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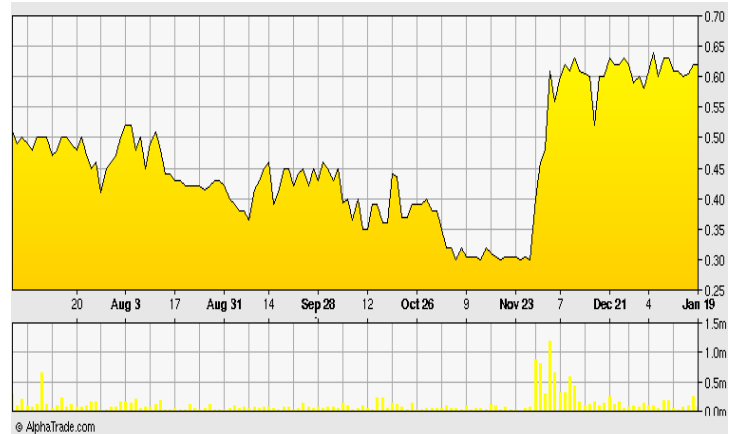
Telephone: (415) 454-6985

January 23, 2010



American Petro-Hunter, Inc.

Symbol	AAPH
Exchange	OTC BB
Recommendation	BUY
Current Price	0.68
52 Week High/ Low	0.68/ 0.02
Avg. volume (3 mo.)	163,302
Shares Outstanding (Mn)	23.7
Current Market Value (\$ Mn)	16.2
Float (% of Shares Outstanding)	99.1%
Beta (36 Month) Average	15.1



Cohen Price Index Target

\$ 3.07

INVESTMENT THESIS & RECOMMENDATION

American Petro-Hunter, Inc. is a rapidly growing, expertly managed exploration and productions (E&P) company aiming to become an intermediate level oil and gas producer within the next 12 months. The Company recently announced the discovery of a new oil field at its Rooney Project, Kansas. Initial 3rd party estimates show this first of 10 wells will produce at 200 BOPD and further estimate that the oil pool has a potential of 500,000 barrels of oil.

American Petro-Hunter aims to become a 1000 BOE producer in the next 12 months by aggressively developing its Rooney and Poston Projects as well as continuing to engage in exploratory drilling opportunities on their Colby Prospect, West Texas Prospect, and Sacramento Gas Prospect,

Key value drivers for the Company include: discovery of a new oil field, existing production, a balanced portfolio of assets, favorable industry economics, and a strong management team. Providing the Company raises approximately \$4.0 million of capital, we forecast significant top line growth as global energy prices begin trading at attractive levels. Revenues are expected to grow from \$0.2 million FYE December 31, 2010 to more than \$48.2 million by FYE 2013. AAPH is potentially a lucrative investment opportunity in the oil and gas E&P space.



EXECUTIVE SUMMARY

- Founded in January 1996, American Petro-Hunter, Inc. (OTC BB: AAPH) is a development stage Company engaged in the development, exploration and production of oil and gas in United States. The Company is currently focused on expanding its in-production assets and commercialization of other acquired assets.
- Larger E&P companies are divesting many production and exploration assets to become more cost efficient. American Petro-Hunter is focusing on such properties that no longer fit the portfolios of larger energy companies.
- The Company has a diversified and balanced portfolio of assets with five production properties in Kansas, Texas and California. The Company has acquired or agreed to acquire 25% to 100% working interest in these exploration and development projects. All these assets are located in prolific oil and gas producing regions and cover 18,250+ acres and reserves of over 3.5 million barrels of oil and 45 BCF.
- AAPH has successfully drilled and started production with Initial Production Rate (I.P.R.) reaching levels of 240 BPD equivalent at the Rooney Oil acreage in Kansas. Management considers this acreage to be a 'core' land holding. The Company plans to drill 9 additional wells at the Rooney Prospect starting in January 2010. Management believes future development of the Rooney Prospect can provide the basis for the requisite BOE production necessary to meet intermediate and long term goals.
- The Company's Poston Prospect is in-production as of July 2009 and the Company is now cash flow positive with production from this field. The Company plans to increase production from 100 to 400 BPD in Poston Field. AAPH also plans to drill 2-3 new wells over the next six months.
- American Petro-Hunter's experienced management team, underdeveloped and unexploited reserves, cutting edge well technology, knowledge and capable engineers provide the Company with a significant competitive advantage.
- The US government is interested in increasing domestic production of natural gas to break the dependence on foreign oil and reach clean energy goals.
- Emerging markets such as China and India, poor geopolitics in key oil producing areas, and economic slowdown in developed nations are likely to place continued pressure on the demand-supply of oil and natural gas.
- There are many large companies in the industry. We do not perceive significant competition at the moment due to the current lifecycle of the product and the Company's small scale operation. The Company stands to gain from existing pipeline, transportation and drilling equipment and infrastructure.
- American Petro Hunter's portfolio of projects include a mix of higher risk and higher reward targets as well as stable, low risk targets. American Petro-Hunter plans on building the Company into a 500-1000 BOE producer in the intermediate term.
- As with any small Company, Capital access and competition from larger companies are important risks associated with American Petro-hunter. The Company will require an additional \$4.0 million in funding to achieve its long term plans. Its inability to raise this additional capital may significantly impact its growth plans.

Financial Forecasts and Valuation

- We expect revenues of \$14.5 million for FYE 2010 and more than \$48.2 million by 2013. The Company is also expected to efficiently manage operations and command significantly higher operating margins and net profit margins.
- The Cohen Price Index Target is calculated using 2010 Price-to-Earnings ratio (P/E), Cohen Price-to-Capital Employed ratio (P/CE), Cohen Discounted Cash Flow (DCF) method and Cohen Price Performance Index. The P/E and P/CE are based on market multiples and representative of the broader industry in which the Company operates. The Cohen Price Performance Index is a representative of the post coverage performance of all stocks covered by us. The last component in calculating the Cohen Price Index Target is the value derived using the long-term DCF valuation approach.
- Based on an average of these methods, AAPH common stock is valued at \$3.07 per share, 352.2% higher than current market price of \$0.68.
- We believe our valuation is conservative, and assuming the Company raises equity capital and is able to explore over 2000 barrels of oil, the stock could trade at much higher levels in the long run.



ABOUT THE COMPANY

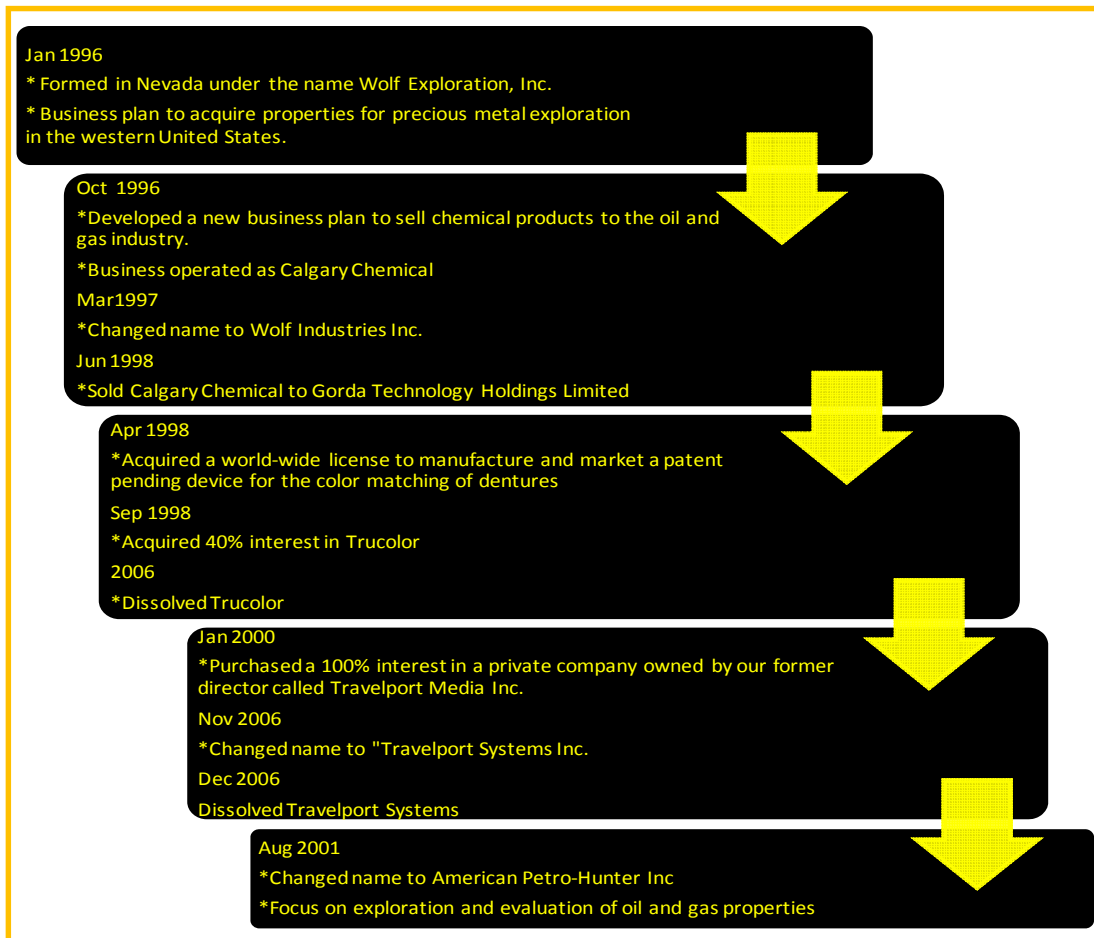
American Petro-Hunter Inc. (OTCBB: AAPH), is a development-stage oil and gas Company. The Company is engaged in the exploration (development projects and secondary recovery) and production of oil and gas, primarily within the United States and Canada. The Company's vision is based on its belief that alternative sources of energy will not become a significant or practical solution for years to come and that the country must support increased domestic drilling. In order to assist the country in reducing its dependence on foreign oil, AAPH intends to explore, develop and produce oil and gas targeting production from smaller, underutilized fields via farm-ins, acquisitions, partnerships and outright purchases. The Company is currently revenue-positive and the number of near term projects is steadily growing.

AAPH recently announced the success of its first well at the Rooney Project, Kansas with IPR of 200 BOPD and estimate potential of 500,000 barrels of oil. The success of the production of oil from Rooney Project coupled with the in-production and cash flow positive operations at Poston Prospect, AAPH is a rapidly growing exploration and production Company which is likely to become an intermediate level oil and gas producer with an annual production capacity of 1000 BOE within the next 12 months. Development of other acquired assets and acquisition of quality exploration projects in targeted jurisdictions will further increase its annual production capacity. American Petro-Hunter's long-term goals are to take the Company through exploration, development and production in excess of the 2000 BOE level. This would create an attractive target for merger or acquisition by one of the majors. American Petro-Hunter is building a strong, balanced and diversified portfolio of oil and gas assets that will result in significant reserve growth, production revenue and value for shareholders.

American Petro-Hunter was formed in January 1996 and was duly incorporated in the State of Nevada with a focus to acquire properties for precious metal exploration in the Western United States. Thereafter, the Company changed its business plan and diversified. It sold chemical products to the oil and gas industry; manufactured and marketed devices for color matching of dentures; and sold travel and media. This occurred prior to changing its name to American Petro-Hunter and focusing on exploration and production of oil and gas.



Figure 1: Evolution of American Petro-Hunter



Source: Cohen Research

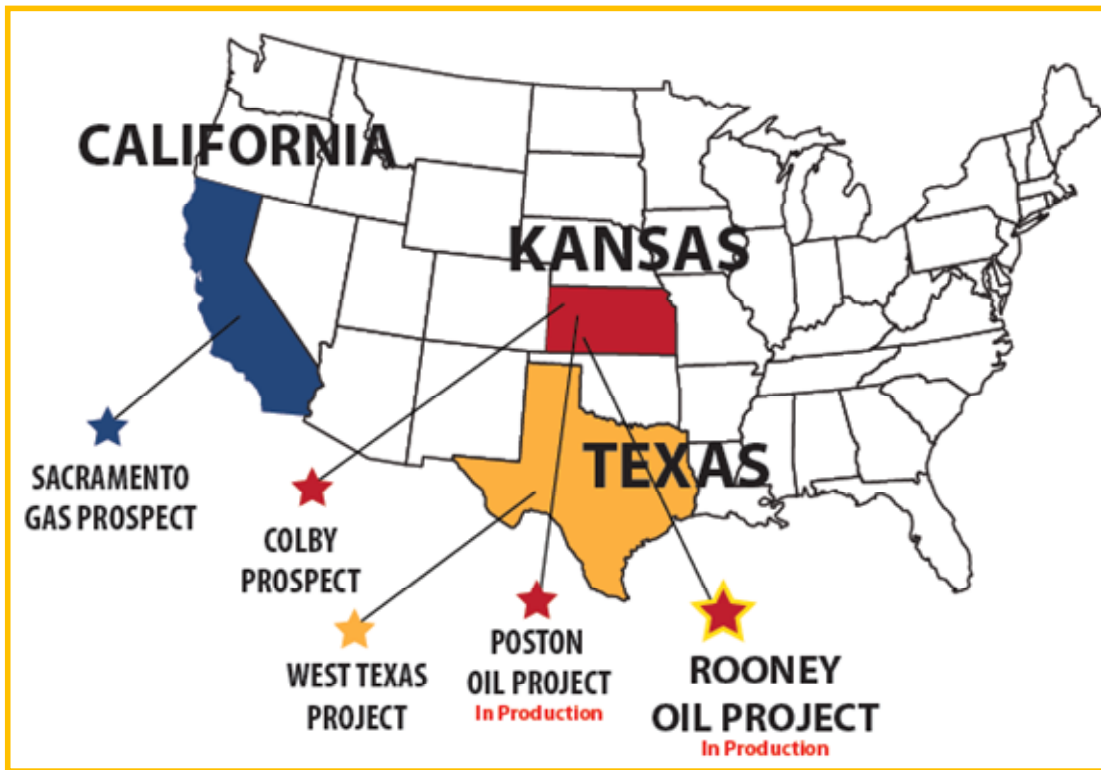


COMPANY PROJECTS

Overview

The Company has a diversified and balanced a portfolio of assets with five production properties in Kansas, Texas and California. American Petro-Hunter's Poston Project, Trego County, Kansas and Rooney Oil Project, Ford County, Kansas are already in-production. Other prospects include: Colby Prospect, Thomas County, Kansas; West Texas Project, Crockett County, Texas; and Sacramento Gas Prospect, Central Valley, California. The exhibits below provide a geographical map and overview of the Company's various projects.

Figure 2: Geographical Location of Company's Projects



Source: Company Corporate Overview, January 2010



Figure 3: Overview of Company's Oil and Gas Projects

Project	Rooney Oil Project	Poston Project Lutters #1 Well	Colby Prospect #1 Keck Well	West Texas Project	Sacramento Gas Prospect
Location	Ford County, KS	Trego County, KS	Thomas County, KS	Crockett County, West Texas	Central Valley, CA
Overview	In Production	In Production	Analog Production: 30 BOPD to 200 BOPD within twenty miles	Analog: 6 Wells Producing 300-500 Mcf per day	Analog: Union Island (271 BCF), Vernalis (103 BCF) and McMullin Ranch (63 BCF)
Land	5120 gross acres	750 gross acres	500 gross acres	9,000 + gross acres under lease	1,000+ gross acres
Interest*	50% WI / 40.75% NRI	25% WI / 20.4% NRI	25% WI / 20.4% NRI	Purchase 100% W.I. in 2 producers	25% WI
Depth	5,400 ft.	5,000 ft.	4,900 ft.	4,400 – 5,500 Feet.	7400 ft.
Reserve Est.**	500,000 BO	240,000 BO	200,000 BO	0.5 BCF per location	47 BCF
Drilling	1st well in production 2nd well Jan 2010 8 wells to follow - 1 per month	2-3 wells 2010	2-3 wells 2010	June 2010	Recent seismic - in development

Source: Company Corporate Overview, January 2010

Rooney Oil Project, Kansas

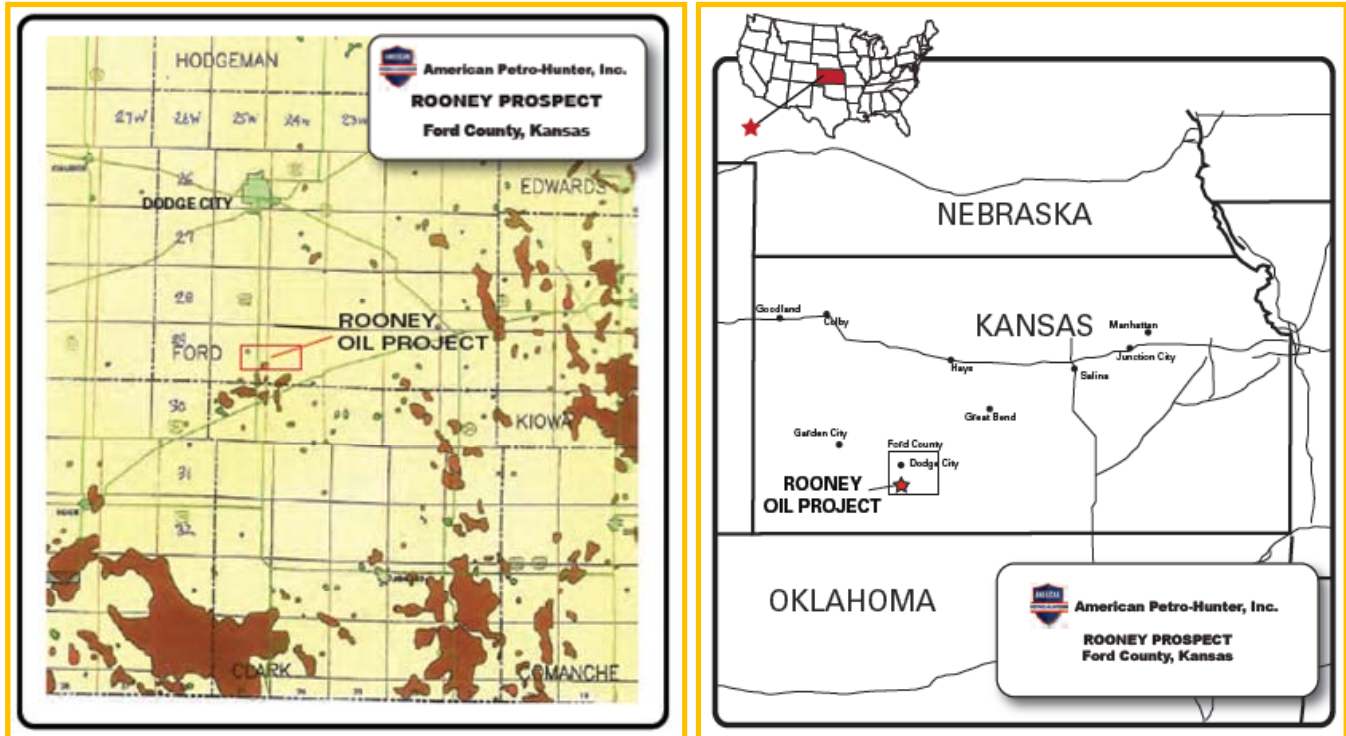
American Petro-Hunter owns a 50% Working Interest and 40.75% Net Revenue Interest in the Rooney Project, located at Ford County Kansas. Site preparations at the #24-1 Double H Well were completed and the Company commenced of full scale commercial oil and gas production on January 05, 2010, reaching initial production levels of 240 BPD equivalent. Management considers this acreage to be a “core” land holding, one with future development that can provide the basis for the requisite BOE production necessary to meet corporate intermediate and long term goals.

In addition to the eight sections totaling 5,120 acres in T-29-S, R-24 & 25W Ford County, AAPH has reported that it leased an additional three sections of land totaling 1,920 acres. This increases the current Rooney Project land position to over 7,000 acres.

An additional offset location will be created in order to fully exploit the acreage at Rooney by January 2010 and management expects to drill an additional well every month for the next 8 months. Full development of the field could produce up to 600 BOPD of light oil. Estimates for recoverable barrels of oil are estimated to total approximately 3 million barrels under lease at the 10 drilled locations.



Figure 4: Location Map – Rooney Oil Project



Source: Company Corporate Overview, January 2010

Figure 5: Project Highlights – Rooney Oil Project

Projected Initial Production Rate:	Over 200 BOPD
Location:	Ford County, Kansas
Analog Production:	Wells 2 miles away cum. 344,000 BO and 1 BCF gas- other wells 35-40,000 barrels
Land Holdings:	5120 gross acres under lease
Interest:	50% Working Interest, 40.75% NRI
Depth of Test:	5,400 ft.
Recoverable Reserves Estimate:	500,000 barrels potential
Gross Pay Interval:	12+ ft.
Number of Locations:	1st well in production 2nd well Jan 2010 8 wells to follow - 1 per month

Source: Company Corporate Overview, January 2010

Poston Prospect, Kansas

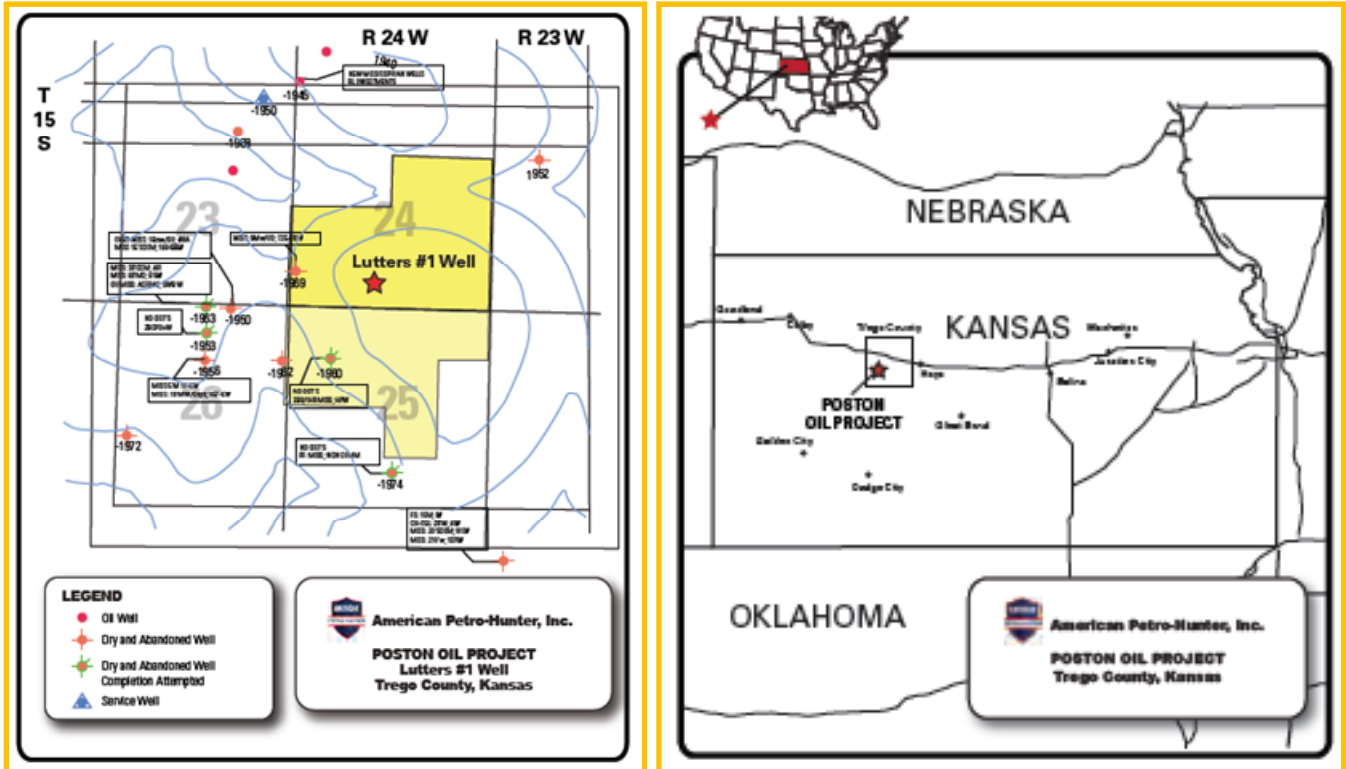
American Petro-Hunter owns a 25% Working Interest and 20.4% Net Revenue Interest in the Poston Prospect, located in Trego County Kansas. The 750 acre block contains a potential multi well program with the first named the #1 Lutters Well. The well was drilled and completed in June 2009 and is currently in production. There is excellent transportation and support infrastructure in the area easily



supporting a requisite storage tank battery at the location. American Petro-Hunter has achieved a cash-flow status for the Poston Prospect.

An additional two to three offset locations are needed in order to fully exploit the acreage at Poston. Full development of the field could produce up to 400 BOPD of light oil. Estimates for recoverable barrels of oil are up to 60,000 per well location, or 240,000 barrels total under lease with 4 locations drilled.

Figure 6: Location Map – Poston Prospect



Source: Company Corporate Overview, January 2010



Figure 7: Project Highlights – Poston Prospect

Location:	Trego County, Kansas
Analog Production:	Wells 1.5 miles away producing between 35 BOPD and 200 BOPD
Land Holdings:	750 gross acres under lease
Interest:	25% Working Interest, 20.4% NRI
Formation:	Mississippian Dolomite, Cherokee Sands
Depth of Test:	5,000 ft.
Depth of Target Interval:	4,800+/- ft.
Recoverable Reserves Estimate:	60,000 BOPW–240,000 Barrels potential fully developed
Gross Pay Interval:	7-10 ft.
Number of Locations to Drill:	2-3 wells – 2010
Projected Initial Production Rate:	40-100 BOPD
Production Facilities:	Tank Battery Required

Source: Company Corporate Overview, January 2010

Colby Prospect, Kansas

American Petro-Hunter has acquired a 25% Working Interest and 20.4% Net Revenue Interest in the Colby Prospect, located in Thomas County, Kansas. The 500 acre block owned by AAPH is a viable location with a well defined 3D seismic anomaly that includes seven potential zones for testing. The management expects to drill the first test well in the immediate term. Current estimates place the potential production from the indicated pay zones at between 75 and 100 barrels per day. Full development of the field from two or three offset well locations on the structure could produce between 200 and 400 BOPD.



Figure 8: Location Map – Colby Prospect



Source: Company Corporate Overview, January 2010

Figure 9: Project Highlights – Colby Prospect

Location:	Thomas County, Kansas
Analog Production:	30 BOPD to 200 BOPD up to twenty miles
Land Holdings:	500 gross acres under lease
Interest:	25% Working Interest, 20.4% NRI
Formation:	7 zones to test. Primary objectives Lansing and Kansas City Formations - Limestone and sands
Depth of Test:	4,900 ft.
Depth of Target Interval:	4,700+/- ft.
Recoverable Reserves Estimate:	50,000 BOPW—200,000 Barrels potential fully developed
Gross Pay Interval:	1-20 ft.
Number of Locations to Drill:	2-3 wells - 2010
Projected Initial Production Rate:	75-100 BOPD
Production Facilities:	Tank Battery Required

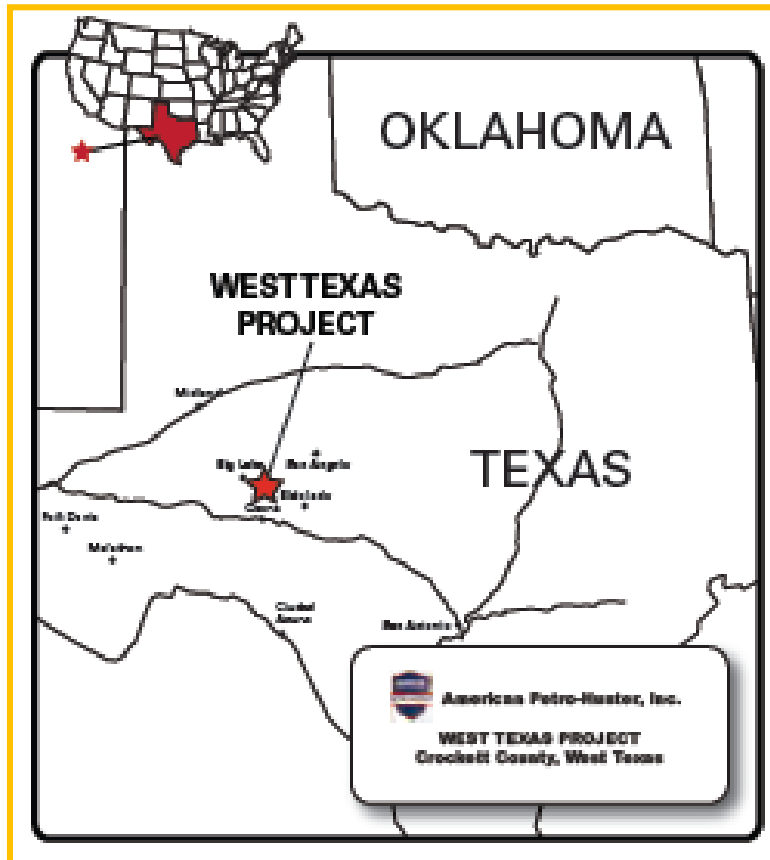
Source: Company Corporate Overview, January 2010



West Texas Prospect, Texas

American Petro-Hunter has entered into an agreement (Letter of Intent) to purchase 100% production from two existing gas wells from Oxalis Energy Group. Currently under due diligence, the Company intends to purchase a minimum of 1.0 MMCF per day from the two wells for a proposed purchase price of \$1.5 million. In addition to the two existing gas wells, the Company will have the rights to drill a minimum of eight additional development locations. With production of 500 MCF per day, ten wells could potentially produce 5 MMCF and pay out in less than 1 year.

Figure 10: Location Map – West Texas Prospect



Source: Company Corporate Overview, January 2010



Figure 11: Project Highlights – West Texas Prospect

Location:	Crockett County, West Texas
Analog Production:	6 Wells Producing 300-500 Mcf per day
Land Holdings:	9,000 + gross acres under lease
Interest:	Purchasing 100% working interest in 2 producers
Formation:	Canyon Sandstone
Depth of Test:	4,400 - 5,500 Feet.
Depth of Target Interval:	4,600-4,800 ft.
Recoverable Reserves Estimate:	0.5 BCF per well location
Gross Pay Interval:	Gas Intervals over 200 feet of sands
Number of Locations to Drill:	6
Projected Initial Production Rate:	300-500 MCF per day
Production Facilities:	Pipeline in place

Source: Company Corporate Overview, January 2010

Sacramento Gas Prospect, California

American Petro-Hunter has acquired a 25% working interest in the Sacramento Gas Project, located west of Modesto in the Central Valley of California, near Sacramento. Potential Recoverable Reserves have been calculated to be 42 BCF at a depth of 7,400 feet within sands. Third party engineering results show that if the pay zone is 100% gas filled and the well is brought into commercial production, an IPR (initial production rate) of 5,000 Mcf per day can be easily achieved. Based on the analog field's production rate, the Company targets daily commercial production rates between 2,000 to 4,000 Mcf per day.



Figure 12: Location Map – Sacramento Gas Prospect



Source: Company Corporate Overview, January 2010

Figure 13: Project Highlights – Sacramento Gas Prospect

Location:	Central Valley California, Sacramento / Modesto Area.
Analog Fields:	Union Island (271 BCF) Vernalis (103 BCF) McMullin Ranch (63 BCF)
Land Holdings:	1,000+ Gross Acres
Interest:	25% Working Interest.
Target:	Target sands defined by 2D seismic.
Drilling Timeline:	3 Well Program Projected - New seismic just completed - program in development
Drainage Area:	650+ acres
Gross Pay Interval:	50 feet of sand pay at 7,400'
Potential Recoverable Reserves:	42 BCF

Source: Company Corporate Overview, January 2010



COMPANY PROJECT LOCATION OVERVIEW

Kansas State

Kansas ranks among the top ten States in crude oil production. The Anadarko Shelf in southwestern Kansas contains the Hugoton Gas Area, one of the top producing natural gas fields in the United States. The Mid-Continent Center, located in Wichita, is a key natural gas supply hub. It merges production from several States in the region before piping it east toward major consumption markets. Natural gas production from coal-bed methane is rapidly expanding in the Cherokee Platform, where reserves have become economically recoverable.

The Kansas oil and gas industry is nearly a \$6.3 billion industry with over 2,100 licensed oil and natural gas producers producing nearly 40 million barrels of oil annually and over 383 billion cubic feet of natural gas annually in Kansas.

Texas

Texas is the leading crude oil-producing State in the U.S. with its signature crude oil. Known as West Texas Intermediate (WTI), it is the benchmark of crude oil in America. Texas's 27 petroleum refineries can process more than 4.7 million barrels of crude oil per day. They account to more than one-fourth of the total U.S. refining capacity. In addition, approximately three-tenths of the total U.S. natural gas production occurs in Texas, making it the nation's leading natural gas producer.

Texas has known petroleum deposits of about 5 billion barrels. This is equivalent to approximately one-fourth of the known U.S. reserves. Several petroleum companies are based in Texas such as: Conoco-Phillips, Exxon-Mobil, Halliburton, Valero, and Marathon Oil.

California

California is rich in both conventional and renewable energy resources. It has large crude oil and substantial natural gas deposits in six geological basins, located in the Central Valley and along the Pacific coast. Most of those reserves are concentrated in the southern San Joaquin Basin. Seventeen of the Nation's 100 largest oil fields are located in California, including the Belridge South oil field, the third largest oil field in the contiguous United States.

California ranks third in the United States in petroleum refining capacity and accounts for more than one-tenth of total U.S. capacity. California's largest refineries are highly sophisticated. They are capable of processing a wide variety of crude oil types designed to yield a high percentage of light products like motor gasoline.



GLOBAL OIL AND GAS INDUSTRY OVERVIEW

Economic slowdown, rising exploration, production costs, and the increasing imbalance between demand and supply are the primary drivers for the volatility in oil prices. The inability of oil companies to replace their reserves and depletion of the proven reserves is the principle reason for ongoing supply constraints. Existing reserves are depleting due to rising energy needs of growing economies such as China, India and Brazil. OPEC does not have spare capacity to increase supply. It is also increasingly difficult for companies to find new oil fields. Iran's nuclear standoff, civil unrest in Nigeria, nationalization of production by Venezuela, Ecuador, and Bolivia and maturing fields in the U.S. and Europe further constrain supplies. Increases in oil supply are dependent upon technological advancements or price increases in order to make unviable oil resources profitable. Speculative market activities are increasing the demand for oil. The limited supply of drilling and exploration equipment and the growing cost of steel and other raw materials are driving costs higher. A solution is to use previously abandoned land for profitable oil production and use new technology in order to meet the growing demand-supply imbalance. Exploration of oil sands is another important solution.

Figure 14: Industry Overview

	2006	2007	2008	2009E	2010E
Total OECD	49.6	49.1	47.7	46.4	46.4
North America	23.3	23.4	22.1	21.7	22.0
Europe	15.7	15.3	15.2	14.7	14.7
Other	10.6	10.4	10.4	10.0	9.7
Total non-OECD	35.4	36.8	38.2	38.7	39.6
Former Soviet Union	4.2	4.2	4.3	4.3	4.3
China	7.2	7.6	8.0	8.3	8.5
Other Asia	8.8	9.1	9.2	9.1	9.1
Other non-OECD	15.2	15.9	16.7	17.0	17.7
Overall total	85.0	85.9	85.9	85.1	86.0

Source: www.eia.doe.gov/emeu/steo/pub/3tab.html

	2006	2007	2008	2009E	2010E
Total Non-OPEC	49.8	50.0	49.7	49.9	50.0
North America	15.3	15.4	15.0	15.2	15.2
Other OECD	6.3	6.1	5.8	5.5	5.2
Former Soviet Union	12.1	12.6	12.5	12.6	12.8
China	3.8	3.9	3.0	4.0	4.0
Others	12.3	12.0	13.4	12.6	12.8
OPEC	34.7	34.4	35.8	35.0	36.6
Overall total	84.5	84.4	85.5	84.9	86.6

Source: <http://www.eia.doe.gov/emeu/steo/pub/3tab.html>

**Figure 15: Oil Price Forecasts**

Oil Price Data & Forecasts, 2008-2013 (US\$/bbl)

	2008	2009f	2010f	2011f	2012f	2013f
OPEC basket	94.08	52.00	58.00	65.00	70.00	70.00
WTI	99.33	56.63	62.63	69.63	74.63	74.63
Brent	97.06	55.65	61.65	68.65	73.65	73.65
Urals	94.56	52.48	58.48	65.48	70.48	70.48

f = forecast. Source: BMI

Crude Price Data & Forecasts, Q308-Q409 (US\$/bbl)

	Q308	Q408	Q109f	Q209f	Q309f	Q409f
Brent	114.78	55.56	43.65	55.98	60.65	62.32
Urals – Med	113.27	53.96	40.48	52.81	57.48	59.14
WTI	117.83	59.11	44.63	56.96	61.63	63.30
OPEC basket	113.49	52.53	40.00	52.33	57.00	58.67
Dubai	113.34	51.61	39.38	51.71	56.38	58.05

f = forecast. Source: BMI

COMPETITION

The global oil and gas industry is very competitive with competition between numerous individuals, smaller companies, and major oil and gas companies. The primary factors differentiating major companies from smaller ones are increased technical, financial and operational resources and staff. We believe several factors differentiate American Petro-Hunter from its competitors, as discussed in the Growth Driver section of our report.



COMPANY GROWTH DRIVERS

Figure 16: American Petro-Hunter's Growth and Value Drivers



Source: Cohen Research



FINANCIAL FORECASTS

Figure 17: Production and Revenue Forecasts – Base Case

all figures in \$ 000s	2009E	2010E	2011E	2012E	2013E
Units of Production					
Kansas - Poston	2,812	6,836	11,155	13,944	15,338
Kansas - Rooney	-	201,700	438,000	547,500	602,250
Others			2,800	6,500	10,000
Net Oil Production (Barrels)	2,812	208,536	451,955	567,944	627,588
Kansas - Poston	-	-	-	-	-
Kansas - Rooney	-	2,017	4,380	5,475	6,023
Others			200	430	550
Net Gas Production (MCF)	-	2,017	4,580	5,905	6,573
Crude Oil Prices	69.48	71.95	75.15	77.24	79.26
Natural Gas Prices	4.46	5.94	6.73	6.92	7.04
Total Revenue	195	15,016	33,995	43,906	49,789
% Growth	NM	7585.6%	126.4%	29.2%	13.4%

Source: Cohen Research

Figure 18: Sales, Earnings and Margin Forecasts – Base Case

all figures in \$ 000s; unless otherwise	2009E	2010E	2011E	2012E	2013E
Revenues	190	14,547	32,865	42,487	48,221
% growth	NM	7566.1%	125.9%	29.3%	13.5%
EBIT	(90)	12,819	29,032	37,491	42,508
EBIT Margin	-47.5%	88.1%	88.3%	88.2%	88.2%
Net Profit	(152)	8,419	19,130	24,722	28,040
Net Profit Margin	-80.0%	57.9%	58.2%	58.2%	58.1%
Earnings Per Share - Diluted	(0.01)	0.35	0.81	1.04	1.18
Free Cash Flow to Firm	(2,669)	2,117	15,293	20,215	23,620

Source: Cohen Research

We expect significant revenues as the Company continues to bring more wells into production. Commercialization of reserves in Rooney and Poston Oil using superior technology and potential commercial production of other assets will result in revenues of \$14.5 million for FYE 2010 and \$32.8 million in FYE 2011. We expect revenues to grow thereafter to \$48.2 million by FYE 2018. The key driver for this growth is continued demand for oil and gas. The Company has acquired working interests in quality oil and gas projects currently focused in Kansas, Texas and California. The Company's acquisitions are an intelligent mix of acceptable risk, high profit and short return in historically successful and productive regions. There are a number of established companies in the industry and the available equipment and infrastructure is excellent. As a result AAPH is likely to ensure higher operating margins throughout our forecast period (Management Guidance).

The robust industry demand together with focus on cost effective and efficient exploration will drive AAPH's operations. Our estimates are conservative, and we assume maximum production only from the current in-production prospects. Other assets are expected to add a very low percentage to the Company's total production. Any significant rise in the production activities from other assets will further strengthen the Company's top-line and enhance shareholder value. Growth prospects are impressive. We believe management will be able to achieve our forecasts, provided it receives \$4 million in funding.



VALUATION

THE COHEN PRICE TARGET™ - \$3.07

The Cohen Price Target™ is derived using a combination of academic and market-based valuation approaches. The following four equal weighted (25%) components used in calculating our target price, include the assumption of capital raised:

1. The first 25% equal weighted component: is the market multiple based valuation methodology. This method uses the industry average 2010E Price-to-Earnings ratio to calculate the potential stock price (and/or price to Book if an asset based company). We take the average Price-to-Earnings multiple of a given industry. This means that, on an average, stocks in this industry should currently trade at a multiple times their 2010 expected earnings. These earnings are usually only generated by a small company raising cash to meet its master budget. The index, therefore, reflects capital invested in any micro/small cap company.
2. The second 25% equal weighted component: Cohen Capital Employed based valuation. Most start-up and micro/small cap companies require significant capital to meet our projections. Our Cohen Price Target™ reflects the Company's ability to raise additional capital. Based on our capital projection and long-term price target from our Cohen DCF™ valuation model, we derive a Price-to-Capital Employed ratio. We then multiply this ratio with our capital employed per share assumption to derive this target price.
3. Our third 25% equal weighted component is our use of the Cohen Price Performance Index™, which calculates the average price increase of all the stocks covered by Grass Roots Research and Distribution Inc. and Cohen Research after their release. Currently, for the week ending January 15, 2010 the Cohen Price Performance Index™ is up by 95.7%, meaning that we expect the stock to follow the same trend and rise by 95.7%. To date, since May 2009, 95.5% of all of our stocks post report release have traded above the price of our initiate coverage report within 25 days. The Index assumes that all of its companies had capital employed in each company. In general, almost 100% of our researched stocks went up close to 100%.
4. Our fourth 25% equal weighted component is our Cohen Discounted Cash Flow (DCF) method of valuation. Our Cohen DCF™ valuation includes a complex trademarked formula proprietary to our firm, which includes an assumed long-term sustainable growth rate, cost of capital and assumed capital invested in a given company. Our DCF price target values a company today, based on projections of how much future cash will be generated from a given company. We assume that a company is worth all of the cash it can make available to investors in the future. It is called 'discounted' cash flow because cash in the future is worth less than cash today, and therefore must be discounted to today. We forecast various line items including assuming a given amount of capital is raised, to calculate the free cash flow we project a company to generate during our 5 year forecasted time period. If a company does not raise our estimated cash requirements, it is highly unlikely to reach our forecasts and can go out of business. After using a formula to discount free cash flow, we divide the total forecasted equity of the company by the shares of stock outstanding to calculate our Cohen DCF™ valuation, or theoretical price



per share target. We believe the Cohen DCFTM formula is a more accurate measurement of operating cash than the traditional DCF used by most Wall Street research analysts. A DCF, or 5 year forecasted free cash flow projection, cannot be calculated without forecasting the three statements (IS,BS,CF) for 5 years. We are the only firm in the investor awareness industry that forecasts all of our companies for 5 years in three assumed cases. We believe this in depth level of securities analysis is a must for all of our companies, and is a foundation of the Cohen Research MethodTM.

Our formula for The Cohen Price TargetTM is shown below.

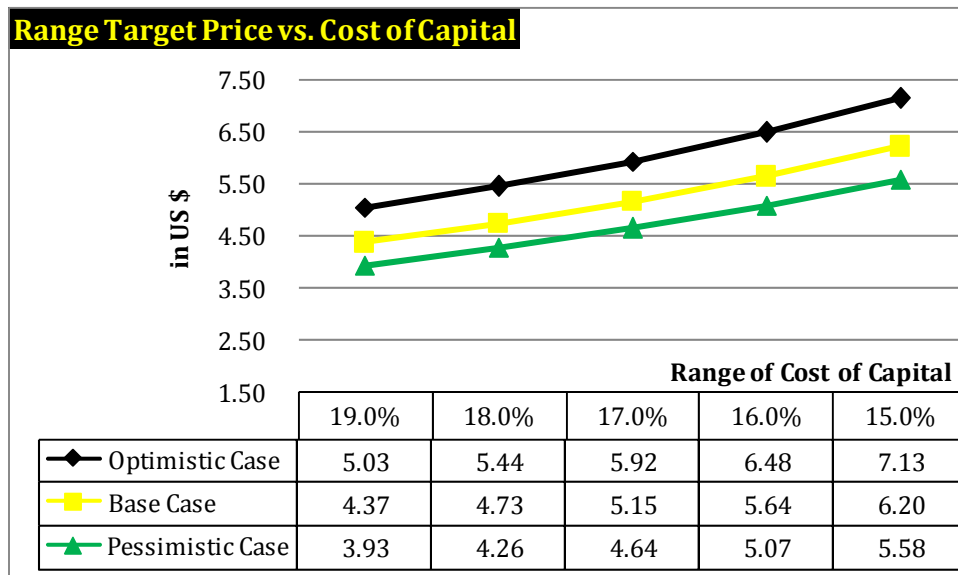
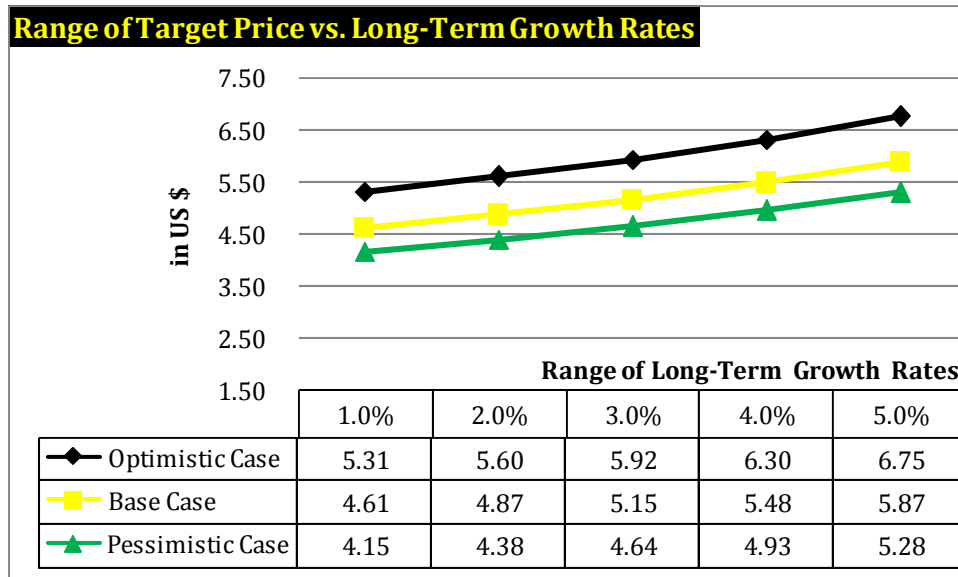
Figure 19: The Cohen Price TargetTM Formula

Price-to-Earnings (P/E)		in US\$
AAPH - Earnings Per Share - 2010 Forecasts	0.35	
Industry Average P/E Ratio	10.53	
Price based on P/E Ratio		3.73
Price-to-Capital Employed (P/CE)		in US\$
AAPH - Capital Employed	0.46	
Industry Average P/CE Ratio	6.20	
Price based on P/CE Ratio		2.85
Cohen Discounted Cash Flow Model		in US\$
Cohen DCF Value - Base Case		5.15
Cohen Performance Index		in US\$
Cohen Price Performance Index Value	95.7%	
AAPH - Current Stock Price	0.62	
Price based on Cohen Performance Index		1.21
Simple Average of Price Targets		3.24
Discount/ Present Value Factor		0.95
Cohen Price Index Target		3.07
Current Price		0.68
Upside/ (Downside) Potential		352.2%

Source: Cohen Research



Figure 20: Cohen Discounted Cash Flow™



Source: Cohen Research

Capital raising and cash are the life blood of any micro cap/small company. Our Cohen Price Target™ includes 4 components, 25% equal weighted, that together reflect capital is raised in our client companies. Our components are trademarked and proprietary to our firm, as is the Cohen Performance Index™.

Most micro/small cap companies have difficulty raising sufficient funds to reach our theoretical forecasts; hence there is considerable risk for any investor. While we do not give investment advice, any company that cannot raise adequate capital to finance its business model is a highly risky investment, short term or long term. Investment awareness campaigns also affect our price targets. Do not rely on



our price targets because they are based on academic theory. Do your own research or consult with your investment professional.

We believe our Cohen Price Target is conservative because our forecast for AAPH's revenues in 2010 and 2011 is based on minimal investment in capital generating assets and lowest expected oil and gas prices. Any additional capital expenditure or increase in prices will add to the top-line as well as the bottom line, thus resulting in potentially higher share prices. As a practical matter, if AAPH receives more than the proposed \$4.0 million of funding and expands its portfolio of assets, the stock could trade at significantly higher prices in the long term.



COHEN GROWTH DRIVER ANALYSIS

Figure 21: Cohen Growth Driver Analysis – Base Case

Annual Revenues, Margins, Assets, Turns					
all figures in \$ 000s	2009E	2010E	2011E	2012E	2013E
Net Revenue	190	14,547	32,865	42,487	48,221
Operating Margin	-47.5%	88.1%	88.3%	88.2%	88.2%
Net Margin	-95.3%	87.7%	88.2%	88.2%	88.1%
EPS - Diluted	(0.01)	0.35	0.81	1.04	1.18
EBITDA	(90)	12,819	29,032	37,491	42,508
Free Cash Flow	(2,669)	2,117	15,293	20,215	23,620
Cash	44	6,207	31,073	63,752	101,651
Working Capital	(443)	2,897	5,916	9,347	12,537
Long Term Debt	1,300.0	1,050.0	800.0	550.0	400.0
Total Debt	1,300.0	1,050.0	800.0	550.0	400.0
Total Assets	1,110	13,188	41,495	78,218	119,878
DSO	-	77	66	80	95

Percentage Change in Annual Revenues, Margins, Assets, Turns					
	2009E	2010E	2011E	2012E	2013E
Revenues	NM	7566.1%	125.9%	29.3%	13.5%
Operating Margin	NM	135.7%	0.2%	-0.1%	-0.1%
Net Margin	NM	183.0%	0.5%	0.0%	-0.1%
EPS - Diluted	50.8%	-5646.5%	127.2%	29.2%	13.4%
EBITDA	-25.4%	-14311.9%	126.5%	29.1%	13.4%
Free Cash Flow	NM	NM	622.4%	32.2%	16.8%
Cash	32300.3%	13985.7%	400.6%	105.2%	59.4%
Working Capital	-2.4%	-753.9%	104.2%	58.0%	34.1%
Total Debt	NM	-19.2%	-23.8%	-31.3%	-27.3%
Total Assets	51814.4%	1087.6%	214.6%	88.5%	53.3%
DSO	NM	NM	-14.3%	22.2%	18.2%

Source: Cohen Research

The Cohen Growth Drivers Model is an intelligent road map used by many securities analysts to analyze the forecasted growth of a given company. American Petro-Hunters is expected to generate revenue from sale of Oil and Natural Gas. The Company expects to cater to the large and growing market for natural gas as a clean transportation fuel. The Company is expected to continue acquiring unique assets that fit the investment strategy of the firm.

The Company plans to spend approximately \$4 million in capital expenditures in the next 24 months. These expenditures will be directed toward developing existing proved and probable reserves on the Kansas, Texas and California acreage, drilling and evaluating new project areas.

Robert McIntosh is the CEO and Director of the Company. Mr. McIntosh has been a businessman and consulting geologist for the past 25 years. He is experienced both as a resource exploration geoscientist alongside noteworthy strengths in all facets of corporate development. His skills encompass virtually every aspect of oil and gas exploration, well completion and production techniques combined with a diverse experience in project acquisition, negotiations, contracts, and project divestitures within the petroleum industry. He has developed significant expertise and industry contacts in his various roles across the publicly traded market sector as well as with private junior E&P companies. We believe AAPH is a well managed company.



CONCLUSION

American Petro-Hunter, Inc. is swiftly transforming itself from a developmental stage company to a commercially in-production and cash flow positive oil and gas company. The Company continuously evaluates opportunities for expansion within that industry through acquisition or other strategic relationships. The Company has and continues to develop a strong, balanced and diversified portfolio of oil and gas assets to create significant reserve growth, production revenue and value for shareholders. We believe that continued industry growth through the development and exploration of conventional domestic oil and gas reserves will provide essential near-term growth drivers.

The Company can grow organically by raising and utilizing the funding its needs to establish new interests in potentially lucrative projects. The Company can rapidly enhance the value of its assets by participating in known ventures. The Company's business model is scalable and is able to accommodate larger capital infusions with correspondingly larger returns in dollar terms.

We expect significant growth potential from AAPH's prolific oil and gas projects in Kansas in the immediate to medium term. The prospects of the Company have further brightened after it went in-production at its core acreage at the Rooney Oil Project. This will expedite revenue growth and increase free cash flows, thus providing the capital expansion and commercialization of its other projects. Revenues are expected to grow from \$0.2 million for Fiscal Year End (FYE) December 31, 2009 to more than \$48.2 million by FYE 2013. Do note: our projections assumes that the Company will be able to achieve our forecasted targets provided it raises \$4 million funding.

The quality of the portfolio assembled is excellent. We believe this quality together with the experience and proven track record of its management team will enable enhanced returns on investment. The Company intends to become an intermediate level oil and gas producer. It will achieve this level as a producer by acquiring and developing high quality projects with existing production and expansion potential. In addition it will possess defined-risk developmental and exploratory drilling opportunities. American Petro-Hunter provides an exciting long term investment opportunity.

RS/Grass Roots Distribution Research



LATEST PRESS RELEASE

American Petro-Hunter Updates Preparations for Oil Production at Rooney Project -- Company Adds Additional Acreage to Holdings

Press Release Source: American Petro-Hunter, Inc.

On Monday January 11, 2010, 9:00 am EST

SCOTTSDALE, AZ--(Marketwire - 01/11/10) - American Petro-Hunter, Inc. (OTC.BB:AAPH - News) ("American Petro-Hunter" or the "Company") today is very pleased to announce that the #24-1 Double H well commenced oil production on January 4th.

The Initial Production Rate (I.P.R.) has reached levels of 240 BPD equivalent (10 barrels per hour) at between a 75% to 98% oil cut. The oil to the tanks is actually being limited due to high gas pressures and gas flow estimated at 150,000 to 200,000 cubic feet per day levels (150-200 MCF per day). The operator is working to contain the gas as soon as a tie-in to a nearby pipeline can be accomplished. The high gas pressures have not dropped sufficiently to allow the free steady flow of oil to the tanks at this time. However, once the gas is contained the Company will achieve a definitive assessment of stable production rates which are indicated currently at over 200 barrels per day.

The Company will report when further data on daily rates are received from the operator and will closely monitor production over the next 30 to 60 days. Predicting actual rates is approximate and the total barrels per day produced may exceed or be less than calculated therefore oil pumped to the tanks is the most accurate assessment of any early stage producer.

In related news, an oil purchase contract has been executed with N.C.R.A. (National Co-op Refinery Assoc.) of McPherson, Kansas to purchase all production at the Rooney lease. The Company and operator have negotiated a premium to Kansas common oil prices reflecting the value and quality of the 44 degree oil being produced at Rooney. Also, NGPL-Midcont gas prices are currently trading in the \$6.20 per MCF range.

As previously reported, a review of the Rooney engineering and seismic data has indicated that this newly discovered oil and gas reservoir has a potential aerial extent exceeding the acreage of existing nearby oil fields in the area that have produced in excess of 2.5 million barrels of oil. If the Company is successful in its initial 10 well drill program and should the entire seismically indicated target prove productive, Rooney could mature into a full field development project offering a recovery scenario in excess of 3 million barrels of oil based on this comparative analogy.

About the Rooney Project:

The Rooney Project is located in southwestern Ford County, Kansas 20 miles due south of Dodge City and totals 7,040 acres adjacent to the north edge of existing Morrow Sand oil and gas production. The initial discovery well, #24-1 Double H is anticipated to begin production at rates over 200 barrels per



day. After a review of the 3D seismic data in conjunction with the electronic logs, the potential barrels of oil associated well and oil pool is currently estimated at 500,000 barrels. The Company and partners have developed a minimum of 10 target locations to drill that could enable the Company to add 8 additional wells to its portfolio by the end of the third quarter of 2010. The operator of the project is S&W Oil & Gas, LLC of Wichita, Kansas. Please visit www.americanpetrohunter.com to view background information on the project as well as recent photos of drilling operations in Kansas.

About American Petro-Hunter, Inc. (OTCBB: AAPH)

The Company is a goal-oriented exploration and production (E&P) Company aiming to become an intermediate level oil and gas producer within 12 months. The Company is in production at the Poston Project in Trego County, Kansas and plans to have the Rooney project in production shortly. With the achievable target of becoming a 1000 BOE producer as our goal, American Petro-Hunter is actively on the "hunt" for domestic petroleum assets. Visit us at: www.americanpetrohunter.com



HISTORICAL HEADLINES

Jan 04/10 *American Petro-Hunter Updates Preparations for Oil Production at Rooney Project -- Company Adds Additional Acreage to Holdings (MRW)*

Dec 21/09 *American Petro-Hunter Announces Development Plans for Rooney Oil and Gas Project (MRW)*

Dec 15/09 *American Petro-Hunter Completes #24-1 Double H Well -- Prepares for January Oil and Gas Production at Rooney, Kansas (MRW)*

Dec 09/09 *American Petro-Hunter's Rooney Project Tests at Over 200 Barrels of Oil per Day With Estimated 500,000 Barrel Potential (MRW)*

Dec 04/09 *American Petro-Hunter Updates Completion Plans for #24-1 Double H Oil Well at Rooney Project, Kansas (MRW)*

Dec 01/09 *American Petro-Hunter Announces Completion of Commercial Oil Well at Rooney Project, Kansas (MRW)*

Nov 23/09 *American Petro-Hunter Announces Spud of #24-1 Double H Oil Well at Rooney Prospect, Kansas (MRW)*

Nov 12/09 *American Petro-Hunter Announces Commencement of Drilling Operations at #24-1 Double H Oil Well in Kansas (MRW)*

Nov 04/09 *American Petro-Hunter to Purchase Texas Gas Production and Reports on Operations (MRW)*

Oct 20/09 *American Petro-Hunter Announces Spud of #1 Keck Oil Well at Colby Prospect, Kansas (MRW)*

Oct 14/09 *American Petro-Hunter Updates Drilling of Archer-Tsakopoulos #2 Well at Wurster Gas Prospect, California (MRW)*

**FINANCIAL EXHIBITS****Income Statement - Base Case**

all figures in \$ 000s	2009E	2010E	2011E	2012E	2013E
Net Production Revenue	190	14,547	32,865	42,487	48,221
Expenses					
General and administrative	228	727	1,643	2,124	2,411
Executive compensation	57	1,455	3,286	4,249	4,822
Rent	1	15	33	42	48
Total Expenses	286	2,197	4,963	6,415	7,281
Operating Profit/ EBIT	(90)	12,819	29,032	37,491	42,508
Interest Expense, Net	68	63	48	33	24
Earnings before other items	(158)	12,756	28,984	37,458	42,484
Loss from settlement of debt	(15)	-	-	-	-
Interest Expense, Net	(8)	-	-	-	-
Net Profit/Loss for the period	(181)	12,756	28,984	37,458	42,484
Other Comprehensive gain (loss)					
Foreign currency translation gain (loss)	29	-	-	-	-
Comprehensive profit/loss	(152)	12,756	28,984	37,458	42,484
Provision for Taxation	-	4,337	9,855	12,736	14,445
Net Profit/Loss	(152)	8,419	19,130	24,722	28,040
Shares Outstanding - Basic	23,745	23,745	23,745	23,745	23,745
Shares Outstanding - Diluted	23,745	23,745	23,745	23,745	23,745
EPS - Basic	(0.006)	0.355	0.806	1.041	1.181
EPS - Diluted	(0.006)	0.355	0.806	1.041	1.181

**Balance Sheet – Base Case**

all figures in \$ 000s	2009E	2010E	2011E	2012E	2013E
ASSETS					
Cash	44	6,207	31,073	63,752	101,651
Accounts Receivable	-	3,055	5,916	9,347	12,537
Taxes Recoverable	2	2	-	-	-
Current Assets	46	9,264	36,988	73,099	114,188
Oil & Gas Property	1,076	4,079	4,929	6,027	7,271
Accumulated Depletion	12	155	423	908	1,582
Net Oil & Gas properties	1,064	3,924	4,506	5,119	5,690
Total Assets	1,110	13,188	41,495	78,218	119,878
LIABILITIES					
Accounts payable and accrued liabilities	199	160	-	-	-
Due to related parties	25.0	-	-	-	-
Notes payable -short term					
Loan guarantee	83	-	-	-	-
Total Current Liabilities	445	160	-	-	-
Promissory notes payable	1,300	1,050	800	550	400
Total Liabilities	1,745	1,210	800	550	400
Preferred stock	-	-	-	-	-
Common Stock	24	24	24	24	24
Common Stock to be Issued	-	-	-	-	-
Additional paid-in capital	4,618	4,618	4,618	4,618	4,618
Accumulated comprehensive loss	12	12	12	12	12
Deficit accumulated during the development stage	(5,288)	7,325	36,041	73,014	114,825
Total Shareholders Equity	(635)	11,979	40,695	77,668	119,478
Total Liabilities, Shareholders Equity, MI	1,110	13,188	41,495	78,218	119,878



Cash Flow Statement – Base Case

all figures in \$ 000s	2009E	2010E	2011E	2012E	2013E
Operating Activity					
Net Income	(181)	12,756	28,984	37,458	42,484
Adjustments to Reconcile Cash Flows	-	-	-	-	-
Accrued interest on note payable	3	(10)	-	-	-
(Gain) loss from loan guarantee	-	(83)	-	-	-
Warrants issued for services	8	-	-	-	-
Loss on settlement of debt	15	-	-	-	-
Shares issued for settlement of debt	-	-	-	-	-
(Increase)/Decrease in:					
(Increase) decrease in taxes recoverable	(0)	-	2	-	-
Increase (decrease) in accounts payable and accrued	(18)	(40)	(160)	-	-
Increase (decrease) in due to related parties	(99)	(25)	-	-	-
Change in Working Capital	(117)	(3,120)	(3,018)	(3,431)	(3,190)
Cash Flow from Operating Activities	(272)	9,544	25,966	34,027	39,294
Investing Activity					
Capital Expenditures	(1,076)	(3,003)	(850)	(1,098)	(1,245)
Cash Flow from Investing Activities	(1,076)	(3,003)	(850)	(1,098)	(1,245)
Financing Activity					
Purchase of common shares	-	-	-	-	-
Proceeds from subscriptions	(40)	-	-	-	-
Proceeds from notes payable	1,403	(378)	(250)	(250)	(150)
Cash Flow from Financing Activities	1,363	(378)	(250)	(250)	(150)
Foreign Currency Translation	29	-	-	-	-
Net Change in Cash	44	6,163	24,866	32,679	37,899
Opening Cash Balance	0	44	6,207	31,073	63,752
Ending Cash Balance	44	6,207	31,073	63,752	101,651

Cohen DCF™ – Base Case

all figures in \$ 000s	2009E	2010E	2011E	2012E	2013E
Net Income	(152)	8,419	19,130	24,722	28,040
Interest Post Tax	45	42	32	22	16
NOPLAT	(107)	8,461	19,161	24,744	28,055
Change in Working Capital	(1,486)	(3,341)	(3,018)	(3,431)	(3,190)
Capital Expenditure	(1,076)	(3,003)	(850)	(1,098)	(1,245)
Free Cash Flow	(2,669)	2,117	15,293	20,215	23,620
Terminal Cash flow	-	-	-	-	174,322
Total Cash Flow	(2,669)	2,117	15,293	20,215	197,942
PV of Cash Flows	(2,644)	1,761	10,795	12,167	101,727
Total Enterprise Value	123,807				
Add: Cash	44				
Less: Debt	1,521				
Total Equity Value	122,330				
Total Shares Outstanding	23,745				
Total Diluted Shares	23,745				
Price Target per Share	\$5.15				



Financial Summary – Base Case

Sales Metrics	2009E	2010E	2011E	2012E	2013E
G&A/Sales (%)	120.0%	5.0%	5.0%	5.0%	5.0%
Receivables/Sales (%)	0	0.21	0.18	0.22	0.26
Long Term Forward P/E Multiple	N/A	8.2x	3.6x	2.8x	2.5x
Receivables per day of Sales (Days)	-	77	66	80	95

Profitability Metrics	2009E	2010E	2011E	2012E	2013E
EBITDA Margin	-47.5%	88.1%	88.3%	88.2%	88.2%
Pre Tax profit Margin	-95.3%	87.7%	88.2%	88.2%	88.1%
Net profit Margin	-80.0%	57.9%	58.2%	58.2%	58.1%
Effective Tax Rate	0.0%	34.0%	34.0%	34.0%	34.0%

Performance Metrics	2009E	2010E	2011E	2012E	2013E
Return on Equity (ROE)	23.9%	70.3%	47.0%	31.8%	23.5%
Return on Assets(ROA)	-13.7%	63.8%	46.1%	31.6%	23.4%
Return on Invested Capital (ROI)	-13.7%	63.8%	46.1%	31.6%	23.4%

Production Units	2009E	2010E	2011E	2012E	2013E
Net Oil Production (Barrels)	2,812	208,536	451,955	567,944	627,588
Net Gas Production (MCF)	0	2,017	4,580	5,905	6,573

Per Share Data	2009E	2010E	2011E	2012E	2013E
Sales per Share	\$ 0.01	\$ 0.63	\$ 1.43	\$ 1.85	\$ 2.10
Cash per Share	\$ 0.00	\$ 0.26	\$ 1.31	\$ 2.68	\$ 4.28
Current Assets per Share	\$ 0.00	\$ 0.39	\$ 1.56	\$ 3.08	\$ 4.81
Total Assets per Share	\$ 0.05	\$ 0.56	\$ 1.75	\$ 3.29	\$ 5.05
Tangible Book Value per Share	\$ 0.05	\$ 0.56	\$ 1.75	\$ 3.29	\$ 5.05
Long Term Debt - per Share	\$ 0.07	\$ 0.05	\$ 0.03	\$ 0.02	\$ 0.02
Working Capital per Share	\$ (0.02)	\$ 0.12	\$ 0.25	\$ 0.39	\$ 0.53
Free Cash Flow per Share	\$ (0.11)	\$ 0.09	\$ 0.64	\$ 0.85	\$ 0.99



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