AMERICAN LITHIUM MINERALS, INC.
Form 10-Q
June 24, 2011

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-Q

(Mark One)

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

For the quarterly period ended **March 31, 2011**

or

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

For the transition period from ________ to ________

Commission File Number **333-132648**

AMERICAN LITHIUM MINERALS, INC.

(Exact name of registrant as specified in its charter)

Nevada	**71-1049972**
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)

130 King Street West, Suite 3670, Toronto, Ontario, Canada	**M5X 1A9**
(Address of principal executive offices)	(Zip Code)

416.214.5640
(Registrant s telephone number, including area code)

N/A
(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

[X] YES [ ] NO

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

[ ] YES [ ] NO

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a small reporting company. See the definitions of large accelerated filer , accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

Large accelerated filer	[ ]	Accelerated filer	[ ]
Non-accelerated filer	[ ] (Do not check if a smaller reporting company)	Smaller reporting company	[X]

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act

[ ] YES [X] NO

APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY PROCEEDINGS DURING THE PRECEDING FIVE YEARS

Check whether the registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Exchange Act after the distribution of securities under a plan confirmed by a court.

[ ] YES [ ] NO

APPLICABLE ONLY TO CORPORATE ISSUERS

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

57,915,740 common shares issued and outstanding as of June 16, 2011.

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

Our unaudited interim financial statements for the three and six month periods ended March 31, 2011 form part of this quarterly report. They are stated in United States Dollars (US$) and are prepared in accordance with United States generally accepted accounting principles.

American Lithium Minerals, Inc.
(fka Nugget Resources Inc.)
(An Exploration Stage Company)

Financial Statements
(Expressed in U.S. Dollars)

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American Lithium Minerals, Inc.
(fka Nugget Resources Inc.)
(An Exploration Stage Company)
Balance Sheets
(Expressed in U.S. Dollars)

	As of 31 March 2011 (Unaudited)	As of 30 September 2010 (Audited)
Assets		
Current assets		
Cash and cash equivalents	$ 45,168	$ 425,794
Advance to related party (Note 8)	2,913	8,123
Tax recoverable	38,433	-
Prepaids	26,199	20,323
Total current assets	112,713	454,240
Fixed assets (Note 4)		
Computer equipment and office furniture - net of depreciation	14,841	17,032
Total fixed assets	14,841	17,032
Other assets		
Website - net of amortization (Note 5)	9,647	10,828
Mineral claims (Note 6)	2,802,831	2,861,604
Total other assets	2,812,478	2,872,432
Long term assets		
Deposits and bond	33,389	9,152
TOTAL ASSETS	$ 2,973,421	$ 3,352,856
Liabilities and Stockholders Equity		
Current liabilities		
Accounts payable	$ 98,893	$ 76,929

Bank overdraft	18,882	-
Due to related party (Note 8)	69,877	69,877
Deposit on property option	1,705,587	260,000
Convertible note payable, net of unamortized debt discount of $305,833 and $454,031, respectively (Note 10)	444,167	295,969
Interest payable on convertible note	14,458	6,958
Total current liabilities	2,351,864	709,733
TOTAL LIABILITIES	2,351,864	709,733
Stockholders equity		
Common stock (Note 7): $0.001 par value; authorized 75,000,000 shares; issued and outstanding as of March 31, 2011 and September 30, 2010: 58,940,740 and 53,190,740, respectively	58,941	53,391
Additional paid-in capital	16,748,248	14,267,706
Subscriptions receivable	-	(382,500)
Related party receivables, senior officer (Note 8)	(74,224)	(25,000)
Deficit accumulated during the exploration stage	(16,111,408)	(11,270,474)
Total stockholders equity	621,557	2,643,123
TOTAL LIABILITIES AND STOCKHOLDERS EQUITY	$ 2,973,421	$ 3,352,856

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

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American Lithium Minerals, Inc.
(fka Nugget Resources Inc.)
(An Exploration Stage Company)
Statements of Operations
(Expressed in U.S. Dollars)
(Unaudited)

	For the three months ended 31 March 2011	**For the three months ended 31 March 2010**	**For the six months ended 31 March 2011**	**For the six months end 31 March 2**
Revenues	$ -	$ -	$ -	$
Expenses				
Mineral property expenditures (Note 6)	784,757	-	1,227,623	
Mineral property impairment	-	-	-	
Consulting fee – related party (Note 8)	47,078	60,000	110,828	119
Consulting fees – stock compensation	2,868,592	3,254,392	2,868,592	4,463
Consulting fees	23,562	60,628	51,513	60
General and administrative	73,790	66,996	185,210	126
Legal and accounting	22,107	21,443	45,536	37
Management fees – related party (Note 8)	45,000	33,000	90,000	56
Promotion and shareholder relations	20,400	31,500	90,934	84
Rent expense – related party (Note 8)	-	-	-	
Total expenses	3,885,286	3,527,959	4,670,236	4,947
Other expenses (income)				
Interest income	-	(707)	-	(2
Gain on extinguishment of accrued liability	-	-	-	
Interest and debt discount expense on convertible note	73,285	-	170,698	
Net loss	$ 3,958,571	$ 3,527,252	$ 4,840,934	$ 4,945
Basic earnings per common share	$ (0.07)	$ (0.06)	$ (0.09)	$ (

Weighted average number of common shares basic	53,600,409	53,159,762	53,817,144	51,815

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

American Lithium Minerals, Inc.
(fka Nugget Resources Inc.)
(An Exploration Stage Company)
Statements of Cash Flows
(Expressed in U.S. Dollars)
(Unaudited)

	For the six months ended 31 March 2011	For the six months ended 31 March 2010	From (10 Ma to 31 Ma
Cash flows from operating activities			
Net loss	$ (4,840,934)	$ (4,945,603)	$ (1
Adjustments to reconcile net loss to net cash used in operating activities			
Contributions to capital by related parties – expenses (Notes 7 and 8)	-	-	
Contributions to capital by related parties – forgiven debt (Note 8)	-	-	
Non-cash gain on extinguishment of accrued liability	-	-	
Depreciation and amortization	3,372	97	
Stock based compensation expense	2,868,592	4,463,790	1
Amortization of debt discount & accretion of warrants fair value	148,198	-	
Mineral property impairment	-	-	
Changes in operating assets and liabilities			
Increase to accrued interest	7,500	-	
Increase in tax recoverable	(38,433)	-	
Increase in prepaid expenses	(5,876)	(19,174)	
(Increase) decrease in advance to related party	5,210	(5,835)	
(Increase) in deposit and bond	(24,237)	(10,000)	
Increase (decrease) in accounts payable	21,964	490	
Net cash used in operating activities	(1,854,644)	(516,235)	(
Cash flows from investing activities:			
Advances on related party receivables, senior officer	(49,224)	(25,000)	
Acquisition of fixed assets and website development	-	(1,751)	
Cash proceeds received on property deposit	1,445,587	-	
Purchase of mineral claims and exploration	58,773	(217,801)	

Net cash provided by (used in) investing activities		1,455,136		(244,552)	
Cash flows from financing activities					
Proceeds from convertible note		-		-	
Bank overdraft		18,882		-	
Due to related party		-		6,000	
Common shares issued for cash		-		-	
Net cash provided by financing activities		18,882		6,000	
(Decrease) increase in cash and cash equivalents		(380,626)		(754,787)	
Cash and cash equivalents, beginning of period		425,794		1,232,712	
Cash and cash equivalents, end of period	$	45,168	$	477,925	$
Supplemental disclosure of cash flow information:					
Cash paid during the period for interest	$	15,000	$	-	$
Non – cash investing and financing activities:					
Beneficial conversion feature	$	-	$	-	$
Financing costs associated with warrants	$	-	$	-	$
Common stock issued to satisfy common stock payable	$	-	$	-	$
Cancellation of subscriptions receivable	$	382,500	$	-	$
Stock issued for mineral property	$	-	$	2,295,000	$

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

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American Lithium Minerals, Inc.
(fka Nugget Resources Inc.)
(An Exploration Stage Company)
Notes to the Financial Statements
(Expressed in U.S. Dollars)
(Unaudited)

1. Nature of Operations

American Lithium Minerals, Inc. (the Company) was originally organized as Nugget Resources Inc. under the laws of the State of Nevada on March 10, 2005. The Company has been investigating prospective lithium opportunities. On March 2, 2009, the Company changed its name to American Lithium Minerals, Inc. to better reflect the direction of the Company. The Company is an exploration stage enterprise, as defined in FASB ASC 915-10 *Development Stage Entities* . The Company is devoting all of its present efforts to securing and establishing a new business and its planned principal operations have not commenced. Accordingly, no revenue has been derived during the exploration period.

On May 7, 2010, the Company was registered under the Extra-Provincial Corporations Act in Ontario, Canada.

Going Concern

The Company s financial statements as at March 31, 2011 have been prepared on a going concern basis, which contemplates the realization of assets and the settlement of liabilities and commitments in the normal course of business. The Company has a net loss for the periods ended March 31, 2011 and 2010 of $4,840,934 and $4,945,603, respectively, and has working capital deficit of $2,239,151 and $255,493 at March 31, 2011 and September 30, 2010, respectively.

Management cannot provide assurance that the Company will ultimately achieve profitable operations or become cash flow positive, or raise additional debt and/or equity capital. Management intends to raise additional funding in the form of equity financing from the sale of common stock and/or obtain short-term loans from the directors of the Company. However, if the Company is unable to raise additional capital in the near future, due to the Company s liquidity problems, management expects that the Company will need to curtail operations, liquidate assets, seek additional capital on less favourable terms and/or pursue other remedial measures. These financial statements do not include any adjustments related to the recoverability and classification of assets or the amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

At March 31, 2011, the Company was not engaged in a business and had suffered losses from exploration stage activities to date. Although management is currently attempting to implement its business plan, and is seeking additional sources of equity or debt financing, there is no assurance these activities will be successful. Accordingly, the Company must rely on its president to perform essential functions with minimal compensation until a business operation can be commenced. These factors raise substantial doubt about the ability of the Company to continue as a going concern.

Nature of Operations (cont d)

Unaudited Financial Statements
The accompanying unaudited financial statements have been prepared in accordance with generally accepted accounting principles for financial information and with the instructions to Form 10-Q. They do not include all information and footnotes required by United States generally accepted accounting principles for complete financial statements. However, except as disclosed herein, there have been no material changes in the information disclosed in the notes to the financial statements for the year ended September 30, 2010, included in the Company s Annual Report on Form 10-K filed with the Securities and Exchange Commission. The unaudited financial statements should be read in conjunction with those financial statements included in the Form 10-K. In the opinion of Management, all adjustments considered necessary for a fair presentation, consisting solely of normal recurring adjustments, have been made. Operating results for the six months ended March 31, 2011, are not necessarily indicative of the results that may be expected for the year ending September 30, 2011.

2. Significant Accounting Policies

The following is a summary of significant accounting policies used in the preparation of these financial statements.

Basis of presentation
The financial statements of the Company have been prepared in accordance with accounting principles generally accepted in the United States of America applicable to exploration stage enterprises, and are expressed in U.S. dollars. The Company s fiscal year end is September 30.

Cash and cash equivalents
Cash and cash equivalents include highly liquid investments with original maturities of three months or less.

Mineral property costs
The Company has been in the exploration stage since its formation on March 10, 2005 and has not yet realized any revenues from its planned operations. It is primarily engaged in the acquisition and exploration of mining properties. Mineral property exploration costs are charged to operations as incurred. The Company capitalizes costs for acquiring mineral properties and expenses costs to maintain mineral rights and leases as incurred. When it has been determined that a mineral property can be economically developed as a result of establishing proven and probable reserves, the costs incurred to develop such property, are capitalized. Such costs will be depleted using the units-of-production method over the estimated life of the probable reserve.

Although the Company has taken steps to verify title to mineral properties in which it has an interest, according to the usual industry standards for the stage of exploration of such properties, these procedures do not guarantee the Company s title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

2. Significant Accounting Policies (continued)

Financial instruments

The carrying value of cash, accounts payable and accrued liabilities, and due to related parties approximates their fair value because of the short maturity of these instruments. The Company s operations are in Canada and virtually all of its assets and liabilities are giving rise to significant exposure to market risks from changes in foreign currency rates. The Company s financial risk is the risk that arises from fluctuations in foreign exchange rates and the degree of volatility of these rates. Currently, the Company does not use derivative instruments to reduce its exposure to foreign currency risk.

Environmental expenditures

The operations of the Company have been, and may in the future, be affected from time to time, in varying degrees, by changes in environmental regulations, including those for future reclamation and site restoration costs. Both the likelihood of new regulations and their overall effect upon the Company vary greatly and are not predictable. The Company s policy is to meet or, if possible, surpass standards set by relevant legislation, by application of technically proven and economically feasible measures.

Asset retirement obligations

The Company has adopted the provisions of FASB ASC 410-20 Asset Retirement and Environmental Obligations," which requires the fair value of a liability for an asset retirement obligation to be recognized in the period in which it is incurred if a reasonable estimate of fair value can be made. The associated asset retirement costs are capitalized as part of the carrying amount of the related oil and gas properties. As of December 31, 2010, the Company has not recorded AROs associated with legal obligations to retire any of the Company s mineral properties as the settlement dates are not presently determinable.

Fixed Assets

The Company s fixed assets consists of computer and office equipment and furniture which is valued at cost and depreciated using the straight-line method over a period of three years.

Income taxes

Deferred income taxes are reported for timing differences between items of income or expense reported in the financial statements and those reported for income tax purposes in accordance with FASB ASC 740-10, which requires the use of the asset/liability method of accounting for income taxes. Deferred income taxes and tax benefits are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases, and for tax loss and credit carry-forwards. 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. The Company provides for deferred taxes for the estimated future tax effects attributable to temporary differences and carry-forwards when realization is more likely than not.

2. Significant Accounting Policies (continued)

Basic and diluted net loss per share

The Company computes net loss per share in accordance with FASB ASC 260, which requires presentation of both basic and diluted earnings per share (EPS) on the face of the income statement. Basic EPS is computed by dividing net loss available to common shareholders (numerator) by the weighted average number of shares outstanding (denominator) during the period. Diluted EPS gives effect to all potentially dilutive common shares outstanding during the period. In computing diluted EPS, the average stock price for the period is used in determining the number of shares assumed to be purchased from the exercise of stock options or warrants. Diluted EPS excludes all potentially dilutive shares if their effect is anti-dilutive and is not presented in the accompanying financial statements.

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from these estimates.

Concentrations of credit risk

The Company s financial instruments that are exposed to concentrations of credit risk primarily consist of its cash. The Company places its cash and cash equivalents with financial institutions of high credit worthiness. At times, its cash and cash equivalents with a particular financial institution may exceed any applicable government insurance limits. The Company s management also routinely assesses the financial strength and credit worthiness of any parties to which it extends funds and as such, it believes that any associated credit risk exposures are limited.

Stock based compensation

The Company records stock based compensation in accordance with the guidance in ASC Topic 718, which requires the Company to recognize expense related to the fair value of its employee stock option awards. This eliminates accounting for share-based compensation transactions using the intrinsic value and requires instead that such transactions be accounted for using a fair-value-based method. The Company recognizes the cost of all share-based awards on a graded vesting basis over the vesting period of the award.

2. Significant Accounting Policies (continued)

The Company accounts for equity instruments issued in exchange for the receipt of goods or services from other than employees in accordance with FASB ASC 718-10 and the conclusions reached in FASB ASC 505-10. Costs are measured at the estimated fair market value of the consideration received or the estimated fair value of the equity instruments issued, whichever is more reliably measurable. The value of equity instruments issued for consideration other than employee services is determined on the earliest of a performance commitment or completion of performance by the provider of goods or services as defined by FASB ASC 505-10.

Risks and uncertainties

The Company operates in the resource exploration industry that is subject to significant risks and uncertainties, including financial, operational, technological, and other risks associated with operating a resource exploration business, including the potential risk of business failure.

Website Development Costs

Costs incurred in developing and maintaining a website are charged to expense when incurred for the planning, content population, and administration or maintenance of the website. All development costs for the application, infrastructure, and graphics development are capitalized and subsequently reported at the lower of unamortized cost or net realizable value. Capitalized costs are amortized using the straight-line basis over a five year estimated economic life of the product.

Foreign Currency Translation

The financial statements are presented in United States dollars. In accordance with FASB ASC 830-10, Foreign Currency Matters , foreign denominated monetary assets and liabilities are translated to their United States dollar equivalents using foreign exchange rates which prevailed at the balance sheet date. Revenue and expenses are translated at average rates of exchange during the period. Related translation adjustments are reported as a separate component of stockholders equity, whereas gains or losses resulting from foreign currency transactions are included in results of operations. To March 31, 2011, the Company has not recorded any translation adjustments into stockholders equity.

Long-lived assets

The Company accounts for its long-lived assets in accordance with FASB ASC 360-10, Property, Plant and Equipment which requires that long-lived assets be reviewed for impairment whenever events or changes in circumstances indicate that the historical cost carrying value of an asset may no longer be appropriate. The Company assesses recoverability of the carrying value of an asset by estimating the future net cash flows expected to result from the asset, including eventual disposition. If the future net cash flows are less than the carrying value of the asset, an impairment loss is recorded equal to the difference between the asset s carrying value and fair value or disposal value.

3. Reclassification

Certain reclassifications have been made in the prior year s financial statements to conform to the presentation used in fiscal year 2011. More specifically, a due from related party, previously classified as a current asset, was reclassified as a contra account to Stockholders equity. Additionally, Cash proceeds received on property deposit and purchase of mineral claims and exploration, previously reported on a net basis, are reported separately on the statement of cash flows.

These reclassifications did not affect the reported net loss for prior year.

4. Fixed Assets

The Company s fixed assets consist of the following:

	31 March 2011	30 September 2010
Computer	$ 4,878	$ 4,878
Office furniture	13,774	13,774
	18,652	18,652
Less - accumulated depreciation	(3,811)	(1,620)
Net fixed assets	$ 14,841	$ 17,032

Depreciation of $2,191 and $nil is included in general and administrative expenses in the statement of operations for the periods ended March 31, 2011 and September 30, 2010, respectively.

5. Website

	31 March 2011	30 September 2010
Website	$ 11,813	$ 11,813
Less - accumulated amortization	(2,166)	(985)
Net website	$ 9,647	$ 10,828

Amortization expense of $1,181 and $92 is included in general and administrative expenses in the statement of operations for the periods ended March 31, 2011 and September 30, 2010, respectively.

6. Mineral Properties

Pursuant to a mineral property purchase agreement dated August 17, 2005, the Company acquired a 100% undivided right, title and interest in a 524.728 hectare mineral claim, located in the Similkameen Mining Division of British Columbia, Canada for a cash payment of $4,000 (paid). During the year ended September 30, 2006, the Company paid $5,000 for exploration work on the property. The Company was unable to keep the mineral claim in good standing due to lack of funding and has lost its interest in the mineral claim.

6. Mineral Properties (continued)

Pursuant to a mineral property purchase agreement dated June 15, 2009, the Company acquired an option to acquire a 100% interest in 88 unpatented mining claims in Esmeralda County, Nevada, U.S.A, subject to a 3% Net Value Royalty. Consideration for the property is as follows:

Cash payments of:

- $5,000 upon the execution of a letter of intent on April 29, 2009, (paid);
- $56,000 upon execution of the agreement (paid);
- $18,000 upon presentation of a receipt for payment of the filing and claim maintenance fees;
- $35,000 on or before June 15, 2010; (see below)
- $50,000 on or before June 15, 2011;
- $100,000 on or before June 15, 2012;
- $100,000 on or before June 15, 2013.

Shares to be issued:

- 250,000 common shares on execution of the agreement; (issued, valued at $120,000 using the market price of $0.48 per share)
- 250,000 common shares on or before June 15, 2010; and (see below)
- 250,000 common shares on or before June 15, 2011.

The Company has the right to purchase up to two percent (2%) of the Net Value Royalty, in whole percentage points, for $1,000,000 for each 1%.

Should the Company, its assignees or a joint venture partner: (i) deliver to the board of directors or applicable other management a feasibility study recommending mining of lithium carbonate or other lithium compound from the property and such board authorizes implementation of a mining plan, or (ii) sells, options, assigns, disposes or otherwise alienates all or a portion of its interest in the property, the Company will pay the vendor an additional $500,000 in cash or shares.

The Company has a commitment to incur $2,000,000 in exploration expenditures within five years of the agreement as follows:

- $100,000 during the first year;
- $200,000 during the second year;
- $500,000 during the third year;
- $1,200,000 during the fourth year.

The Company was in negotiations with the vendor regarding the property agreement and has since terminated their discussions to move forward on the property. The Company expensed $295,609 as mineral property impairment during the year ended September 30, 2010 related to the costs being capitalized on the property.

6. Mineral Properties (continued)

Pursuant to a letter of intent dated August 30, 2009, the Company acquired an option to acquire a 100% interest in 50 mining claims in Esmeralda County, Nevada, U.S.A, subject to a 3% Net Value Royalty. The Company had the right to negotiate and enter into a definitive purchase agreement on or before January 1, 2010 which encompasses the terms of the letter of intent. The Company has a verbal agreement to continue to negotiate a definitive agreement. As per the terms of the letter of intent the consideration for the property is as follows:

Cash payments of:

- $20,000 upon the execution of a letter of intent on August 30, 2009, (paid);
- $32,500 upon execution of the purchase agreement;
- $50,000 on or before the first year anniversary;
- $100,000 on or before the second year anniversary;
- $100,000 on or before the third year anniversary;
- $100,000 on or before the fourth year anniversary.

Shares to be issued:

- 250,000 common shares on execution of the letter of intent; (issued valued at $120,000 using the market price of $0.48 per share)
- 250,000 common shares on or before first year anniversary;
- 250,000 common shares on or before second year anniversary; and
- 250,000 common shares on or before third year anniversary.

The Company has the right to purchase up to two percent (2%) of the Net Value Royalty, in whole percentage points, for $1,000,000.

The Company has a commitment to incur $1,300,000 in exploration expenditures within four years of the agreement as follows:

- $100,000 during the first year;
- $200,000 during the second year;
- $500,000 during the third year;
- $500,000 during the fourth year.

The Company discontinued negotiations to enter into a definitive agreement on this property and has expensed $217,687 as mineral property impairment during the year ended September 30, 2010 related to the costs being capitalized on this property.

On January 5, 2010, the Company entered into an agreement to acquire a 100% interest in mineral claims located in Nevada, USA. Consideration includes a cash payment of $50,000 (paid) and the issuance of 500,000 shares (issuance valued at $425,000 using market price of $0.85 per share). In the event that the share price of the Company closes at less

6. Mineral Properties (continued)

than $1.00, six to twelve months after the closing date of the Agreement, the Company shall issue on a one-time basis, an additional 200,000 shares. On July 6, 2010, the price per share of the Company s common stock closed at a price per share less than $1.00. On August 12, 2010, the Company issued 200,000 shares of common stock as required under the agreement (valued at $146,000 using market price of $0.73 per share). A 2% NRR is payable to the vendor with the provision that the Company can buyback the NRR for $2 million.

On January 11, 2010, the Company entered into an agreement to acquire a 100% interest in mineral claims located in Nevada, USA. Consideration includes a cash payment of $40,000 (paid) and the issuance of 500,000 shares (issuance valued at $550,000 using the market price of $1.10 per share). A 2% NRR is payable to the vendor with a provision that the Company can purchase 1% back for $1 million.

On January 11, 2010, the Company entered into an agreement to acquire a 100% interest in mineral claims located in Nevada and Utah, USA. Consideration includes a cash payment of $40,000 (paid) and the issuance of 1,200,000 shares (issuance valued at $1,320,000 using the market price of $1.10 per share). A 2% NRR is payable to the vendor with a provision that the Company can purchase 1% back for $1 million.

On June 10, 2010, the Company entered into a property option agreement with Japan Oil, Gas and Metals National Corporation (JOGMEC) whereby JOGMEC can earn a 40% interest in certain mineral claims located in Nevada, USA owned by the Company. Terms of the agreement include staged work commitments totaling $4,000,000 over three years. JOGMEC also has the option to terminate the agreement with 30 days notice after expending $600,000. As of March 31, 2011 JOGMEC has advanced the Company $1,705,587 for work commitments. The $1,705,587 advance has been recorded as a deposit liability on property option.

6. Mineral Properties (continued)

Mineral properties costs are summarized below:

	As of March 31, 2011	As of September 30, 2010
Acquisition Costs		
Cash	$ -	$ 191,600
Value of shares issued	-	2,441,000
	-	2,632,600
Exploration Costs		
Exploration bond	$ 14,237	$ -
Assays and geochemical analysis	150,753	-
Equipment rental and supplies	19,855	-
Drilling	587,629	
Exploration	79,207	175,000
Claim maintenance, licenses, and legal	96,332	-
Consulting	70,204	47,645
Gravity survey	-	76,641
Salaries and wages	136,492	-
Miscellaneous	214	(37,000)
Travel and accommodation	38,164	11,359
	1,193,087	273,645
Total costs incurred during the period	$ 1,193,087	$ 2,906,245
Balance of costs, beginning of period	2,861,604	468,655
Less costs expensed during period	(1,237,623)	-
Less costs held as deposit	(14,237)	-
Less costs written down during period	-	(513,296)
Balance of costs, end of period	$ 2,802,831	$ 2,861,604

7. Capital Stock

Authorized

The total authorized capital is 75,000,000 common shares with a par value of $0.001 per common share.

Issued and outstanding

The total issued and outstanding capital stock is 58,940,740 common shares with a par value of $0.001 per common share.

i. On March 18, 2005, 20,000,000 common shares of the Company were issued for cash proceeds of $5,000.

7. Capital Stock (continued)

ii. On April 5, 2005, 16,000,000 common shares of the Company were issued for cash proceeds of $4,000.

iii. On April 13, 2005, 2,700,000 common shares of the Company were issued for cash proceeds of $6,750.

iv. On April 21, 2005, 3,300,000 common shares of the Company were issued for cash proceeds of $8,250.

v. On June 17, 2008, 6,000,000 common shares of the Company were issued for cash proceeds of $1,500.

vi. On July 14, 2009, 250,000 common shares of the Company were issued for property for a fair value of $120,000.

vii. On July 14, 2009, 1,250,000 common shares and 1,250,000 warrants of the Company were issued for cash proceeds of $450,000. Each share purchase warrant is exercisable at a price of $0.50 for a period of two years.

viii. On July 23, 2009, 1,250,000 common shares of the Company were issued for cash proceeds of $450,000.

ix. On August 30, 2009, 250,000 common shares of the Company were issued for property for a fair value of $192,500.

x. On October 6, 2009, 740,740 common shares and 1,111,110 warrants of the Company were issued for cash proceeds of $1,000,000. Each share purchase warrant is exercisable at a price of $1.50 for a period of two years.

xi. On January 5, 2010, 500,000 common shares were issued for property with a fair value of $425,000.

xii. On January 11, 2010, a total of 1,700,000 common shares were issued for properties with a fair value of $1,870,000.

xiii. On February 4, 2010, 50,000 common shares were issued pursuant to the exercise of stock options for cash proceeds of $30,000.

xiv. On August 12, 2010, a total of 200,000 common shares were issued in connection with the agreement to acquire mineral claims locates in Nevada, USA, with a fair value of $146,000.

xv. On September 30, 2010, the Company recorded the fair value of the beneficial conversion feature of the convertible note (see note 10), total beneficial conversion feature was recorded to additional paid - in capital in the amount of $224,528.

7. Capital Stock (continued)

xvi. On September 30, 2010, the Company recorded the fair value of 1,388,899 warrants of the Company issued in connection with the convertible note (see note 10) of $252,305. Each share purchase warrant is exercisable at a price of $0.54 for a period of one year.

xvii. During the year ended September 30, 2010, the Company had issued 1,650,000 stock options to various individuals with a value of $1,402,500 all of which were exercised during the year. As of September 30, 2010, a total of 1,200,000 stock options valued at $1,020,000 had been cancelled by the Company. A total of 450,000 stock options valued at $382,500 previously recorded as subscription receivable has been cancelled as of March 31, 2011.

xviii. On March 28, 2011, the Company issued a total of 6,000,000 shares with a fair value of $0.29 per share to a director and consultants in consideration for services. These shares were subsequently cancelled and returned to treasury on April 6, 2011.

On March 2, 2009, the Board of Directors authorized a 4:1 forward stock split. The number of shares issued in accordance with the private offerings as listed above, include the effects of this split.

On August 20, 2009, the Board of Directors of the Company ratified, approved and adopted a Stock Option Plan for the Company in the amount of 4,000,000 shares with an exercisable period up to 10 years. In the event an optionee ceases to be employed by or to provide services to the Company for reasons other than cause, any Stock Option that is vested and held by such optionee may be exercisable within up to ninety calendar days after the effective date that his position ceases. No Stock Option granted under the Stock Option Plan is transferable. Any Stock Option held by an optionee at the time of his death may be exercised by his estate within one year of his death or such longer period as the Board of Directors may determine. On December 3, 2009, the Company filed a Form S-8 to register these shares.

On August 20, 2009, the Company granted a total of 50,000 fully vested stock options to a consultant of the Company at $0.60 per share expiring August 20, 2014.

On September 1, 2009, the Company granted a total of 500,000 stock options to a consultant of the Company at $0.85 per share expiring August 31, 2010. The options vest in increments of 125,000 options per quarter for the duration of the term. On January 8, 2010, the option agreement was amended to 100% vesting of the options.

On October 6, 2009, the Company granted a total of 50,000 fully vested stock options to a consultant of the Company at $0.85 per share expiring October 6, 2014.

On October 8, 2009, the Company granted a total of 750,000 stock options to a consultant of the Company at $0.85 per share expiring October 8, 2014. 250,000 options vest immediately, 250,000 on February 4, 2010, and 250,000 on May 4, 2010. On January 8, 2010, the option agreements were amended to 100% vesting of the options.

7. Capital Stock (continued)

On November 4, 2009, the Company granted a total of 750,000 stock options to a consultant of the Company at $0.85 per share expiring November 8, 2014. 250,000 options vest immediately, 250,000 on February 4, 2010 and 250,000 on May 4, 2010. On January 8, 2010, the option agreements were amended to 100% vesting of the options.

On December 29, 2009, the Company granted a total of 500,000 fully vested stock options to a consultant of the Company at $0.85 per share expiring December 29, 2014.

On March 4, 2010, the Company granted a total of 1,325,000 fully vested stock options to a director and a consultant of the Company at $0.85 per share expiring March 4, 2015.

On March 8, 2010, the Board of Directors of the Company ratified, approved and adopted a Stock Option Plan for the Company in the amount of 5,000,000 shares with an exercisable period up to 10 years. In the event an optionee ceases to be employed by or to provide services to the Company for reasons other than cause, any Stock Option that is vested and held by such optionee may be exercisable within up to ninety calendar days after the effective date that his position ceases. No Stock Option granted under the Stock Option Plan is transferable. Any Stock Option held by an optionee at the time of his death may be exercised by his estate within one year of his death or such longer period as the Board of Directors may determine. On July 20, 2010, the Company filed a Form S-8 to register these shares.

On April 1, 2010, the Company granted 1,075,000 fully vested stock options to directors and consultants of the Company at $0.85 per share expiring April 1, 2015.

On April 23, 2010, the Company granted 1,300,000 fully vested stock options to directors and consultants of the Company at $1.00 per share expiring April 23, 2015.

On May 17, 2010, the Company granted 3,100,000 fully vested stock options to directors and consultants of the Company at $0.925 per share expiring May 17, 2015.

On March 22, 2011, the Board of Directors of the Company ratified and approved an amendment of the terms of the 2009 and 2010 Stock Option Plans (the Plans) for the Company. In the event an optionee ceases to be employed by or to provide services to the Company for reasons other than cause, any Stock Option that is vested and held by such optionee may be exercised until the earlier of five years following the termination of the optionee s employment or services or until the expiration date of the applicable option. The Company also cancelled all the outstanding stock options issued under the Plan and granted a total of 8,875,000 incentive stock options to directors and consultants of the Company at $0.30 expiring March 22, 2021. Directors and consultants who held options under earlier Plans were granted a total of 7,025,000 options with the modified terms. On March 23, 2011, the Company filed a Form S-8 to register these shares.

7. Capital Stock (continued)

On March 24, 2011, the Company entered into consulting agreements with a director and consultants whereby the Company would issue a total of 6,000,000 shares at a fair value of $0.29 per share in consideration for services. The shares were issued on March 28, 2011 and were subsequently cancelled on April 6, 2011.

During the six months ended March 31, 2011 and the year ended September 30, 2010, a total of 8,875,000 and 8,800,000 options were granted respectively. During the six months ended March 31, 2011, the Company cancelled all stock options previously outstanding and issued 1,850,000 options valued at $547,415 and 7,025,000 modified options had an estimated incremental fair value resulting from the modification of these options of $581,178. A total of $1,128,593 has been recognized as stock based consulting expenses for the six months ended March 31, 2011 and $9,066,704 for September 30, 2010 which was charged to operations. The fair value of each option granted is estimated at the respective grant date using the Black-Scholes Option Model. The following assumptions were used in estimating the fair value:

	March 31, 2011	September 30, 2010
Expected volatility	152%	83.59% - 153.41%
Expected life	10 years	1 to 5 years
Risk-free interest rate	3.34	0.41 – 2.62
Dividend yield	-	-

At March 31, 2011, the following stock options were outstanding:

Number of Shares	Exercise Price	Expiry Date
8,875,000	$0.30	March 22,2021
8,875,000		

The Company s stock option activity is presented below:

	Number of Stock Options	Weighted Average Exercise Price	Weighted Average Contractual Life
Balance, September 30, 2009	550,000	$0.83	1.28
Exercised	(50,000)	$0.64	-
Expired	(500,000)	$0.85	-
Exercised	(450,000)	$0.85	-
Cancelled	(1,000,000)		
Granted	8,850,000	$0.90	4.06
Balance, September 30, 2010	7,400,000	$0.91	4.54
Cancelled	(7,400,000)	$0.91	
Granted	8,875,000	$0.30	
Balance, March 31, 2011	8,875,000	$0.30	10.00
Exercisable at March 31, 2011	8,875,000		

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7. Capital Stock (continued)

Stock based compensation on options vested and exercisable during the periods ended March 31, 2011 and 2010 is $1,128,593 and $4,463,790, respectively.

At March 31, 2011, the following share purchase warrants were outstanding:

Number of Warrants	Exercise Price	Expiry Date
1,250,000	$0.50	July 14, 2011
1,388,889	$0.54	September 2, 2011
1,111,110	$1.50	October 6, 2011
3,749,999		

The Company s share purchase warrants activity for the year ended September 30, 2010 and six months ended March 31, 2011 is summarized as follows:

	Number of Warrants	Weighted average exercise Price per share	Weighted average remaining In contractual life (in years)
Balance, September 30, 2009	1,250,000	$0.50	1.79
Issued	2,499,999	$0.96	0.96
Balance, September 30, 2010	3,749,999	$0.97	0.90
Balance, March 31, 2011	3,749,999	$0.97	0.40

All warrants are exercisable as at March 31, 2011.

8. Related Party Transactions

During the year ended September 30, 2009, a former director of the Company advanced $32,000 to the Company. During the year ended September 30, 2009, the debt was forgiven and $32,000 has been allocated to additional paid-in capital.

As of March 31, 2011 and September 30, 2010, a total of $2,913 and $8,123, respectively was advanced to a company owned by a senior officer for rent, office, and administrative expenses.

As of March 31, 2011 and September 30, 2010, advances totalling $69,877 and $69,877, respectively was payable to a former director of the Company. The amount is unsecured, non interest bearing and is due on demand.

8. Related Party Transactions (continued)

During the six months ended March 31, 2011 and 2010 and from inception (March 10, 2005) to March 31, 2011, management fees of $nil, $6,000 and $18,000, respectively, were payable to a former director of the Company.

During the six months ended March 31, 2011 and 2010 and from inception (March 10, 2005) to March 31, 2011, consulting fees totalling $110,828 and $119,291 and $515,576 have been paid to senior officers of the Company.

During the periods ended March 31, 2011 and 2010 and from inception (March 10, 2005) to March 31, 2011, management fees totalling $90,000 and $50,000 and $312,000 have been paid to senior officers of the Company.

On March 24, 2011, the Company entered into consulting agreements with senior officers and a consultant whereby the Company would issue a total of 6,000,000 shares at a fair value of $0.29 per share in consideration for services. The shares were issued on March 28, 2011 and were subsequently cancelled on April 6, 2011. See also Note 11 – Subsequent Events.

During the year ending September 30, 2010, the Company advanced $25,000 to a senior officer. This amount is repayable upon demand. This advance is in contravention of SOX 402 and the Company has since implemented strict internal controls to avoid a future occurrence. The Company has also advanced $49,224 to a senior officer for expenses. The Company has recorded the aggregate of the amounts totalling $74,224 as a reduction of stockholders equity.

9. Office Lease

On April 1, 2010, the Company entered into a premises sublease for a three year period expiring June 30, 2013, at a basic rent of $8,832 CDN (approximately $8,500 US) effective July 31, 2010. Future minimum lease payments over the next five years are as follows:

Year	Lease $
2011	$102,000
2012	$102,000
2013	$76,500
2014	-
2015	-
Total	$280,500

As of March 31, 2011 and 2010, total rent expense was $59,273 and $42,416, respectively.

10. Convertible Note Payable

On September 2, 2010, the Company issued a promissory convertible note in the amount of $750,000 to an unrelated third party in an arm s length transaction secured by the Company s mineral claims in Nevada and a Security Agreement (8K filed September 8, 2010). The note is due August 31, 2015 and accrues interest at 4% per annum payable every six months. Should the Company default on the interest payment, the interest rate increases to 12% per annum and the note is payable on demand. The Company is currently in default of certain covenants related to the promissory convertible note due to the advances to a senior officer of $74,224 which is in contravention of SOX 402. As a result, the Company has classified the promissory convertible note as a current liability and has accrued interest payable on the note at 12% per annum. The Company has disclosed the default to the holder of the note and is requesting a waiver of the specific event of default. The Company can provide no assurance such waiver will be granted. At the investor s option, the note principal and accrued interest can be converted to shares of the Company at a fixed price of $0.54.

A total of 1,388,889 warrants exercisable at $0.54, expiring September 2, 2011 were issued. The Company has determined the fair value of the warrants issued as $252,305 using the Black Scholes valuation model. The fair value of the warrants has been accreted and is being amortized over the life of the warrants (1 year). As at March 31, 2011, $145,162 has been amortized and expensed as interest.

The Company has determined the value associated with the conversion feature in connection with the convertible note payable. The Company has determined the note, with a face value of $750,000, to have a beneficial conversion feature of $224,528. The beneficial conversion feature has been accreted and is being amortized over the life of the note (5 years). As at March 31, 2011, $25,836 had been amortized and expensed as interest. The beneficial conversion feature is valued under the intrinsic value method.

11. Subsequent Events

On April 6, 2011, a total of 6,000,000 shares issued March 28, 2011 pursuant to consulting agreements with senior officers and a consultant were cancelled and returned to treasury. A total of 6,000,000 shares had been issued pursuant to the above consulting agreements.

On April 6, 2011, the Company issued a promissory convertible note in the amount of $500,000 to an unrelated third party in an arm s length transaction secured by the Company s mineral claims in Nevada and a Security Agreement (8K filed April 7, 2011). The note is due August 31, 2015 and accrues interest at 4% per annum payable every six months. Should the Company default on the interest payment, the interest rate increases to 12% per annum and the note is payable on demand. At the investor s option, the note principal and accrued interest can be converted to shares of the Company at a fixed price of $0.27.

On April 7, 2011 the Company entered into an investment agreement and amended and restated security agreement (together the Investment Agreements) with one investor pursuant to which it received initial funding of $350,000 with an additional $150,000 having been agreed to follow upon the satisfaction of certain conditions including the following:

- the Company's receipt of new equity financing or new convertible debt financing from a third party(ies) in the aggregate amount of at least US $100,000; and
- the Company's completion and filing of a NI 43-101 compliant technical report with the TSX Venture Exchange by July 31, 2011.

Pursuant to the Investment Agreements the Company issued to the investor a secured convertible grid promissory note (the 2011 Note), which is convertible into approximately 1,851,851 common shares, and 1,851,851 warrants with each warrant exercisable until April 6, 2012 to purchase one common share at a price of $0.27 per share. The 2011 Note bears interest at the rate of 4% per annum, payable every six months from the date of closing. The interest rate will increase to

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11. Subsequent Events (continued)

12% per annum if the Company s fails to make scheduled interest payments. The principal amount of the investment is payable on August 31, 2015.

Also pursuant to the Investment Agreements the Company amended the terms of a secured convertible grid promissory note (the 2010 Note) and warrant certificate issued in respect of a $750,000 investment in the Company made by the same investor in 2010. The amendment to the 2010 Note decreases the per share conversion price applicable to the $750,000 investment from $0.54 to $0.27 per share, so that the Company will be required to issue approximately 2,777,778 rather than 1,388,888 common shares upon conversion of the 2010 Note. The amendment to the warrant certificate decreases the exercise price of the 1,388,889 share purchase warrants issued in consideration of the $750,000 investment from $0.54 per share to $0.27 per share. The warrants expire on September 2, 2011. The principal amount of the 2010 Note continues to bear interest at 4% and remains payable on August 31, 2015. The interest rate on the 2010 Note will also increase to 12% per annum if the Company fails to make the scheduled biannual interest payments.

On May 5, 2011, the Company amended consulting agreements entered into on March 24, 2011 with consultants of the Company whereby the consideration payable has been reduced from 6,000,000 common shares to 4,425,000 common shares (8K filed May 11, 2011). A total of 1,800,000 shares were issued on April 6, 2011 and the balance of 2,625,000 common shares was issued, being the balance of shares payable under the amended terms.

On May 5, 2011, pursuant to settlement agreements, the Company issued a total of 200,000 common shares to consultants in consideration of investor relations and publicity services conducted during the year (8K filed May 11, 2011). The contract for publicity services commenced in May 2010 for a total consideration of $100,000 for a one year term.

On May 6, 2011, the Company issued a total of 350,000 common shares pursuant to the exercise of stock options at $0.30 per share for total proceeds of $105,000.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

FORWARD-LOOKING STATEMENTS

This quarterly report contains forward-looking statements. These statements relate to future events or our future financial performance. In some cases, you can identify forward-looking statements by terminology such as may , should , expects , plans , anticipates , believes , estimates , predicts , potential or continue or the negative of other comparable terminology. These statements are only predictions and involve known and unknown risks, uncertainties and other factors that may cause our or our industry s actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by these forward-looking statements. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance or achievements. Except as required by applicable law, including the securities laws of the United States, we do not intend to update any of the forward-looking statements to conform these statements to actual results.

Our unaudited financial statements are stated in United States Dollars (US$) and are prepared in accordance with United States Generally Accepted Accounting Principles. The following discussion should be read in conjunction with our financial statements and the related notes that appear elsewhere in this quarterly report. The following discussion contains forward-looking statements that reflect our plans, estimates and beliefs. Our actual results could differ materially from those discussed in the forward-looking statements. Factors that could cause or contribute to such differences include, but are not limited to, those discussed below and elsewhere in this quarterly report.

Our financial statements are stated in United States Dollars (US$) and are prepared in accordance with United States Generally Accepted Accounting Principles.

In this quarterly report, unless otherwise specified, all dollar amounts are expressed in United States dollars and all references to common shares refer to the common shares in our capital stock.

As used in this current report and unless otherwise indicated, the terms we , us , our" and our company mean American Lithium Minerals, Inc., unless otherwise indicated.

General Overview

Our company was incorporated in the State of Nevada on March 10, 2005, under the name Nugget Resources Inc. On March 2, 2009 we changed our name to American Lithium Minerals, Inc. and effected a 1 for 4 forward stock split of our common stock. Our authorized capital is 75,000,000 shares of common stock having a $0.001 par value.

Description of Business

We commenced operations as an exploration stage company. In August 2005 we acquired an interest in a 524,728 hectare mineral claim, known as the Raven property, located approximately 17 kilometers northeast of Princeton, in south central British Columbia. However, we were unable to maintain the mineral claim in good standing due to lack of funding and our interest in it expired.

Pursuant to a mineral property purchase agreement dated June 15, 2009 with GeoXplor Corp, a private arm s length Nevada Company, we acquired an option to acquire a 100% interest in 88 unpatented mining claims in Esmeralda County, Nevada. The acquisition of the Esmeralda property was subject to a 3% royalty in respect of the sale or disposition of lithium carbonate or other lithium compounds and obligated us to incur $2,000,000 in exploration expenditures over 5 years. As partial consideration for the property we made payments totaling $61,000, and issued

250,000 common shares at a market price of $0.48 per share. We subsequently abandoned the option, electing not

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to pay the balance of the consideration payable, being $303,000 and 500,000 common shares. We expensed $295,609 as mineral property impairment during fiscal 2010 related to the costs being capitalized on the property.

Pursuant to a letter of intent dated August 30, 2009, we acquired an option to acquire a 100% interest in 50 mineral claims in Esmeralda County, Nevada, subject to a 3% Net Value Royalty. As consideration for the property we agreed to pay an aggregate of $402,500, to issue 1,000,000 common shares, and to incur 2,000,000 in exploration expenditures over five years. Having made cash payments of $20,000 and issued 250,000 common shares at a market price of $0.48 per share, we discontinued negotiations to enter into a definitive agreement and expensed $217,687 as mineral property impairment during fiscal 2010 related to the costs being capitalized on this property.

On January 5, 2010, we entered into an agreement with Gold Summit Corporation to acquire a 100% interest in five grassroots exploration brine project mineral claims located in Nevada, USA. Consideration paid included a cash payment of $50,000 and the issuance of 500,000 shares. In the event that our share price closed at less than $1.00, 6 to 12 months after the closing date of the agreement, we agreed to issue on a one-time basis, an additional 200,000 common shares. On July 6, 2010, the price per share of our common stock closed at a price per share of less than $1.00. On August 12, 2010, we issued 200,000 shares of common stock as required under this agreement (valued at $146,000 using market price of $0.73 per share). A 2% net revenue royalty (*NRR*) is payable to the vendor with the provision that we may buy back the NRR for $2 million.

We previously granted stock options to our directors, officers, consultants and employees pursuant to our 2009 Stock Plan. Certain stock option grants provided for vesting of the stock options over certain periods of time. On January 8, 2010 we entered into amended stock option agreements with four option holders to provide for the immediate vesting of their options, totaling options to purchase up to 2,550,000 shares of our common stock at an exercise price of $0.85 per share.

On January 11, 2010, we entered into a property acquisition agreement with Robert Craig, Barbra Anne Craig and Elizabeth Dickman to acquire a 100% interest in mineral claims located in Nevada, USA. Consideration paid included a cash payment of $40,000 and the issuance of 500,000 shares. A 2% NRR is payable to the vendor with a provision that we can purchase 1% back for $1 million.

On January 11, 2010, we entered into a property acquisition agreement with Nevada Alaska Mining Co., Robert Craig, Barbra Anne Craig and Elizabeth Dickman to acquire a 100% interest in mineral claims located in Nevada and Utah. Consideration paid included a cash payment of $40,000 and the issuance of 1,200,000 shares. A 2% NRR is payable to the vendor with a provision that we may purchase 1% back for $1 million.

On June 10, 2010, we entered into a property option agreement with Japan Oil, Gas and Metals National Corporation whereby Japan Oil may earn a 40% participating interest in our Borate Hills mineral claims located in Nevada. Terms of the agreement include staged work commitments totaling $4,000,000 over three years. Japan Oil also has the option to terminate the agreement with 30 days notice after incurring expenditures of $600,000. As of March 31, 2011 Japan Oil has advanced $1,705,587 to us in respect of work commitments under the option agreement.

On March 23, 2011, we completed certain amendments to our 2010 and 2009 Stock Option Plans and to outstanding stock options issued under those plans. The Stock Option Plans were amended to allow the exercise of options issued under such plan at any time within five (5) years following the termination of the optionee's employment or other relationship with our company, but, in no event later than the expiration date of the option. The option plans previously provided for a maximum exercise period of three (3) years in such circumstances. All previously granted and unexercised Stock Options under the plans were concurrently cancelled and reissued at an exercise price representative of the current market value of our common stock at the time of reissuance.

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On March 24, 2011, we entered into consulting agreements with our chief executive officer, Hugh Aird, Judith Baker, and Steven Cook, regarding their respective management consulting services rendered to our company from March 31, 2010 to March 31, 2011. In consideration of the services, on March 28, 2011, we approved the issuance of 2,000,000 restricted common shares in our capital stock to each Mr. Aird, Ms. Baker, and Mr. Cook. The closing price of our common stock at the close of trading on the OTC Bulletin Board on March 24, 2011 was $0.29.

On April 7, 2011, we cancelled an aggregate of 6,000,000 shares of our common stock previously issued pursuant to the above described consulting agreements with our chief executive officer and chairman, Hugh Aird, Judith Baker, and Steven Cook. 600,000 shares were concurrently reissued to each of the three consultants (1,800,000 reissued in the aggregate).

On May 5, 2011 we entered into amended consulting agreements with our chief executive officer, Hugh Aird, Judith Baker, and Steven Cook. The amendment agreements reduce the compensation payable to each of the consultants pursuant to their respective consulting agreements with us. The compensation payable to each of the consultants was reduced from 2,000,000 to 1,475,000 shares each of our common stock. On May 5, 2011 we authorized the issuance of 875,000 common shares to each of the consultants, representing the balance of the compensation payable to them under the amended consulting agreements.

Also on May 5, 2011, we issued 100,000 common shares each to two consultants in consideration of certain investor relations and publicity services provided during 2011. 100,000 common shares were issued to one U.S. person (as that term is defined in Regulation S of the Securities Act of 1933) relying on the exemptions from registration provided by Section 4(2) of the Securities Act of 1933 and upon Rule 506 of Regulation D of the Securities Act of 1933, and 100,000 common shares were issued to one non-US persons (as that term is defined in Regulation S of the Securities Act of 1933) in offshore transactions relying on Regulation S and/or Section 4(2) of the Securities Act of 1933.

On April 7, 2011 we entered into an investment agreement and amended and restated security agreement (together the Investment Agreements) with one non-US investor pursuant to which we received initial funding of $350,000 with an additional $150,000 having been agreed to follow upon the satisfaction of certain conditions including the following:

- our receipt of new equity financing or new convertible debt financing from a third party(ies) in the aggregate amount of at least US $100,000; and
- our completion and filing of a NI 43-101 compliant technical report with the TSX Venture Exchange by July 31, 2011.

Pursuant to the Investment Agreements we issued to the investor a secured convertible grid promissory note (the 2011 Note), which is convertible into approximately 1,851,851 shares of our common stock, and 1,851,851 warrants with each warrant exercisable until April 6, 2012 to purchase one share of our common stock at a price of $0.27 per share. The 2011 Note bears interest at the rate of 4% per annum, payable every six months from the date of closing. The interest rate will increase to 12% per annum if we fail to make scheduled interest payments. The principal amount of the investment is payable on August 31, 2015.

Also pursuant to the Investment Agreements we amended the terms of a secured convertible grid promissory note (the 2010 Note) and warrant certificate issued in respect of a $750,000 investment in our company made by the same investor in 2010. The amendment to the 2010 Note decreases the per share conversion price applicable to the $750,000 investment from $0.54 to $0.27 per share, so that we will be required to issue approximately 2,777,778 rather than 1,388,888 common shares upon conversion of the 2010 Note. The amendment to the warrant certificate decreases the exercise price of the 1,388,889 share purchase warrants issued in consideration of the $750,000 investment from $0.54 per share to $0.27 per common share. The warrants expire on September 2, 2011. The principal amount of the 2010 Note continues to bear interest at 4% and remains payable on August 31, 2015. The interest rate on the 2010 Note will also increase to 12% per annum if we fail to make the scheduled biannual interest payments.

As security for the performance of our obligations under the 2010 Note and the 2011 Note, we also granted the investor a first priority security interest and lien in substantially all of our personal property and certain of our mineral property interests.

The issuances of the promissory notes and warrants described above were conducted pursuant to Regulation S promulgated pursuant to the Securities Act of 1933, as amended (the Securities Act), to one non-US person as defined in Regulation S and otherwise complied with all of the requirements of Regulation S, the Securities Act, and any other applicable U.S. or foreign securities laws.

Plan of Operation

Our plan of operation for the next twelve months is to carry out exploration work on our recently acquired properties located in Nevada and to continue to review other potential acquisitions in the resource and non-resource sectors.

We anticipate spending approximately $900,000 on administrative fees, including fees we will incur in complying with reporting obligations.

As of March 31, 2011, we had a working capital deficiency of $2,239,151 compared to a working capital deficiency of $255,493 as at September 30, 2010.

We currently do not have sufficient funds on hand to cover our anticipated expenses for the next 12 months. We anticipate that additional funding will be required in the future in the form of equity financing from the sale of our common stock or from director loans. However, we do not have any arrangements in place for any future equity financing.

Results of Operations for Three Month Periods Ended March 31, 2011 and 2010 and for the Six Month Periods Ended March 31, 2011 and 2010.

We did not earn any revenues during the three and six-month periods ended March 31, 2011 or March 31, 2010.

	For the three months ended 31 March 2011	For the three months ended 31 March 2010	For the six months ended 31 March 2011	For the six months ended 31 March 2010	From M 10, 2005 (incepti 31 Marc 2011
Revenues	$ -	$ -	$ -	$ -	$
Expenses					
Mineral property expenditures	784,757	-	1,227,623	-	1,24
Mineral property impairment	-	-	-	-	5
Consulting fee – related party	47,078	60,000	110,828	119,291	5
Consulting fees – stock compensation	2,868,592	3,254,392	2,868,592	4,463,790	12,00
Consulting fees	23,562	60,628	51,513	60,628	14
General and administrative	73,790	66,996	185,210	126,238	58

Legal and accounting	22,107	21,443	45,536	37,983	29
Management fees – related party	45,000	33,000	90,000	56,000	33
Promotion and shareholder relations	20,400	31,500	90,934	84,000	28
Rent expense – related party	-	-	-	-	
Total expenses	3,885,286	3,527,959	4,670,236	4,947,930	15,92

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Other expenses (income)					
Interest income	-	(707)	-	(2,327)	(3,524)
Gain on extinguishment of accrued liability	-	-	-	-	(8,500)
Interest and debt discount expense on convertible note	73,285		170,698		201,958
Net loss	**$** 3,958,571	$ 3,527,252	$ 4,840,934	$ 4,945,603	$ 16,111,408

We incurred total operating expenses of $3,885,286 during the three months ended March 31, 2011 compared to $3,527,959 during the three months ended March 31, 2010, consisting of general and administrative expenses, legal and accounting fees, consulting fees, management fees, promotion and shareholder relations, stock based compensation and mineral property expenditures. We incurred total operating expenses of $4,670,236 during the six months ended March 31, 2011 compared to $4,947,930 for the same period in 2010. From inception (March 10, 2005) to March 31, 2011 we incurred total operating expenses of $15,921,474.

Mineral Property Expenditures

Mineral property expenditures for the three months and six months ended March 31, 2011 were $784,757 and $1,227,623, respectively, compared to $0 in mineral property expenditures for the same periods in 2010. The increase in mineral property expenditures resulted from our expensing of these expenditures in the current fiscal year. Mineral property expenses were capitalized during fiscal 2010 and therefore do not appear as expenditures. From inception (March 10, 2005) to March 31, 2011 we incurred total mineral property expenditures of $1,246,623.

Mineral Property Impairment

Mineral property impairment was $0 during the three and six months ended March 31, 2011 and during the same period in 2011. From inception (March 10, 2005) to 31 March 2011 we incurred total mineral property impairment expense of $513,296.

Consulting Fees – Related Party

Consulting fees for related parties decreased by $12,922 for the three month period ended March 31, 2011 to $47,078 from $60,000 for same period in 2010. Consulting fees for related parties decreased by $8,463 for the six month period ended March 31, 2011 to $110,828 from $119,291 for same period in 2010. The decrease of $8,463 was primarily due to a reduction in advances made to related party consultant for expenses. From inception (March 10, 2005) to March 31, 2011 we incurred total consulting fees for related parties of $515,576.

Consulting Fees – Stock Compensation

Consulting fees for stock compensation decreased by for the three month period ended March 31, 2011 to $2,868,592 from $3,254,392 for the three month period ended March 31, 2010. Consulting fees for stock compensation decreased by $1,595,198 for the six month period ended March 31, 2011 to $2,868,592 from $4,463,790 during the same period in 2010. The decrease of $1,595,198 resulted from an adjustment in stock based compensation expense to reflect the re-issuance of previously granted options under our S-8 compensation plans. From inception (March 10, 2005) to

March 31, 2011 we incurred total consulting fees for stock compensation of $12,000,956.

Consulting Fees

Consulting fees decreased by $9,115 for the six month period ended March 31, 2011 to $51,513 from $60,628 for the same period in 2010. Consulting fees during the three months ended March 31, 2011 were $23,562. The increase in consulting fees was primarily due to a one-time consulting fee paid during the six months ended March 31, 2010. From inception (March 10, 2005) to March 31, 2011 we incurred total consulting fees of $142,141.

General and Administrative

General and administrative expenses relating to operations increased by $6,794 for the three month period ended March 31, 2011 to $73,790 from $66,996 for the three month period ended March 31, 2010. For the six months ended March 31, 2011, general and administrative expenses relating to operations increased by $58,972 to $185,210 from $126,238 for same period in 2010. The increase was primarily due to increased fundraising activities. From inception (March 10, 2005) to March 31, 2011 we incurred total general and administrative expenses of $581,742.

Legal and Accounting

Legal and accounting expenses increased $664 for the three month period ended March 31, 2011 to $22,107 from $21,443 for the three month period ended March 31, 2010. For the six month period ended March 31, 2011, legal and accounting expenses increased $7,553 to $45,536 from $37,983 for the same period in 2010. The increase was primarily due to increased financing activities. From inception (March 10, 2005) to March 31, 2011 we incurred total legal and accounting fees of $296,346.

Management Fees

Management fees increased $12,000 for the three month period ended March 31, 2011 to $45,000 from $33,000 for the three month period ended March 31, 2010. Management fees increased $34,000 for the six month period ended March 31, 2011 to $90,000 from $56,000 for the same period in 2010. The increase was primarily due to a change in management during late 2010. From inception (March 10, 2005) to March 31, 2011 we incurred total management fees of $330,000.

Promotion and Shareholder Relations

Promotion and shareholder relations decreased $11,100 for the three month period ended March 31, 2011 to $20,400 from $31,500 for the three month period ended March 31, 2010. Promotion and shareholder relations increased $6,934 for the six month period ended March 31, 2011 to $90,934 from $84,000 for the same period in 2010. The overall increase was primarily due to additional expenses incurred in relation to promotional activities. From inception (March 10, 2005) to March 31, 2011 we incurred total promotion and shareholder relations expenses of $287,194.

Rent Expenses

Rent expenses were $0 for the six month periods ended March 31, 2011 and March 31, 2010. From inception (March 10, 2005) to March 31, 2011 we incurred rent expense of $7,600.

Net Loss

During the three months and six months ended March 31, 2011, we incurred a net loss of $3,958,571 and $4,840,934, respectively, which resulted in an accumulated deficit of $16,111,408 as at March 31, 2011.

We have not attained profitable operations and are dependent upon obtaining financing to pursue exploration activities. For these reasons our auditors believe that there is substantial doubt that we will be able to continue as a going concern.

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Liquidity and Financial Condition

At March 31, 2011, we had total assets of $2,973,421, compared to $3,352,856 as at September 30, 2010. We had total liabilities recorded at $2,351,864 as of March 31, 2011, compared to $709,733 as at September 30, 2010.

We had cash and cash equivalents of $45,168 as of March 31, 2011, compared to cash and cash equivalents of $425,794 at September 30, 2010.

Working Capital

	At March 31, 2011	At September 30, 2010
Current assets	$ 112,713	$ 454,240
Current liabilities	2,351,864	709,733
Working capital (deficit)	$ (2,239,151)	$ (255,493)

Cash Flows

	Three Month Period Ended	
	March 31, 2011	March 31 2010
Cash flows used in operating activities	$ (1,854,644)	$ (516,235)
Cash flows provided by (used in) investing activities	1,455,136	$ (244,552)
Cash flows provided by financing activities	18,882	$ 6,000
Net decrease in cash during period	$ (380,626)	$ (754,787)

Operating Activities

Net cash used in operating activities was $1,854,644 for the six month period ended March 31, 2011 compared with cash used in operating activities of $516,235 in the same period in 2010. The $1,338,409 increase in net cash used in operating activities is attributable to expensing of exploration expenditures in 2011.

Investing Activities

Net cash provided by investing activities was $1,455,136 for the six month period ended March 31, 2011 compared to net cash used in investing activities of $244,552 in the same period in 2010. The $1,699,688 increase in cash provided by investing activities was mainly attributable to the conclusion of an investment agreement in April 2011.

Financing Activities

Net cash provided by financing activities was $18,882 for the six month period ended March 31, 2011 compared to $6,000 provided by financing activities during the same period in 2010.

We expect to run at a loss for at least the next twelve months. We have no agreements for additional financing and cannot provide any assurance that additional funding will be available to finance our operations on acceptable terms in order to enable us to complete our plan of operations. There are no assurances that we will be able to achieve further sales of our common stock or any other form of additional financing. If we are unable to achieve the financing necessary to continue our plan of operations, then we will not be able to continue our exploration of our mineral claims and our venture will fail.

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Off-Balance Sheet Arrangements

We have no off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that is material to our stockholders.

Contractual Obligations

None.

The discussion and analysis of our financial condition and results of operations are based upon our financial statements, which have been prepared in accordance with the accounting principles generally accepted in the United States of America. Preparing financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue, and expenses. These estimates and assumptions are affected by management s application of accounting policies. We believe that understanding the basis and nature of the estimates and assumptions involved with the following aspects of our financial statements is critical to an understanding of our financial statements.

Basis of Presentation

The financial statements of our company have been prepared in accordance with accounting principles generally accepted in the United States of America applicable to exploration stage enterprises, and are expressed in U.S. dollars. Our company s fiscal year end is September 30.

Mineral Property Costs

Our company has been in the exploration stage since its formation on March 10, 2005 and has not yet realized any revenues from its planned operations. It is primarily engaged in the acquisition and exploration of mining properties. Mineral property exploration costs are charged to operations as incurred. Our company capitalizes costs for acquiring mineral properties and expenses costs to maintain mineral rights and leases as incurred. When it has been determined that a mineral property can be economically developed as a result of establishing proven and probable reserves, the costs incurred to develop such property, are capitalized. Such costs will be depleted using the units-of-production method over the estimated life of the probable reserve.

Although our company has taken steps to verify title to mineral properties in which it has an interest, according to the usual industry standards for the stage of exploration of such properties, these procedures do not guarantee our company s title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

Financial Instruments

The carrying value of cash, accounts payable and accrued liabilities, and due to related parties approximates their fair value because of the short maturity of these instruments. Our company s operations are in Canada and virtually all of its assets and liabilities are giving rise to significant exposure to market risks from changes in foreign currency rates. Our company s financial risk is the risk that arises from fluctuations in foreign exchange rates and the degree of volatility of these rates. Currently, our company does not use derivative instruments to reduce its exposure to foreign currency risk.

Environmental Expenditures

The operations of our company have been, and may in the future, be affected from time to time, in varying degrees, by changes in environmental regulations, including those for future reclamation and site restoration costs. Both the likelihood of new regulations and their overall effect upon our company vary greatly and are not predictable. Our company s policy is to meet or, if possible, surpass standards set by relevant legislation, by application of technically proven and economically feasible measures.

Income Taxes

Deferred income taxes are reported for timing differences between items of income or expense reported in the financial statements and those reported for income tax purposes in accordance with FASB ASC 740-10, which requires the use of the asset/liability method of accounting for income taxes. Deferred income taxes and tax benefits are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases, and for tax loss and credit carry-forwards. 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. Our company provides for deferred taxes for the estimated future tax effects attributable to temporary differences and carry-forwards when realization is more likely than not.

Basic and Diluted Net Loss Per Share

Our company computes net loss per share in accordance with FASB ASC 260, which requires presentation of both basic and diluted earnings per share (EPS) on the face of the income statement. Basic EPS is computed by dividing net loss available to common shareholders (numerator) by the weighted average number of shares outstanding (denominator) during the period. Diluted EPS gives effect to all potentially dilutive common shares outstanding during the period. In computing diluted EPS, the average stock price for the period is used in determining the number of shares assumed to be purchased from the exercise of stock options or warrants. Diluted EPS excludes all potentially dilutive shares if their effect is anti-dilutive and is not presented in the accompanying financial statements.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from these estimates.

Stock Based Compensation

Our company records stock based compensation in accordance with the guidance in ASC Topic 718, which requires our company to recognize expense related to the fair value of its employee stock option awards. This eliminates accounting for share-based compensation transactions using the intrinsic value and requires instead that such transactions be accounted for using a fair-value-based method. Our company recognizes the cost of all share-based awards on a graded vesting basis over the vesting period of the award.

Our company accounts for equity instruments issued in exchange for the receipt of goods or services from other than employees in accordance with FASB ASC 718-10 and the conclusions reached in FASB ASC 505-10. Costs are measured at the estimated fair market value of the consideration received or the estimated fair value of the equity instruments issued, whichever is more reliably measurable. The value of equity instruments issued for consideration other than employee services is determined on the earliest of a performance commitment or completion of performance by the provider of goods or services as defined by FASB ASC 505-10.

Risks and Uncertainties

Our company operates in the resource exploration industry that is subject to significant risks and uncertainties, including financial, operational, technological, and other risks associated with operating a resource exploration business, including the potential risk of business failure.

Website Development Costs

Costs incurred in developing and maintaining a website are charged to expense when incurred for the planning, content population, and administration or maintenance of the website. All development costs for the application, infrastructure, and graphics development are capitalized and subsequently reported at the lower of unamortized cost or net realizable value. Capitalized costs are amortized using the straight-line basis over a five year estimated economic life of the product.

Long-Lived Assets

Our company accounts for its long-lived assets in accordance with FASB ASC 360-10, Property, Plant and Equipment which requires that long-lived assets be reviewed for impairment whenever events or changes in circumstances indicate that the historical cost carrying value of an asset may no longer be appropriate. Our company assesses recoverability of the carrying value of an asset by estimating the future net cash flows expected to result from the asset, including eventual disposition. If the future net cash flows are less than the carrying value of the asset, an impairment loss is recorded equal to the difference between the asset s carrying value and fair value or disposal value.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

As a smaller reporting company , we are not required to provide the information required by this Item.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in our reports filed under the *Securities Exchange Act of 1934*, as amended, is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms, and that such information is accumulated and communicated to our management, including our chief executive officer and chief financial officer (our principal executive officer, principal financial officer and principal accounting officer) to allow for timely decisions regarding required disclosure.

As of the end of the quarter covered by this report, we carried out an evaluation, under the supervision and with the participation of our chief executive officer and chief financial officer (our principal executive officer, principal financial officer and principal accounting officer), of the effectiveness of the design and operation of our disclosure controls and procedures. Based on the foregoing, our chief executive officer and chief financial officer (our principal executive officer, principal financial officer and principal accounting officer) concluded that our disclosure controls and procedures were not effective in providing reasonable assurance in the reliability of our financial reports as of the end of the period covered by this quarterly report.

In light of the material weaknesses described below, we performed additional analysis and other post-closing procedures to ensure that our financial statements were prepared in accordance with generally accepted accounting principles. Accordingly, we believe that the financial statements included in this report fairly present, in all material respects, our financial condition, results of operations, changes in stockholders equity and cash flows for the periods presented.

Hugh Aird, our chief executive officer and chief financial officer (our principal executive officer, principal financial officer and principal accounting officer), evaluated the effectiveness of our disclosure controls and procedures as of March 31, 2011 based on criteria established in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission, or the COSO Framework. Management s assessment included an evaluation of the design of our internal control over financial reporting and testing of the operational effectiveness of those controls.

Based on this evaluation, management concluded that our internal control over financial reporting was not effective as of March 31, 2011 due to the material weaknesses described below.

Material Weaknesses

Our management assessed the effectiveness of our internal control over financial reporting as of March 31, 2011. In making this assessment, our management used the framework set forth by the Committee of Sponsoring Organizations of the Treadway Commission in Internal Control – Integrated Framework. Based on this assessment, management concluded that, as of March 31, 2011, our internal control over financial reporting was not effective based on this framework.

Management evaluated the impact of ineffective control over financial reporting and concluded that the control deficiency represented a material weakness.

In connection with the audit of our financial statements for the year ended September 30, 2010, our independent registered public accounting firm, DeJoya Griffith & Company, LLC, reported to our board of directors that they observed inadequate review and approval of certain aspects of the accounting process that they considered to be a material weakness in internal control.

After a review of our current review and approval of certain aspects of the accounting process, management concluded that the inadequate review and approval process represented a material weakness.

Our Management noted an additional material weakness resulting from the following:

(a) During the year ended September 30, 2010, our company gave an advance of $25,000 to a senior officer. It was determined the advance was in contravention of SOX 402 and our company implemented strict internal controls to avoid a future occurrence.

(b) During the quarter ended December 31, 2010, our company paid personal expenses for the same senior officer in the amount of $34,498 for which our company expects to be repaid.

(c) During the quarter ended March 31, 2011, our company paid personal expenses for the same senior officer in the amount of $14,726 for which our company expects to be repaid.

Management determined that the strict internal controls implemented were not effective.

Changes in Internal Control

During the quarter ended March 31, 2011 there were no changes in our internal control over financial reporting (as defined in Rule 13a-15(e) and Rule 15d-15(e) under the Exchange Act) that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

In connection with the ineffective assessment of our internal control over financial reporting, management plans to hire additional resources to perform our internal audit and assist with SEC compliance for purposes of all future reporting.

In connection with the reported inadequate review and approval of certain aspects of the accounting process, management has reiterated our current review and approval processes, to ensure that all accounting reconciliations and journal entries are reviewed and approved on a timely basis.

PART II- OTHER INFORMATION

Item 1. Legal Proceedings

We know of no material, existing or pending legal proceedings against our company, nor are we involved as a plaintiff in any material proceeding or pending litigation. There are no proceedings in which any of our directors, executive officers or affiliates, or any registered or beneficial stockholder, is an adverse party or has a material interest adverse to our interest.

Item 1A. Risk Factors

As a smaller reporting company , we are not required to provide the information required by this Item.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

On or about March 24, 2011, 2,000,000 common shares were issued to one U.S. person (as that term is defined in Regulation S of the Securities Act of 1933) relying on the exemptions from registration provided by Section 4(2) of the Securities Act of 1933 and upon Rule 506 of Regulation D of the Securities Act of 1933, and 4,000,000 common shares were issued to two non-US persons (as that term is defined in Regulation S of the Securities Act of 1933) in offshore transactions relying on Regulation S and/or Section 4(2) of the Securities Act of 1933.The shares were issued pursuant to the terms of consulting agreements entered into with Judith Baker, Stephen Cook and Hugh Aird, our chairman, chief executive officer, chief financial officer and secretary.

On May 5, 2011 we amended the consulting agreements with Judith Baker, Stephen Cook and Hugh Aird, our chairman, chief executive officer, chief financial officer and secretary. The amendment agreements reduce the compensation payable to each of the consultants pursuant to their respective consulting agreements with us as first disclosed in our Current Report on Form 8-K filed on April 4, 2011. The compensation payable to each of the consultants was reduced from 2,000,000 to 1,475,000 shares of our common stock. We authorized the issuance of 875,000 common shares to each of the consultants, representing the balance of the compensation payable to them under the amended consulting agreements. Accordingly, 875,000 common shares were issued to one U.S. person (as that term is defined in Regulation S of the Securities Act of 1933) relying on the exemptions from registration provided by Section 4(2) of the Securities Act of 1933 and upon Rule 506 of Regulation D of the Securities Act of 1933, and 1,750,000 common shares were issued to two non-US persons (as that term is defined in Regulation S of the Securities Act of 1933) in offshore transactions relying on Regulation S and/or Section 4(2) of the Securities Act of 1933.

Also on May 5, 2011 we issued 100,000 common shares each to two consultants in consideration of certain investor relations and publicity services provided during 2011. 100,000 common shares were issued to one U.S. person (as that term is defined in Regulation S of the Securities Act of 1933) relying on the exemptions from registration provided by Section 4(2) of the Securities Act of 1933 and upon Rule 506 of Regulation D of the Securities Act of 1933, and 100,000 common shares were issued to one non-US persons (as that term is defined in Regulation S of the Securities Act of 1933) in offshore transactions relying on Regulation S and/or Section 4(2) of the Securities Act of 1933.

Item 3. Defaults Upon Senior Securities

On September 2, 2010, we issued a promissory convertible note in the amount of $750,000 to an unrelated third party in an arm s length transaction secured by our mineral claims in Nevada and a Security Agreement (8K filed September 8, 2010). The note is due August 31, 2015 and accrues interest at 4% per annum payable every six months. Should we default on the interest payment, the interest rate increases to 12% per annum and the note is payable on demand. We are currently in default of certain covenants related to the promissory convertible note due to the advances to a senior officer of $74,224 which is in contravention of SOX 402. As a result, we have classified the promissory convertible note as a current liability and have accrued interest payable on the note at 12% per annum. We have disclosed the default to the holder of the note and are requesting a waiver of the specific event of default. We can provide no assurance such waiver will be granted. At the investor s option, the note principal and accrued interest can be converted to shares of common stock at a fixed price of $0.54.

Item 4. [Removed and Reserved]

Item 5. Other Information

On April 6, 2011, we accepted the resignation of Ann Dumyn as secretary of our company. Ms. Dumyn s resignation was accepted with effect from November 12, 2010 when she ceased to exercise any authority on behalf of our company. Also on April 6, 2011, we accepted the resignation of Chris Hobbs as our chief financial officer and as a director of our company. Mr. Hobbs s resignation was accepted with effect from January 12, 2011 when he ceased to exercise any authority, audit or certification duties on behalf of our company. Concurrently, we appointed Hugh Aird, as our chief executive officer and chairman of our board of directors, to serve as secretary and chief financial officer of our company.

Item 6. Exhibits

Exhibit Number	Description
(3)	**(i) Articles of Incorporation (ii) By-laws**

3.1	Articles of Incorporation (incorporated by reference to our Registration Statement on Form SB-2 filed on March 23, 2006).

Exhibit Number	Description
3.2	By-laws (incorporated by reference to our Registration Statement on Form SB-2 filed on March 23, 2006).
3.3	Certificate of Amendment (incorporated by reference to our Current Report on Form 8-K filed on August 10, 2009).
(10)	**Material Contracts**
10.1	Purchase Agreement dated June 15, 2009 between our company and GeoXplor Corp. (incorporated by reference to our Current Report on Form 8-K filed on June 18, 2009).
10.2	2009 Stock Option Plan dated August 20, 2009 (incorporated by reference to our Current Report on Form 8-K filed on August 26, 2009).

Exhibit Number	Description
10.18	Consulting Agreement dated March 24, 2011 between our company and Judith Baker (incorporated by reference to our Current Report on Form 8-K filed on April 1, 2011).
10.19	Consulting Agreement dated March 24, 2011 between our company and Steve Cook (incorporated by reference to our Current Report on Form 8-K filed on April 1, 2011).
10.20	Convertible Grid Promissory Note dated April 6, 2011 (incorporated by reference to our Current Report on Form 8-K filed on April 14, 2011).
10.21	Investment Agreement dated April 6, 2011 between our company and 2245393 Ontario Inc. (incorporated by reference to our Current Report on Form 8-K filed on April 14, 2011).

* *Filed herewith.*

SIGNATURES

Pursuant to the requirements of the *Securities Exchange Act of 1934*, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

AMERICAN LITHIUM MINERALS, INC.
(Registrant)

Dated: June 23, 2011

/s/Hugh Aird
Hugh Aird
Chairman, Chief Executive Officer, Chief Financial Officer and Secretary

(Principal Executive Officer, Principal Financial Officer, and Principal Accounting Officer)