

# AMERICAN COPPER CORPORATION

## MANAGEMENT DISCUSSION & ANALYSIS

For the year ended September 30, 2008

Directors and Officers as at January 26, 2009

Directors:

Robert Eadie  
Gary Arca  
Herb Duerr  
Gary Hawthorn  
Richard Kern

Officers:

President & Chief Executive Officer – Robert Eadie  
Chief Financial Officer – Gary Arca

Contact Name:	Robert Eadie
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TSX Venture Exchange Symbol:	AJ

Form 51-102-F1

# AMERICAN COPPER CORPORATION

## MANAGEMENT DISCUSSION & ANALYSIS

For the Year Ended September 30, 2008

### 1.1 Date of This Report

This Management Discussion and Analysis (“MD&A”) should be read in conjunction with the audited consolidated financial statements of American Copper Corporation (“American Copper”, or the “Company”) for the year ended September 30, 2008. All dollar amounts herein are expressed in Canadian Dollars unless stated otherwise.

This MD&A is prepared as of January 26, 2008.

*This MD&A includes certain statements that may be deemed “forward-looking statements”. All statements in this discussion, other than statements of historical facts, that address exploration drilling, exploitation activities and events or developments that the Company expects are forward-looking statements. Although the Company believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results or developments may differ materially from those in the forward-looking statements. Factors that could cause actual results to differ materially from those in forward-looking statements include market prices, exploitation and exploration successes, continued availability of capital and financing and general economic, market or business conditions. Investors are cautioned that any such statements are not guarantees of future performance and actual results or developments may differ materially from those projected in the forward-looking statements.*

### 1.2 Overall Performance

#### *Description of Business*

The Company was incorporated pursuant to the British Columbia Business Corporations Act on January 27, 2006. The Company has one active subsidiary, American Copper Nevada Inc., which was incorporated on May 16, 2006, in Nevada to carry out U.S. operations.

The Company is engaged in the business of mineral exploration in the western United States with special emphasis on Arizona. The Company’s objective is to locate and develop economic precious and base metal properties of merit. The Company’s material property, as defined by National Instrument 43-101, is the option to acquire 100% of the Squaw Peak in Yavapai County, Arizona State. The Company has also entered into an option agreement to acquire 100% of the Copper Properties in Arizona, New Mexico and Nevada. (see Section 1.4.1).

The Company completed a private placement in November, 2006 and issued 1,680,000 shares of the Company at a price of \$0.25 per share, for gross proceeds of \$420,000. In May, 2007, the Company received \$24,000 from Directors for issuance of 96,000 common shares at \$0.25 per share. During the fourth quarter ended September 30, 2007 the Company completed an IPO and distributed 4,000,000 units comprised of one share and one-half of one share purchase warrant at a price of \$0.40 per unit. During the year ended September 30, 2008, the Company closed a non-brokered private placement and distributed 2,000,000 units comprised of one share and one-half of one share purchase warrant at a price of \$0.20 per unit – see section 1.4.2 below.

On December 18, 2008, the shareholders approved a Plan of Arrangement whereby American Copper Corporation (TSXV: AJ) (“American Copper”), Lebon Gold Mines Limited (CNQ: LBO) (“Lebon”) and Golden Oasis Exploration Corp. (TSXV: GOT) (“Golden Oasis”) (collectively, the “Companies”) will amalgamate. Under the terms of the amalgamation, American Copper will, subject to any subsequent adjustment, acquire all of the shares of Lebon and Golden Oasis by issuing common shares in its capital (“AJ Shares”) to:

- (i) the shareholders of Lebon on the basis of one and one-fifth (1.2) AJ Shares for every one common share of Lebon currently issued and outstanding (total current issued and outstanding is 13,824,277); and
- (ii) the shareholders of Golden Oasis on the basis of one AJ Share for every one common share of Golden Oasis currently issued and outstanding (20,354,471).
- (iii) American Copper currently has 19,036,001 shares issued and outstanding.

In addition American Copper will issue to the holders of share purchase warrants and broker’s warrants of Golden Oasis, replacement warrants on the same ratio as stated above, and with the same terms as the original warrants.

As a result, American Copper will have a total of 55,979,604 common shares outstanding, (60,193,604 shares on a fully diluted basis).

Certain of the AJ Shares will be subject to such continuing escrow requirements as previously existed or as may be imposed by the TSX Venture Exchange (the “Exchange”).

**Subject to Exchange acceptance, it is proposed that the amalgamation will take effect on or before January 31, 2009.**

In conjunction with the amalgamation, shareholders also approved the grant of 3,700,000 options to the proposed directors of the amalgamated company, at a proposed exercise price of \$0.15 per share or such exercise price as may be approved by the regulatory authorities. Management of the amalgamated company will be the following directors: Messrs. Robert Eadie (President & CEO), Gary Arca (CFO), Richard Kern, Gary Hawthorn and Herb Duerr.

Once the amalgamation has been completed, the new American Copper plans to continue its exploration efforts on the combined copper and gold projects held by the Companies, and will consolidate its human and financial resources toward the recommended work programs for the properties, with a view to maximizing value for its shareholders. American Copper will continue to be dedicated to the principles of environmentally sound mining practices and the belief that environmental stewardship and mining can co-exist.

Pursuant to entering into the agreement the Company was advanced \$75,000 by Lebon which is repayable on demand, bears no interest and has no specific terms of repayment.

### 1.3 Selected Annual Information

The highlights of financial data for the Company for years ended September 30, 2008, 2007 and for the period from incorporation on January 27, 2006 to September 30, 2006, being the end of the first financial year end of the Company, are as follows:

	<b>September 30, 2008</b>	September 30, 2007	September 30, 2006
(a) Net sales	Nil	Nil	Nil
(b) Loss before foreign exchange and investment income	<b>(605,498)</b>	(676,666)	(296,823)
(c) Net loss	<b>(589,735)</b>	(686,253)	(294,851)
(d) Loss per share – basic and diluted	<b>(0.03)</b>	(0.05)	(0.05)
(e) Total assets	<b>2,293,269</b>	2,170,504	778,902
(f) Total long-term liabilities	Nil	Nil	Nil
(g) Cash dividends declared per-share	Nil	Nil	Nil

### 1.4 Results of Operations

#### *Discussion of Acquisitions, Operations and Financial Condition*

The following should be read in conjunction with the financial statements of the Company and notes attached hereto.

#### 1.4.1 Property Activity

##### Resource Property – Squaw Peak

Pursuant to an option agreement with MinQuest Inc. (“MinQuest”), a company controlled by certain directors of the Company, dated June 10, 2006, the Company may acquire a 100% undivided interest, subject to a 3% net smelter royalty (“NSR”), in 40 mining claims located in Yavapai County, Arizona State, United States of America (“Squaw Peak”). The former mine workings are situated near the town of Camp Verde, 35 miles east of Prescott, Arizona and about 65 miles north-northeast of the Phoenix metropolitan area. Consideration for the acquisition is cash of US\$1,000,000, reimbursement of the optionor’s costs associated with the acquisition of the property, issuance of 500,000 common shares of the Company, and exploration expenditures of US\$4,500,000 on the property. Pursuant to an amendment to the option agreement dated October 15, 2008, MinQuest has agreed to a deferral of cash payments and exploration expenditures based on a “New Effective Date”. The New Effective Date shall be the earlier of October 15, 2018 or the date the Company enters into a joint venture agreement over the Property or the date that the Company completes a bankable feasibility study on the Property. The amended commitments on the property are as follows:

Consideration:

- US\$25,000 (paid) and 50,000 common shares (issued) by August 20, 2007;
- 100,000 common shares (issued) by August 20, 2008;
- 150,000 common shares by August 20, 2009;
- 200,000 common shares by August 20, 2010;
- US\$30,000 on or before the New Effective Date;
- US\$45,000 on or before the first anniversary of the New Effective Date;
- US\$60,000 on or before the second anniversary of the New Effective Date;
- US\$80,000 on or before the third anniversary of the New Effective Date;
- US\$100,000 on or before the fourth anniversary of the New Effective Date;
- US\$120,000 on or before the fifth anniversary of the New Effective Date;
- US\$140,000 on or before the sixth anniversary of the New Effective Date; and
- US\$400,000 on or before the seventh anniversary of the New Effective Date.

Exploration Expenditures:

- US\$200,000 by August 20, 2008 (incurred);
- US\$300,000 by August 20, 2009 (incurred);
- US\$400,000 on or before the New Effective Date;;
- US\$500,000 on or before the first anniversary of the New Effective Date;
- US\$600,000 on or before the second anniversary of the New Effective Date;
- US\$700,000 on or before the third anniversary of the New Effective Date;
- US\$800,000 on or before the fourth anniversary of the New Effective Date; and
- US\$1,000,000 on or before the fifth anniversary of the New Effective Date.

The Company may purchase up to one half of the NSR for US\$2,000,000 for each 1% of the royalty purchased (total of \$3,000,000 for the entire 1.5%). During the term of the Squaw Peak option agreement, the Company is responsible for maintaining the claims in good standing, including paying required taxes, fees and rentals, and completing necessary assessment work.

*Activity to date*

Mining records from World War II era mining at Squaw Peak (which are not NI 43-101 compliant and should not be relied upon) indicate average grades of the veins mined were 1.2% copper, 0.45% molybdenum, 0.50 oz/ton (17 g/t) silver and 0.002 oz/ton (.07 g/t) gold. All of the workings are caved-in and, therefore, no underground sampling has been done by American Copper. Previous surface drilling of the property, the most recent being in 1974, was all vertical and failed to test the near vertical veins.

In the summer of 2006 EDCON-PRJ of Lakewood, Colorado conducted an ultralight aeromagnetic survey for American Copper-MinQuest. The data was interpreted by Fritz Geophysics of Fairplay, Colorado (Fritz, 2006). The survey was flown along east-west lines at 100m spacing with north-south tie lines every 500m. The survey covers an area of approximately 7.8 square miles with the Squaw Peak intrusion and mine at the approximate center of the area.

In July-August of 2006 MinQuest collected soil samples from 373 locations that covered most of the Squaw Peak property including the area of present geologic interest. The samples were collected at 100 meter intervals along east-west lines with 100 meter spacing. The samples were analyzed by ALS Chemex of Reno, Nevada for copper by atomic absorption and the multi-element suite (28 elements including copper) by ICP.

In the spring of 2008, the Company initiated Phase I drilling at its Squaw Creek Project targeting high grade copper/molybdenum veins and stockworks last mined in the 1940's. Results from the first 8 holes were reported in the *June 2, 2008 press release*. Phase II drilling began in the summer of 2008 with an additional 3,535 feet of core in 5 holes. These holes were drilled to test above a high-grade silver zone found in Phase 1, to begin defining the extent of the resource area and to test an area of massive breccias north of the resource target. Summary results are shown below.

Hole #	From (ft)	To (ft)	Interval (ft)	Cu (ppm)	Mo (ppm)	Ag (ppm)	% Cu Equiv.
SP0809	10	293	283	3806	149	2.6	0.53
SP0810	10	30	20	2080	21	1.2	0.23
SP0811	425	895	470	1330	85	0.3	0.21
SP0812	320	863	543	3453	80	1.7	0.43
SP0813	10	801	791	3480	232	1.2	0.56

\*Percent Copper Equivalent calculated using Mo Price/Cu Price = 8.8, Ag Price/Cu Price = 67.3

Drill hole SP0809, drilled above the high-grade silver in hole SP0803 (see above) failed to intercept high-grade silver but did average 0.53% copper equivalent its entire length of 293 feet. SP0810 was drilled 1,300 feet north of the resource target in an Aplitic shear zone which outcrops over a distance of 1,200 feet and contains occasional secondary copper. Except for the top of the hole, the breccia was unmineralized. SP0811 was drilled 180 feet southeast of the collar of SP0809 beneath mineralized outcrops. The hole contained low-grade mineralization (470 feet averaging 0.21% copper equivalent) in its central portion. This hole indicates the mineralization plunges to the northwest with the southeast boundary just southeast of hole SP0811 on surface but moving to the northwest with depth.

SP0812 was drilled to test deeper beneath holes SP0807 and 808. The hole was collared 215 feet east of the collar of SP0807 and 808. Between 320 feet and total depth (863 feet) the hole averaged 0.43% copper equivalent showing mineralization extends to depth and further to the west. Finally, drill hole SP0813, the furthest hole northwest (230 feet northwest of SP0812) was mineralized from top (began coring at 10 feet) to bottom (801 feet depth) and averaged 0.56% copper equivalent, the highest average value of the holes drilled. This hole indicates the mineralization has a true thickness of at least 610 feet and is still open to the northwest.

The core was sawed in half and one-half sent to ALS Chemex in Reno, Nevada for analysis. Analysis was by ICP with checks done by XRF. Copper and silver overlimits were run by AAS.

A plan map of Phase I and II drilling are available on the Company's website <http://www.americancoppercorp.com>.

Richard Kern (P.Geol) of Reno, Nevada, a director of the Company and is the Company's qualified person on the projects as required under NI 43-101 and has prepared the technical information contained in this section 1.4.1 of the Management discussion and analysis.

#### Resource Property – Copper Properties

The Company optioned a land package comprised of five separate copper properties located in Arizona, New Mexico and Nevada (collectively, the "Properties"). The Properties are comprised of 630 claims

covering a total of 19.6 square miles in Santa Cruz, Gila and Yavapai Counties (Arizona), Grant County, New Mexico, and Humboldt County, Nevada. The Copper Springs Project is located about 70 miles (113 km) east of Phoenix, Arizona within the Globe-Miami mining district. This mining district contains numerous operating mines including BHP's Pinto Valley Mine and Quadra Mining's Carlotta Mine. Copper Springs is 7.5 miles east of RTZ's Resolution copper deposit.

The Copper Springs Project contains two near-surface copper resources identified in the middle part of the 20th century. The current drill program confirmed the presence of both copper oxide and chalcocite mineralization near surface. These near surface intercepts also confirm copper grades in the range of those needed for SXEW extraction within the project's western target.

Under its Option Agreement with MinQuest Inc. of Reno, Nevada, the Company must reimburse MinQuest its acquisition costs which include filing fees, holding fees and staking fees made by MinQuest in relation to the Properties. MinQuest will retain a 3% net smelter royalty. The Company can earn a 100% interest in the Properties or any portion thereof (subject to the 3% NSR) by expending an aggregate amount of US\$25,000,000 on one or any combination of claims forming the Properties, and issuing 3,650,000 shares, over a period of ten years and seven years, respectively. Pursuant to an amendment to the option agreement dated October 15, 2008, MinQuest has agreed to a deferral of cash payments and exploration expenditures based on a "New Effective Date". The New Effective Date shall be the earlier of October 15, 2018 or the date the Company enters into a joint venture agreement over the Copper Properties or the date that the Company completes a bankable feasibility study on the Copper Properties. The amended commitments on the Copper Properties are as follows:

Consideration:

- 275,000 common shares on January 25, 2008 (issued);
- 275,000 common shares by January 25, 2009;
- 275,000 common shares by January 25, 2010;
- 275,000 common shares by January 25, 2011;
- 275,000 common shares by January 25, 2012;
- 375,000 common shares by January 25, 2013;
- 800,000 common shares by January 25, 2014; and
- 1,100,000 common shares by January 25, 2015.

Exploration Expenditures:

- US\$200,000 by January 25, 2009 (incurred);
- US\$200,000 by the first anniversary of the New Effective Date;
- US\$1,000,000 by the second anniversary of the New Effective Date;
- US\$2,000,000 by the third anniversary of the New Effective Date;
- US\$2,000,000 by the fourth anniversary of the New Effective Date;
- US\$2,500,000 by the fifth anniversary of the New Effective Date;
- US\$3,000,000 by the sixth anniversary of the New Effective Date;
- US\$3,000,000 by the seventh anniversary of the New Effective Date;
- US\$3,000,000 by the eighth anniversary of the New Effective Date;
- US\$4,000,000 by the ninth anniversary of the New Effective Date; and
- US\$4,100,000 by the tenth anniversary of the New Effective Date.

The Company has the right to purchase up to one half of the royalty in each of the five properties on the basis of \$2 million per each 1% of the royalty.

The Properties lie within major mineralized trends as follows:

Copper Springs – 102 claims cover an area of about three square miles within the prolific Miami-Globe mining district in Arizona. This area is the site of significant past and present production as well as intense exploration for new ore deposits of copper and molybdenum. Historic drilling at Copper Springs has discovered near surface indications of copper mineralization.

Patagonia – 350 claims cover an area of over 11 square miles within the Patagonia mining district of Santa Cruz County, Arizona. Several historic resources (not NI 43-101 compliant) of copper, molybdenum, zinc and silver are reported to occur within the property. The USGS reports that the mineralization is hosted in porphyry intrusive, breccia pipes, and in skarn within the company's claim block.

Cobre – 45 claims cover an area of approximately 1.4 square miles within the Tyrone mining district of Grant County, New Mexico. Phelps Dodge (now Freeport-McMoRan) continues to produce from the nearby Tyrone copper mine. The mineralization is hosted in intrusive rocks similar to the Tyrone mine. Although no known resources are present within the Company's property boundary, surface indications of oxide copper are common.

CB Claim Group – 82 claims cover approximately 2.6 square miles within Yavapai County, Arizona. Historic work on this property indicates low grade copper-molybdenum-silver mineralization occurs within the boundary of the Company's claim group. A central core of higher grade mineralization has been recognized, but poorly defined to date.

Gregg Canyon – 51 claims cover approximately 1.6 square miles within the Adelaide mining district in Humboldt County, Nevada. Historic drilling on this project has defined molybdenum mineralization hosted within granite. Numerous areas of surface mineralization have been identified, but remain untested by drilling.

Richard Kern and Herb Duerr, both directors of the Company, each hold a 50% interest in MinQuest, and accordingly the transaction is deemed to be a related party transaction under TSX Venture Exchange policies. Mr. Kern's and Mr. Duerr's shareholdings in the Company will change over ten years as a result of this transaction. The option agreement was reviewed and approved by the board of directors, with both Mr. Kern and Mr. Duerr abstaining from voting on the resolution. The Company did not obtain a formal valuation of the Properties, as the same are of indeterminate value, and will be assessed over the life of the option to determine if in fact the option price is warranted. The Company received minority shareholder approval and the approval of the TSX Venture Exchange on February 25, 2008. The board of directors is of the view that the terms of the option agreement are favorable to the Company, present limited risk to the Company, and it is reasonable to proceed with the option agreement upon receipt of TSX Venture Exchange approval.

During the term of the Copper Properties option agreement, the Company will be responsible for all applicable reclamation statutes, regulations and ordinances relating to such work, maintaining the interests in these properties in good standing, payment of taxes and rentals and all other actions necessary to keep the claims free and clear of all liens and other charges so as to not jeopardize property title.

#### *Proposed Exploration Program*

The Company announced on May 5, 2008 that it initiated a core drilling program at its Copper Springs Project targeting near surface copper mineralization. The Company planed to drill approximately 4,200 feet (1,280 m) in 14 holes.

Historic drilling on the property by Exxon, Kerr-McGee and others (which are not NI 43-101 compliant and should not be relied upon) indicate two near surface target areas which contain chalcocite and copper oxides oriented in apparent open-pit configuration. Drilling has been prioritized from recent mapping and an IP geophysical survey completed by the Company over the western target. The previous drill programs on the property, the most recent being in 1973, were wide spaced and failed to test large areas of the project.

The current drilling program tests the grades and extent of known mineralization in the western target area. The program is designed to test both geologic and geophysical targets. The Company's ultimate goal is to define an open pit copper ore body amenable to low cost SXEW technology.

*Activity to date*

In the Summer of 2008, the Company received initial results, contained in the news release of June 18, 2008, for three of the first fourteen holes completed on the Copper Springs Project. The first three drill holes returned significant copper values equal to or better than the historic drill results. Drill hole CS0802 contained 20 feet (6.1 m) averaging 0.50% Cu. Drill hole CS0803 contained 50 feet (15.2 m) averaging 0.54% Cu including 20 feet (6.1 m) grading 0.87% Cu. Drill hole CS0804 contained 65 feet (19.8 m) averaging 0.44% Cu. Final assay results for ten of fourteen holes from American Copper's Copper Springs Project were announced in the September 8, 2008 press release.

All fourteen drill holes are listed below with depths to mineralized zones, thickness, average total copper grade and average recoverable copper grade for each hole.

<b>Drill Hole #</b>	<b>From (Ft)</b>	<b>To (Ft)</b>	<b>Interval</b>	<b>%Total Copper</b>	<b>% Recovery</b>
CS 0801	70.0	95.0	25	0.13%	Pending
and	105.0	170.0	65	0.15%	Pending
CS 0802	110.0	130.0	20	0.50%	Pending
CS 0803	110.0	160.0	50	0.54%	87%
Includes	115.0	135.0	20	0.87%	91%
CS 0804	130.0	195.0	65	0.44%	89%
CS 0805	140.0	175.0	35	0.21%	Pending
CS 0806	105.0	110.0	5	0.53%	92%
CS 0807	175.0	235.0	60	0.33%	94%
or	170.0	250.0	80	0.28%	93%
CS 0808	15.0	75.0	60	0.15%	80%
and	75.0	155.0	80	0.36%	97%
CS 0809	175.0	200.0	25	0.12%	108%
CS 0810	170.0	175.0	5	0.11%	19%
CS 0811	-----	-----	-----	NSV	NSV
CS 0812	135.0	140.0	5	0.14%	43%
CS 0813	95.0	125.0	30	0.17%	100%
and	140.0	165.0	25	0.15%	87%
CS 0814	30.0	50.0	20	0.32%	100%

Drill holes CS0810 and CS0811 were stopped due to down hole caving before reaching the projected depth. Mineralization was encountered in the last 5.0 feet of hole CS0810. Drill hole CS0812 may define the northwest margin of the chalcocite zone. Drill holes CS0807 and CS0808 contained thick intercepts of +0.3% Cu.

The remaining five drill holes contain values of +0.1% Cu near surface. These holes have added potential to the east and north of the previously known limits of the mineralized zone.

A total of 14 vertical core holes were drilled along existing roads. Some historic holes were twinned to compare current and historic copper assays. The twinned holes had comparable results to historic results although a few had higher average grades. The bulk of the drilling was concentrated north and west of previous drilling to enlarge the footprint of known mineralization. This first phase of drilling amounted to 3,853.2 feet (1174 m) and averaged 275 feet (84 m) deep. The holes were spaced from 300 to 400 feet (92 to 122 m) apart. Additional drilling will be needed to determine the total extent of the mineralization within both the western and eastern targets.

The core was sawed in half and one-half sent to ALS Chemex in Reno, Nevada for analysis. Analysis was by ICP. Copper and silver overlimits were run by AAS. Two acid soluble digestions were performed using a weak sulfuric acid digestion and a cyanide soluble digestion. These procedures ascertain the potential for SXEW copper recovery. Although preliminary, the digestion of the copper indicates potential recovery of copper from both copper oxide and chalcocite zones.

American Copper is currently preparing a plan map and cross sections of its recent drilling program for release on its website <http://www.americancoppercorp.com>.

Richard Kern (P.Geo) of Reno, Nevada, a director of the Company and is the Company's qualified person on the projects as required under NI 43-101 and has prepared the technical information contained in this section 1.4.1 of the Management discussion and analysis.

**Property Expenditures Summary**

The Company is a venture issuer that has not had significant revenue from operations in any of its last three financial periods. The Company has capitalized all expenditures relating to the exploration of its mineral property. Details of deferred expenditures for the properties are as follows:

	<b>Cumulative September 30, 2008</b>	<b>Cumulative September 30, 2007</b>
<b><u>Squaw Peak - Actual Expenditures</u></b>		
Acquisition costs	\$ 59,882	\$ 47,882
Claim maintenance fees	71,617	65,289
Claim staking costs	99,889	99,889
Drilling	437,431	-
Geological consulting	230,213	113,382
Geophysics	50,757	50,757
Legal consulting	7,590	7,464
Mapping & reports	80,644	74,820
Sampling	51,564	32,320
Site visits & accommodation	32,033	14,444
Surveys	3,637	-
	<b>\$ 1,125,257</b>	<b>\$ 506,247</b>
<b><u>Copper Properties – Actual Expenditures</u></b>		
Acquisition costs	\$ 531,546	\$ 116,463
Claim maintenance fees	78,750	-
Drilling	206,365	-
Geological consulting	86,241	-
Geophysics	16,424	-
Sampling	40,169	-
Site visits & accommodation	28,937	-
Surveys	600	-
	<b>989,032</b>	<b>116,463</b>
<b>Total Properties</b>	<b>\$ 2,114,289</b>	<b>\$ 622,710</b>

**1.4.2 Results of Operations**

The loss for the year ended September 30, 2008 was \$589,735. Amounts for the year ended September 30, 2007 are provided for comparative purposes. The details of the expenses are as follows:

Year ended September 30,	2008	2007
Accounting and audit fees	\$ 25,378	\$ 25,199
Amortization	6,203	5,191
Bank charges and interest	1,381	888
Consulting fees	44,754	75,730
Corporate and administration fees	43,750	26,450
Filing fees	27,421	51,394
Insurance	9,330	2,650
Legal fees	4,034	2,666
Management fees	60,000	60,000
Office and miscellaneous	47,838	37,993
Property investigation	4,372	-
Rent	27,372	14,097
Shareholder communications	129,632	6,922
Stock-based compensation	137,607	347,000
Travel	36,426	20,486
Foreign exchange loss	(458)	23,130
Interest and investment income	(15,305)	(13,543)
Net loss for the year	\$ 589,735	\$ 686,253

The Company completed its IPO in the previous year ended September 30, 2007 and has fully commenced exploration activity. The Company was in the start up phase during the comparative year ended September 30, 2007 and as a result, expenditures for that year vary from the current year ended September 30, 2008 when normal exploration activity and operations commenced. Current increased activity is shown by the increases in corporate and administration fees (which includes in-house legal services) to \$43,750, shareholder communications and travel of \$129,632 and \$36,426 respectively, due to much higher investor relations activity, including trade show expenses, market dissemination services and corporate presentations and information events. Filing fees in the prior year ended September 30, 2007 of \$51,394 include initial fees relating to the Company's registration with the TSX Venture Exchange and were therefore higher than the current year amount of \$27,421, as were consulting fees relating to the start-up activity which were \$75,730 in the year ended September 30, 2007 compared to \$44,754 in the current year ended September 30, 2008. Interest income of \$15,305 relates to capital raised through the IPO and from private placements. The most significant expense for the year ended September 30, 2008, was the stock-based compensation expense of \$137,607 which was the fair value calculated of the stock options granted and vested during the year. This compares to an expense of \$347,000 reported for the comparative year ended September 30, 2007 on 1,150,000 options granted in that period. The Company uses the Black-Scholes option valuation model to calculate the fair value of share purchase options at the date of grant and the expense will vary depending on the subjective variables which affect this calculation, including expected annual volatility and risk-free interest rate.

The current year ended September 30, 2008 also includes administration related to exploration activity on Squaw Peak and the Copper Properties.

*Investor Relations Activities*

During the year ended September 30, 2008, the Company responded to investor inquiries. There were no formal investor relations agreements in place.

*Financings, Principal Purposes & Milestones*

During the year ended September 30, 2008, the Company closed a non-brokered private placement consisting of 2,000,000 Units at a price of \$0.20 per Unit for gross proceeds of \$400,000. Each unit consisting of one common share and one-half share purchase warrant. Each whole warrant entitles the holder to purchase one additional common share at a price of \$0.40 for a period of one year. The warrants include an early expiry feature which may be triggered should the common shares of the Company close above \$0.40 for a minimum period of ten trading days. Share capital was debited \$47,948 for the fair value of the warrants issued in the 2,000,000 unit private placements, which was determined using the Black-Scholes pricing model.

The Company paid a cash commission of \$27,200 and issued 204,000 warrants to the agent. The agents' warrants are exercisable at \$0.20 per share until April 25, 2009 and include the same early expiry feature described above. Share issue costs included \$18,118 for the fair value of agents' warrants, which was determined using the Black-Scholes pricing model.

During the fourth quarter ended September 30, 2007, the Company's prospectus (the "Prospectus") was accepted in the provinces of British Columbia, Alberta and Ontario in connection with the Company's initial public offering. The Prospectus qualified the distribution of 4,000,000 Units of the Company at a price of \$0.40 per unit for gross proceeds of \$1,600,000 pursuant to an Initial Public Offering ("IPO"). Each unit consisting of one common share and one-half of one common share purchase warrant, each whole warrant exercisable at \$0.75 for 24 months. The Company was listed for trade on the TSX Venture Exchange ("TSX-V") on August 20, 2007. Pursuant to the IPO, the Company paid a cash commission of \$128,000 (8% of the gross proceeds) and issued 125,000 shares of the Company as a Corporate finance fee to the agent. In addition, the agent received 800,000 Agent Warrants (20% of the shares issued) pursuant to the IPO which will entitle the agent to purchase additional shares of the Company at \$0.40 for two years.

**1.5 Summary of Quarterly Results**

The following is a summary of the Company's financial results for the eight most recently completed quarters for which financial information is available:

	Q4 30-Sept-08	Q3 30-Jun-08	Q2 31-Mar-08	Q1 31-Dec-07
Net Loss:				
Total	\$(83,604)	\$(131,469)	\$(263,416)	\$(111,246)
Per share				
- basic and diluted	\$(0.01)	\$(0.01)	\$(0.02)	\$(0.01)
	Q4 30-Sept-07	Q3 30-Jun-07	Q2 31-Mar-07	Q1 31-Dec-06
Net Loss:				
Total	\$(77,372)	\$(92,139)	\$(440,954)	\$(75,788)

Per share				
- basic and diluted	\$(0.01)	\$(0.01)	\$(0.03)	\$(0.01)

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### *Discussion*

For the discussion on the year ended September 30, 2008, please refer to Section 1.4 Results of Operations.

## **1.6 Liquidity**

In management's view, given the nature of the operations, which currently consist of agreements covering resource properties, the most relevant financial information relates primarily to current liquidity, solvency and planned expenditures. The Company's financial success will be dependent upon the extent to which it can determine whether its resource properties contain reserves, which are economically recoverable.

Such development may take years to complete and the amount of resulting income, if any, is difficult to determine. The Company does not expect to receive significant income in the foreseeable future.

As at September 30, 2008, the Company had a working capital deficiency of \$141,140, had not yet achieved profitable operations and has accumulated losses of \$1,570,839 since its inception. Its ability to continue as a going concern is dependent upon the ability of the Company to obtain the necessary financing to meet its obligations and pay its liabilities arising from normal business operations when they come due. The Company will require additional financing to fund future acquisitions and explorations. If required, Company anticipates funding any property investigations, proposed exploration programs and anticipated administrative and overhead expenses through additional equity subscriptions, such as private placements or through the exercise of warrants. In light of the continually changing financial markets, there is no assurance that funding by equity subscriptions will be possible at the times required or desired. (see also 1.4 – *Financings, Principal Purpose and Milestones*).

On December 18, 2008, the shareholders approved a Plan of Arrangement whereby the Company proposes to complete a share exchange with Golden Oasis and with Lebon subject to approval. Golden Oasis and Lebon share common directors and officers with the Company. Pursuant to entering into the agreement the Company was advanced \$50,000, and a further \$25,000 subsequently, by Lebon which is repayable on demand, bears no interest and has no specific terms of repayment (see Section 1.11)

## **1.7 Capital Resources**

The only capital resource of the Company are the Resource properties, with historical costs of \$2,114,289 as at September 30, 2008. The Company is committed to further expenditures on the properties, as detailed in Section 1.4 Results of Operations.

## **1.8 Off Balance Sheet Arrangements**

There are no off-balance sheet arrangements to which the Company is committed. The Company has optioned its mineral properties from a private company controlled by two directors of the Company.

## 1.9 Transactions with Related Parties

The Company incurred the following costs with companies controlled by directors of the Company and with companies controlled by significant shareholders:

<u>Year ended September 30,</u>	<u>2008</u>	<u>2007</u>
Consulting fees	\$ 30,000	\$ 32,500
Management fees	60,000	60,000
Property investigation	4,372	-
Resource properties - deferred expenses	121,584	102,259
- acquisition expenses	13,322	-
	<u>\$ 229,278</u>	<u>\$ 194,759</u>

These expenditures were measured by the exchange amount, which are the amounts agreed upon by the transacting parties.

Included in prepaid expenses at September 30, 2008 is a \$2,500 (September 30, 2007 – \$2,500) deposit to a company with a common director.

Included in Resource properties at September 30, 2008 is \$388,188 (September 30, 2007 – \$Nil) of acquisition costs and deferred expenditures which were incurred by and reimbursed to MinQuest, a company controlled by a director of the Company.

Included in accounts payable at September 30, 2008 is \$137,147 (September 30, 2007 – \$3,730) due directors and companies with common directors for unpaid expenses, deferred expenses relating to the resource properties, consulting and management fees.

Included in the statements of operations for the year ended September 30, 2008 are \$46,116 (September 30, 2007 – \$24,437), of general and administrative and rent expenses which were incurred by and reimbursed to a company with a common director.

During the year ended September 30, 2008, the Company issued 275,000 and 100,000 common shares to a company with a director in common pursuant to the Squaw Peak and Copper Properties option agreements.

During the year ended September 30, 2007, the Company issued 50,000 common shares to a company with a director in common pursuant to the Squaw Peak option agreement.

## 1.10 Fourth Quarter

The fourth quarter results differ significantly from other quarters in the prior year due to the IPO costs and commencement of normal operations. The fourth quarter results are comparable with other quarters in the current fiscal year. See Section 1.4 for discussion of variances.

### **1.11 Proposed Transactions**

On December 18, 2008, the shareholders approved a Plan of Arrangement whereby the Company, Lebon and Golden Oasis (collectively, the “Companies”) will amalgamate. Under the terms of the amalgamation, the Company will, subject to any subsequent adjustment, acquire all of the shares of Lebon and Golden Oasis by issuing common shares in its capital (“AJ Shares”) to:

- (i) the shareholders of Lebon on the basis of one and one-fifth (1.2) AJ Shares for every one common share of Lebon currently issued and outstanding (total current issued and outstanding is 13,824,277); and
- (ii) the shareholders of Golden Oasis on the basis of one AJ Share for every one common share of Golden Oasis currently issued and outstanding (20,354,471).
- (iii) American Copper currently has 19,036,001 shares issued and outstanding.

In addition the Company will issue to the holders of share purchase warrants and broker’s warrants of Golden Oasis, replacement warrants on the same ratio as stated above, and with the same terms as the original warrants.

As a result, the new American Copper will have a total of 55,979,604 common shares outstanding, (60,193,604 shares on a fully diluted basis).

Certain of the AJ Shares will be subject to such continuing escrow requirements as previously existed or as may be imposed by the TSX Venture Exchange (the “Exchange”).

Subject to Exchange acceptance, it is proposed that the amalgamation will take effect on or before January 31, 2009.

In conjunction with the amalgamation, shareholders also approved the grant of 3,700,000 options to the proposed directors of the amalgamated company, at a proposed exercise price of \$0.15 per share or such exercise price as may be approved by the regulatory authorities. Management of the amalgamated company will be the following directors: Messrs. Robert Eadie (President & CEO), Gary Arca (CFO), Richard Kern, Gary Hawthorn and Herb Duerr.

Once the amalgamation has been completed, the new American Copper plans to continue its exploration efforts on the combined copper and gold projects held by the Companies, and will consolidate its human and financial resources toward the recommended work programs for the properties, with a view to maximizing value for its shareholders. American Copper will continue to be dedicated to the principles of environmentally sound mining practices and the belief that environmental stewardship and mining can co-exist.

Pursuant to entering into the agreement the Company was advanced \$75,000 by Lebon which is repayable on demand, bears no interest and has no specific terms of repayment.

### **1.12 Critical Accounting Estimates**

#### Resource Properties

The Company defers the cost of acquiring, maintaining its interest, exploring and developing mineral properties until such time as the properties are placed into production, abandoned, sold or considered to be impaired in value. Costs of producing properties will be amortized on a unit of production basis and costs of abandoned properties are written-off. Proceeds received on the sale of interests in mineral properties are credited to the carrying value of the mineral properties, with any excess included in operations. Write-downs due to impairment in value are charged to operations.

The Company is in the process of exploring and developing its mineral properties and has not yet determined the amount of reserves available. Management reviews the carrying value of mineral properties on an annual basis and will recognize impairment in value based upon current exploration results, the prospect of further work being carried out by the Company, the assessment of future probability of profitable revenues from the property or from the sale of the property. Amounts shown for properties represent costs incurred net of write-downs and recoveries, and are not intended to represent present or future values.

Environmental expenditures that relate to current operations are expensed or capitalized as appropriate. Expenditures that relate to an existing condition caused by past operations and which do not contribute to current or future revenue generation are expensed. Liabilities are recorded when environmental assessments and/or remedial efforts are probable, and the costs can be reasonably estimated. Generally, the timing of these accruals coincides with the earlier of completion of a feasibility study or the Company's commitment to a plan of action based on the then known facts.

#### Impairment of Long-lived Assets

Canadian generally accepted accounting principles require that long-lived assets and intangibles to be held and used by the Company be reviewed for possible impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If changes in circumstances indicate that the carrying amount of an asset that an entity expects to hold and use may not be recoverable, future cash flows expected to result from the use of the asset and its disposition must be estimated. If the undiscounted value of the future cash flows is less than the carrying amount of the asset, impairment is recognized. Management believes there has been no impairment of the Company's long-lived assets as at September 30, 2008.

#### Stock-based Compensation

The Company has a stock-based compensation plan, whereby stock options are granted in accordance with the policies of regulatory authorities. The fair value of all share purchase options granted are expensed over their vesting period with a corresponding increase to contributed surplus. Upon exercise of share purchase options, the consideration paid by the option holder, together with the amount previously recognized in contributed surplus, is recorded as an increase to share capital.

The Company uses the Black-Scholes valuation model to determine the fair value of share purchase options at the date of grant. Option pricing models require the input of highly subjective assumptions, including the expected price volatility. Changes in these assumptions can materially affect the fair value estimated and therefore, the existing models do not necessarily provide a reliable single measure of the fair value of the Company's share purchase options.

### Financial Instruments

The Company adopted the Canadian Institute of Chartered Accountants (“CICA”) Handbook Section 1530, Comprehensive Income, Section 3251, Equity, Section 3855, Financial Instruments – Recognition and Measurement, Section 3861, Financial Instruments – Disclosure and Presentation and Section 3865, Hedges. These sections apply to fiscal years beginning on or after October 1, 2006 and provide standards for recognition, measurement, disclosure and presentation of financial assets, financial liabilities, and non-financial derivatives, and describe when and how hedge accounting may be applied. Under these new standards, all financial instruments are classified into one of the following five categories: held for trading, held-to-maturity investments, loans and receivables, available for sale assets or other financial liabilities. All financial instruments, including derivatives, are included on the balance sheet and are measured at fair market value upon inception with the exception of certain related party transactions. Subsequent measurement and recognition of change in the fair value of financial instruments depends on their initial classification. Held-for-trading financial investments are measured at fair value and all gains and losses are included in operations in the period in which they arise. Available-for-sale financial instruments are measured at fair value with revaluation gains and losses included in other comprehensive income until the asset is removed from the balance sheet. Loans and receivables, investments held to maturity and other financial liabilities are measured at amortized cost using the effective interest method. Gains and losses upon inception, derecognition, impairment write downs and foreign exchange translation adjustments are recognized immediately. Transaction costs related to financings will be expensed in the period incurred.

Upon adoption of these new standards, the Company classified its cash as held-for-trading, which is measured at fair value; and accounts payable and accrued liabilities, are classified as other financial liabilities, which are measured at amortized cost.

#### **1.13 Changes in Accounting Policies Including Initial Adoption**

Recent CICA Handbook revisions include Section 1506, Accounting changes, Section 1400, Assessing Going Concern, Section 1540, Cash Flow Statements, Section 3064, Goodwill and Intangible Assets, Sections 3862 and 3863, Disclosure and Presentation on Financial Instruments and Section 1535, Capital Disclosures.

Also effective for year-ends commencing on or after January 1, 2011, all public companies will be required to adopt International Financial Reporting Standards.

The Company does not expect the adoption of these new Sections to result in any significant change in the disclosure within the current financial statements except for the capital disclosure requirements of Section 1535, which are applicable for periods commencing October 1, 2007, as follows:

### Capital Management

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, exploration and development of mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The properties in which the Company currently has an interest are in the exploration stage and, as such, the Company is dependent on external financing to fund its activities. In order to carry out the planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

There were no changes in the Company's approach to capital management during the year ended September 30, 2008. The Company is not subject to externally imposed capital requirements.

#### **1.14 Financial and Other Instruments**

Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments.

The economic recoverability of the properties' reserves has yet to be determined. The recoverability of amounts from the properties will be dependent upon the discovery of economically recoverable reserves, confirmation of the Company's interest in the underlying properties, the ability of the Company to obtain necessary financing to satisfy the expenditure requirements under the property agreement and to complete the development of the properties and upon future profitable production or proceeds from the sale thereof. The outcome of these matters cannot be predicted with any certainty at this time.

#### **1.15 Other**

##### **1.15.1 Disclosure of Outstanding Share Capital as at January 26, 2009:**

	Number	Book Value
Common Shares	19,036,001	2,753,919
Contributed Surplus	-	918,673

The Company approved a share option plan which allows for options to be granted of up to 10% of the outstanding shares. The options will be exercisable for a maximum of 5 years from the date of grant. As of September 30, 2008, 1,890,000 share purchase options exercisable at \$0.25 - \$0.40 per share had been granted to directors, key employees and consultants. Of these, 125,000 have been cancelled, the remaining options are exercisable for a period of five years from date of grant.

The Company has 3,000,000 share purchase warrants outstanding entitling the holder to acquire an additional common share at \$0.40 - \$0.75 per share and 1,004,000 agents' warrants outstanding entitling

the agents to acquire common shares at \$0.20 - \$0.40 per share, with expiry dates from April 25, 2009 to August 20, 2009.

See Section 1.11 for changes to the Capital Structure of the Company pursuant to the proposed Plan of Arrangement.