

# CANNABIS SCIENCE, INC.

## FORM 10KSB (Annual Report (Small Business Issuers))

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Industry	Biotechnology & Drugs
Sector	Healthcare
Fiscal Year	12/31

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**  
WASHINGTON, D.C. 20549

**FORM 10-KSB**  
ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE  
SECURITIES EXCHANGE ACT OF 1934  
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2007

*Commission File No. 001-28911*

**BRIGHTON OIL & GAS, INC.**

Nevada

(State or Jurisdiction of Incorporation or Organization)

91-1869677

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

15851 Dallas Parkway, Suite 190, Addison, Texas 75001

**(PRINCIPAL EXECUTIVE OFFICES)**

972 / 450-5990

( ISSUER'S TELEPHONE NUMBER )

Securities registered under Section 12(b) of the Exchange Act: None Securities registered under Section 12(g) of the Exchange Act: Common Stock, \$0.001 par value

Check whether the issuer is not required to file reports pursuant to Section 13 or 15 (d) of the Exchange Act. [ ]

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

Check if there is no disclosure of delinquent filers in response to Item 405 of Regulation S-B contained in this form, and no disclosure will be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-KSB or any amendment to this Form 10-KSB. [X]

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 under the Exchange Act). Yes [X] No [ ]

The issuer's revenues for its most recent fiscal year were \$0.00

As of February 25, 2008, the aggregate market value of the common stock held by non-affiliates based on the closing sale price of Common Stock was \$106,798. For the purposes of the foregoing calculation only, all directors, executive officers, related parties and holders of more than 10% of the issued and outstanding common stock of the registrant have been deemed affiliates.

As of February 25, 2008, the issuer had 13,271,985 shares of common stock outstanding. Documents incorporated by reference: none  
Transitional Small Business Disclosure Format (check one): Yes [ ] No [X]

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## PART I

### Item 1. Description of Business

#### Business Development

On July 19, 2005, National Healthcare Technology, Inc., (now Brighton Oil & Gas, Inc.) a Colorado corporation, (the "Company", "us" or "we") completed the acquisition of Special Stone Surfaces, Es3, Inc., a Nevada corporation ("Es3") pursuant to the terms of an Exchange Agreement (the "Exchange Agreement") by and among the Company, Crown Partners, Inc., a Nevada corporation and at such time, the largest stockholder of the Company ("Crown Partners"), Es3, and certain stockholders of Es3 (the "Es3 Stockholders"). The transactions effected by the Exchange Agreement have been accounted for as a reverse merger. As a result of the transactions contemplated by the Exchange Agreement, we had one active operating subsidiary, Es3. Es3 was formed on January 27, 2005 and began operations in March 2005. Effective October 1, 2005, we transferred all of the capital stock of Es3 that we acquired under the Exchange Agreement to Liquid Stone Partners ("Liquid Stone") in exchange for Liquid Stone assuming all known and unknown liabilities of Es3.

#### Business of Issuer

Upon the close of the acquisition of Es3 by the Company on July 19, 2005, we intended to use the public markets to secure additional working capital and to make acquisitions using either common stock or cash. A significant component of the intermediate term growth strategy was the acquisition and integration of companies in related building materials fields. However, with little or no investor interest in Es3 and its products we were unable to secure necessary working capital through the public market to develop a commercially viable market for our products.

On April 3, 2006, our Board of Director's approved a change of direction for the Company, from the business of manufacturing and distributing decorative stone veneers and finishes, to the business of oil and gas exploration and production, mineral lease purchasing and all activities associated with acquiring, operating and maintaining the assets of such operations. Pursuant to an agreement effective retroactively to October 1, 2005, we transferred all of the capital stock of Es3 that we acquired under the Exchange Agreement to Liquid Stone Partners ("Liquid Stone") in exchange for Liquid Stone assuming all known and unknown liabilities of Es3.

In furtherance of this change of direction, we entered into consulting agreements with third parties to provide business management services and advice as it relates to our future. As of December 31, 2007 the agreements were either completed or cancelled as the services, which were to include the drafting and preparation of business plans, operating budgets, cash flow projections and other business management services as we move into the oil and gas business, were not moving the company forward in its new direction.

The Company is in the development stage as defined in Statement of Financial Accounting Standards No. 7.

#### Item 2. Properties.

The Company currently shares an office at 15851 Dallas Parkway, Suite 190, Addison, Texas 75001. . As of December 31, 2007, the Company had no future rental commitments.

#### Item 3. Legal Proceedings.

We are not a party to any material pending legal proceeding and no such action by or, to the best of our knowledge, against us have been threatened.

#### Item 4. Submission of Matters to a Vote of Security Holders

None.

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## PART II

### Item 5. Market for Registrant's Common Equity and Related Shareholder Matters.

Market information: Our common stock is quoted on the over-the-counter market and quoted on the National Association of Securities Dealers Electronic Bulletin Board ("OTC Bulletin Board") under the symbol "BROG". The high and low bid prices for the common stock, as reported by the National Quotation Bureau, Inc., are indicated for the periods described below. Such prices are inter-dealer prices without retail markups, markdowns or commissions, and may not necessarily represent actual transactions.

Fiscal Year Ending December 2006	HIGH	LOW
Quarter Ending March 31, 2006	3.00	2.35
Quarter Ending June 30, 2006	1.25	1.25
Quarter Ending September 30, 2006	0.28	0.28
Quarter Ending December 31, 2006	0.04	0.04
Fiscal Year Ending December 2007		
Quarter Ending March 31, 2007	0.09	0.04
Quarter Ending June 30, 2007	0.30	0.10
Quarter Ending September 30, 2007	0.20	0.08
Quarter Ending December 31, 2007	0.20	0.07

## Holders

As of December 31, 2007, there were approximately 147 shareholders of record (in street name) of our common stock.

## Dividends

We have not declared nor paid cash dividends or made distributions in the past, and we do not anticipate that we will pay cash dividends or make distributions in the foreseeable future. We currently intend to retain and reinvest future earnings, if any, to finance and expand our operations.

## Recent Sales of Unregistered Securities

During the fiscal year ended December 31, 2007, we issued securities using the exemptions available under the Securities Act of 1933 including unregistered sales made pursuant to Section 4(2) of the Securities Act of 1933: we issued 36,200,000 shares to various consultants and affiliates for strategic, management and oil and gas industry related consulting (after the 1:10 stock split the issued shares equates to 3,620,000 of outstanding shares at December 31, 2007). See the Management Discussion and Analysis for a further breakdown of the share issuance.

## **Item 6. Management's Discussion and Analysis or Plan of Operation.**

This report contains forward looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended and Section 21E of the Securities Exchange Act of 1934, as amended. When used in this Form 10-KSB, the words "anticipate", "estimate", "expect", "project" and similar expressions are intended to identify forward-looking statements. Such statements are subject to certain risks, uncertainties and assumptions including the possibility that the Company's proposed plan of operation will fail to generate projected revenues. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those anticipated, estimated or projected. The Company's actual results could differ materially from those set forth on the forward looking statements as a result of the risks set forth in the Company's filings with the Securities and Exchange Commission, general economic conditions, and changes in the assumptions used in making such forward looking statements.

### **General**

On April 3, 2006, our Board of Directors approved a change of direction for the Company, from the business of manufacturing and distributing decorative stone veneers and finishes, to the business of oil and gas exploration and production, mineral lease purchasing and all activities associated with acquiring, operating and maintaining the assets of such operations. The Board of Directors believes that by changing the direction to the oil and gas markets we have improved our prospects for success due to both the current and expected future positive market conditions. During 2007 and again in 2008 new Directors with extensive oil and gas experience were appointed and we believe that this experience will give the Company a better opportunity for success.

*Results for the years ended December 31, 2007 and 2006 and the period January 27 to December 31, 2005*

For the year ended December 31, 2007, the Company had revenue of \$12,239, vs. revenue of \$0 during the year ended December 31, 2006. Revenue was also \$0 for the period January 27, to December 31, 2005.

For the year ended December 31, 2007, the Company had a net operating loss of \$13,940,460 vs. a net operating loss of \$37,121,584 for the year ended December 31, 2006. The net loss was \$807,600 for the period January 27, to December 31, 2005. The decrease in the loss in 2007 is attributable to the decrease in professional fees and expense related to prior consulting agreements of \$13,091,316 and a decrease in other general and administrative expenses of \$15,107,569. This was partially off-set by writing-off prepaid consulting fees of \$4,085,417 in December 2007. Total operating expenses reduced significantly as the new officers and directors that were appointed have agreed to \$0 compensation unlike the management team in 2006 that drove an increase in compensation accruals. Plus the new management is relying on their own expertise in the oil business versus contracting consultants as the management team did in 2006.

For the year ended December 31, 2007, the Company had a net loss of \$15,007,117 versus \$36,906,584 for the year ended December 31, 2006. The change in other income is \$1,066,657 due to the amortization of the deemed dividend during 2007.

### **Plan of Operation**

In conjunction with our change of direction, in April 2006, we entered into a consulting agreement with Summitt Oil and Gas, Inc. ("Summitt"), as well as other third parties, to provide business management services, and advice as it relates to the future of the company. This service shall include the drafting and preparation of business plans, operating budgets, cash flow projections and other business management services as we venture into the oil and gas business. In September 2007 and February 2008 new officers and directors were appointed who have extensive experience in the oil and gas industry and will rely on their own expertise to develop and grow the Company.

In April 2006 we executed an assignment of an oil and gas lease under which we acquired 100% of the leasehold rights to drill and otherwise exploit 160 acres of certain underlying oil and gas reserves located in the County of Custer, Oklahoma, which we acquired from Summitt for 677,000 restricted shares of our common stock and agreed to pay Summitt a royalty equal to 3% of the value of all oil produced and removed under the lease and the net proceeds received by us from the sale of all gas and casinghead gasoline produced and sold under the lease. The leasehold interest is not developed and accordingly not currently producing oil or gas. Upon receiving the necessary capitalization, we intend to explore the development of this field. The shares were valued at \$406,200. The Company recorded the asset at the historical cost of \$56,000 to the related party and recorded \$350,200 as a deemed dividend to the related party. As of December 31, 2006 the Company impaired the balance of the lease of \$46,667.

In April 2006, we entered into a consulting agreement with BlueFin, Inc. ("BlueFin"). BlueFin was retained to provide business development, investor relations services, and introductions to qualified funding sources, introductions to oil and gas business prospects and introductions to accredited investors. By leveraging BlueFin's resources the Company anticipated that it would be able to find sources of capital to fund its operations in the oil and gas business.

In April 2006, we also entered into an agreement with Monterosa Group Limited ("Monterosa"). Monterosa was retained to provide services including operation administration, transaction processing and management, systems development, staff recruitment, acquisition transaction support services, and other business management services as the Company moves into the oil and gas business.

In April 2006, we also engaged Camden Holdings, Inc. ("Camden"), an entity experienced in the energy sector that will assist the Company in locating oil and gas opportunities. Camden's services include the drafting and preparation of business plans, operating budgets, cash flow

projections and other business management services as we venture into the oil and gas business. We have also been able to leverage our relationship with Camden to obtain short-term financing as needed. Camden has also agreed to advance sums to the Company to assist in funding its operations over the short-term. In September 2007, the engagement of Camden ceased and as of December 31, 2007, the balance of advances by Camden to the Company was \$164,742.

In April 2006, we also engaged Design, Inc. ("Design"), an entity experienced in the energy sector that will assist the Company in financing the transactions introduced by Camden and our other consultants.

In July, 2006, the Company entered into a Consulting Agreement with Catalyst Consulting Partners, LLC to provide the Company with business consulting services in exchange for the issuance of 518,000 shares of the Company's common stock. These shares were issued during the quarter ended September 30, 2006.

In September, 2006, the Company entered into a Consulting Agreement with Summitt Ventures Inc. ("SVI") for six months which required the Company to issue 2,700,000 of its common stock to SVI for services to be provided to the Company including business management services and related services. These shares were issued in September, 2006.

In September, 2006, the Company entered into a Services Agreement with Rhone Alternative Marketing Partners ("RAMP) for marketing and public relations services in exchange for the issuance of 1,000,000 shares of the Company's common stock. These shares were issued during the quarter ended September 30, 2006.

During the quarter ended September 30, 2006, the Company compensated certain third party individuals who provided services to the Company. In August and September, 2006, 600,000 shares were issued for services. In September, 2006, an additional 740,000 shares were issued to consultants for services under the Company's 2006-1 Consultants and Employees Services Plan. This Plan was adopted in September, 2006 and reserved 3,800,000 shares of the Company's common stock to consultants and employees, which shares were registered in September, 2006. During the quarter ended December 31, 2006, 3,799,000 shares were issued under the Plan.

On October 19, 2007, the Company issued 50,000,000 shares of restricted stock K&D Investments for oil properties in Throckmorton County, Texas (Walker-Buckler Trust 380-381). The Company recorded the transaction at fair market value of \$5,000,000 and on December 31, 2007, recorded impairment expense related to the property of \$5,000,000 resulting a net capitalized amount of \$0.

On October 29, 2007, the Company paid \$30,000 to an individual for oil properties in Throckmorton County, Texas (Putnam M Well). The Company recorded the transaction at fair market value of \$30,000 and on December 31, 2007, recorded impairment expense related to the property of \$30,000 resulting a net capitalized amount of \$0.

We believe that by changing our direction to the oil and gas markets we have improved our prospects for success due to both the current and expected future positive market conditions which we expect to exploit initially from the valuable contacts, industry expertise and business opportunities we expect to derive from our officers and directors who have extensive oil and gas experience and contact.

We anticipate that we will have to raise additional capital to fund operations over the next 12 months. To the extent that we are required to raise additional funds to acquire properties, and to cover costs of operations, we intend to do so through additional public or private offerings of debt or equity securities.

We currently have no full-time employees. We will primarily rely on our officers and directors to develop and grow the Company.

## **Risk Factors**

Risks related to the Company

Need for additional financing.

We have a line-of-credit for \$100,000 with a related party, and at December 31, 2007, the balance is \$66,657. This line-of-credit will not be sufficient to satisfy our obligations and continue operations through the end of 2008, and therefore we have an immediate need for capital. Although our current strategy requires significantly less capital versus the strategy from the prior management team, there can be no assurance that we will be able to obtain the sufficient short-term capital needed to sustain operations. The full and timely development and implementation of our business plan and growth strategy will require additional resources. We may not be able to obtain the working capital necessary to implement our growth strategy. Furthermore, our growth strategy may not produce material revenue even if successfully funded. Management intends to explore a number of options to secure alternative sources of capital, including the issuance of secured debt, volumetric production payments, subordinated debt, or additional equity, including preferred equity securities or other equity securities. We might not succeed, however, in raising additional equity capital or in negotiating and obtaining additional and acceptable financing when we need it. Our ability to obtain additional capital will also depend on market conditions, national and global economies and other factors beyond our control. Even if we are able to obtain the short-term capital necessary to sustain our operations, if adequate capital is not available or is not available on

acceptable terms at a time when we needed it, our ability to close acquisitions, execute our growth plans, develop or enhance our services or respond to competitive pressures will be significantly impaired. There are no assurances that we will be able to implement or capitalize on various financing alternatives or otherwise obtain required working capital, the need for which is substantial given our operating loss history.

We have a limited operating history.

We are a development stage company with a limited operating history, and we face all the risks common to companies in their early stages of development, including undercapitalization and uncertainty of funding sources, high initial expenditure levels and uncertain revenue streams, an unproven business model, and difficulties in managing growth. Our prospects must be considered in light of the risks, expenses, delays and difficulties frequently encountered in establishing a new business. Any forward-looking statements in this report do not reflect any adjustments that might result from the outcome of these types of uncertainty. Since inception, we have incurred significant losses. No assurance can be given that we will be successful.



We may incur unforeseen costs and we may need to raise capital in addition to that required by our business plan.

We are currently operating at a loss and intend to increase our operating expenses significantly as we begin our acquisitions and oil and gas production. Additionally, we may encounter unforeseen costs that could also require us to seek additional capital. There can be no assurance that we will be able to raise sufficient additional capital on acceptable terms, if at all. Any additional financing may result in significant dilution to our existing stockholders.

Maintaining any reserves and revenue we may acquire in the future depends on successful development and acquisitions.

In general, the volume of production from oil and natural gas properties declines as reserves are depleted, with the rate of decline depending on reservoir characteristics. Except to the extent we acquire properties containing proved reserves or conduct successful development activities, or both, our proved reserves that we may acquire will decline. Our future oil and natural gas production is, therefore, highly dependent upon our level of success in finding or acquiring additional reserves.

We are subject to substantial operating risks

The oil and natural gas business involves certain operating hazards such as well blowouts, mechanical failures, explosions, uncontrollable flows of oil, natural gas or well fluids, fires, formations with abnormal pressures, hurricanes, pollution, releases of toxic gas and other environmental hazards and risks. We could suffer substantial losses as a result of any of these events. While we intend to carry general liability, control of well, and operator's extra expense coverage typical in our industry, we will not be fully insured against all risks incident to our business, such as acts of God.

We may not always be the operator of some of our wells. As a result, our operating risks for those wells and our ability to influence the operations for these wells will be less subject to our control. Operators of these wells may act in ways that are not in our best interests.

Our operations have significant capital requirements.

We expect to experience substantial working capital needs as we begin our active development and acquisition programs. Even if we are able to obtain the short-term capital necessary to maintain our operations, additional financing will be required in the future to fund our growth and operations. No assurances can be given as to the availability or terms of any such additional financing that may be required or that financing will continue to be available under new credit facilities. In the event such capital resources are not available to us, our drilling and other activities would be curtailed.

We may have difficulty managing future growth and the related demands on our resources and may have difficulty in achieving future growth.

We expect to experience rapid growth through acquisitions and development activity for the foreseeable future. Any future growth may place a significant strain on our financial, technical, operational and administrative resources. Our ability to grow will depend upon a number of factors, including our ability to identify and acquire new development or acquisition prospects, our ability to develop existing properties, our ability to continue to retain and attract skilled personnel, hydrocarbon prices and access to capital. There can be no assurance that we will be successful in achieving growth or any other aspect of our business strategy.

We face strong competition from larger oil and natural gas companies.

Our competitors include major integrated oil and natural gas companies and numerous independent oil and natural gas companies, individuals and drilling and income programs. Many of our competitors are large, well-established companies with substantially larger operating staffs and greater capital resources than us. We may not be able to successfully conduct our operations, evaluate and select suitable properties and consummate transactions in this highly competitive environment. Specifically, these larger competitors may be able to pay more for development projects and productive oil and natural gas properties and may be able to define, evaluate, bid for and purchase a greater number of properties and prospects than our financial or human resources permit. In addition, such companies may be able to expend greater resources on the existing and changing technologies that we believe are and will be increasingly important to attaining success in the industry.

Our acquisition program may be unsuccessful, particularly in light of our recent formation and limited history of acquisitions.

Although our personnel have had significant experience within the oil and gas industry, we may not be in as good a position as our more larger and better funded competitors to execute a successful acquisition program or close additional future transactions. The successful acquisition of producing properties requires an assessment of recoverable reserves, future oil and natural gas prices, operating costs, potential environmental and other liabilities and other factors. Such assessments, even when performed by experienced personnel, are necessarily inexact and their accuracy inherently uncertain. Our review of subject properties, which generally includes on-site inspections and the review of reports filed with various regulatory entities, will not reveal all existing or potential problems, deficiencies and capabilities. We may not always perform inspections on every well, and may not be able to observe structural and environmental problems even when we undertake an inspection. Even when problems are identified, the seller may be unwilling or unable to provide effective contractual protection against all or part of such problems. There can be no assurances that any acquisition of property interests by us will be successful and, if unsuccessful, that such failure will not have an adverse effect on our future results of operations and financial condition.

We cannot market our production without the assistance of third parties.

The marketability of our production depends upon the proximity of our reserves to, and the capacity of, facilities and third party services, including oil and natural gas gathering systems, pipelines, trucking or terminal facilities, and processing facilities. The unavailability or lack of capacity of such services and facilities could result in the shut-in of producing wells or the delay or discontinuance of development plans for properties. A shut-in or delay or discontinuance could adversely affect our financial condition. In addition, federal and state regulation of oil and natural gas production and transportation affect our ability to produce and market our oil and natural gas on a profitable basis.

### **Risks Relating to the Oil and Gas Industry**

Oil and Gas Drilling, re-completions and re-working are speculative activities and involve numerous risks and substantial and uncertain costs.

Our growth will be materially dependent upon the success of our future drilling and development program. Drilling for oil and gas and re-working existing wells involve numerous risks, including the risk that no commercially productive oil or natural gas reservoirs will be encountered. The cost of drilling, completing and operating wells is substantial and uncertain, and drilling operations may be curtailed, delayed or cancelled as a result of a variety of factors beyond our control, including unexpected drilling conditions, pressure or irregularities in formations, equipment failures or accidents, adverse weather conditions, compliance with governmental requirements and shortages or delays in the availability of drilling rigs or crews and the delivery of equipment. Although we believe that our focus on re-developing existing oil and gas field and advanced drilling technology should increase the probability of success of our wells and should reduce average finding costs through elimination of prospects that might otherwise be drilled using other traditional methods, drilling or reworking remains a speculative activity. Even when fully utilized, lateral drilling does not predetermine if hydrocarbons will in fact be present in such structures if they are drilled. Our future drilling activities may not be successful and, if unsuccessful, such failure will have an adverse effect on our future results of operations and financial condition. There can be no assurance that our overall drilling success rate or our drilling success rate for activity within a particular geographic area will not decline. Although we may discuss drilling prospects that we have identified or budgeted for, we may ultimately

not lease or drill these prospects within the expected time frame, or at all. We may identify and develop prospects through a number of methods, some of which do not include horizontal drilling. The drilling and results for these prospects may be particularly uncertain. Our drilling schedule may vary from our capital budget. The final determination with respect to the drilling of any scheduled or budgeted wells will be dependent on a number of factors, including, but not limited to: (i) the results of previous development efforts and the acquisition, review and analysis of data; (ii) the availability of sufficient capital resources to us and the other participants for the drilling of the prospects; (iii) the approval of the prospects by other participants after additional data has been compiled; (iv) economic and industry conditions at the time of drilling, including prevailing and anticipated prices for oil and natural gas and the availability of drilling rigs and crews; (v) our financial resources and results; (vi) the availability of leases and permits on reasonable terms for the prospects; and (vii) the success of our drilling technology. There can be no assurance that these projects can be successfully developed or that the wells discussed will, if drilled, encounter reservoirs of commercially productive oil or natural gas. There are numerous uncertainties in estimating quantities of proved reserves, including many factors beyond our control.

#### Reliance on technological development and possible technological obsolescence.

Our business is dependent upon utilization of changing technology. As a result, our ability to adapt to evolving technologies, obtain new technology and maintain technological advantages will be important to our future success. We believe that our ability to utilize state of the art technologies will give us an advantage over many of our competitors. This advantage, however, is based in part upon technologies developed by others, and we may not be able to maintain this advantage. As new technologies develop, we may be placed at a competitive disadvantage, and competitive pressures may force us to implement such new technologies at substantial cost. There can be no assurance that we will be able to successfully utilize, or expend the financial resources necessary to acquire, new technology, or that others will not either achieve technological expertise comparable to or exceeding that of our Company or that others will not implement new technologies before us. One or more of the technologies we end up adopting or implementing may, in the future, become obsolete. In such case, our business, financial condition and results of operations could be materially adversely affected. If we are unable to utilize the most advanced commercially available technology, our business, financial condition and results of operations could be materially and adversely affected.

Oil and natural gas prices are highly volatile in general and low prices negatively affect our financial results.

Our revenue, profitability, cash flow, future growth and ability to borrow funds or obtain additional capital, as well as the carrying value of our properties, are substantially dependent upon prevailing prices of oil and natural gas. Lower oil and natural gas prices also may reduce the amount of oil and natural gas that we can produce economically. Historically, the markets for oil and natural gas have been volatile, and such markets are likely to continue to be volatile in the future. Prices for oil and natural gas are subject to wide fluctuation in response to relatively minor changes in the supply of and demand for oil and natural gas, market uncertainty and a variety of additional factors that are beyond our control. These factors include the level of consumer product demand, weather conditions, domestic and foreign governmental regulations, the price and availability of alternative fuels, political conditions, the foreign supply of oil and natural gas, the price of foreign imports and overall economic conditions. It is impossible to predict future oil and natural gas price movements with certainty. Declines in oil and natural gas prices may materially adversely affect our financial condition, liquidity, ability to finance planned capital expenditures and results of operations.

Government regulation and liability for environmental matters may adversely affect our business and results of operations.

Oil and natural gas operations are subject to extensive federal, state and local government regulations, which may be changed from time to time. Matters subject to regulation include discharge permits for drilling operations, drilling bonds, reports concerning operations, the spacing of wells, unitization and pooling of properties and taxation. From time to time, regulatory agencies have imposed price controls and limitations on production by restricting the rate of flow of oil and natural gas wells below actual production capacity in order to conserve supplies of oil and natural gas. There are federal, state and local laws and regulations primarily relating to protection of human health and the environment applicable to the development, production, handling, storage, transportation and disposal of oil and natural gas, by-products thereof and other substances and materials produced or used in connection with oil and natural gas operations. In addition, we may be liable for environmental damages caused by previous owners of property we purchase or lease. As a result, we may incur substantial liabilities to third parties or governmental entities. We are also subject to changing and extensive tax laws, the effects of which cannot be predicted. The implementation of new, or the modification of existing, laws or regulations could have a material adverse effect on us.

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#### **Risks Associated with Our Stock**

Our stock price has been and may continue to be very volatile.

Our common stock is thinly traded and the market price has been, and is likely to continue to be, highly volatile. During the 12 months prior to December 31, 2007, our stock price as traded on the OTC Bulletin Board has ranged from \$0.20 to \$0.07. The variance in our share price makes it extremely difficult to forecast with any certainty the stock price at which you may be able to buy or sell shares of our common stock. The market price for our common stock could be subject to wide fluctuations due to factors beyond our control, such as: actual or anticipated variations in our results of operations, naked short selling of our common stock and stock price manipulation, changes or fluctuations in the commodity prices of oil and natural gas, general conditions and trends in the oil and gas industry, general economic, political and market conditions.

Use of our common stock to pay for third party services could dilute current investors.

In the past we have used our common stock to pay for the services of third party consultants. Due to the experience of our current investors we

do not anticipate having to use third party consultants to execute our growth strategy. However, unforeseen circumstances may arise where third party services are required and common stock may be used to pay for said services. As of February 28, 2008, we have issued 33,335,000 shares of our common stock to said consultants. Further issuances in exchange for such services will dilute current investors. Future sales of our common stock in the public market could adversely affect the price of our common stock.

Sales of substantial amounts of common stock in the public market that are not currently freely tradable, or even the potential for these sales, could have an adverse effect on the market price for the shares of our common stock. These shares include approximately 28.2 million shares held by founders, investors and service providers, and 1,800,000 warrants at February 28, 2007. Unregistered shares may not be sold except in compliance with Rule 144 promulgated by the SEC, or some other exemption from registration. Rule 144 does not prohibit the sale of these shares but does place conditions and restrictions on their resale, which must be complied with before they can be resold.

A summary of the warrant activity for the period ended December 31, 2007 is as follows:

	Warrants Outstanding	Weighted Exercise Price	Average Aggregate Value	Intrinsic
Outstanding, December 31, 2006	1,800,000	\$0.67	\$-	
Granted	-	2.63	-	
Forfeited / Canceled	-	2.63	-	
Exercised	-	-	-	
Outstanding, December 31, 2007	1,800,000	\$0.67	\$-	

The weighted average remaining contractual life of warrants outstanding is 2.10 years at December 31, 2007.

Outstanding Warrants		Exercisable Warrants	
Range of Exercise Price	Exercise Number	Average Remaining Contractual Life	Average Exercise Price
\$0.67	1,800,000	2.10	\$0.67
			1,800,000

The Company estimated the fair value of each stock warrant at the grant date by using the Black-Scholes option-pricing mode.

The weighted-average assumptions used in estimating the fair value of warrants granted during the year ended December 31, 2007, and the period ended December 31, 2006 along with the weighted-average grant date fair values, were as follows.

	2007	2006
Expected volatility	80.0%	80.0%
Expected life in years	5 years	5 years
Risk free interest rate	5.07%	5.07%
Dividend yield	0%	0%

During the period ended December 31, 2007, the Company did not grant any warrants.

Future sales of our common stock in the public market could limit our ability to raise capital.

Sales of substantial amounts of our common stock pursuant to Rule 144, upon exercise or conversion of derivative securities or otherwise, or even the potential of these sales, could also affect our ability to raise capital through the sale of equity securities.

The Company has never paid cash dividends on its common stock and does not intend to do so in the foreseeable future.

Present management and directors may control the election of our directors and all other matters submitted to the stockholders for approval.

Our executive officers and directors, in the aggregate, beneficially own approximately 0.0% of our outstanding common stock. K&D Equity Investments is our single largest shareholder owning 37.67% of our common stock. Summitt Oil Inc, holds 31.43% of our common stock and is our second largest shareholder. Accordingly, this concentration of ownership may have the effect of delaying, deferring or preventing a change in control of the Company, impede a merger, consolidation, takeover or other business combination involving the Company or discourage a potential acquirer from making a tender offer or otherwise attempting to obtain control of the Company, which in turn could have an adverse effect on the market price of our common stock.

"Penny stock" regulations may impose certain restrictions on marketability of securities.

The SEC adopted regulations, which generally define "penny stock" to be an equity security that has a market price of less than \$5.00 per share. Our common stock may be subject to rules that impose additional sales practice requirements on broker-dealers who sell these securities to persons other than established customers and accredited investors (generally those with assets in excess of \$1,000,000, or annual incomes exceeding \$200,000 or \$300,000 together with their spouse). For transactions covered by these rules, the broker-dealer must make a special suitability determination for the purchase of these securities and have received the purchaser's prior written consent to the transaction.

Additionally, for any transaction, other than exempt transactions, involving a penny stock, the rules require the delivery, prior to the transaction, of a risk disclosure document mandated by the SEC relating to the penny stock market. The broker-dealer also must disclose the commissions payable to both the broker-dealer and the registered representative, current quotations for the securities and, if the broker-dealer is the sole market-maker, the broker-dealer must disclose this fact and the broker-dealer's presumed control over the market. Finally, monthly statements must be sent disclosing recent price information for the penny stock held in the account and information on the limited market in penny stocks. Consequently, the "penny stock" rules may restrict the ability of broker-dealers to sell our common stock and may affect the ability to sell our common stock in the secondary market.

The market for our Company's securities is limited and may not provide adequate liquidity.

Our common stock is currently traded on the OTC Bulletin Board ("OTCBB"), a regulated quotation service that displays real-time quotes, last-sale prices, and volume information in over-the-counter equity securities. As a result, an investor may find it more difficult to dispose of, or obtain accurate quotations as to the price of, our securities than if the securities were traded on the Nasdaq Stock market, or another national exchange. There are a limited number of active market makers of our common stock. In order to trade shares of our common stock you must use one of these market makers unless you trade your shares in a private transaction. In the twelve months prior to December 31, 2007, the actual trading volume ranged from a low of no shares of common stock to a high of 154,400 shares of common stock. On most days, this trading volume means there is limited liquidity in our shares of common stock. Selling our shares is more difficult because smaller quantities of shares are bought and sold and news media coverage about us is limited. These factors result in a limited trading market for our common stock and therefore holders of our Company's stock may be unable to sell shares purchased should they desire to do so.

#### **Item 7. Financial Statements.**

The report of independent auditors and financial statements are set forth in this report beginning on Page F-1.

**Item 8. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.**

There were no disagreements with accountants on accounting and financial disclosure during the relevant period.

**Item 8A. Controls and Procedures**

Our Chief Executive Officer and Chief Financial Officer have evaluated the effectiveness of our disclosure controls and procedures (as such term is defined in Rules 13a-15 and 15d-15 under the Securities Exchange Act of 1934, as amended (the "Exchange Act")) as of the end of the period ended December 31, 2007 (the "Evaluation Date"). During the course of the audit for our year ended December 31, 2005 in May, 2006, our auditor discovered numerous errors in our financial statements in our financial statements in our quarterly report for the period ended September 30, 2005 as disclosed in our Form 8-K/A filed on June 14, 2006. As a result of these errors, and others, we restated our Form 10-QSB for the quarter ended September 30, 2005, and will restate the financial statements for the period ended June 30, 2005, in our Form 8-K/A filed on January 24, 2006. Our conclusion to restate our Form 10-QSB for the quarter ended September 30, 2005 and Form 8-K/A filed on January 24, 2006, resulted in the Company recognizing that its controls and procedures were not effective as of the period ended December 31, 2005 and constituted material weaknesses which began after the close of the Exchange Agreement on or about July 16, 2005. The material weaknesses were primarily the result of our having no controller and no qualified personnel and as a result, transactions were omitted, recorded incorrectly, or recorded without support.

**Limitations on the Effectiveness of Internal Controls**

Disclosure controls and procedures are designed to provide reasonable assurance of any entity achieving its disclosure objectives. Our chief executive officer and chief financial officer have concluded that our disclosure controls and procedures were not effective as the fiscal year ended December 31, 2005 and the Company has since implemented disclosure controls and procedures to ensure that the Company has the proper disclosure controls and procedures to keep this from happening again. The likelihood of achieving such objectives is affected by limitations inherent in disclosure controls and procedures. These include the fact that human judgment in decision-making can be faulty and that breakdowns in internal control can occur because of human failures such as simple errors or mistakes or intentional circumvention of the established process.

In May, 2006, we remediated the material weakness in internal control over financial reporting by having our Chief Executive Officer and Chief Financial Officer review in detail all adjustments affecting the issuances of our securities and we retained an outside consultant to make accounting entries.

### PART III

#### Item 9. Directors, Executive Officers, Promoters and Control Persons

Compliance with Section 16(a) of the Exchange Act. Identification of Directors and Executive Officers of the Company Our current officers and directors consist of the following persons:

NAME	AGE	OFFICE	SINCE
Jeffery Joyce	45	President & CEO	2008
Dean Elliott	54	Secretary	2008
Michelle Sheriff	35	Director	2007

The Director named above will serve until the next annual meeting of our shareholders. Thereafter, Directors will be elected for one-year terms at the annual shareholders' meeting. Officers will hold their positions at the pleasure of the Board of Directors. There is no arrangement or understanding between the Directors and Officers of the Company and any other person pursuant to which any Director or Officer was or is to be selected as a Director or Officer of the Company.

There is no family relationship between or among any Officer and Director.

On September 25, 2007, Charles Stidham and E. Robert Barbee were appointed directors. Concurrently, Mr. Stidham and Ms. Michele Sheriff were appointed as President, Chief Executive Officer and Chief Financial Officer and as Secretary, respectively. Immediately following the appointment of the new directors, Linda Contreras resigned as officer and director. Mr. Stidham also succeeded Ms. Contreras as Chief Executive Officer and Chief Financial Officer of the Registrant.

On February 4, 2008, the Board of Directors filled two Director vacancies due to the resignation of Mr. Duke and Mr. Barbee. Jeffery Joyce and Dean Elliott were appointed to fill the vacancies. After the appointment of the new Directors, Mr. Stidham offered his resignation as President and Director. Mr. Joyce was appointed President and Mr. Elliott was appointed Vice President and Secretary.

We have no audit committee. We have a compensation committee that administers our 2006 Employee Stock Option Plan that we adopted in April 2006.

The following is a brief account of the business experience during at the least the last five years of the directors and executive officers, indicating their principal occupations and employment during that period, and the names and principal businesses of the organizations in which such occupations and employment were carried out.

Mr. Joyce was appointed as a member of the Board of Directors of the Company and President effective February 4, 2008. Mr. Joyce's expertise is in project management and sales development, having been active in project management and sales development roles for various real estate concerns in the Dallas, Texas area.

Dean Elliott was appointed as a member of the Board of Directors of the Company and President effective February 4, 2008. Mr. Elliott, has over 30 years experience in various oil and gas executive positions varying from mid-size independent oil & gas operators to large fully integrated publicly traded energy companies. For more than the last five years, Mr. Elliott has been an independent oil and gas developer. Mr. Elliott has extensive knowledge in seeking, evaluating, securing, drilling and developing over 100 oil and gas wells in Texas, Oklahoma and Louisiana. His background also includes extensive experience in mergers and acquisitions, financing and hands-on experience in all aspects of oil and gas operations, from prospect to pipeline. Mr. Elliott is 54.

Michelle Sheriff was appointed as a member of the Board of Directors of the Company September 25, 2007. Ms. Sheriff has been Vice-President of Curado Energy Resources in Dallas, Texas since 2005. Her experience includes drilling operations, field operations management, oil and gas accounting, land/lease/equipment purchasing, well operation evaluations, contract preparation, and marketing programs management. Prior to joining Curado Energy, Ms. Sheriff was employed with AirGATE Technologies, a Texas-based corporation focusing on enterprise wireless technology solutions in the area of RFID. Ms. Sheriff has over 16 years sales and marketing experience developing customer relationships with Fortune 500 and national corporations. Ms. Sheriff is 35.

Linda Contreras was appointed our sole Director on April 12, 2007. She has been working for the past year as the Research & Acquisitions Officer for Summitt Oil & Gas in Beverly Hills, California. She has led the acquisitions team in the evaluation of offerings in oil and gas development programs, and provides economic analysis of all proposed acquisitions, divestitures, and drilling activities. Ms. Contreras received her Bachelor of Arts in Political Science from the University of California at Berkeley in 2003.

On or about March 1, 2006, in the U.S. Bankruptcy Court for the Southern District of California, an involuntary petition for bankruptcy under chapter 7 under the United States Bankruptcy Code was filed against Boston Equities Corporation, our then largest shareholder holding approximately 25.90% of our issued and outstanding common stock. After such filing, Boston Equities Corporation converted the case from chapter 7 to chapter 11.

## Compliance with Section 16(a) of the Exchange Act

Section 16(a) of the Securities Exchange Act of 1934 requires the Company's directors and executive officers, and persons who own more than 10% of a registered class of the Company's equity securities to file with the Securities and Exchange Commission initial reports of ownership and reports of changes in ownership of Common Stock and other equity securities of the Company. Officers, directors and greater than 10% shareholders are required by SEC regulations to furnish the Company with copies of all Section 16(a) forms they file.

To our knowledge, based solely on its review of the copies of such reports furnished to the company and written representations that no other reports were required during the fiscal year ended December 31, 2006, all Section 16(a) filing requirements applicable to its officers, directors and greater than 10% beneficial owners were complied with.

## Code of Ethics

Code of Ethics for the Chief Executive Officer and the Principal Financial Officer

Our Board of Directors has adopted the Code of Ethical and Professional Standards of National Healthcare Technology, Inc. and Affiliated Entities Code of Business Conduct and Ethics that applies to its officers and employees effective on April 11, 2007, a copy of which is filed as an exhibit hereto. We will provide any person without charge, a copy of our code of ethics, upon receiving a written request in writing addressed to the Company at the Company's address, attention: Secretary.

## Item 10. Executive Compensation.

During fiscal 2007 we paid a total of \$81,375- in executive compensation, all of which was regular compensation. The table below shows the compensation split:

	Cash compensation	Stock issuances	Total Compensation
John Carlson	\$75,000	\$0	\$75,000
Linda Contreras	6,375	0	6,375
	\$81,375	\$0	\$75,000

## Employment Agreements

The following transaction took place between the Company and Ross-Lyndon James, the Company's then Chief Executive Officer and Director: On April 3, 2006, the Company entered into an employment agreement with Ross Lyndon James who has been serving as the Company's President without compensation and written agreement since being appointed to such office by the Board of Directors of the Company in June 2005. Mr. Lyndon James had also served without compensation as a director of the Company. Under the terms of the agreement, Mr. Lyndon James received compensation equal to twenty five thousand dollars (\$25,000) per month payable monthly in advance. He was also granted one million eight hundred thousand (1,800,000) restricted shares of common stock upon execution of the employment agreement as a signing bonus, as well as a termination grant of two million (2,000,000) shares of restricted common stock. All shares have piggy-back registration rights. Additionally, the Company agreed to grant him a warrant to acquire three hundred thousand (300,000) restricted shares of the Company's common stock. The exercise price is to be based on the bid price of the stock on the date of the agreement. The warrants expire five years after the date of grant. Additionally, Mr. Lyndon James will be entitled to participate in any stock option program offered by the Company to its employees. In July 24, 2006, Mr. Lyndon James resigned as the Company's Chief Executive Officer and Director. On the resignation of the Director, the Company forfeited the warrants. The Company recorded shares to be issued of \$2,500,000 for the termination shares.

On April 3, 2006, the Company entered into an employment agreement with Brian Harcourt who has been serving as an officer of the Company without compensation and written agreement since being appointed to such office by the Board of Directors of the Company in June 2005. Mr. Harcourt has also served without compensation as a director of the Company. Under the terms of the agreement, Mr. Harcourt will receive compensation equal to twenty five thousand dollars (\$25,000) per month payable monthly in advance. He was also granted one million eight hundred thousand (1,800,000) restricted shares of common stock upon execution of the employment agreement as a signing bonus, as well as a termination grant of two million (2,000,000) restricted shares of the common stock. All shares have piggy back registration rights. Additionally, the Company agreed to grant him a warrant to acquire three hundred thousand (300,000) restricted shares of the Company's common stock. The exercise price is to be based on the bid price of the stock on the date of the agreement. The warrants expire five years after the date of grant. Additionally, Mr. Harcourt will be entitled to participate in any stock option program offered by the Company to its employees. In July 24, 2006, Mr. Harcourt resigned as the Company's Chief Financial Officer and Director. On the resignation of the Director, the Company forfeited the warrants. The Company recorded shares to be issued of \$2,500,000 for the termination shares.

Currently, the Company has no employment agreements outstanding.

## Stock Option Plan

The Company adopted an Incentive Stock Option Plan for non-employee directors on October 1, 1998. We have not awarded any options under this Plan. No director receives or accrues any compensation for his services as a director, including committee participation and/or special assignments.

On April 3, 2006, our Board of Directors authorized and approved the adoption of the 2006 Stock Option Plan effective April 3, 2006 (the "2006 Stock Option Plan").

The 2006 Stock Option Plan is administered by the duly appointed compensation committee. Our compensation committee consists of Rosamaria DeSimone, a consultant to the Company, and Brian Harcourt. The 2006 Stock Option Plan provides authorization to grant stock options of up to 2,500,000 shares. At the time a stock option is granted under the Stock Option Plan, the compensation committee shall fix and determine the exercise price at which shares of common stock of the Company may be acquired and vesting period thereof.

In the event an optionee ceases to be employed by or to provide services to the Company for reasons other than cause, retirement, disability or death, any stock option that is vested and held by such optionee generally may be exercisable within up to ninety (90) calendar days after the effective date that his position ceases, and after such 90-day period any unexercised stock option shall expire. In the event an optionee ceases to be employed by or to provide services to the Company for reasons of retirement, disability or death, any stock option that is vested and held by such optionee generally may be exercisable within up to one-year after the effective date that his position ceases, and after such one-year period any unexercised stock option shall expire.

No stock options granted under the 2006 Stock Option Plan will be transferable by the optionee, and each stock option will be exercisable during the lifetime of the optionee subject to the option period of ten (10) years or limitations described above. Any stock option held by an optionee at the time of his death may be exercised by his estate within one (1) year of his death or such longer period as the compensation committee may determine.

Upon exercise of the options, the optionee will deliver consideration in the amount of the exercise price multiplied by the number of shares to be issued as a result of the exercise; provided, however, the compensation committee reserves, at any and all times, the right, in its sole and absolute discretion, to establish, decline to approve or terminate any program or procedures for the exercise of stock options by means of a cashless exercise.

## Compensation of Directors

Directors are entitled to reimbursement for reasonable travel and other out-of-pocket expenses incurred in connection with attendance at meeting of the Board of Directors.

We have no written employment agreements with our directors.

## Item 11. Security Ownership of Certain Beneficial Owners and Management

There were 13,271,985 shares of our common stock issued and outstanding on February 25, 2007. The following tabulates holdings of shares of the Company by each person who, subject to the above, at the date of this Report, holds of record or is known by Management to own beneficially more than five percent (5%) of our common stock and, in addition, by all of our directors and officers individually and as a group.

NAME AND ADDRESS	NUMBER OF SHARES OWNED BENEFICIALLY	PERCENT OF SHARES OWNED
Boston Equities Corporation(1) 1660 Union Street San Diego, CA 90802	900,751	8.79%
Summitt Oil & Gas(1) 9595 Wilshire Boulevard Suite 510 Beverly Hills, CA 90212	4,170,800	31.43%
K&D Equity Investments 1692 Club Hill Drive Dallas, TX 75248	5,000,000	37.67%
Cede & Co. PO Box 222, Bowling Green Station New York, NY 10274	1,912,800	14.41%
ALL DIRECTORS AND EXECUTIVE OFFICERS	0	0.00%

(\*) Denotes Officer or Director;

(1) Boston Equities Corporation and Summitt Oil & Gas are related parties;





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## Changes in Control

There are no arrangements known by us, including any pledge by any person of securities of the Company, the operation of which may at a subsequent date result in a change of control of the Company.

## Item 12. Certain Relationships and Related Transactions .

During the year the following transactions occurred between the Company and certain related parties:

### A. Ross-Lyndon James

The following transaction took place between the Company and Ross-Lyndon James, the Company's Chief Executive Officer and Director: On April 3, 2006, the Company entered into an employment agreement with Ross Lyndon James who has been serving as the Company's President without compensation and written agreement since being appointed to such office by the Board of Directors of the Company in June 2005. Mr. Lyndon James had also served without compensation as a director of the Company. Under the terms of the agreement, Mr. Lyndon James received compensation equal to twenty five thousand dollars (\$25,000) per month payable monthly in advance. He was also granted one million eight hundred thousand (1,800,000) restricted shares of common stock upon execution of the employment agreement as a signing bonus, as well as a termination grant of two million (2,000,000) shares of restricted common stock. All shares have piggy-back registration rights. Additionally, the Company agreed to grant him a warrant to acquire three hundred thousand (300,000) restricted shares of the Company's common stock. The exercise price is to be based on the bid price of the stock on the date of the agreement. The warrants expire five years after the date of grant. Additionally, Mr. Lyndon James will be entitled to participate in any stock option program offered by the Company to its employees. In July 24, 2006, Mr. Lyndon James resigned as the Company's Chief Executive Officer and Director. On the resignation of the Director, the Company forfeited the warrants. The Company recorded shares to be issued of \$2,500,000 for the termination shares.

### B. Brian Harcourt

The following transaction took place between the Company and Brian Harcourt, the Company's Chief Financial Officer and Director and parties related to Brian Harcourt:

On April 3, 2006, the Company entered into an employment agreement with Brian Harcourt who has been serving as an officer of the Company without compensation and written agreement since being appointed to such office by the Board of Directors of the Company in June 2005. Mr. Harcourt has also served without compensation as a director of the Company. Under the terms of the agreement, Mr. Harcourt will receive compensation equal to twenty five thousand dollars (\$25,000) per month payable monthly in advance. He was also granted one million eight hundred thousand (1,800,000) restricted shares of common stock upon execution of the employment agreement as a signing bonus, as well as a termination grant of two million (2,000,000) restricted shares of the common stock. All shares have piggy back registration rights. Additionally, the Company agreed to grant him a warrant to acquire three hundred thousand (300,000) restricted shares of the Company's common stock. The exercise price is to be based on the bid price of the stock on the date of the agreement. The warrants expire five years after the date of grant. Additionally, Mr. Harcourt will be entitled to participate in any stock option program offered by the Company to its employees. In July 24, 2006, Mr. Harcourt resigned as the Company's Chief Financial Officer and Director. On the resignation of the Director, the Company forfeited the warrants. The Company recorded shares to be issued of \$2,500,000 for the termination shares.

On April 5, 2006, the Company entered into a consulting agreement with First Credit Holding Ltd ("First Credit") to provide business management services and advice as it relates to the Company's future. Under the terms of the agreement, the Company agreed to pay First Credit a fee of three million five hundred thousand (3,500,000) restricted shares of common stock. The fee is non-refundable and considered earned when the shares are delivered. The company is amortizing the expense over the period of the services. Brian Harcourt, one of our directors, is the controlling shareholder of First Credit. The shares of stock were issued in April 2006.

## Item 13. Exhibits and Reports on Form 8-K

### Exhibits

Exhibit	Description
10.4	Consulting Agreement dated April 3, 2006 by and between Summitt Oil and Gas, Inc. and Company (previously filed as an exhibit to our Form 8-K, file no. 001-28911, on April 5, 2006 and incorporated herein by reference.)

- 10.5 Management Employment Agreement dated April 3, 2006 by and between Ross Lyndon James and the Company (previously filed as an exhibit to our Form 8-K, file no. 001-28911, on April 5, 2006 and incorporated herein by reference.)
- 10.6 Management Employment Agreement dated April 3, 2006 by and between Brian Harcourt and the Company (previously filed as an exhibit to our Form 8-K, file no. 001-28911, on April 5, 2006 and incorporated herein by reference.)
- 10.7 2006 Employee Stock Option Plan (previously filed as an exhibit to the Company's Form 8-K, file no. 001-28911, on April 5, 2006 and incorporated herein by reference.)
- 10.8 Consulting Agreement by and between us and Camden Holdings, Inc. dated January 8, 2006 (previously filed as an exhibit to our Form 10-KSB/A, file no. 001-28911, on June 8, 2006 and incorporated herein by reference.)
- 10.9 Consulting Agreement by and between us and Design, Inc. dated January 8, 2006 (previously filed as an exhibit to our Form 10-KSB/A, file no. 001-28911, on June 8, 2006 and incorporated herein by reference.)
- 10.10 Stock Purchase Agreement between us and Liquid Stone Partners dated April 4, 2006 (previously filed as an exhibit to our Form 10-KSB/A, file no. 001-28911, on June 8, 2006 and incorporated herein by reference.)
- 10.11 Amended Assignment of leasehold rights between us and Summitt Holdings, Inc. dated April 4, 2006 (previously filed as an exhibit to our Form 10-KSB/A, file no. 001-28911, on June 8, 2006 and incorporated herein by reference.)
- 10.12 Consulting Agreement between us and Credit First Holdings, Inc. dated April 5, 2006 (previously filed as an exhibit to our Form 10-KSB/A, file no. 001-28911, on June 8, 2006 and incorporated herein by reference.)
- 10.13 Promissory note executed by us to repay Camden Holdings, Inc. dated April 25, 2006 (previously filed as an exhibit to our Form 10-KSB/A, file no. 001-28911, on June 8, 2006 and incorporated herein by reference.)
- 10.14 Promissory note executed by us to repay Camden Holdings, Inc. dated June 8, 2006 (previously filed and incorporated herein by reference.)
- 10.16 Consolidated note and security agreement with Camden Holdings, Inc. dated January 5, 2007 (previously filed as an exhibit to our 8-K, file no. 01-28911 and incorporated herein by reference)
- 10.17 Consulting agreement with Camden Holdings, Inc. dated January 5, 2007 (previously filed as an exhibit to our 8-K, file no. 01-28911 and incorporated herein by reference)
- 10.18 Consolidated note and security agreement with Summitt Oil & Gas, Inc. dated January 5, 2007 (previously filed as an exhibit to our Form 8-K, file no. 01-28911 and incorporated herein by reference)
- 10.18 Consulting agreement with Summitt Oil & Gas, Inc. dated January 5, 2007 (previously filed as an exhibit to our Form 8-K, file no. 01-28911 and incorporated herein by reference)
- 14.1 Code of Ethical and Professional Standards of Brighton Oil & Gas, Inc. and Affiliated Entities, attached hereto.
- 31.1 Certification by Jeffery Joyce, Chief Executive Officer, as required under Section 302 of Sarbannes-Oxley Act of 2002, attached hereto.
- 31.2 Certification by Jeffery Joyce, Chief Financial Officer, as required under Section 302 of Sarbannes-Oxley Act of 2002, attached hereto.

(b) Reports on Form 8-K:

**Item 14. Principal Accountant Fees and Services.**

Audit Fees: The aggregate fees billed for the last fiscal year for services rendered by our principal accountant for the audit of our financial statements and review of financial statements included in our form 10QSB's for the fiscal years ended December 31, 2007 and 2006 were \$35,000 and \$29,500 respectively.

Audit Related Fees: \$ 35,000

Tax Fees: \$ -0-

All Other Fees: \$ -0-

**SIGNATURES**

In accordance with Section 13 or 15(d) of the Exchange Act, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

**Brighton Oil & Gas, Inc.**

By: /s/ JEFFERY JOYCE

Jeffery Joyce,  
Chief Executive  
Officer

Dated: April 8, 2008

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

/s/ JEFFERY JOYCE

Jeffery Joyce,  
CEO, CFO, Director

**BRIGHTON OIL & GAS, INC.**

(A DEVELOPMENT STAGE COMPANY)

**CONSOLIDATED FINANCIAL STATEMENTS**

DECEMBER 31, 2007

**BRIGHTON OIL & GAS, INC.**

(A DEVELOPMENT STAGE COMPANY)

**CONSOLIDATED FINANCIAL STATEMENTS**

DECEMBER 31, 2007

**C O N T E N T S**

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## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Stockholders  
Brighton Oil & Gas, Inc.

We have audited the accompanying balance sheet of Brighton Oil & Gas, Inc. as of December 31, 2007, and the related statements of operations, stockholders' equity (deficit), and cash flows for the years ended December 31, 2007 and 2006 and for the period from January 25, 2005 (inception) to December 31, 2007 . These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2007, and the results of its operations and its cash flows for the years ended December 31, 2007 and 2006 and for the period from January 25, 2005 (inception) to December 31, 2007, in conformity with accounting principles generally accepted in the United States of America .

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 2 to the financial statements, the Company had accumulated deficit of \$53,071,501 as of December 31, 2007 and net losses of \$15,007,117 for the year ended December 31, 2007. These factors raise substantial doubt about its ability to continue as a going concern. Management's plans concerning these matters are also described in Note 2. The accompanying consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

As stated in Note 9, the Financial Statements for the year ended December 31, 2006 were restated.

**/s/ Kabani & Company, Inc.**  
**Kabani & Company, Inc.**

Los Angeles, California

April 9, 2008

**BRIGHTON OIL & GAS, INC.**  
(A DEVELOPMENT STAGE COMPANY)

**CONSOLIDATED BALANCE SHEET**  
DECEMBER 31, 2007

ASSETS	
Cash & cash equivalents	\$ 4,769
Accounts receivable	11,675
Total Current Assets	<u>16,444</u>
 Property & equipment, net	 1,967
 TOTAL ASSETS	 <u>\$ 18,411</u>
 <b>LIABILITIES AND STOCKHOLDERS' DEFICIT</b>	
Current liabilities:	
Accounts payable	\$ 329,583
Accrued expenses	1,432,525
Accrued interest payable to affiliate	64,860
Due to former officers	5,000,000
Loan payable to affiliate	814,742
Line-of-Credit to affiliate	66,657
Total Current Liabilities	<u>7,708,367</u>
 Stockholders' Deficit	
Common Stock, \$.001 par value, 300,000,000 shares authorized, 13,281,985 issued and outstanding as of December 31, 2007	13,282
Additional paid in capital	45,368,263
Accumulated deficit	(53,071,501)
Total stockholders' deficit	<u>(7,689,956)</u>
 Total liabilities and stockholders' deficit	 <u>\$ 18,411</u>

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

**BRIGHTON OIL & GAS, INC.**  
(A DEVELOPMENT STAGE COMPANY)

**CONSOLIDATED STATEMENT OF OPERATIONS**  
**FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006**  
**AND THE CUMMULATIVE PERIOD FROM JANUARY 27, 2005 (INCEPTION) TO DECEMBER 31, 2007 ,**

	<b>December 31, 2007</b>	<b>December 31, 2006</b>	<b>Period from January 27, 2005 (inception) to December 31, 2007</b>
<b>NET REVENUE</b>	\$ 12,239	\$ -	\$ 12,239
<b>OPERATING EXPENSES</b>			
Professional fees	8,719,580	21,810,896	30,995,780
Technology license royalties	-	-	160,417
Impairment of oil & gas well lease	5,030,000	46,667	5,076,667
Other general and administrative	203,119	15,264,021	15,649,019
<b>Total operating expenses</b>	<u>13,952,699</u>	<u>37,121,584</u>	<u>51,881,883</u>
<b>NET OPERATING LOSS</b>	(13,940,460)	(37,121,584)	(51,869,644)
Beneficial conversion feature	(1,066,657)	-	(1,066,657)
Gain on settlement of debt	-	215,000	215,000
<b>NET LOSS</b>	<u>\$ (15,007,117)</u>	<u>\$ (36,906,584)</u>	<u>\$ (52,721,301)</u>
<b>LOSS PER SHARE - BASIC &amp; DILUTED</b>	<u>\$ (0.20)</u>	<u>\$ (1.13)</u>	
<b>WEIGHTED AVERAGE SHARES OUTSTANDING - BASIC &amp; DILUTED</b>	<u>74,515,857</u>	<u>32,695,891</u>	

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

**BRIGHTON OIL & GAS, INC.**  
**(A DEVELOPMENT STAGE COMPANY)**  
**CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY/(DEFICIT)**  
**FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006**  
**FOR THE CUMULATIVE PERIOD FROM JANUARY 27, 2005 (INCEPTION) TO DECEMBER 31, 2007**

	<u>Shares</u>	<u>Common stock amount</u>	<u>Additional paid in capital</u>	<u>Prepaid consulting</u>	<u>Deficit accumulated during the development stage</u>	<u>Total stockholder's equity/(defici t)</u>
Balance, January 27, 2005 (inception)	-	\$ -	\$ -	\$ -	\$ -	\$ -
Founder's stock issued	838,000	838	(838)	-	-	-
Stock issued for debt	80,000	80	399,920	-	-	400,000
Shares issued for license agreement	861,875	862	(862)	-	-	-
Effect of reverse merger	138,401	138	(200,138)	-	-	(200,000)
Divestiture of subsidiary to related party	-	-	544,340	-	-	544,340
Net loss for the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(807,600)</u>	<u>(807,600)</u>
Balance, December 31, 2005	1,918,276	1,918	742,422	-	(807,600)	(63,260)
Shares issued for employment	455,000	455	8,487,045	-	-	8,487,500
Shares issued for services	1,710,800	1,711	28,796,789	(7,633,750)	-	21,164,750
Shares issued for lease agreement	67,700	68	406,132	-	(350,200)	56,000
Net loss for the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(36,906,584)</u>	<u>(36,906,584)</u>
Balance, December 31, 2006	<u>4,151,776</u>	<u>\$ 4,152</u>	<u>\$38,432,388</u>	<u>\$(7,633,750)</u>	<u>\$ (38,064,384)</u>	<u>\$ (7,261,594)</u>
Shares issued for services	630,205	630	527,718	(387,500)	-	140,848
Shares issued for debt conversion	3,500,000	3,500	346,500	-	-	350,000
Beneficial conversion feature	-	-	1,066,657	-	-	1,066,657
Amortization of shares issued for services	-	-	-	8,021,250	-	8,021,250
Shares issued for properties	5,000,000	5,000	4,995,000	-	-	5,000,000
Reverse split (1:10)	-	-	-	-	-	-
Deemed Dividend	-	-	-	-	-	-
Net loss for the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(15,007,117)</u>	<u>(15,007,117)</u>
Balance, December 31, 2007	<u>13,281,981</u>	<u>\$ 13,282</u>	<u>\$45,368,263</u>	<u>\$ -</u>	<u>\$ (53,071,501)</u>	<u>\$ (7,689,956)</u>

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

**BRIGHTON OIL & GAS, INC.**  
**(A DEVELOPMENT STAGE COMPANY)**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006**  
**AND THE CUMULATIVE PERIOD FROM JANUARY 27, 2005 (INCEPTION) TO DECEMBER 31, 2007**

	2007	2006	Period from January 27, 2005 (inception) to Dec 31, 2007
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net loss	\$ (15,007,117)	\$ (36,906,584)	\$ (52,721,301)
<b>Adjustments to reconcile net loss to cash used by operating activities:</b>			
Depreciation and depletion	33	-	3,844
Amortization on investment in custer leasehold	-	9,333	9,333
Impairment on oil lease investments	5,030,000	46,667	5,076,667
Stock issued for services	140,848	29,652,250	29,793,098
Amortization of prepaid consulting fees	8,021,250	-	8,021,250
Amortization of beneficial conversion feature	1,066,657	-	1,066,657
Shares to be issued	-	5,000,000	5,000,000
<b>Changes in certain assets and liabilities, net of divestiture</b>			
Increase in accounts receivable	(11,675)	-	(11,675)
Increase in inventory	-	-	(29,102)
Increase in other assets	-	-	(2,087)
Increase in accrued interest to affiliate	64,860	-	1,384,385
Increase in accounts payable and accrued expenses	853	1,319,525	853
Increase in accrued expenses	113,000	265,470	523,460
<b>CASH FLOWS USED IN OPERATING ACTIVITIES:</b>	<u>(581,291)</u>	<u>(613,339)</u>	<u>(1,884,618)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Purchase of oil & gas leases	(30,000)	-	(30,000)
Purchase of property, plant & equipment	(2,000)	-	(40,952)
<b>CASH FLOWS USED IN INVESTING ACTIVITIES</b>	<u>(32,000)</u>	<u>-</u>	<u>(70,952)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from convertible note - related party, net	551,342	-	951,342
Loans payable to affiliates	66,657	613,400	1,008,997
<b>CASH FLOWS PROVIDED BY FINANCING ACTIVITIES</b>	<u>617,999</u>	<u>613,400</u>	<u>1,960,339</u>
<b>NET INCREASE IN CASH &amp; CASH EQUIVALENTS</b>	4,708	61	4,769
<b>CASH &amp; CASH EQUIVALENTS, BEGINNING OF PERIOD</b>	61	-	-
<b>CASH &amp; CASH EQUIVALENTS, END OF PERIOD</b>	<u>\$ 4,769</u>	<u>\$ 61</u>	<u>\$ 4,769</u>
<b>SUPPLEMENTAL CASH FLOW INFORMATION:</b>			
Interest paid	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Income taxes paid	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Net liabilities assumed with recapitalization	<u>\$ -</u>	<u>-</u>	<u>\$ 200,000</u>
Divestiture of subsidiary to related party	<u>\$ -</u>	<u>-</u>	<u>\$ 544,340</u>
Common stock issued for debt	<u>\$ 350,000</u>	<u>-</u>	<u>\$ 1,050,000</u>
Common stock issued for acquiring oil & gas leases	<u>\$ 5,000,000</u>	<u>406,200</u>	<u>\$ 5,406,200</u>

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

**BRIGHTON OIL & GAS, INC.**  
(A DEVELOPMENT STAGE COMPANY)

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
DECEMBER 31, 2007

1. Summary of Significant Accounting Policies

A. Organization and General Description of Business

Brighton Oil & Gas, Inc. ("We" or "the Company") was incorporated under the laws of the State of Colorado, on July 6, 2005. On July 19, 2005, the Company, completed the acquisition of Special Stone Surfaces, Es3, Inc., a Nevada Corporation ("Es3") pursuant to the terms of an Exchange Agreement (the "Exchange Agreement") by and among the Company, Crown Partners, Inc., a Nevada corporation and at such time, the largest stockholder of the Company ("Crown Partners"), Es3, and certain stockholders of Es3 (the "Es3 Stockholders"). Under the terms of the Exchange Agreement, the Company acquired all of the outstanding capital stock of Es3 in exchange for the issuance of 19,182,759 shares of the Company's common stock to the Es3 Stockholders, Crown Partners and certain consultants. The transactions effected by the Exchange Agreement have been accounted for as a reverse merger. This reverse merger transaction has been accounted for as a recapitalization of Es3, as Es3 is the accounting acquirer, effective July 19, 2005. As a result, the historical equity of the Company has been restated on a basis consistent with the recapitalization. In addition, the Company changed its accounting year-end from September 30 to December 31, which is Es3's accounting year-end.

Accordingly the financial statements contained in report include the operations of the Company in its new line of business. As a result of the transactions contemplated by the Exchange Agreement, the Company had one active operating subsidiary--Es3. Es3 was formed in January 2005 and began operations in March 2005 in the business of manufacturing and distributing a range of decorative stone veneers and finishes based on proprietary Liquid Stone Coatings(TM) and Authentic Stone Veneers(TM). Effective October 1, 2005, the Company sold all of its shares in Es3.

On April 3, 2006 the Board of Directors approved a change of direction for the Company, from the business of Manufacturing and distributing decorative stone veneers and finishes, to the business of oil and gas exploration and production, mineral lease purchasing and all activities associated with acquiring, operating and maintaining the assets of such operations.

B. Basis of Presentation and Organization

The consolidated financial statements of the Company for the periods January 1, 2007 to December 31, 2007 and from January 27, 2005 (Inception) through December 31, 2007 have been prepared in accordance with generally accepted accounting principles. The consolidated financial statements include the accounts of the Company and its wholly owned subsidiary, Es3, through October 1, 2005 (the effective date of disposition). All inter-company transactions have been eliminated.

C. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Estimates and assumptions are reviewed periodically and the effects of revisions are reflected in the financial statements in the period they are determined.

**BRIGHTON OIL & GAS, INC.**  
(A DEVELOPMENT STAGE COMPANY)

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
DECEMBER 31, 2007

**D. Cash and Cash Equivalents**

Cash and cash equivalents include cash in hand and cash in time deposits, certificates of deposit and all highly liquid debt instruments with original maturities of three months or less.

**E. Long-Lived Assets & Impairment on oil lease investments**

Effective January 1, 2002, the Company adopted Statement of Financial Accounting Standards No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets" ("SFAS 144"), which addresses financial accounting and reporting for the impairment or disposal of long-lived assets and supersedes SFAS No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of," and the accounting and reporting provisions of APB Opinion No. 30, "Reporting the Results of Operations for a Disposal of a Segment of a Business." The Company periodically evaluates the carrying value of long-lived assets to be held and used in accordance with SFAS 144. SFAS 144 requires impairment losses to be recorded on long-lived assets used in operations when indicators of impairment are present and the undiscounted cash flows estimated to be generated by those assets are less than the assets' carrying amounts. In that event, a loss is recognized based on the amount by which the carrying amount exceeds the fair market value of the long-lived assets. Loss on long-lived assets to be disposed of is determined in a similar manner, except that fair market values are reduced for the cost of disposal.

Based on its review, the Company believes that, as of December 31, 2006, the investment in Custer oil & well lease of \$56,000 was impaired and recorded an impairment loss of \$46,667.

During the year ended December 31, 2007, the Company had acquired two oil & well gas leases in two separate transactions. One lease was acquired for cash consideration of \$30,000 and the other lease was acquired in exchange of 50,000,000 (pre reverse split) shares. The lease was valued at the fair market value of the shares which was \$5,000,000.

As of December 31, 2007, the Company estimated the future cash flows expected to result from the use and eventual disposition of the two oil & well gas leases. Based on its review, the Company determined that the carrying value of the assets is not recoverable and hence the leases were determined to be impaired as of December 31, 2007. The Company recorded an impairment loss of \$5,030,000 for the year ended December 31, 2007.

**F. Fair Value of Financial Instruments**

Statement of financial accounting standard No. 107, Disclosures about fair value of financial instruments, requires that the Company disclose estimated fair values of financial instruments. The carrying amounts reported in the statements of financial position for assets and liabilities qualifying as financial instruments are a reasonable estimate of fair value.

**G. Technology License and Royalties**

The Company's former principal business activity focused on the commercialization of distributing decorative coatings that can be used to resemble stone, which the Company licensed from related parties. Minimum annual royalties for these arrangements were accrued in 2005 on the Company's balance sheet till disposal of the subsidiary.

The Company's current principal activity focuses on oil and gas exploration. During 2007 the Company acquired the rights to drill and otherwise exploit certain underlying reserves and agreed to pay a royalty ranging from 17.7% to 21.8% on the value of the oil removed or produced and on the net proceeds from all gas sold. The royalty is being deducted by the operator and therefore there are no applicable royalty accruals on the Company's balance sheet at December 31, 2007. During 2006 the Company acquired the rights to drill and otherwise exploit certain underlying reserves and agreed to pay a 3% royalty on the value of the oil removed or produced and on the net proceeds from all gas sold. To date there are no applicable accruals on the Company's balance sheet as there has been no production or proceeds related to the acquired rights.

**H. Stock-Based Compensation**

In December 2004, the FASB issued SFAS No. 123 (revised 2004), "Share-Based Payment" ("SFAS 123R"), which requires the measurement of all employee share-based payments to employees, including grants of employee stock options, using a fair-value-based method and the recording of such expense in the consolidated statements of operations. In March 2005, the SEC issued Staff Accounting Bulletin No. 107 ("SAB 107") regarding the SEC's interpretation of SFAS 123R and the valuation of share-based payments for public companies. The Company has adopted SFAS 123R and related FASB Staff Positions ("FSPs") as of January 01, 2006 and will recognize stock-based compensation expense using the modified prospective method.



**BRIGHTON OIL & GAS, INC.**  
(A DEVELOPMENT STAGE COMPANY)

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
DECEMBER 31, 2007

**I. Income Taxes**

The Company accounts for its income taxes using the Financial Accounting Standards Board Statements of Financial Accounting Standards No. 109, "Accounting for Income Taxes," which requires the establishment of a deferred tax asset or liability for the recognition of future deductible or taxable amounts and operating loss and tax credit carry forwards. Deferred tax expense or benefit is recognized as a result of timing differences between the recognition of assets and liabilities for book and tax purposes during the year.

Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Deferred tax assets are recognized for deductible temporary differences and operating loss, and tax credit carry forwards. A valuation allowance is established to reduce that deferred tax asset if it is "more likely than not" that the related tax benefits will not be realized.

**J. Basic and Diluted Net Earnings (loss) per Share**

The Company adopted the provisions of SFAS No. 128, "Earnings Per Share" ("EPS"). SFAS No. 128 provides for the calculation of basic and diluted earnings per share. Basic EPS includes no dilution and is computed by dividing income or loss available to common shareholders by the weighted average number of common shares outstanding for the period. Diluted EPS reflects the potential dilution of securities that could share in the earnings or losses of the entity. For the periods January 1, 2007 to December 31, 2007 and from inception through December 31, 2007, basic and diluted loss per share are the same since the calculation of diluted per share amounts would result in an anti-dilutive calculation.

**K. Development Stage Enterprise**

The Company is a development stage enterprise, as defined in Financial Accounting Standards Board No.7. The Company's planned principal operations have not commenced, and, accordingly, insignificant revenue has been derived during this period.

**L. Recent Accounting Pronouncements**

In September 2006, FASB issued SFAS 157 'Fair Value Measurements'. This Statement defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles (GAAP), and expands disclosures about fair value measurements. This Statement applies under other accounting pronouncements that require or permit fair value measurements, the Board having previously concluded in those accounting pronouncements that fair value is the relevant measurement attribute. Accordingly, this Statement does not require any new fair value measurements. However, for some entities, the application of this Statement will change current practice. This Statement is effective for financial statements issued for fiscal years beginning after November 15, 2007, and interim periods within those fiscal years. The management is currently evaluating the effect of this pronouncement on financial statements.

In September 2006, FASB issued SFAS 158 'Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans—an amendment of FASB Statements No. 87, 88, 106, and 132(R)' This Statement improves financial reporting by requiring an employer to recognize the over funded or under funded status of a defined benefit postretirement plan (other than a multiemployer plan) as an asset or liability in its statement of financial position and to recognize changes in that funded status in the year in which the changes occur through comprehensive income of a business entity or changes in unrestricted net assets of a not-for-profit organization. This Statement also improves financial reporting by requiring an employer to measure the funded status of a plan as of the date of its year-end statement of financial position, with limited exceptions. An employer with publicly traded equity securities is required to initially recognize the funded status of a defined benefit postretirement plan and to provide the required disclosures as of the end of the fiscal year ending after December 15, 2006. An employer without publicly traded equity securities is required to recognize the funded status of a defined benefit postretirement plan and to provide the required disclosures as of the end of the fiscal year ending after June 15, 2007. However, an employer without publicly traded equity securities is required to disclose the following information in the notes to financial statements for a fiscal year ending after December 15, 2006, but before June 16, 2007, unless it has applied the recognition provisions of this Statement in preparing those financial statements:

- a. A brief description of the provisions of this Statement
- b. The date that adoption is required
- c. The date the employer plans to adopt the recognition provisions of this Statement, if earlier.

The requirement to measure plan assets and benefit obligations as of the date of the employer's fiscal year-end statement of financial position is effective for fiscal years ending after December 15, 2008. The management is currently evaluating the effect of this pronouncement on financial statements.

In February 2007, FASB issued FASB Statement No. 159, The Fair Value Option for Financial Assets and Financial Liabilities. FAS 159 is effective for fiscal years beginning after November 15, 2007. Early adoption is permitted subject to specific requirements outlined in the new Statement. Therefore, calendar-year companies may be able to adopt FAS 159 for their first quarter 2007 financial statements.

**BRIGHTON OIL & GAS, INC.**  
(A DEVELOPMENT STAGE COMPANY)

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
DECEMBER 31, 2007

The new Statement allows entities to choose, at specified election dates, to measure eligible financial assets and liabilities at fair value that are not otherwise required to be measured at fair value. If a company elects the fair value option for an eligible item, changes in that item's fair value in subsequent reporting periods must be recognized in current earnings. FAS 159 also establishes presentation and disclosure requirements designed to draw comparison between entities that elect different measurement attributes for similar assets and liabilities.

In December 2007, the FASB issued SFAS No. 160, "Noncontrolling Interests in Consolidated Financial Statements". This Statement amends ARB 51 to establish accounting and reporting standards for the noncontrolling (minority) interest in a subsidiary and for the deconsolidation of a subsidiary. It clarifies that a noncontrolling interest in a subsidiary is an ownership interest in the consolidated entity that should be reported as equity in the consolidated financial statements. SFAS No. 160 is effective for the Company's fiscal year beginning October 1, 2009. Management is currently evaluating the effect of this pronouncement on financial statements.

In March 2008, the FASB issued FASB Statement No. 161, Disclosures about Derivative Instruments and Hedging Activities. The new standard is intended to improve financial reporting about derivative instruments and hedging activities by requiring enhanced disclosures to enable investors to better understand their effects on an entity's financial position, financial performance, and cash flows. It is effective for financial statements issued for fiscal years and interim periods beginning after November 15, 2008, with early application encouraged. The new standard also improves transparency about the location and amounts of derivative instruments in an entity's financial statements; how derivative instruments and related hedged items are accounted for under Statement 133; and how derivative instruments and related hedged items affect its financial position, financial performance, and cash flows. Management is currently evaluating the effect of this pronouncement on financial statements.

In December 2007, the FASB issued SFAS No. 141(R), "Business Combinations". This Statement replaces SFAS No. 141, Business Combinations. This Statement retains the fundamental requirements in Statement 141 that the acquisition method of accounting (which Statement 141 called the purchase method) be used for all business combinations and for an acquirer to be identified for each business combination. This Statement also establishes principles and requirements for how the acquirer: a) recognizes and measures in its financial statements the identifiable assets acquired, the liabilities assumed, and any noncontrolling interest in the acquiree; b) recognizes and measures the goodwill acquired in the business combination or a gain from a bargain purchase and c) determines what information to disclose to enable users of the financial statements to evaluate the nature and financial effects of the business combination. SFAS No. 141(R) will apply prospectively to business combinations for which the acquisition date is on or after Company's fiscal year beginning October 1, 2009. While the Company has not yet evaluated this statement for the impact, if any, that SFAS No. 141(R) will have on its consolidated financial statements, the Company will be required to expense costs related to any acquisitions after September 30, 2009.

**BRIGHTON OIL & GAS, INC.**  
(A DEVELOPMENT STAGE COMPANY)

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
DECEMBER 31, 2007

M. Reclassifications

For comparative purposes, prior year's consolidated financial statements have been reclassified to conform with report classifications of the current year.

2. Going Concern

The accompanying financial statements have been prepared in conformity with generally accepted accounting principles, which contemplate the continuation of the Company as a going concern. The Company reported an accumulated deficit of \$53,071,501 and had a stockholder's deficit of \$7,689,956 at December 31, 2007.

In view of the matters described, there is substantial doubt as to the Company's ability to continue as a going concern without a significant infusion of capital. At December 31, 2007, the Company had limited operations. In view of the matters described, there is substantial doubt as to the Company's ability to continue as a going concern without a significant infusion of capital. There can be no assurance that management will be successful in implementing its plans. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

We anticipate that we will have to raise additional capital to fund operations over the next 12 months. To the extent that we are required to raise additional funds to acquire properties, and to cover costs of operations, we intend to do so through additional public or private offerings of debt or equity securities. There are no commitments or arrangements for other offerings in place, no guaranties that any such financings would be forthcoming, or as to the terms of any such financings. Any future financing may involve substantial dilution to existing investors. We had been relying on our common stock to pay third parties for services which has resulted substantial dilution to existing investors.

3. Income Taxes

Deferred income taxes are reported using the liability method. Deferred tax assets are recognized for deductible temporary differences and deferred tax liabilities are recognized for taxable temporary differences. Temporary differences are the differences between the reported amounts of assets and liabilities and their tax bases. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized. Deferred tax assets and liabilities are adjusted for the effects of changes in tax laws and rates on the date of enactment. Current year and accumulated deferred tax benefit at the effective Federal income tax rate of 34% is \$17,650,659, and \$12,548,239 respectively and a valuation allowance has been set up for the full amount because of the unlikelihood that the accumulated deferred tax benefit will be realized in the future.

At December 31, 2007, the Company had available federal and state net operating loss carryforwards amounting to approximately \$53,071,501 that are available to offset future federal and state taxable income and that expire in various periods through 2027 for federal tax purposes and 2014 for state tax purposes. No benefit has been recorded for the loss carryforwards, and utilization in future years may be limited under Sections 382 and 383 of the Internal Revenue Code if significant ownership changes have occurred or from future tax legislation changes

The following table sets forth the significant components of the net deferred tax assets for operation in the US as of December 31, 2007 and 2006.

	2007	2006
Net operation loss carry forward	\$ 53,071,501	\$ 38,064,384
Total deferred tax assets	17,650,659	12,548,239
Less: valuation allowance	(17,650,659)	(12,548,239)
Net deferred tax assets	\$ -	\$ -

**BRIGHTON OIL & GAS, INC.**  
(A DEVELOPMENT STAGE COMPANY)

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
DECEMBER 31, 2007

The provision for income taxes from continuing operations on income consists of the following for the years ended December 31, 2007 and 2006:

	2007	2006
US Current Income Tax Expense (Benefit)		
Federal	\$ -	\$ -
State	-	-
Total Provision for Income Tax	\$ -	\$ -

The following is a reconciliation of the provision for income taxes at the U.S. federal income tax rate to the income taxes reflected in the Consolidated Statements of Operations:

	December 31 2007	December 31 2006
Tax expense (credit) at statutory rate-federal	(34)%	(34)%
State tax expense net of federal tax	(6)	(6)
Valuation allowance	40	40
Tax expense at actual rate	-	-

4. Professional fee

Professional fee, during the years ended December 31, 2007 and 2006, amounted to \$8,719,580 and \$21,810,896, respectively.

During the year ended December 31, 2007 and 2006, the Company issued shares in exchange for professional fee to various consultants under separate agreements. The shares issued were valued at the fair market value pursuant to EITF- 96-18. The Company issued 1,710,800 shares during the year ended December 31, 2006. Fair market value of the shares was recorded at \$28,798,500 and was expensed over the term of the services provided. \$21,164,750 was expensed during the year ended December 31, 2006 and the balance of \$7,633,750 was recorded as prepaid consulting to be amortized as the services are performed.

During the year ended December 31, 2007, the Company issued 630,205 shares to various consultants under separate agreements and valued them at \$528,348. \$387,500 of the total amount was initially recorded as prepaid consulting.

All of the consulting agreements were completed during the year ended December 31, 2007 and the prepaid consulting of \$8,021,250 was amortized to professional fee.

5. Accrued Expenses

As of December 31, 2007, the accrued expenses comprise of the following:

Accrued consulting fees	\$ 102,500
Accrued audit fees	25,000
Accrued dispute settlement	13,000
Accrued payroll taxes	1,285,651
Accrued compensation costs	6,374
	<u>\$1,432,525</u>

6. Equity Transactions

The Company is authorized to issue 100,000,000 shares of common shares with a par value of \$.001 per share. These shares have full voting rights. There were 13,281,985 issued and outstanding as of December 31, 2007.

A. Issuance of Common Stock

In February 2005, the Company issued 8,380,000 shares of unregistered common stock at par value of \$0.001 to founding stockholders without consideration, including 6,250,000 shares to Boston Equities Corporation (a related party).



**BRIGHTON OIL & GAS, INC.**  
(A DEVELOPMENT STAGE COMPANY)

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

DECEMBER 31, 2007

In June 2005, the Company issued 800,000 shares of unregistered common stock at par value of \$0.001 in exchange for the debt arising out of monies advanced to the Company in the amount of \$400,000 by Boston Equities Corporation pursuant to a convertible debt agreement dated March 1, 2005. The terms of the convertible debt agreement allowed Boston Equities Corporation to convert its debt to shares of common stock at \$.50 per share.

In June 2005, the Company's issued an aggregate of 8,618,750 shares of unregistered common at par value of \$0.001 stock to the shareholders of Aronite Industries, Inc. ("Aronite") in connection with the license of certain trademarks from Aronite. Certain officers, directors and shareholders of the Company are former or current officers, directors and shareholders of Aronite. Aronite and the Company are under common control and, therefore, the transaction was recorded at Aronite's basis, which was zero.

In July 2005, in accordance with the terms of the Exchange Agreement, the Company issued 400,000 shares of registered common stock to two consultants, d.b.a. WB International, Inc. in accordance with the terms of the Exchange Agreement.

In July 2005, the Company issued for no consideration 78,571 shares of its unregistered common stock at par value of \$0.001 to the former shareholders of National Healthcare Technologies, Inc. and an additional 905,438 shares of its unregistered common stock at par value of \$0.001 to Crown Partners, a former major shareholder of National Healthcare Technologies, Inc. in accordance with the terms of the Exchange Agreement.

In April 2006, the Company issued 1,800,000 shares of its unregistered common stock to its Chief Executive Officer and Director, Ross-Lyndon James, in accordance with the terms of the Management Employment Agreement. The shares, which vested upon issuance, were recorded at the fair market value of \$3,690,000 on the date of issuance.

In April 2006, the Company issued 1,800,000 shares of its unregistered common stock to its Chief Financial Officer and Director, Brian Harcourt, in accordance with the terms of the Management Employment Agreement. The shares, which vested upon issuance, were recorded at the fair market value of \$3,690,000 on the date of issuance.

In April 2006, in accordance with the terms of a Consulting Agreement, the Company issued 3,500,000 shares of the Company's common stock to Credit First Holding Limited, a related party, for consulting services. The Company recorded the shares at the fair market value of \$7,175,000. The expense is being amortized over the period of the consulting agreement as the services are being performed. During the year ended December 31, 2007 and 2006, the Company amortized \$5,381,250 and \$1,793,750, respectively..

In April 2006, in accordance with the terms of a Consulting Agreement, the Company issued 700,000 shares of the Company's common stock to Monterosa Group Limited for consulting services. The Company recorded the shares at the fair market value of \$1,435,000. The expense is being amortized over the period of the consulting agreement as the services are being performed. During the years ended December 31, 2007 and 2006, the Company amortized \$1,076,250 & \$6,440,000, respectively.

In April 2006, in accordance with the terms of a Consulting Agreement, the Company issued 2,800,000 shares of the Company's common stock to Design, Inc., a related party, for consulting services. The Company recorded the expense at the fair market value of shares of \$6,440,000.

In April 2006, in accordance with the terms of a Consulting Agreement, the Company issued 2,500,000 shares of the Company's common stock to Camden Holdings, Inc., a related party, for consulting services. The Company recorded the expense at the fair market value of shares of \$5,750,000.

In April 2006, in accordance with the terms of a Consulting Agreement, the Company issued 1,800,000 shares of the Company's common stock to Summit Oil & Gas, a related party, for consulting services. The Company recorded the expense at the fair market value of shares of \$3,690,000.

In April 2006, in accordance with the terms of a Consulting Agreement, the Company issued 700,000 shares of the Company's common stock to Bluefin, LLC for consulting services. The Company recorded the shares at the fair market value of \$1,435,000. The expense is being amortized over the period of the consulting agreement as the services are being performed. During the years ended December 31, 2007 and 2006, the Company amortized \$1,076,250 and \$358,750, respectively.

On June 16, 2006, we issued 375,000 shares each to John McDermit and John E. Havens, who served on our advisory board. The shares, which vested upon issuance, were recorded at the fair market value on the date of issuance, for a total of \$1,027,500.

In August, 2006, in accordance with an agreement between the parties, the Company issued 677,000 shares of the Company's common stock to Summitt Oil & Gas to acquire certain lease rights. The shares were valued at \$406,200. The Company recorded the asset at the historical cost of \$56,000 to the related party and recorded \$350,200 as a deemed dividend to the related party.

In September, 2006, pursuant to the terms of a Consulting Agreement, the Company issued 2,700,000 shares of its common stock to Summitt Ventures, under the Company's 2006-1 Consultant and Employee Services Plan. The Company recorded the expense at the fair market value of shares of \$1,680,000.

In August, 2006, in accordance with the terms of a Consulting Agreement, the Company issued 209,000 shares of its common stock to Catalyst Consulting, Inc. In September, 2006, pursuant to the terms of a Consulting Agreement, the Company issued an additional 209,000 shares of its common stock to Catalyst Consulting, Inc., under the Company's 2006-1 Consultant and Employee Services Plan. These shares issuances represent prepaid consulting services for the period of July 1, 2006 through December 31, 2006. The Company recorded the expense at the fair market value of shares of \$209,000.

On August 17, 2006, in accordance with the terms of a Consulting Agreement, the Company issued 500,000 shares of its common stock to Ramp International, Inc. In September, 2006, pursuant to the terms of a Consulting Agreement, the Company issued 500,000 shares of its common stock to Ramp International, Inc., under the Company's 2006-1 Consultant and Employee Services Plan. This share issuance represents prepaid consulting expense for the period from September 2, 2006 through February 2, 2007 with this expense to be amortized over 18 months. The agreement was based on fair market value totaling \$500,000 of which \$400,000 was amortized during the year ended December 31, 2006. The Company also owed Ramp a cash payment of \$215,000 which was waived off by Ramp as of December 31, 2006, so this amount has been recorded as a gain on settlement of debt.

On August 17, 2006, in accordance with the terms of a Consulting Agreement, the Company issued 100,000 shares of its common stock to Jon Konheim. The Company recorded the expense at the fair market value of shares of \$60,000.

In August 2006 in accordance with the terms of a Consulting Agreement, the Company issued 100,000 shares of its common stock to Linda Contreras. The Company recorded the expense at the fair market value of shares of \$120,000

The Company issued 200,000 shares of its common stock to its former president, Samuel Petrossian, in September, 2006 as compensation for services, pursuant to an employment agreement. Mr. Petrossian resigned in November, 2006. The Company recorded the expense at the fair market value of shares of \$80,000.

In September, 2006, the Company adopted the 2006-1 Consultant and Employee Services Plan wherein the Company registered 3,800,000 shares of its common stock for issuance to consultants and employees of the Company.

In September, 2006, pursuant to the terms of a Consulting Agreement, the Company issued 190,000 shares of its common stock to Frank Layton under the Company's 2006-1 Consultant and Employee Services Plan. The Company recorded the expense at the fair market value of shares of \$76,000.

In September, 2006, pursuant to the terms of a Consulting Agreement, the Company issued 150,000 shares, of its common stock to Linda Contreras under the Company's 2006-1 Consultant and Employee Services Plan. The Company recorded the expense at the fair market value of shares of \$60,000.

In September, 2006, pursuant to the terms of a Consulting Agreement, the Company issued 400,000 shares of its common stock to Raymond Robinson under the Company's 2006-1 Consultant and Employee Services Plan. The Company recorded the expense at the fair market value of shares of \$160,000.

In October, 2006, pursuant to the terms of a Consulting Agreement, the Company issued 50,000 shares of its common stock to Claudia J. Zaman, attorney., under the Company's 2006-1 Consultant and Employee Services Plan. The Company recorded the expense at the fair market value of shares of \$8,500.

## B. Warrants

In February 2005, the Company issued a warrant to acquire up to 600,000 shares of unregistered common stock at an exercise price of \$0.60 per share to W.B. International, Inc., in exchange for consulting services. All shares vested upon grant. The warrant expires 5 years from the date of issuance.

In June 2005, the Company issued a warrant to acquire up to 600,000 shares of unregistered common stock at an exercise price of \$0.70 per share to each of Liquid Stone Manufacturing, Inc. and Stone Mountain Finishes, Inc. in consideration of certain license agreements. All shares vested upon grant. The warrants expire 5 years from the date of issuance.

In June 2005, the Company issued a warrant to an employee to purchase up to 100,000 shares of the company's restricted common stock at an exercise price of \$0.70 per share. The shares vested monthly over three years and have a 10 year option period. The employee was terminated in February 2006 and the warrants were forfeited.

A summary of the warrant activity for the period ended December 31, 2007 is as follows:

	Warrants Outstanding	Weighted Exercise Price	Average Aggregate Value	Intrinsic
Outstanding, December 31, 2006	1,800,000	\$0.67	\$-	
Granted			-	
Forfeited / Canceled			-	
Exercised	-	-	-	
Outstanding, December 31, 2007	1,800,000	\$0.67	\$-	

The weighted average remaining contractual life of warrants outstanding is 2.10 years at December 31, 2007.

Outstanding Warrants		Exercisable Warrants	
Range of Exercise Number Price	Average Remaining Contractual Life	Average Price	Exercise Number
\$0.67 1,800,000	2.10	\$0.67	1,800,000

The Company estimated the fair value of each stock warrant at the grant date by using the Black-Scholes option-pricing mode.

The weighted-average assumptions used in estimating the fair value of warrants granted during the year ended December 31, 2006 along with the weighted-average grant date fair values, were as follows.

Expected volatility	80.0%
Expected life in years	5 years
Risk free interest rate	5.07%
Dividend yield	0%

During the period ended December 31, 2006, the Company granted two warrants which expire five years from date of grant and are convertible into 300,000 shares of common stock at an exercise price of \$2.63 per share to each of Brian Harcourt and Ross-Lyndon James in accordance with their respective Management Employment Agreements executed by and between them and the Company, respectively. The warrants were granted on April 5, 2006 and vest 6 months after grant. Both Mr. Harcourt and Mr. James resigned in July 24, 2006 and their warrants were forfeited.

### C. Employee Options

On April 3, 2006, the Board of Directors of the Company authorized and approved the adoption of the 2006 Stock Option Plan effective April 3, 2006 (the "Plan"). The Plan is administered by the duly appointed compensation committee. The Plan is authorized to grant stock options of up to 2,500,000 shares of the Company's common stock. At the time a stock option is granted under the Plan, the compensation committee shall fix and determine the exercise price and vesting schedules at which such shares of common stock of the Company may be acquired. As of December 31, 2006 and December 31, 2007, no options to purchase the Company's common stock have been granted under the Plan.

There were no options outstanding at December 31, 2007.

In September, 2006, the Board of Directors of the Company authorized and approved the adoption of the 2006-1 Consultants and Employees Service Plan effective September 7, 2006 (the "Consultants Plan"). The Plan is administered by the duly appointed compensation committee. The Plan is authorized to grant stock options and make stock awards of up to 3,800,000 shares of the Company's common stock. At the time a stock option is granted under the Plan, the compensation committee shall fix and determine the exercise price and vesting schedules at which such shares of common stock of the Company may be acquired. The Consultants Plan was registered on September 15, 2006 and as of December 31, 2006 a total of 3,799,000 shares had been issued and granted under the Consultants Plan. During 2007 no additional shares were issued.

**BRIGHTON OIL & GAS, INC.**  
(A DEVELOPMENT STAGE COMPANY)

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
DECEMBER 31, 2007

7. Related Party Transactions

During the year the following transactions occurred between the Company and certain related parties:

A. Ross-Lyndon James

Mr. James resigned on July 24, 2006 and on his resignation Company warrants that had been granted to him were forfeited. The Company recorded shares to be issued of \$2,500,000 for the termination shares.

B. Brian Harcourt

Mr. Harcourt resigned on July 24, 2006 and on his resignation Company warrants that had been granted to him were forfeited. The Company recorded shares to be issued of \$2,500,000 for the termination shares.

On April 5, 2006, the Company entered into a consulting agreement with First Credit Holding Ltd ("First Credit") to provide business management services and advice as it relates to the Company's future. Under the terms of the agreement, the Company agreed to pay First Credit a fee of three million five hundred thousand (3,500,000) restricted shares of common stock. The fee is non-refundable and considered earned when the shares are delivered. The company is amortizing the expense over the period of the services. Brian Harcourt, one of our directors, is the controlling shareholder of First Credit. The shares of stock were issued in April 2006.

C. Boston Equities Corporation

The following transaction took place between the Company and parties sharing common ownership or control with Boston Equities Corporation, a shareholder, which owns approximately 25% of the Company's outstanding and issued common stock:

On April 3, 2006, the Company entered into a consulting agreement with Summitt Oil and Gas, Inc. ("Summitt") to provide business management services and advice as it relates to the future of the company. Under the terms of the Agreement, the Company shall pay Summitt a fee of two hundred and fifty thousand dollars (\$250,000) in cash plus one million eight hundred thousand (1,800,000) restricted of the Company's common stock. The fee is non-refundable and considered earned when the shares are delivered. The agreement is for six months expiring in October, 2006. The Company has fully amortized the expense for the cash and shares paid for the period ended December 31, 2006.

On April 4, 2006, the Company entered into an assignment of an oil and gas lease with Summitt. Under the agreement in exchange for the leasehold rights in 160 acres in the County of Custer, Oklahoma, the Company has agreed to pay Summitt consideration of seventy-seven thousand (677,000) restricted shares of the Company's common stock. The shares of stock have been issued on August 22, 2006. Additionally, there is excepted from the assignment and conveyance and reserved and retained in Summitt an overriding royalty equal to 3% of the value of all oil produced and removed under the lease and the net proceeds received by Assignee from the sale of all gas and casing head gasoline produced and sold under the lease.

On April 25, 2006, the Company entered into a short term bridge financing in the form of a promissory note to Camden Holdings, Inc. in the amount of three hundred and fifty thousand dollars (\$350,000) to be used as working capital. The Note was due on August 25, 2006. No interest is payable on the note. On June 8, 2006, the Company entered into a short term bridge financing in the form of a promissory note to Camden Holdings, Inc. in the amount of one hundred and fifty thousand dollars (\$150,000) to be used as working capital. The Note was due on December 31, 2006 and has been extended to December 31, 2007. No interest is payable on the note. On January 11, 2007, Camden converted \$650,000 of the advances into a Note Payable bearing 10% interest per annum. Advances due Camden at December 31, 2007 were \$164,742.

On October 4, 2007, the Company entered into a Letter of Credit agreement with South Beach Live, Inc. ("South Beach") whose sole shareholder and Director, is Charles Stidham, CEO and President of Brighton at December 31, 2007. The line-of-credit has a maximum of \$100,000 and bears interest at 10% per annum. payable quarterly. The amount due at December 31, 2007 was \$66,657. The note, if payments are not made as agreed, can be converted into restricted stock at \$.001 per share and therefore a deemed dividend of \$66,657 was recorded.

**BRIGHTON OIL & GAS, INC.**  
(A DEVELOPMENT STAGE COMPANY)

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
DECEMBER 31, 2007

8. Commitments and Contingencies

A. Legal

On December 19, 2006, Empire Relations Group Inc. ("Empire") filed an arbitration claim against the Company in connection with a consulting agreement entered into by and between the Company and Empire on September 28, 2006. An arbitration award in the amount of \$13,000 was issued against the Company on March 9, 2007, which also provided for interest at the rate of nine percent per annum, commencing 30 days after the date of the award and continuing until paid in full. The amount has been accrued in the accompanying financials.

The Company is periodically involved in legal actions and claims that arise as a result of events that occur in the normal course of operations. The Company is not currently aware of any other formal legal proceedings or claims that the Company believes will have, individually or in the aggregate, a material adverse effect on the Company's financial position or results of operations.

B. Operating Leases

The company currently has no future lease obligations. The space that is being leased in Dallas is on a month-to-month basis. Rent expense for the periods ended December 31, 2007 and 2006 were \$0 and \$0 respectively.

9. Restatement

Subsequent to the issuance of the Company's financial statements for the year ended December 31, 2006, the Company determined that certain transactions and presentation in the financial statements had not been accounted for properly in the Company's financial statements. Specifically, the issuance of shares pursuant to a consulting agreement was recorded twice and expensed due to wrong certification by the stock transfer agent. The company has restated its financial statements as of December 31, 2006 for that correction.

The Company has restated its financial statements for these adjustments as of December 31, 2006.

The effect of the correction of the error is as follows:

	AS PREVIOUSLY REPORTED	AS RESTATED
<b>BALANCE SHEET</b>		
	<u>As of December 31, 2006</u>	
Stockholder's Equity:		
Additional paid-in capital	\$ 39,472,222	\$ 38,395,022
Accumulated deficit	\$ (39,144,384)	\$ (38,064,384)
<b>STATEMENT OF OPERATIONS:</b>		
	<u>For the period from inception to December 31, 2006</u>	
Professional fee	\$ 23,356,200	\$ 22,276,200
Total operating expenses	\$ 39,009,184	\$ 37,929,184
Net operating loss	\$ 39,009,184	\$ 37,929,184
Net loss	\$ 38,794,184	\$ 37,714,184
<b>STATEMENT OF CASH FLOWS:</b>		
	<u>For the period from inception to December 31, 2006</u>	
NET LOSS	\$ 38,794,184	\$ 37,714,184
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Adjustments to reconcile net loss to cash used by operating activities:		
Stock issued for services	\$ 30,732,250	\$ 29,652,250



## **EXHIBIT 14.1**

### Code of Ethical and Professional Standards of Brighton Oil& Gas, Inc. and Affiliated Entities

#### **Core Principal:**

Brighton Oil & Gas, Inc. and its related affiliates ("Brighton") will conduct its business honestly and ethically wherever we may conduct business. We will constantly improve the quality of our services, products and operations and will maintain a reputation for honesty, respect, responsibility, integrity, trust and sound business judgment. No illegal or unethical conduct on the part of the officers, employees or affiliates is in the company's best interest. National Healthcare Technology will not compromise its principles for short-term advantage. The ethical performance of this company is the sum of the ethics of the men and women who work here. Thus, we are all expected adhere to high standards of personal integrity.

Offices and employees of Brighton must never permit their personal interest to conflict, or even appear to conflict, with the interest of the company, its clients or affiliates. Officers, managers and employees must be particularly careful to avoid representing Brighton in any transaction with others with whom there is any outside business affiliation or relationship. Officers and employees shall avoid using their Brighton contacts to advance their private business or personal interests at the expense of Brighton, its clients or affiliates

No bribes, kickback or other similar remuneration or consideration shall be given to any person or organization in order to attract or influence business activity. Officers and employees shall avoid gifts, gratuities, fees, bonuses or excessive entertainment in order to attract of influence business activity.

All Employees at Brighton are expected to exhibit:

- o Individual leadership as a role mode for maintaining the highest standards of ethical conduct;
- o Maintain a high level of trust for all;
- o Protect the interests of all our employees, shareholders and customers as well as our professional integrity; and
- o Be professional, we are ethically responsible for promoting and fostering fairness and justice for all our employees, shareholders and customers at Brighton.

#### **Brighton Employees:**

- o To set the standard and be an example for others;
  - o To earn individual respect and increase our credibility with those we serve;
  - o To avoid activities that are in conflict or may appear to be in conflict with any of the provisions of our Code of Ethical and Professional Standards of Brighton Oil & Gas, Inc. and Affiliated Entities; and
  - o To build trust among all Brighton constituents by maximizing the open exchange of information, while eliminating anxieties about inappropriate and/or inaccurate acquisition and sharing of information.
-

**Ethical and Professional Guidelines:**

1. Be ethical; act ethically in every professional interaction;
2. Question pending individual and group actions when necessary to ensure that decision are ethical and are implemented in an ethical manner;
3. Seek expert guidance if ever in doubt about the ethic propriety of a situation;
4. Through teaching and mentoring, champion the development of others as ethical leaders in the profession and in organizations;
5. Treat people with dignity, respect to foster a work environment free of harassment, intimidation, and unlawful discrimination;
6. Acquire and disseminate information through ethical and responsible means;
7. Ensure only appropriate information is used in decision affecting any relationship at Brighton;
8. Investigate the accuracy and source of information before allowing it to be used in business related decisions;
9. Safeguard restricted or confidential information of Brighton as well as its customers and vendors; and
10. Comply with all published policies at Brighton.

Violations of this Ethical and Professional Standards of Brighton, Inc. and Affiliates:

Violations may result in disciplinary action up to and including termination. Examples of violations include but are not limited to the following:

- o Accessing client, competitor's sites using unauthorized identities without verbal or written authorization, logging-on as another person, employee, or entity without verbal and or written authorization is prohibited;
- o Allowing obscene, profane or offensive material and language to be transmitted over any Brighton communication system - electronic, voicemail, and/or in person. Also messages, jokes or forms which violate any of our Brighton policies including but not limited to our harassment policy, security, email, and/or creates an intimidating or hostile work environment is prohibited;
- o Distributing company confidential messages to personnel outside Brighton is prohibited;
- o Accessing or using the intellectual property of another in a way that infringes on the holders rights is prohibited;
- o Breaking into the system or unauthorized use of a password /mailbox is prohibited; and
- o Broadcasting unsolicited personal views on social, political, and religious or other non-business related matters is prohibited.

Responsibility for Ethical and Professional Standards at Brighton, Inc. and Affiliated Entities:

The management is responsible to ensure compliance with this policy. When issues arise, management will deal directly with the officer or employee in violation of these or other policies of National Healthcare Technology.

I have read and understand this three-page policy on Code of Ethical and Professional Standards of Brighton, Inc. and Affiliated Entities and I understand that it will be placed in my employee file.

**Print Employee's Name**

**Sign Employee's Name Date**

**EXHIBIT 31.1**

**FORM OF CERTIFICATION**

**PURSUANT TO RULE 13a-14 AND 15d-14  
UNDER THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED**

**CERTIFICATION**

I, Jeffery Joyce, certify that:

1. I have reviewed this Form 10-KSB of Brighton Oil & Gas, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of 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 report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the small business issuer as of, and for, the periods presented in this report;
4. The small business issuer's other certifying officer and I am responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15 (e) and 15d-15(e) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the small business issuer and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the small business issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the small business issuer's disclosure controls and procedures and presented in this report our conclusion about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation;
  - (d) Disclosed in this report any change to the small business issuer's internal control over financial reporting that occurred during the small business issuer's most recent fiscal quarter (the small business issuer's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the small business issuer's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the small business issuer's auditors and the audit committee of the small business issuer's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the small business issuer's ability to record, process, summarize, and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the small business issuer's internal control over financial reporting.

Date: April 8, 2008

/ s/ JEFFERY JOYCE

Name: Jeffery Joyce  
Title: CEO

**FORM OF CERTIFICATION**

**PURSUANT TO RULE 13a-14 AND 15d-14  
UNDER THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED**

**CERTIFICATION**

I, Jeffery Joyce, certify that:

1. I have reviewed this Form 10-KSB of Brighton Oil & Gas, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of 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 report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the small business issuer as of, and for, the periods presented in this report;
4. The small business issuer's other certifying officer and I am responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15 (e) and 15d-15(e) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the small business issuer and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the small business issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the small business issuer's disclosure controls and procedures and presented in this report our conclusion about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation;
  - (d) Disclosed in this report any change to the small business issuer's internal control over financial reporting that occurred during the small business issuer's most recent fiscal quarter (the small business issuer's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the small business issuer's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the small business issuer's auditors and the audit committee of the small business issuer's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the small business issuer's ability to record, process, summarize, and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the small business issuer's internal control over financial reporting.

Date: April 8, 2008

/s/ JEFFERY JOYCE

Name: Jeffery Joyce

Title: CFO

**CERTIFICATION 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 Annual Report of Brighton Oil & Gas, Inc. on Form 10-KSB/A for the period from January 27, 2005 (Inception) through December 31, 2007 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned, in the capacities and on the dates indicated below, hereby certifies pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of his knowledge:

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 presents, in all material respects, the financial condition and results of operation of the Company.

/s/ JEFFERY JOYCE

Jeffery Joyce

CEO, CFO

Dated: April 8, 2007

This certification accompanies the 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.