Gas Corporation has been seeking to develop oil and gas exploration opportunities in the offshore waters within the jurisdiction of Australia.

We are the successor in bankruptcy to Synergy Technologies Corporation ("Synergy") which filed a petition for relief under Chapter 11 ("Chapter 11 Filing") of the United States Bankruptcy Code in the United States Bankruptcy Court for the Southern District of New York (the "Bankruptcy Court") on November

Edgar Filing: AUSTRALIAN OIL & GAS CORP - Form 10KSB

13, 2002. During March 2003, Synergy sold substantially all of its assets to World Energy Systems Corporation. On July 30, 2003, the Bankruptcy Court confirmed Synergy's Plan of Reorganization, as accepted by the corporation's creditors and equity interest holders in accordance with the provisions of the Bankruptcy Code. The Plan became effective on August 11, 2003 (the "Effective Date").

Upon the confirmation of the Plan, we adopted a Fresh Start Accounting method.

A complete description of the Plan is set forth in our quarterly report on Form 10-QSB for the period ended September 30, 2003.

We commenced business operations as a developer of oil and gas opportunities on August 11, 2003. Since that date we have been engaged primarily in the assessment and investigation of petroleum natural resource properties. The Company has no proven petroleum reserves and has no revenues.

Description of Business

The Company seeks oil and gas exploration opportunities in offshore waters within the territorial boundaries of Australia.

To gain control of offshore exploration areas, a Petroleum Exploration Permit ("Permit") must be granted by the Designated Authority, acting pursuant to the Petroleum (Submerged Lands) Act of the Commonwealth of Australia ("the Act"). A Permit provides rights to the holder to undertake exploration, including seismic surveys and drilling, in the defined area of a Permit. A Permit is granted for an initial six year period. Under the terms of a Permit, the exploration work program nominated for the first three years must be met. The Permit holder may withdraw from the Permit after the third permit year, or at the end of any subsequent Permit years, provided that all the exploration work obligations up to the date of withdrawal have been met.

It should be noted that provided all work commitments are carried out, Australian petroleum exploration permits may be renewed for two further 5-year terms, upon relinquishment of 50% of the area of a permit at the end of the first 6-year term, and again at the end of the second 5-year permit term. Any Retention Lease or Production License is excluded from the calculation of the area to be relinquished. Permits therefore, have a potential 16-year life, subject to these requirements.

The holder of a Permit may not construct any installation in the Permit or abandon, suspend or complete any well without the written approval of the Designated Authority. A Permit requires the holder to comply with the Act, the regulations and all directions made there under and to carry out operations with adequate measures for the protection of the environment and to carry insurance as directed by the Designated Authority. A Permit incurs a modest yearly rental figure. The figure is calculated by multiplying the number of graticular blocks contained within a Permit by the figure deemed by the Designated Authority, currently approximately Australian \$50 - \$70 dollars.

A Permit is granted by the Designated Authority following a competitive tender program, based on the best work program offered. The experience of the

Edgar Filing: AUSTRALIAN OIL & GAS CORP - Form 10KSB

directors and the technical and financial resources of the applicant is taken into consideration before a decision is made. The Company considers that it satisfies the Designated Authority's requirements and will be able to secure large tracts of acreage. Our President, Mr E G Albers, has a track record in successfully bidding for exploration permits, and on progressing exploration and developments with major international companies.

For the most part, major companies have dominated the offshore exploration industry in Australia. More recently, new and independent operators have become increasingly active. We are encouraged by this increased activity and by the diversity of geological concepts being developed.

Increasing availability of sophisticated off-the-shelf technologies from service companies and of expert technical advice from consultants, all aided by the latest computing power, allow companies such as ours to make a fully-fledged entry into this environment. There is a worldwide pool of rig operators, seismic service companies and technical consultants upon which we can draw for products and specialist expertise, allowing us to participate and meet our goals.

Our strategy is to acquire and control strategic areas in the territorial waters of Australia to prospect for oil and natural gas which have potential to be farmed-out/or developed in conjunction with major industry players: it being recognised that the Company lacks the resources to fully explore and develop areas on its own behalf.

As a development stage enterprise, the Company relies on infusions of cash through the advances of Great Missenden Holdings Pty Ltd, a family company associated with our President, Mr EG Albers. When we require further funds for our programs, it is our intention that the additional funds would be raised in a manner deemed most expedient by the Board of Directors at the time, taking into account budgets, share market conditions and the interest of industry in co-participation in our programs. When additional funds for exploration are required, it is our plan that they could be raised by any one or a combination of the following manners: stock placements, pro-rata issue to stockholders, and/or a further issue of stock to the public. Should these methods not be considered to be viable, or in the best interests of stockholders, then it would be our intention to meet our obligations by either partial sale of our interests or farm out, the latter course of action being part of managements overall strategy. Should funds be required for appraisal or development purposes we would, in addition, look to project loan finance.

Oil and Gas Acreage

On July 6, 2004, our wholly owned subsidiary, Gascorp, Inc (Gascorp), with other affiliated joint venturers, was granted by the Australian Government, a petroleum exploration permit, AC/P33, for an initial 6-year term, effective from June 25, 2004. Gascorp holds a 20% interest in the permit, in joint venture with its affiliates; Natural Gas Corporation Pty Ltd (40%) and Auralandia N.L. (40%), the designated Operator.

In June 2004, we entered into a preliminary, non binding agreement to acquire 100% of the outstanding shares of Alpha Oil & Natural Gas Pty Ltd (Alpha), a company incorporated in Australia. The acquisition of Alpha is being made to cost-effectively acquire a 20% interest in the permits of the Browse Joint Venture, being permits WA-332-P, WA-333-P, WA-341-P and WA-342-P.

Edgar Filing: AUSTRALIAN OIL & GAS CORP - Form 10KSB

In September 2004, we entered into a preliminary, non binding agreement to acquire all of the outstanding shares of Nations Natural Gas Pty Ltd (Nations), with the exception of 100,000 shares held by Alpha Oil & Gas Pty Ltd (Alpha). The acquisition of Nations is being made to cost-effectively acquire a 30% interest in the permits of the National Gas Consortium, being permits NT/P62, NT/P63, NT/P64, and NT/P65.

[See Item 2 - "Description of Properties" of this report for more information concerning our intentions with respect to oil and gas properties].

Reserve Estimates

The Company has no oil and gas reserves.

Production

The Company has no oil and gas production.

Productive Wells and Acreage

The Company has no productive wells or productive acreage.

Underdeveloped Acreage

See Item 2 Description of Properties

Drilling Activity

We have no immediate plans to engage in any exploratory oil or gas drilling on acreage for our own account. However, if additional financing can be obtained, we may engage in well drilling, depending upon the cost of the well drilling, the terms of any participation, future farm-out, joint venture or similar arrangements, which may be entered into.

Current Activities and Plans

Our current activities relate solely to our intention to become an active participant in oil and gas exploration in the offshore areas of Australia, as described above. (See Item 2. Description of Properties)

Competitive Factors

The acquisition of oil and gas interests is competitive. We anticipate that we will continue to encounter strong competition from many established companies with greater financial, personnel and informational resources. Competition from such companies, together with rising prices of oil and gas, may escalate the cost of acquiring properties from others beyond the range of prices we can afford. If valuable oil and gas deposits are discovered on our properties, their marketability will depend on numerous factors, including available equipment for

Edgar Filing: AUSTRALIAN OIL & GAS CORP - Form 10KSB

which there is strong demand and other supplies of oil and gas.

Environmental Compliance and Risk

Since the Company is engaged in the natural resources industry, environmental regulation may have a significant impact upon our operations and may necessitate significant capital outlays, which, in turn, may materially affect the earning power of the Company. Certain operations in the exploratory and production phase of oil and gas exploration are potentially hazardous to the environment. Exploratory drilling in natural areas are sources of environmental regulation; and reclamation requirements, must be satisfied. Further, if recovery methods are utilized which involve the construction of a plant or similar hardware to implement the recovery system, the environmental impact of such a system must be disclosed in an Environmental Impact Statement; and compliance could adversely affect future operations and revenues. Although we do not anticipate that we will be the operator on any oil and gas properties, others who may drill and operate such properties will face possible environmental regulations, which could affect our liabilities.

Employees

As of December 31, 2004, we employed five persons, namely the directors, and two other persons, each on a part time basis. Additionally, we retain geologists and consultants on a contract or fee basis, as and when their services are required.

ITEM 2. DESCRIPTION OF PROPERTIES

Our office, located at 2480 North Tolemac Way, Prescott, Arizona, has nominal square footage and, as yet, the rent for the office space has not been determined, but will not be more than a nominal amount per month. We also have the use of premises in Australia at 25 Floor, 500 Collins Street, Melbourne, Victoria. The office space is taken on a non-exclusive basis, with no rent payable, but the usage of the premises is included in the charges Great Missenden Holdings Pty Ltd., an affiliate of the Company by virtue of common management, makes in respect to the administration of the Company.

ACP/33

On July 6, 2004, our wholly owned subsidiary, Gascorp, Inc (Gascorp), with other affiliated joint venturers, was advised of the grant of petroleum exploration permit AC/P33 for an initial 6-year term, effective from June 25, 2004. Gascorp holds a 20% interest in the permit, in joint venture with its affiliates; Natural Gas Corporation Pty Ltd (40%) and Auralandia N.L. (40%), the designated Operator.

AC/P33 is part of a sector of the eastern margin of the Vulcan Sub-basin; one of a number of proven petroliferous sub-basins which together comprise the North West Shelf hydrocarbon province of Australia. AC/P33 includes the undeveloped Oliver oil and gas accumulation. AC/P33 comprises five graticular blocks, totaling approximately 400 square kilometers (98,800 acres). In the first three years of the initial 6-year term of permit AC/P33, the joint venture participants plan to obtain a range of pertinent existing reports and open file seismic data, and with this data, to map, interpret and revise analyses and concepts which presently exist for the area. The joint venture has committed to

Edgar Filing: AUSTRALIAN OIL & GAS CORP - Form 10KSB

the enhancement of existing seismic data around the Oliver and the Oliver NE feature, and will examine various techniques for their potential use as direct hydrocarbon indicators. In the third year, the joint venture will acquire 80 square kilometers (19,760 acres) of new enhanced parameter 3D seismic survey. It is intended that the survey will be conducted over the Oliver and Oliver NE features. Should the joint venture so decide, it can elect to enter the second three years of the initial permit and drill one exploration well and perform further interpretational work. Preliminary geological and geophysical evaluation of the permit has commenced.

Browse Joint Venture

In June 2004, we entered into a preliminary, non binding agreement to acquire 100% of the outstanding shares of Alpha Oil & Natural Gas Pty Ltd (Alpha), a company incorporated in Australia. The acquisition of Alpha is being made to cost-effectively acquire a 20% interest in the permits of the Browse Joint Venture, being permits WA-332-P, WA-333-P, WA-341-P and WA-342-P ("Permits"). The shareholders of Alpha shall, upon conclusion of formal documentation and satisfaction of all conditions, be entitled to receive 2,000,002 shares of common stock of AOGC as consideration for Alpha.

The Permits of the Browse Joint Venture are contiguous and are located in the offshore Browse Basin, a part of the North West Shelf of Australia. They cover a total area of 11,080 square kilometers (2,726,760 acres).

The Browse Basin region, off the coast of Western Australia, has a 40-year history of exploration. It is an established petroleum sub-province and it forms a part of the extensive series of continental margin sedimentary basins that, together, comprise the North West Shelf hydrocarbon province of Australia. The Browse Basin has been host to a series of major gas, gas condensate and oil discoveries which began with the 1971 discovery at Scott Reef-1. The first

discovery at Scott Reef-1 was followed, over the years, by major discoveries at Brewster, Brecknock, and Brecknock South. In a later phase of exploration, oil discoveries were made at Gwydion and Cornea. The latest major discoveries in the Browse Basin have been made at Dinichthys, Titanichthys and Gorganichthys (the Ichthys Gas/Condensate Fields). The latter, a giant 556.02 MMBL condensate and 10.7 TCF gas field is approximately 50 kilometers to the west of the Permits. The Permits lie up-dip of these major central Browse Basin gas, and gas/condensate discoveries. For the most part they lie on trend with the Crux Field and with basin margin oil and gas accumulations at Gwydion and the Cornea. The permits are presently lightly explored. There is one well on the boundary of WA-332-P (Prudhoe-1), one well in WA-333-P (Rob Roy-1), two wells-Heywood-1 and Buccaneer-1 in WA-341-P, and a total of fourteen wells in WA-342-P, mostly associated with the undeveloped Cornea oil and gas accumulation.

In the first three year term of the Permits, the Browse Joint Venture has committed to obtain available open file reports and basic 2D and 3D seismic data acquired by earlier efforts of previous explorers. This includes approximately 1,100 square kilometers of high quality 3D seismic known as the Cornea 3D survey which is held by the Browse Joint Venture. The data sets will be integrated and subjected to extensive interpretational effort before the acquisition and processing of a further 1900 kilometers of new 2D seismic data to infill the existing grid of data, with lead specific coverage. Should the Browse Joint Venture so decide, it can elect to enter a second three year permit term and in which it has indicated it will drill one well in each permit. Preliminary

Edgar Filing: AUSTRALIAN OIL & GAS CORP - Form 10KSB

geological and geophysical evaluation of the Permits has commenced.

National Gas Consortium

In September 2004, we entered into a preliminary, non binding agreement to acquire all of the outstanding shares of Nations Natural Gas Pty Ltd (Nations), with the exception of 100,000 shares held by Alpha Oil & Gas Pty Ltd (Alpha). The acquisition of Nations is being made to cost-effectively acquire a 30% interest in the permits of the National Gas Consortium, being permits NT/P62, NT/P63, NT/P64, and NT/P65 ("Permits"). The shareholders of Nations shall, upon conclusion of formal documentation and satisfaction of all conditions, be entitled to receive 2,100,001 shares of common stock of AOGC as consideration for Nations.

The Permits of the National Gas Consortium are located in the Australian eastern Timor Sea region of the Bonaparte Basin, offshore Northern Territory, and cover a total area of approximately 14,875 kilometers. The Timor Sea covers a huge area, over a million kilometers, underlain by sedimentary basins with potential for new hydrocarbon discoveries. The region has a long history of oil discovery dating back to the Jabiru-1 discovery in 1983, which alerted the (Australian) domestic and international petroleum industries to the significant oil potential of the region. Since that time there have been numerous oil and wet gas discoveries in the northern Bonaparte Basin, which hosts the Laminaria, Corallina and Bayu-Undan fields, and the giant gas fields of Greater Sunrise and Evans Shoal.

The Bonaparte Gulf is a major emerging oil and gas province, with a developing emphasis in gas processing for the export market. Discoveries made over the past few years are expected to lead to the area providing substantial gas production and revenue, through value-added gas projects covering a wide spectrum of gas to liquids processes and technologies.

In the first three year term of the Permits, the National Gas Consortium has committed to reprocess 750 kilometers of 2D seismic data and shoot 500 kilometers of new 2D seismic survey within each permit. Preliminary geological and geophysical evaluation of the Permits has commenced.

It is anticipated that the acquisitions of Alpha and Nations will be completed during the second quarter of 2005.

ITEM 3. LEGAL PROCEEDINGS

None

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.

No matter was submitted to a vote of security holders during the period covered by this report.

PART II

ITEM 5. MARKET FOR COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

Market Information

Edgar Filing: AUSTRALIAN OIL & GAS CORP - Form 10KSB

Our common stock trades on the OTC Bulletin Board under the trading symbol "AOGC." The prices set forth below reflect the quarterly high and low bid prices for shares of common stock since the Company's stock commenced trading. These quotations reflect inter-dealer prices, without retail markup, markdown or commission, and may not represent actual transactions.

| Period | High Sale or Bid | Low Sale or Bid |
|------------------|------------------|-----------------|
| 4th Quarter 2003 | \$0.25 | \$0.01 |
| 1st Quarter 2004 | \$0.17 | \$0.09 |
| 2nd Quarter 2004 | \$0.10 | \$0.05 |
| 3rd Quarter 2004 | \$0.08 | \$0.04 |
| 4th Quarter 2004 | \$0.06 | \$0.05 |

As of March 21, 2005, there were 4 market makers in our common stock.

On December 31, 2004, there were approximately 212 holders of record of our common stock.

The Company has not paid any cash dividends on its common stock and does not anticipate paying cash dividends in the foreseeable future. We intend to retain any earnings to finance the growth of the business. There can be no assurance that we will ever pay cash dividends.

Recent Sales of Unregistered Securities

We have not sold any equity securities during the period covered by this report.

ITEM 6. PLAN OF OPERATION

RISK FACTORS

The business operations of the Company will be subject to risks, which may impact adversely on its future performance. These risks may adversely affect the value of our assets and this may affect the value of any Stock in the Company.

The following are some of the important factors that could affect our financial performance or could cause actual results to differ materially from estimates contained in our forward-looking statements. The important factors are not exclusive.

Our future performance is difficult to evaluate because we have a limited operating history and do not own or have development agreements for any oil or natural gas properties.

We began operations in August 2003 and have a limited operating and financial history. As a result, there is little historical financial and operating information available to help you evaluate our performance or an investment in our common stock. As we do not own any oil or natural gas properties, you will be unable to independently evaluate properties we may acquire before you make an investment in our common stock.

Edgar Filing: AUSTRALIAN OIL & GAS CORP - Form 10KSB

Potential conflicts of interest may cause us to enter into less favorable agreements than we might have obtained from third parties.

Some of our directors are also directors or executive officers of other oil and natural gas companies, which may from time to time compete with us for farm-ins, working interest partners, or property acquisitions. We also may seek to negotiate farm-in agreements or working interest agreements with companies whose boards of directors include individuals who are directors or executive officers of our company. Under Delaware law, a director that has an interest in a contract or proposed contract or agreement shall disclose his interest in such contract or agreement and shall refrain from voting on any matter in respect of such contract or agreement. Nevertheless, we may enter into agreements with such other companies that are not as favorable as that which we might have obtained from unrelated third parties.

We may require additional capital in the future, which may not be available or may only be available on unfavorable terms.

Our future capital requirements depend on many factors, including the amount of property under development and our profitability. To the extent that the funds generated by future operations are insufficient to fund operating and capital requirements, we may need to raise additional funds through financings or curtail our growth and reduce our exploration activities. Any equity or debt financing, if available at all, may be on terms that are not favorable to us. In the case of equity financings, dilution to our stockholders could result, and in any case such securities may have rights, preferences and privileges that are senior to those of the shares offered hereby. If we cannot obtain adequate capital on favorable terms or at all, our business, operating results and financial condition could be adversely affected.

Estimates of future cash flows may prove to be inaccurate, resulting in a reduction of our working capital.

Estimates of future net cash flows from interests we may develop in oil and natural gas reserves, prepared by independent engineers, will be based upon estimates of oil and natural gas reserves and the percentage of those reserves which can be recovered and produced with current technology. These estimates will include assumptions as to the prices received for the sale of oil and

natural gas. Any one or all of those estimates may be inaccurate, which could materially affect resulting future net cash flows and working capital.

We depend on our executive officers for critical management decisions and industry contacts but have no employment agreements or key person insurance with these individuals.

We are dependent upon the continued services of our executive officers. We do not have employment agreements with any of these individuals and do not carry key person insurance on their lives. The loss of the services of any of our executive officers, through incapacity or otherwise, could have a material adverse effect on our business and would require us to seek and retain other qualified personnel.

Edgar Filing: AUSTRALIAN OIL & GAS CORP - Form 10KSB

A substantial or extended decline in oil and natural gas prices could adversely affect our business, financial condition and results of operations and our ability to meet our capital expenditure obligations and financial commitments.

The price we receive for future oil and natural gas production will heavily influence our revenue, profitability, access to capital and rate of growth. Oil and natural gas are commodities and, therefore, their prices are subject to wide fluctuations in response to relatively minor changes in supply and demand. Historically, the markets for oil and natural gas have been volatile. These markets will likely continue to be volatile in the future. The prices we may receive for any future production, and the levels of this production, depend on numerous factors beyond our control. These factors include the following:

- o changes in global supply and demand for oil and natural gas;
- o the actions of the Organization of Petroleum Exporting Countries, or OPEC;
- o political conditions, including embargoes, which affect other oil-producing activities; the level of global oil and natural gas exploration and production activity;
- o the level of global oil and natural gas inventories;
- o weather conditions affecting energy consumption;
- o the price and availability of alternative fuels.

Lower oil and natural gas prices may not only decrease our future revenues but also may reduce the amount of oil and natural gas that we can produce economically. A substantial or extended decline in oil or natural gas prices may materially and adversely affect our future business, financial condition, results of operations, liquidity or ability to finance planned capital expenditures.

Drilling for and producing oil and natural gas are high risk activities with many uncertainties that could adversely affect our business, financial condition or results of operations.

Oil and natural gas exploration activities are subject to numerous risks beyond our control, including the risk that drilling will not result in commercially viable oil or natural gas reserves. Our decisions to develop or otherwise exploit prospects or properties will depend in part on the evaluation of data obtained through geophysical and geological analyses, production data and engineering studies, the results of which are often inconclusive or subject to varying interpretations. Reserve estimates depend on many assumptions that may turn out to be inaccurate. Our cost of drilling, completing and operating wells will be uncertain before drilling commences. Overruns in budgeted expenditures are common risks that can make a particular project uneconomical. Further, many factors may curtail, delay or cancel drilling, including the following:

- o delays imposed by or resulting from compliance with regulatory requirements;
- o pressure or irregularities in geological formations;

Edgar Filing: AUSTRALIAN OIL & GAS CORP - Form 10KSB

- o equipment failures or accidents;
- o adverse weather conditions;
- o reductions in oil and natural gas prices;
- o title problems; and
- o limitations in the market for oil and natural gas.

If oil and natural gas prices decrease, we may be required to take write-downs of the carrying values of any interests we have in oil and natural gas properties.

Accounting rules require that we review periodically for possible impairment the carrying value of the oil and natural gas properties we develop. Based on specific market factors and circumstances at the time of prospective impairment reviews, and the continuing evaluation of exploration plans, production data, economics and other factors, we may be required to write-down the carrying value of any oil and natural gas interests we develop. A write-down constitutes a non-cash charge to earnings. We may incur impairment charges in the future, which could have a material adverse effect on our results of operations in the period taken.

We may incur substantial losses and be subject to substantial liability claims as a result of any future oil and natural gas operations.

We are not insured against all risks. Losses and liabilities arising from uninsured and underinsured events could materially and adversely affect our business, financial condition or results of operations. Our oil and natural gas exploration activities will be subject to all of the operating risks associated with drilling for and producing oil and natural gas, including the possibility of:

- o environmental hazards, such as uncontrollable flows of oil, natural gas, brine, well fluids, toxic gas or other pollution into the environment, including groundwater and shoreline contamination;
- o abnormally pressured formations;
- o mechanical difficulties, such as stuck oilfield drilling and service tools and casing collapse;
- o fires and explosions;
- o personal injuries and death; and
- o natural disasters.

Any of these risks could adversely affect our ability to operate or result in substantial losses to our company. We may elect not to obtain insurance if we believe that the cost of available insurance is excessive relative to the risks presented. In addition, pollution and environmental risks generally are not fully insurable. If a significant accident or other event occurs and is not fully covered by insurance, then it could adversely affect us.

Market conditions or operational impediments may hinder our access to oil and natural gas markets or delay our production.

Market conditions or the unavailability of satisfactory oil and natural gas transportation arrangements may hinder our access to oil and natural gas markets or delay our production. The availability of a ready market for our future oil and natural gas production will depend on a number of factors, including the demand for and supply of oil and natural gas and the proximity of reserves to pipelines and terminal facilities. Our ability to market our production will depend in substantial

Edgar Filing: AUSTRALIAN OIL & GAS CORP - Form 10KSB

part on the availability and capacity of gathering systems, pipelines and processing facilities owned and operated by third parties. Our failure to obtain such services on acceptable terms could materially harm our business. We may be required to shut-in wells for a lack of a market or because of inadequacy or unavailability of natural gas pipeline or gathering system capacity. If that were to occur, then we would be unable to realize revenue from those wells until production arrangements were made to deliver our production to market.

We are subject to complex laws that can affect the cost, manner or feasibility of doing business.

Exploration, production and sale of oil and natural gas are subject to extensive Australian and international laws and regulations. We may be required to make large expenditures to comply with governmental regulations. Matters subject to regulation include:

- o discharge permits for drilling operations;
- o drilling bonds;
- o the spacing of wells;
- o unitization and pooling of properties; and
- o taxation.

Under these laws, we could be liable for personal injuries, property damage and other damages. Failure to comply with these laws may also result in the suspension or termination of our operations and subject us to administrative, civil and criminal penalties. Moreover, these laws could change in ways that substantially increase our costs of doing business. Any such liabilities, penalties, suspensions, terminations or regulatory changes could materially and adversely affect our financial condition and results of operations.

Our operations may incur substantial liabilities to comply with the environmental laws and regulations.

Our oil and natural gas operations are subject to stringent Australian and international laws and regulations relating to the release or disposal of materials into the environment or otherwise relating to environmental protection. These laws and regulations may require the acquisition of a permit before drilling commences, restrict the types, quantities, and concentration of substances that can be released into the environment in connection with drilling and production activities, limit or prohibit drilling activities on certain lands lying within wilderness, wetlands, and other protected areas, and impose substantial liabilities for pollution resulting from our operations. Failure to comply with these laws and regulations may result in the assessment of administrative, civil, and criminal penalties, incurrence of investigatory or remedial obligations, or the imposition of injunctive relief. Changes in environmental laws and regulations occur frequently, and any changes that result in more stringent or costly waste handling, storage, transport, disposal or cleanup requirements could require us to make significant expenditures to maintain compliance, and may otherwise have a material adverse effect on our results of operations, competitive position, or financial condition as well. Under these environmental laws and regulations, we could be held strictly liable for the removal or remediation of previously released materials or property contamination regardless of whether we were responsible for the release of such materials or if our operations were standard in the industry at the time they were performed.

Edgar Filing: AUSTRALIAN OIL & GAS CORP - Form 10KSB

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

Shortages or the high cost of drilling rigs, equipment, supplies or personnel could delay or adversely affect our exploration operations, which could have a material adverse effect on our business, financial condition or results of operations.

Competition in the oil and natural gas industry is intense, which may adversely affect our ability to compete.

We operate in a highly competitive environment for developing properties, marketing of oil and natural gas and securing trained personnel. Many of our competitors possess and employ financial, technical and personnel resources substantially greater than ours, which can be particularly important in the areas in which we operate. Those companies may be able to pay more for productive oil and natural gas properties and prospects and to evaluate, bid for and purchase a greater number of properties and prospects than our financial or personnel resources permit. Our ability to acquire additional prospects and to find and develop reserves in the future will depend on our ability to evaluate and select suitable properties and to consummate transactions in a highly competitive environment. In addition, there is substantial competition for capital available for investment in the oil and natural gas industry. We may not be able to compete successfully in the future in acquiring prospective reserves, developing reserves, marketing hydrocarbons, attracting and retaining quality personnel and raising additional capital.

We may depend on industry partners and could be seriously harmed if they do not perform satisfactorily, which is usually not within our control.

Because we have few employees and no revenues, we will continue to be largely dependent on industry partners for the success of our oil and gas exploration projects. We could be seriously harmed if our industry partners do not perform satisfactorily on projects that affect us. It is likely that we will have no control over factors that would influence the performance of our partners.

We are controlled by a small number of principal stockholders who may exercise a proportionately larger influence on the company than its stockholders with smaller holdings.

We are controlled by a small number of principal stockholders who may cause events to occur that are not in the interests of the Company's stockholders with smaller holdings. Our President, Geoffrey Albers and entities controlled by him own approximately 49% of the outstanding common stock. Accordingly, it is likely that Mr. Albers will have significant influence on the election of the Company's directors and on its management, operations and affairs, including the ability to prevent or cause a change in control of the Company.

Anti-takeover provisions of the certificate of incorporation, bylaws and Delaware law could adversely impact a potential acquisition by third parties that may ultimately be in the financial interests of the company's stockholders.

Our certificate of incorporation, bylaws and the Delaware General

Edgar Filing: AUSTRALIAN OIL & GAS CORP - Form 10KSB

Corporation Law contain provisions that may discourage unsolicited takeover proposals. These provisions could have the effect of inhibiting fluctuations in the market price of the Company's shares that could result from actual or rumored takeover attempts, preventing changes in its management or limiting the price that investors may be willing to pay for shares of Common Stock. These provisions, among other things, authorize the board of directors to designate the terms of and to issue new series of preferred stock, to limit the personal liability of directors, to require the Company to indemnify directors and officers

to the fullest extent permitted by applicable law and to impose restrictions on business combinations with some interested parties.

The market price of our common stock is highly volatile.

The market price of our Common Stock has been and is expected to continue to be highly volatile. Prices for our common stock will be influenced by many factors and may fluctuate widely as a result of factors beyond our control. General factors which will bear on the price of our common stock include the depth and liquidity of the market for the common stock, investor perception of us and our technologies and general economic and market conditions.

Our common stock is traded over the counter, which may deprive shareholders of the full value of their shares.

Our Common Stock is quoted via the Over The Counter Bulletin Board (OTCBB). As such, our Common Stock may have fewer market makers, lower trading volumes and larger spreads between bid and asked prices than securities listed on an exchange such as the New York Stock Exchange or the NASDAQ Market. These factors may result in higher price volatility and less market liquidity for the Common Stock.

A low market price may severely limit the potential market for our common stock.

Our Common Stock is currently trading at a price substantially below \$5.00 per share, subjecting trading in the stock to certain SEC rules requiring additional disclosures by broker-dealers. These rules generally apply to any non-NASDAQ equity security that has a market price of less than \$5.00 per share, subject to certain exceptions (a "penny stock"). Such rules require the delivery, prior to any penny stock transaction, of a disclosure schedule explaining the penny stock market and the risks associated therewith and impose various sales practice requirements on broker-dealers who sell penny stocks to persons other than established customers and institutional or wealthy investors. For these types of transactions, the broker-dealer must make a special suitability determination for the purchaser and have received the purchaser's written consent to the transaction prior to the sale. The broker-dealer also must disclose the commissions payable to the broker-dealer, current bid and offer quotations for the penny stock and, if the broker-dealer is the sole market maker, the broker-dealer must disclose this fact and the broker-dealer's presumed control over the market. Such information must be provided to the customer orally or in writing before or with the written confirmation of trade sent to the customer. Monthly statements must be sent disclosing recent price information for the penny stock held in the account and information on the limited market in penny stocks. The additional burdens imposed upon

Edgar Filing: AUSTRALIAN OIL & GAS CORP - Form 10KSB

broker-dealers by such requirements could discourage broker-dealers from effecting transactions in our Common Stock.

Plan of Operation

General

Australian Oil & Gas Corporation is an independent energy company focused on exploration and development of oil and natural gas reserves. Our core business is directed at the acquisition of interests in oil and gas prospects in the off-shore areas in Australia's territorial waters. Since August 2003, when current management began operating the company, we have not conducted any substantive business operations. Management has been seeking to identify opportunities in oil and gas exploration in Australia, but has not yet concluded its investigation

or made any decision as to the company's future operations other than as disclosed elsewhere herein. Accordingly, we have no results of operations to report.

We rely on the considerable experience in the oil and gas industry of our President, Mr. Geoffrey Albers, to identify and conduct initial analyses of properties in which we may acquire an interest. We devote essentially all of our resources to the identification of high quality oil and gas properties and seek to keep our overhead at a minimum level through the retention of carefully selected consultants, contractors and service companies. We use proven technologies to evaluate prospects before acquiring a working interest. Generally, we expect to invest in projects at different levels of participation, principally as a minority owner, so that daily operating responsibility will rest with experienced, high quality partners and contractors.

To date, we have, together with certain other affiliated joint venturers, been awarded by the Australian authorities, a petroleum exploration permit with respect to ACP/33, an area within the offshore Territory of Ashmore and Cartier Islands, an Australian offshore territory. We hold a 20% interest in the permit. We have also entered into non-binding preliminary agreements to acquire Alpha Oil & Natural Gas Pty Ltd and Nations Natural Gas Pty Ltd. Alpha holds a 20% interest in the permits of the Browse Joint Venture, being permits WA-332-P, WA-333-P, WA-341-P and WA-342-P. Nations holds a 30% interest in the permits of the National Gas Consortium, being permits NT/P62, NT/P63, NT/P64 and NT/P65. As of the date of this report, we have not finalized these acquisitions. It is anticipated the transactions will be completed by the end of second quarter 2005.

Our cash requirements for the next 12 months to support the operations, will be approximately \$290,000. This figure includes office administration of \$90,000, and approximately \$200,000 for ACP/33, and the Permits of the Browse Joint Venture and of the National Gas Consortium. Management believes it is reasonably likely that it will be able to generate cash to support its operations during the next twelve months through advances from Great Missenden Holdings Pty Ltd ("GMH") or through the sale of our common stock.

Liquidity and Capital Resources

Edgar Filing: AUSTRALIAN OIL & GAS CORP - Form 10KSB

During the period from Inception to 31 December 2004, GMH, an affiliate of the Company, provided consulting services to the Company, as and when required, and was responsible for general administration. In addition, GMH has paid an aggregate of \$61,419 of disbursements relating to those activities on our behalf which is accounted for as a loan. The loan by GMH bears interest at 7% per annum and is repayable on three months notice.

The following table reflects our working capital position at December 2004:

| | |
|-------------------------|------------|
| Current assets | \$ 2,000 |
| Current liabilities | \$ 12,000 |
| Working capital deficit | (\$10,000) |
| Current ratio | ----- |

Critical Accounting Policies

Management has identified the accounting policies described below as critical to our business operations and the understanding of the results of operations. The impact and any associated risks related to these policies on our business operations are discussed throughout this section

where such policies affect our reported and expected financial results. The preparation of this Annual Report requires us to make estimates and assumptions that affect the reported amount of assets and liabilities, revenues and expenses of the Company during the reporting period and contingent assets and liabilities as of the date of our financial statements. There can be no assurance that the actual results will not differ from those estimates.

Undeveloped oil and gas properties:

We will utilize the "successful efforts" method of accounting for undeveloped mineral interests and oil and gas properties. Capitalized costs are to be charged to operations at the time the Company determined that no economic reserves existed. Costs of carrying and retaining undeveloped properties are to be charged to expense when incurred. Proceeds from the sale of undeveloped properties are to be treated as a recovery of cost. Proceeds in excess of the capitalized cost realized in the sale of any such properties, if any, are to be recognized as gain to the extent of the excess.

Impairment of long-lived assets:

We will evaluate the potential impairment of long-lived assets in accordance with Statement of Financial Accounting Standards No. 144, Accounting for the Impairment or Disposal of Long-Lived Assets. We will annually review the amount of recorded long-lived assets for impairment. If the carrying amount of a long-lived asset is not recoverable from our undiscounted cash flows, we will recognize an impairment loss in such period.

ITEM 7. FINANCIAL STATEMENTS

Our financial statements for the fiscal year ending December 31, 2004 are attached hereto beginning on page F1.

ITEM 8. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

Edgar Filing: AUSTRALIAN OIL & GAS CORP - Form 10KSB

Not applicable.

ITEM 8A. CONTROLS AND PROCEDURES

As required by Rule 13a-15 under the Securities Exchange Act of 1934 (the "Exchange Act"), we carried out an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures as of December 31, 2004. This evaluation was carried out under the supervision and with the participation of our Chief Executive. Based upon that evaluation, our Chief Executive and Financial Officer concluded that our disclosure controls and procedures are effective in timely alerting management to material information relating to us required to be included in our periodic SEC filings. There have been no significant changes in our internal controls or in other factors that could significantly affect internal controls subsequent to the date we carried out our evaluation.

Disclosure controls and procedures are controls and other procedures that are designed to ensure that information required to be disclosed in our reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the Securities and Exchange Commission's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed in our reports filed under the Exchange Act is accumulated and communicated to management, including our Chief Executive, to allow timely decisions regarding required disclosure.

ITEM 8B. OTHER INFORMATION

Not applicable

PART III

ITEM 9. DIRECTORS, EXECUTIVE OFFICERS, PROMOTERS AND CONTROL PERSONS; COMPLIANCE WITH SECTION 16(a) OF THE EXCHANGE ACT

Set forth below are the names of each of the officers of the Registrant and the position held:

| Name ---- | Age --- | Position ----- |
|------------------------------------|------------|--------------------------------------|
| Ernest Geoffrey Albers Director | 60 | President, Treasurer and Director |
| William Ray Hill | 53 | Director |
| David Bruce Hill | 64 | Director |

Ernest Geoffrey Albers has been our President and Treasurer and a director since August 2003. Mr. Albers is a company director with over 30 years experience as a lawyer and administrator in corporate law, petroleum exploration and resource sector investment. During this period Mr Albers has sponsored the

Edgar Filing: AUSTRALIAN OIL & GAS CORP - Form 10KSB

formation of companies that have made the original Maari (Moki) oilfield discovery in New Zealand, the Yolla Gas/Condensate discovery in Bass Strait, the Evans Shoal gasfield discovery/appraisal in the Timor Sea and the SE Gobe oilfield development in Papua New Guinea. Mr Albers is Chairman of Rocky Mountain Minerals, Inc., Methanol Australia Limited and Octanex NL. He is a director of Bass Strait Oil Company Ltd and various other private and public companies. He is a member of the Petroleum Exploration Society of Australia and a member of the APPEA Exploration Committee and a Fellow of the Institute of Directors in Australia.

W. Ray Hill has been a director of the Company since August 2003. Mr. Hill founded Rocky Mountain Minerals, Inc. in 1978 and is currently President and director. Mr. Hill is President and Director of The Zonia Company, an Arizona real estate development company. Mr. Hill is the founder and President of Geowest Corporation, which is involved in the development of a solid waste construction and demolition landfill. In 1988 Mr. Hill founded Citizens Recycle & Collection, a solid waste hauling and Transfer Company, which was acquired by Waste Management, Inc. in 1996.

Mr. D.B. Hill was appointed a director of the Company in October 2003 and is an Accountant and holds office as director or company secretary in a number of Australian public companies. Mr Hill is a director of Rocky Mountain Minerals Inc and Strata Resources NL.

Section 16(A) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Act of 1934 requires our officers and directors, and greater than 10% stockholders, to file reports of ownership and changes in ownership of our securities with the Securities and Exchange Commission. Copies of the reports are required by SEC regulation to be furnished to us.

Based solely upon a review of Forms 3 and 4 furnished to the Company, the Company is not aware of any director, officer, or beneficial owner of more than ten percent of the Common Stock of the Company, who failed to file, on a timely basis, reports required by Section 16(a) of the Securities Exchange Act of 1934.

ITEM 10. EXECUTIVE COMPENSATION

Summary Compensation Table

The following table sets forth certain information concerning the annual and long-term compensation of the person serving as our chief executive officer since his appointment in August 2003. No other executive officers received annual compensation in excess of \$100,000 during that time.

| Name and Principal Position | Year | Salary | Other Annual Compensation | Securities Underlying Options | All Other Compensation |
|--|-------|--------|---------------------------|-------------------------------|------------------------|
| ----- | ----- | ----- | ----- | ----- | ----- |
| E. Geoffrey Albers, Chief Executive Officer | 2004 | -0- | -0- | -0- | -0- |

Edgar Filing: AUSTRALIAN OIL & GAS CORP - Form 10KSB

Option Grants in the Last Fiscal Year

The Company does not have a stock option plan and has not granted any options during the last fiscal year.

Compensation of Directors

The Company does not compensate its directors for serving in such capacity.

Fiscal Year-End Option Numbers and Values

The Company does not have a stock option plan and has not granted any options during the last fiscal year.

Equity Compensation Plan Information

The Company does not have a stock option plan and has not granted any options during the last fiscal year.

ITEM 11. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The following table sets forth, as of March 18, 2005, certain information with respect to the beneficial ownership of shares of common stock by (i) officer of our company, (ii) each director of our company, (iii) each person known to us to be the beneficial owner of more than 5 percent of our outstanding shares of common stock, and (iv) our directors and executive officers as a group.

| Beneficial Owner | Number of Shares (1) | Percent of Class (2) |
|--|-------------------------|----------------------|
| ----- | ----- | ----- |
| Ernest Geoffrey Albers (3) | 13,300,000 | 48.7 |
| William Ray Hill | 100,000 | 0.36 |
| David Bruce Hill | 100,000 | 0.36 |
| All officers and directors as a group (3 persons) | 13,500,000 | 49.42% |

(1) The number of shares and the percentage of the class beneficially owned by the entities above is determined under rules promulgated by the SEC and the information is not necessarily indicative of beneficial ownership for any other purpose. Under such rules, beneficial ownership includes any shares

Edgar Filing: AUSTRALIAN OIL & GAS CORP - Form 10KSB

as to which the individual has sole or shared voting power or investment power and also any shares which the individual has the right to acquire within 60 days through the exercise of any stock option or other right. The inclusion herein of such shares, however, does not constitute an admission that the named stockholder is a direct or indirect beneficial owner of such shares. Unless otherwise indicated, each person or entity named in the table has sole voting power and investment power (or shares such power with his or her spouse) with respect to all shares of capital stock listed as beneficially owned by such person or entity.

- (2) Percentages are based upon the total 27,300,550 outstanding shares of Common Stock combined with the number of shares of Common Stock beneficially owned by each person or entity.
- (3) Includes shares of common stock registered in the names of Mr. Albers' family members and affiliates.

ITEM 12. CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

Set forth below is information regarding transactions between officers, directors and significant shareholders of the Company during the most recent fiscal year and for the prior fiscal year.

Some of our directors and officers are engaged in various aspects of oil and gas exploration and development for their own account and through other entities in which they are directors and or shareholders. We have no policy prohibiting, nor does its Certificate of Incorporation prohibit, transactions between the Registrant and its officers and directors. We may enter into cost-sharing arrangements with respect to the drilling of its oil and gas properties. Directors and officers may participate, from time to time, in these arrangements and such transactions may be on a non-promoted basis (actual costs), although they have participated mainly on a promoted basis, but must be approved by a majority of the disinterested directors of the Board of Directors.

Mr. Albers, the President and a director, and Mr. David. B. Hill, a director, each have interests in certain of the oil and gas properties under option to the Company. The affiliates paid for their proportionate share of all costs to acquire, develop and operate these properties.

Mr. Albers is a director and shareholder of Great Missenden Holdings Pty Ltd. As of December 31, 2004, said company had charged us administration fees of \$75,560, paid disbursements on our behalf of \$61,419 and granted a further loan of \$56,719.

At December 31, 2004, an aggregate amount of \$198,494 remained payable to Great Missenden Holdings Pty Ltd. on three months notice, bearing interest at 7% per annum.

We also have the use of premises in Australia at 25 Floor, 500 Collins Street, Melbourne, Victoria. The office space is taken on a nonexclusive basis, with no rent payable, but the usage of the premises is included in the charges Great Missenden Holdings Pty Ltd makes in respect to the administration of the Company.

With regard to exploration permit ACP/33, Mr. Albers is a director and

Edgar Filing: AUSTRALIAN OIL & GAS CORP - Form 10KSB

shareholder in the joint venture participants; namely Natural Gas Corporation Pty Ltd and Auralandia N.L.

With regard to the non-binding agreement to acquire an interest in the Browse Joint Venture, Mr. Albers is a director and shareholder in each of Batavia Oil & Gas Pty Ltd and Hawkestone Oil Pty Ltd. He is a major shareholder in Alpha Oil & Natural Gas Pty Ltd and Goldsborough Energy Pty Ltd., a subsidiary of Goldsborough Limited. All of these companies are the holders of the Browse Joint Venture

Mr. David. B. Hill is a director and secretary of Goldsborough Energy Pty Ltd, a subsidiary of Goldsborough Limited.

With regard to the non-binding agreement to acquire an interest in the National Gas Consortium, Mr. Albers is a director and shareholder in each of National Oil & Gas Pty Ltd, Australian Natural Gas Pty Ltd and Nations Natural Gas Pty Ltd.

Mr David. B. Hill is a director of National Oil & Gas Pty Ltd.

PART IV

ITEM 13. EXHIBITS AND REPORTS ON FORM 8-K

EXHIBIT LIST

December 31, 2004

Exhibits required by Item 601 of Regulation S-B.

| Exhibit Number ----- | Description ----- |
|----------------------------|--|
| 31.1 | Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. |
| 32.1 | Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. |

Reports on Form 8-K

No reports on Form 8-K were filed by the Registrant during the last quarter of the period covered by this report.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

(a) Audit Fees

Our principal accountant, Demetrius & Company L.L.C., billed us aggregate

Edgar Filing: AUSTRALIAN OIL & GAS CORP - Form 10KSB

fees in the amounts of approximately \$12,000 and \$14,000 respectively for the fiscal years ended 2004 and 2003. These amounts were billed for professional services that Demetrius & Company, L.L.C. provided for the audit of our annual financial statements, review of the financial statements included in our report on 10-QSB and other services typically provided by an accountant in connection with statutory and regulatory filings or engagements for those fiscal years.

(b) Audit - Related Fees

There were no fees billed to us for the fiscal year ended December 31, 2004 for assurance and other services related to the performance of the audit or review of our financial statements.

(c) Tax Fees

There were fees billed to us for the fiscal year ended December 31, 2004 for tax compliance, tax advice, and tax planning of \$1,500.

(d) All Other Fees

There were no other fees billed to us for the fiscal year ended December 31, 2004.

(e) Audit Committee's Pre-Approval Practice

Inasmuch as the Company does not have an audit committee, its board of directors performs the functions of its audit committee. Section 10A(i) of the Securities Exchange act of 1934 prohibits our auditors from performing audit services for us as well as any services not considered to be "audit services" unless such services are pre-approved by the board of directors (in lieu of the audit committee) or unless the services meet certain de minimis standards.

The board of directors has adopted resolutions that provide that the board must:

Preapprove all audit services that the auditor may provide to us or any subsidiary (including, without limitation, providing comfort letters in connection with securities underwritings or statutory audits) as required by Section 10A(i) (1) (A) of the Securities Exchange Act of 1934 (as amended by the Sarbanes-Oxley Act of 2002).

Preapprove all non-audit services (other than certain de minimis services described in Section 10A(i) (1) (B) of the Securities Exchange act of 1934 (as amended by the Sarbanes-Oxley Act of 2002) that the auditors propose to provide to us or any of its subsidiaries.

The board of directors considers at each of its meetings whether to approve any audit services or non-audit services. In some cases, management may present the request; in other cases, the auditors may present the request. The board of directors has approved Demetrius & Company LLC performing our audit for the 2004 and 2005 fiscal years.

The percentage of the fees for audit, audit-related, tax and other services were as set forth in the following table:

Percentage of total fees paid to Demetrius &

Edgar Filing: AUSTRALIAN OIL & GAS CORP - Form 10KSB

Company LLC Fiscal Year 2004

| | |
|--------------------|-----|
| Audit fees | 90% |
| Audit-related fees | Nil |
| Tax fees | 10% |
| All other fees | Nil |

SIGNATURES

In accordance with Section 13 or 15(d) of the Exchange Act, the Registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, this 21st day of March, 2005.

AUSTRALIAN OIL & GAS CORPORATION

By: /s/ E. Geoffrey Albers

E. Geoffrey Albers, President

In accordance with the Exchange Act, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the date indicated.

| Name ----- | Title ----- | Date ----- |
|---|---|----------------|
| /s/ E. Geoffrey Albers ----- E. Geoffrey Albers | President, Treasurer, Chief Financial Officer and Director | March 21, 2005 |
| /s/ David B. Hill ----- David B. Hill | Secretary and Director | March 21, 2005 |
| /s/ W. Ray Hill ----- W. Ray Hill | Director | March 21, 2005 |

FINANCIAL STATEMENTS

Table of Contents

Audit Report

Consolidated Balance sheet - as at December 31, 2004

Edgar Filing: AUSTRALIAN OIL & GAS CORP - Form 10KSB

Consolidated Statement of Operations for the period ending December 31, 2004

Consolidated Statement of Changes in Stockholders' Equity (Deficit) for the period ending December 31, 2004

Consolidated Statement of Cash Flows for the period ending December 31, 2004

Notes to Consolidated Financial Statements

F.1.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders
of Australian Oil & Gas Corporation (A Development Stage Enterprise)

We have audited the accompanying consolidated balance sheet of Australian Oil & Gas Corporation (A Development Stage Enterprise) as of December 31, 2004, and the related consolidated statements of operations, stockholders' equity (deficit) and cash flows for the year ended December 31, 2004, from inception (August 6, 2003) to December 31, 2003 and the period from inception (August 6, 2003) to December 31, 2004. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Australian Oil & Gas

Edgar Filing: AUSTRALIAN OIL & GAS CORP - Form 10KSB

Corporation (A Development Stage Enterprise) as of December 31, 2004, and the results of its operations and its cash flows for the year ended December 31, 2004, from inception (August 6, 2003) to December 31, 2003, and the period from inception (August 6, 2003) to December 31, 2004 in conformity with accounting principles generally accepted in the United States of America.

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 1 to the consolidated financial statements, the Company has suffered losses since inception and has a working capital deficit. These conditions raise substantial doubt about its ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 1. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Demetrius & Company, L.L.C.
Wayne, New Jersey
March 21, 2004

F.2.

Australian Oil & Gas Corporation
(a development stage enterprise)
CONSOLIDATED BALANCE SHEET
December 31, 2004

| ASSETS | |
|---|-------|
| (Dollar amounts in thousands) | 2004 |
| | \$ |
| Current assets: | |
| Cash and cash equivalents | 2 |
| | ---- |
| Total current assets | 2 |
| | ---- |
| Total Asset | 2 |
| | ===== |
| LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIENCY) | |
| Current liabilities: | |
| Accounts payable | 12 |
| Advances from director related entities | 199 |
| | ---- |

Edgar Filing: AUSTRALIAN OIL & GAS CORP - Form 10KSB

| | |
|--|-------|
| Total Current Liabilities | 211 |
| | ---- |
| Total Liabilities | 211 |
| | ===== |
| Stockholders' Equity (Deficiency) (Notes 2, 5 and 6) | |
| Common stock, \$0.001 par value;75,000,000 shares authorized 27,300,550 shares issued and outstanding | 20 |
| Capital in excess of par value | 55 |
| Deficit accumulated during the development stage | (284) |
| | ---- |
| Total Stockholders' Equity (Deficit) | (209) |
| | ---- |
| Total Liabilities and Stockholders' Equity (Deficit) | 2 |
| | ===== |

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

F.3.

Australian Oil & Gas Corporation
(a development stage enterprise)
CONSOLIDATED STATEMENT OF OPERATIONS
For the twelve months ended December 31, 2004 and
for the period from inception (August 6, 2003) to December 31, 2003
for the period from inception (August 6, 2003) to December 31, 2004

(Dollar amounts in thousands)

| | For the twelve months Dec 31, 2004 \$ | From inception to Dec 31, 2003 \$ | From inception to Dec 31, 2004 \$ |
|---|--|--|--|
| Revenues: | nil | nil | nil |
| Costs and Expenses: | | | |
| Merger and reorganisation | nil | 139 | 139 |
| General and administrative | 100 | 45 | 145 |
| | ----- | ----- | ----- |
| | 100 | 184 | 284 |
| | ----- | ----- | ----- |
| Net Loss (Note 7) | (100) | (184) | (284) |
| | ===== | ===== | ===== |
| Basic and diluted loss per Common Share | \$ (0.00) | \$ (0.01) | \$ (0.01) |
| | ===== | ===== | ===== |

Edgar Filing: AUSTRALIAN OIL & GAS CORP - Form 10KSB

| | | | |
|--|---------------------|---------------------|---------------------|
| Weighted average number of Common Shares | 27,300,550 ===== | 27,300,550 ===== | 27,300,500 ===== |
|--|---------------------|---------------------|---------------------|

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

F.4.

Australian Oil & Gas Corporation
(a development stage enterprise)
CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDER'S EQUITY
For the period from inception (August 6, 2003) to December 31, 2004

(Dollar amounts in thousands)

| | Common stock Shares | Common stock Amount | Capital in excess of par value | Deficit Accumulated during development stage |
|--|------------------------|------------------------|--------------------------------------|--|
| | | \$ | \$ | |
| Issuance of common stock: | | | | |
| To holders of unsecured claims against Synergy Technology Corporation | 3,000,000 | | | |
| To equity holders of Synergy Technology Corporation | 4,800,550 | | | |
| To the Plan Funder to fund the Plan of Reorganization | 19,500,000 | 20 | 55 | |
| Loss from operations | | | | (18) |
| Balance, December 31, 2003 | 27,300,550 | 20 | 55 | (18) |
| Loss from operations | | | | (10) |
| Balance, December 31, 2004 | 27,300,550 | 20 | 55 | (28) |

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

F.5.

Australian Oil & Gas Corporation
(a development stage enterprise)
CONSOLIDATED STATEMENT OF CASH FLOWS
For the twelve months ended December 31, 2004,
For the period from inception (August 6, 2003) to December 31, 2003,
Cumulative from inception (August 6, 2003) to December 31, 2004

(Dollar amounts in thousands)

| | For the 12 months Ended Dec 31, 2004 \$ | For t period fr inception Dec 31, 20 |
|--|---|---|
| Cash flows from operating activities: | | |
| Net loss | (100) | (18 |
| Adjustments to reconcile net loss to net cash used in operating activities: | | |
| Change in assets and liabilities: | | |
| Increase (decrease) in accounts payable | (10) | ---- |
| Total adjustments | (10) | ---- |
| Net cash used in operating activities | (110) | (16 |
| Cash flows from financing activities: | | |
| Proceeds from the sale of Common stock - net | - | ---- |
| Proceeds from advance from director-related entities | 110 | ---- |
| Net cash provided by financing activities | 110 | 1 |
| Increase (decrease) in cash | - | ---- |
| Cash and cash equivalents at beginning of period | 2 | ---- |
| Cash and cash equivalents at end of period | 2 | ===== |

Edgar Filing: AUSTRALIAN OIL & GAS CORP - Form 10KSB

Supplemental disclosure of non-cash financing activities.

Great Missenden Holdings Pty Ltd has since inception charged the Company administration fees of \$75,560, paid disbursements of \$61,419 and granted a loan to the Company of \$56,719, on three months notice, bearing interest at 7% per annum.

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

F.6.

Australian Oil & Gas Corporation
(a development stage enterprise)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2004

NOTE 1: ORGANIZATION

Australian Oil & Gas Corporation (the Company) was incorporated on August 6, 2003, and began operations on August 11, 2003 pursuant to the terms of a Plan of Reorganization ('Plan') of Synergy Technologies Corporation ("Synergy") and is considered to be a crude petroleum and natural gas company in the exploratory stage and a development stage company as defined by SFAS No. 7, and since inception, has been engaged in the assessment of oil and gas exploration properties.

The authorized capital stock of the Australian Oil & Gas Corporation consists of 75,000,000 shares of common stock (AOG Common Stock), \$0.001 par value. All stock options, warrants, leases and executory contracts of Synergy were cancelled pursuant to the Plan. Unsecured claims with respect to Synergy received 3,000,000 shares of AOG Common Stock plus payment of \$90,000 pursuant to the Plan. Present equity holders of Synergy received one share of AOG Common Stock for each 10 Synergy shares held, for a total of 4,800,550 of AOG Common Stock pursuant to the Plan. The Plan Funder received 19,500,000 shares of AOG Common Stock in return for funding the Plan.

As at the effective date of the Plan, the following adjustments were made to assets, liabilities and stockholders' equity (deficit) of Synergy to eliminate all assets and liabilities on the effective date. More particularly, cash in the aggregate of \$299,692, was paid to holders of general unsecured claims in respect to \$90,000 and to settle accounts payable of \$209,692. Holders of general unsecured claims secured 3,000,000 shares of AOG Common stock.

The accumulated deficit of \$60,713,606 of Synergy was eliminated on the cancellation of all outstanding securities of Synergy and the issuance of 4,800,550 shares of AOG Common Stock on the basis of (1) share of AOG Common Stock for every ten (10) shares of the common stock of Synergy.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Edgar Filing: AUSTRALIAN OIL & GAS CORP - Form 10KSB

The Company has adopted Fresh Start Accounting. All dollar amounts used herein refer to U.S. dollars unless otherwise indicated. These statements are prepared using Generally Accepted Accounting Principles of the United States of America. All significant transactions between the parent and consolidated affiliates have been eliminated.

These statements include all adjustments (consisting of normal recurring accruals) considered necessary by management to present a fair statement of the results of operations, financial position and cash flows.

F.7.

Basis of presentation

The financial statements have been prepared on a going concern basis which contemplates the realization of assets and liquidation of liabilities in the ordinary course of business. As shown in the accompanying financial statements, the Company has incurred losses and at December 31, 2004 had minimal cash. As a development stage enterprise, the Company relies on infusions of cash through the advance of capital from Great Missenden Holdings Pty Ltd, the Plan funder and issuance of equity capital. As a result, substantial doubt exists about the Company's ability to continue to fund future operations using its existing resources.

Future plans for additional funding of activities include the sale of the Company's common stock and further loans from Great Missenden Holdings Pty Ltd.

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and footnotes thereto. Actual results could differ from those estimates.

Undeveloped mineral interests and oil and gas properties

The Company will utilize the "successful efforts" method of accounting for undeveloped oil and gas properties. Capitalized costs will be charged to operations at the time the Company determines that no economic reserves exist.

Costs of carrying and retaining undeveloped properties are to be charged to expense when incurred.

Proceeds from the sale of undeveloped properties are to be treated as a recovery of cost. Proceeds in excess of the capitalized cost realized in the sale of any such properties, if any, are to be recognized as gain to the extent of the excess.

Income taxes

The Company will provide for income taxes utilizing the liability approach

Edgar Filing: AUSTRALIAN OIL & GAS CORP - Form 10KSB

under which deferred income taxes are provided based upon enacted tax laws and rates applicable to the periods in which the taxes became payable.

Cash equivalents

For purposes of the statements of cash flows, the Company will consider all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

F.8.

Impairment of long-lived assets

The Company will evaluate the potential impairment of long-lived assets in accordance with Statement of Financial Accounting standards No. 144, Accounting for the Impairment or Disposal of Long-Lived Assets. The Company will annually review the amount of recorded long-lived assets for impairment. If the carrying amount of a long-lived asset is not recoverable from its undiscounted cash flows, the Company will recognize an impairment loss in such period.

Concentrations of credit risk

Financial instruments which potentially subject the Company to concentrations of credit risk consist principally of cash and cash equivalents. The Company will place its cash with high quality financial institutions.

Newly enacted accounting pronouncements

The Company does not anticipate the adoption of recently issued accounting pronouncements will have a significant impact on its results of operations, financial position or cash flows.

NOTE 3: INCOME TAXES

The Company does not anticipate that any of the past net operating loss carry forwards for tax purposes attributable to Synergy will be able to be used to offset future taxable income.

The benefits of net operating losses will not be recognized until management determines that realization is more likely than not to occur. Accordingly, management has established a valuation allowance to offset the tax benefits of net operating losses for all periods presented. At December 31, 2004 the Company had net operating loss carryforwards of approximately \$168,000, expiring through 2024.

NOTE 4: BASIC LOSS PER COMMON SHARE

Basic loss per common share is based on the weighted average number of shares of common stock outstanding 27,300,550 shares in 2004 during the period from inception to December 31, 2004.

Edgar Filing: AUSTRALIAN OIL & GAS CORP - Form 10KSB

NOTE 5: INVESTMENTS

The Company has two wholly owned subsidiaries; Gascorp, Inc and Nations LNG, Inc, both incorporated in Delaware. Gascorp holds a 20% interest in petroleum exploration permit ACP/33.

NOTE 6: RELATED PARTY TRANSACTION

Mr. E Geoffrey Albers is a director and shareholder of Great Missenden Holdings Pty Ltd. As of 31 December 2004, Great Missenden Holdings had charged the Company administration fees of \$75,560, paid disbursements on the Company's behalf of \$61,419 and granted a further loan to the Company of \$56,719.

F.9.

At December 31, 2004 the aggregate amount of \$198,494 remained payable to Great Missenden Holdings Pty Ltd on three months notice, bearing interest at 7% per annum.

The Company also has the use of premises in Australia at 25 Floor, 500 Collins Street, Melbourne, Victoria. The office space is taken on a nonexclusive basis, with no rent payable, but the usage of the premises is included in the charges Great Missenden Holdings Pty Ltd makes in respect to the administration of the Company.

With regard to exploration permit ACP/33, Mr. Albers is a director and shareholder in the joint venture participants; namely Natural Gas Corporation Pty Ltd and Auralandia N.L.

With regard to the non-binding agreement to acquire an interest in the Browse Joint Venture, Mr. Albers is a director and shareholder in each of Batavia Oil & Gas Pty Ltd and Hawkestone Oil Pty Ltd. He is a major shareholder in Alpha Oil & Natural Gas Pty Ltd and Goldsborough Energy Pty Ltd., a subsidiary of Goldsborough Limited. All of these companies are the holders of the Browse Joint Venture

Mr. David. B. Hill is a director and secretary of Goldsborough Energy Pty Ltd, a subsidiary of Goldsborough Limited.

With regard to the non-binding agreement to acquire an interest in the National Gas Consortium, Mr. Albers is a director and shareholder in each of National Oil & Gas Pty Ltd, Australian Natural Gas Pty Ltd and Nations Natural Gas Pty Ltd.

Mr David. B. Hill is a director of National Oil & Gas Pty Ltd.

NOTE 7: CURRENT LIABILITIES

At December 31, 2004 the Company recorded a liability to Great Missenden Holdings Pty Ltd of \$198,494 as set out in Note 6 Related Party Transaction. Other liabilities of \$181 were recorded relating to the administration of the Company.

NOTE 8: COMMON STOCK

On the effective date of the Plan the following changes in common stock

Edgar Filing: AUSTRALIAN OIL & GAS CORP - Form 10KSB

were effected:

- o the issuance of 19,500,000 shares of AOG Common Stock to the nominees of Great Missenden Holdings Pty Ltd in consideration of supplying funding for the Plan (herein referred to as the "Plan Funder") and its agreement to contribute up to \$150,000 in loan funds to AOG during the two-year period after the effective date of the Plan.
- o the issuance of 4,800,550 shares of AOG Common Stock on the basis of (1) share of AOG Common Stock for every ten (10) shares of common stock of Synergy;
- o the issuance of an aggregate of 3,000,000 shares of AOG Common Stock to all holders of Synergy general unsecured claims on the basis of .86299 of one share for each dollar of the amount of allowed unsecured claims.
- o The Company now has 27,300,550 shares of Common Stock on Issue.

F.10.

NOTE 9: COMMITMENTS AND CONTINGENCIES

Insurance

The Company is without insurance pertaining to various potential risks with respect to its properties, including general liability, because it is presently not able to obtain insurance for such risks at rates and on terms, which it considers reasonable. The financial position of the Company in future periods could be adversely affected if uninsured losses were to be incurred.

Acquisitions of Alpha Oil & Natural Gas Pty Ltd and Nations Natural Gas Pty Ltd

In June 2004, we entered into a preliminary, non binding agreement to acquire 100% of the outstanding shares of Alpha Oil & Natural Gas Pty Ltd (Alpha), a company incorporated in Australia. The acquisition of Alpha is being made to cost-effectively acquire a 20% interest in the permits of the Browse Joint Venture, being permits WA-332-P, WA-333-P, WA-341-P and WA-342-P.

In September 2004, we entered into a preliminary, non binding agreement to acquire all of the outstanding shares of Nations Natural Gas Pty Ltd (Nations), with the exception of 100,000 shares held by Alpha Oil & Gas Pty Ltd (Alpha). The acquisition of Nations is being made to cost-effectively acquire a 30% interest in the permits of the National Gas Consortium, being permits NT/P62, NT/P63, NT/P64, and NT/P65.

It is anticipated that the acquisitions of Alpha and Nations will be completed during the second quarter of 2005.

F.11.