

AMERICAN INTERNATIONAL VENTURES INC /DE/
Form 10-Q
April 19, 2017

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

FORM 10-Q

x **QUARTERLY REPORT PURSUANT TO SECTION 13 OR**
15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended February 28, 2017
OR
o **TRANSITION REPORT PURSUANT TO SECTION 13 OR**
15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission File Number 000-30368

American International Ventures, Inc.

(Name of Small Business Issuer in its charter)

Delaware
(State or other jurisdiction of incorporation or
organization)

22-3489463
(I.R.S. Employer Identification No.)

15105 Kestrelglen Way

Lithia, Florida
(Address of principal executive offices)

33547
(Zip Code)

(813) 260-2866
(Registrant's telephone number, including area code)

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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. ☒ Yes ☐ No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). ☒ Yes ☐ No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of “large accelerated filer,” “accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐ Accelerated filer ☐ Non-accelerated filer ☐ Smaller Reporting Company ☒

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act) ☐ Yes ☒ No

Indicate the number of shares outstanding of each of the issuer’s classes of common stock, as of April 11, 2017:
264,399,945 shares of Common Stock, \$.00001 par value.

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PART I FINANCIAL INFORMATION

Item 1. Financial Statements

AMERICAN INTERNATIONAL VENTURES, INC.

(An Exploration Stage Company)

CONSOLIDATED BALANCE SHEETS

	(Unaudited) February 28, 2017	May 31, 2016
<u>ASSETS</u>		
Current Assets		
Cash	\$ 26,608	\$ 146,296
Miscellaneous receivables	88,109	8,373
Total current assets	114,717	154,669
Fixed Assets		
Vehicles	150,039	150,039
Mining equipment	502,400	502,400
Office furniture and equipment	32,444	32,444
Total assets	684,883	684,883
Less accumulated depreciation	439,175	363,027
Net fixed assets	245,708	321,856
Other Assets		
Investment in securities	6,380	6,380
Mining claims	1,181,707	911,707
Deferred interest	12,353	-
Total other assets	1,200,440	918,087
TOTAL ASSETS	\$ 1,560,865	\$ 1,394,612
<u>LIABILITIES AND STOCKHOLDERS'</u>		
<u>EQUITY</u>		
Current Liabilities		
Current portions of notes payable	\$ 205,780	\$ 13,465
Accounts payable and accrued expenses	152,119	98,578
Taxes payable	56,159	60,777
Advances from officers and directors	75,994	75,994
Total current liabilities	490,052	248,814
Long Term Liabilities		
Long term portions of notes payable	-	2,331

Warrant liability	27,150	27,150
Total long term liabilities	27,150	29,481
Total Liabilities	517,202	278,295

Stockholders' Equity

Common stock - authorized, 400,000,000
shares of \$.00001 par value; issued and
outstanding, 266,649,945 and 211,649,945

shares, respectively	2,664	2,116
Additional paid in capital	7,665,657	7,345,580
Accumulated deficit	(6,562,932)	(6,197,643)
Total American International Ventures, Inc. stockholders equity	1,105,389	1,150,053
Non controlling interest	(61,726)	(33,736)
Total stockholders' equity	1,043,663	1,116,317
TOTAL LIABILITIES AND STOCKHOLDERS EQUITY	\$ 1,560,865	\$ 1,394,612

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

AMERICAN INTERNATIONAL VENTURES, INC.**(An Exploration Stage Company)****CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS****(Unaudited)**

	Three Month Periods Ended		Nine Month Periods Ended	
	February 28 and 29,		February 28 and 29,	
	2017	2016	2017	2016
Sales	\$ -	\$ -	\$ 48,076	\$ -
Cost of goods sold	12,317	-	58,944	-
Gross profit (loss)	(12,317)	-	(10,868)	-
Administrative expenses	43,123	292,933	409,122	407,682
Operating loss	(55,440)	(292,933)	419,990	(407,682)
Other Income and Expense:				
Other income	1,172	12	2,034	12
Royalty income	32,388	-	32,388	-
Gain (loss) on sales of mining rights	-	-	-	719,398
Interest expense	(5,842)	(780)	(7,378)	7,157
Total other income (expense)	27,718	(768)	27,044	726,567
Net income (loss) before taxes	(27,722)	(293,701)	(392,946)	318,885
Provision for income taxes	-	-	-	-
Net Loss	(27,722)	(293,701)	(392,946)	318,885
Net income (loss) attributable to noncontrolling interests	653	(1,153)	27,990	(2,178)
	\$ (27,069)	\$ (294,854)	\$ (364,956)	\$ 316,707

**Net income (loss)
attributable to
American
International
Ventures, Inc.**

**Net income (loss)
Per Share Basic
and Diluted**

\$	-	\$	-	\$	-	\$	-
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**Weighted Average
Number of Shares
Outstanding**

266,649,945	216,444,389	235,904,507	212,344,389
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The accompanying notes are an integral part of these financial statements.

AMERICAN INTERNATIONAL VENTURES, INC.

(An Exploration Stage Company)

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited)

	Nine Month Periods Ended	
	February 28 and 29,	
	2017	2016
Cash Flows From Operating Activities:		
Net income (loss)	\$ (392,946)	\$ 318,885
Adjustments to reconcile net loss to net cash consumed by operating activities:		
Charges and credits not requiring the use of cash:		
Depreciation	76,148	76,345
Gain on sale of securities	-	-
Equity items issued for services	32,625	60,750
Gain on sale of mining claim	-	-
Amortization of deferred interest	5,314	-
Changes in assets and liabilities:		
Increase (decrease) in accounts payable and accrued expenses	53,541	(70,716)
Decreases in taxes payable	(4,618)	(7,804)
Decrease(increase) in miscellaneous receivables	(79,736)	1,575
Net cash consumed by operating activities	(309,672)	379,035
Cash Flows From Investing Activities:		
Purchases of fixed assets	-	(2,421)
Investment in mining claims	-	(50,000)
Net cash consumed by investing activities	-	(52,421)
Cash Flows From Financing Activities:		
Contributions to paid in capital	-	105,000
Short term loan proceeds	200,000	-

Payments on notes payable	(10,016)	(81,382)
Repayment of advances from officers and directors	-	(124,331)
Net Cash provided by financing activities	189,984	(100,713)
Net change in cash	(119,688)	225,901
Cash balance, beginning of period	146,296	22,121
Cash balance, end of period	\$ 26,608	\$ 248,022

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

AMERICAN INTERNATIONAL VENTURES, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

February 28, 2017

(Unaudited)

1. BASIS OF PRESENTATION

The unaudited interim consolidated financial statements of American International Ventures, Inc. ("the Company") as of February 28, 2017 and for the nine month periods ended February 28, 2017 and February 29, 2016 have been prepared in accordance with accounting principles generally accepted in the United States of America. In the opinion of management, such information contains all adjustments, consisting only of normal recurring adjustments, necessary for a fair presentation of the results of such periods. The results of operations for the nine month period ended February 28, 2017 are not necessarily indicative of the results to be expected for the full fiscal year ending May 31, 2017.

Certain information and disclosures normally included in the notes to financial statements have been condensed or omitted as permitted by the rules and regulations of the Securities and Exchange Commission, although the Company believes the disclosure is adequate to make the information presented not misleading. The accompanying unaudited financial statements should be read in conjunction with the financial statements of the Company for the year ended May 31, 2016.

2. BACKGROUND

On March 23, 2012, the Company entered into a share exchange agreement with Placer Gold Prospecting, Inc. (PGPI), a Company that was formed on January 25, 2012. This share exchange agreement was treated as a reverse recapitalization, under which the legal acquiree (Placer) was treated as the accounting acquirer and the equity accounts of the Company were adjusted to reflect a reorganization. Inasmuch as Placer was treated as the accounting acquireor, whenever historical financial information is presented, it is Placer information.

On May 3, 2013, the Company formed a subsidiary in Baja, California. It remained inactive until June 1, 2013 at which time it became operational, on a limited basis. A pilot plant is operational at the present time.

3. GOING CONCERN AND LIQUIDITY

As shown in the accompanying financial statements, the Company has experienced losses since its inception. It also had a working capital deficiency and presently does not have sufficient resources to meet its outstanding liabilities or accomplish its objectives during the next twelve months. These factors raise substantial doubt about the ability of the Company to continue as a going concern. The financial statements do not include adjustments relating to the recoverability of assets and classification of liabilities that might be necessary should the Company be unable to continue in operation.

4. DEBT OBLIGATIONS

On May 31, 2016, the Company defaulted on its obligation for \$75,994 of convertible notes.

5. WARRANT LIABILITY

During the year ended May 31, 2013, the Company issued 2,715,000 warrants to an investment banker, which had "full-ratchet anti-dilution protection". In accordance with pronouncements of the Financial Accounting Standards Board, these warrants have been classified as liabilities. They are periodically revalued by use of a Black Sholes valuation model. Changes in the value will be recorded on the statement of operations. During the nine month periods ended February 28, 2017 and February 29, 2016, the value was not reduced.

6. CAPITAL STOCK

The following is a summary of stock activity during the quarter:

	Shares	Amount
Balance May 31, 2016	211,649,945	\$7,347,696

Shares issued for services	1,750,000	32,628
Shares issued for mining claims	50,250,000	270,000
Shares issued for loan inducement	3,000,000	18,000
Balance February 28, 2017	266,649,945	\$7,668,321

7. SUPPLEMENTARY CASH FLOW INFORMATION

There was no cash paid for interest during the nine month period ended February 28, 2017 and there was no cash paid for interest during the nine month period ended February 29, 2016. There was no cash paid for income taxes during either of the nine month periods.

There were shares of common stock issued in non-cash transactions during the 2017 and 2016 periods, as follows:

	2017		2016	
	Shares	Amount	Shares	Amount
Shares issued for service	1,750,000	\$ 32,628	-	-
Shares issued for mining claims	50,250,000	270,000	2,050,000	\$30,750
Shares issued for loan inducement	3,000,000	18,000	-	-

8. WARRANTS

There were 2,715,000 warrants outstanding at February 28, as presented below:

Number of Warrants	Exercise Price	Weighted Life (in Years)
2,715,000	\$.125	1.63

These warrants were principally issued for services. They were valued using a Black Scholes valuation model.

9. RELATED PARTY TRANSACTIONS

During the nine month period ended February 28, 2017, the Company issued 1,750,000 shares (valued at \$32,628) to its directors and officers.

The Company purchased Mega Mines LLC on December 1, 2016 for forty-five million shares. Mega Mines LLC has eight mining concessions in Mexico.

Forward Looking Statements and Cautionary Statements .

Certain of the statements contained in this Quarterly Report on Form 10-Q include "forward looking statements." All statements other than statements of historical facts included in this Form 10-Q regarding the Company's financial position, business strategy, and plans and objectives of management for future operations and capital expenditures, and other matters, are forward looking statements. These forward-looking statements are based upon management's expectations of future events. Although the Company believes the expectations reflected in such forward looking statements are reasonable, there can be no assurances that such expectations will prove to be correct. Additional statements concerning important factors that could cause actual results to differ materially from our expectations ("Cautionary Statements") are disclosed in the Cautionary Statements section and elsewhere in the Company's Form 10-K for the period ended May 31, 2016. Readers are urged to refer to the section entitled "Cautionary Statements" and elsewhere in the Company's Form 10-K for a broader discussion of these statements, risks, and uncertainties. These risks include the Company's limited operations and lack of revenues. In addition, the Company's auditor, in his audit report for the fiscal year ended May 31, 2016, has expressed a "going concern" opinion about the future viability of the Company. All written and oral forward looking statements attributable to the Company or persons acting on the Company's behalf subsequent to the date of this Form 10-Q are expressly qualified in their entirety by the referenced Cautionary Statements.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Nine Months Ended February 28, 2017 and February 29, 2016

During the nine month period ended February 28, 2017, the Company had revenue of \$48,076, compared with no revenue during the nine month period of 2016. These 2017 revenues were derived from mining activity of its subsidiary, AIVN de Mexico. Cost of goods sold consisting of mining, milling and personnel costs was \$58,944 during the nine month period ended February 28, 2017.

There was a gross loss during the 2017 nine month period of \$10,868, compared with nothing in the 2016 period.

Administrative expenses for the nine month period ended February 28, 2017 were \$409,122 compared to \$407,682 for the comparable period of 2016. Administrative expenses consist primarily of consulting fees, director awards and other services compensated with equity items. The modest increase in administrative costs for the current period is due principally to the resumption of mining activities.

The Company had an operating loss in the 2017 nine month period of \$419,990, compared with an operating loss of \$407,682 for the comparable period of 2016. The increased loss is primarily due to the explanations provided above.

Interest expense in the current nine month period was \$(7,378), compared with \$7,157 in the comparable period of 2016. Interest expense accrues on outstanding debt obligations and on credit card charges, which were higher in the 2017 period. The Company has a warrant issuance that is considered a derivative security. The Company realizes income from reductions in its liability for these warrants. There was no liability reduction in either the 2017 nine month period or in the 2016 period.

The Company had royalty income of \$32,380 during the nine months ended February 28, 2017 and none during the comparable 2016 period.

The Company experienced a net loss of \$392,946 during the 2017 nine month period, compared with a net profit of \$318,885 in the 2016 nine month period.

Three Months Ended February 28, 2017 and 2016

During the three month periods ended February 28, 2017 and February 29, 2016, the Company did not have revenue. Cost of goods sold, consisting of mining, milling and personnel costs, was \$12,317 during the three month period ended February 28, 2017.

There was a gross loss for the 2017 three month period of \$12,317.

Administrative expenses for the three months ended February 28, 2017 were \$43,123 compared to \$292,933 for the comparable period of 2016. Administrative expenses consist primarily of consulting fees, director awards and other services compensated principally with equity items. Director awards usually occur once a year and in 2016 they occurred in the quarter ended February 29, 2016.

The Company had an operating loss in the current three month period of \$55,440, compared with an operating loss of \$292,933 for the comparable period in 2016. The change is due to the factors described above.

Interest expense in the current three month period was \$5,842, compared with \$780 in the comparable period of 2016. Interest expense accrues on outstanding debt obligations and credit card charges.

The Company has a warrant issuance that is considered a derivative security. The Company realizes income from reductions in its liability for these warrants. There was no liability reduction in either of the 2017 or 2016 three month periods.

Net loss during the current three month period was \$27,722, compared with a net loss of \$293,701 in the comparable period of 2016. The favorable change is due to the reduced administration cost noted above.

Since the acquisition of PGPI, our operations have focused on developing, planning and operating past producing precious metal properties and mines. Specifically, we are now a gold and silver exploration and extraction company, operating primarily in Baja California, Mexico, and Nevada. We will focus on acquiring gold and base mineral

resource properties that historically produced gold and silver until 1942 when all gold production in the United States was halted due to World War II. There is no guarantee that such properties will produce gold or silver in the future or that these properties may have already been depleted, as they were previously mined.

None of our properties or claims has any proven or probable reserves.

As of February 28, 2017, the Company had a working capital deficit of \$375,345, compared with a working capital deficit of \$94,205 as of February 29, 2016. The significant increase is due to the opening of the pilot plant and a \$200,000 increase in borrowing to support operations.

The Company has projected that its administrative overhead for the next 12 months will be approximately \$265,000 which consists of accounting fees (including tax, audit and review) in the approximate amount of \$155,000, legal fees in the approximate amount of \$10,000, and miscellaneous expenses of \$100,000. The projected legal and accounting fees relate to the Company's reporting requirements under the Securities Exchange Act of 1934. The Company expects to incur additional legal and accounting fees in order to effect acquisitions and share exchanges or a business combination transaction. The Company has no other capital commitments. To continue its business plan, the Company will be required to raise additional funds through the private placement of its capital stock or through debt financing to meet its ongoing corporate overhead obligations. If the Company is unable to meet its corporate overhead obligations, it will have a material adverse impact on the Company and the Company may not be able to complete its plan of operations of finding a suitable business acquisition or combination candidate.

Please refer to the Company's Form 10-K for the period ending May 31, 2016 for a discussion of other risks attendant to its proposed plan of operations of effecting a business acquisition or combination, including the occurrence of significant dilution and a change of control. Even if successful in effecting a business acquisition or combination, it is likely that numerous risks will exist with respect to the new entity and its business.

Off-Balance Sheet Arrangements

We do not have any off balance sheet arrangements that are reasonably likely to have a current or future effect on our financial condition, revenues and results of operations, liquidity or capital expenditures

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, and accrued liabilities, approximate their fair values at February 28, 2017

c. Loss (Income) Per Share

Basic earnings (loss) per share is computed by dividing the net income (loss) available to common shareholders for the period by the weighted average number of shares outstanding. During periods when a net loss has occurred, as was the case in the three and nine month periods ended February 28, 2017, outstanding options and warrants are excluded from the calculation of diluted loss per share as their inclusion would be anti-dilutive.

d. Income Taxes

The Company accounts for income taxes in accordance with current accounting guidance, 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, and consideration of net operating loss carry forwards, 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.

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 the nine month period ended February 28, 2017.

i. Segment Reporting

The Company is organized in one reporting and accountable segment.

Item 3. Quantitative and Qualitative Disclosures about Market Risk.

Not Applicable. Smaller Reporting Companies are not required to provide the information required by this item.

Item 4. Controls and Procedures.

Under the supervision and with the participation of our management, including our Chief Executive Officer and our Chief Financial Officer (one and the same person), we undertook an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Securities Exchange Act of 1934, Rules 13a-15(e) and 15d-15(e)) as of the end of the period covered by this report. Based on this evaluation, our Principal Executive

Officer and Principal Financial Officer have concluded that such disclosure controls and procedures were not effective to ensure (a) that information required to be disclosed by us in reports that we file or submit under the Securities Exchange Act of 1934, as amended, is recorded, processed, summarized and reported within the time periods specified in Securities and Exchange Commission rules and forms and (b) that information required to be disclosed is accumulated and communicated to management to allow timely decisions regarding disclosure.

There were no changes in our internal control over financial reporting (as defined in Rule 13a-15(f) under the Securities Exchange Act of 1934) during the quarter ended February 28, 2017 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II OTHER INFORMATION

Item 1. Legal Proceedings.

None

Item 1A. Risk Factors.

Smaller Reporting Companies are not required to provide the information required by this item.

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

There were no shares of Company common stock sold during the nine month period ended February 28, 2017.

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Mine Safety Disclosures.

None.

Item 5. Other Information.

See note 10 to the financial statements.

Item 6. Exhibits

(a) Exhibits Furnished.

Exhibit #31.1 Certification Pursuant To Section 302 of the Sarbanes-Oxley Act of 2002.

Exhibit #31.2 Certification Pursuant To Section 302 of the Sarbanes-Oxley Act of 2002.

Exhibit #32 Certification Pursuant To Section 906 of the Sarbanes-Oxley Act of 2002.

The following exhibits contain information from our Quarterly Report on Form 10-Q for the quarter ended November 30, 2015 formatted in Extensible Business Reporting Language (XBRL):

Exhibit #101.INS XBRL Instance Document

Exhibit #101.SCH XBRL Taxonomy Schema Document

Exhibit #101.CAL XBRL Taxonomy Calculation Linkbase Document

Exhibit #101.DEF XBRL Taxonomy Extension Definition Linkbase

Exhibit #101.LAB XBRL Taxonomy Label Linkbase Document

Exhibit #101.PRE XBRL Taxonomy Presentation Linkbase Document

SIGNATURES

In accordance with the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

AMERICAN INTERNATIONAL VENTURES, INC.

(Registrant)

By: /s/ Jack Wagenti

/s/ Jose Garcia, CEO

Jack Wagenti

Jose Garcia, CEO

Chief Financial Officer

Chief Executive Officer

(Principal Financial Officer)

(Principal Executive Officer)

Date: April 10, 2017

