

AMERICAN INTERNATIONAL VENTURES INC /DE/  
Form 10KSB/A  
May 11, 2007

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

Amendment No 1.  
Form 10-KSB/A

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15 (d)  
OF THE SECURITIES EXCHANGE ACT OF 1934

For the Fiscal Year Ended May 31, 2006

Commission File Number 0-30368

**American International Ventures, Inc.**

Delaware

22-3489463

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(State or other jurisdiction of

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

incorporation or organization)

4058 Histed Way, Evergreen, Colorado 80439  
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(Address of principal executive offices)

303-670-7378

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

NONE

Securities registered pursuant to Section 12(g) of the Act:

Common Stock \$.00001 par value

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     No

(2)  Yes     No

Check if there is no disclosure of delinquent filers in response to Item 405 of Regulation SB is not contained in this form, and no disclosure will be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part II of this Form 10-KSB or any amendment to this Form 10-KSB.

The registrant's revenues for its most recent fiscal year were: \$-0-

As of September 8, 2006, the aggregate market value of the voting and non-voting common equity held by non-affiliates is approximately \$2,414,517. This calculation is based upon the average of the bid price of \$0.11 and asked price of \$0.15 of the common stock on September 8, 2006.

The number of shares outstanding of the registrant's class of common stock on September 8, 2006 was 21,896,710 shares.

### **EXPLANATORY NOTE**

The Company is filing this Amendment #1 (the Amended Form 10-KSB ) to its Form 10-KSB for the period ended May 31, 2006 filed on September 14, 2006 ( Original Form 10-KSB ) in response to comments received from the Staff ( Staff ) of the Securities and Exchange Commission ( Commission ). These comments relate to the characterization of income received by the Company during the period ended May 31, 2006. During the 2006 year end period, the Company received income from its former joint venture partner for the Bruner property. In the Original Form 10-KSB, this income was characterized as Royalty revenues on the Company's audited balance sheet for the 2006 period. This Amended Form 10-KSB re-characterizes such income as Other Income.

Except to the extent expressly set forth herein, this Amended Form 10-KSB speaks as of the filing date of the Original Form 10-KSB and has not been updated to reflect events occurring subsequent to the filing date of the Original Form 10-KSB other than those required to reflect the effects of the comments received by the Staff. Accordingly, this Amendment should be read in conjunction with our filings made with the Commission subsequent to the filing of the Amended Form 10-KSB, including any amendments to those filings.

### **Disclosure Regarding Cautionary Statements.**

#### **Cautionary Statements.**

Certain risks and uncertainties are inherent in the Company's business. In addition to other information contained in this Form 10-KSB, the following Cautionary Statements should be considered when evaluating the forward-looking statements contained in this Form 10-KSB:

**LIMITED ASSETS; ABSENCE OF SIGNIFICANT OPERATING REVENUES, AND NEED FOR ADDITIONAL CAPITAL.** As of May 31, 2006, the Company audited financial statements reflect total assets of \$123,026, total current liabilities of \$39,028, working capital of \$49,848, and a loss from operations for the 12 month period then ended of \$165,176. Accordingly, certain risks exist with respect to the Company and its ability to effect its plan of operations of conducting additional exploratory work on its existing mining property or acquiring additional mining properties.

**INDUSTRY RISKS.** The Company's business consists of acquiring prospective mineral properties, principally gold and silver properties, and after acquisition, conduct limited exploration work on the properties in order increase the potential value of its acquired properties. This industry is historically capital intensive and of high risk. The Company's ability to achieve profitable operations will be dependent upon many factors, including its ability to raise sufficient capital to identify and acquire prospective mineral properties, and to conduct limited exploration so as to prove up or enhance the potential reserves of such properties. The ability to discover such reserves are subject to numerous factors, most of which are beyond the Company's control and are not predictable. Exploration for gold involves many risks and is frequently unsuccessful. Any gold exploration program entails risks relating to:

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The ability to discover economic ore deposits,

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The subsurface location of economic ore deposits,

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The development of appropriate metallurgical processes,

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The receipt of necessary governmental approvals, and

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The construction of mining and processing facilities at any site chosen for mining, although the

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Company, at this time, does not expect to engage in actual mining operations.

In addition, the commercial viability of a mineral deposit is dependent on a number of these factors including:

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The price of gold,

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The particular attributes of the deposit, such as its size, grade and proximity to infrastructure, financing costs, taxation, royalties, land tenure, land use, water use, power use, and environmental protection issues.

The effect of these factors cannot be accurately predicted, and the occurrence of any one or more factors could have a material adverse impact on the Company and its proposed operations.

**ADDITIONAL GEOLOGICAL WORK REQUIRED FOR ITS MINING PROPERTIES.** The Company owns mining rights to two properties. The Bruner property is located in Nye County Nevada, and the Sage Creek property is located Lemhi County, Idaho.

With respect to the Bruner property, the Company has completed an initial phase of exploratory work on the property consisting of sampling surface and underground exposures of mineralized zones and including five diamond core drill holes. In September 2005, the Company entered into an exploration agreement with Electrum Resources LLC to explore the potential for gold mineralization at deeper depths on the Bruner property. The Company can not predict whether the results of any future geological work performed on the Bruner property will be sufficient to conclude that economic deposits exist on such claims, and whether such reserves, if any, are recoverable.

Regarding the Company's Sage Creek property, due to the Company's limited available cash, the Company will be able to conduct only limited geological exploration on the property. These exploration efforts likely will not be extensive, nor will such efforts be conclusive in determining the presence of commercial mineralization,

**NEED FOR ADDITIONAL CAPITAL/SIGNIFICANT DILUTION.** The Company has a present need for additional capital in order to fulfill its plan of operations which may include the initial exploration work on the Sage Creek property along with its other working capital needs (See Part II-Item 6 Plan of Operations ). In addition, the Company may require additional capital to acquire additional properties, and/or conduct exploratory work on existing and newly acquired properties. No assurances can be given that the Company will be successful in raising the capital necessary for both near term and future operations. In addition, if the Company is successful in raising additional funds, it is likely that any such additional capital will be in the form of the sale and issuance of additional shares of Company's common stock. The sale and issuance of common stock may substantially increase the number of shares of common stock outstanding and cause significant dilution to existing shareholders.

**UNPREDICTABLE GOLD PRICES.** Gold exploration and production involves numerous natural risks that may not be overcome by knowledge and experience. In particular, even if the Company is successful in identifying gold deposits, for which no assurances can be given, the commercialization will be dependent upon the existing market price for gold, among other factors. The market price of gold historically has been unpredictable, and subject to wide fluctuations. The decline in the price of gold could render a discovered property uneconomic for unpredictable periods of time.

**INDUSTRY REGULATION.** The mineral exploration and mining industry is subject to numerous statutory and regulatory requirements and controls at various governmental levels. Regulations can impact the manner and methodology of any exploration, mining and milling activities undertaken by the Company or its assigns. The impact of such regulations can not be predicted, and may cause unexpected delays, and/or become cost prohibitive, thereby rendering any project uneconomic.

**ENVIRONMENTAL AND OTHER RISKS.** Mining activities pose certain potential environmental risks, as well as potential personal injury risks. While the Company will attempt to manage its risks, one or more incidents of environmental damage or personal injury resulting from its mining activities could have a material adverse impact on the business of the Company.

**VOLATILE PRICES AND LIMITED VOLUME FOR COMPANY'S COMMON STOCK.** Historically, there has been a limited trading market for the Company's common stock. The price of the common stock has been extremely volatile. Due to the low price of the Company's common stock, many brokerage firms may refrain or be prohibited from trading in the Company's common stock. This could have an adverse effect on sustaining any market for the Company's common stock. Consequently, shareholders may not be able to sell their shares at a desirable time, if at all.

**MANAGEMENT AND DEPENDENCE ON MANAGEMENT.** The ability of the Company to conduct its business affairs in a successful fashion will be subject to the capabilities and business acumen of current management. Accordingly, no person should purchase the Company's common stock unless such person is willing to entrust all aspects of the business affairs of the Company to its current management.

**PENNY STOCK REGULATION.** The Company's common stock may be deemed a "penny stock" under federal securities laws. The Securities and Exchange Commission has adopted regulations that define a "penny stock" generally to be any equity security that has a market price of less than \$5.00 per share, subject to certain exceptions. These regulations impose additional sales practice requirements on any broker/dealer who sell such securities to other than established investors and accredited investors. For transactions covered by this rule, the broker/dealer must make certain suitability determinations and must receive the purchaser's written consent prior to purchase. Additionally, any transaction may require the delivery prior to sale of a disclosure schedule prescribed by the Commission. Disclosure also is required to be made of commissions payable to the broker/dealer and the registered representative, as well as current quotations for the securities. Finally, monthly statements are required to be sent disclosing recent price information for the penny stock held in the account of the customers and information on the limited market in penny stocks. These requirements generally are considered restrictive to the purchase of such stocks, and may limit the market liquidity for such securities.

## **PART I**

### **Item 1. Description of Business.**

#### **Background.**

American International Ventures, Inc., (the "Company") was originally organized as Lucky Seven Gas and Minerals, Inc., under the laws of the State of Pennsylvania on July 16, 1984. The name was changed to Lucky Seven Gold Mines, Inc. on June 24, 1996. American Precious Metals, Inc was formed January 13, 1998 under the laws of the State of Delaware. On March 16, 1998 Lucky Seven Gold Mines, Inc. merged into American Precious Metals, Inc.,

the surviving corporation. The name was changed to American Global Enterprises, Inc. on November 13, 2000 and changed again on December 21, 2000 to American International Ventures, Inc.

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## **BUSINESS OF COMPANY.**

### **General.**

The Company's plan of operations for the foreseeable future is to seek, identify and, if successful, acquire a portfolio of undervalued or sub-economic but prospective mineral properties in the United States,

principally gold properties. These properties likely have had prior mineral exploration work or actual mining activities conducted on site. Once a property has been identified and/or acquired, the Company intends to re-evaluate the property based on the experience of its management and consultants, and will seek to enhance the value of the property by performing limited exploratory work on the property. The exploratory work may consist of on site geological mapping, field testing, and the drilling of exploration drill holes. At this time, the Company does not intend to engage in actual mineral extraction operations. However, if the Company is successful in enhancing property values through additional exploratory work, it may consider a number of options, including selling the property to interested mining companies. The Company can not predict whether it will be successful in these endeavors.

### **Bruner Property - Nye County, Nevada.**

During July 2002, the Company acquired certain patented and unpatented mining claims known as the Bruner property located in Nye County, Nevada from Orcana Resources, Inc. and Miramar Gold Corporation (collectively Orcana ). Under the terms of acquisition, the Company is required to maintain the property in good standing under state mining regulations for at least one full assessment year and pay Orcana a two percent net smelter royalty on all

metals and materials mined or produced from the property. The Company maintains the right to purchase the net smelter royalty from Orcana for the sum of \$250,000 payable in cash and/or marketable securities of the Company. In addition, upon achieving commercial production on the Bruner property, the Company is obligated to pay Orcana \$250,000 within 120 days of achieving such commercial production. The payment may be in the form of cash and/or marketable securities of the Company.

As discussed in greater detail below, 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 ) relating to the Bruner mining claims.

The Bruner property is located in Nye County, Nevada in a region known as the Walker Lane gold belt, 125 miles east-southeast of Reno and 25 miles northeast of Gabbs, Nevada. Several high-grade gold mines and prospects have been developed in the Bruner district in auriferous quartz veins hosted by Tertiary volcanic rocks. The property area is underlain by tertiary felsic and intermediate composition volcanic and volcanoclastic rocks. Gold mineralization is hosted by a sequence of crystal tuffs that range from latite to quartz latite in composition. The latite is pervasively altered in the central portion of the district, and gold detected in surface sampling and drilling is associated with quartz-adularia alteration. Quartz-adularia veins also occur in the northern and eastern part of the property in a rhyolite porphyry flow-dome that intrudes the volcanic rocks.

Past production in the Bruner district has been estimated at approximately 55,587 ounces of gold contained in 99,625 tons of ore at a recovered grade of 0.562 oz/ton gold. Most of the production occurred from 1920 to 1942 from high grade gold/silver vein deposits from the Paymaster, Penelas, Phonolite, and Duluth mines. These mines are located on or near the Company's Bruner property. In addition, several large-scale, volcanic-hosted, low grade deposits are located in the general vicinity, including Rawhide (1.4 million ounces gold total production, currently in reclamation), Round Mountain (720,000 ounces gold current annual production with over 9 million ounces produced through 2003), and

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Paradise Peak (1.5 million ounces gold) properties. These properties have been mined through an open pit, bulk mining method. Despite these past production amounts from the Bruner property and from mines in the general vicinity, the Company can not predict whether commercially exploitable mineral deposits or reserves exist on the Bruner property until appropriate exploratory work is done and an economic evaluation based on such work concludes economic feasibility.

#### Description of Property.

The Company owns 28 patented claims totaling 560 acres and 41 unpatented claims totaling 820 acres for a total land position of 1,380 acres in the heart of the Bruner district. All claims are in good standing. As stated above, the Company acquired the majority of the claims in July 2002 from Orcana, and the Company staked additional claims during 2003. Prior to the Company's acquisition of the claims, Miramar completed an extensive environmental clean-up of the property, and the Company is not aware of any environmental liabilities associated with the property.



In connection with its exploration agreement with Electrum, Electrum staked in the Company's name but subject to the exploration 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.

#### Exploration of Low Grade Targets On Bruner.

During the past 25 years, several companies have conducted significant exploration in the Bruner district, which includes the Company's existing claims, for volcanic-hosted, bulk-tonnage precious metal mineralization at shallower depths. The work completed includes geological mapping and sampling, about 1,000 soil geochemistry samples, several hundred rock chip samples from outcrops and underground workings, helicopter-airborne and ground geophysics, and approximately 147 drill holes totaling 65,185 feet. Gold mineralization has been detected in many of the drill holes. Most of the drill holes are reverse circulation holes. The Company estimates that approximately \$1.5 to \$2 million has been spent on exploration in the area by the prior explorers.

The soil geochemistry program consisted of samples collected at 100 foot intervals along east-west grid lines spaced 400 feet apart. The soil geochemistry data show a 2,000 ft. by 800 ft. northwest-trending gold anomaly over the central portion of the Company's claim block. Values typically exceed 100 ppb gold and 300 ppb silver, whereas background values are less than 5 ppb gold and less than 50 ppb silver. In addition, mine dumps, float and outcrops were sampled on the surface, and all of the available mine workings were chip channel sampled.

The magnetic geophysical data depicts the major north and northwest structural trends on a contoured plot of the total field data. The mineralized structural trend that hosts the Penelas and Bruner deposits is readily identifiable as a linear magnetic low.

Several preliminary estimates have been made in the past of the mineralized material that may be present on the Bruner property. The most recent estimate was evidenced in a report prepared by a professional mining consultant to a major mining company that previously owned the claims. The consultant in his report estimated that the Duluth target on the Company's Bruner property contains approximately 15

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million tons of mineralized material

Mineralized material is gold bearing material that has been physically delineated by one or more of a number of methods including drilling, underground work, surface trenching and other types of sampling. This material has been found to contain a sufficient amount of mineralization of an average grade of metal or metals to have economic potential that warrants further exploration evaluation. While this material is not currently or may never be classified as reserves, it is reported as mineralized material only if the potential exists for reclassification into the reserves category. This material cannot be classified in the reserves category until final technical, economic and legal factors have been determined. Under the United States Securities and Exchange Commission's standards, a mineral deposit does not qualify as a reserve unless the recoveries from the deposit are expected to be sufficient to recover total cash and

non-cash costs for the mine and related facilities and make a profit.

with a grade of 0.026 oz Au/ton, based on data from 37 reverse circulation drill holes and assuming a cutoff grade of 0.010 oz Au/ton and a rock density of 12 ft<sup>3</sup>/ton. The consultant concluded that there are several other targets areas on the Bruner property that have excellent potential for the delineation of additional mineralized material. The Company has not sufficiently analyzed this data to corroborate the estimations of mineralized material reported by the consultant. Without additional geological, engineering and economic studies, along with additional drilling, the Company can not predict whether commercial mineralization may exist on the property.

During May and June of 2004, the Company conducted a limited diamond drill program in the Duluth area of the Bruner claims designed to follow up reverse air circulation drilling previously conducted on the property in the 1980's. During this period, the Company also performed surface geological mapping, and sampling in the area. The Company drilled five holes for a total of 767 linear feet. The cost of the program was approximately \$68,000. The Company's results were similar to previous drilling results on the property. Gold values greater than 0.02 oz/ton were detected in all of the five holes that were drilled. Hole 181 contained a 14.3 foot interval that ran 0.079 oz Au/ton including a three foot interval that ran 0.257 oz Au/ton, hole 182 contained a 20.3 foot interval that ran 0.061 oz Au/ton, and hole 184 contained a 28.0 foot interval that ran 0.078 oz Au/ton including a 5.5 foot interval that ran 0.335 oz Au/ton. Management and its consulting geologists have re-considered the economic potential of the shallow depths on the Bruner claims based on prior results of its exploration program and that of past exploration efforts in view of current gold prices. Previously, management concluded that the shallow, open pittable potential has been effectively tested and appeared non-commercial. This conclusion was based on gold prices ranging from \$300 to \$350 per ounce. In view of the current gold price, management now believes that a more comprehensive evaluation of the economic potential of the shallow depths may be warranted.

#### Exploration Potential on Deeper Targets.

All of the past exploration efforts on the Bruner claims, including the Company's efforts described above, have focused on finding bulk mineable deposits like those found at Round Mountain, Paradise Peak and Rawhide open pit mines. Past exploration on the Bruner property has identified several areas where significant volumes of bulk mineable gold mineralization may occur at depths of less than 300 feet, which therefore could be amenable to open pit mining methods. The Company can not predict whether such mineralization is economic at this time.

The potential for high-grade vein targets on the Bruner property, especially at depths greater than the low grade mineralization which has been explored to date, remains largely untested. Previous exploration drilling encountered several vein intercepts assaying greater than 0.5 oz/ton Au, and surface sampling also yielded assay results of greater than 0.5 oz/ton Au. Preliminary evaluation of the Company's recent diamond drilling results and surface geological work suggests the possibility of mineralization at greater depths, which may be similar to the Midas (also known as the Ken Snyder) mine located approximately 90 miles from Carlin, Nevada. The Midas/Ken Snyder mine was discovered in the mid-1990's and production commenced in January 1999 at an annual rate of about 200,000 ounces of

gold per year by Newmont Mining Corp. Newmont's published reserves for the Midas/Ken Snyder mine on December 31, 2003 were 3,400,000 tons at a grade of 0.58 ounces of gold per ton containing 1,950,000 ounces of gold, with a similar amount of mineralized material.

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Transaction with Electrum and Recent Activities.

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 ) relating to the 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 (the 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 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 until it has completed its Expenditure Obligations. Electrum has made the second anniversary payment to the Company. 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.

In late May 2006, Cougar Gold, LLC, a subsidiary of Electrum, commenced an exploratory drilling program on the Bruner property. To date, nine core holes have been completed and the assays been received. Although there were several short intervals of relatively low grade gold mineralization recorded, there were no zones of the high grade mineralization that were the target of the drilling program. The targets for these holes were various intersections of the northwesterly major faults and the northeasterly splay faults. Cougar has advised the Company that although they were disappointed by these results, they plan to continue the project, by further evaluating the Bruner geology to identify new targets and by conducting a comprehensive calculation of the shallow resource that has been identified by earlier explorers, which includes data obtained from the Company's drill holes during 2004 and discussed above. On September 8, 2006, the Company filed a Report of Form 8-K with the Securities and Exchange Commission which

is addressed the Bruner drilling operations.

**Sage Creek Property Lemhi County, Idaho.**

In December 2004, the Company entered into an option agreement to acquire 10 unpatented mining claims in Lemhi County, Idaho comprising approximately 200 acres. Following the option agreement, the Company has staked an additional 21 unpatented claims, contiguous to the initial claims, comprising approximately 200 additional acres. Total mineral holdings in the Sage Creek property are approximately 400 acres.

The Sage creek property is adjacent to the Ulysses mine, which in the early part of the twentieth century produced 90,000 tons of ore averaging 0.33 ounce per ton gold and recovered 30,000 ounces of gold from

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a south-dipping mineralized horizon. The mineralization at the Ulysses mine was reported to occur as a tabular lode conformable with the enclosing sedimentary rocks. This mineralization is currently interpreted to be a Proterozoic age (Precambrian), stratiform, oxide-phase, banded iron formation. The occurrence is genetically and geologically similar to the well known copper-cobalt deposits at the Blackbird mining district located about 30 miles to the south.

However, in contrast to the Blackbird deposits, the mineralization at Ulysses and Sage Creek appears to be low in base metals and high in gold values.

There are very few outcrops exposed on the property, but the mineralized horizon is believed to occur close to surface. During 2005 and 2006, the Company conducted reconnaissance on the property and collected samples from rocks found at the surface which range from a low of 0.017 oz of gold per ton to a high of 1.43 oz of gold per ton. All of the samples reported above were collected by the Company, and the values are consistent with previous sampling completed on the property. The samples, which typically consisted of five to seven pounds of rock material collected on the surface, were analyzed by an independent third party laboratory using fire assays with a gravimetric finish for gold. The samples are preliminary and strictly of a reconnaissance nature. Therefore these samples do not represent a quantitative measurement of the gold content of the mineralized horizon, nor should the results be interpreted to indicate that gold mineralization is present in a quantity and grade that would represent an economically viable ore deposit. Substantial additional geological and engineering work would have to be completed to confirm the presence of proven reserves that meet SEC standards, and no assurance can be given that any such reserves will eventually be defined.

In 2005, the Company contracted with Gradient Geophysics, a geophysical consulting firm, to conduct a detailed ground-based magnetic survey over the principal area of interest at Sage Creek. The survey was completed in October 2005 and survey results were received by the Company in early 2006. The survey reveals two northwesterly trending magnetic anomalies which appear to coincide with the surface presence of mineralized float and the known historical mineral prospecting activities on the property. Present interpretation is that the anomalies reflect the subcrop presence of the iron oxide phase banded iron formation(s).

Based on the geophysical results and prior surface mapping and sampling efforts, the Company has established plans for a diamond core drilling program to test the indicated mineral targets. A plan of operations for the proposed drilling program has been submitted to the Salmon, Idaho offices of the U.S. Forest Service (Salmon-Challis National Forest), and the plan is presently undergoing the advanced scoping process. Barring unforeseen problems, anticipated approval for the proposed plan of operations is expected in late September 2006. Subject to weather conditions; the planned drilling could begin in early October, 2006, or as late as spring of 2007. In order for the Company to conduct the described activities on the Sage Creek property, the Company may be required to raise additional funds. The Company can not predict whether it will be successful in raising such additional funds.

## **Item 2. Description of Property.**

The Company's business office is located at 4058 Histed Way, Evergreen, Colorado 80439, and is provided by the Company's President on a rent-free basis under an oral arrangement between the parties. The Company believes that this office space will sufficient to support its needs for the next 12 months.

During July 2002, the Company acquired certain patented and unpatented mining claims known as the Bruner property located in Nye County, Nevada from Orcana Resources, Inc. and Miramar Gold Corporation (collectively Orcana ). Under the terms of acquisition, the Company is required to maintain the property in good standing under state mining regulations for at least one full assessment year and pay Orcana a two percent net smelter royalty on all metals and materials mined or produced from the

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property. The Company maintains the right to purchase the net smelter royalty from Orcana for the sum

of \$250,000 payable in cash and/or marketable securities of the Company. In addition, upon achieving commercial production on the Bruner property, the Company is obligated to pay Orcana \$250,000 within 120 day of achieving such commercial production. The payment may be in the form of cash and/or marketable securities of the Company.

The Company's Bruner claims consist of 28 patented claims totaling 560 acres and 41 unpatented claims totaling 820 acres in the heart of the Bruner district. All claims are in good standing. As stated above, the Company acquired the majority of the property in July 2002 from Orcana, and additional claims were staked during 2003. Prior to the Company's acquisition of the claims, Miramar completed an extensive environmental clean-up of the property, and the Company is not aware of any environmental liabilities associated with the property. In addition, during 2005, in connection with its exploration agreement with Electrum Resources, LLC, Electrum staked in the Company's name but subject to the exploration 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.

In December 2004, the Company entered into an option agreement to acquire 10 unpatented mining claims in Lemhi County, Idaho comprising approximately 200 acres. Following the option agreement, the Company has staked an additional 21 unpatented claims, contiguous to the initial claims, comprising approximately 400 acres. Under the option agreement for the Idaho claims, 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.

### **Item 3. Legal Proceedings.**

On July 3, 2003, the Company filed an action against the Robert Carrington and Samuel Nunnemaker, former officers and directors of the Company, in Superior Court of New Jersey asserting fraud, breach of fiduciary duties to the Company, and seeking the placement of a constructive trust on a mineral property acquired by their affiliate and the sale proceeds thereof, among other claims. On April 15, 2004, the court dismissed the case for lack of personal jurisdiction in New Jersey. The Board of Directors removed Mr. Nunnemaker as an officer and Mr. Carrington as Chairman on May 6, 2003, and Carrington and Nunnemaker were subsequently removed as Directors of the Company on December 15, 2003 by a majority vote of its shareholders. Information on the background of Carrington and Nunnemaker's removal as Directors may be found in the Company's Form 8-K report that was filed with the SEC on December 16, 2003 and its Information Statement under Schedule 14C filed with the SEC on December 15, 2003.

On April 20, 2004 Mr. Carrington and Mr. Nunnemaker filed a complaint against the Company in the Nevada Second District Court in Washoe County, Nevada asserting breach of contract and contending that the company fraudulently caused them to enter into certain agreements with the Company. The Company filed an answer denying the plaintiffs claims, and also filed a counterclaim against the plaintiffs. The Company's counterclaim alleged that, among other things, the defendants breached the conditions of their engagement agreement with the Company, they wrongfully maintained possession of geological data pertaining to the Bruner property, they fraudulently obtained certain mining properties for their own benefit and unjustly enriched themselves while serving as officers and directors of the Company in violation of their fiduciary duty to the Company, and they withheld or misrepresented

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material facts and information from the Board of Directors. On August 19, 2004, the plaintiffs filed a

notice of lis pendens on the Bruner property, contending that they maintained certain rights to the Bruner property. The Company disputed plaintiff's claims and requested a hearing on the matter. In November 2004, the court ruled in favor of the Company and dismissed the lis pendens, stating that the Company is the owner of the Bruner Property and entitled to possession of the Bruner Property free from interference by the Plaintiffs

On June 15, 2006, the Company settled the above described lawsuit. The settlement was reached through a mediation process encouraged by the judge presiding over the Nevada action. Under the terms of the settlement reached by the parties:

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The Company will retain its interest in the Brunner property located Nye County, Nevada,

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Messrs. Carrington and Nunnemaker will retain their interest in the Mt. Hamilton property located near Ely, Nevada,

o  
Messrs Carrington and Nunnemaker each will retain 100,000 shares of the Company's common stock, and each will immediately return to the Company 400,000 shares of the Company's common stock previously issued to them,

o  
All claims and allegations by each party against the other have been dropped and dismissed with prejudice,

o  
The Company's \$25,000 bond will be released and returned to the Company, and

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Each party will be responsible for their own costs related to the litigation.

The Company's Board of Directors approved the terms of the settlement on June 16, 2006.

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

None

**PART II**

**Item 5. Market Price for Common Equity and Related Stockholder Matters.**

**Market Information:**

The table below sets forth the high and low bid prices of the common stock of the Company as reported by OTC Bulletin Board and the Pink Sheet market for the fiscal years indicated. The quotations reflect inter-dealer prices, without retail mark-up, mark-down, or commissions and may not necessarily represent actual transactions. The Company's common stock is traded on the over the counter Bulletin Board and Pink Sheets under the symbol AIVN. From January 2000 to November 2001, the Company's common stock was listed on the OTC Bulletin Board. From November 2001 to the June 17, 2004, the Company's common stock was listed on the Pink Sheet market. On June 17, 2004, the Company's shares resumed trading on the OTC Bulletin Board. There is an absence of an established trading market for the Company's common stock, as the market is limited, sporadic, and highly volatile. The absence of an active market may have an effect upon the high and low price as reported.

2004

Low Bid

High Bid

1<sup>st</sup> Quarter

\$0.11

\$0.25

2<sup>nd</sup> Quarter

\$0.03

\$0.10

3<sup>rd</sup> Quarter

\$0.05

\$0.15

4<sup>th</sup> Quarter

\$0.05

\$0.28

11

2005



Low Bid

High Bid

1<sup>st</sup> Quarter

\$0.12

\$0.26

2<sup>nd</sup> Quarter

\$0.09

\$0.11

3<sup>rd</sup> Quarter

\$0.10

\$0.15

4<sup>th</sup> Quarter

\$0.13

\$0.15

2006

Low Bid

High Bid

1<sup>st</sup> Quarter

\$0.08

\$0.12

2<sup>nd</sup> Quarter

\$0.11

\$0.41

3<sup>rd</sup> Quarter

\$0.10

\$0.19

4<sup>th</sup> Quarter

\$0.11

\$0.22

2007

Low Bid

High Bid

1<sup>st</sup> Quarter

\$0.11

\$0.35

As of September 8, 2006, there are 225 shareholders of record of the Company's common stock. Although there are no restrictions on the Company's ability to declare or pay dividends, the Company has not declared or paid any cash dividends since its inception and does not anticipate paying such dividends in the future.

**Equity Compensation Plan Information**

<b>Plan category</b>	<b>Number of securities to be issued upon exercise of outstanding options, warrants and rights</b>	<b>Weighted-average exercise price of outstanding options, warrants and rights</b>	<b>Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))</b>
	<b>(a)</b>	<b>(b)</b>	<b>(c)</b>
Equity compensation plans approved by security holders	-0-	-0-	-0-
Equity compensation plans not approved by security holders (1)	2,300,000	\$0.10	2,300,000
<b>Total</b>	<b>2,300,000</b>	<b>\$0.10</b>	<b>2,300,000</b>

(1) The amount represents (i) options to acquire 1,800,000 shares of common stock of the Company granted to the Company's officers and directors, (ii) options to acquire 300,000 shares of common stock of the Company granted to Steven Davis, the Company's President, and (iii) stock warrants to acquire 200,000 shares of common stock of the Company granted to James Duff, the former President of the Company, all as described below. In January 2005, the Board of Directors of the Company approved a stock option grant to its then current officers and directors. Each officer and director received a stock option of 300,000 shares of common stock of the Company. The exercise price is \$0.10 per share. The options expire five years from the grant date. The aggregate options issued under this grant total 1,800,000. These options replace the options granted under the 2003 Stock Option Plan of the Company which had expired. On September 15, 2005, the Company granted Mr. Steven Davis, the Company's President, stock options to acquire 300,000 shares of common stock of the Company, of which one third

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of the options vested immediately, one third vest on September 15, 2006, and the remainder vest on

September 15, 2007. The options are exercisable at \$0.17 per share during a five year term. On December 22, 2005, the Company issued a stock warrant to acquire 200,000 shares of the Company's common stock to James Duff, the Company's former president, in exchange for past due services owed to Mr. Duff in the amount of \$30,315. The warrants expire December 22, 2010 and are exercisable at a price of \$0.01 per share.

#### **Recent Sales of Unregistered Securities.**

None

#### **Item 6. Plan Of Operation.**

##### Overview

The Company is an exploration stage company engaged in the acquisition, exploration, and development of mineral properties. The Company has acquired mining claims located in Nye County, Nevada, known as the Bruner claims, and in Lemhi County, Idaho known as the Sage Creek property.

The Companies projected capital expenditure for the next 12 months is approximately \$130,000 to \$230,000 as described below. The Company has budgeted \$50,000 for initial phase of drilling and other exploration on the Sage Creek property. Depending upon the results of the initial phase of drilling, a further drilling program is budgeted for \$100,000. A budget of \$50,000 is planned for due diligence and acquisition for new mining properties. Finally, corporate overhead that includes payment of consulting fees, legal, accounting, and miscellaneous expenditures is

projected to be \$30,000. Other than as indicated above, the Company has no other projected capital expenditures.

As of May 31, 2006, the Company has available working capital of \$18,694. Therefore, the Company will be required to finance its plan of operations through the private placement of its capital stock or through debt financing. If the Company is able to raise part but not all of its projected working capital needs, 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 Sage Creek exploration. Available capital remaining will be allocated towards to identification and exploration of other mining claims. 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 will have a material adverse impact on Company and its ability to conduct its business in the future.

**Item 7. Financial Statements.**

The financial statements required by this Item are set forth immediately following Item 14 of Part III.

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

None

**Item 8A . Controls and Procedures.**

Disclosure controls and procedures are controls and other procedures that are designed to ensure that information required to be disclosed by the Company in the reports that it files or submit under the Securities Exchange Act of

1934 is recorded, processed, summarized and reported, within the time periods specified in the Securities and Exchange 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 under the Exchange Act is accumulated and communicated to our management, including our principal executive and financial officers, as appropriate to allow timely decisions regarding required disclosure.

(a) Under the supervision and with the participation of management, including the Company's President and Chief Financial Officer, the Company 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 May 31, 2006. Based on this evaluation, our President and Chief Financial Officer concluded that the Company's disclosure controls and procedures were effective such that the material information required to be included in the Company's 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 its reporting obligations, and was made known to them by others within the company, particularly during the period when this report was being prepared.

(b) Changes in internal controls over financial reporting.

In addition, there were no significant changes in our internal control over financial reporting that could significantly affect these controls during our most recent quarter.

### PART III

#### **Item 9. Directors. Executive Officers. Promoters and Control Persons: Compliance with Section 16(a) of the Exchange Act.**

The officers and directors of the Company during fiscal year ending May 31, 2006 are as follows;

Name

Age

Position

Myron Goldstein

66

Chairman and Principal Financial

Officer

Steven Davis

64

President and

Principal Executive Officer

Jack Wagenti

69

Director

Arthur deWitt Ackerman

63

Director

Walter Salvadore, Jr.

51

Director

Brian G. Russell

76

Director

James K. Duff

61

Director

---

Mr. Myron Goldstein, Chairman and Principal Financial Officer.

Mr. Goldstein was appointed Chairman of the Company on March 23, 2003. Mr. Goldstein is a senior mining executive with over 30 years diversified international management, exploration and development experience in precious and base metals and uranium, including 10 years as Chevron Resource Company's District Manager for its Western District located in Denver, Colorado. From 1995 to the present, Mr.

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Goldstein has served as director and senior management of various companies as a result of his employment with Global Management Mining, a mining consulting company located in Vancouver, Canada. He is a graduate of the University of Toronto, Ontario, Canada, where he earned a Ph.D in Physics and Geophysics. He also earned a M.S. in Geophysics from the Massachusetts Institute of Technology, Cambridge, Massachusetts., and a B.S. degree in Engineering Geophysics, from the Colorado School of Mines, Golden, Colorado. Concurrent with the resignation of Mr. Duff as the Company's President and Chief Executive Officer on September 6, 2005, Mr. Goldstein became the Company's Principal Executive Officer.

Mr. Steven Davis, President and Principal Executive Officer.

Mr. Davis was appointed President and Chief Executive Officer of the Company on September 15, 2005. Mr. Davis has over 35 years of professional experience and management in the minerals industry throughout North, Central and South America, with a focus on exploration and resource development of precious metals systems having been employed by Homestake Mining Company, ASARCO Inc., Zamora Gold and Cordero Mining Company (SUNOCO). From June 2000 to the present time, Mr. Davis has been an independent consultant to the domestic and international mining industry. From October 2005 to the present, Mr. Davis has been Vice President, Exploration for New Horizon Uranium Corp., Golden, Colorado. From March 1999 to May 2000, he was President and Chief Executive Officer of Sun River Mining, Inc.

Mr. Jack Wagenti, Director.

Mr. Wagenti has acted in varying officer capacities and director of the Company from 1996 to the present. On October 15, 2005, Mr. Jack Wagenti resigned in his capacity as the Company's Secretary, Treasurer and Chief Financial Officer, and remains as a Director of the Company. From 1988 to 1996, Mr. Wagenti owned and operated a real estate brokerage business located in Lodi, New Jersey. Mr. Wagenti also is an officer and director of US Precious Metals, Inc. and International Power Group, Ltd., both reporting companies under the federal securities laws. Other than his positions with the Company, International Power Group, Ltd. and US Precious Metals, Inc., Mr. Wagenti is not engaged in any other active business.

Mr. Arthur deWitt Ackerman, Director.

Mr. Ackerman became a Director of the Company on May 6, 2002. From January 1997 to the present Mr. Ackerman has been executive vice president of the Middleton Group, LLC, a securities investment firm.

Walter Salvadore, Jr., Director.

Mr. Salvadore became a Director of the Company on May 6, 2002. From December 2001 to the present, Mr. Salvadore has been chief strategy director and a director of deBug-it, LLC, a specialized computer services firm. From January 1, 1990 to December 2001, Mr. Salvadore was a President with R & S Enterprises.

Brian G. Russell, Director.

Mr. Russell became a Director of the Company on May 6, 2002. Mr. Russell has extensive experience as a mining geologist. He worked for the Council for Mining Technology in South Africa in excess of 19 years. In 1974, he was appointed Director of the South African Mineral Bureau. In 1988 he was appointed the representative of the South African Minerals and Energy industry in the United States. Since his retirement in 1994, he has consulted with several mining companies in the United States and Canada in the assessment and evaluation of precious metal ventures. Mr. Russell has retired from active business in 2001.

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Mr. James Duff, Director.

Mr. Duff was appointed President and Chief Executive Officer of the Company on April 10, 2004. Mr. Duff has over 35 years of diverse, international mining experience. From November 2002 to the present, Mr. Duff has been a consultant to Coeur d'Alene Mines Corporation, Coeur d'Alene, Idaho. Mr. Duff was Vice President of Business Development from 1995 to November 2002, and was Director of Business Development from 1990 to 1995, of Coeur d'Alene Mines Corporation. Mr. Duff also is the Chairman of Little Squaw Gold Mining Co. a public company on the OTC Bulletin Board. On September 6, 2005, Mr. Duff resigned as the Company's President and Chief Executive Officer, and on that date was appointed a Director of the Company..

Each director serves until the next annual meeting of Shareholders and until his respective successor is duly elected and qualifies. Executive officers are elected by the Board to serve at the discretion of the directors.

**Item 10. Executive Compensation.**

The compensation for all directors and officers individually for services rendered to the Company for the fiscal years ended May 31, 2006, 2005 and 2004 that received compensation from the Company are set forth in the following table and information below:



SUMMARY COMPENSATION

Annual Compensation

Long Term Compensation

Other

Restricted Securities

Name and

Annual

Stock Awards underlying

Principal

Salary

Bonus

Compensation

options/SARS

Position

Year

(\$)

(\$)

(\$)

(\$)

(#)

---

Myron Goldstein

2006

-0-

-0-

-0-

-0-

-0-

Chairman

2005

-0-

-0-

-0-

-0-

-0-

2004

-0-

-0-

-0-

-0-

-0-

James Duff(1)

2006

-0-

-0-

\$35,315

-0-

-0-

Former President

2005

-0-

-0-

\$16,800

-0-

-0-

2004

-0-

-0-

\$ 7,000

19,975

-0-

Steven Davis(2)

2006

-0-

-0-

\$5,940

-0-

300,000

President

-----

(1). In December 2005, Mr. Duff was paid \$5,000 in cash and received stock warrants to acquire 200,000 shares of the Company's common stock in exchange for an amount of \$35,315 which was due Mr. Duff at that time. On December 23, 2003, Mr. Duff received a stock option to acquire 250,000 shares of common stock of the Company for a total consideration of \$25. The option was exercised in January 2004. The most recent closing market price of the Company's common stock on the date of grant was \$0.08. The value of restricted stock award equals the product of the stated closing price multiplied by 250,000 less the exercise price paid. During fiscal 2004, Mr. Duff received \$7,000 in consulting fees from the Company under a consulting agreement with the Company which is discussed below. During fiscal 2005, was entitled to receive \$16,800 under the consulting agreement with the Company. Mr. Duff resigned as President and Chief Executive Officer of the Company on September 6, 2005 and on that date was

appointed a Director of the Company.

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(2). On September 15, 2005, Mr. Steven R. Davis was appointed as the Company's President and Chief Executive Officer by its Board of Directors. The Company and Mr. Davis have agreed that, Mr. Davis in his capacity as President, Mr. Davis will be paid a monthly fee of \$2,000 for which he will devote approximately 30 hours per month on the business affairs of the Company. Additional time spent on Company affairs will be billed at the rate of \$50.00 per hour. During fiscal 2006, the Company paid Mr. Davis \$5,940, and an additional \$12,000 is due Mr. Davis under his consulting arrangement with the Company. The Company also granted Mr. Davis stock options to acquire 300,000 shares of common stock of the Company, of which one third of the options vested immediately, one third vest on September 15, 2006, and the remainder vest on September 15, 2007. The options are exercisable at \$0.17 per share during a five year term.

In June 2003, the Company entered into a consulting agreement with Mr. James Duff. On April 10, 2004, Mr. Duff was appointed President and Chief Executive Officer of the Company. Pursuant to the agreement, the Company paid Mr. Duff a minimum of \$1,400 per month for 20 hours per month. Additional time was billed at the rate of \$50 per hour. The agreement was on a month to month basis and expired on September 6, 2005, when Mr. Duff resigned in his officer capacities from the Company. As of the date of resignation, the Company owed the former officer the sum of \$35,315 under the agreement. The outstanding amount was paid in December 2005 in the form of \$5,000 cash and a stock warrant to acquire 200,000 shares of Company common stock. The warrants expire December 22, 2010 and are exercisable at \$0.01 per share.

In January 2005, the Board of Directors of the Company approved a stock option grant to its officers and directors. Each officer and director received a stock option of 300,000 shares of common stock of the Company. The exercise price is \$0.10 per share. The options expire five years from the grant date. The aggregate options issued under this grant total 1,800,000. These options replace the options granted under the 2003 Stock Option Plan of the Company which had expired.

Except as stated above, for the fiscal period ending May 31, 2006, the Company had no employment agreement with its officers, and the Company did not have any other form of compensation payable to its officers or directors, including any stock option plans, stock appreciation rights, or long term incentive plans.

The officers of the Company are not full time employees. Presently, the Company does not have a formal conflicts of interest policy governing its officers and directors. In addition, the Company does not have written employment agreements with any of its officers. Its officers intend to devote sufficient business time and attention to the affairs of the Company to develop the Company's business in a prudent and business-like manner. However, the officers may engage in other businesses related and unrelated to the business of the Company. As a result, the officers of the Company may have a conflict of interest in allocating their respective time, services, and future resources, and in exercising independent business judgment with respect to their other businesses and that of the Company.

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**OPTION/SAR GRANTS IN LAST FISCAL YEAR**

<b>Name</b>	<b>Number of securities underlying options/SARs granted (#)</b>	<b>Percent of total options/SARs granted to employees in fiscal year</b>	<b>Exercise or base price (\$/Sh)</b>	<b>Expiration date</b>
<b>(a)</b>	<b>(b)</b>	<b>(c)</b>	<b>(d)</b>	<b>(e)</b>
Steven Davis President and CEO	300,000	100%	\$0.17	September 15, 2010

**CODE OF ETHICS**

The Company has not adopted a Code of Ethics that applies to all of the Company's directors, officers and employees, including the Company's principal executive officer, principal financial officer and principal accounting officer.

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

The following table sets forth, as of the date of September 8, 2006, the stock ownership of each person known by the Company to be the beneficial owner of five percent or more of the Company's Common Stock, each executive officer and director individually and all executive officers and directors of the Company as a group as of such date. No other class of voting securities is outstanding. Each person is believed to have sole voting and investment power over the shares except as noted. Unless otherwise indicated, the beneficial owner has sole voting

and investment power. The following information is based upon 21,896,710 shares of common stock of the Company which are issued and outstanding as of September 8, 2006. Except as otherwise noted, the address for each party is 4058 Hinstead Way, Evergreen, Colorado 80439, the address of the Company.

Security ownership of former and current officers and directors.

Title of Class	Name and Address of Beneficial Owner	Amount and Nature of Beneficial Owner(1)	Percent of Class
Common	Myron Goldstein(2)(8)	871,000	3.9%
Common	James Duff(3)(8)	550,000	2.5%
Common	Jack Wagenti(4)(8)	1,800,000	8.2%
Common	Arthur deWitt Ackerman(5)(8)	1,292,500	5.8%
Common	Walter Salvatore, Jr.(6)(8)		

510,000

2.3%

Common Brian G. Russell(7)(8)

350,000

1.6%

Common Steven Davis(9)

300,000

1.3%

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Common Jonathan Downs(10)

1,400,000

6.4%

Common Emanuel Ploumis(11)

1,500,000

6.8%

Officers and

Directors as a group

Common

(6 persons)(8)

5,673,500

23.49%

- (1). Beneficial ownership" means having or sharing, directly or indirectly (i) voting power, which includes the power to vote or to direct the voting, or (ii) investment power, which includes the power to dispose or to direct the disposition, of shares of the common stock of an issuer. The definition of beneficial ownership includes shares underlying options or warrants to purchase common stock, or other securities convertible into common stock, that currently are exercisable or convertible or that will become exercisable or convertible within 60 days. Unless otherwise indicated, the beneficial owner has sole voting and investment power.
- (2). Mr. Goldstein is Chairman, and Chief Financial Officer of the Company.
- (3). Mr. Duff resigned as President and Chief Executive Officer of the Company on September 6, 2005 and on that date was appointed a Director of the Company. The amount includes stock options to acquire 250,000 shares of Company common stock.
- (4). Mr. Wagenti is a Director of the Company. The amount includes 500,000 shares of common stock held individually by Mr. Wagenti and 1,000,000 shares of common stock held by Mr. Wagenti s spouse. Mr. Wagenti disclaims beneficial ownership of the shares held by his spouse.
- (5). Mr. Ackerman is a Director of the Company. The includes 421,500 shares held individually by Mr. Ackerman, 71,500 held by an affiliate of Mr. Ackerman, and 500,000 shares held by Mr. Ackerman s spouse. Mr. Ackerman disclaims beneficial ownership of the shares held by his spouse and the affiliate.
- (6). Mr. Salvadore is a Director of the Company.
- (7). Mr. Russell is a Director of the Company.
- (8). The amount for each party include stock options to acquire 300,000 shares of common stock of the Company which were granted to the Company s officers and directors in January 2005.
- (9). Mr. Davis is President and Chief Executive Officer of the Company.
- (10). Mr. Downs address is 27 Bush Road, Denville, New Jersey 07834.
- (11). Mr. Ploumis address is 242 Top Hill Road, West Chester, Pennsylvania 19383.

## **Item 12 Certain Relationships and Related Transactions.**

On December 23, 2003, the Board of Directors also granted individual stock options to the Company s Chairman and a consultant, who was the former President of the Company, to acquire 500,000 and 250,000 shares of common stock respectively by such parties. The option exercise price is \$0.0001 per share. The option term is five years. The options were exercised during January 2004.

In January 2005, the Board of Directors of the Company approved a stock option grant to its officers and directors. Each officer and director received a stock option of 300,000 shares of common stock of the Company. The exercise



price is \$0.10 per share. The options expire five years from the grant date. The aggregate options issued under this grant total 1,800,000. These options replace the options granted under the 2003 Stock Option Plan of the Company which had expired.

In June 2003, the Company entered into a consulting agreement with Mr. James Duff. On April 10, 2004, Mr. Duff was appointed President and Chief Executive Officer of the Company. Pursuant to the agreement, the Company paid Mr. Duff a minimum of \$1,400 per month for 20 hours per month. Additional time was billed at the rate of \$50 per hour. The agreement was on a month to month basis and expired on September 6, 2005, when Mr. Duff resigned in his officer capacities from the Company. As of the date of resignation, the Company owed the former officer the sum of \$35,315 under the agreement.

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The outstanding amount was paid in December 2005 in the form of \$5,000 cash and a stock warrant to acquire 200,000 shares of Company common stock. The warrants expire December 22, 2010 and are exercisable at \$0.01 per share.

During fiscal year ended May 31, 2005, three individuals, who were officers and/or directors of the Company, and affiliate of a director purchased 779,000 shares of common stock at a price per share of \$0.07 pursuant to a private placement of the Company.

As discussed elsewhere herein, 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 ) pursuant to which Electrum agreed to conduct drilling operations on the Company s Bruner mining claims and would earn certain rights to the mining claims. In connection with the transaction, Electrum also purchased in a private placement transaction 2,000,000 shares of the Company s common stock for an aggregate purchase price of \$200,000. The Company also issued to Electrum two stock purchase warrants each to acquire 1,000,000 shares of the Company s common stock at an exercise price of \$0.20 per share. The two warrants expire 2 and 4 years from the closing date, respectively, except that, if Electrum forfeits its rights under the Agreement and Joint Venture, the warrants automatically expire. The warrant price is subject to adjustment, and among other terms, as provided in the warrant instrument. The Company also is required to register with the Securities and Exchange Commission the common stock and common stock underlying the warrants under certain circumstances.

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

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

<u>Number</u>	<u>Exhibit</u>
---------------	----------------

3.1	Certificate of Incorporation of Company filed with the Secretary of State of Delaware on January 13, 1998. (Filed as an Exhibit to the Company's Form 10-SB filed November 8, 1999)
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3.2 Copy of the by-laws of the Company. (Filed as an Exhibit to the Company's Form 10-SB filed November 8, 1999)

3.3 Specimen Stock Certificate. (Filed as an Exhibit to the Company's Form 10-SB filed November 8, 1999)

10.1 Agreement with Birch Mountain Resources. (Filed as an Exhibit to the Company's Form 10-QSB filed December 30, 1999)

10.2 Agreement dated April 26, 2002 by and between the Company and Barry Downs, Robert Carrington and Samuel Nunnemaker. (Filed as an Exhibit to the Company's Form 10-KSB for the period ended May 31, 2002)

10.3 Agreement between Orcana Resources Inc. and Miramar Gold Corporation, Nevada Corporations (hereinafter collectively referred to as Orcana ), and American International Ventures Inc., a Delaware Corporation dated July 16, 2002. (Filed as an Exhibit to the Company's Form 10-KSB for the period ended May 31, 2002).

10.4 Agreement dated April 29 by and between American International Ventures, Inc.; and GetToner.com, Inc.. ("GetToner"), and Dominic Tagliatella and Anthony Lauro. (Filed as an Exhibit to the Company's Form 10-KSB for the period ended May 31, 2002).

10.5 2003 Stock Option Plan of American International Ventures, Inc. (Filed as an Exhibit to the Company's Form 10-KSB for the period ended May 31, 2002).

10.16 Securities Purchase Agreement dated as of September 20, 2005 among American International Ventures, Inc. and Electrum Resources LLC. (Filed as an Exhibit to the Company's Form 8-K dated September 29, 2005).

10.17 Investor Rights Agreement dated as of September 20, 2005, by and

between American International Ventures, Inc. and Electrum Resources LLC. (Filed as an Exhibit to the Company's Form 8-K dated September 29, 2005)

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10.18 Stock Purchase Warrant in favor of Electrum Resources LLC. (Filed as an Exhibit to the Company's Form 8-K dated September 29, 2005)

10.19 Stock Purchase Warrant in favor of Electrum Resources LLC. (Filed as an Exhibit to the Company's Form 8-K dated September 29, 2005)

10.10 Exploration and Option to Enter Joint Venture Agreement is made effective as of September 1, 2005. (Filed as an Exhibit to the Company's Form 8-K dated September 29, 2005).

31 Certification Pursuant To Section 302 Of The Sarbanes-Oxley Act Of 2002. (filed herewith)

32 Certification Pursuant To Section 906 Of The Sarbanes-Oxley Act Of 2002.(filed herewith)

(b). Reports on Form 8-K.

None

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

(1). Audit fees for 2006 were \$9,300 (estimate) and for 2005 were \$9,150 (actual).

(2) Audit Related Fees for 2006 and 2005 were \$0.

(3) Tax Fees for 2006 were \$565 (estimate) and 2005 were \$565 (actual).

(4) All Other Fees were \$0.

(5) N/A

(6) N/A

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**AMERICAN INTERNATIONAL VENTURES, INC.**

**(An Exploration Stage Company)**

**FINANCIAL STATEMENTS**

**May 31, 2006**

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PRIVATE COMPANIES PRACTICE SECTION

MEMBER CENTER FOR PUBLIC COMPANY AUDIT FIRMS

REGISTERED PUBLIC ACCOUNTING FIRM WITH

PUBLIC COMPANY ACCOUNTING OVERSIGHT BOARD

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To The Board of Directors

American International Ventures, Inc.

I have audited the accompanying balance sheet of American International Ventures, Inc. (an exploration stage company) as of May 31, 2006, and the related statements of operations and deficit accumulated during exploration stage, changes in stockholders' deficit, and cash flows for the years ended May 31, 2006 and May 31, 2005, and the period from June 1, 2003 (date of inception of exploration stage) to May 31, 2006. These financial statements are the responsibility of the Company management. My responsibility is to express an opinion on these financial statements based on my audits.

I conducted the audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor was I engaged to perform, an audit of its internal control over financial reporting. My audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate under the circumstances, but not for the purpose of expressing an opinion of the effectiveness of the Company's internal control over financial reporting. Accordingly I express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that the audits provide a reasonable basis for my opinion.

In my opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of American International Ventures, Inc. as of May 31, 2006, and the results of the operations of American International Ventures, Inc. and its cash flows for the two yearly periods then ended; and for the period June 1, 2003 (date of inception of exploration stage) to May 31, 2006, in conformity with U.S. generally accepted accounting principles.

/s/Robert G. Jeffrey

Robert G. Jeffrey

August 7, 2006

Wayne, New Jersey

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**AMERICAN INTERNATIONAL VENTURES, INC.**

**(An Exploration Stage Company)**

**BALANCE SHEET**

**May 31, 2006**

**ASSETS**

**Current Assets**

Cash

\$ 88,539

Prepaid expense

150

**Total current assets**

88,689

**Fixed Assets**

Office furniture and equipment

11,567

Less, accumulated depreciation

11,567

**Net fixed assets**

-

**Other Assets**

Restricted cash

25,667

Mining rights

8,670

**Total other assets**

34,337

\_\_\_\_\_

**TOTAL ASSETS**

\$ 123,026

**LIABILITIES AND STOCKHOLDERS EQUITY**

**Current Liabilities**

Accounts payable and accrued expenses

\$ 39,028



**Total current liabilities**

39,028

**Stockholders Equity**

Common stock authorized, 50,000,000

shares of \$.00001par value; issued and

outstanding 20,145,044 shares

201

Capital in excess of par value

1,206,292

Additional paid in capital - options

48,748

Additional paid in capital warrants

110,315

Deficit accumulated during exploration stage

(542,574)

Deficit prior to exploration stage

(738,984)

**Total stockholders equity**

83,998

**TOTAL LIABILITIES AND**

**STOCKHOLDERS EQUITY**

\$ 123,026

—

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**

**For the Years Ended May 31, 2006 and 2005**

June 1, 2003

(Date of Inception of Exploration Stage)

2006

2005

To May 31, 2006

Revenue

\$ -

\$ -

\$ -

Administrative Expenses

180,176

218,079

620,240

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Operating loss

(180,176)

(218,079)

(620,240)

Other Income and Expense:

Other income

15,000

-

15,000

Interest income

2,266

340

2,907

Interest expense

-

-

(206)

Profit on sales of securities

-

-

59,965

Loss Accumulated During Development Stage

(162,910)

(217,739)

(542,574)

Loss Per Share - Basic and Diluted

\$(.01)

\$(.01)

Weighted Average Number of Shares Outstanding

19,561,344

17,620,282

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 CHANGES IN STOCKHOLDER S DEFICIT**

**For the Years Ended May 31, 2006 and 2005**

<u>Common Stock</u>					Deficit	Deficit		
		Capital in	Additional	Additional	Accumulated	Accumulated		
		Excess of	Paid in	Paid in	During	Prior to		
<u>Shares</u>	<u>Par</u>	<u>Par Value</u>	Capital	Capital	Exploration	Exploration		
	<u>Value</u>				Stage	Stage	<u>Total</u>	
			<u>Options</u>	<u>Warrants</u>				
Balance, May 31, 2004	16,908,544	\$169	\$1,020,461	\$ 0	\$ 0	\$(161,925)	\$(738,984)	\$ 119,721

Sales of common stock	1,236,500	12	86,543					86,555
Transfer paid-in capital			(20,692)	20,692				-
Additional cost of vested options				21,639				21,639
Net loss for the year						(217,739)		(217,739)
Balance, May 31, 2005	<u>18,145,044</u>	<u>181</u>	<u>1,086,312</u>	<u>42,331</u>	<u>0</u>	<u>(379,664)</u>	<u>(738,984)</u>	<u>10,176</u>
Sales of common stock	2,000,000	20	119,980		80,000			200,000
Options granted during year				6,417				6,417
Warrants issued as part of settlement of lawsuit					30,315			30,315
Net loss for year						(162,910)		(162,910)
Balance, May 31, 2006	<u>20,145,044</u>	<u>\$201</u>	<u>\$1,206,292</u>	<u>\$48,748</u>	<u>\$110,315</u>	<u>\$(542,574)</u>	<u>\$(738,984)</u>	<u>\$ 83,998</u>

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 Years Ended May 31, 2006 and 2005**

June 1, 2003

(Date of Inception of Exploration Stage)

2006

2005

To May 31, 2006

**Cash Flows From Operations:**

Net loss

\$(162,910)

\$(217,739)

\$(542,574)

Adjustments to reconcile net loss to net cash

consumed by operating activities:

Depreciation

-

402

2,714

Charges not requiring the outlay of cash:

Value of capital stock issued for services

-

-

59,925

Value of options issued for services

6,417

21,639

48,748

Changes in current assets and liabilities:

Increase in accounts payable and

accrued liabilities

7,200

59,417

38,835

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Net cash consumed by operating

activities

(149,293)

(136,281)



(392,352)

**Cash Flows From Investing Activities:**

Deposit to secure letter of credit

(25,667)

(25,667)

Investment in mineral rights

-

(5,397)

(5,397)

Net cash consumed by

investing activities

(25,667)

(5,397)

(31,064)

**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**

25,040

(55,123)

3,071

**Cash balance, beginning of period**

63,499

118,622

85,468

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

**Cash balance, end of period**

\$ 88,539

\$ 63,499          \$ 88,539

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

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**AMERICAN INTERNATIONAL VENTURES, INC.**

**(An Exploration Stage Company)**

**NOTES TO FINANCIAL STATEMENTS**

**May 31, 2006**

**Note 1.**

**ORGANIZATION AND BUSINESS**

**Organization**

The Company was formed January 13, 1998 as American Precious Metals, Inc. On March 16, 1998, it merged with Lucky Seven Gold Mines, Inc., a corporation which had operated since 1984 and was the successor entity of the merger. On December 20, 2000, the Company changed its name to American International Ventures, Inc. (AIV).

**Exploration Stage**

The Company is an exploration stage company, as defined in Statement of Financial Accounting Standards (SFAS) No. 7. Generally accepted accounting principles that apply to established operating enterprises govern the recognition of revenue by an exploration stage enterprise and the accounting for costs and expenses. The Company has been in the exploration stage since June 1, 2003 and all its efforts have been devoted to developing mining rights which it acquired in the 2003 year, as described in Note 5. The Company has incurred losses since June 1, 2003 of \$542,574. Prior to June 1, 2003, the Company operated an office supplies business through a subsidiary.

**Note 2.**

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

a.

Cash

For purposes of the Statement of Cash Flows, the Company considers all short-term debt securities purchased with a maturity of three months or less to be cash equivalents.

b. Fair Value of Financial Instruments

The carrying amounts of the Company's financial instruments, which include cash equivalents, accounts receivable, investment securities, accounts payable and accrued liabilities, approximate their fair values at May 31, 2006.

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**AMERICAN INTERNATIONAL VENTURES, INC.**

**(An Exploration Stage Company)**

**NOTES TO FINANCIAL STATEMENTS**

**May 31, 2006**

**Note 2. (continued)**

c. Losses Per Share

Basic and diluted net loss per common share is computed by dividing the net loss available to common shareholders for the period by the weighted average number of shares of common stock outstanding during the period. The number of weighted average shares outstanding as well as the amount of net loss per share are the same for basic and diluted per share calculations for all periods reflected in the accompanying financial statements.

As detailed in Note 6, options were issued in the year ended May 31, 2006. In addition, warrants were issued as part of a private placement offering during the year ended May 31, 2006 (see Note 10). These options and warrants were not included in the calculation of loss per share because such inclusion would have an antidilutive effect.

d. Income Taxes

The Company accounts for income taxes in accordance with SFAS No. 109, Accounting for Income Taxes, which requires the use of the liability method. Accordingly, deferred tax liabilities and assets are determined based on differences between the financial statement and tax bases of assets and liabilities, using enacted tax rates in effect for the year in which the differences are expected to reverse. Current income taxes are based on the income that is currently taxable.

e. Marketable Securities

Marketable securities, when owned, are classified as available-for-sale and are carried at fair value. Unrealized gains and losses on these securities are recognized as direct increases or decreases in accumulated other comprehensive income.

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AMERICAN INTERNATIONAL VENTURES, INC.

(An Exploration Stage Company)

NOTES TO FINANCIAL STATEMENTS

May 31, 2005

**Note 2 (continued)**

f. Fixed Assets

Fixed assets are recorded at cost. Depreciation is computed by using accelerated methods, with useful lives of seven years for furniture and equipment and five years for computers and automobiles.

g. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

h. Advertising Costs

The Company expenses advertising costs when the advertisement occurs. There was no advertising expense in either the year ended May 31, 2005 or May 31, 2006.

i. Segment Reporting

The Company is organized in one reporting and accountable segment.

j. Recognition of Revenue

Revenue will be realized from product sales. Recognition will occur upon shipment to customers, and where the following criteria are met: persuasive evidence of an arrangement exists; delivery has occurred; the sales price is fixed or determinable; and collectability is reasonably assured. Additional revenue from royalties will be recognized when persuasive evidence of an arrangement exists; the amount due is fixed and determinable; and collectability is reasonably assured.

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**AMERICAN INTERNATIONAL VENTURES, INC.**

**(An Exploration Stage Company)**

**NOTES TO FINANCIAL STATEMENTS**

**May 31, 2006**

**Note 2 (continued)**

k. Common Stock



Common stock of the Company is occasionally issued in return for services. Values are assigned to these issuances equal to the value of services received or the market value of the common stock, whichever is most clearly evident.

1. Options and Warrants Outstanding

Options to purchase capital stock of the Company are valued in accordance with the provisions of SFAS No. 123R, Accounting for Stock Based Compensation . This value is expensed during the periods in which the options are earned. The warrants are valued based on their fair value at time of issuance.

**Note 3.**

RELATED PARTY TRANSACTIONS

During the year ended May 31, 2006, 300,000 options were awarded to a consultant who also serves as the Company president.

Shares of common stock were issued during the year ended May 31, 2005 in private placements (see Note 4). Officers and directors of the Company subscribed to \$54,530 of these offerings.

The Company makes its office in space provided by the Company President, rent free. If rent were charged for the space, it would be insignificant.

**Note 4.**

CAPITAL STOCK

The Company issued 1,236,500 shares of stock in private placements during the year ended May 31, 2005, resulting in net proceeds of \$86,555. Of the total amount, \$54,530 was subscribed by officers and directors of the Company. No additional warrants were issued as part of these placements. These offerings were exempt under the Securities Act of 1933, as amended, and the rules and regulations promulgated there under.

The Company sold 2,000,000 shares of stock in private placements during the year ended May 31, 2006, resulting in \$200,000 of proceeds (see Note 5). The stock was sold with detachable warrants, comprised of 1,000,000 Class A warrants exercisable at \$.20 per share for two years and 1,000,000 Class B warrants exercisable at \$.20 per share for four years.

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**AMERICAN INTERNATIONAL VENTURES, INC.**

**(An Exploration Stage Company)**

**NOTES TO FINANCIAL STATEMENTS**

**May 31, 2006**

**Note 5.**

**MINING RIGHTS**

In July 2002, the Company acquired by agreement patented mining claims located in Nevada at a cost of \$3,273.

Under the terms of the agreement, the Company has certain rights and obligations: a 2% Net Smelting Royalty will be due to the seller on all metals and materials mined at the property; a one time payment of \$250,000 will be due to the seller in cash or marketable securities when Commercial Production has been achieved at the property; and the Company will have a right to purchase the Net Smelting Royalty upon receipt by the Company Board of Directors of a positive Feasibility Study the purchase price would be \$250,000.

Effective September 1, 2005, the Company signed an agreement with Electrum Resource, LLC ( Electrum ) to explore and, if successful, to develop the Bruner Gold Property in Nye County, Nevada. The agreement calls for Electrum to spend \$3,000,000 in exploration expenses over three years and make prescribed payments to the Company over the initial five-year term of the contract. During that time Electrum can elect to receive a 65% interest in the property, increasing it to 75% if certain conditions are met. The property will revert to the Company if Electrum does not fulfill its obligations.

During September 2005, Electrum acquired 2,000,000 shares of Company stock for \$200,000 and received warrants to purchase 1,000,000 shares of Company common stock exercisable for two years at \$.20 per share and warrants to purchase an additional 1,000,000 shares exercisable for four years at \$.20 per share.

During 2005, the Company acquired additional mining rights situated in Lemhi County, Idaho. Under the terms of the acquisition agreement, the Company is required to make installment payments totaling \$30,000 between December 1, 2004 and December 1, 2008; it must also incur exploration expenses totaling \$200,000 between December 1, 2005 and December 1, 2008. For years commencing after December 1, 2008, the Company is required to make annual advance royalty payments of \$20,000. The Company is also obligated to pay an annual royalty of 2% of Net Smelter Returns .

**AMERICAN INTERNATIONAL VENTURES, INC.**

**(An Exploration Stage Company)**

**NOTES TO FINANCIAL STATEMENTS**

**May 31, 2006**

**Note 6.**

**STOCK OPTIONS**

In December 2003, the Board of Directors approved a stock option plan under which options to purchase 2,000,000 shares of common stock can be issued to key employees and key consultants as determined by the Board of Directors. Options to purchase common stock were issued to five officers of the Company and one consultant. Each received options to purchase 300,000 shares at a price of \$.10 per share, exercisable for a five year period. This plan was voided at the end of calendar 2004 and was replaced by a grant of options with similar terms and immediate vesting. An additional 300,000 options were granted during the year ended May 31, 2006 at an exercise price of \$.17 per share for a five year period with options to purchase 100,000 shares vesting immediately, options to purchase 100,000 shares vesting after one year, and options to purchase 100,000 shares vesting after two years. The options are being expensed over the vesting periods.

The fair value of each option grant was estimated on the date of grant using a Black-Sholes option pricing model.

A summary of the stock option activity for the years ended May 31, 2006 and May 31, 2005 is presented below:

2006

2005

	<u>Shares</u>	Weighted Average Exercised  <u>Price</u>	<u>Shares</u>	Weighted Average Exercised  <u>Price</u>
Options outstanding at beginning of year	1,800,000	\$.10	1,800,000	\$.10
Options granted during year	<u>300,000</u>	.17	<u>-</u>	-
Options outstanding at end of year	<u>2,100,000</u>	\$.11	<u>1,800,000</u>	\$.10
Weighted average fair value of options granted	300,000	\$.04		\$ -
Weighted average remaining life of outstanding options years		3.46		4.33
Options exercisable at year end	1,900,000	\$.10	1,800,000	\$.10
Options not exercisable	<u>200,000</u>	.17	<u>-</u>	
	<u>2,100,000</u>	\$.11	<u>1,800,000</u>	\$.10

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**AMERICAN INTERNATIONAL VENTURES, INC.**

**(An Exploration Stage Company)**

**NOTES TO FINANCIAL STATEMENTS**

**May 31, 2006**

**Note 6.**

STOCK OPTIONS (continued)

The following assumptions were used to value option grants during the year ended May 31, 2006; no options were granted during the year ended May 31, 2005.

Dividend yield

0%

Expected volatility

122.73%

Expected life

3.65YRS

Risk free interest rate

3.75%

**Note7.**

RENTALS

**UNDER OPERATING LEASES**

There was no rent expense for either the year ended May 31, 2006 or the year ended May 31, 2005.

The Company makes its office in space provided by the Company President, rent free. If rent were charged for the space, it would be insignificant.



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**AMERICAN INTERNATIONAL VENTURES, INC.**

**(An Exploration Stage Company)**

**NOTES TO FINANCIAL STATEMENTS**

**May 31, 2006**

**Note 8.**

**INCOME TAXES**

The Company and its former subsidiary have experienced losses each year since its inception. As a result, it has incurred no Federal income tax. The Internal Revenue Code allows net operating losses (NOL s) to be carried forward and applied against future profits for a period of twenty years; state law in New Jersey allows a seven-year carry forward period. At May 31, 2006, NOL carryforwards were available to the Company as follows: the Federal amount was \$1,216,551 and the state amount was \$1,176,699. The potential tax benefit of the NOL s has been recognized on the books of the Company, but offset by a valuation allowance. If not used, the Federal carryforwards will expire as follows:

Year

Ended



May 31,

AIV

1  
\$103,552

2  
177,370

1  
82,978

2  
28,123

3  
126,656

4  
137,570

5  
81,419

6  
96,234

7  
219,739

8  
162,910

Under SFAS No. 109, recognition of deferred tax assets is permitted unless it is more likely than not that the assets will not be realized. The Company has recorded deferred tax assets using statutory rates, as presented below. There is no difference between book losses and tax losses. The deferred tax asset increased by \$24,437 during the year ended May 31, 2006.

Current

Non-current

Total

Deferred Tax Assets

\$24,437

\$156,552

\$180,989

Realization Allowance

24,437

156,552

180,989

Balance Recognized

\$ -

\$ -

\$ -

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**AMERICAN INTERNATIONAL VENTURES, INC.**

**(An Exploration Stage Company)**

**NOTES TO FINANCIAL STATEMENTS**

**May 31, 2006**

**Note 9.**

**SUPPLEMENTAL DISCLOSURES OF CASH FLOWS INFORMATION**

There was no cash paid for either income taxes on interest during the years ended May 31, 2006 and 2005.

The following noncash financing activities occurred:

a.

During 2006, 200,000 warrants were issued as part of a settlement for prior services rendered by the former President of the Company, valued at \$30,315.

b.

During 2006, 300,000 options were issued, vesting over 2 years. The fair value thereof is being expensed over the vesting period (\$6,417 expensed in 2006).

**Note 10.**

**WARRANTS:**

A summary of the status of outstanding warrants as of May 31, 2006:

Warrants outstanding May 31, 2005

280,000

Warrants granted during the year

2,200,000

Warrants expired during the year

280,000

---

Warrants outstanding May 31, 2006

2,200,000

Of the outstanding warrants, 2,000,000 were issued as part of stock units (see Note 4) and 200,000 were issued in a noncash transaction as part of settlement for prior services rendered (see Note 9).

The total amount of common stock reserved for outstanding options and stock warrants as of May 31, 2006 is 4,300,000 shares.

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**AMERICAN INTERNATIONAL VENTURES, INC.**

**(An Exploration Stage Company)**

**NOTES TO FINANCIAL STATEMENTS**

**May 31, 2006**

**Note 11.**

**ADMINISTRATIVE EXPENSES**

Included within Administrative Expenses are the following:

Year Ended May 31,

2006

2005

Options expense

\$ 6,417

\$ 21,639

Consulting expense

9,293

48,530

Geological and exploration expenses

19,067

64,401

Professional fees

133,810

67,947

Other expenses

11,589

15,562

Total administrative expenses

\$180,176

\$218,079

**Note 12.**

**RESTRICTED CASH**

The Company was a party to a law suit with two former Company officers and directors (see Note 13). The suit was brought in a Nevada court which required a \$25,000 letter of credit to secure the outcome of the suit. The letter of credit was secured by a portion of one of the Company's money market accounts.

A settlement of this law suit was approved by the Board of Directors on June 12, 2006. Upon submission of appropriate court documents, the money will be released and returned to the Company.

**(An Exploration Stage Company)**

**NOTES TO FINANCIAL STATEMENTS**

**May 31, 2006**

**Note 13.**

**SUBSEQUENT EVENT**

The Company brought suit during 2003 in New Jersey Superior Court against two former officers and directors of the Company, charging them with fraud and breach of fiduciary duty. On April 15, 2004, the case was dismissed by the New Jersey court for lack of jurisdiction. On April 20, 2004, the two former officers and directors brought suit in a Nevada court, charging the Company with, among other things, breach of contract. The Company answered this suit and brought a counterclaim against the two former officers and directors.

A settlement was approved by the Board of Directors on June 12, 2006, whereby both the Company and the former officials retain rights in certain previously owned properties. Additionally, each former official will retain 100,000 shares of previously owned Company stock and each will return 400,000 shares to the Company. All allegations will be dismissed without prejudice and the Company's \$25,000 bond (see Note 12) will be returned to the Company upon submission of court documents.

**Note 14.**

**RECENT ACCOUNTING PRONOUNCEMENTS**

The Company does not anticipate the adoption of recently issued accounting pronouncements to have a significant effect on the Company's results of operations, financial position, or cash flows.



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SIGNATURES

In accordance with Section 12 of the Securities Exchange Act of 1934, the Registrant caused this registration statement to be signed on the behalf by the undersigned, thereunto duly authorized.

American International Ventures, Inc.

Date: May 10, 2007      By: /s/ Myron Goldstein

Myron Goldstein

Chairman and Principal Financial Officer

/s/ Steven Davis

Steven Davis

President and

Principal Executive Officer

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

/s/ Myron Goldstein

Myron Goldstein

Date: May 10, 2007

Chairman/Director

/s/ Brian Russell

Brian Russell

Date: May 10, 2007

Director

/s/ Walter Salvadore

Walter Salvadore

Date: May 10, 2007

Director

Jack Wagenti

Date: May \_\_, 2007

Director

/s/ James K. Duff

James K. Duff

Date May 10, 2007

Director

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## Footnotes

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