

This management's discussion and analysis of American Manganese Inc. (the "Company") contains analysis of the Company's operational and financial results for the fiscal year and three month period ended July 31, 2010. The following should be read with the company's audited consolidated financial statements for the year ended July 31, 2010 and 2009 and related notes thereto which have been prepared in accordance with Canadian generally accepted accounting principles.

#### **FORWARD-LOOKING STATEMENTS**

This MD&A contains "forward-looking information" within the meaning of applicable Canadian securities legislation. Forward-looking information includes, but is not limited to, information with respect to the Company's future exploration and drilling plans, environmental protection requirements, business plans, and strategy. Generally, forward-looking information can be identified by the use of forward-looking terminology such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes" or variations of such words and phrases, or which states that certain actions, events or results "may", "could", "would", "might", or "will" "be taken", "occur", or "be achieved". Forward-looking information is subject to known and unknown risks, uncertainties, and other factors that may cause the actual results, level of activity, performance, or achievements of the Company to be materially different from those expressed or implied by such forward-looking information, including risks associated with the exploration, development and mining industry, such as economic factors as they effect exploration, future commodity prices, obtaining financing, market conditions, changes in interest rates, actual results of current exploration activities, government regulation, political or economic developments, environmental risks, insurance risks, capital expenditures, operating or technical difficulties in connection with development activities, personnel relations, the speculative nature of strategic metal exploration and development (including the risks of diminishing quantities of grades or reserves), contests over title to properties, and changes in project parameters as plans continue to be refined as well as those risk factors discussed or referred to in this MD&A and in the Company's Annual Information Form.

Forward-looking information is based on the reasonable assumptions, estimates, analysis and opinions of management made in light of its experience and its perception of trends, current conditions and expected developments, as well as other factors that management believes to be relevant and reasonable in the circumstances at the date that such statements are made, but which may prove to be incorrect. Although the Company believes that the assumptions and expectations reflected in such forward-looking information are reasonable, undue reliance should not be placed on forward-looking information because the Company can give no assurance that such expectations will prove to be correct. In addition to other factors and assumptions that may be identified in this MD&A and in the Company's Annual Information Form, assumptions have been made regarding, among other things: the Company's ability to carry on its exploration and development activities, the timely receipt of any required approvals, the price of manganese, the ability of the Company to obtain qualified personnel, equipment and services in a timely and cost-efficient manner, the ability of the Company to operate in a safe, efficient and effective manner, the ability of the Company to obtain financing on acceptable terms, the accuracy of the Company's resources estimates and geological, operational and price assumptions on which these are based and the regulatory framework regarding environmental matters. Readers are cautioned that the foregoing list is not exhaustive of all factors and assumptions that may have been used.

Although American Manganese Inc. has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking information, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. Accordingly, readers should not place undue reliance on forward-looking information. American Manganese Inc. does not undertake to update any forward-looking information, except in accordance with applicable securities laws.

## DATE OF REPORT

November 24th, 2010.

## NATURE OF BUSINESS AND OVERALL PERFORMANCE

### **Jurisdiction of incorporation and corporate name**

The Company was incorporated under the *Company Act* (British Columbia) on July 8, 1987 as Navarre Resources Corporation. The Company changed its name to Ameridex Minerals Corp. on June 4, 1998, and to Rocher Deboule Minerals Corporation on September 13, 2006. In January, 2010 the Company changed its name to American Manganese Inc.

The Company is a reporting issuer in the Provinces of British Columbia and Alberta. On January 25, 2008, the Company's application for listing on Tier 2 (from NEX) was accepted by the TSX Venture Exchange. The trading symbol for the company on the TSX Venture Exchange is "AMY".

The Company has one wholly owned subsidiary, Rocher Manganese Inc., incorporated in the State of Nevada. Rocher Manganese Inc. manages the exploration work on the Company's Artillery Peak property.

The Company's head office is located at 2A-15782 Marine Drive, White Rock, British Columbia V4B 1E6.

### **Mineral exploration projects**

*Black Prince, Junction Creek, and Olson properties, British Columbia.* These properties are manganese exploration properties located in the Alberni and Clinton Mining Divisions of British Columbia. The Company acquired these properties in July 2007, but has not yet conducted any exploration work on the properties.

*Artillery Peak property group, Arizona.* The Artillery Peak property group consists of four properties.

*Artillery Peak property* - a manganese exploration property, located in Mohave County, Arizona. The Company acquired the Artillery Peak property during the fiscal year ended July 31, 2007, and conducted preliminary sampling.

*Lake property* - the Company has entered into lease agreement of 58 patented mining claims.

*AMC Maggie Canyon property* - the Company has entered into a mineral lease agreement 42 patented mineral claims.

*Huffman property* - the Company has entered into two mineral lease agreements, each with a 10 year term and with an option to purchase, covering 32 patented claims.

*Lonnie Brent property, British Columbia.* The Lonnie Brent property is a niobium exploration property, located in Omineca Mining Division of British Columbia, located about 140 km north of Fort St. James, British Columbia. The Company acquired the Lonnie Brent property in September 2007.

*Pond property, British Columbia.* These properties are magnesium exploration properties located near Canal Flats of British Columbia. The Company acquired these properties in July 2008, but has not yet conducted any exploration work on the properties.

*Rocher Deboule property, British Columbia.* The Rocher Deboule property is an iron oxide, copper and gold exploration property located in the Omineca Mining Division of British Columbia, near Hazelton. The Company acquired its initial interest in the Rocher Deboule property in 2001. During the fiscal year

ended July 31, 2007, the Company acquired additional claims near the Rocher Deboule property.

The Company has obtained reports on the Rocher Deboule property and the Artillery Peak Property Group pursuant to National Instrument 43-101 – *Standards of Disclosure for Mineral Properties* (“NI 43-101”). Those reports are available on the website of the SEDAR filing service at [www.sedar.com](http://www.sedar.com). The Company has not yet obtained NI 43-101 reports on any of the other properties listed above.

#### **Metallurgical testing project**

The Company retained a metallurgical testing laboratory to undertake testing work relating to the Company's Artillery Peak Property Group. The Company has commissioned British Columbia-based Kemetco Research Inc. (“Kemetco”) to develop a hydrometallurgical process which will yield high purity manganese metal and/or manganese dioxide.

In connection therewith, the Company entered into a Contribution Agreement with the National Research Council of Canada Industrial Research Assistance Program (“NRC-IRAP”) to develop technology for extraction and recovery of manganese from low grade sources. In addition to financial support, NRC-IRAP will also provide the Company with a range of both technical and business-oriented advisory services.

In May 2010, Kemetco Research Inc. completed its task to develop a conceptual process for extraction and recovery of high purity manganese metal from the Company's manganese resources at Artillery Peak, Mohave County, Arizona. The overall process, based on a unique application of commercially available process equipment, is deemed to be very robust and energy efficient, uses minimal water, and in addition to production of electrolytic manganese metal will also produce a clean, saleable anhydrous sodium sulphate by-product. The energy to recover water and destroy dithionates is balanced with the energy produced by burning of sulphur to produce sulphur dioxide. High energy requirements for these applications were a major challenge facing prior art. Dithionate destruction yields sulphur dioxide which can be recycled to the leaching stage and use of water is minimized thru production of solid tailings which can be returned to work out areas of the open pit.

During the fiscal year July 31, 2010, the Company received the report “The Recovery of Manganese From Low Grade Resources: Bench Scale Test Program Completed” prepared by Kemetco Research Inc. The report describes and summarizes the extensive bench-scale metallurgical tests of the unit operations designed to process lower-grade manganese mineralization into high purity manganese metal — operations, which when linked together, form the basis of a complete innovative conceptual flow sheet complete with heat, mass and energy balances.

The Company agreed to Kemetco's recommendation to seek patent protection for developed technology. In August 2010, the Company filed its application with the US Patent Office for a provisional patent for the innovative robust energy efficient hydrometallurgical process for treating low grade manganese resources to produce high purity manganese metal and/or manganese dioxide; while minimizing potential environmental impacts.

Kemetco is a privately owned company with expertise in developing technologies which involve hydrometallurgy and electrochemistry.

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**SELECTED ANNUAL INFORMATION**

The following table shows total revenues, loss, assets, liabilities, and shareholders' deficiency for each of the five most recent fiscal years of the Company.

|   | <u>2010</u>    | <u>2009</u>   | <u>2008</u>   | <u>2007</u>   | <u>2006</u>   |
|---|----------------|---------------|---------------|---------------|---------------|
| (a) Total Revenues                      | \$ 331         | \$ 2,644      | \$ 38,112     | \$ 4,643      | \$ -          |
| (b) Loss:                               |                |               |               |               |               |
| i) In Total                             | \$ 1,389,954   | \$ 1,689,811  | \$ 2,006,178  | \$ 263,051    | \$ 99,744     |
| ii) On a per share basis <sup>(1)</sup> | \$ 0.03        | \$ 0.04       | \$ 0.07       | \$ 0.01       | \$ 0.03       |
| (c) Total Assets                        | \$ 4,641,475   | \$ 3,744,793  | \$ 3,263,437  | \$ 1,589,682  | \$ 357,738    |
| (d) Total Liabilities                   | \$ 123,952     | \$ 428,409    | \$ 449,669    | \$ 373,116    | \$ 1,029,110  |
| (e) Total shareholders' deficiency      | \$(10,412,927) | \$(9,022,973) | \$(7,333,162) | \$(5,326,984) | \$(5,063,933) |

<sup>(1)</sup> Fully diluted loss per share amounts have not been calculated as they would be anti-dilutive

**RESULTS OF OPERATIONS**

Net loss for the fiscal year ended July 31, 2010 was \$1,389,954, compared to \$1,689,811 for the previous fiscal year. The Company does not generate revenue from operations, and has no revenues other than interest earned on the Company's balances of cash and cash equivalents. Accordingly the increase in the Company's net loss for the fiscal year ended July 31, 2010 was principally due to the increase in office rental and services, consulting fees, travel, metallurgical testing and recovery on previously accrued contingencies.

The Company recorded a net cash flow decrease of \$177,887 (2009 - \$150,030). The decrease in net cash flow is principally as result of increased investing and operating expenditures and lack of equity financing.

**Analysis of income statement items for the fiscal year ended July 31, 2010**

During the fiscal year ended July 31, 2010, the Company incurred office rental and services of \$66,315, which is comprised mostly of: \$40,388 for office supplies (2009 - \$21,895), \$2,596 for courier (2009 - \$2,048), and \$1,506 for office maintenance (2009 - \$nil). Office rental and services increased from \$43,611 to \$66,315, principally as a result of increased business and project related activity.

During the fiscal year ended July 31, 2010, the Company incurred consulting fees in the amount of \$134,563 (2009 - \$125,697). The consulting fees consisted of: \$102,063 for consultant to develop business plans in relation to the Artillery Peak project (2009 - \$102,047); \$32,500 for consultants to research and arrange business discussions on advancement of Company projects (2009 - \$30,000) During 2010, the Company engaged the services of a consultant to continue research and arrange business discussions on advancement of manganese metallurgy processes.

During the fiscal year ended July 31, 2010, the Company incurred travel expenses in the amount of \$48,298 (2009 - \$12,835). The increase in travel expenses is principally the result of travels to project site during the drilling program and participating in trade exhibitions and business travel.

During the fiscal year ended July 31, 2010, the Company incurred metallurgical testing expenses of \$123,540 (2009 - \$23,012) for testing work relating to the Company's manganese properties the Artillery

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Peak Property Group. The Company engaged the services of a laboratory to develop the technology for extraction and recovery of manganese from low grade sources.

During the fiscal year ended July 31, 2010, the Company after reviewing its contingencies decided to record a recovery on previously accrued contingencies in the amount of \$358,742. The Company had accrued past legal fees claimed by a former lawyer.

**Analysis of balance sheet items – July 31, 2010**

Cash decreased from \$306,891 as at July 31, 2009 to \$129,004 as at July 31, 2010, principally as a result of the Company's ongoing operating expenditures.

Amounts receivable decreased from \$205,345 as at July 31, 2009 to \$40,614 as at July 31, 2010, principally as a result of \$163,637 of British Columbia Mineral Tax Credit refund received by the Company, and \$30,000 in industrial research assistance program funding. The July 31, 2010 balance of \$40,614 consists personally of \$20,800 for industrial research grant and \$19,814 for goods and services tax receivable.

Mineral property interests increased from \$3,098,187 as at July 31, 2009 to \$4,396,183 as at July 31, 2010. Additional information on this item is given below under "*Analysis of mineral property costs*".

An amount due to related parties of \$35,962 and due from related parties of \$8,717 was recorded for shared expenses between related Companies. Additional information on this item is given below under "*Related party transactions*".

The Company recorded share capital increase from \$10,987,075 as at July 31, 2009 (51,137,225 shares) to \$13,048,514 (63,078,504 shares) as at July 31, 2010.

During the fiscal year ended July 31 2010, 1,120,000 share purchase warrants and 238,500 stock options were exercised. The Company also closed a private placement issuing 5,969,595 shares for gross proceeds of \$1,193,919. Additional information on the private placement is contained under "*Liquidity and Capital Resources*".

**Analysis of income statement items for the three-month period ended July 31, 2010**

Net income for the fourth quarter ended July 31, 2010 was \$5,934, compared to a net loss of \$744,836 for the prior year fourth quarter. The decrease in the Company's net loss for the three-month period ended July 31, 2010 was principally due to reduced shareholder communications, foreign exchange and stock based compensation.

During the three-month period ended July 31, 2010, the Company incurred \$65,976 (2009 – \$127,932) for shareholder communications. The Company reduced the investor relations activity during this period.

The Company recorded a smaller foreign exchange gain in the amount of \$4,392 (2009 – \$14,335) primarily as a result of the fluctuations in the US\$ against the Canadian dollar ("CDN\$). Any strengthening (or weakening) of the US\$ against the CDN\$ results in foreign exchange losses or (gains) on the Company's CDN\$ denominated cash and cash equivalent balances.

During the three-month period ended July 31, 2010, stock compensation expense of \$19,288 (2009 – \$374,955) was recorded under fair value based method, for options vested to directors, officers, employees and consultants. The increase in stock based compensation is due to the vesting of previously and newly granted options.

During the three-month period ended July 31, 2010, the Company recorded a recovery on previously accrued contingencies in the amount of \$358,742. The Company had accrued past legal fees claimed by a former lawyer.

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**SELECTED QUARTERLY INFORMATION**

The following table summarizes information derived from the Company's financial statements for each of the eight most recently completed quarters:

| <b>Quarter Ended:</b>          | <b>31-Jul</b> | <b>30-Apr</b> | <b>31-Jan</b> | <b>31-Oct</b> | <b>31-Jul</b> | <b>30-Apr</b> | <b>31-Jan</b> | <b>31-Oct</b> |
|--------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| <b>Year:</b>                   | <b>2010</b>   | <b>2010</b>   | <b>2010</b>   | <b>2009</b>   | <b>2009</b>   | <b>2009</b>   | <b>2009</b>   | <b>2008</b>   |
| Total Revenues                 | \$ 117        | \$(nil)       | \$ (nil)      | \$ 214        | \$(nil)       | \$131         | \$83          | \$2,431       |
| Loss in Total                  | (\$5,934)     | \$556,236     | \$395,499     | \$444,153     | \$744,836     | \$209,072     | \$470,746     | \$265,157     |
| Per share basis <sup>(1)</sup> | \$0.0001      | \$0.01        | \$0.01        | \$0.01        | \$0.04        | \$0.01        | \$0.01        | \$0.01        |

<sup>(1)</sup> *Fully diluted loss per share amounts have not been calculated as they would be anti-dilutive*

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**Analysis of Mineral Property Costs**

The following table shows a breakdown of the Company's capitalized exploration and development costs for the fiscal years ended July 31, 2010 and 2009.

|  | <b>For the period ended<br/>July 31, 2010</b> | <b>For the period ended<br/>July 31, 2009</b> |
|--|---|---|
| <b>Rocher Deboule</b>                      |   |   |
| Acquisition and Staking                    | \$ 10,789                                     | \$ 4,433                                      |
| Assays and Analysis                        | 13,848  | (3,575)                                       |
| Camp and Supplies                          | -   | 1,610   |
| Drilling                                   | -   | -   |
| Geological and Geophysical                 | 67,546  | 7,523   |
| Geological Travel and Accommodation        | 656   | 7,353   |
| Freight and Transport                      | 3,686   | 3,323   |
| BCMETS recoverable                         | (5,966)                                       | (226,963)                                     |
| <b>Sub-total</b>                           | <b>\$ 90,559</b>                              | <b>\$ (206,296)</b>                           |
| <b>Artillery Peak</b>                      |   |   |
| Acquisition and Staking                    | \$ 219,987                                    | \$ 353,285                                    |
| Assays and Analysis                        | 15,668  | 49,895  |
| Drilling                                   | 526,780                                       | -   |
| Geological and Geophysical                 | 294,652                                       | 159,693                                       |
| Geological Travel and Accommodation        | 44,982  | 26,451  |
| Property Maintenance                       | 4,659   | 38,876  |
| <b>Sub-total</b>                           | <b>\$ 1,106,728</b>                           | <b>\$ 628,200</b>                             |
| <b>Black Prince, Junction Creek, Olson</b> |   |   |
| Acquisition and Staking                    | \$ -  | \$ 2,720                                      |
| Assays and Analysis                        | -   | -   |
| Geological and Geophysical                 | -   | -   |
| <b>Sub-total</b>                           | <b>\$ -</b>                                   | <b>\$ 2,720</b>                               |
| <b>Lonnie Brent Property</b>               |   |   |
| Acquisition and Staking                    | \$ -  | \$ 3,727                                      |
| Assays and analysis                        | 20  | -   |
| Drilling                                   | 60,074  | -   |
| Geological and geophysical                 | 40,615  | -   |
| <b>Sub-total</b>                           | <b>\$ 100,709</b>                             | <b>\$ 3,727</b>                               |
| <b>Pond Property</b>                       |   |   |
| Acquisition and Staking                    | \$ -  | \$ 7,500                                      |
| <b>Sub-total</b>                           | <b>\$ -</b>                                   | <b>\$ 7,500</b>                               |
| <b>Total</b>                               | <b>\$ 1,297,996</b>                           | <b>\$ 435,851</b>                             |

\* *Tam property, British Columbia.* During the three-month period ending January 31, 2009 the Company terminated its option on the Tam property and wrote off \$182,500 in capitalized acquisition costs.

**Status of exploration projects**

*Rocher Deboule property, British Columbia*

The Company acquired its initial properties in the area in 2001. The claims acquired by the Company in 2001 consisted of 1,325 hectares. Subsequently, the Company has staked additional claims. The property now consists of mineral claims covering 10,230 hectares. The Company owns a 100% interest in the Rocher Deboule property.

The Company has obtained a NI 43-101 report on the Rocher Deboule property prepared by A.A. Burgoyne, P. Eng., M.Sc., dated December 18, 2007. A copy of the report is also available on the SEDAR filing service at [www.sedar.com](http://www.sedar.com).

In September 2007, the Company completed a drill program consisting of 6 drill holes in the area of the Highland Boy showing. Results of the drill program are included in the Burgoyne report. The Company has applied to the Ministry of Energy and Mines for permits to conduct a further drill program 15 drill holes at 11 drill sites for a total of 3,100 meters.

*Artillery Peak Property Group, Arizona (consists of Artillery Peak, Lake, Maggie Canyon and Huffman properties)*

**Artillery Peak property** - In June, 2007 the Company purchased the Artillery Peak property, which consists of 90 unpatented lode mining claims in the Mohave County, Arizona. The purchase price for the Artillery Peak properties was 1,000,000 shares in the Company and USD\$96,000 cash. The property is subject to a 2% net smelter return royalty in favour of the Vendors. The Company has the right to buy back 1% of the net smelter return royalty for USD\$2,000,000. Apart from the net smelter return royalty, the Company owns a 100% interest in the Artillery Peak property.

The Company has also acquired, by staking, 247 lode claims for a total of 4,900 acres (1,983 Hectares). Manganese bearing sedimentary beds is known to exist over much of this area. Geological mapping by the USGS and the US Bureau of Mines during the latter part of WWII and the early part of the cold war, when manganese was considered a strategic metal, has outlined numerous areas of interest. American Manganese has staked most of these areas.

**Lake property** – The Company has entered into an agreement to lease the patented mining claims adjoining the Company's Artillery Peak properties. Under the Lease Agreement, as consideration for leasing the claims for a 10-year renewable term, the Company shall pay the lessors the following amounts:

- (i) \$60,000 US upon execution of the Lease Agreement (paid)
- (ii) \$80,000 US upon 1st anniversary of the Lease Agreement (paid)
- (iii) \$100,000 US upon 2nd anniversary of the Lease Agreement (paid)
- (iv) \$120,000 US upon 3rd anniversary of the Lease Agreement
- (v) \$140,000 US upon 4th anniversary of the Lease Agreement
- (vi) \$160,000 US upon 5th anniversary of the Lease Agreement
- (vii) \$180,000 US upon 6th anniversary of the Lease Agreement
- (viii) \$200,000 US upon 7th and each subsequent anniversary of the Lease Agreement

In addition, the Company is to pay a royalty to the lessors of US\$0.04/lb for manganese, and 1.5% of net returns for all other minerals, produced from both the lessors' claims and the Company's existing claims. The lease payments described above constitute an advance on any royalties due to the lessors.

The Lake property was mined by open pit in 1953 and 1954. 33,126 tons of Mn mineralization grading 18.8% was shipped to the Government Depot at Wenda, Arizona.

***Maggie Canyon*** – The Company has entered into a mineral lease agreement on September 29, 2008 with Arizona Manganese Corporation of Scottsdale Arizona to lease 41 patented mineral claims for an initial term of 20 years (renewable). Lease payments are the greater of a 2.25% NSR and the following yearly amounts:

Additionally, the Company has entered into a mineral lease agreement with option to purchase dated July 15, 2008 with David Huffman to lease 23 patented and unpatented mineral claims for a term of 10 years. Lease payments are \$20,000 (paid) on execution of the lease and \$20,000 yearly for the term of the lease. In addition, the Company has an option to purchase the property during the term of the lease or up to commencement of commercial production for the purchase price of \$2,250,000. The Priceless and Price patents were open pit mined from 1953 – 1955. Production consisted of 51,000 tons of concentrate grading 29% manganese.

***Huffman property*** – The Company has entered into a mineral lease agreement with option to purchase dated June 15, 2008 with David Huffman to lease 7 patented claims for a term of 10 years. Lease payments are \$10,000 (paid) on execution of the lease and \$10,000 yearly for the term of the lease. In addition, the Company has an option to purchase the property during the term of the lease or up to commencement of commercial production for the purchase price of \$1,000,000.

The Company has received a Preliminary Economic Assessment dated August 24<sup>th</sup>, 2009, a copy of which is available for viewing on the SEDAR filing service at [www.sedar.com](http://www.sedar.com). Based on the preliminary data then available, the report indicated that the properties covered had the potential to be exploited economically. The study was confined to the Artillery Peak property and the Lake property.

During the fiscal year ended July 31, 2010, the Company commenced a drilling exploration program on the Artillery Peak Property Group. The results of the drilling program are set out in a NI 43-101 report dated August 1, 2010, prepared by N. Tribe & Associates Ltd., titled "Mineral Resources Evaluation Report on the Artillery Mountain Manganese Property Mohave County Arizona". The report is available on the website of the SEDAR filing service at [www.sedar.com](http://www.sedar.com). The report quotes 92, 823,925 tonnes of indicated resource at a grade of 3.27% Mn and 107,211.073 tonnes of inferred resource at a grade of 3.76% Mn.

*Black Prince, Junction Creek, and Olson properties*, British Columbia.

These properties are manganese exploration properties. These properties cover approximately 704 hectares located in the Alberni and Clinton Mining Divisions of British Columbia. These claims were staked by the Company. The Company owns a 100% interest in each of these properties. The Company does not yet have a NI 43-101 report on the properties, and has not yet conducted any exploration work on the properties.

*Lonnie Brent property*, British Columbia.

The Lonnie Brent property is a niobium exploration property. The property covers approximately 3,477 hectares in the Omineca Mining Division of British Columbia. The Company initially staked mineral claims covering an area of approximately 692 hectares. In October 2007, the Company acquired additional claims covering approximately 2,735 hectares at a cost of \$10,000 and 100,000 shares of the Company. The Company owns a 100% interest in the Lonnie Brent property. The Company does not yet have a NI 43-101 report on the property, and has not yet conducted any exploration work on the property. The Company completed a 5 BQTW drill program on the new carbonatite named the Lonnie North in November 2009. Assays of the drilling, focusing on Niobium, Titanium, Zirconium, Lanthanum, Neodymium and related rare earth elements returned no significant values on Lonnie North. In September and October 2010, the Company conducted a geochemical prospecting program on the Lonnie-Virgil occurrence.

*Pond property*, British Columbia.

The property is a magnesium exploration property. The property covers approximately 913 hectares located in the Golden Mining Divisions of British Columbia. The two claims were acquired during the fiscal year ended July 31, 2008 by the Company for a cash consideration of \$10,000 and by issuing 50,000 common shares of the Company. The Company owns a 100% interest in the Pond Magnesium claims. The Company does not yet have a NI 43-101 report on the properties, and has not yet conducted any exploration work on the properties.

## **LIQUIDITY AND CAPITAL RESOURCES**

As at July 31, 2010 the Company had a cash balance of \$129,004 and a working capital of \$99,983, compared to a working capital of \$196,348 as at July 31, 2009.

In June, 2010 the Company completed a short form prospectus offering, issuing 4,613,184 units at a price of \$0.22 per unit for gross proceeds of \$1,014,900. Each unit consists of one common share of the Company and one transferable share purchase warrant. Each share purchase warrant entitled the purchaser to acquire one additional common share at a price of \$0.30 per share for a period of two years.

In February, 2010 the Company closed a non-brokered private placement raising gross proceeds of \$1,193,919 comprised of 5,969,595 units at a price of \$0.20 per unit. Each unit was comprised of one common share of the Company plus one-half of a share purchase warrant. Each share purchase warrant entitled the holder to acquire one additional common share at a price of \$0.30 for a period of two years.

During the fiscal year ended July 31, 2010, warrants in the amount of \$168,000 and 238,500 of the stock options in the amount of \$28,620 were exercised.

Subsequent to year end, in August 2010, the Company completed a private placement of 2,290,174 units at a price of \$0.18 per unit. The proceeds from the private placement were \$412,231. Each unit consists of one common share and one share purchase warrant. Each share purchase warrant entitles the holder to purchase one additional common share at a price of \$0.25 per share for a term of two years. In addition, subsequent to July 31, 2010, the Company has received \$799,125 from the exercise of share purchase warrants. The proceeds from the private placement and warrants will be used to advance the development of the Artillery Peak Property Group and for general corporate purposes..

Excluding exploration costs, the Company's current general and administrative cash expenditures are approximately \$72,000 per month.

The Company is investigating sources of further funding, and anticipates raising additional funds in the next fiscal year. The Company also anticipates that it may continue its exploration program on the Artillery Peak property group as well as focusing additional resources on other aspects of the development of the Artillery Peak Property Group.

The Company does not generate revenue from operations, and has been dependent upon its ability to raise equity capital through the issuance of shares to pay ongoing operating expenses and the costs associated with its exploration and development activities.

**USE OF PROCEEDS FROM FINANCINGS**

| <b><u>Date of financing and planned use of proceeds</u></b>   | <b><u>Actual use of proceeds</u></b>  |
|---|---|
| April 22, 2009 Financing: \$162,500<br>\$162,500 to be used towards general working capital   | All funds have been applied as planned  |
| June 12, 2009 Financing: \$1,034,580<br>\$604,580 to be used towards general working capital<br>\$430,000 towards property maintenance, exploration and metallurgy expenditures   | All funds have been applied as planned  |
| February 16, 2010 Financing: \$1,193, 919<br>\$743,919 to be used towards general working capital<br>\$450,000 towards property maintenance, exploration and metallurgy expenditures  | \$743,919 was spent on general working capital.<br>\$450,000 was spent on exploration and metallurgy  |
| June 16, 2010 Financing: \$1,014,900<br>\$281,920 to be used towards general working capital<br>\$150,000 towards geology and drilling<br>\$50,000 towards metallurgy testing and process design<br>\$220,000 for upcoming BLM fees and option payments to patent holders | \$193, 253 was spent on general working capital.<br>\$146, 000 was spent on exploration and metallurgy.<br>\$50,000 has been spent on metallurgy testing.<br>\$220,000 has been spent to pay for BLM and option payments. |
| August 10, 2010 Financing: \$412,231<br>\$412,231 to be used towards general working capital  | All funds committed to general working capital  |

**OUTSTANDING SHARE DATA**

As at July 31, 2010, the Company had 63,078,504 common shares issued and outstanding. As at the date of this report, the Company has 68,430,778 common shares issued and outstanding, which includes the 2,290,174 shares issued in the Company's public offering and 2,840,000 shares issued on the exercise of warrants and 222,100 shares issued on the exercise of options.

As at July 31, 2010, the Company also had outstanding share purchase warrants to purchase 21,703,781 common shares of the Company. Each share purchase warrant entitled the holder to acquire one additional common share at an average price of \$0.26 per share. During the fiscal year July 31, 2010 1,120,000 of the warrants have been exercised.

In March 2010, 3,562,200 share purchase warrants price at \$0.45 and 356, 220 broker warrants priced at \$0.90 expired without exercise.

In March 2010, the Company granted incentive stock option to purchase an aggregate of 810,000 shares in the capital stock of the Company. These options were granted to an officer and consultants for a period of five years commencing March 8<sup>th</sup>, 2010 at \$0.21 per share. During the fiscal ended July 31, 2010, under fair value based method, \$439,391 in compensation expense was recorded for options vested to directors, officers, employees and consultants. The fair value of the stock options granted was estimated on the date of the grant using the Black-Scholes option pricing model using the assumptions shown in the following table.

In August 2010, the Company issued 2,290,174 shares in a private placement. In October 2010, the Company issued 2,550,000 shares on the exercise of share purchase warrants.

**Stock options granted**

|                         | <b>For the period<br/>ended<br/>July 31, 2010</b> | <b>For the fiscal year<br/>ended<br/>July 31, 2009</b> | <b>For the fiscal year<br/>ended<br/>July 31, 2008</b> |
|-------------------------|---|--|--|
| Dividend yield          | 0%  | 0%   | 0%   |
| Expected volatility     | 147.7%-153.8%                                     | 162.94%  | 173.35%  |
| Risk-free interest rate | 2.76% - 2.79%                                     | 2.76%  | 4.08%  |
| Expected lives          | 5 years   | 5 years  | 3 years  |

**OFF-BALANCE SHEET ARRANGEMENTS**

The Company does not have material off-balance sheet arrangements.

**RELATED PARTY TRANSACTIONS**

During the fiscal year ended July 31 2010, the Company entered into the following related party transactions.

*Office and personnel sharing arrangements*

The Company shares its office premises with Goldrea Resources Corp., and Molycor Gold Corp. In addition, certain personnel are shared by the companies. The personnel in question include the following:

- Mr. Larry Reaugh is a director and officer of each of the companies;
- Mr. Edward Lee is a director and officer of each of the companies;
- Ms. Teresa Piorun is an officer of each of the companies.

During the fiscal year July 31 2010, the Company has a balance of \$22,957 (2009 - \$36,249) for shared expenses payable to Goldrea Resources relating to the common office facilities, and administrative expenses.

During the fiscal year ended July 31 2010, the Company has a balance of \$13,005 (2009 – (\$67,157)) payable to Molycor Gold Corp.

\$80,000 was advanced to the Company as short term loan and Molycor Gold Corp. paid \$63,212 in shared expenses relating to the common facilities and administrative expenses.

Expenses relating to the common office facilities are recorded at their fair value amounts and were incurred in the normal course of business. Related expenses were shared amongst the companies and allocated according to the relative space used by each of the companies. The salary and related costs of common personnel were allocated according to the time expended by the personnel in question. Transactions with related parties do not bear interest, are unsecured and have no fixed term of repayment. There are no ongoing commitments or contractual obligations resulting from the transactions in place as at July 31, 2010.

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*(formerly Rocher Deboule Minerals Corp.)*  
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Amended and Restated

As at July 31 2010, the following amounts make the related party balances on the Company's balance sheet:

| <b>DUE FROM RELATED PARTY</b> | <b>July 31, 2010</b> | <b>July 31, 2009</b> |
|-------------------------------|----------------------|----------------------|
| Larry Reaugh                  | \$8,717              | \$5,780              |
|                               |                      |                      |
| <b>DUE TO RELATED PARTIES</b> | <b>July 31, 2010</b> | <b>July 31, 2009</b> |
| Goldrea Resources Corp        | \$22,957             | \$36,249             |
| Molycor Gold Corp             | \$13,005             | (\$67,157)           |

*Participation in private placement*

Paul Hildebrand, a director of the Company, acquired 100,000 units at \$0.20 per unit in the private placement completed by the Company in February 2010.

Michael Macleod, an officer of the Company, acquired 50,000 units at \$0.20 per unit in the private placement completed by the Company in February 2010.

**CRITICAL ACCOUNTING ESTIMATES**

The most significant accounting estimates for the Company relates to the carrying value of its mineral property assets. All deferred mineral property expenditures are reviewed, on a property-by-property basis, to consider whether there are any conditions that may indicate impairment. When the carrying value of a property exceeds its net recoverable amount that may be estimated by quantifiable evidence of an economic geological resource or reserve, joint venture expenditure commitments or the Company's assessment of its ability to sell the property for an amount exceeding the deferred costs, a provision is made for the impairment in value.

Management's estimates of mineral prices, recoverable proven and probable reserves, and operating, capital and reclamation costs are subject to certain risks and uncertainties which may affect the recoverability of mineral property costs. Although management has made its best estimate of these factors, it is possible that changes could occur in the near term that could adversely affect management's estimate of the net cash flow to be generated from its properties. Another significant accounting estimate relates to accounting for stock-based compensation.

The Company uses the Black-Scholes Option Pricing Model. Option pricing models require the input of highly subjective assumptions including the expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate, and therefore the existing models do not necessarily provide a reliable single measure of the fair value of the Company's stock options granted/vested during the year.

**Future accounting changes**

(i) Goodwill and Intangible Assets

In February 2008, the CICA issued Handbook Section 3064 "Goodwill and Intangible Assets" replacing Section 3062, "Goodwill and Other Intangible Assets" and Section 3450, "Research and Development Costs". This section establishes standards for the recognition, measurement, presentation and disclosure of goodwill subsequent to its initial recognition and of intangible assets by profit-oriented enterprises. Standards concerning goodwill are unchanged from the standards included in the previous Section 3062. The new section is effective for years beginning on or after October 1, 2008. The Company has assessed that there is no impact as a result of this new section on its financial statements.

(ii) International Financial Reporting Standards ("IFRS")

In 2006, the Canadian Accounting Standards Board ("AcSB") published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian GAAP with IFRS over an expected five year transitional period. In February 2008 the AcSB announced that 2011 is the changeover date for publicly-listed companies to use IFRS, replacing Canada's own GAAP. The date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition date of August 1, 2010 will require the restatement for comparative purposes of amounts reported by the Company for the year ended July 31, 2011. The Company has assessed the key areas for which accounting policies may be impacted by the transition to IFRS. The Company is in progress to detail evaluation of potential changes required to accounting policies, information systems and business processes, including the application of IFRS 1 First Time Adoption of International Financial Reporting Standards. Completion of detailed potential changes is has been completed.

The following summarizes American Manganese Inc's progress and expectations with respect to IFRS transition plan.

|  |   |
|--|---|
| Initial scoping and analysis of key areas for which accounting policies may be impacted by transition to IFRS  | Complete  |
| Detailed evaluation of potential changes required to accounting policies, information systems, and business processes, including the application of IFRS 1 First Time Adoption of International Financial Reporting Standards. | Complete  |
| Final determination of changes to accounting policies and choices to be made with respect to first time adoption alternatives  | Start July 1 – Finish December 15 <sup>th</sup><br>(IFRS Track) |
| Quantification of the Financial Statement impact of changes in accounting policies.  | Throughout 2010 & 2011  |

**Financial Instruments**

The Company is exposed to credit risk with respect to its cash. To minimize this risk, cash and cash equivalents have been placed with major financial institutions.

## **RISK FACTORS RELATING TO THE COMPANY'S BUSINESS**

As a company active in the mineral resource exploration and development industry, American Manganese Deboule is exposed to a number of risks.

### *Exploration Stage Operations*

The Company's operations are subject to all of the risks normally incident to the exploration for and the development and operation of mineral properties. Mineral exploration is a business of high inherent risk. Most exploration programs fail to locate a body of commercial ore. All exploration and mining programs face a risk of unknown and unanticipated geological conditions, and promising indications from early results may not be borne out in further exploration work. Few properties which are explored are ever developed into producing mines. A mineral exploration program often requires substantial cash investment, which can be lost in its entirety if it does not result in the discovery of a commercial ore body. The commercial viability of a mineral deposit is dependent on a number of factors, some of which are the particular attributes of the deposit, such as size, grade and proximity to infrastructure, as well as metal prices. Most of these factors are beyond the control of the Company. Mineral exploration involves risks which even a combination of careful evaluation, experience, and knowledge cannot eliminate.

In addition, even if the Company is successful in locating a commercial ore body, there is no assurance that the Company will be able to bring such an ore body into commercial production. Development of a producing mine generally requires large capital investment and numerous permits from government regulatory agencies. There is no assurance that the funds required to exploit mineral reserves and resources discovered by the Company will be obtained on a timely basis or at all. There is also no assurance that the Company will be able to obtain the government permits required to exploit a commercial ore body. The costs and time involved in the permitting process may also delay the commencement of mining operations, or make the development of a producing mine uneconomic.

If the Company is able to bring an ore body into commercial production, operating mines also face substantial operating risks, which include, but are not limited to, unusual or unexpected geological conditions, formation pressures, fires, power outages, labour disruptions, flooding, explosions, tailings impoundment failures, cave-ins, landslides and inability to obtain adequate machinery, equipment or labour.

If the Company is unsuccessful in its attempts to locate a commercial ore body and to commence commercial production, the Company may seek to transfer its property interests or otherwise realize value, or may even be required to abandon its business and fail as a going concern.

### *Competition*

The mining industry is intensely competitive in all of its phases, and the Company competes with other companies with greater technical and financing resources than itself with respect to acquire properties of merit, and the recruitment and retention of qualified employees and other persons to carry out its mineral exploration activities. Competition in the mining industry could adversely affect the Company's prospects for mineral exploration in the future.

### *Financial Markets*

The Company is dependent on the equity markets as its sole source of operating working capital and the Company's capital resources are largely determined by the strength of the junior resource markets and by the status of the Company's projects in relation to these markets, and its ability to compete for the investor support of its projects.

*Environmental and Government Regulation*

Mining and exploration activities are subject to various laws and regulations relating to the protection of the environment, historical and archaeological sites and endangered and protected species of plants and animals. The Company has implemented safety and environmental measures designed to comply with government regulations, and to ensure safe, reliable and efficient operations in all phases of its operations. In addition, the Company maintains liability and property insurance, where reasonably available, in such amounts it considers prudent. However, the Company may become subject to liability for hazards against which it cannot insure or which it may elect not to insure against because of high premium costs or other reasons. In addition, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail production or development. Amendments to current laws and regulations governing the operations and activities of the Company or more stringent implementation thereof could have a substantial adverse impact on the Company.

*Title to Properties*

While the Company has investigated the title to all of the properties for which it holds concessions or other mineral leases or licenses or in respect of which it has a right to earn an interest, the Company cannot guarantee that title to such properties will not be challenged or impugned. The Company can never be certain that it will have valid title to its mineral properties. Mineral properties sometimes contain claims or transfer histories that examiners cannot verify, and transfers under foreign law are often complex. The Company does not carry title insurance on its properties. A successful claim that the Company or its option partner does not have title to a property could cause the Company to lose its rights to that property, perhaps without compensation for its prior expenditures relating to the property.

*Foreign Currency*

A portion of the Company's expenses are incurred in foreign currencies. Fluctuations in the exchange rate between the Canadian dollar and such other currencies may have a material effect on our business, financial condition and results of operations. The Company does not hedge against foreign currency fluctuations.

**ADDITIONAL INFORMATION**

Additional information about the Company is available at the website of the System for Electronic Document Analysis and Retrieval ("SEDAR") at [www.sedar.com](http://www.sedar.com).