

American Lithium Minerals, Inc.  
Form 10-Q  
August 13, 2010

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

**FORM 10-Q**

[ X ]

Quarterly Report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the period ended June 30, 2010

[ ]

Transition Report pursuant to 13 or 15(d) of the Securities Exchange Act of 1934

For the transition period \_\_\_\_\_ to \_\_\_\_\_

Commission File Number **333-132648**

**AMERICAN LITHIUM MINERALS, INC.**

*(Exact name of Small Business Issuer as specified in its charter)*

**Nevada**

*(State or other jurisdiction of incorporation or organization)*

**71-1049972**

*(IRS Employer Identification No.)*

**1914 Cordova Road, Suite 116**

**Fort Lauderdale, Florida**

*(Address of principal executive offices)*

**33316**

*(Postal or Zip Code)*

**954-828-9143**

*Issuer's telephone number, including area code:*

*(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

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required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer

Accelerated filer

Non-accelerated filer

Small reporting company

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

Yes  No

State the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date:  
54,390,740 shares of common stock with par value of \$0.001 per share outstanding as of August 4, 2010.

**PART I. FINANCIAL INFORMATION**

**Item 1.**

**Financial Statements**

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

Financial Statements

(Expressed in U.S. Dollars)

(Unaudited)

**30 June 2010**

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

Balance Sheets

(Expressed in U.S. Dollars)

|   | <b>As at 30</b>     | <b>As at 30</b>     |
|---|---------------------|---------------------|
|   | <b>June</b>         | <b>September</b>    |
|   | <b>2010</b>         | <b>2009</b>         |
|   | <b>(Unaudited)</b>  | <b>(Audited)</b>    |
| <b>Assets</b>   |                     |                     |
| <b>Current assets</b>   |                     |                     |
| Cash and cash equivalents                                     | \$ 24,351           | \$ 1,232,712        |
| Advance to PinePoint (Note 7)                                 | 5,158               | -                   |
| Prepaid expenses  | 24,272              | -                   |
| Deposit   | 10,000              | -                   |
| Due from related party (Note 7)                               | 25,000              | -                   |
| <b>Total current assets</b>                                   | <b>88,781</b>       | <b>1,232,712</b>    |
| <b>Fixed assets (Note 3)</b>                                  |                     |                     |
| Computer equipment and office furniture - net of depreciation | 16,205              | -                   |
| <b>Total fixed assets</b>                                     | <b>16,205</b>       | <b>-</b>            |
| <b>Other assets</b>   |                     |                     |
| Website- net of amortization                                  | 11,419              | -                   |
| Mineral claims (Note 4)                                       | 2,509,745           | 468,655             |
| <b>TOTAL ASSETS</b>   | <b>\$ 2,626,150</b> | <b>\$ 1,701,367</b> |
| <b>Liabilities and Stockholders Equity</b>                    |                     |                     |
| <b>Current liabilities</b>                                    |                     |                     |
| Accounts payable and accrued liabilities (Note 5)             | \$ 54,634           | \$ 15,355           |
| Due to related party (Note 7)                                 | 69,877              | 63,877              |

|   |              |              |
|---|--------------|--------------|
| <b>Total current liabilities</b>  | 124,511      | 79,232       |
| <b>TOTAL LIABILITIES</b>  | 124,511      | 79,232       |
| <b>Stockholders equity</b>  |              |              |
| <b>Common stock</b> (Note 6): \$0.001 par value; authorized 75,000,000 shares; issued and outstanding as of June 30, 2010 and September 30, 2009: 54,390,740 and 49,750,000, respectively | 54,391       | 49,750       |
| <b>Additional paid-in capital</b>   | 14,663,873   | 874,310      |
| <b>Subscriptions receivable</b>   | (1,402,500)  | -            |
| <b>Stock payable</b> (Note 6)   | -            | 1,000,000    |
| <b>Deficit accumulated during the exploration stage</b>   | (10,814,125) | (301,925)    |
| <b>Total stockholders equity</b>  | 2,501,639    | 1,622,135    |
| <b>TOTAL LIABILITIES AND STOCKHOLDERS EQUITY</b>  | \$ 2,626,150 | \$ 1,701,367 |

SEE ACCOMPANYING NOTES

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

Statements of Operations

(Expressed in U.S. Dollars)

(Unaudited)

|   | <b>For the three<br/>months ended 30<br/>June 2010</b> | <b>For the three<br/>months ended 30<br/>June 2009</b> | <b>For the nine<br/>months ended 30<br/>June 2010</b> | <b>For the nine<br/>months ended 30<br/>June 2009</b> | <b>From<br/>inception (10<br/>March 2005)<br/>to 30 June<br/>2010</b> |
|---|--|--|---|---|---|
| <b>Revenues</b>                             | \$ -   | \$ -   | \$ -  | \$ -  | \$ -  |
| <b>Expenses</b>                             |  |  |   |   |   |
| Mineral property expenditures (Note 4)      | 513,296  | -  | 513,296   | -   | 522,296   |
| Consulting fees related party (Note 7)      | 217,053  | -  | 336,344   | -   | 336,344   |
| Consulting fees stock compensation          | 4,602,914  | -  | 9,066,704   | -   | 9,132,364   |
| Consulting fees                             | 15,000   | -  | 75,628  | -   | 75,628  |
| General and administrative                  | 88,436   | 9,720  | 214,673   | 19,214  | 313,900   |
| Legal and accounting                        | 18,408   | 9,028  | 56,391  | 20,777  | 138,322   |
| Management fees related party (Note 7)      | 70,325   | 3,000  | 126,325   | 9,000   | 174,325   |
| Promotion and shareholder relations         | 41,370   | -  | 125,370   | -   | 125,370   |
| Rent expense related party (Note 7)         | -  | -  | -   | -   | 7,600   |
| <b>Total expenses</b>                       | <b>(5,566,802)</b>                                     | <b>(21,748)</b>  | <b>(10,514,731)</b>                                   | <b>(48,991)</b>                                       | <b>(10,826,149)</b>   |
| <b>Other income</b>                         |  |  |   |   |   |
| Interest income                             | 204  | -  | 2,531   | -   | 3,524   |
| Gain on extinguishment of accrued liability | -  | -  | -   | -   | 8,500   |

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|   |                |             |                 |             |                           |
|---|----------------|-------------|-----------------|-------------|---------------------------|
| <b>Net loss</b>                                       | \$ (5,566,598) | \$ (21,748) | \$ (10,512,200) | \$ (48,991) | <del>(\$10,814,125)</del> |
| <b>Basic earnings per common share</b>                | \$ (0.10)      | \$ (0.00)   | \$ (0.20)       | \$ (0.00)   |                           |
| <b>Weighted average number of common shares basic</b> | 54,350,924     | 48,000,000  | 52,525,181      | 48,000,000  |                           |

SEE ACCOMPANYING NOTES

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

Statement of Stockholders' Equity

(Expressed in U.S. Dollars)

From Inception (10 March 2005) to 30 June 2010

|   | Number of<br>common<br>shares<br>issued | Common<br>stock | Additional<br>paid-in<br>capital | Stock Subscriptions<br>Payable | Subscriptions<br>receivables | Deficit<br>accumulated<br>during the<br>exploration<br>stage | stockholders<br>equity | Total |
|---|---|-----------------|----------------------------------|--------------------------------|------------------------------|--|------------------------|-------|
| <b>Balance at 10<br/>March 2005<br/>(inception)</b>     |   |                 |                                  |                                |                              |  |                        |       |
| Common shares<br>issued for cash<br>(\$0.001 per share) |   |                 |                                  |                                |                              |  |                        |       |
| - 18 March 2005<br>(Note 6)                             | 20,000,000                              | \$ 20,000       | \$ (15,000)                      | \$ -                           | \$ -                         | \$ -   |                        | 5,000 |
| Common shares<br>issued for cash<br>(\$0.001 per share) |   |                 |                                  |                                |                              |  |                        |       |
| - 5 April 2005<br>(Note 6)                              | 16,000,000                              | 16,000          | (12,000)                         | -                              | -                            | -  |                        | 4,000 |
| Common shares<br>issued for cash<br>(\$0.01 per share)  |   |                 |                                  |                                |                              |  |                        |       |
| - 13 April 2005<br>(Note 6)                             | 2,700,000                               | 2,700           | 4,050                            | -                              | -                            | -  |                        | 6,750 |
| Common shares<br>issued for cash<br>(\$0.01 per share)  | 3,300,000                               | 3,300           | 4,950                            | -                              | -                            | -  |                        | 8,250 |

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|  |            |        |          |   |   |           |          |
|--|------------|--------|----------|---|---|-----------|----------|
| - 21 April 2005<br>(Note 6)                                |            |        |          |   |   |           |          |
| Net loss   | -          | -      | -        | - | - | (7,055)   | (7,055)  |
| <b>Balance at 30<br/>September 2005</b>                    | 42,000,000 | 42,000 | (18,000) | - | - | (7,055)   | 16,945   |
| Contributions to<br>capital by related<br>parties expenses |            |        |          |   |   |           |          |
| (Notes 6 and 7)  | -          | -      | 14,400   | - | - | -         | 14,400   |
| Net loss   | -          | -      | -        | - | - | (39,676)  | (39,676) |
| <b>Balance at 30<br/>September 2006</b>                    | 42,000,000 | 42,000 | (3,600)  | - | - | (46,731)  | (8,331)  |
| Contributions to<br>capital by related<br>parties expenses |            |        |          |   |   |           |          |
| (Notes 6 and 7)  | -          | -      | 14,400   | - | - | -         | 14,400   |
| Net loss   | -          | -      | -        | - | - | (29,220)  | (29,220) |
| <b>Balance at 30<br/>September 2007</b>                    | 42,000,000 | 42,000 | 10,800   | - | - | (75,951)  | (23,151) |
| Contributions to<br>capital by related<br>parties expenses |            |        |          |   |   |           |          |
| (Notes 6 and 7)  | -          | -      | 9,600    | - | - | -         | 9,600    |
| Common shares<br>issued for cash<br>(\$0.001 per share)    |            |        |          |   |   |           |          |
| - 17 June 2008<br>(Note 6)                                 | 6,000,000  | 6,000  | (4,500)  | - | - | -         | 1,500    |
| Net loss   | -          | -      | -        | - | - | (39,413)  | (39,413) |
| <b>Balance at 30<br/>September 2008</b>                    | 48,000,000 | 48,000 | 15,900   | - | - | (115,364) | (51,464) |

SEE ACCOMPANYING NOTES



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

Statement of Stockholders Equity (Deficit)

(Expressed in U.S. Dollars)

From Inception (10, March 2005) to 30 June 2010

|   | <b>Number of<br/>common<br/>shares<br/>issued</b> | <b>Common<br/>stock</b> | <b>Additional<br/>paid-in<br/>capital</b> | <b>Stock<br/>Payable</b> | <b>Subscriptions<br/>receivables</b> | <b>Deficit<br/>Accumulated<br/>during the<br/>exploration<br/>stage</b> | <b>Total<br/>stockholders<br/>equity</b> |
|---|---|-------------------------|---|--------------------------|--------------------------------------|---|--|
| <b>Balance at 30<br/>September 2008</b>   | 48,000,000  | 48,000                  | 15,900                                    | -                        | -                                    | (115,364)   | (51,464)                                 |
| Common shares<br>issued for<br>property payment<br><br>(250,000 at \$0.48<br>per share) (Note<br>4) | 250,000   | 250                     | 119,750                                   | -                        | -                                    | -   | 120,000                                  |
| Common shares<br>issued for cash<br>(\$0.36 per share)  |   |                         |   |                          |                                      |   |  |
| - 14 July 2009<br>(Note 6)  | 1,250,000   | 1,250                   | 448,750                                   | -                        | -                                    | -   | 450,000                                  |
| Common shares<br>issued for<br>property payment<br><br>(250,000 at \$0.77<br>per share) (Note<br>4) | 250,000   | 250                     | 192,250                                   | -                        | -                                    | -   | 192,500                                  |
| Common shares<br>payable for  | -   | -                       | -   | 1,000,000                | -                                    | -   | 1,000,000                                |

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private placement

(1,000,000 at  
\$1.35 per share)  
(Note 6)

Contributions to  
capital by related  
parties forgiven  
debt (Note 7)

|  |   |   |        |   |   |        |
|--|---|---|--------|---|---|--------|
|  | - | - | 32,000 | - | - | 32,000 |
|--|---|---|--------|---|---|--------|

Stock based  
compensation  
expense on  
options vested  
during period

|  |   |   |        |   |   |        |
|--|---|---|--------|---|---|--------|
|  | - | - | 65,660 | - | - | 65,660 |
|--|---|---|--------|---|---|--------|

Net loss

|  |   |   |   |   |   |           |           |
|--|---|---|---|---|---|-----------|-----------|
|  | - | - | - | - | - | (186,561) | (186,561) |
|--|---|---|---|---|---|-----------|-----------|

**Balance at 30**

**September 2009**

|  |            |        |         |           |   |           |           |
|--|------------|--------|---------|-----------|---|-----------|-----------|
|  | 49,750,000 | 49,750 | 874,310 | 1,000,000 | - | (301,925) | 1,622,135 |
|--|------------|--------|---------|-----------|---|-----------|-----------|

Common shares  
issued for cash  
(at \$1.35 per  
share)

- 6 October 2009  
(Note 6)

|  |         |     |         |             |   |   |
|--|---------|-----|---------|-------------|---|---|
|  | 740,740 | 741 | 999,259 | (1,000,000) | - | - |
|--|---------|-----|---------|-------------|---|---|

Common shares  
issued for  
property payment

(500,000 at \$0.85  
per share) (Note  
4)

|  |         |     |         |   |   |         |
|--|---------|-----|---------|---|---|---------|
|  | 500,000 | 500 | 424,500 | - | - | 425,000 |
|--|---------|-----|---------|---|---|---------|

Common shares  
issued for  
property payment

(1,700,000 at  
\$1.10 per share)  
(Note 4)

|  |           |       |           |   |   |           |
|--|-----------|-------|-----------|---|---|-----------|
|  | 1,700,000 | 1,700 | 1,868,300 | - | - | 1,870,000 |
|--|-----------|-------|-----------|---|---|-----------|

Stock options  
exercised (at  
\$0.85 per share)

(Note 6)  
Stock options  
exercised (at  
\$0.60 per share)

|  |           |       |           |   |           |   |   |
|--|-----------|-------|-----------|---|-----------|---|---|
|  | 1,650,000 | 1,650 | 1,400,850 | - | 1,402,500 | - | - |
|--|-----------|-------|-----------|---|-----------|---|---|

(Note 6)  
Stock based  
compensation  
expense on

|  |        |    |           |   |   |   |           |
|--|--------|----|-----------|---|---|---|-----------|
|  | 50,000 | 50 | 29,950    | - | - | - | 30,000    |
|  | -      | -  | 9,066,704 | - | - | - | 9,066,704 |

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|                                |            |           |            |      |             |                              |
|--------------------------------|------------|-----------|------------|------|-------------|------------------------------|
| options vested during period   |            |           |            |      |             |                              |
| Net loss                       | -          | -         | -          | -    | -           | (10,512,200) (10,512,200)    |
| <b>Balance at 30 June 2010</b> |            | \$        |            | \$   |             |                              |
| <b>(Unaudited)</b>             | 54,390,740 | \$ 54,391 | 14,663,873 | \$ - | (1,402,500) | \$ (10,814,125) \$ 2,501,639 |

All share amounts have been retroactively restated to reflect the 4:1 share split on March 2, 2009 (Note 5).

SEE ACCOMPANYING NOTE

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

## Statements of Cash Flows

(Expressed in U.S. Dollars)

(Unaudited)

|  | <b>For the nine<br/>months ended</b> | <b>For the nine<br/>months ended</b> | <b>From inception</b>                 |
|--|--------------------------------------|--------------------------------------|---------------------------------------|
|  | <b>30 June</b>                       | <b>30 June</b>                       | <b>(10 March 2005) to<br/>30 June</b> |
|  | <b>2010</b>                          | <b>2009</b>                          | <b>2010</b>                           |
| <b>Cash flows from operating activities</b>                                |                                      |                                      |                                       |
| Net loss   | \$ (10,512,200)                      | \$ (48,991)                          | \$ (10,814,125)                       |
| Adjustments to reconcile net loss to net cash used by operating activities |                                      |                                      |                                       |
| Contributions to capital by related parties expenses (Notes 5 and 6)       | -                                    | -                                    | 38,400                                |
| Contributions to capital by related parties forgiven debt (Note 6)         | -                                    | -                                    | 32,000                                |
| Non-cash gain on extinguishment of accrued liability                       | -                                    | -                                    | 8,500                                 |
| Depreciation and amortization  | 1,020                                | -                                    | 1,020                                 |
| Mineral claims expense   | 513,296                              | -                                    | 513,296                               |
| Stock based compensation expense   | 9,066,704                            | -                                    | 9,132,364                             |
| Changes in operating assets and liabilities                                |                                      |                                      |                                       |
| Due from related party   | (25,000)                             | -                                    | (25,000)                              |
| (Increase in) prepaid expenses   | (24,272)                             | -                                    | (24,272)                              |
| (Increase in) advance to Pine Point  | (5,158)                              | -                                    | (5,158)                               |
| (Increase in) deposit  | (10,000)                             | -                                    | (10,000)                              |
| Increase in accounts payable and accrued liabilities                       | 39,279                               | -                                    | 46,134                                |
| <b>Net cash used in operating activities</b>                               | <b>(956,331)</b>                     | <b>(48,991)</b>                      | <b>(1,106,841)</b>                    |
| <b>Cash flows from investing activities:</b>                               |                                      |                                      |                                       |
| Acquisition of fixed assets  | (28,644)                             | -                                    | (28,644)                              |
| Purchase of mineral claims   | (259,386)                            | (61,000)                             | (415,541)                             |
| <b>Net cash used in investing activities</b>                               | <b>(288,030)</b>                     | <b>(61,000)</b>                      | <b>(444,185)</b>                      |
| <b>Cash flows from financing activities</b>                                |                                      |                                      |                                       |
| Due to related party   | 6,000                                | 109,660                              | 69,877                                |
| Stock payable for private placements                                       | -                                    | -                                    | 1,000,000                             |
| Proceeds from issuance of common stock                                     | 30,000                               | -                                    | 505,500                               |

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|  |    |             |    |         |    |           |
|--|----|-------------|----|---------|----|-----------|
| <b>Net cash provided by financing activities</b>               |    | 36,000      |    | 109,660 |    | 1,575,377 |
| <b>(Decrease) increase in cash and cash equivalents</b>        |    | (1,208,361) |    | (331)   |    | 24,351    |
| <b>Cash and cash equivalents, beginning of period</b>          |    | 1,232,712   |    | 704     |    | -         |
| <b>Cash and cash equivalents, end of period</b>                | \$ | 24,351      | \$ | 373     | \$ | 24,351    |
| <b>Supplemental schedule of non-cash financing activities:</b> |    |             |    |         |    |           |
| Cash paid during the period for interest                       | \$ | -           | \$ | -       | \$ | -         |
| Cash paid during the period for income taxes                   | \$ | -           | \$ | -       | \$ | -         |
| <b>Non cash activities</b>                                     |    |             |    |         |    |           |
| Common stock issued to satisfy common stock payable            | \$ | 1,000,000   | \$ | -       | \$ | 1,000,000 |
| Stock issued for mineral property                              | \$ | 2,295,000   | \$ | -       | \$ | 2,607,500 |

SEE ACCOMPANYING NOTES

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**American Lithium Minerals, Inc.**

**(An Exploration Stage Company)**

Notes to Annual Financial Statements

(Expressed in U.S. Dollars)

30 June 2010

(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 organization period.

**Going Concern**

The Company's financial statements as at June 30, 2010 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 nine months ended June 30, 2010 and 2009 of \$10,512,200 and \$48,991, 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 June 30, 2010, 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.

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**American Lithium Minerals, Inc.**

**(An Exploration Stage Company)**

Notes to Annual Financial Statements

(Expressed in U.S. Dollars)

30 June 2010

(Unaudited)

**1.**

**Nature of Operations (continued)**

**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, 2009 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 nine months ended June 30, 2010 are not necessarily indicative of the results that may be expected for the year ending September 30, 2010.

**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 30 September.

### **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 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 acquisition and exploration costs are charged to operations 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.

**American Lithium Minerals, Inc.**

**(An Exploration Stage Company)**

Notes to Annual Financial Statements

(Expressed in U.S. Dollars)

30 June 2010

(Unaudited)

**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.

Environmental expenditures that relate to ongoing environmental and reclamation programs are charged against earnings as incurred or capitalized and amortized depending on their future economic benefits. Estimated future

reclamation and site restoration costs, when the ultimate liability is reasonably determinable, are charged against earnings over the estimated remaining life of the related business operation, net of expected recoveries.

### **Fixed Assets**

Fixed assets are stated at cost. Major renewals and improvements are charged to the asset accounts while replacements, maintenance and repairs, which do not improve or extend the lives of the respective assets, are expensed. At the time property and equipment are retired or otherwise disposed of, the asset and related accumulated depreciation accounts are relieved of the applicable amounts. Gains or losses from retirements or sales are credited or charged to income.

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

### **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 straight-line basis over a five year estimated economic life of the product.

**American Lithium Minerals, Inc.**

**(An Exploration Stage Company)**

Notes to Annual Financial Statements

(Expressed in U.S. Dollars)

30 June 2010

(Unaudited)

**2.**

**Significant Accounting Policies (continued)**

**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.

**Basic and diluted net loss per share**

The Company computes net loss per share in accordance with FASB ASC 205-10, 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.

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(Unaudited)

**2.**

**Significant Accounting Policies (continued)**

**Stock based compensation**

On August 1, 2009, the Company adopted the fair value recognition provisions of FASB ASC 718-10. The Company adopted FASB ASC 718-10 using the modified-prospective-transition method. Under this method, compensation cost recognized for the year ended September 30, 2009 includes: a) compensation cost for all share-based payments granted prior to, but not yet vested as of December 31, 2005, based on the grant-date fair value estimated in accordance with the original provisions of FASB ASC 718-10, and b) compensation cost for all share-based payments granted subsequent to December 31, 2005, based on the grant-date fair value estimated in accordance with the provisions of FASB ASC 718-10. In addition, deferred stock compensation related to non-vested options is required to be eliminated against additional paid-in capital upon adoption of FASB ASC 718-10. The results for the prior periods were not restated.

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 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.

**3.**

**Fixed Assets**

The Company's fixed asset consist of computer equipment and office furniture which is valued at cost and depreciated using the straightline method over periods of three to five years as follows:

| <b>2010</b>        | <b>Cost</b> | <b>Accumulated<br/>Amortization</b> | <b>30 June<br/>2010<br/>Net</b> | <b>30 September<br/>2009<br/>Net</b> |
|--------------------|-------------|-------------------------------------|---------------------------------|--------------------------------------|
| Computer equipment | \$ 3,057    | \$ 267                              | \$ 2,790                        | \$ -                                 |
| Office furniture   | 13,774      | 359                                 | 13,415                          | -                                    |
|                    | \$ 19,831   | \$ 626                              | \$ 16,205                       | \$ -                                 |

Depreciation of \$626 and \$nil is included in general and administrative expenses in the statement of operations for the nine months ended June 30, 2010 and 2009, respectively.

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(Expressed in U.S. Dollars)

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(Unaudited)

**4.**

**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.

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);

-

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\$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.

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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.

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**American Lithium Minerals, Inc.**

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Notes to Annual Financial Statements

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**4.**

**Mineral Properties (continued)**

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 expenditure during the quarter related to the costs being capitalized on this property and is anticipating on providing written notice of cancellation by August 31, 2010.

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 has discontinued negotiations to enter into a definitive agreement on this property and has expensed \$217,687 as mineral property expenditure during the quarter 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

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**4.**

**Mineral Properties (continued)**

issuance of 500,000 shares (issued 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 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. As at June 30, 2010, these shares have not been issued but are expected to be issued in August 2010. 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 (issued 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 (issued 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.

Mineral properties costs are summarized below:

|  | June 30,<br>2010 | September 30<br>2009 |
|--|------------------|----------------------|
| <b>Acquisition Costs</b>               |                  |                      |
| Cash                                   | \$ 94,160        | \$ 9,000             |
| Shares                                 | 1,962,500        | 312,500              |
|  | 2,056,660        | 411,500              |
| <b>Exploration Costs</b>               |                  |                      |
| Exploration advance                    | \$ (37,000)      | \$ 37,000            |
| Claim maintenance, licenses, and legal | (13,331)         | 13,331               |
| Consulting                             | 30,226           | -                    |
| Gravity survey                         | -                | -                    |
| Miscellaneous                          | (187)            | 187                  |
| Travel and accommodation               | 11,359           | -                    |
| Reports                                | (6,637)          | 6,637                |
|  | (15,570)         | 57,155               |
| Total costs incurred during the period | \$ 2,041,090     | \$ 468,655           |
| Balance of costs, beginning of period  | 468,655          | -                    |
| Balance of costs, end of period        | \$ 2,509,745     | \$ 468,655           |

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**5.**

**Accounts Payable and Accrued Liabilities**

Accounts payable and accrued liabilities are non-interest bearing, unsecured and have settlement dates within one year.

**6.**

**Common 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 54,390,740 common shares with a par value of \$0.001 per common share.

i.

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

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

ix.

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.

x.

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

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**6.**

**Common Stock (continued)**

xi.

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

xii.

On January 15, 2010, a total of 900,000 common shares were issued pursuant to the exercise of stock options for total subscription receivable of \$765,000.

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 May 26, 2010, 750,000 common shares were issued pursuant to the exercise of stock options for total subscription receivable of \$637,500.

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 the 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.

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.

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**6.**

**Common Stock (continued)**

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.

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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.

During the nine months ending June 30, 2010, a total of 8,850,000 options were granted. The Company recognized stock based consulting expenses totalling \$9,066,704 which was charged to operations. The fair value of each option granted is estimated at the respective grant date using the Black-Scholes Option Module. The following assumptions were made in estimating the fair value:

|                         |                  |
|-------------------------|------------------|
| Expected volatility     | 83.59% - 153.41% |
| Expected life           | 1 to 5 years     |
| Risk-free interest rate | 0.41 2.62        |
| Dividend yield          | -                |

At June 30, 2010, the following stock options were outstanding:

| Number of Shares | Exercise Price | Expiry Date       |
|------------------|----------------|-------------------|
| 250,000          | \$0.85         | September 1, 2010 |
| 50,000           | \$0.85         | October 6, 2014   |
| 550,000          | \$0.85         | November 4, 2014  |
| 300,000          | \$0.85         | December 29, 2014 |
| 325,000          | \$0.85         | March 4, 2015     |
| 825,000          | \$0.85         | April 1, 2015     |
| 1,300,000        | \$1.00         | April 23, 2015    |
| 3,100,000        | \$0.925        | May 17, 2015      |
| 6,700,000        |                |                   |

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**American Lithium Minerals, Inc.**

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**6.**

**Common Stock (continued)**

The Company's stock option activity is presented below:

|                                  | Number of<br>Stock<br>Options | 2010<br>Weighted<br>Average<br>Exercise<br>Price | Weighted<br>Average<br>Contractual<br>Life |
|----------------------------------|-------------------------------|--|--|
| Outstanding at beginning of year | 550,000                       | \$0.83   | 1.28                                       |
| Exercised                        | (1,700,000)                   | \$0.84   |  |
| Cancelled                        | (1,000,000)                   | \$0.85   |  |
| Granted                          | 8,850,000                     | \$0.90   | 4.90                                       |
| Outstanding at end of period     | 6,700,000                     | \$0.91   | 4.67                                       |
| Exercisable at end of period     | 6,700,000                     |  |  |

Stock based compensation on shares vested and exercisable during the nine months ended June 30, 2010 is \$9,066,704.

At June 30, 2010, the following share purchase warrants were outstanding:

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| Number of Warrants | Exercise Price | Expiry Date     |
|--------------------|----------------|-----------------|
| 1,250,000          | \$0.50         | July 14, 2011   |
| 1,111,110          | \$1.50         | October 6, 2011 |

The Company's share purchase warrants activity for the period ended June 30, 2010 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                      | 1,111,111          | \$1.50                                    | 1.26  |
| Expired                     | -                  | -   | -   |
| Exercised                   | -                  | -   | -   |
| Balance, June 30, 2010      | 2,361,111          | \$0.971                                   | 1.14  |

All warrants are exercisable as at June 30, 2010.

During the year ended September 30, 2009, officers and/or directors of the Company made contributions to capital by the payment of Company expenses and forgiveness of debt (Note 7).

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**7.**

**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 at June 30, 2010 and September 30, 2009, a total of \$5,158 and \$nil, respectively was advanced to a company owned by a senior officer for rent, office, and administrative expenses.

During the period ended June 30, 2010 and 2009, advances totalling \$69,877 and \$63,877 are payable to a director of the Company. The amount is unsecured, non interest bearing and is due on demand.

During the nine months ended June 30, 2010 and 2009, management fees of \$6,000 and \$9,000, respectively, were payable to a former director of the Company.

During the nine months ended June 30, 2010 and 2009 consulting and management fees totalling \$336,344 and \$120,325 and \$nil and \$nil, respectively have been paid to senior officers of the Company.

The Company has also 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.

As of June 30, 2010 and September 30, 2009, total due to related party is \$69,877 and \$63,877, respectively.

**8.**

**Other**

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

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.

## **Forward-Looking Statements**

This Form 10-Q includes "*forward-looking statements*" within the meaning of the "*safe-harbor*" provisions of the *Private Securities Litigation Reform Act of 1995*. Such statements are based on management's current expectations and are subject to a number of factors and uncertainties that could cause actual results to differ materially from those described in the forward-looking statements.

All statements other than historical facts included in this Form, including without limitation, statements under "*Plan of Operation*", regarding our financial position, business strategy, and plans and objectives of management for the future operations, are forward-looking statements.

Although we believe that the expectations reflected in such forward-looking statements are reasonable, it can give no assurance that such expectations will prove to have been correct. Important factors that could cause actual results to differ materially from our expectations include, but are not limited to, market conditions, competition and the ability to successfully complete financing.

## **Item 2.**

### **Management's Discussion and Analysis of Financial Condition and**

### **Results of Operations**

#### **Plan of Operation**

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

As of June 30, 2010 we had a working capital deficiency of \$35,730, compared to a working capital of \$1,153,480 as at September 30, 2009.

Our cash reserves are not sufficient to meet our obligations for the next twelve-month period. As a result, we will need to seek additional funding in the near future. We currently do not have a specific plan of how we will obtain such funding; however, we anticipate that additional funding will be in the form of equity financing from the sale of our common stock. We may also seek to obtain short-term loans from our director, although no such arrangement has been made. At this time, we cannot provide investors with any assurance that we will be able to raise sufficient funding from the sale of our common stock or through a loan from our directors to meet our obligations over the next twelve months. We do not have any arrangements in place for any future equity financing.

### **Results of Operations for Period Ending June 30, 2010**

We did not earn any revenues during the nine-month periods ended June 30, 2010 or June 30, 2009. We incurred total operating expenses of \$10,514,731 during the nine months ended June 30, 2010, compared to \$48,991 during the nine months ended June 30, 2009, consisting of general and administrative expenses, mineral property expenditures, legal and accounting fees, consulting fees, management fees, promotion and shareholder relations and stock based compensation.

At June 30, 2010, we had total assets of \$2,626,150, compared to \$1,701,367 as at September 30, 2009. As of June 30, 2010 we had total liabilities of \$124,511, compared to \$79,232 as at September 30, 2009.

For the nine months ended June 30, 2010, general and administrative expenses were \$214,673 (2009 - \$19,214), mineral property expenditures were \$513,296 (2009 - \$Nil), consulting fees were \$75,268 (2009 - \$Nil), consulting fees to related parties were \$336,344 (2009 - \$Nil), legal and accounting fees

were \$56,391 (2009 - \$20,777), management fees to related parties were \$126,325 (2009 - \$9,000), promotion and shareholder relations was \$125,370 (2009 - \$Nil), and stock based compensation was \$9,066,704 (2009 - \$Nil). For the period from inception on March 10, 2005 through June 30, 2010, general and administrative expenses were \$313,900, consulting fees were \$75,268, consulting fees to related parties were \$336,344, legal and accounting were \$138,322, management fees were \$174,325, promotion and shareholder relations were \$125,370, rent expense was \$7,600, stock based compensation was \$9,132,364, and mineral property expenditures were \$522,296.

Our expenses increased by \$10,465,740 during the nine months ended June 30, 2010, compared to the nine months ended June 30, 2009, largely due to increased expenditures during the nine months ended June 30, 2010 of stock based compensation of \$9,066,704 (2009 - \$Nil), consulting fees of \$75,268 (2009 - \$Nil), consulting fees to related parties of \$336,344 (2009 - \$Nil), promotion and shareholder relations of \$125,370 (2009 \$Nil), and mineral property expenditures of \$513,296 (2009 - \$Nil). General and administrative expenses, management fees, and legal and accounting fees were considerably higher in fiscal 2010 due to increased activity related to our recent acquisition of two mineral properties and two recently completed private placements.

During the nine months ended June 30, 2010, we incurred a net loss of \$10,512,200, which resulted in an accumulated deficit of \$10,814,125.

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.

### **Liquidity and Capital Resources**

We had cash and cash equivalents of \$24,351 as of June 30, 2010, compared to cash and cash equivalents of \$1,232,712 at September 30, 2009. During the nine months ended June 30, 2010, we raised an aggregate of \$1,000,000 by the issuance of 740,740 units at a price of \$1.35 per unit by way of a private placement. Each unit consists of one common share and one and one-half non-transferable common share purchase warrant. Each whole common share purchase warrant entitles the holder thereof to purchase one share of common stock, exercisable for a period of twenty four months, at an exercise price of \$1.50 per share. We also issued an aggregate of 1,700,000 common shares pursuant to the exercise of stock options for total subscriptions receivable of \$1,402,500.

During the nine months ended June 30, 2010, we issued an aggregate of 2,200,000 common shares as consideration for certain mineral properties, for an aggregate fair value of \$2,295,000.

During the nine months ended June 30, 2009 we did not issue any securities.

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.

**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**

| <i>Contractual Obligations</i>                                      | <i>Total</i>         | <i>Payments Due By Period</i> |                    |                    |  | <i>More than 5 years</i> |
|---|----------------------|-------------------------------|--------------------|--------------------|--|--------------------------|
|   |                      | <i>Less than 1 year</i>       | <i>1 - 3 years</i> | <i>3 - 5 years</i> |  |                          |
| Agreement dated January 5, 2010 to acquire mineral claims in Nevada | 200,000 shares       | 200,000 shares                |                    |                    |  |                          |
|   | 200,000 common       |                               |                    |                    |  |                          |
|   | <b>Total:</b> shares |                               |                    |                    |  |                          |

**Item 3.**

**Quantitative and Qualitative Disclosures About Market Risk**

We are a smaller reporting company as defined by Rule 12b-2 of the *Securities Exchange Act of 1934* and are not required to provide the information under this item.

**Item 4.**

**Controls and Procedures**

(a)

*Evaluation of disclosure controls and procedures*

Based upon an evaluation of the effectiveness of our disclosure controls and procedures performed by our management, with participation of our Chief Executive Officer and our Chief Financial Officer as of the end of the period covered by this report, our Chief Executive Officer and our Chief Financial Officer concluded that our disclosure controls and procedures were not effective as a result of a weakness in the design of our internal control over financial reporting.

As used herein, *disclosure controls and procedures* mean controls and other procedures of our company that are designed to ensure that information required to be disclosed by us in the reports that we file or submit under the Securities Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the Commission's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by us in the reports that we file or submit under the Securities Exchange Act is accumulated and communicated to our management, including our principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

(b)

*Management's Report on Internal Control over Financial Reporting*

Management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rule 13a-15(f) under the *Securities Exchange Act of 1934*. Under the supervision and with the participation of our Chief Executive Officer and our Chief Financial Officer, we conducted an evaluation of the effectiveness of our control over financial reporting based on the framework in Internal Control-Integrated Framework issued by the Committee of

Sponsoring Organizations of the Treadway Commission ( *COSO* ). Based on our evaluation under the framework, management has concluded that our internal control over financial reporting was not effective as of June 30, 2010 due to a contravention of Section 402 of the *Sarbanes-Oxley Act*.

(c)

*Changes in Internal Control over Financial Reporting*

During the quarter covered by this report it was revealed that a loan was given to a senior officer in December, which is in contravention of Section 402 of the Sarbanes-Oxley Act. The Board of Directors have now educated themselves as to the requirements under Section 402 and the internal controls have been revised to provide that no loans are made to directors or senior officers in the future, as well as a requirement to have prior approval of the Board of Directors for any transactions involving directors and/or senior officers is now required.

**PART II- OTHER INFORMATION**

**Item 1.**

**Legal Proceedings**

We are not a party to any pending legal proceeding. Management is not aware of any threatened litigation, claims or assessments.

**Item 1A.**

**Risk Factors**

We are a smaller reporting company as defined by Rule 12b-2 of the Exchange Act and are not required to provide the information required under this item.

**Item 2.**

## Unregistered Sales of Equity Securities and Use of Proceeds

During the nine months ended June 30, 2010 we issued 740,740 units at a price of \$1.35 per unit by way of a private placement, raising gross proceeds of \$1,000,000. Each unit consists of one common share and one and one-half non-transferable common share purchase warrant. Each whole common share purchase warrant entitles the holder thereof to purchase one share of common stock, exercisable for a period of twenty four months, at an exercise price of \$1.50 per share. We issued all of the securities to three non-U.S. persons (as that term is defined in Regulation S of the *Securities Act of 1933*), in an offshore transaction relying on Regulation S of the *Securities Act of 1933*.

We also issued a total of 1,700,000 common shares at exercises prices of \$0.60 and \$0.85 per share pursuant to the exercise of stock options. We issued all of the securities to four non-U.S. persons (as that term is defined in Regulation S of the *Securities Act of 1933*), in an offshore transaction relying on Regulation S of the *Securities Act of 1933* and to two U.S. persons, relying on Section 4(2) of the *Securities Act of 1933*.

The proceeds received from the private placement and from the exercise of stock options were used for property acquisitions totaling \$260,000 and the balance is for working capital.

During the nine months ended June 30, 2010, we issued a total of 2,200,000 shares of our common stock to five U.S. persons, relying on Section 4(2) of the *Securities Act of 1933* pursuant to our acquisition of three mineral properties.

During the nine months ended June 30, 2010, we granted stock options to three consultants and two directors pursuant to our 2009 Stock Plan, to purchase up to an aggregate of 3,875,000 shares of our common stock at an exercise price of \$0.85 per share, exercisable until dates ranging between October 6, 2009 and

March 4, 2015. We issued the stock options to five non-U.S. persons (as that term is defined in Regulation S of the *Securities Act of 1933*), in an offshore transaction relying on Regulation S and/or Section 4(2) of the *Securities Act of 1933* and to two U.S. persons, relying on Section 4(2) of the *Securities Act of 1933*.

During the nine months ended June 30, 2010 our 2010 Stock Option Plan in the amount of 5,000,000 shares with an exercisable period of up to 10 years was ratified, approved and adopted. We granted stock options to twelve directors and consultants pursuant to our 2010 Stock Option Plan to purchase up to an aggregate of 5,475,000 shares of our common stock at exercise prices ranging between \$0.85 and \$1.00 per share, exercisable until dates ranging between April 1, 2015 and May 17, 2015. We issued the stock options to nine non-U.S. persons (as that term is defined in Regulation S of the *Securities Act of 1933*), in an offshore transaction relying on Regulation S and/or Section 4(2) of the *Securities Act of 1933* and to one U.S. persons, relying on Section 4(2) of the *Securities Act of 1933*.

We did not issue any securities during the quarter ended June 30, 2009.

**Item 3.**

**Defaults Upon Senior Securities**

None.

**Item 4.**

**(Removed and Reserved)**

**Item 5.**

**Other Information**

None.

**Item 6.**

**Exhibits and Report on Form 8-K**

(a)

Exhibit(s)

31.1

Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

31.2

Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

32.1

Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

32.2

Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

(b)

Reports on Form 8-K

**(i)**

**Filed May 24, 2010:**

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Effective March 22, 2010 Trevor Eyton resigned as a director. William C. Deluce was appointed as a director effective April 13, 2010; Patrick Reid was appointed as a director effective April 15, 2010 and as Chairman of the Board on April 23, 2010; and Tim Casgrain was appointed as a director on April 23, 2010.

Mr. Reid has over twenty years experience associated with the mining industry and is currently Chairman of Probe Mines Limited, a Director of Canstar Resources Inc and a Director of Valencia Ventures Inc. Mr. Reid is the former President of the Ontario Mining Association (1984 - 2004) and was instrumental in establishing Ontario Mining Week to raise public, government and industry awareness of the contribution of the mining industry to the daily life of Ontarians and the prosperity of the Ontario economy. Mr. Reid was a Member of the Provincial Parliament for Rainy River, Ontario between 1967 - 1984.

Mr. Casgrain was formerly with the accounting firm of Deloitte & Touche and is currently Vice-Chairman of Skyservice Investments Inc., a wholly owned Canadian aviation company, and has been involved since 1997. From 1976 to 2002, he served as Executive Vice President of Brookfield Asset Management and from 1988 to 1995 he was appointed to NBS Technologies Inc. as President and Chief Executive Officer. Mr. Casgrain was appointed Chair of the CBC/RadioCanada Board of Directors on April 27, 2007, for a five-year term.

Mr. Deluce brings a long history of founding and building highly successful companies. He is a former director, audit committee Chairman and human resource compensation committee Chairman of Canadian Tire Corporation, as well as a former Director of Canada 3000 Airlines. Mr. Deluce is currently president of Wicklow Consulting Inc., a diversified investment company with global interests in the aviation and mining sectors. Mr. Deluce was recently appointed to the Canadian Air Transport Security Authority (CATSA) Board of Directors for a term of three years.

**(ii)**

**Filed June 15, 2010:**

We entered into a memorandum of agreement with Japan Oil, Gas and Metals National Corporation ( JOGMEC ) on June 10, 2010. Under the memorandum of agreement, we granted an option to JOGMEC to purchase up to a 40% participating interest in the North and South Borate Hills Project for \$4,000,000 in cash or in kind to be invested directly in the North and South Borate Project over three years. JOGMEC will receive in kind any production of minerals from the Borate Hills Project in proportion to its ownership interest. JOGMEC has 90 days to complete its due diligence and geologic review of the Borate Hills Project before the memorandum of agreement becomes effective. Thereafter, JOGMEC may terminate the memorandum of agreement at any time after it has invested at least \$600,000. We will initially act as the operator of the project. The terms of the memorandum of agreement will be set forth in a definitive agreement.



**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.

August 13, 2010

**AMERICAN LITHIUM MINERALS, INC.**

*/s/ Hugh Aird*

**Hugh Aird,**

President