

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-QSB

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

For Quarterly Period Ended JUNE 30, 2005

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. 0-29832

AUSTRALIAN-CANADIAN OIL ROYALTIES LTD.

(Exact Name of Registrant as Specified in its Charter)

British Columbia, Canada
(State or Other Jurisdiction of
Incorporation or Organization)

75-2712845
(I.R.S. Employer
Identification #)

1301 Avenue M, Cisco, TX 76437
(Address of Principal Executive Offices and Zip Code)

(254) 442-2658
Registrant's Telephone Number Including Area Code

Check whether the Issuer (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

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

There were 10,519,944 shares of common stock, No Par Value,
outstanding as of April 30, 2005

Transitional Small Business Disclosure Format; ☐ Yes ☒ 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 June 30, 2005, and the related statements of operations, stockholders' equity, and cash flows for the three and six months ended June 30, 2005 and 2004. These financial statements are the responsibility of the Company's management.

We conducted our review in accordance with the standards of the Public Company Accounting Oversight Board (United States). A review of interim financial information consists principally of applying analytical procedures and making inquiries of Company personnel responsible for financial and accounting matters. It is substantially less in scope than an audit in accordance with the auditing standards of the Public Company Accounting Oversight Board (United States), 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 interim financial statements for them to be in conformity with accounting principles generally accepted in the United States.

We have previously audited, in accordance with the auditing standards of the Public Company Accounting Oversight Board (United States), the balance sheet of the Company as of December 31, 2004, 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 March 24, 2005, 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, 2004 is fairly stated in all material respects in relation to the balance sheet from which it has been derived.

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

August 14, 2005

AUSTRALIAN-CANADIAN OIL ROYALTIES LTD.

BALANCE SHEETS

	June 30, 2005 (Unaudited)	December 31, 2004
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 19,805	\$ 9,803
Cash equivalents, restricted	1,000,000	1,000,000
Royalties receivable	3,617	4,101
Prepaid expenses and other	289	2,574
Total Current Assets	<u>1,023,711</u>	<u>1,016,478</u>
PROPERTY AND EQUIPMENT		
Oil and gas properties	898,018	832,439
Office equipment and furniture	18,421	18,421
Accumulated depreciation and depletion	<u>(44,551)</u>	<u>(39,222)</u>
Total Property and Equipment	<u>871,888</u>	<u>811,638</u>
OTHER ASSETS		
Investment in Cooper Basin Oil & Gas, Inc.	<u>154</u>	<u>154</u>
TOTAL ASSETS	<u><u>\$ 1,895,753</u></u>	<u><u>\$ 1,828,270</u></u>

LIABILITIES AND STOCKHOLDERS' EQUITY

CURRENT LIABILITIES		
Accounts payable, trade	\$ 19,840	\$ 4,025
Accrued interest payable	3,155	974
Loans from officers	157,665	20,000
Note payable to bank	1,000,000	1,000,000
Total Current Liabilities	<u>1,180,660</u>	<u>1,024,999</u>
STOCKHOLDERS' EQUITY		
Common stock (50,000,000 shares authorized; no par value; 10,519,944 and 10,484,944 shares issued and outstanding)	1,648,172	1,592,572
Additional paid in capital	84,147	82,547
Accumulated deficit	(988,045)	(871,850)
Stock issued for deferred services	(29,183)	-
Other comprehensive income:		
Foreign currency translation adjustment	<u>2</u>	<u>2</u>
Total Stockholders' Equity	<u>715,093</u>	<u>803,271</u>
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	<u><u>\$ 1,895,753</u></u>	<u><u>\$ 1,828,270</u></u>

See accompanying selected information.

AUSTRALIAN-CANADIAN OIL ROYALTIES LTD.

STATEMENTS OF OPERATIONS

For the Three and Six Months Ended June 30, 2005 and 2004
(Unaudited)

	Three Months		Six Months	
	2005	2004	2005	2004
OIL AND GAS REVENUES	\$ 1,998	\$ 6,825	\$ 4,301	\$ 8,504
COST OF SALES				
Production taxes	-	111	38	136
Lease operating expenses	-	2,643	2,599	2,643
Depletion	730	2,262	2,259	2,740
GROSS PROFIT	1,268	1,809	(595)	2,985
OPERATING EXPENSES				
Personnel costs	17,101	20,535	41,628	36,144
Professional fees	12,106	9,225	16,028	9,343
Promotion and advertising	24,744	4,012	33,360	5,374
Excess oil and gas costs	-	-	-	964
Office expenses	2,532	3,356	5,107	6,999
Depreciation	1,535	-	3,070	-
Other	819	2,246	3,298	5,539
Total Operating Expenses	58,837	39,374	102,491	64,363
OPERATING LOSS	(57,569)	(37,565)	(103,086)	(61,378)
OTHER INCOME/(EXPENSE)				
Interest and dividends	3,989	2,514	7,320	3,322
Interest expense	(10,425)	(7,970)	(19,508)	(10,054)
NET LOSS BEFORE INCOME TAXES	(64,005)	(43,021)	(115,274)	(68,110)
Australian income taxes	563	1,308	921	1,647
NET LOSS	<u>\$ (64,568)</u>	<u>\$ (44,329)</u>	<u>\$ (116,195)</u>	<u>\$ (69,757)</u>
LOSS PER COMMON SHARE:				
Basic and Diluted	<u>\$ (0.01)</u>	<u>\$ (0.01)</u>	<u>\$ (0.01)</u>	<u>\$ (0.01)</u>
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING:				
Basic and Diluted	<u>10,548,515</u>	<u>8,356,519</u>	<u>10,522,016</u>	<u>8,094,473</u>

See accompanying selected information.

AUSTRALIAN-CANADIAN OIL ROYALTIES LTD.

STATEMENT OF STOCKHOLDERS' EQUITY

For the Six Months Ended June 30, 2004

(Unaudited)

	Common Stock		Additional	Accumulated	Deferred	Accumulated	
	Shares	Amount	Paid In	Earnings/	Services	Other Com-	Totals
			Capital	Deficit		prehensive	
						Income	
BALANCES, December 31, 2004	10,484,944	\$ 1,592,572	\$ 82,547	\$ (871,850)	\$ -	\$ 2	\$ 803,271
Stock issued for services	185,000	55,600	-	-	(37,800)	-	17,800
Additional contributed capital	-	-	1,600	-	-	-	1,600
Net loss	-	-	-	(116,195)	8,617	-	(107,578)
Other comprehensive income:							
Foreign currency translation							
adjustment	-	-	-	-	-	-	-
BALANCES, June 30, 2005	<u>10,669,944</u>	<u>\$ 1,648,172</u>	<u>\$ 84,147</u>	<u>\$ (988,045)</u>	<u>\$ (29,183)</u>	<u>\$ 2</u>	<u>\$ 715,093</u>

See accompanying selected information.

AUSTRALIAN-CANADIAN OIL ROYALTIES LTD.

STATEMENTS OF CASH FLOWS

For the Six Months Ended June 30, 2005 and 2004
(Unaudited)

	<u>2005</u>	<u>2004</u>
CASH FLOWS USED IN OPERATING ACTIVITIES		
Net (loss)	\$ (116,195)	\$ (69,757)
Adjustments to reconcile net loss to cash used in operating activities:		
Depletion and amortization	5,329	2,740
Excess oil and gas costs	-	964
Expenses contributed by officer	1,600	1,200
Stock issued for expenses	26,417	4,983
Changes in operating assets and liabilities:		
Production receivable	484	(102)
Prepaid expenses and other	2,285	(205)
Accounts payable and accrued expenses	<u>17,996</u>	<u>(1,182)</u>
Net Cash Used in Operating Activities	(62,084)	(61,359)
CASH FLOWS FROM INVESTING ACTIVITIES		
Costs of oil and gas interests	(404,080)	(99,875)
Sale of oil and gas interests	<u>338,501</u>	<u>-</u>
Investment in subsidiary	<u>-</u>	<u>(100)</u>
Net Cash Used in Investing Activities	<u>(65,579)</u>	<u>(99,975)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Loans from officers	<u>137,665</u>	<u>151,375</u>
Net Decrease in Cash	10,002	(9,959)
Cash, Beginning of Period	<u>9,803</u>	<u>16,931</u>
CASH, END OF PERIOD	<u><u>\$ 19,805</u></u>	<u><u>\$ 6,972</u></u>
SUPPLEMENTAL CASH FLOW INFORMATION:		
<u>Interest and Income Taxes Paid</u>		
Income taxes	\$ 274	\$ 2,164
Interest expense	17,327	9,330
<u>Non-Cash Transactions</u>		
Contributed services and office space	1,600	1,200
Stock issued for:		
Cost of oil & gas interests	-	-
Notes payable and accrued interest of \$2,683	-	232,358
Services	41,100	9,000

See accompanying selected information.

AUSTRALIAN-CANADIAN OIL ROYALTIES LTD.
SELECTED INFORMATION FOR FINANCIAL STATEMENTS
(Unaudited)
June 30, 2005

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-SB for the year ended December 31, 2004. 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 six-month period ended June 30, 2005, are not necessarily indicative of the results that may be expected for the year ending December 31, 2005.

NOTE 2: GOING CONCERN CONSIDERATIONS

The Company neither has 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/stock purchases 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 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 \$400 and \$300 per quarter for 2004 and 2003, respectively. The value of office space utilization has also been estimated at \$400 and \$300 per quarter for 2004 and 2003. These costs have been recorded as expenses and as additional capital.

NOTE 4: STOCK TRANSACTIONS

During February and March 2005, the Company issued 35,000 restricted common shares to two unrelated persons in payment for a promotional services valued at a total of \$10,800. One of these transactions, valued at \$7,500, called for the provision of these services over a three-year period. As a result, deferred services has been recognized for the remaining balance and this cost is being amortized over the remaining period of the services. In addition, the Board of Directors has approved a contract for management services being provided to the Company. Compensation under this contract is to be paid with restricted shares equal to 1% of the outstanding shares. One-fourth of the estimated value of this contract is being accrued in each quarter.

During the second quarter, the Company issued an additional 100,000 restricted common shares to an unrelated party for promotional and management assistance services. These services are to be provided over a one-year

period. The value of these shares, \$30,300, was recorded as deferred services and is being amortized over the year that the services are being provided.

NOTE 5: AUSTRALIAN CONCESSIONS

During the first quarter of 2005, the Company paid its portion of leasing fees on VIC/P60 and its portion of initial seismic costs related to starting the seismic programs on PELs 108 and 112.

During the second quarter, the Company sold 8 1/2% of its 50% interest in PELs 108, 109, and 112 for \$338,500. These proceeds were used to pay 50% of the cost of a seismic contract for work to be done on these concessions. One-third of these funds were received from a related party.

NOTE 6: RELATED PARTY TRANSACTIONS

As noted in the Company's Form 10-KSB for the year ended December 31, 2003, the Company acquires personnel services from and reimburses related parties for administrative and other general operating expenses on an ongoing basis.

During 2005, the Company has paid \$22,057 for personnel costs and other expenses to related parties, primarily Secretarial Services, Inc. and Tensleep Oil and Production, Inc. In addition, the Company has reimbursed Australian Grazing & Pastoral Pty., Ltd. for Australian legal fees and licensing costs incurred on the Company's behalf. Robert Kamon, the Company's Secretary controls these entities.

The Company has borrowed \$137,665 from its President and Secretary during 2005 to meet its operating expenses and its exploration obligations.

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

General Discussion:

Work continued in the second quarter on the seismic program on VIC/P60 in conjunction with the Company's partners. ACOR owns a 25% interest in the 339,700 acre offshore Australia petroleum Permit VIC/P60, located in the prolific Bass Strait. ACOR is furnishing the \$US29,000 Kingdom seismic program and computer equipment to our 50% Working Interest partner, Holloman Corporation, for use in studying VIC/P60. Holloman has employed one of the best geophysicists in Texas, Mr. Roy Whiting.

Mr. Whiting has been working full time on VIC/P60 since the first of the year. There have been a number of 2-D seismic programs run over VIC/P60 in different years and using different programs. Mr. Whiting is doing a marvelous job of putting the seismic together and ordering additional lines. He estimates there are approximately 5,000 seismic lines extending into or crossing the area and has, in conjunction with Kingdom, built software for a special seismic program to correct for near surface channeling on VIC/P60.

ACOR is pleased to report that after studying over 5,000 seismic lines in and around VIC/P60, Mr. Whiting has identified six (6) structures. One of the six (6) structures lies in 100-200 meters of shallow water and is estimated to contain approximately \$500,000,000 worth of reserves, if filled with hydrocarbons.

ACOR's management believes this is the most important discovery in the Company's history in finding this structure on VIC/P60. For more information on VIC/P60, visit our website at www.aussieoil.com.

During April, May, and June, ACOR engaged Andrew McGee as seismologist and Terrex Seismic as seismic contractor for Areas (Petroleum Exploration License) PEL 112 and PEL 108. Andrew McGee reinterpreted the seismic on PEL 112 and PEL 108, created the seismic program and engaged surveyors to lay out the new seismic lines. He engaged the Aboriginal Native Lawyers to come out with the Aboriginals to see if there are any native graveyards or things the seismic crew could damage – cost was \$US 10,000 a day for 10 days. The lines were cleared. Actual seismic work started in June 2005 at a cost of over \$US 100,000 a week. ACOR paid for its 41.5% of the seismic survey by selling an 8.5% Working Interest from its original 50%.

Important new oil discoveries have come in over the past two years on the adjoining Petroleum Exploration License on the East of PEL 112 and on the North.

On the East side and adjoining PEL 112, the Worrior Wells make pipeline runs of \$US 25,000,000 a year per well. The wells are 6,000 feet deep, multiple pay and cost between \$US 900,000 and \$US 1,500,000 to drill and complete, depending on the number of drill stem tests and producing zones.

We plan to offer one-half interest in all 3 concessions for drilling and completing two wells in 2006 and one well in 2007.

Liquidity and Capital Resources

ACOR's principal assets are in Australia consisting of 13,067,946 gross surface acres with overriding royalty interest and 6,721,007 net acres of working interests. This positions ACOR to use the acreage for the best interest of the Company.

The Company's Total Current Assets as of June 30, 2005, were \$1,023,711 with Total Current Liabilities of \$1,180,660, giving a liquidity ratio of 0.87 to 1. The Company's cash position was \$1,019,805 on June 30, 2005 compared with \$1,009,803 and \$1,006,972 on December 31, 2004 and June 30, 2004 respectively. The Company continues to have no long-term debt.

Stockholders' Equity decreased when comparing June 30, 2005 (\$715,093) to December 31, 2004, June 30, 2004 being \$803,271 and \$855,693 respectively. The decrease in stockholders' equity is due to additional loans to the Company from two of the Company's officers. (\$20,000 on December 31, 2004 compared to \$157,665 on June 30, 2005).

Management believes that its current cash balance is sufficient to fund immediate administrative needs. However, long-term plans are expected to require significant additional capital and there is not any assurance that the Company will be able to obtain such funds or 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 were \$1,998 for the three months ended June 30, 2005, compared to \$2,303 for the three months ended March 31, 2005 and \$6,825 for the three months ended June 30, 2004. Total Operating Expenses were \$58,837 for the three months ended June 30, 2005 compared to \$43,654 for the quarter ended March 31, 2005 and \$39,374 for the quarter ended June 30, 2004. The increase in operating expenses for the current quarter over the quarter ended March 31, 2005 is mostly attributable to the increase in professional fees. The current quarter compared to the same period last year reports an increase of \$19,463 in operating expenses. Personnel costs decreased \$3,434, professional fees increased \$2,881, promotion and advertising expenses increased \$20,732, and office and other expenses decreased \$2,251 in comparing the second quarter of 2005 to the second quarter of 2004. The Company had a net loss of \$64,568 for the three months period ended June 30, 2005 compared to \$44,329 for the same period ended June 30, 2004.

In comparing the six months figures for June 30, 2005 to June 30, 2004, oil and gas revenues decreased from \$8,504 in 2004 to \$4,301 in 2005. Total Operating Expenses were \$64,363 for the six months ended June 30, 2004 compared to \$102,491 for the six months ended June 30, 2005. The Company had a net loss of \$69,757 and \$116,195 respectively in comparing the six months ended June 30, 2004 and June 30, 2005.

Off-Balance Sheet Arrangements

As of June 30, 2005, the Company had no off-balance sheet arrangements.

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) The management of Australian-Canadian Oil Royalties, Ltd. 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 as of June 30, 2005, pursuant to Rule 13a-15 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Based on that evaluation, the Company's Chief Executive Officer and the Chief Financial Officer concluded that the Corporation's disclosure controls and procedures were effective as of June 30, 2005, in timely alerting them to material information relating to the Corporation required to be included in the Corporation's periodic Exchange Act filings.
- (b) There has been no changes in the Corporation's internal controls or in other factors that 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 31.1 -- Certification of President and Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
- Exhibit 31.2 -- Certification of Secretary and Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
- Exhibit 32 -- Certification of Chief Executive Officer and Chief Financial Officer 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: August 19, 2005

/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-15(e) and 15d-15(e)) 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) (this paragraph omitted pursuant to SEC Release Nos. 33-8238 and 34-47986;)
 - (c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
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 that 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

Date: August 19, 2005

/s/ Robert Kamon
Robert Kamon
Secretary and Chief Financial Officer

CERTIFICATION

I, Andre 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-15(e) and 15d-15(e)) 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) (this paragraph omitted pursuant to SEC Release Nos. 33-8238 and 34-47986;)
 - (c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
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 that 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

Date: August 19, 2005

/s/ Andre Sakhai

Andre Sakhai, President and
Chief Executive Officer

CERTIFICATION OF CEO AND CFO PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-QSB of Australian-Canadian Oil Royalties Ltd. (the "Company") for the quarterly period ended June 30, 2005 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), Andre Sakhai, President and Chief Executive Officer of the Company, and Robert Kamon, Secretary and Chief Financial Officer of the Company, each hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, to the best of their knowledge, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly represents, in all material respects, the financial condition and result of operations of the Company.

August 19, 2005

/s/ Andre Sakhai
Andre Sakhai, President and
Chief Executive Officer

August 19, 2005

/s/ Robert Kamon
Robert Kamon
Chief Financial Officer and Secretary

This certification accompanies this Report pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by the Sarbanes-Oxley Act of 2002, be deemed filed by the Company for purposes of Section 18 of the Securities Exchange Act of 1934, as amended.