

American Lithium Minerals, Inc.  
Form 10-Q  
May 12, 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 March 31, 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)*

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

**954-828-9143**

*(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.

Yes  x    No  o

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Indicate by check mark whether the registrant has submitted electronically and posted on its Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T 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, 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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: 53,640,740 shares of common stock with par value of \$0.001 per share outstanding as of May 7, 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)

**31 March 2010**

**F-1**

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

Balance Sheets

(Expressed in U.S. Dollars)

|   | <b>As at 31</b>     | <b>As at 30</b>     |
|---|---------------------|---------------------|
|   | <b>March</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                         | \$ 477,925          | \$ 1,232,712        |
| Advance to PinePoint (Note 7)                     | 5,835               | -                   |
| Prepaid expenses (Note 7)                         | 19,174              | -                   |
| Deposit   | 10,000              | -                   |
| Due from related party (Note 7)                   | 25,000              | -                   |
| <b>Total current assets</b>                       | <b>537,934</b>      | <b>1,232,712</b>    |
| <b>Fixed assets (Note 3)</b>                      |                     |                     |
| Computer equipment- net of depreciation           | 1,654               | -                   |
| <b>Total fixed assets</b>                         | <b>1,654</b>        | <b>-</b>            |
| <b>Other assets</b>                               |                     |                     |
| Mineral claims (Note 4)                           | 2,981,456           | 468,655             |
| <b>TOTAL ASSETS</b>                               | <b>\$ 3,521,044</b> | <b>\$ 1,701,367</b> |
| <b>Liabilities and Stockholders Equity</b>        |                     |                     |
| <b>Current liabilities</b>                        |                     |                     |
| Accounts payable and accrued liabilities (Note 5) | \$ 15,845           | \$ 15,355           |
| Due to related party (Note 7)                     | 69,877              | 63,877              |
| <b>Total current liabilities</b>                  | <b>85,722</b>       | <b>79,232</b>       |

|   |              |              |
|---|--------------|--------------|
| <b>TOTAL LIABILITIES</b>  | 85,722       | 79,232       |
| <b>Stockholders equity</b>  |              |              |
| <b>Common stock</b> (Note 6): \$0.001 par value;<br>authorized 75,000,000 shares; issued and outstanding<br>as of March 31, 2010 and September 30, 2009:<br>53,640,740 and 49,750,000, respectively | 53,641       | 49,750       |
| <b>Additional paid-in capital</b>   | 9,424,209    | 874,310      |
| <b>Subscriptions receivable</b>   | (795,000)    | -            |
| <b>Stock payable</b> (Note 6)   | -            | 1,000,000    |
| <b>Deficit accumulated during the exploration stage</b>   | (5,247,528)  | (301,925)    |
| <b>Total stockholders equity</b>  | 3,435,322    | 1,622,135    |
| <b>TOTAL LIABILITIES AND STOCKHOLDERS EQUITY</b>  | \$ 3,521,044 | \$ 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 31<br/>March 2010</b> | <b>For the three<br/>months ended 31<br/>March 2009</b> | <b>For the six<br/>months ended 31<br/>March 2010</b> | <b>For the six<br/>months ended 31<br/>March 2009</b> | <b>From<br/>inception (10<br/>March 2005)<br/>to 31 March<br/>2010</b> |
|---|---|---|---|---|--|
| <b>Revenues</b>                             | \$ -  | \$ -  | \$ -  | \$ -  | \$ -   |
| <b>Expenses</b>                             |   |   |   |   |  |
| Mineral property expenditures (Note 4)      | -   | -   | -   | -   | 9,000  |
| Consulting fee related party (Note 7)       | 60,000  | -   | 119,291   | -   | 119,291  |
| Consulting fees stock compensation          | 3,254,392   | -   | 4,463,790   | -   | 4,529,450  |
| Consulting fees                             | 60,628  | -   | 60,628  | -   | 60,628   |
| General and administrative                  | 66,996  | 15,185  | 126,238   | 21,243  | 225,465  |
| Legal and accounting                        | 21,443  | -   | 37,983  | -   | 119,914  |
| Management fees related party (Note 7)      | 33,000  | 3,000   | 56,000  | 6,000   | 104,000  |
| Promotion and shareholder relations         | 31,500  | -   | 84,000  | -   | 84,000   |
| Rent expense related party (Note 7)         | -   | -   | -   | -   | 7,600  |
| <b>Total expenses</b>                       | <b>(3,527,959)</b>                                      | <b>(18,185)</b>   | <b>(4,947,930)</b>                                    | <b>(27,243)</b>                                       | <b>(5,259,348)</b>   |
| <b>Other income (expenses)</b>              |   |   |   |   |  |
| Interest income                             | 707   | -   | 2,327   | -   | 3,320  |
| Gain on extinguishment of accrued liability | -   | -   | -   | -   | 8,500  |

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|   |                |             |                |             |               |
|---|----------------|-------------|----------------|-------------|---------------|
| <b>Net loss</b>                                       | \$ (3,527,252) | \$ (18,185) | \$ (4,945,603) | \$ (27,243) | \$(5,247,528) |
| <b>Basic earnings per common share</b>                | \$ (0.07)      | \$ (0.00)   | \$ (0.10)      | \$ (0.00)   |               |
| <b>Weighted average number of common shares basic</b> | 53,159,762     | 48,000,000  | 51,815,496     | 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 31 March 2010

|   | Number of<br>common<br>shares<br>issued | Common<br>stock | Additional<br>paid-in<br>capital | Stock Subscriptions<br>Payable | receivables | Deficit<br>accumulated<br>during the<br>exploration<br>stage | Total<br>stockholders<br>equity |
|---|---|-----------------|----------------------------------|--------------------------------|-------------|--|---------------------------------|
| <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 5)                             | 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 5)                              | 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 5)                             | 2,700,000                               | 2,700           | 4,050                            | -                              | -           | -  | 6,750                           |
|   | 3,300,000                               | 3,300           | 4,950                            | -                              | -           | -  | 8,250                           |

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|   |            |        |          |   |   |           |          |
|---|------------|--------|----------|---|---|-----------|----------|
| Common shares issued for cash (\$0.01 per share)  |            |        |          |   |   |           |          |
| - 21 April 2005 (Note 5)                          |            |        |          |   |   |           |          |
| Net loss  | -          | -      | -        | - | - | (7,055)   | (7,055)  |
| <b>Balance at 30 September 2005</b>               | 42,000,000 | 42,000 | (18,000) | - | - | (7,055)   | 16,945   |
| Contributions to capital by related parties       |            |        |          |   |   |           |          |
| expenses  |            |        |          |   |   |           |          |
| (Notes 5 and 6)                                   | -          | -      | 14,400   | - | - | -         | 14,400   |
| Net loss  | -          | -      | -        | - | - | (39,676)  | (39,676) |
| <b>Balance at 30 September 2006</b>               | 42,000,000 | 42,000 | (3,600)  | - | - | (46,731)  | (8,331)  |
| Contributions to capital by related parties       |            |        |          |   |   |           |          |
| expenses  |            |        |          |   |   |           |          |
| (Notes 5 and 6)                                   | -          | -      | 14,400   | - | - | -         | 14,400   |
| Net loss  | -          | -      | -        | - | - | (29,220)  | (29,220) |
| <b>Balance at 30 September 2007</b>               | 42,000,000 | 42,000 | 10,800   | - | - | (75,951)  | (23,151) |
| Contributions to capital by related parties       |            |        |          |   |   |           |          |
| expenses  |            |        |          |   |   |           |          |
| (Notes 5 and 6)                                   | -          | -      | 9,600    | - | - | -         | 9,600    |
| Common shares issued for cash (\$0.001 per share) |            |        |          |   |   |           |          |
| - 17 June 2008 (Note 5)                           | 6,000,000  | 6,000  | (4,500)  | - | - | -         | 1,500    |
| Net loss  | -          | -      | -        | - | - | (39,413)  | (39,413) |
| <b>Balance at 30 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 31 March 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)<br><br>- 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 |
|-----------|-------|-----------|---|---|-----------|

Common shares  
issued for cash (at  
\$0.85 per share)

(Note 6)

|         |     |         |   |         |   |
|---------|-----|---------|---|---------|---|
| 900,000 | 900 | 764,100 | - | 765,000 | - |
|---------|-----|---------|---|---------|---|

Common shares  
issued for cash (at  
\$0.60 per share)

(Note 6)

|        |    |        |   |        |   |
|--------|----|--------|---|--------|---|
| 50,000 | 50 | 29,950 | - | 30,000 | - |
|--------|----|--------|---|--------|---|

Stock based  
compensation  
expense on  
options vested

|   |   |           |   |   |           |
|---|---|-----------|---|---|-----------|
| - | - | 4,463,790 | - | - | 4,463,790 |
|---|---|-----------|---|---|-----------|

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|                      |               |        |              |    |              |                |             |  |
|----------------------|---------------|--------|--------------|----|--------------|----------------|-------------|--|
| during period        |               |        |              |    |              |                |             |  |
| Net loss             | -             | -      | -            | -  | -            | (4,945,603)    | (4,945,603) |  |
| <b>Balance at 31</b> |               | \$     |              | \$ |              |                |             |  |
| <b>March 2010</b>    |               |        |              |    |              |                |             |  |
| <b>(Unaudited)</b>   | 53,640,740 \$ | 53,641 | 9,424,209 \$ | -  | (795,000) \$ | (5,247,528) \$ | 3,435,322   |  |

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

SEE ACCOMPANYING NOTES

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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 six<br/>months ended</b> | <b>For the six<br/>months ended</b> | <b>From inception</b>   |
|---|-------------------------------------|-------------------------------------|-------------------------|
|   | <b>31 March</b>                     | <b>31 March</b>                     | <b>(10 March 2005)</b>  |
|   | <b>2010</b>                         | <b>2009</b>                         | <b>to 31 March 2010</b> |
| <b>Cash flows from operating activities</b>                                   |                                     |                                     |                         |
| Net loss  | \$ (4,945,603)                      | \$ (27,243)                         | \$ (5,247,528)          |
| Adjustments to reconcile net loss to net cash used<br>by operating activities |                                     |                                     |                         |
| Contributions to capital by related parties<br>expenses (Notes 5 and 6)       | -                                   | -                                   | 38,400                  |
| Contributions to capital by related parties - forgiven debt<br>(Note 6)       | -                                   | -                                   | 32,000                  |
| Non-cash gain on extinguishment of accrued<br>liability                       |                                     |                                     | 8,500                   |
| Depreciation  | 97                                  | -                                   | 97                      |
| Stock based compensation expense  | 4,463,790                           |                                     | 4,529,450               |
| Changes in operating assets and liabilities                                   |                                     |                                     |                         |
| (Increase in) prepaid expenses  | (19,174)                            | -                                   | (19,174)                |
| (Increase in) advance to Pine Point   | (5,835)                             | -                                   | (5,835)                 |
| (Increase in) deposit   | (10,000)                            | -                                   | (10,000)                |
| Increase in accounts payable and accrued<br>liabilities                       | 490                                 | 1,724                               | 7,345                   |
| <b>Net cash used in operating activities</b>                                  | <b>(516,235)</b>                    | <b>(25,519)</b>                     | <b>(666,745)</b>        |
| <b>Cash flows from investing activities:</b>                                  |                                     |                                     |                         |
| Due from related party  | (25,000)                            |                                     | (25,000)                |
| Acquisition of fixed assets   | (1,751)                             |                                     | (1,751)                 |
| Purchase of mineral claims  | (217,801)                           | -                                   | (373,956)               |
| <b>Net cash used in investing activities</b>                                  | <b>(244,552)</b>                    | <b>-</b>                            | <b>(400,707)</b>        |
| <b>Cash flows from financing activities</b>                                   |                                     |                                     |                         |
| Due to related party  | 6,000                               | 25,566                              | 69,877                  |
| Stock payable for private placements  | -                                   | -                                   | 1,000,000               |
| Proceeds from issuance of common stock  | -                                   | -                                   | 475,500                 |
| <b>Net cash provided by financing activities</b>                              | <b>6,000</b>                        | <b>25,566</b>                       | <b>1,545,377</b>        |

|  |              |    |     |    |           |
|--|--------------|----|-----|----|-----------|
| <b>(Decrease) increase in cash and cash equivalents</b>        |              |    |     |    |           |
|  | (754,787)    |    | 47  |    | 477,925   |
| <b>Cash and cash equivalents, beginning of period</b>          |              |    |     |    |           |
|  | 1,232,712    |    | 704 |    | -         |
| <b>Cash and cash equivalents, end of period</b>                | \$ 477,925   | \$ | 751 | \$ | 477,925   |
| <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



**American Lithium Minerals, Inc.**

**(An Exploration Stage Company)**

Notes to Annual Financial Statements

(Expressed in U.S. Dollars)

31 March 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 March 31, 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 six months ended March 31, 2010 and 2009 of \$4,945,603 and \$27,243, 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, 2010, the Company 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)

31 March 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 six months ended March 31, 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)

31 March 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**

The Company's fixed assets consists of computer equipment which is valued at cost and depreciated using 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.

**American Lithium Minerals, Inc.**

**(An Exploration Stage Company)**

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(Unaudited)

**2.**

**Significant Accounting Policies (continued)**

**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.

### **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.



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**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.

**3.**

**Fixed Assets**

The Company's fixed asset consist of computer equipment which is valued at cost and depreciated using the straight line method over a period of three years as follows:

|                          | March 31,<br>2010 | September 30,<br>2009 |
|--------------------------|-------------------|-----------------------|
| Computer equipment       |                   |                       |
| Cost                     | \$ 1,751          | -                     |
| Accumulated depreciation | \$ 97             | -                     |
| Net Book Value           | \$ 1,654          | -                     |

Depreciation of \$97 and \$nil is included in general and administrative expenses in the statement of operations for the six months ended March 31, 2010 and 2009, respectively.

**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:

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**4.**

**Mineral Properties (continued)**

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;

-

\$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

-

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.

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:

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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)**

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.

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 (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. 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.



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**4.****Mineral Properties (continued)**

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.

Mineral properties costs are summarized below:

|  | March 31,<br>2010 | September 30,<br>2009 |
|--|-------------------|-----------------------|
| <b>Acquisition Costs</b>               |                   |                       |
| Cash                                   | \$ 178,160        | \$ 99,000             |
| Shares                                 | 2,295,000         | 312,500               |
|  | 2,473,160         | 411,500               |
| <b>Exploration Costs</b>               |                   |                       |
| Exploration advance                    | \$ (37,000)       | \$ 37,000             |
| Claim maintenance, licenses, and legal | -                 | 13,331                |
| Gravity survey                         | 76,641            | -                     |
| Miscellaneous                          | -                 | 187                   |
| Reports                                | -                 | 6,637                 |
|  | 39,641            | 57,155                |
| Total costs incurred during the period | \$ 2,512,801      | \$ 468,655            |
| Balance of costs, beginning of period  | 468,655           | -                     |
| Balance of costs, end of period        | \$ 2,981,456      | \$ 468,655            |

5.

**Accounts Payable and Accrued Liabilities**

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

6.

**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 53,640,740 common shares with a par value of \$0.001 per common share.

6.

**Capital Stock (continued)**



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i.

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 23, 2008, 1,250,000 common shares of the Company were issued for cash proceeds of \$450,000.

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

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 total subscription receivable of \$30,000.

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.



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**6.**

**Capital Stock (continued)**

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.

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.

During the six months ending March 31, 2010, a total of 3,375,000 options were granted. The Company recognized stock based consulting expenses totalling \$4,463,790 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:



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**6.**

**Capital Stock (continued)**

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

At March 31, 2010, the following stock options were outstanding:

| Number of<br>Shares | Exercise<br>Price | Expiry Date       |
|---------------------|-------------------|-------------------|
| 250,000             | \$0.85            | September 1, 2010 |
| 50,000              | \$0.85            | October 6, 2014   |
| 500,000             | \$0.85            | October 8, 2014   |
| 550,000             | \$0.85            | November 4, 2014  |
| 300,000             | \$0.85            | December 29, 2014 |
| 1,325,000           | \$0.85            | March 4, 2015     |
| 2,975,000           |                   |                   |

The Company's stock option activity is presented below:

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|                                  | 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                        | (950,000)                     | \$0.84   |  |
| Granted                          | 3,375,000                     | \$0.85   | 4.90                                       |
| Outstanding at end of period     | 2,975,000                     | \$0.85   | 4.54                                       |
| Exercisable at end of period     | 2,975,000                     |  |  |

Stock based compensation on shares vested and exercisable during the six months ended March 31, 2010 is \$4,463,790

At March 31, 2010, the following warrants were outstanding:

| Number of<br>Warrants | Exercise<br>Price | Expiry Date     |
|-----------------------|-------------------|-----------------|
| 1,111,110             | \$1.50            | October 6, 2011 |

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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**American Lithium Minerals, Inc.**

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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 March 31, 2010 and September 30, 2009, a total of \$5,835 and \$Nil, respectively, was advanced to a company owned by a senior officer for rent, office, and administrative expenses.

During the period ended March 31, 2010 and 2009, advances totalling \$69,877 and \$37,234, respectively, was payable to a former director of the Company. The amount is unsecured, non interest bearing and is due on demand.

During the six months ended March 31, 2010 and 2009, management fees of \$6,000 and \$6,000, respectively, were payable to a former director of the Company.

During the six months ended March 31, 2010 and 2009, consulting and management fees totalling \$119,291 and \$50,000 and \$Nil and \$Nil, respectively, have been paid to senior officers of the Company. In addition during the six months ended March 31, 2010 and 2009 prepaid expenses include \$10,800 and \$nil advanced to a senior officer for consulting fees.

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.

**8.**

**Subsequent Events**

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 April 29, 2010, the Company commenced the process to become registered under the Extra-Provincial Corporations Act in Ontario, Canada.

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## **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 two recently acquired properties located in Esmeralda County, Nevada and to continue to review other potential acquisitions in the resource and non-resource sectors. During the next 12 months we have committed to expend an aggregate of \$300,000 in exploration work on the two properties.

As well, we anticipate spending an additional \$400,000 on administrative fees, including fees we will incur in complying with reporting obligations. Total expenditures over the next 12 months are therefore expected to be \$700,000.

As of March 31, 2010 we had a working capital of \$452,212, compared to a working capital of \$1,153,480 as at September 30, 2009.

We currently have sufficient funds on hand to cover our anticipated expenses for the next 9 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.

We do not have any off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on the small business issuer's financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that are material to investors.

#### **Results of Operations for Period Ending March 31, 2010**

We did not earn any revenues during the six-month periods ended March 31, 2010 or March 31, 2009. We incurred total operating expenses of \$4,947,930 during the six months ended March 31, 2010, compared to \$27,243 during the six months ended March 31, 2009, consisting of general and administrative expenses, legal and accounting fees, consulting fees, management fees, promotion and shareholder relations and stock based compensation. At March 31, 2010, we had total assets of

\$3,521,044, compared to \$1,701,367 as at September 30, 2009. As of March 31, 2010 we had total liabilities of \$85,722, compared to \$79,232 as at September 30, 2009.

For the six months ended December 31, 2009, general and administrative expenses were \$126,238 (\$21,243 March 31, 2009), consulting fees were \$179,919 (\$Nil March 31, 2009), legal and accounting were \$37,983 (\$Nil March 31, 2009), management fees were \$56,000 (\$6,000 March 31, 2009), promotion and shareholder relations was \$84,000 (\$Nil March 31, 2009), and stock based compensation was \$4,463,790 (\$Nil March 31, 2009). For the period from inception on March 10, 2005 through March 31, 2010, general and administrative expenses were \$225,465, consulting fees were \$179,919, legal and accounting were \$119,914, management fees were \$104,000, promotion and shareholder relations were \$84,000, rent expense was \$7,600, stock based compensation was \$4,529,450, and mineral property expenditures were \$9,000.

Our expenses increased by \$4,920,687 during the six months ended March 31, 2010, compared to the six months ended March 31, 2009, largely due to stock based compensation of \$4,463,790 incurred during the six months ended March 31, 2010 (\$Nil March 31, 2009). General and administrative expenses, consulting fees, management fees, promotion and shareholder relations, 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 six months ended March 31, 2010, we incurred a net loss of \$4,945,603, which resulted in an accumulated deficit of \$5,247,528.

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 \$477,925 as of March 31, 2010, compared to cash and cash equivalents of \$1,232,712 at September 30, 2009. During the six months ended March 31, 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 in the capital 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.

During the six months ended March 31, 2010 we recorded a subscriptions receivable of \$765,000 from the exercise of 900,000 stock options at a price of \$0.85 per share and \$30,000 from the exercise of 50,000 stock options at a price of \$0.60 per share.

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>                        |                          |
| Mineral Property Purchase Agreement dated June 15, 2009 to acquire 88 unpatented mineral claims in Esmeralda County, Nevada | \$303,000<br>500,000 common shares      | \$53,000<br>250,000 common shares     | \$150,000<br>250,000 common shares    | \$100,000                               | N/A                      |
|   | \$2,000,000 in exploration expenditures | \$100,000 in exploration expenditures | \$700,000 in exploration expenditures | \$1,200,000 in exploration expenditures |                          |
| Letter of Intent dated August 30, 2009 to acquire 50 mining claims in Esmeralda County, Nevada                              | \$382,500<br>750,000 common shares      | \$32,500<br>250,000 common shares     | \$250,000<br>500,000 common shares    | \$100,000                               | N/A                      |
|   | \$1,300,000 in exploration expenditures | \$100,000 in exploration expenditures | \$700,000 in exploration expenditures | \$500,000 in exploration expenditures   |                          |
| Agreement dated January 5, 2010 to acquire mineral claims in Nevada   | 200,000 shares                          | 200,000 shares                        |                                       |   |                          |
| <b>Total:</b>   | <b>\$685,500</b>                        |                                       |                                       |   |                          |
|   | 1,450,000 common shares                 |                                       |                                       |   |                          |
|   | \$3,300,000 in exploration expenditures |                                       |                                       |   |                          |

**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 March 31, 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 six months ended March 31, 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 in the capital 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*.

During the six months ended March 31, 2010, we issued a total of 1,700,000 shares of our common stock to four U.S. persons, relying on Section 4(2) of the *Securities Act of 1933* pursuant to our acquisition of two mineral properties.

During the six months ended March 31, 2010, we granted stock options to two senior officers pursuant to our 2009 Stock Plan, to purchase up to an aggregate of 1,325,000 shares of our common stock at an exercise price of \$0.85 per share, exercisable until March 4, 2015. We issued the stock options to two 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*.

We did not issue any securities during the quarter ended March 31, 2010.

**Item 3.**

**Defaults Upon Senior Securities**

None.

**Item 4.**

**(Removed and Reserved)**

None.

**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 January 14, 2010:**

On January 5, 2010 we entered into a prospective properties acquisition agreement with Gold Summit Corporation to acquire five grassroots exploration brine projects in Nevada.

**(ii)**

**Filed January 15, 2010:**

We previously granted stock options to our directors, officers, consultants and employees pursuant to our 2009 Stock Option Plan, some of which 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 to purchase up to an aggregate of 2,550,000 shares of our common stock at an exercise price of \$0.85 per share.

**(iii)**

**Filed February 12, 2010:**

On January 11, 2010, we entered into a property acquisition agreement with Robert Craig, Barbra Anne Craig and Elizabeth Dickman to acquire mining claims located in the state of Nevada known as the Borate Hills Property. In order to complete the transaction we were required to pay \$40,000, issue 500,000 of our common shares and grant the sellers a 2% net revenue royalty on the properties.

Also 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 mining claims located in the state of Nevada and Utah. In order to complete the transaction we were required to pay \$40,000, issue 1,200,000 of our common shares and grant



the sellers a 2% net revenue royalty on the properties.

On January 11, 2010, we issued a total of 1,700,000 shares of our common stock to four U.S. persons, relying on Section 4(2) of the *Securities Act of 1933* pursuant to the two property acquisition agreements. Consequently we have closed the acquisitions of properties contemplated by these agreements.

**(iv)**

**Filed March 11, 2010:**

Effective March 4, 2010 we appointed Trevor Eyton as a member of our Board of Directors and as our Chairman. Effective March 8, 2010, Dave Clark and Matthew Markin resigned as directors of our company. Our Board of Directors now consists of Chris Hobbs and Trevor Eyton.

Mr. Eyton is a well-known businessmen in Canada and internationally who was the former president, chief executive officer and chairman of Brascan between 1979 and 1990 (now Brookfield Asset Management Inc.), one of Canada's largest companies. Brookfield's focus is on property, power, and infrastructure with past and present involvement in companies such as Noranda, Labatts, London Life, Royal Trustco amongst others.

In 1990, Trevor Eyton OC, JD, was appointed to the Senate by the former Prime Minister Brian Mulroney. Mr. Eyton served on three committees - Banking, Trade and Commerce, Transport and Communications and Scrutiny of Regulations where he was the Joint Chair.

From 1998 to 2007, Mr. Eyton served as a director of Coca-Cola Enterprises (Atlantic).

In 2009, Mr. Eyton retired from the Canadian Senate and currently is the honorary chairman of the Canadian Sports Hall of Fame, as well as the chairman and a director of Silver Bear Resources Inc.

Mr. Eyton was educated at Toronto's Jarvis Collegiate Institute and the University of Toronto where he was awarded a bachelors degree in Arts in 1957 and a juris doctorate degree.

On March 4, 2010 we granted a stock option to our new Chairman pursuant to our 2009 Stock Option Plan, whereby he has the option to purchase up to 1,000,000 shares of our common stock at an exercise price of \$0.83 per share, exercisable until March 4, 2015. The stock options were issued to one non U.S. person in an offshore transaction relaying on Regulation S and Section 4(2) of the *Securities Act of 1933*.

(v)

**Filed March 18, 2010:**

On March 4, 2010, we granted a stock option to Hugh Aird, our President and Chief Executive Officer, pursuant to our 2009 Stock Option Plan, whereby he has the option to purchase up to 325,000 shares of our common stock at an exercise price of \$0.85 per share, exercisable until March 4, 2015. We issued the stock options to one non-U.S. person in an offshore transaction relying on Regulation S and/or Section 4(2) of the *Securities Act of 1933*.

**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.

May 11, 2010

**AMERICAN LITHIUM MINERALS, INC.**

*/s/ Hugh Aird*

**Hugh Aird,**

President