AMERICAN INTERNATIONAL VENTURES INC /DE/
Form 10QSB
April 13, 2006

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-QSB

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES

EXCHANGE ACT OF 1934 for the period ended February 28, 2006

Commission File Number 0-30368

American International Ventures, Inc.

(Name of Small Business Issuer in its charter)

Delaware	22-3489463
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(State or other jurisdiction of	(I.R.S. Employer Identification no.)
	incorporation or organization)

4058 Histead Way, Evergreen, Colorado 80439

(Address of principal executive offices)

303-670-7378

(Registrant's telephone number, including area code)

6 Glory Lane, Wantage, New Jersey 07461-0326

(Former address, if changed from last report)

Securities registered under Section 12 (b) of the Act:

Title of each class to be registered	Name of exchange on which each class is to be registered
None	None

Securities registered under Section 12(g) of the Act:

Common Stock

(Title of Class)

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 proceeding 12 months and (2) has been subject to such filing requirements for the past 90 days. (1) Yes: [X] No: [ ] (2) Yes: [X] No: [ ]

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

Yes: [ ] No: [X]

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of April 10, 2006 is 21,896,710 shares of Common Stock, $.00001 par value.

Transitional Small Business Issuer Format (Check One): Yes: No: [X]

AMERICAN INTERNATIONAL VENTURES, INC.

(An Exploration Stage Company)

BALANCE SHEETS

ASSETS

February 28, 2006

May 31, 2005

(Unaudited)

(Audited)

Current Assets

Cash

$ 131,902

$ 63,499

Prepaid expense

150

150

Total current assets

132,052

63,649

Fixed Assets

Office furniture and equipment

11,567

11,567

Less, accumulated depreciation

11,567

11,567

Net fixed assets

-

-

Other Assets

Mineral rights

8,670

8,670

Total other assets

8,670

8,670

TOTAL ASSETS

$ 140,722

$ 72,319

LIABILITIES AND STOCKHOLDERS EQUITY

Current Liabilities

Accounts payable and accrued expenses

$ 6,250

$ 62,143

Total current liabilities

6,250

62,143

Stockholders Equity

Common stock authorized, 50,000,000

shares of $.00001 par value; issued and

outstanding, 21,896,710 shares and

19,896,710 shares, respectively

218

198

Capital in excess of par value

1,982,307

1,893,427

Additional paid in capital - options

43,331

42,331

Additional paid in capital warrants

141,415

-

Deficit accumulated during exploration stage

(486,683)

(379,664)

Deficit prior to exploration stage

(738,984)

(738,984)

Common stock held in treasury - 1,751,666

shares, at cost

(807,132)

(807,132)

Total stockholders equity

134,472

10,176

TOTAL LIABILITIES AND

STOCKHOLDERS EQUITY

$ 140,722

$ 72,319

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

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AMERICAN INTERNATIONAL VENTURES, INC.

(An Exploration Stage Company)

STATEMENTS OF OPERATIONS AND DEFICIT ACCUMULATED DURING EXPLORATION STAGE

For the Three Month Periods Ended February 28,

(Unaudited)

June 1, 2003 to

(Date of Inception of

Exploration Stage) to

2006

2005 February 28, 2006

Revenue

$ -

$ -

$ 15,000

Administrative Expenses

24,489

31,650(A)

563,686

Operating loss

(24,489)

(31,650)

(548,686)

Other Income and Expense

Interest income

1,096

52

2,244

Interest expense

-

-

(206)

Gain on sales of securities

-

-

59,965

Loss accumulated during exploration stage

(23,393)

(31,598)

$(486,683)

Total Comprehensive Loss

$(23,393)

$(31,598)

Loss Per Share:

Basic and Diluted

$ -

$ -

Weighted Average Number of Shares Outstanding

21,896,710

19,405,677

(A) Includes the following expenses:

Geological fees and drilling cost

$ 450

$ 1,000

Professional fees

7,817

3,420

Consulting fees

5,783

15,056

Press release expense

1,376

5,191

Rent

5,000

-

Royalties

-

2,500

License and permits

3,670

-

Other expense

393

4,483

$24,489

$31,650

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

AMERICAN INTERNATIONAL VENTURES, INC.

(An Exploration Stage Company)

STATEMENTS OF OPERATIONS AND DEFICIT ACCUMULATED DURING

EXPLORATION STAGE

For the Nine Month Periods Ended February 28,

(Unaudited)

June 1, 2003

(Date of Inception of Exploration Stage) to

2006

2005 February 28, 2006

Revenue

$ 15,000

$ -

$ 15,000

Administrative Expenses

123,506(A)

169,295(A)

563,686

Operating loss

(108,506)

(169,295)

(548,686)

Other Income and Expense

Interest income

1,487

238

2,244

Interest expense

-

-

(206)

Gain on sales of securities

-

-

59,965

Loss accumulated during exploration stage

(107,019)

(169,057)

$(486,683)

Total Comprehensive Loss

$(107,019)

$ (169,057)

Loss Per Share:

Basic and Diluted

$ -

$(.01)

Weighted average number of shares outstanding

20,876,710

19,059,226

(A)

Includes the following expenses:

Geological fees and drilling cost

$ 6,667

$ 62,828

Officer options

-

10,260

Professional fees

88,956

61,352

Consulting fees

11,792

18,017

Licenses and permits

3,670

4,475

Press release expenses

3,315

1,640

Royalties

-

2,500

Rent

5,000

454

Other expenses

4,106

7,769

$ 123,506

$ 169,295

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

AMERICAN INTERNATIONAL VENTURES, INC.

(An Exploration Stage Company)

STATEMENTS OF CASH FLOWS

For the Nine Month Periods Ended February 28,

(Unaudited)

June 1, 2003

(Date of Inception of Exploration Stage) to

2006

2005 February 28, 2006

Cash Flows From Operations:

Net loss from continuing operations

$(107,019) $(169,057)

$(486,683)

Adjustments to reconcile net loss to net cash

consumed by operating activities:

Depreciation

\- 402

2,714

Value of options granted for services

1,000

10,260

43,331

Changes in current assets and liabilities:

Increase (decrease) in accounts payable and

accrued liabilities

(25,578)

24,120

6,058

Value of stock issued for services

\-

\-

59,925

Net cash consumed by operating activities

(131,597) (134,275)

(374,655)

Cash Flows From Investing Activities:

Investment in mineral rights

-

(5,398)

(5,398)

Net cash consumed by investing activities

-

(5,398)

(5,398)

Cash Flows From Financing Activities:

Proceeds of sales of common stock

200,000

86,555

426,630

Decrease in stockholder advances

-

-

(143)

Net cash provided by financing activities

200,000

86,555

426,487

Net increase (decrease) in cash

68,403

(53,118)

46,434

Cash balance, beginning of period

63,499

118,622

85,468

Cash balance, end of period

$ 131,902 $ 65,504

$ 131,902

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

AMERICAN INTERNATIONAL VENTURES, INC.

(An Exploration Stage Company)

NOTES TO FINANCIAL STATEMENTS

February 28, 2006

(Unaudited)

1.

BASIS OF PRESENTATION

The unaudited interim financial statements of American International Ventures, Inc. and its subsidiary ("the Company") as of February 28, 2006 and for the three and nine month periods ended February 28, 2006 and February 29, 2005, have been prepared in accordance accounting principles generally accepted in the United States of America. In the opinion of management, such information contains all adjustments, consisting only of normal recurring adjustments, necessary for a fair presentation of the results for such periods. The results of operations for the nine months ended February 29, 2006 are not necessarily indicative of the results to be expected for the full fiscal year ending May 31, 2006.

Certain information and disclosures normally included in the notes to financial statements have been condensed or omitted as permitted by the rules and regulations of the Securities and Exchange Commission, although the Company believes the disclosure is adequate to make the information presented not misleading. The accompanying unaudited financial statements should be read in conjunction with the financial statements of the Company for the year ended May 31, 2005.

2.

SUPPLEMENTARY CASH FLOWS INFORMATION

There was no cash paid for either interest or income taxes during either of the periods presented.

During the 2005 period, 200,000 warrants, valued at $30,315 were issued to settle a liability to a consultant.

Item 2. Management's Discussion and Analysis or Plan of Operations.

Forward Looking Statements and Cautionary Statements.

Certain of the statements contained in this Quarterly Report on Form 10-QSB includes "forward looking statements". All statements other than statements of historical facts included in this Form 10-QSB regarding the Company's financial position, business strategy, and plans and objectives of management for future operations and capital expenditures, and other matters, are forward looking statements. These forward-looking statements are based upon management's expectations of future events. Although the Company believes the expectations reflected in such forward looking statements are reasonable, there can be no assurances that such expectations will prove to be correct. Additional statements concerning important factors that could cause actual results to differ materially from our expectations ("Cautionary Statements") are disclosed in the Cautionary Statements section and elsewhere in the Company s Form 10-KSB for the period ended May 31, 2005. Readers are urged to refer to the section entitled Cautionary Statements and elsewhere in the Company s Form 10-KSB for a broader discussion of these statements, risks, and uncertainties. These risks include the Company s limited operations and lack of revenues. All written and oral forward looking statements attributable to the Company or persons acting on the Company s behalf subsequent to the date of this Form 10-QSB are expressly qualified in their entirety by the referenced Cautionary Statements.

General.

The Company is an exploration stage company engaged in the acquisition, exploration, and development of mineral properties. The Company has acquired patented and unpatented mining claims located in Nye County, Nevada, known as the Bruner property. In addition, in December 2004, the Company entered into a lease and option agreement to acquire 10 unpatented mining claims in Lemhi County, Idaho comprising approximately 200 acres, known as the Sage Creek property.

The Company, independently and through joint venture partners, intends to carry out a geological study and exploration work on its properties in order to ascertain whether the properties possess commercially exploitable quantities of gold and silver. Under the Sage Creek option agreement, the Company is required to pay the current owner the sum of $30,000 in staged payments over a four year period and incur exploration expenditures in the aggregate of $200,000 during the same period. Upon meeting the requirements, the Company may elect to acquire the current owner's rights to the mining claims, subject to paying the current owner a two percent net smelter return royalty with advance annual royalty payments of $20,000 commencing on December 1, 2009. The Company may purchase one half of the net smelter return royalty by paying the current owner prior to December 1, 2009 the sum of $250,000 less any royalty payments made by the Company. If so acquired by the Company, it also may purchase half of the remaining net smelter return royalty by paying the current owner the sum of $250,000 at any time. As described in greater detail below, on September 23, 2005, the Company completed an Exploration and Option to Enter Joint Venture Agreement with Electrum Resources LLC regarding the Bruner property. Please refer to the Company s Annual Report on Form 10-KSB for the period ending May 31, 2005 for a broader description of the Company s business, and it s past and proposed operations on its mining claims

Transaction with Electrum Resources, LLC.

As previously disclosed by the Company, on September 23, 2005, the Company completed an Exploration and Option to Enter Joint Venture Agreement (Agreement) with Electrum Resources LLC, a Cayman Islands limited liability company (Electrum). The Agreement relates to the Company s Bruner mining claims. Subject to certain conditions therein, Electrum has agreed to incur annual expenditures in respect of the Bruner property in the amount of $250,000, $500,000, and $2,250,000 in the first, second and third years following the date of the Agreement, respectively (Expenditure Obligations).

In consideration of Electrum s performance of its Expenditure Obligations, AIVN granted to Electrum the option and right to earn and vest an undivided 65% interest in the Bruner mining claims, and to form a joint venture (Joint Venture) for purposes of the management and ownership of the Bruner mining claims. The Joint Venture will be governed by a definitive mining venture agreement, the form of which has been agreed to by the parties (Operating Agreement). Electrum will be the initial manager of the Joint Venture and will have control of the activities and operations of the Joint Venture. Electrum can earn an additional 10% in the Joint Venture by successfully completing, at its expense, a positive bankable feasibility study. The study must be commenced within five years from completion of its Expenditure Obligations, and be completed within five years from commencement. The bankable feasibility study is a document prepared by independent professionals stating all of the technical, engineering and financial aspects of the project in sufficient detail whereby a bank or other lending institutions, in conjunction with their own investigations, can determine whether or not they will finance the mining project. If Electrum funds the Company s share of future development costs of the Bruner property, Electrum will earn an additional 5% in the property. Electrum paid the Company the sum of $15,000 at closing, and agreed to pay the Company the sum of $25,000 on each anniversary of the effective date of the Agreement until it has completed its Expenditure Obligations. The term of the Agreement is five years. If Electrum fails to timely incur or pay its Expenditure Obligations, timely commence and complete the stated feasibility study, or otherwise terminates the Agreement, it will forfeit its rights and interests in and to the Bruner property and Joint Venture.

Prior to the Agreement, the Company owned 28 patented claims totaling 560 acres and 41 unpatented claims totaling 820 acres for an initial land position of 1,380 acres located in the heart of the Bruner mining district. These claims are subject to a 2% net smelter return in favor of the prior owner. Electrum has staked in the Company s name but subject to the Agreement, 67 additional unpatented mining claims totaling approximately 1340 additional acres. Electrum will be responsible for the cost of maintaining the unpatented mining claims in good standing.

Electrum has informed the Company that it intends to commence the drilling of 10 to 15 holes to depths greater than 500 feet as soon as an appropriate drilling rig is secured. Electrum has advised the Company that a drilling rig is scheduled to be on location in the later part of May 2006.

Plan of Operations.

The Company s projected capital expenditures for the next 12 months ranges approximately between $250,000 and $750,000 as described below. The Company s plan of operations for this period consists of: conducting additional geological and geophysical studies on its Sage Creek property, identifying other mining properties for acquisition, monitor the exploration activities at the Bruner property and, subject to additional financing and the favorable analysis by the Company of available geological data, conduct drilling operations on the Sage Creek property.

As described above, the Bruner property is now subject to an exploration joint venture with Electrum. The Company s responsibility will consist of periodic site visits and periodic data reviews of the operations conducted by Electrum.

At the Sage Creek property, during the recent quarter, the Company completed, but did not fully analyze, a ground geophysical (magnetic) survey. The Company s geophysical contractor has not yet completed his report**,** however**,** depending upon the results of the geophysical survey and subject to obtaining permits from the U.S. Forest Service, a program of trenching across the prospective horizons will be undertaken by the Company. If these results, in conjunction with the results of the geophysical survey, prove promising in the opinion of the Company, it is anticipated that the Company will drill several shallow drill holes to test the prospective horizons. The anticipated budget for these activities is $75,000. The stated amount includes a payment of $7,500 to the current owner of the Sage Creek property under the option agreement. If the results from drilling are encouraging, the Company will seek to commence a more aggressive drilling program, which based upon available data, is estimated to cost approximately $500,000. The Company can not predict the actual costs of any drilling program, nor the results of such program. The Company will be required to raise additional funds or enter into a joint venture with a mineral exploration company to conduct such a program. The Company can not predict whether it will be successful in these endeavors.

The Company also presently is evaluating the acquisition of certain other exploration properties with identified mineralized material and drilling targets. The Company has budgeted approximately $100,000 to evaluate other prospective mining properties. However, the Company cannot predict if it will be successful in acquiring these targets or exactly what level of expenditures will be required. The Company will continue to seek and identify new acquisition opportunities.

In addition to the capital requirements above, the Company has budgeted $75,000 for the current fiscal year for corporate overhead, including payment of consulting fees of $24,000 to the Company s President, with the remainder allocated for legal, accounting, and miscellaneous expenditures. Legal fees include amounts projected for its ongoing litigation with its former officers and directors. In September 2005, the Company entered into an agreement with its President pursuant to which the Company has agreed to pay the officer $2,000 per month.

The Company has received $215,000 in connection with the Electrum transaction, part of which, has been used by the Company to satisfy its outstanding debts and liabilities. Any funds remaining from the Electrum transaction will be allocated towards the Company s operating budget as provided above. The Company will be required to raise additional funds to support the difference between its available capital and its proposed budget. If the Company is unable to raise such additional funds, it intends to prioritize available capital. The Company will pay its overhead requirements on an as needed basis. Next, it will devote available capital to the maintenance of the Sage Creek property and exploration program based on the exploration potential and comparative risk avoidance. Available capital remaining will then be allocated towards the identification and exploration of other mining properties. Any financing by the Company will be through the private placement of its capital stock or through debt financing. At this time, the Company has no commitments for any such financing. No assurances can be given that the Company will be successful in these endeavors. If the Company is unsuccessful in these endeavors, it may have a material adverse impact on the Company and its ability to conduct its business in the future.

Item 3. Controls and Procedures.

(a) Under the supervision and with the participation of management, including the Company s President and Chief Financial Officer, we conducted an evaluation of the effectiveness of the design and operations of our disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as of February 28, 2006. Based on this evaluation, our President and Chief Financial Officer concluded that our disclosure controls and procedures were effective such that the material information required to be included in our Securities and Exchange Commission ("SEC") reports is recorded, processed, summarized and reported within the time periods specified in applicable SEC rules and forms relating to our reporting obligations, and was made known to them by others within the company, particularly during the period when this report was being prepared.

(b) There were no changes in our internal control over financial reporting identified in connection with the evaluation required by paragraph (d) of Rule 13a-15 or Rule 15d-15 under the Exchange Act that occurred during the Company s fiscal quarter ending February 28, 2006 that has materially affected, or is reasonably likely to materially affect, the small business issuer's internal control over financial reporting.

PART II

Item 1. Legal Proceedings.

None

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

During the quarter, the Company issued to its former President a stock purchase warrant to acquire 200,000 shares of the Company s common stock in settlement of an outstanding liability in favor of the former officer. The warrant is exercisable at $0.01 per share during a five year term. The warrant was effective as of December 22, 2005. The offering was exempt from registration pursuant to Section 4(2) or Section 3(b) of the Securities Act of 1933, as amended (the Act), including Rule 506 of Regulation D promulgated under the Act. The subscriber had prior investment experience, represented his intention to acquire the securities for investment only and not with a view to or for sale in connection with any distribution thereof, appropriate legends were affixed to the warrant certificates issued in such transaction, and no advertisement or general solicitation was used in connection with the offering.

Item 3. Defaults Upon Senior Securities.

None

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

None

Item 5. Other Information.

None

Item 6. Exhibits and Reports on Form 8-K

(a). Furnish the Exhibits required by Item 601 of Regulation S-B.

Exhibit 31 Certification Pursuant To Section 302 Of The Sarbanes-Oxley Act Of 2002.

Exhibit 32 Certification Pursuant To Section 906 Of The Sarbanes-Oxley Act Of 2002.

(b) Reports on Form 8-K.

None

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SIGNATURES

In accordance with 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.

Dated: April 12, 2006

AMERICAN INTERNATIONAL VENTURES, INC.

/s/ Myron Goldstein

Myron Goldstein

Chief Financial Officer

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