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 the Quarterly Period Ended JUNE 30, 2004

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. 0-24259

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 #)

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

(254) 442-2658
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 8,728,833 shares of common stock, No Par Value,
outstanding as of June 30, 2004

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 June 30, 2004, and the related statements of operations for three and six months, and stockholders' equity and cash flows for the six months ended June 30, 2004 and 2003. 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, 2003, 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 28, 2004, 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, 2003 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 3, 2004

AUSTRALIAN-CANADIAN OIL ROYALTIES LTD.

BALANCE SHEETS

	June 30, 2004 (Unaudited)	December 31, 2003
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 6,972	$ 16,931
Cash equivalents, restricted	1,000,000	250,000
Production receivable	3,956	3,854
Prepaid expenses and other	6,955	-
Total Current Assets	1,017,883	270,785
PROPERTY AND EQUIPMENT		
Oil and gas properties	907,928	809,017
Accumulated depletion	(33,787)	(31,047)
Total Property and Equipment	874,141	777,970
OTHER ASSETS		
Investment in Cooper Basin Oil & Gas, Inc.	154	54
TOTAL ASSETS	$ 1,892,178	$ 1,048,809
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable, trade	$ 3,806	$ 3,029
Accrued interest payable	679	2,638
Loans from officers	32,000	109,050
Note payable to bank	1,000,000	250,000
Total Current Liabilities	1,036,485	364,717
STOCKHOLDERS' EQUITY		
Preferred stock (50,000,000 shares authorized, no par value; none issued or outstanding)	-	-
Common stock (50,000,000 shares authorized; no par value; 8,728,833 and 7,359,527 shares issued and outstanding)	1,373,629	1,133,471
Additional paid in capital	30,900	29,700
Accumulated deficit	(548,554)	(478,797)
Other comprehensive income:		
Foreign currency translation adjustment	(282)	(282)
Total Stockholders' Equity	855,693	684,092
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 1,892,178	$ 1,048,809

See accompanying selected information.

AUSTRALIAN-CANADIAN OIL ROYALTIES LTD.

STATEMENTS OF OPERATIONS

For Three and Six Months Ended June 30, 2004 and 2003

(Unaudited)

	Three Months		Six Months	
	2004	2003	2004	2003
OIL AND GAS REVENUES	$ 6,825	$ 1,534	$ 8,504	$ 3,564
COST OF SALES				
Production taxes	111	-	136	-
Lease operating expenses	2,643	-	2,643	-
Depletion	2,262	924	2,740	1,945
GROSS PROFIT	1,809	610	2,985	1,619
OPERATINGEXPENSES				
Personnel costs	20,535	1,191	36,144	4,285
Professional fees	9,225	14,018	9,343	14,026
Promotion and advertising	4,012	5,389	5,374	5,625
Excess oil and gas costs	-	-	964	-
Office expenses	3,356	548	6,999	686
Other	2,246	325	5,539	815
Total Operating Expenses	39,374	21,471	64,363	25,437
OPERATING LOSS	(37,565)	(20,861)	(61,378)	(23,818)
OTHER INCOME/(EXPENSE)				
Interest and dividends	2,514	810	3,322	1,683
Interest expense	(7,970)	(2,843)	(10,054)	(5,336)
NET LOSS BEFORE INCOME TAXES	(43,021)	(22,894)	(68,110)	(27,471)
Australian income taxes	1,308	460	1,647	1,069
NET LOSS	$ (44,329)	$ (23,354)	$ (69,757)	$ (28,540)
LOSS PER COMMON SHARE:				
Basic and Diluted	$ (0.01)	$ 0.00	$ (0.01)	$ 0.00
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING:				
Basic and Diluted	8,356,519	6,570,451	8,094,473	6,531,252

See accompanying selected information.

AUSTRALIAN-CANADIAN OIL ROYALTIES LTD.

STATEMENT OF STOCKHOLDERS' EQUITY

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

	Common Stock Shares	Common Stock Amount	Additional Paid In Capital	Accumulated Earnings/ Deficit	Accumulated Other Comprehensive Income	Totals
BALANCES, December 31, 2003	7,359,527	$ 1,133,471	$ 29,700	$ (478,797)	$ (282)	$ 684,092
Stock issued for:						
Notes and accrued interest payable to officers	1,269,306	231,158	-	-	-	231,158
Public relations services	100,000	9,000	-	-	-	9,000
Additional contributed capital	-	-	1,200	-	-	600
Net loss	-	-	-	(69,757)	-	(69,757)
Other comprehensive income:						
Foreign currency translation adjustment	-	-	-	-	-	-
Totals	8,728,833	$ 1,373,629	$ 30,900	$ (548,554)	$ (282)	$ 855,693

See accompanying selected information.

AUSTRALIAN-CANADIAN OIL ROYALTIES LTD.

STATEMENTS OF CASH FLOWS
For the Six Months Ended June 30, 2004 and 2003
(Unaudited)

	2004	2003
CASH FLOWS USED IN OPERATING ACTIVITIES		
Net (loss)	$ (69,757)	$ (28,540)
Adjustments to reconcile net loss to cash used in operating activities:		
Depletion and amortization	2,740	1,945
Excess oil and gas costs	964	-
Expenses contributed by officer	1,200	1,200
Stock issued for expenses	4,983	-
Changes in operating assets and liabilities:		
Production receivable	(102)	1,160
Prepaid expenses and other	(205)	-
Accounts payable and accrued expenses	(1,182)	(3,630)
Net Cash Used in Operating Activities	(61,359)	(27,865)
CASH FLOWS FROM INVESTING ACTIVITIES		
Costs of oil and gas interests	(99,875)	(32,500)
Investment in subsidiary	(100)	-
Net Cash Used in Investing Activities	(99,975)	(32,500)
CASH FLOW FROM FINANCING ACTIVITIES		
Loans from officers	151,375	54,500
Net Decrease in Cash	(9,959)	(5,865)
Cash, Beginning of Period	16,931	8,622
CASH, END OF PERIOD	$ 6,972	$ 2,757
SUPPLEMENTAL CASH FLOW INFORMATION:		
Interest and Income Taxes Paid		
Income taxes	$ 2,164	$ 15,662
Interest expense	9,330	4,986
Non-Cash Transactions		
Contributed services and office space	1,200	1,200
Stock issued for:		
Cost of oil & gas interests	-	110,586
Notes payable and accrued interest of $2,683	232,358	-
Services ($6,750 allocated to prepaid expense)	9,000	-

AUSTRALIAN-CANADIAN OIL ROYALTIES LTD.
SELECTED INFORMATION FOR FINANCIAL STATEMENTS
(Unaudited)
June 30, 2004

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, 2003. 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, 2004, are not necessarily indicative of the results that may be expected for the year ending December 31, 2004.

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 funding. 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 per quarter for all periods presented. The value of office space utilization has also been estimated at $300 per quarter for both years. These costs have been recorded as expenses and as additional capital.

NOTE 4: STOCK TRANSACTIONS

During January 2004, the Company issued 606,112 restricted common shares to two officers as repayment of a total of $109,100 in loans made during 2003, plus accrued interest of $2,240.

During May 2004, the Company issued 663,194 restricted common shares to two officers as repayment of a total of $119,375 in loans made during March and April 2004 plus accrued interest of $443. The Company also issued 100,000 shares valued at $9,000 for public relations services to be provided during the remainder of 2004.

NOTE 5: U.S. DRILLING ACTIVITY

During July 2002, the Company purchased a one-eighth (1/8) working interest in developmental wells 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 ($10,000 for the Company's interest) per well. The Company had a well-by-well approval basis for its participation and thus may decline to participate in any well. The agreement with the operator was that all of the Company's costs would be paid via the issuance of restricted common stock valued at $1 per share. The Company’s President has acquired an equal position and participation interest in this field.

During 2003, the Company issued 501,011 restricted shares for its portion of the drilling costs. This paid the Company’s portion of the costs through the completion of the 50-well package. During the first quarter of 2004, the last few wells were drilled. The Company has received some proceeds from the sale of oil from this investment, although this was not an anticipated result. The operator is currently working toward establishing an arrangement that would result in the construction of a gas processing plant and gathering system that would allow sales of the gas discovered on these properties.

Geological analysis has shown that completed wells have identified producible zones with significant potential. However, there is no existing gathering system in the field and the gas will have to be processed to remove excess nitrogen before it can be injected into commercial gas pipelines. These barriers have precluded marketable production. As a result, estimating the timing and quantities of producible gas is solely a volumetric calculation based on assumed pressures, porosities, and zone sizes.

NOTE 6: AUSTRALIAN CONCESSIONS

During March 2004, the Company was a participant in an application for two new petroleum exploration licenses in the State of Victoria, Australia. The Company’s share of application fees totaled $25,000. Additional fees will be due if the application is chosen from a group of competing applications. Also, a successful application will result in an obligation to an exploration program as set forth in the application.

The Company also acquired a 0.3% interest in PEL 88 from Australian Grazing & Pastoral Pty., Ltd. (AGP) during the first quarter of 2004. AGP is related the Company. (See related party transactions below.)

NOTE 7: 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 related entities and reimburses them for administrative and other operating expenses on an ongoing basis.

As discussed at Note 4, the Company has issued stock as repayment of loans from officers. Additionally, the Company acquired an interest in an Australian exploration license from Australian Grazing & Pastoral Pty., Ltd. Robert Kamon, the Company’s Secretary, is President of AGP.

NOTE 8: SUBSEQUENT EVENTS

During June 2004, the Company’s directors authorized the purchase of additional interests in Australian concessions for a total of $218,000. This purchase has yet to be funded through the end of July.

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

General Discussion:

The Company has continued to be active in working interests and 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 additional wells in Kentucky during the quarter, all of which were successful under an approximately 50-well commitment in Edmonson County, Kentucky. The Company has a right of first refusal on additional wells in Adair County, Kentucky, for which all costs incurred by the Company have been paid.

Since its organization, ACOR has acquired overriding royalty interests (ORRI's) under sixteen concessions covering 13,067,946 gross surface acres in Australia. Production has been discovered on four of the properties where ACOR holds ORRI's. The Company is currently receiving revenues from three of the ORRI's, Authorities to Prospect 299, 267, and 560. The fourth property is shut in due to transportation costs. Gross revenues received from ATP 299 and ATP 267 for 2003 totaled $5,355.

During March 2004, ACOR applied for two offshore Australian concessions V03-3 and V03-4 in the Bass Straits in conjunction with Holloman Corporation, Ely Sakhai (Individually) and Robert Thorpe (Individually) as equal 25% partners. Both the V03-3 and V03-4 concessions are located in a world-class petroleum province with remaining reserves estimated at 600 million barrels of oil and five trillion cubic feet of gas. Both areas are adjacent to giant producing fields and proximal to existing infrastructure and an expanding gas market. Proven petroleum reserves exist with a variety of untested play types, including potential in deeper stratigraphic levels.

V03-3 is 301,469 acres. The Angler-1, drilled by Petrofina in 1989, showed two zones with oil shows and a gas bearing reservoir. The well was not commercially viable in 1989. Calculations suggest that the Angler discovery could yield more than 350 billion cubic feet of gas and approximately three million barrels of condensate.

V03-4 is 339,769 acres. One well was previously drilled off-structure. However, the northeast corner has significant fault structures that have not been drilled. The Australian Government has identified four significant structures on this lease.

No assurances of the granting of either application to ACOR and its partners can be made. However, should either grant be received, new investment partners are interested in providing additional capital to each application.

ACOR paid its portion of the application fees and seismic costs for each concession, being $12,500 for each concession, to Australian Grazing & Pastoral Co., Pty. Ltd. (AGP, the leasing agent and a related party). If granted, ACOR must pay an additional $12,500 each for either or both concessions and will also be obligated to its share of the development program described in the application. Each successful application will also be subject to a contractual requirement to assign a 3/4 of 1% overriding royalty interest to AGP. ACOR is negotiating with Upstream Petroleum, Pty. Ltd. to act as operator on V03-3, subject to grant of the concession. A contract for the first three years of seismic on V03-4 has been let to Holloman Corporation, again subject to grant of the concession.

ACOR owns 100% working interest in 6,574,348 acres in the Cooper-Eromanga oil producing basin (Australia's main onshore oil and gas producing area). There have been many leads and prospects with very large anticlines and seismic highs identified on these working interest acres. The Company also holds approximately 451,600 net royalty acres under 13,067,946 gross surface acres. These holdings are all located within the States of Queensland, South Australia, and Victoria (offshore).

One of these areas, PEL 108, per identification by ACOR's technical staff, has a huge anticline consisting of more than 122,000 acres with approximately 500 feet of maximum closure.

Included in the above, the Company holds 2,019 net royalty acres under 553,430 gross surface acres in VIC/P45, VIC/P53, and VIC/P54 in the Bass Strait offshore Victoria, Australia, the most prolific offshore oil producing basin in Australia.

In Kentucky, beginning in 2002, the Company made a significant change in operations by including domestic oil and gas in its exploration activities. The Company entered into an agreement with Resource and Energy

Technologies Company for the drilling and development of oil and gas wells in the Park City Field Prospect in Edmonson and Adair Counties, Kentucky. This field is located in the Highland Rim Physiographic Province that extends over portions of central Kentucky and middle Tennessee. ACOR has a 1/8th working interest in the development program, as does the Company's President (See Note 7 "Related Party Transactions.")

The development of the Kentucky properties have been very successful. As of June 30, 2004, all of the approximate 50-well commitment had been drilled and paid for by the Company. 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.

The gas from this field must be processed before sale due to a high nitrogen content. The nitrogen content must be reduced from 16% to 4% and other liquids must be stripped from the gas prior to its acceptance by a pipeline.

Currently, negotiations are being held to finalize plans for a membrane-type gas plant and a gathering system to process and sell the gas commercially. As both 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 $5,500,000. This is the most modern technology available and has been planned to be capable of processing 5,000,000 cubic feet per day. Four investor groups are interested in financing the plant. Holloman Corporation has agreed to fund $1,500,000 of the total $5,550,000 needed for the plant and gathering system.

Liquidity and Capital Resources

ACOR's principal assets are in Australia consisting of 13,067,946 acres of gross surface 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 experienced an $859,478 increase in total assets in comparing the totals for June 30, 2003 and June 30, 2004 of $1,032,700 and $1,892,178, respectively.

Total Current Assets increased by 55% from June 30, 2003 to June 30, 2004. The Company's Total Current Assets as of June 30, 2004, were $1,017,883 with Total Current Liabilities of $1,036,485, giving a liquidity ratio of 0.98 to 1.02. The Company's cash position was $1,006,972 on June 30, 2004 compared with $266,931 and $252,757 on December 31, 2003 and June 30, 2003, respectively. $1,000,000 of this cash position is collateral for short-term notes payable. The Company continues to have no long-term debt.

Stockholders' Equity increased when comparing June 30, 2004 ($855,693) to December 31, 2003, June 30, 2003 being $684,092 and $726,943, respectively. The increase in stockholders' equity is due to the issuance of stock to officers in repayment of their loans to the Company.

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 no 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 increased when comparing the three months ended June 30, 2004 ($6,825) to the three months ended March 31, 2004 ($1,679) and to the three months ended June 30, 2003 ($1,534). This increase is due to receiving royalty income on ATP 560P. Total Operating Expenses were $39,374 for the three months ended June 30, 2004 compared with $24,989 for the quarter ended March 31, 2004 and $21,470 for the quarter ended June 30, 2003. The increase in operating expenses for the current quarter over the quarter ended March 31, 2004 is mostly attributable to the increase in personnel costs. The current quarter compared with the same period last year reports an increase of $17,903 in operating expenses. Personnel costs increased $19,344, professional fees decreased $4,793, promotion and advertising expenses decreased $1,377, and office and other expenses increased $4,730 in comparing the second quarter of 2004 to the second quarter of 2003. The Company had a net loss of $44,329 for the three months period ended June 30, 2004 compared with $23,353 for the same period ended June 30, 2003.

In comparing the six months figures for June 30, 2004 with June 30, 2003, oil and gas revenues increased from $3,564 in 2003 to $8,504 in 2004. Total Operating Expenses were $25,436 for the six months ended June 30, 2003 compared with $64,363 for the six months ended June 30, 2004. The Company had a net loss of $28,539 and $69,757 respectively in comparing the six months ended June 30, 2003 and June 30, 2004.

New ORRI in Australia

ACOR has purchased a 1/10th of 1% ORRI under PEL 111 & PEL 115 which are located in South Australia in the prolific Cooper/Eromanga Basin. The concessions are all part of a giant area held for almost 40 years by Santos/Exxon. The Government forced Santos/Exxon to give up this area in 1998.

PEL 115 consists of 1,106 sq. kms that surround the major Toolachee, Dullangari, and Della gas fields with cumulative estimated recoverable reserves of 1.4 trillion cubic feet of gas and 31 million barrels of oil. Some 31 oil and gas prospects and leads have been defined on 2D and 3D seismic within PEL 115. All areas of the PEL 115 permit have good access to existing oil and gas pipelines and production infrastructure. Three wells, including the Almonta Prospect, are scheduled to be drilled on PEL 115 by the end of 2004.

Impress Ventures NL, a working interest partner in PEL 111 and PEL 115, states the following:

"The Hornet Prospect, a robust 3D controlled feature in the center of Permit 115, is 8 km to the Northeast of the giant Toolachee gas field that has reserves estimated at 1 Trillion cubic feet of gas. The Hornet Prospect has significant upside gas reserves potential if the stratigraphic component of the target Permian Patchawarra Formation traps hydrocarbons. The upside recoverable gas potential is in excess of 25 Billion cubic feet (BCF) of gas while the four-way closure has potential for 11 BCF. The next well to be drilled immediately following the Hornet well is expected to be the Ventura Prospect, a large four-way closed feature to the Southwest of the Narcoonowie oil field with a potential to hold recoverable reserves of up to nine million barrels of oil and 58 BCF of gas. Drilling is expecting to commence in October 2004 on PEL 111 with the Catalina Prospect located 8 km Northeast of the Fly Lake oil and gas field. The Catalina Prospect is a low risk closed feature with the potential to contain recoverable reserves of 25 BCF of gas and four million barrels of oil."

ACOR also holds a 2% working interest under PEL 100 in South Australia and is currently participating in a seismic program on this area. The Company is excited about the opportunity this working interest holds.

Cumulative Gas and Oil Production (By Field) In and Around PEL 115

	Gas	Oil
Dullingari	243.206 BCF	10,235,442 bbls
Dullingari North	43.981 BCF	214,986 bbls
Narcoonowie		670,000 bbls
Toolachee	4.466 BCF	
Toolachee East	97.818 BCF	
Toolachee North	2.638 BCF	
Toolachee NE	23.334 BCF	
Toolachee NW	13.053 BCF	
Toolachee West	346.939 BCF	
Mundi/Tarawonga	29.901 BCF	
Allambi	4.578 BCF	
Munkarie	123.193 BCF	
Marsilea	5.216 BCF	
Caraka	2.707 BCF	
Della	661.550 BCF	

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 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 Sorbanes-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 10, 2004

/s/ ROBERT KAMON

By: Robert Kamon, Secretary and
Principal Financial Officer

EXHIBIT 31.1 -- Certification of Chief Financial Officer pursuant to Section 302 of the Sorbanes-Oxley Act of 2002

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 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

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: August 10, 2004

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

EXHIBIT 31.2 -- Certification of Chief Executive Officer pursuant to Section 302 of the Sorbanes-Oxley Act of 2002

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 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

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: August 10, 2004

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

EXHIBIT 32 -- Certification of Chief Executive Officer and Chief Financial Officer pursuant to Section 906 of the Sorbanes-Oxley Act of 2002

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, 2004 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), Ely Sakhai, Chairman of the Board and President of the Company, and Robert Kamon, Secretary and Chief Financial Officer and Secretary 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.

/s/ Ely Sakhai — August 10, 2004
Ely Sakhai
Chairman of the Board and President

/s/ Robert Kamon — August 10, 2004
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.