

**American Manganese Inc.**  
(formerly *Rocher Deboule Minerals Corp.*)  
**Management's Discussion and Analysis**  
**For the Year Ended July 31, 2011**  
Page 1 of 15

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, 2011. The following should be read in conjunction with the company's audited consolidated financial statements for the year ended July 31, 2011 and 2010 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 business plans and strategy, exploration plans, and environmental protection requirements. Generally, forward-looking information can be identified by the use of forward-looking terminology such as "plans", "expects" (or "does not expect"), "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" (or "does not anticipate"), or "believes", and other similar words and phrases, or which states that certain actions, events, or results "may", "could", "might", or "will" occur. Forward-looking information is subject to known and unknown risks and uncertainties that may cause the actual results, or performance of the Company to be materially different from those expressed or implied by such forward-looking information. These risks and uncertainties include risk and uncertainties associated with the mining industry and the exploration and development of mineral projects, such as the uncertainty of exploration results, the volatility of commodity prices, potential changes in government regulation, the uncertainty of potential title claims against the Company's projects, and the uncertainty of predicting operating and capital costs. They also include risks and uncertainties that affect the business environment generally, such as international political or economic developments, changes in interest rates and the condition of financial markets, and changes in exchange rates.

Forward-looking information is based on assumptions and expectations which the Company considers to be reasonable, and which are based on management's 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. 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. The Company can give no assurance that forward-looking information, or the assumptions and expectations on which it is based, will prove to be correct. American Manganese Inc. does not undertake to update any forward-looking information, except in accordance with applicable securities laws.

#### **DATE OF REPORT**

November 25th, 2011.

#### **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, to Rocher Deboule Minerals Corporation on September 13, 2006, and to American Manganese Inc. on January 20, 2010.

The Company is a reporting issuer in the Provinces of British Columbia and Alberta. The Company's shares presently trade on the TSX Venture Exchange under the symbol "AMY", on the Frankfurt Exchange under the symbol "2AM" and on the pink sheets under the symbol "AMYZF".

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.

**American Manganese Inc.**  
*(formerly Rocher Deboule Minerals Corp.)*  
**Management's Discussion and Analysis**  
**For the Year Ended July 31, 2011**  
Page 2 of 15

**Nature of business**

The business of the Company is mineral exploration and development. The company's mineral projects are described below.

***Artillery Peak Project, Arizona USA***

The Artillery Peak project includes 356 unpatented mineral claims covering approximately 7,120 acres, 80 patented mineral claims covering approximately 1,499 acres, and 8 fee simple parcels covering approximately 1,280 acres. The Company acquired 262 of the unpatented claims by staking. The remaining claims were acquired pursuant to the agreements described below.

*Purchase Agreement with Primus Resources, L.C.*

Pursuant to a Purchase Agreement dated May 31, 2007, the Company purchased 90 unpatented lode claims from Primus Resources, L.C. for US\$96,000 and 1,000,000 shares in the Company. The Purchase Agreement also provides for a 2% net smelter return royalty ("NSR") in favour of the Vendors. The Company has the right to repurchase 1% of the NSR for US\$2,000,000.

*Mining Lease and Option Agreements with David Huffman*

Pursuant to a Mining Lease and Option to Purchase Agreement dated June 15, 2008, the Company agreed to lease 7 patented claims from David Huffman for a term of 10 years. The agreement provides for annual payments of US\$10,000, and the Company has an option to purchase the claims for an initial purchase price of US\$1,000,000, increasing by US\$20,000 each year. The Company must exercise the option to purchase prior to commencing mining operations on the property.

Pursuant to a further Mining Lease and Option to Purchase Agreement dated July 15, 2008, the Company agreed to lease 19 patented claims and four unpatented claims from David Huffman for a term of 10 years. The agreement provides for annual payments of US\$20,000, and the Company has an option to purchase the claims for an initial purchase price of US\$2,225,000, increasing by 2% each year. The Company must exercise the option to purchase prior to commencing commercial mining operations on the property.

*Lease Agreement with James Lake, Barton Noone, and Peter Noone*

Pursuant to the Artillery Peak Agreement dated August 1, 2008, the Company acquired a lease over five fee simple parcels and 10 patented claims from James Lake, Barton Noone, and Peter Noone. The lease has a 10 year initial term and provides for the following payments:

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

The leased properties are also subject to a royalty of US\$0.04/lb for manganese, and a net smelter return royalty of 1.5% on all other minerals. The lease payments described above constitute an advance on any royalty payments due to the lessors. The lease is renewable for up to 8 additional ten year terms provided that royalty payments of at least US\$500,000 are made during each preceding term.

**American Manganese Inc.**  
(formerly *Rocher Deboule Minerals Corp.*)  
**Management's Discussion and Analysis**  
**For the Year Ended July 31, 2011**  
Page 3 of 15

*Mining Lease Agreement with Arizona Manganese Corporation*

Pursuant to a Mineral Lease Agreement dated September 29, 2009, the Company acquired a lease over 43 patented mining claims from Arizona Manganese Corporation. During the initial 20 year term, the Mineral Lease Agreement provides for payments equal to the greater of a 2.25% NSR and the following annual amounts:

- (i) US\$50,000 in year one (paid);
- (ii) US\$55,000 in each of years 2 through year 4; (paid years 2 and 3)
- (iii) US\$65,000 in each of years 5 through year 10;
- (iv) US\$70,000 in year 11 and each year onwards.

The lease can be renewed for two additional 20 year terms on payment of US\$75,000, adjusted for inflation, for each renewal term.

*Lease Agreement with James Lake and Steven Lake*

Pursuant to a Lease Agreement dated March 15, 2010, the Company leased three fee simple parcels and one patented claim from James Lake and Steven Lake. The Lease Agreement provides for the following annual payments:

- (i) \$14,000 US upon execution of the Lease Agreement (paid)
- (ii) \$18,000 US upon 1st anniversary of the Lease Agreement (paid)
- (iii) \$33,000 US upon 2nd anniversary of the Lease Agreement (paid)
- (iv) \$39,900 US upon 3rd anniversary of the Lease Agreement (paid)
- (v) \$46,500 US upon 4th anniversary of the Lease Agreement
- (vi) \$53,100 US upon 5th anniversary of the Lease Agreement
- (vii) \$59,700 US upon 6th anniversary of the Lease Agreement
- (viii) \$63,300 US upon 7th and each subsequent anniversary of the Lease Agreement

The leased properties are also subject to a royalty of US\$0.04/lb for manganese, and a net smelter return royalty of 1.5% on all other minerals. The lease payments described above constitute an advance on any royalty payments due to the lessors. The lease is renewable for additional ten year terms provided that advance royalty payments as described above continue to be made.

The lease agreement for this property was signed by only two of the three property owners. As a result, the Company has paid only two-thirds of the above payments. The lease agreement provides for a royalty of US\$0.04/lb for manganese, and a net smelter return royalty of 1.5% on all other minerals.

*Additional Royalty Obligations*

In addition to the royalty and other payments listed above, the Artillery Peak properties are subject to the following royalty interests, which arise under "area of interest" agreements with the vendors of certain of the properties:

- (a) Primus Resources, L.C. is entitled to a 2% net smelter return royalty on all of the Company's other unpatented claims, in addition to those acquired from Primus Resources, L.C.
- (b) James Lake, Barton Noone, and Peter Noone are entitled to a royalty of US\$0.04 per pound of manganese produced from all of the unpatented claims of the Company, apart from the four unpatented claims optioned from David Huffman; and
- (c) James Lake is entitled to a royalty of US\$0.01 per pound of manganese produced from all of the Company's Artillery Peak Properties described above.

**American Manganese Inc.**  
*(formerly Rocher Deboule Minerals Corp.)*  
**Management's Discussion and Analysis**  
**For the Year Ended July 31, 2011**  
Page 4 of 15

*Exploration Activities*

Between April and June of 2011, the Company completed a drilling program of 80 holes on the Artillery Peak property. The results from the drilling program are included in the technical report of Norman Tribe, P. Eng. dated September 1, 2011 and titled "Mineral Resource Evaluation Report on the Artillery Mountain Manganese Property Mohave County, Arizona, U.S.A." A copy of the report is available on the SEDAR filing service at [www.sedar.com](http://www.sedar.com)

In January 2011, the Company awarded a contract to Kemetco Research Inc. to develop a pilot plant to test the Company's proposed treatment process for ore from the Artillery Peak property. Operation of the pilot plant commenced in August 2011. The results of the liquid solid separation phase of the pilot plant program were reported in the Company's press release dated September 27, 2011, a copy of which is also available on the SEDAR filing service at [www.sedar.com](http://www.sedar.com).

In January 2011, the Company also awarded a contract to Wardrop, a Tetra Tech Company to conduct a NI 43-101 compliant preliminary feasibility study for Artillery Peak project. Work on the preliminary feasibility study is underway.

***Rocher Deboule property, British Columbia***

The Rocher Deboule property consists of mineral claims covering 10,230 hectares near Hazelton, British Columbia. The Company initially acquired 4 staked claims of 1,325 hectares in May 2011, and expanded the area of the property through additional staking. 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 August 2011, the Company conducted a mapping and sampling program at the Rocher Deboule property.

***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 property, British Columbia***

The Lonnie 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.

In September 2010, the Company conducted a geochemical prospecting program on the Lonnie-Virgil occurrence. The results of the program were reported in the Company's press release dated October 1, 2010, a copy of which is available on the SEDAR filing service at [www.sedar.com](http://www.sedar.com).

In May 2011, the Company entered into an option agreement with Rara Terra Capital Corp. pursuant to which Rara Terra has the right to earn a 60% interest in the Lonnie property. Rara Terra paid \$60,000 and issued 285,000 shares to the Company. To acquire the 60% interest, Rara Terra must also spend \$500,000 per year for exploring the property. In September 2011, Rara Terra commenced a trenching and sampling program on the Property.

**American Manganese Inc.**  
*(formerly Rocher Deboule Minerals Corp.)*  
**Management's Discussion and Analysis**  
**For the Year Ended July 31, 2011**  
Page 5 of 15

***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.

***SoCal property, California***

In May 2011, the Company entered into a purchase agreement with Elemental Solutions, LLC as to 50% and Lodestar Management Group, LLC as to 50% to purchase a 100% interest in the SoCal manganese unpatented lode mining claims in Imperial County and Riverside, California. The total purchase price was US\$20,000 and 200,000 shares of the Company. The property is subject to a 2% net smelter returns royalty, of which the Company has the right to repurchase 1% for US\$2,000,000.

**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>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
(a) Total Revenues	\$ 23,271	\$ 331	\$ 2,644	\$ 38,112	\$ 4,643
(b) Loss:					
i) In Total	\$ 2,722,569	\$ 1,389,954	\$ 1,689,811	\$ 2,006,178	\$ 263,051
ii) On a per share basis <sup>(1)</sup>	\$ 0.03	\$ 0.03	\$ 0.04	\$ 0.07	\$ 0.01
(c) Total Assets	\$14,841,995	\$ 4,641,475	\$ 3,744,793	\$ 3,263,437	\$ 1,589,682
(d) Total Liabilities	\$ 384,583	\$ 123,952	\$ 428,409	\$ 449,669	\$ 373,116
(e) Total shareholders' deficiency	\$(13,135,496)	\$(10,412,927)	\$(9,022,973)	\$(7,333,162)	\$(5,326,984)

<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, 2011 was \$2,722,569, compared to \$1,389,954 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, 2011 was principally due to the increase in the Company's administrative and operating expenses, including increased consulting fees, shareholder communications expenses, wages and benefits, and research and development expenses.

The Company recorded a net cash flow increase of \$659,529 (2010 – (\$177,887)). The increase in net cash flow is principally a result of equity financing, and exercise of share purchase warrants.

### **Analysis of income statement items for the fiscal year ended July 31, 2011**

During the fiscal year ended July 31, 2011, the Company incurred consulting fees in the amount of \$468,112 (2010 – \$134,563). The consulting fees consisted of: \$323,110 for consulting firms to conduct a pre-feasibility study for the Company's Artillery Peak Manganese Project (2010 \$nil). \$79,102 to a consulting company to develop business plans in relation to the Artillery Peak project (2010 - \$102,063); and \$65,900 for consultants to research and arrange business discussions on advancement of Company projects (2010 - \$32,500).

During the fiscal year ended July 31, 2011, the Company incurred shareholder communication expenses in the amount of \$562,464 (2010 - \$321,317) to disseminate company information; participate in tradeshow, and for web-based services. Shareholder communication expenses included \$288,741 (2010-\$168,117) for investor relation services, \$208,723 for multimedia-based company information marketing services (2010-\$117,550), and \$65,000 for tradeshow activities (2010-\$35, 650).

Wages and benefits of \$602,705 (2010-\$378,057) were recorded during the fiscal year ended July 31, 2011. The increase in wages and benefits expenses is resulted principally from salary increases to raise compensation for the Company's salaried officers and employees to competitive levels.

During the fiscal year ended July 31, 2011, the Company incurred research and development expenses of \$373,496 (2010 – \$123,540) for testing work relating to the Company's manganese properties the Artillery 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.

### **Analysis of balance sheet items – July 31, 2011**

Cash and cash equivalents increased from \$129,004 as at July 31, 2010 to \$788,533 as at July 31, 2011, principally as a result of the private placement financings conducted by the Company and the exercise of options and warrant during the fiscal year. Additional detail on the financings is set out below under "Liquidity and Capital Resources".

Amounts receivable increased from \$40,614 as at July 31, 2010 to \$159,017 as at July 31, 2011, principally as a result of a pending refund of \$136,004 in respect of Harmonized Sales Tax, and \$20,000 in accrued interest income on funds held in guaranteed income certificates and \$3,013 from personnel.

Project advances in the amount of \$334,995 was recorded during the fiscal year (2010 – \$nil) in relation to the Company's Artillery Peak manganese project, to conduct a pre-feasibility study, to perform a market study, and to continue development of the Company's metallurgical process. These projects are expected to be completed in the year ended July 31, 2012 and have accordingly be classified as current advances.

**American Manganese Inc.**  
*(formerly Rocher Deboule Minerals Corp.)*  
**Management's Discussion and Analysis**  
**For the Year Ended July 31, 2011**  
Page 7 of 15

Mineral property interests increased from \$4,375,162 as at July 31, 2010 to \$6,690,423 as at July 31, 2011. Additional information on this item is given below under "Analysis of mineral property costs".

The Company recorded share capital increase from \$14,930,450 as at July 31, 2010 (63,078,504 shares) to \$27,606,033 (104,938,605 shares) as at July 31, 2011, principally as a result of shares issued in private placements and on the exercise of share purchase warrants and stock options. Additional information on the share issuances is contained under "Liquidity and Capital Resources".

**Analysis of income statement items for the three month period ended July 31, 2011**

Net loss for the fourth quarter ended July 31, 2011 was \$1,296,289, compared to net income of \$5,934 for the prior year fourth quarter. The net income recorded for the prior year period resulted principally from reversal of a previously accrued expense. The Company's net loss for the three-month period ended July 31, 2011 was due principally due to increased expenses, including increases in consulting fees, shareholder communications expenses, and research and development expenses.

During the three-month period ended July 31, 2011, the Company incurred \$344,090 (2010 – \$148,748) for consulting fees. The Company recorded \$213,000 for consulting firms to conduct a pre-feasibility study for the Company's Artillery Peak Manganese Project (2010 \$nil), \$31,600 to a consulting company to develop business plans in relation to the Artillery Peak project (2010 - \$121,848), and \$99,490 for consultants to research and arrange business discussions on advancement of Company projects (2010- \$26,900).

During the three-month period ended July 31, 2011, the Company incurred \$180,073 (2010 – \$83,776) for shareholder communications, as a result of increased investor relations activity.

The Company recorded research and development expenses in the amount of \$319,239 (2010 – \$146,551) in the last quarter primarily as a result of accrued expenses from metallurgical testing and process development expenditures.

**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>2011</b>	<b>2011</b>	<b>2011</b>	<b>2010</b>	<b>2010</b>	<b>2010</b>	<b>2010</b>	<b>2009</b>
Total Revenues	\$23,033	\$ 124	\$64	\$50	\$ 117	\$ (nil)	\$(nil)	\$214
Loss in Total Per share basis <sup>(1)</sup>	\$1,296,289	\$721,776	\$403,772	\$300,732	\$(5,934)	\$556,236	\$395,499	\$440,153
	\$0.02	\$0.008	\$0.004	\$0.004	\$0.0001	\$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

**American Manganese Inc.**  
*(formerly Rocher Deboule Minerals Corp.)*  
**Management's Discussion and Analysis**  
**For the Year Ended July 31, 2011**  
Page 8 of 15

**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, 2011 and 2010.

	<b>For the period ended</b>		<b>For the period ended</b>	
	<b>July 31, 2011</b>		<b>July 31, 2010</b>	
<b>Rocher Deboule Property</b>				
Acquisition and Staking	\$	4,265	\$	10,789
Assays and Analysis		10,261		13,848
Camp and Supplies		-		-
Drilling		-		-
Geological and Geophysical		25,000		67,546
Geological Travel and Accommodation		4,274		656
Freight and Transport		419		3,686
BCMETS recoverable		-		(5,966)
<b>Sub-total</b>	<b>\$</b>	<b>44,219</b>	<b>\$</b>	<b>90,559</b>
<b>Artillery Peak</b>				
Acquisition and Staking	\$	562,552	\$	219,987
Assays and Analysis		96,045		15,668
Drilling		810,862		526,781
Equipment and rentals		63,740		-
Geological and Geophysical		519,620		294,652
Geological Travel and Accommodation		113,728		44,982
Property Maintenance		-		4,659
<b>Sub-total</b>	<b>\$</b>	<b>2,166,547</b>	<b>\$</b>	<b>1,106,728</b>
<b>Black Prince, Junction Creek, and Olson Properties</b>				
Acquisition and Staking	\$	3,073	\$	-
Assays and Analysis		-		-
Geological and Geophysical		-		-
<b>Sub-total</b>	<b>\$</b>	<b>3,073</b>	<b>\$</b>	<b>-</b>
<b>Lonnie Property</b>				
Acquisition and Staking	\$	-	\$	-
Assays and analysis		4,508		20
Drilling		-		60,073
Geological and geophysical		5,300		40,615
Geologist travel and accommodation		188		-
Rara Terra option payment		(50,000)		-
<b>Sub-total</b>	<b>\$</b>	<b>(40,004)</b>	<b>\$</b>	<b>100,708</b>
<b>Pond Property</b>				
Acquisition and Staking	\$	330	\$	-
<b>Sub-total</b>	<b>\$</b>	<b>330</b>	<b>\$</b>	<b>-</b>
<b>SoCal Property</b>				
Acquisition and Staking	\$	141,096	\$	-
<b>Sub-total</b>	<b>\$</b>	<b>141,096</b>	<b>\$</b>	<b>-</b>
<b>Total</b>	<b>\$</b>	<b>2,315,261</b>	<b>\$</b>	<b>1,297,995</b>

## **LIQUIDITY AND CAPITAL RESOURCES**

As at July 31, 2011 the Company had a cash and short term investment balance of \$7,488,533 and working capital of \$7,726,388, compared to a working capital of \$99,983 as at July 31, 2010. The increases in the Company's cash balance and working capital resulted from private placement financings conducted by the Company and the exercise of share purchase warrants and stock options.

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 February 2011, the Company completed a non-brokered private placement of 13,976,961 units at a price of \$0.30 per unit. The proceeds from the private placement were \$4,178,089. Each unit is comprised of one common share in the capital of the Company, plus a two year share purchase warrant. Each warrant entitles the holder to purchase one common share at a price of \$0.40 per share until February 9, 2013.

In March 2011, the Company completed a "bought deal" private placement through Laurentian Bank Securities Inc. The private placement consisted of 7,200,000 units of the Company at a price of \$0.70 per unit for total gross proceeds of \$5,040,000. Each unit consisted of one common share of the Company and one-half of one Common Share purchase warrant. Each Warrant entitles the holder to purchase one Common Share at a price of \$0.90 per Common Share for eighteen months from the date of issue. If at any time after the period ending four (4) months plus one (1) day after the Closing Date, the 20-day volume weighted average trading price of the Common shares on the TSX Venture Exchange is equal to or greater than \$1.10, the Company shall have the right, at its option, to accelerate the time of expiry of the Warrants to a date not less than 30 days following the date of notice being given to each holder of Warrants of such early expiry.

On June 8, 2011, the Company issued 200,000 shares on acquisition of the SoCal property. The shares issued were valued at their trading price on the agreement date, for a total value of \$112,000.

During the fiscal year ended July 31, 2011, 16,758,200 warrants were exercised for proceeds of \$3,412,771 and 1,484,766 stock options were exercised for proceeds of \$422,306.

The proceeds from the private placements and warrants are being used principally to advance the development of the Artillery Peak Property Group and for general corporate purposes.

Subsequent to year end, the Company issued 814,896 shares for a total value of \$244,958 on exercise of warrants and options. In addition, in August 2011, the Company announced that the board of directors has authorized the grant of 4,253,000 incentive stock options pursuant to its stock option plan to directors, officers, employees and consultants of the Company. These options are exercisable at a price of \$0.58 per share for a period of five years and are subject to vesting provisions in accordance with the Company's stock option plan.

Excluding exploration costs, the Company's current general and administrative cash expenditures are approximately \$295,000 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 will 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, metallurgy and feasibility studies. 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.

**American Manganese Inc.**  
*(formerly Rocher Deboule Minerals Corp.)*  
**Management's Discussion and Analysis**  
**For the Year Ended July 31, 2011**  
Page 10 of 15

**USE OF PROCEEDS FROM FINANCINGS**

<b>Date of financing and planned use of proceeds</b>	<b>Actual use of proceeds</b>
April 22, 2009 Financing: \$162,500 \$162,500 to be used towards general working capital	All funds have been applied as planned
June 12, 2009 Financing: \$1,034,580 \$604,580 to be used towards general working capital \$430,000 towards property maintenance, exploration and metallurgy expenditures	All funds have been applied as planned
February 16, 2010 Financing: \$1,193, 919 \$743,919 to be used towards general working capital \$450,000 towards property maintenance, exploration and metallurgy expenditures	\$743,919 was spent on general working capital. \$450,000 was spent on exploration and metallurgy
June 16, 2010 Financing: \$1,014,900 \$281,920 to be used towards general working capital \$150,000 towards geology and drilling \$50,000 towards metallurgy testing and process design \$220,000 for upcoming BLM fees and option payments to patent holders	\$193, 253 was spent on general working capital. \$146, 000 was spent on exploration and metallurgy. \$50,000 has been spent on metallurgy testing. \$220,000 has been spent to pay for BLM and option payments.
August 10, 2010 Financing: \$412,231 \$412,231 to be used towards general working capital	All funds committed to general working capital
February 10, 2011 Financing: \$4,178,089 \$2,850,000 to be used towards pre-feasibility, pilot plant, drilling, baseline environmental work \$1,343,088 to be used towards general working capital.	All funds committed as per plan
March 8, 2011 Financing: \$5,040,000 \$1,500,000 to be used towards advancing the pre-feasibility study and pilot plant testing. \$980,000 towards advanced environmental and metallurgy studies. \$2,560,000 to be used towards general working capital.	All funds committed as per plan

**American Manganese Inc.**  
*(formerly Rocher Deboule Minerals Corp.)*  
**Management's Discussion and Analysis**  
**For the Year Ended July 31, 2011**  
Page 11 of 15

**OUTSTANDING SHARE DATA**

As at July 31, 2011, the Company had 104,938,605 common shares issued and outstanding. As at the date of this report, the Company has 105,753,501 common shares issued and outstanding.

As at July 31, 2011, the Company also had outstanding share purchase warrants to purchase 24,227,716 common shares of the Company. Each share purchase warrant entitled the holder to acquire one additional common share at an average price of \$0.44 per share

The following table shows information relating to the Company's outstanding stock options.

**Stock options granted**

	<b>For the period ended July 31, 2011</b>	<b>For the period ended July 31, 2010</b>	<b>For the fiscal year ended July 31, 2009</b>	<b>For the fiscal year ended July 31, 2008</b>
Dividend yield	0%	0%	0%	0%
Expected volatility	140.3%	147.7%-153.8%	162.94%	173.35%
Risk-free interest rate	2.00%	2.76% - 2.79%	2.76%	4.08%
Expected lives	5 years	5 years	5 years	3 years

In December 2010, the Shareholders of the Company passed the adoption of a Shareholders' Rights Plan Agreement. The Rights Plan has been adopted to ensure the fair treatment of all American Manganese shareholders in connection with any possible future take-over bids for the outstanding common shares of the Company. The Rights Plan will provide shareholders with adequate time to properly evaluate and assess a take-over bid without facing undue pressure or coercion. The Rights Plan is similar to the plans adopted by other Canadian companies.

**American Manganese Inc.**  
*(formerly Rocher Deboule Minerals Corp.)*  
**Management's Discussion and Analysis**  
**For the Year Ended July 31, 2011**  
Page 12 of 15

**OFF-BALANCE SHEET ARRANGEMENTS**

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

**RELATED PARTY TRANSACTIONS**

During the fiscal year ended July 31, 2011, 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.

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, 2011.

As at July 31 2011, the following amounts make the related party balances on the Company's balance sheet:

<b>DUE FROM RELATED PARTY</b>	<b>July 31, 2011</b>	<b>July 31, 2010</b>
Larry Reaugh	\$12,460	\$8,717
Goldrea Resources Corp	-	(\$22,956)
Molycor Gold Corp.	\$4,103	(\$13,005)

*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, 277,777 units at \$0.18 per unit in the private placement completed by the Company in August 2010 and 50,000 units at \$0.30 per unit in the private placement completed by the Company in February 2011.

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 and 250,000 units at \$0.18 per unit in the private placement completed by the Company in August 2010.

**CRITICAL ACCOUNTING ESTIMATES**

The most significant accounting estimate 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) 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. Completion of detailed potential changes has been.

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 – Finished November 15th, 2011.
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 Inc. 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.

**American Manganese Inc.**  
*(formerly Rocher Deboule Minerals Corp.)*  
**Management's Discussion and Analysis**  
**For the Year Ended July 31, 2011**  
Page 15 of 15

*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).