UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-QSB

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

For Quarterly Period Ended SEPTEMBER 30, 2003

OR

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

For the transition period from _______ to _______.

Commission File No. 000-29832

AUSTRALIAN-CANADIAN OIL ROYALTIES LTD.

(Exact Name of Registrant as Specified in its Charter)

British Columbia, Canada	75-2712845
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification #)
1304 Avenue L, Cisco, TX	76437
(Address of Principal Executive Offices)	(Zip Code)

(254) 442-2638

Registrant's Telephone Number Including Area Code

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

There were 7,286,660 shares of common stock, no par value, outstanding as of October 31, 2003

Transitional Small Business Disclosure Format; [ ] Yes [X] No

AUSTRALIAN-CANADIAN OIL ROYALTIES LTD.

FORM 10-QSB

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

REPORT ON REVIEW BY INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors
Australian-Canadian Oil Royalties LTD.
Cisco, Texas

We have reviewed the accompanying balance sheet of Australian-Canadian Oil Royalties LTD. as of September 30, 2003, and the related statements of operations for three and six months, and stockholders' equity and cash flows for nine months ended September 30, 2003 and 2002. These financial statements are the responsibility of the Company's management.

We conducted our review in accordance with standards established by the American Institute of Certified Public Accountants. A review of interim financial information consists principally of applying analytical review procedures to financial data and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the accompanying consolidated financial statements for them to be in conformity with generally accepted accounting principles.

We have previously audited, in accordance with generally accepted auditing standards, the balance sheet as of December 31, 2002, and the related statements of operations, changes in stockholders' equity, and cash flows for the year then ended (not presented herein); and, in our report dated February 18, 2003, we expressed an opinion on those financial statements that was qualified with respect to the Company's ability to continue as a going concern. In our opinion, the information set forth in the accompanying balance sheet as of December 31, 2002 is fairly stated in all material respects in relation to the balance sheet from which it has been derived.

/s/ ROBERT EARLY & COMPANY
Robert Early & Company, P.C.
Abilene, Texas

October 30, 2003

AUSTRALIAN-CANADIAN OIL ROYALTIES LTD.

BALANCE SHEETS

	September 30, 2003 (Unaudited)	December 31, 2002
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 10,214	$ 8,622
Cash equivalents, restricted	250,000	250,000
Royalties receivable	904	3,243
Prepaid expenses and other	320	320
Total Current Assets	261,438	262,185
PROPERTY AND EQUIPMENT		
Oil and gas properties	914,846	664,815
Accumulated depletion	(31,099)	(28,470)
Total Property and Equipment	883,747	636,345
OTHER ASSETS		
Investment in Cooper Basin Oil & Gas, Inc.	54	54
TOTAL ASSETS	$ 1,145,239	$ 898,584
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable, trade	$ 24,232	$ 4,887
Accrued interest payable	1,004	-
Note payable to bank	250,000	250,000
Loans from officers	54,500	-
Total Current Liabilities	329,736	254,887
STOCKHOLDERS' EQUITY		
Common stock (50,000,000 shares authorized; no par value; 7,286,660 and 6,391,742 shares issued and outstanding, respectively)	1,220,247	986,711
Additional paid in capital	29,100	27,300
Accumulated deficit	(433,550)	(370,020)
Other comprehensive income:		
Foreign currency translation adjustment	(294)	(294)
Total Stockholders' Equity	815,503	643,697
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 1,145,239	$ 898,584

See accompanying selected information.

AUSTRALIAN-CANADIAN OIL ROYALTIES LTD.

CONDENSED STATEMENTS OF OPERATIONS
For Three and Nine Months Ended September 30, 2003 and 2002
(Unaudited)

	Three Months 2003	Three Months 2002	Nine Months 2003	Nine Months 2002
OIL AND GAS REVENUES	$ 662	$ 1,847	$ 4,226	$ 5,518
COST OF SALES				
Depletion	684	1,454	2,628	4,015
GROSS PROFIT	(22)	393	1,598	1,503
OPERATING EXPENSES				
Personnel costs	20,025	6,884	23,710	19,766
Professional fees	3,245	2,019	9,536	9,345
Promotion and advertising	3,863	3,295	9,488	9,452
Other	5,239	7,478	15,074	13,688
Total Operating Expenses	32,372	19,676	57,808	52,251
OPERATING LOSS	(32,394)	(19,283)	(56,210)	(50,748)
OTHER INCOME/(EXPENSE)				
Interest and dividends	748	2,493	2,431	3,767
Interest expense	(3,147)	(3,562)	(8,483)	(9,008)
NET LOSS BEFORE INCOME TAXES	(34,793)	(20,352)	(62,262)	(55,989)
Australian income taxes	198	554	1,268	1,655
NET LOSS	$ (34,991)	$ (20,906)	$ (63,530)	$ (57,644)
LOSS PER COMMON SHARE:				
Basic and Diluted	$ (0.01)	$ 0.00	$ (0.01)	$ (0.01)
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING:				
Basic and Diluted	6,826,777	5,436,921	6,630,837	5,280,836

See accompanying selected information.

AUSTRALIAN-CANADIAN OIL ROYALTIES LTD.

STATEMENT OF STOCKHOLDERS' EQUITY
For the Nine Months Ended September 30, 2003
(Unaudited)

	Common Stock		Additional Paid In	Accumulated Earnings/	Accumulated Other Com- prensive	
	Shares	Amount	Capital	Deficit	Income	Totals
BALANCES, December 31, 2002	6,391,742	$ 986,711	$ 27,300	$ (370,020)	$ (294)	$ 643,697
Stock issued for oil and gas working interests	501,001	180,546	-	-	-	180,546
Stock issued for oil and gas royalties	180,000	22,500	-	-	-	22,500
Stock issued for exercise of options	150,000	22,500	-	-	-	22,500
Stock issued for services	63,917	7,990	-	-	-	7,990
Additional contributed capital	-	-	1,800	-	-	1,800
Net loss	-	-	-	(63,530)	-	(63,530)
Other comprehensive income: Foreign currency translation adjustment	-	-	-	-	-	-
BALANCES, September 30, 2003	7,286,660	$ 1,220,247	$ 29,100	$ (433,550)	$ (294)	$ 815,503

See accompanying selected information.

AUSTRALIAN-CANADIAN OIL ROYALTIES LTD.

STATEMENTS OF CASH FLOWS
For the Nine Months Ended September 30, 2003 and 2002
(Unaudited)

	2003	2002
CASH FLOWS (USED IN) OPERATING ACTIVITIES		
Net (loss)	$ (63,530)	$ (57,644)
Adjustments to reconcile net (loss) to cash used in operating activities:		
Depletion and amortization	2,628	4,147
Allowance for excess oil and gas costs	850	6,356
Expenses contributed by officer	1,800	2,400
Stock issued for services	7,990	-
Changes in operating assets and liabilities:		
Royalties receivable	2,339	(788)
Accounts payable and accrued expenses	20,350	13,885
Net Cash Used In Operating Activities	(27,573)	(31,644)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of oil and gas interests	(47,835)	(8,250)
CASH FLOWS FROM FINANCING ACTIVITIES		
Stock issued for cash	22,500	-
Loans from officers	54,500	40,000
Total Cash Provided by Financing Activities	77,000	40,000
NET DECREASE IN CASH	1,592	106
CASH, BEGINNING OF PERIOD	8,622	7,060
CASH, END OF PERIOD	$ 10,214	$ 7,166

SUPPLEMENTAL CASH FLOW INFORMATION:

	2003	2002
Interest and Income Taxes Paid		
Income taxes	$ 2,274	$ 1,595
Interest expense	7,479	7,512
Non-Cash Transactions		
Contributed services and office space	1,800	2,400
Stock issued for oil and gas working interests	180,546	298 786
Stock issued for oil and gas royalty interests	22,500	-
Stock issued for services	7,990	-

See accompanying selected information.

AUSTRALIAN-CANADIAN OIL ROYALTIES LTD.
SELECTED INFORMATION FOR FINANCIAL STATEMENTS
(Unaudited)
September 30, 2003

NOTE 1: BASIS OF PRESENTATION

The accompanying unaudited consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions of Regulation S-B. They do not include all information and footnotes required by generally accepted accounting principles for complete financial statements. However, except as disclosed herein, there has been no material change in the information included in the Company's Report on Form 10-KSB for the year ended December 31, 2002. In the opinion of Management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. The report of Robert Early and Company, P.C. commenting on their review accompanies the financial statements included in Item 1 of Part 1. Operating results for the nine-month period ended September 30, 2003, are not necessarily indicative of the results that may be expected for the year ending December 31, 2003.

NOTE 2: GOING CONCERN CONSIDERATIONS

The Company has neither sufficient cash on hand nor is it generating sufficient revenues to cover its operating overhead. These facts raise doubt as to the Company's ability to continue as a going concern. The Company has operated over the past year based on loans from its officers. There is no guarantee that such officers will continue to provide operating funds for the Company. In order to pursue its goals and commitments under the Australian concession prospects that it has obtained, the Company will be required to obtain significant funding or to exchange all or portions of its interests in those concessions in order to meet the minimum expenditure requirements underlying the concessions. Management's plans include attempting to find a drilling company to farm out the working interests under the concessions, raising funds from the public through a stock offering, and attempting to acquire additional producing interests in exchange for stock. Management intends to make every effort to identify and develop sources of funds. There is no assurance that Management's plans will be successful.

NOTE 3: CONTRIBUTED EXPENSES

Officers of the Company have not been paid for their services. Additionally, the Company has not established an office separate from that of its officers. The value of the officers' unpaid services has been estimated at $300 and $500 per quarter for the first two quarters of 2003 and 2002, respectively. The value of office space utilization has been estimated at $300 per quarter for both years. These costs have been recorded as expenses and as Additional Paid in Capital.

NOTE 4: U.S. DRILLING ACTIVITY

During July 2002, the Company purchased a one-eighth (1/8) working interest in developmental wells on the Parsley Lease in Kentucky in exchange for the issuance of restricted stock. The total drilling program called for the drilling of fifty wells on this property with an estimated cost of $80,000-$90,000 ($10,000-$11,250 for the Company's interest) per well. The Company has a well-by-well approval basis for its participation and thus may decline to participate in any well. The agreement with the operator is that all of the Company's costs will be paid via the issuance of restricted common stock valued at $1 per share. The Company's President has acquired an equal one-eighth participation interest in this field.

During January 2003, the Company issued 116,728 restricted shares for its portion of the drilling costs of eight wells which were drilled during February and March. An additional 104,433 shares were issued during May 2003 for wells drilled during May and June. The Company has issued an additional 279,840 restricted shares during

September 2003 that were to pay for drilling during the third quarter and completion and other costs to be incurred through the end of 2003. Through September 2003, 34 wells have been drilled and shown capable of producing hydrocarbons.

Some of these wells have been completed as oil wells, although no oil had been sold as of September 30. Oil is being sold and revenues are expected to begin during October 2003. Geological analysis has indicated that completed gas wells have identified producible zones with significant potential. Gas production tests are being performed to estimate sustainable production levels. This will provide the information needed to be able to plan and implement a gas gathering system in the field. There has been no marketable gas production because the gathering system has not been in place. As a result, estimating the timing and quantities of producible gas is still a function of estimating the timing of installation of the gathering system and processing plant required to make the gas marketable.

NOTE 5: AUSTRALIAN CONCESSIONS

During March 2003, the Company was notified of the completion of negotiations regarding Native Title on three of its onshore concessions in South Australia; CO-2000A, CO-2000B, CO-2000E. The negotiated settlement called for the payment by the Company and its partners of $A105,000, ($US65,000) to the Aborigine's for damages and rights to explore on the concessions. The Company's half of this requirement was paid by its President in April 2003 and was recorded as a note payable to him. (See discussion at Related Party Transactions.) Now that the Native Title issues have been resolved, these concessions have been converted to Petroleum Exploration Licenses and annual exploration requirements set out in the applications (as discussed in the Company's annual report on Form 10-KSB) began to run in April 2003. The Company incurred $15,335 for its share of legal costs related to the Native Title negotiations.

In September 2003, the Company acquired a .003% interest in PEL 88 for 180,000 shares of restricted common stock from Australian Grazing and Pastoral Pty. Ltd., an Australian entity owned by the Company's Secretary. The operator of this property is scheduled to start drilling during the fourth quarter of 2003.

NOTE 6: NOTE PAYABLE TO BANK

The Company has renewed its note payable to the First National Bank of Cisco for an additional 90 days. This note, bearing interest at 4%, matures on December 30, 2003. This note is secured by Certificates of Deposit with the bank in the same amount.

NOTE 7: RELATED PARTY TRANSACTIONS

As mentioned in Note 5, the Company's President paid the Company's half ($32,500) of the settlement with the Aborigines. This payment was reduced to a note payable bearing interest at 4.5% and maturing in April 2004. In addition, the Company's Secretary, loaned the Company $22,000 during June 2003. This loan bears interest at 4.5% and is due in June 2004.

Also, as mentioned in Note 5, the Company has acquired an interest in PEL 88 from an entity owned by its Secretary.

NOTE 8: STOCK OPTIONS

On June 30, 2003, the Board of Directors granted themselves an option, good for 90 days, to purchase 50,000 shares each (a total of 250,000 shares) of restricted stock from the Company at the bid price of the stock on June 30, 2003 ($0.15 per share). This option was intended to compensate the directors for their years of service while bringing some much needed funds to the Company. The directors have received no compensation for their services since the inception of the Company. During August 2003, three directors exercised their options for 150,000 shares and total cash of $22,500.

NOTE 9: STOCK TRANSACTIONS

In addition to stock transactions described in Notes 4, 5, and 8, the Company has issued 63,917 to an individual for his services to the Company during the past year.

Item 2. Management's Discussion and Analysis and Plan of Operations

General Discussion:

The Company has continued to be active in oil and gas as well as royalty opportunities both domestically and internationally. As necessary, the Company's President has been active in determining the Company's financial requirements due to his substantial financial position. The Company participated in the drilling of 17 wells in Kentucky during the quarter, all of which were successful.

Shareholder exposure is extensive as ACOR is holding interests in areas of the World where gigantic oil and gas fields are being explored and produced.

Australia is extremely active. ACOR holds large acreage positions in the Cooper/Eromanga Basin onshore and overriding royalties offshore.

Australia -- Offshore Victoria

Timely important news – VIC/P45 – The Operator, BHP Billiton, is currently moving a giant rig, capable of drilling 20,000-foot deep, to Permit 45 to drill the Megamouth #1 well, which is located 8 kilometers east of the Kingfish Field and around 10 kilometers to the south of the Halibut Field. BHP completed the 3-D seismic over the entire VIC/P45 area at an estimated cost of $US20,000,000.

The Company has a 0.05% Overriding Royalty under Permit 45 and this is the first well to be drilled on a giant exploration program which will be the largest since 1980, according to BHP Billiton.

This Prospect is close to some of the best oil production in Australia. The Kingfish Field has produced 1.1 billion barrels of oil from 41 wells and starts 1.5 miles from our override on Permit 45. BHP Billiton is the operator of Permit 45 and owns 50% of the Kingfish Field. Exxon owns the remaining 50% of the Kingfish Field. An independent reserve estimate indicates possible reserves of 350 million barrels of oil and 4 trillion cubic feet of gas for Permit 45.

This is the first drilling activity on an offshore concession in which ACOR holds an interest.

Permit 53, north of Permit 45 and the Kingfish Field, is also in a strategic location surrounded by major producing oil and/or gas fields, placing it in the center of giant fields. Permit 53 contains four major structures with estimated reserves of 167,000,000 barrels of oil, as reported in Report 67 of the Victorian Initiative for Minerals and Petroleum Report. The working interest holder and operator of Permit 53 is Australia Crude Oil Company, Inc., which is a member of the Texas Crude Group of Companies. This group has extensive onshore and offshore experience. ACOR holds a 0.05% Overriding Royalty Interest in Permit 53. Seismic review of this area is in progress.

Note that the Company, as an overriding royalty interest holder, incurs no expense for exploration and development of Permits 45 and 53.

Australia -- Cooper/Eromanga Basin

On October 30, 2003, the Board of Directors of ACOR agreed to purchase a 2% Carried Working Interest on the first well to be drilled on PEL 100, located in the Cooper Basin. This means that the Company does not pay for its share of the costs of this well, but that the Company would incur charges of its 2% share of the costs of all additional wells drilled. Cooper Energy, NL should begin the drilling of this first well on PEL 100 in March 2004. Drilling was originally scheduled to begin no later than 2005.

Cooper Energy, NL drilled an 8,000-foot well on Permit 88, the Eucalyptus #1. This was into a well-defined anticlinal trap in the northern portion of the Patchawarra Trough of the Cooper Basin. The well was dry, but had a show at 6,000-feet. The well appeared to be slightly off structure and Cooper Energy intends more drilling on Permit 88. ACOR holds a 3/10th of 1% Overriding Royalty Interest under Permit 88. Cooper Energy states on it's website that the well indicated an estimated potential of 2.8 to 9.2 million barrels of oil. This is one of 20 structures that have been located on Permit 88. Cooper Energy intends to continue to develop Permit 88 using additional seismic to try to improve forecasts of approximate drilling structures. On the adjoining PEL to the south, Cooper Energy has struck a well that tested at 9 million cubic feet of gas per day on drill stem test and they are completing the well.

PEL 108, PEL 109, and PEL 112 are concessions in which the Company owns 50% Working Interests. The Company will attempt to drill these concessions or make farm-outs. ACOR has an option to acquire the remaining 50% Working Interests for 400,000 shares of the Company's common stock.

Cooper Energy has recently discovered 3 new fields on a Permit which adjoins the Company's PEL 112. The first well had an initial potential 2,100 barrels per day, the second had an initial potential of 500 barrels per day, and the third had an initial potential of 3,000 barrels per day. This upgrades the prospectivity of the 818,000 ACOR-Sakhai area PEL 112.

The Cooper/Eromanga Basin is the largest Australian onshore producing basin. The Company holds concessions covering 12,026,800 surface acres. In addition, the Company also holds 100% Net Working Interests on 7,565,674 acres in the Cooper/Eromanga Basin. The Cooper Basin includes portions of both South Australia and Queensland.

Kentucky

Subsequent to the end of the quarter, the Company hired an independent testing service, Production Meter & Testing, to do preliminary testing on the several wells in Edmonson County, Kentucky. The results of the testing showed that the wells have hydrocarbons sufficient to support commercial production. The next phase of the Kentucky project is financing the gas plant, pipeline and gathering system (Discussed below). This oil and gas field is developing over an area 6 miles long and 3 miles wide.

The Operator stated the Denison #1 well flowed oil, which filled a 210-barrel test tank in 24 hours. The well could not be tested for gas due to the fluid volume of the oil.

Mr. Robert Thorpe of Resource & Energy Technologies Company, the operator of the Kentucky wells in the Park City Gas Field and Gladys North Oil Field, stated he intended to complete all drilling by the end of December 2003.

The following wells were reported by Mr. Thorpe as being in various stages of either completed, to be logged, drilled or will be drilled:

Edmonson County -- Park City Gas Field

Tarter #1	McCombs #2	Honeycutt #2
McCombs #1	Hatler #2	Davis Harvey #1
Tarter #3	Tarter #4	Kersey #2
Kersey #4	Sanders #1	Sanders #2
Prather #1	Prather #2	Parson #1
Houchins #1	Houchins #2	Dennison #1
Dennison #2	Dennison #3	Dennison #4
Dennison #5	Tim Davis #1	Sebaugh #1
Johnson #1	Reynolds #1	Bewley #1

Adair County -- Gladys North Oil Field

Jeff Janes #1	Jeff Janes #2	Jeff Janes #3
Jeff Janes #4	Jeff Janes #5	Jonnie Janes #1
Jonnie Janes #2	Jonnie Janes #3	Jonnie Janes #4
Jonnie Janes #5	Eugene Janes #1	Eugene Janes #2

The McCombs #1 could not be tested due to a 600-foot column of oil, which is now being swabbed. The McCombs #2 could not be tested as the well was on a vacuum, but the testing service felt oil was causing the problem, not water. Both the McCombs #1 and the Dennison #1 gave up clean oil and no water. The Dennison

#1 is 15,320-feet from the McCombs #1. Oil is being trucked to the refinery and revenues from the oil will begin soon.

Drilling costs for ACOR are paid with restricted stock based on a value of $1.00 per share. Ely Sakhai, President of ACOR, is paying cash for his equal portion of the drilling costs. ACOR has a 1/8th interest and Mr. Sakhai has a 1/8th interest in all wells drilled to develop the Park City Gas Field.

Currently negotiations are being held to finalize a membrane type gas plant and gathering system to process and sell the gas commercially. As plant and gathering system are essential to the economic viability of the project, no assurance can be given that the plant and gathering system can be financed on terms acceptable to the Company. The turnkey price for the plant and gathering system is estimated at $US5,000,000. This is the most modern technology available and will process 5,000,000 cubic feet per day.

The gas must be processed prior to sale due to the high nitrogen content, which must be reduced from 16% to 4% for the pipeline to accept the gas. Also, other liquids must be stripped from the gas prior to acceptance by the pipeline.

The Company has an agreement with the Operator to decline participation on a well-by-well basis. This contractual agreement is intended to protect the interest of ACOR and its shareholders.

LIQUIDITY AND CAPITAL RESOURCES

The principal assets of ACOR are oil and gas properties, consisting of 7,565,674 net 100% working interest acres and overriding royalties under 12,026,800 surface acres.

On September 30, 2003, the Company reported assets of $1,145,239 compared to $898,584 and $1,032,700 for December 31, 2002 and June 30, 2003, respectively. The increase of $112,539 since the first of the year is attributable to the acquisition of the one-eighth interest in the Park City Oil & Gas Field in Kentucky. The Company's Total Current Assets as of September 30, 2003 were $261,438 compared to the June 30, 2003 total of $255,160 and a total of $262,185 on December 31, 2002, reflecting nominal change. Total Current Liabilities of $329,736, $305,757 and $254,887 on September 30, 2003, June 30, 2003, and December 31, 2002, reflects a liquidity ratio of current assets to current liabilities of 0.79 to 1.0 and is approximately the same for both December 31, 2002 and June 30, 2003.

The Company's total cash position was $260,214 on September 30, 2003 compared to $252,757 on June 30, 2003, $258,622 on December 31, 2002 and $257,166 on September 30, 2002. The Company continues to have no long-term debt. Stockholders' Equity increased when comparing September 30, 2003 ($815,503) to the previous quarter, June 30, 2003 ($726,943) and to September 30, 2002 ($589,432). The increase in Stockholders' Equity is directly related to the acquisition of the Park City Oil & Gas Field in Kentucky previously discussed in this report. The increase in Stockholders' Equity from September 30, 2003 until June 30, 2003 was also related to the acquisition of interests in new wells on the Kentucky property.

Management believes that its current cash balance, supplemented by loans from officers, is sufficient to fund immediate needs. However, long-term plans are expected to require significant additional capital and there is no assurance that the Company will be able to obtain such funds or to obtain the required capital on terms favorable to the Company.

The Company plans to farm-out interests in oil and gas concessions it acquires in order to pay for seismic, drilling, etc. The Company may also satisfy its future capital requirements by selling the Company's common stock. If unable to obtain financing from the sale of its securities or some other source, the Company may not be able to achieve some of its future goals.

RESULTS OF OPERATIONS

Oil and gas revenues decreased when comparing the three months ended September 30, 2003 ($662) to the three months ended June 30, 2003 ($1,534). Oil and gas revenues declined for the three months ended September 30, 2003 when comparing to the three months ended September 30, 2002, being $662 and $1,847, respectively. These fluctuations in revenues are primarily due to a decline in production and an adjustment for overpayment on our overriding royalty interest in ATP 267P. Total Operating Expenses were $32,372 for the three months ended September 30, 2003 compared to $21,471 for the quarter ended June 30, 2003 and $19,676 for the three-month period ended September 30, 2002. The increase in operating expenses for the current quarter over the quarter ended June 30, 2003 is due to an increase in personnel costs. The current quarter compared to the same period last year reports an increase of $13,141 in operating expenses. The Company had a net loss of $34,991 for the three months period ended September 30, 2003 compared to a net loss of $20,906 for the same period ended September 30, 2002.

In comparing the nine months figures for September 30, 2003 to September 30, 2002, oil and gas revenues decreased from $5,518 in 2002 to $4,226 in 2003. Total Operating Expenses were $57,808 for the nine months ended September 30, 2003 compared to $52,251 for the nine months ended September 30, 2002. The $5,557 increase in operating expenses is due to an increase in personnel costs in 2003. The Company had a net loss of $63,530 and $57,644, respectively, in comparing the nine months ended September 30, 2003 to the same period ended September 30, 2002. The increase in the Company's net loss is directly related to an increase in personnel costs and other administrative expenses.

Disclosure Regarding Forward-Looking Statements

The forward-looking statements in this Form 10-QSB reflect the Company's current views with respect to future events and financial performance. These forward-looking statements are subject to certain risks and uncertainties that could cause actual results to differ from those anticipated. In the Form 10-QSB, the words "anticipates", "believes", "expects", "intends", "future" and similar expressions identify forward-looking statements. The Company undertakes no obligation to publicly revise these forward-looking statements to reflect events or circumstances that may arise after the date hereof. All subsequent written or oral forward-looking statements attributable to the Company or persons acting on its behalf are expressly qualified in their entirety by this section.

Item 3: Controls and Procedures

(a) Within the 90-day period prior to the date of this report, the Corporation carried out an evaluation, under the supervision and with the participation of the Company's management, including the Corporation's Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures pursuant to Rule 13a-14 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Based on that evaluation, the Chief Executive Officer and the Chief Financial Officer concluded that the Corporation's disclosure controls and procedures are effective in timely alerting them to material information relating to the Corporation required to be included in the Corporation's Exchange Act filings.

(b) There have been no significant changes in the Corporation's internal controls or in other factors which could significantly affect its internal controls subsequent to the date the Corporation carried out its evaluation.

PART II. OTHER INFORMATION

Item 6. Exhibits and Reports on Form 8-K

Exhibit 99.1 -- Certification of President and Chief Executive Officer Pursuant to 18 U.S.C. Section 1350, as adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

Exhibit 99.2 -- Certification of Secretary and 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 – None

SIGNATURES

In accordance with the requirements of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Australian-Canadian Oil Royalties LTD.

Date: November 12, 2003

/s/ ROBERT KAMON
By: Robert Kamon, Secretary and
Principal Financial Officer

CERTIFICATION

I, Robert Kamon, Secretary, and Chief Financial Officer certify that:

1. I have reviewed this quarterly report on Form 10-QSB of Australian-Canadian Oil Royalties Ltd.;

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and I have:

(a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

(b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and

(c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing equivalent function):

(a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

(b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officer and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: November 12, 2003

/s/ ROBERT KAMON

Robert Kamon
Secretary and Chief Financial Officer

CERTIFICATION

I, Ely Sakhai, President and Chief Executive Officer certify that:

1. I have reviewed this quarterly report on Form 10-QSB of Australian-Canadian Oil Royalties Ltd.;

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and I have:

(a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

(b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and

(c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing equivalent function):

(a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

(b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officer and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: November 12, 2003

/s/ ELY SAKHAI

Ely Sakhai, President and
Chief Executive Officer