

# **American Creek Resources Ltd.**

Unaudited Interim Financial Statements  
**June 30, 2016**  
(expressed in Canadian dollars)

## **NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS**

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited interim financial statements of American Creek Resources Ltd. (the "Company") have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

# American Creek Resources Ltd.

## Interim Statement of Financial Position

As at

(expressed in Canadian dollars)  
(unaudited)

	June 30, 2016 \$	December 31, 2015 \$
<b>Assets</b>		
<b>Current assets</b>		
Cash	69,658	10,003
Prepaid expenses and deposits (note 3)	36,338	13,892
Receivables (note 4)	14,210	25,674
	<u>120,206</u>	<u>49,569</u>
<b>Long-term receivables</b> (note 4)	-	29,855
<b>Reclamation bonds</b> (note 5)	66,000	66,000
<b>Property and equipment</b> (note 6)	32,773	40,783
<b>Marketable securities</b> (Note 7)	1,155,000	
<b>Exploration and evaluation assets</b> (note 8)	1,579,619	14,369,125
	<u>2,953,598</u>	<u>14,555,332</u>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities (note 9)	1,896,549	2,488,098
Current portion of long-term debt (note 10)	1,602	1,602
	<u>1,898,151</u>	<u>2,489,700</u>
<b>Long-term debt</b> (note 10)	39,755	40,669
	<u>1,937,906</u>	<u>2,530,369</u>
<b>Shareholders' Equity</b>		
<b>Share capital</b> (note 11)	28,505,704	27,159,203
<b>Contributed surplus and warrants</b> (note 11)	8,535,108	7,906,076
<b>Deficit</b>	<u>(36,025,120)</u>	<u>(23,040,316)</u>
	<u>1,015,692</u>	<u>12,024,963</u>
	<u>2,953,598</u>	<u>14,555,332</u>
<b>Commitments</b> (note 17)		
<b>Going concern</b> (note 1)		

See accompanying notes to these financial statements.

### Approved by the Board of Directors

"Signed" – Darren R. Blaney Director

"Signed" – Dennis G. Edwards Director

# American Creek Resources Ltd.

## Interim Statement of Changes in Equity

For the three month period ended June 30, 2016

(expressed in Canadian dollars)

(unaudited)

	Three months ended June 30		Six months ended June 30	
	2016 \$	2015 \$	2016 \$	2015 \$
<b>Expenses</b>				
Advertising and promotion	22,020	7,857	48,802	15,714
Business development and property investigation	8,066	10,549	15,336	21,098
Corporate communications	10,989	1,316	13,871	5,171
Depreciation on equipment	5,832	6,622	8,010	17,091
Interest on long term debt	803	833	1,886	1,673
Listing and transfer agent fees	-	798	5,400	6,198
Management fees (note 13)	65,617	108,800	131,935	211,600
Office and administration	29,305	37,299	61,310	70,620
Professional fees	102,079	(137,075)	105,447	80,095
Property impairment costs	1,371,928	-	12,130,366	-
Stock based compensation (note 11)	181,686	39,354	474,441	442,763
<b>Net loss before income taxes</b>	<b>1,798,325</b>	<b>76,353</b>	<b>12,996,804</b>	<b>872,023</b>
<b>Deferred income taxes</b>	<b>-</b>	<b>-</b>	<b>(12,000)</b>	<b>-</b>
<b>Net loss and comprehensive loss for the period</b>	<b>1,798,325</b>	<b>76,353</b>	<b>12,984,804</b>	<b>872,023</b>
<b>Basic and diluted loss per common share</b>	<b>0.01</b>	<b>0.00</b>	<b>0.06</b>	<b>0.00</b>
<b>Basic and diluted weighted average number of common shares outstanding</b>	<b>213,686,363</b>	<b>179,697,916</b>	<b>208,098,919</b>	<b>174,031,807</b>
<b>Going concern (note 1)</b>				

See accompanying notes to these financial statements.

**American Creek Resources Ltd.**  
**Statement of Changes in Equity**  
**For the periods ended June 30, 2016 and 2015**

(expressed in Canadian dollars)

	Share capital		Total		
	Number of shares	Amount \$	Contributed surplus and warrants \$	Deficit \$	Equity \$
<b>Balance as at January 1, 2016</b>	193,182,674	27,159,203	7,906,076	(23,040,316)	12,024,963
Shares issued (note 11):					
Private placements	10,167,000	602,100	-	-	602,100
Shares issued to acquire exploration and evaluation assets	15,000,000	900,000			900,000
Shares issued for debt	154,411	13,125			13,125
Valuation of warrants issued		(154,591)	154,591	-	-
Share issuance costs		(14,133)	-	-	(14,133)
Valuation of options granted		-	474,441	-	474,441
<b>Loss for the year</b>	-	-	-	(12,984,804)	(12,984,804)
<b>Balance as at June 30, 2016</b>	<b>218,504,085</b>	<b>28,505,704</b>	<b>8,535,108</b>	<b>(36,025,120)</b>	<b>1,015,692</b>
	Share capital		Total		
	Number of shares	Amount \$	Contributed surplus and warrants \$	Deficit \$	Equity \$
<b>Balance as at January 1, 2015</b>	167,254,074	25,782,278	7,296,902	(21,564,171)	11,515,009
Shares issued (note 11):					
Shares issued to acquire exploration and evaluation assets	4,290,000	386,100	-	-	386,100
Private placements	8,000,000	480,000			480,000
Shares issued for debt	2,000,000	120,000			120,000
Share issuance costs		(7,222)	-	-	(7,222)
Valuation of warrants issued		(150,000)	150,000	-	-
Valuation of options granted		-	442,763	-	442,763
<b>Loss for the year</b>	-	-	-	(872,023)	(872,023)
<b>Balance as at June 30, 2015</b>	<b>181,544,074</b>	<b>26,611,156</b>	<b>7,889,665</b>	<b>(22,436,194)</b>	<b>12,064,627</b>

# American Creek Resources Ltd.

## Interim Statement of Cash Flows

For the three and six month periods ended June 30

(expressed in Canadian dollars)

(unaudited)

	Three months ended June 30		Six months ended June 30	
	2016 \$	2015 \$	2016 \$	2015 \$
<b>Cash provided by (used in)</b>				
<b>Operating activities</b>				
Net loss for the period	(1,798,325)	(76,353)	(12,984,804)	(872,023)
Items not affecting cash				
Depreciation on equipment	5,832	6,622	8,010	17,091
Deferred income tax	-	-	(12,000)	-
Stock-based compensation	181,686	39,354	474,441	442,763
Impairment write-down of exploration and evaluation assets	1,371,928	-	12,130,365	-
	(238,879)	(30,377)	(383,988)	(412,169)
Changes in non-cash working capital				
Prepaid expenses and deposits	9,690	4,058	(22,446)	7,387
Receivables	(2,974)	590	11,464	(3,697)
Accounts payable and accrued liabilities	(446,792)	(433,400)	(566,422)	(71,950)
<b>Cash used in operating activities</b>	<b>(678,955)</b>	<b>(459,129)</b>	<b>(961,392)</b>	<b>(480,429)</b>
<b>Financing activities</b>				
Proceeds from issuance of long-term debt	-	-	-	-
Repayment of long-term debt	(397)	(367)	(914)	(727)
Proceeds from issuance of capital stock	250,000	480,000	600,000	480,000
Share issuance costs	(7,600)	(5,274)	(12,033)	(7,222)
<b>Cash provided by financing activities</b>	<b>242,003</b>	<b>474,359</b>	<b>587,053</b>	<b>472,051</b>
<b>Investing activities</b>				
Expenditures of exploration and evaluation assets	(17,857)	(3,074)	(54,003)	(3,074)
Proceeds on disposal of exploration and evaluation assets	487,997	-	487,997	-
Proceeds on disposal of property and equipment	-	-	-	(3,074)
<b>Cash provided by investing activities</b>	<b>470,140</b>	<b>(3,074)</b>	<b>433,994</b>	<b>-</b>
<b>(Decrease) increase in cash flows</b>	<b>33,188</b>	<b>12,156</b>	<b>59,655</b>	<b>(11,452)</b>
<b>Cash – Beginning of period</b>	<b>36,470</b>	<b>(3,971)</b>	<b>10,003</b>	<b>19,637</b>
<b>Cash – End of period</b>	<b>69,658</b>	<b>8,185</b>	<b>69,658</b>	<b>8,185</b>
<b>Supplemental disclosures with respect to cash flows (note 12)</b>				

See accompanying notes to these financial statements.

# American Creek Resources Ltd.

## Notes to Financial Statements

For the three and six month periods ended June 30, 2016

### 1 Nature of operations and going concern

American Creek Resources Ltd. (the “Company”) was incorporated under the *British Columbia Business Corporations Act* on February 12, 2004 and continued into Alberta on August 26, 2005. The Company is engaged in the exploration and development of mineral properties in Canada and has not yet determined whether its properties contain ore reserves that are economically recoverable.

The head office and principal address of the Company is 92 – 2nd Ave W, Cardston, AB, Canada, T0K 0K0. The Company’s registered address and records office is 700 – 9<sup>th</sup> Ave SW, Suite 3000, Calgary, Alberta, Canada, T2P 3V4.

The Company’s primary listing is on the TSX Venture Exchange under the ticker symbol “AMK”.

#### Going concern

These financial statements have been prepared using International Financial Reporting Standards (“IFRS”) as they apply to a going concern, which contemplates the realization of assets and settlement of liabilities in the normal course of operations. The Company is in the exploration stage and has not generated revenue from operations. The Company incurred a net loss of \$12,984,804 during the six month period ended June 30, 2016 (2015 – \$872,023), generated negative cash flows from operating activities of \$961,392 (2015 – \$480,429) and, as of that date the Company’s deficit was \$36,025,120 (2015 – \$22,436,194) and working capital deficiency was \$1,777,945 (2015 – \$2,303,711). As the Company is in the exploration stage, the recoverability of the costs incurred to date on exploration properties is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development of its properties and upon future profitable production or proceeds from the disposition of the properties and deferred exploration expenditures. These circumstances cause material uncertainties that may cast significant doubt upon the Company’s ability to continue as a going concern, and accordingly, the appropriateness of the use of accounting principles applicable to a going concern.

In recognition of these circumstances, management is pursuing various financial alternatives to fund the Company’s exploration and development programs, including private placements, property dispositions and settling payables for shares where possible, so it can continue as a going concern (note 15). There is no assurance that these initiatives will be successful.

The Company’s ability to continue as a going concern is dependent upon the existence of recoverable reserves and the ability to obtain necessary funds to develop properties with potential for profitable production in order to support its ongoing operating activities and exploration programs. These financial statements do not reflect the adjustments to the carrying values and classifications of assets and liabilities, or to the reported expenses that would be necessary if the Company were unable to realise its assets and settle its liabilities as a going concern in the normal course of operations. Such adjustments could be material.

# American Creek Resources Ltd.

## Notes to Financial Statements

For the three and six month periods ended June 30, 2016

## 2 Basis of preparation

### Statement of Compliance

These financial statements have been prepared in compliance with IFRS as issued by the International Accounting Standards Board (“IASB”).

These financial statements were approved for issuance by the Company’s board of directors (“Board”) on August 29, 2016.

### Basis of Measurement

The Company’s financial statements are presented in Canadian dollars, the Company’s functional currency. All references to \$ are to Canadian dollars.

The preparation of interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

### Standards, Amendments and Interpretations Not Yet Effective

#### *New standards and interpretations issued but not yet adopted*

The following are standards issued but not yet effective up to the date of issuance of these financial statements. The Company reasonably expects these standards to be applicable at a future time and intends to adopt these standards when they become effective. The Company is currently evaluating the impact that these standards will have on the Company’s results of operations and financial position.

- IFRS 9, Financial Instruments. The new standard introduces extensive changes to IAS 39’s guidance on the classification and measurement of financial assets and introduces a new ‘expected credit loss’ model for the impairment of financial assets and a substantially reformed approach to hedge accounting. The Company does not apply hedge accounting. The new standard is required to be applied for annual reporting periods beginning on or after January 1, 2018.
- IFRS 15, Revenue from Contracts with Customers. The objective of IFRS 15 is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing, and uncertainty of revenue and cash flows arising from a contract with a customer. Application of the standard is mandatory for annual reporting periods starting from January 1, 2018 onwards.
- IFRS 16, Leases, which replaces IAS 17 Leases. The objective of the new standard requires entities to recognize lease assets and lease obligations on the balance sheet. For lessees, IFRS 16 removes the classification of leases as either operating or finance leases, effectively treating all leases as finance leases. Lessors will continue with a dual lease classification model. Classification will determine how and when a



# American Creek Resources Ltd.

## Notes to Financial Statements

For the three and six month periods ended June 30, 2016

lessor will recognize lease revenue, and what assets would be recorded. This standard is effective for years beginning on or after January 1, 2019.

### 3 Prepaid expense and deposits

The prepaid expenses for the Company are comprised of the following:

	2016 \$	2015 \$
Insurance	3,959	12,134
Vendor prepayments	32,379	1,758
	<hr/> 36,338	<hr/> 13,892

### 4 Receivables

The Company's receivables arise from a goods and service tax receivable which are due from Canadian government taxation authorities. Long-term receivables arise from a vendor prepayment arrangement in 2009.

### 5 Reclamation Bonds

The Company has posted bonds with the B.C. Ministry of Finance as security towards future site restoration work which will be released to the Company upon satisfactory completion of that work. The bonds were posted in relation to the following properties and amounts:

	2016 \$	2015 \$
Electrum	16,000	16,000
Treaty Creek	40,000	40,000
Ironmist	10,000	10,000
	<hr/> 66,000	<hr/> 66,000

# American Creek Resources Ltd.

## Notes to Financial Statements

For the three and six month periods ended June 30, 2016

### 6 Property and equipment

	Leasehold Improvement \$	Plant and Equipment \$	Total \$
January 1, 2015	30,671	40,447	71,118
Depreciation for the year	(15,335)	(15,000)	(30,335)
Net book value – December 31, 2015	15,336	25,447	40,783
Depreciation for the year	(7,668)	(342)	(8,010)
Net book value – June 30, 2016	7,668	25,105	32,773

No land, buildings or equipment were disposed of during the year.

### 7 Marketable securities

Marketable securities consist of shares of unrelated listed companies.

# American Creek Resources Ltd.

## Notes to Financial Statements

For the three and six month periods ended June 30, 2016

### 8 Exploration and evaluation assets

As at June 30, 2016, the Company's exploration and evaluation assets are located in Northern British Columbia, Canada. Expenditures incurred on exploration and evaluation assets are as follows:

	<b>Electrum, B.C., Canada \$</b>	<b>Slippery Willow, B.C., Canada \$</b>	<b>Treaty Creek, B.C., Canada \$</b>	<b>Gold Hill, B.C., Canada \$</b>	<b>Other Properties, B.C., Canada</b>	<b>Total \$</b>
Acquisition costs – December 31, 2015	2,211,402	231,400	66,750	336,100	50,000	2,895,652
Additions	-	-	-	-	1,427	1,427
Dispositions	(440,991)	-	(4,274)	-	-	(445,265)
Impairment	(1,475,193)	(231,400)	(59,756)	-	-	(1,766,349)
Acquisition costs – June 30, 2016	295,218	-	2,720	336,100	51,427	685,465
Exploration costs – December 31, 2015	5,054,864	3,442	6,398,770	16,397	-	11,473,473
Additions	33,334	-	-	19,242	-	52,576
Dispositions	(893,008)	-	(409,725)	-	-	(1,302,733)
Impairment	(3,597,375)	(3,442)	(5,728,345)	-	-	(9,329,162)
Exploration costs – June 30, 2016	597,815	-	260,700	35,639	-	894,154
	893,033	-	263,420	371,739	51,427	1,579,619

	<b>Electrum, B.C., Canada \$</b>	<b>Slippery Willow, B.C., Canada \$</b>	<b>Treaty Creek, B.C., Canada \$</b>	<b>Gold Hill, B.C., Canada \$</b>	<b>D-1 McBride, B.C., Canada \$</b>	<b>Total \$</b>
Acquisition costs – December 31, 2014	2,211,402	231,400	66,750	-	-	2,509,552
Additions	-	-	-	336,100	50,000	386,100
Acquisition costs – December 31, 2015	2,211,402	231,400	66,750	336,100	50,000	2,895,652
Exploration costs – December 31, 2014	4,958,934	3,442	6,398,770	-	-	11,361,146
Additions	95,930	-	-	16,397	-	112,327
Exploration costs – December 31, 2015	5,054,864	3,442	6,398,770	16,397	-	11,473,473
	7,266,266	234,842	6,465,520	352,497	50,000	14,369,125

# **American Creek Resources Ltd.**

## **Notes to Financial Statements**

**For the three and six month periods ended June 30, 2016**

### **Electrum Property, British Columbia, Canada**

The Electrum property is located north of Stewart, British Columbia. The claims were acquired via an option agreement for total cash payment of \$210,000 and 2,500,000 common shares issued with fair value ranging from \$0.12 to \$0.75 per share. All payments under the agreement have been completed and the Company now holds a 100% working interest in the property subject to a 2% Net Smelter Return ("NSR") royalty. The Company may purchase the 2% NSR royalty at any time for \$1,000,000. In 2016, the Company recorded an impairment on the value of the Electrum property in the amount of \$5,072,568. The Company disposed of a 60% interest in the property for net cash proceeds of \$493,999 and 1,000,000 common shares of the purchaser at a deemed value of \$0.84 under the terms of a joint venture agreement. The Company maintains a 40% interest in the property and contributes exploration costs based on its ownership percentage (See note 17).

### **Slippery Willow Property, British Columbia, Canada**

The Slippery Willow property is located adjacent to the Company's Electrum property. The property was purchased on February 9, 2007. The consideration paid consisted of \$25,000 in cash and the issuance of 120,000 of the Company's common shares with a fair value of \$1.72 per share. In 2016, the Company recorded an impairment on the property of \$234,842 and disposed of the property under the terms of the Electrum joint venture agreement (See above and note 17).

### **Treaty Creek Property, British Columbia, Canada**

The Treaty Creek property is located northeast of Stewart, British Columbia. In 2009, the Company concluded that they completed the requirements as set out in the option agreement to earn a 51% interest in the property by issuing 100,000 common shares with a fair value ranging from of \$0.23 to \$0.24 per share and by incurring the balance of aggregate exploration expenditures in excess of \$5,000,000. Each of the claims is subject to either a 1% or 2% NSR royalty interest. The NSR interests apply only to the Company's 51% interest in the Treaty Creek property. The Company has the option to purchase certain royalty interests for \$1,500,000 with the exception of 0.5% which cannot be purchased and will remain on the claims. Future obligations under the agreement are outlined in note 17.

In 2016, an impairment on the value of the Treaty Creek property was recorded in the amount of \$5,788,101. Also in 2016, the Company disposed of 31% of its 51% interest in the property for 500,000 common shares of the purchaser with a deemed value of \$0.84. The Company maintains a 20% carried interest in the property and is not obligated to contribute to exploration costs until a production notice is given by the operator of the property. Cash disposition costs of \$6,001 were incurred as part of the disposition (See note 17).

### **Gold Hill, British Columbia, Canada**

The Gold Hill property is located near Fort Steele, British Columbia and was purchased in 2015 along with the D-1 McBride property which is located near Dease Lake, British Columbia. Proportionately the consideration paid for the Gold Hill property consisted of 3,734,444,000 shares issued to the vendor and 373,444 shares issued as an arms-length finders fee with a fair value of \$0.09 per share.

# American Creek Resources Ltd.

## Notes to Financial Statements

For the three and six month periods ended June 30, 2016

### Other Properties, British Columbia, Canada

The D-1 McBride property is located near Dease Lake, British Columbia and was purchased in 2015 along with the Gold Hill property. Proportionately the consideration paid for the D-1 McBride property consisted of 165,556 shares issued to the vendor and 16,556 shares issued as an arms-length finders fee with a fair value of \$0.09 per share. The property was expanded by staking additional claims in 2016.

In 2016, the Company staked the Silvershot property located near Stewart, British Columbia. Staking costs totalled \$412.

### 9 Accounts payable and accrued liabilities

Accounts payable and accrued liabilities for the Company are comprised of the following:

	2016	2015
	\$	\$
Trade payables	1,896,549	2,446,098
Accrued liabilities	-	30,000
Flow-through share premium liability (note 11)	-	12,000
	<hr/>	<hr/>
	1,896,549	2,488,098
	<hr/>	<hr/>

All payables and accrued liabilities for the Company fall due within the next 12 months.

### 10 Long-term debt

	2016	2015
	\$	\$
Arms-Length loan for leasehold improvements, bearing interest at 8% per annum and repayable in monthly instalments, including principal and interest of \$400 until September 1, 2030.	41,357	42,271
Less: Current portion	(1,602)	(1,602)
	<hr/>	<hr/>
	39,755	40,669
	<hr/>	<hr/>

### 11 Share capital

- a) The authorized share capital of the Company consists of an unlimited number of common shares without par value.
- b) Issued and outstanding

#### Authorized

Unlimited number of common shares

Unlimited number of preferred shares

# American Creek Resources Ltd.

## Notes to Financial Statements

For the three and six month periods ended June 30, 2016

	Number of shares	Amount \$
Balance as at December 31, 2014	167,254,074	25,782,278
Issued for cash	18,438,600	540,000
Issued to settle payables	3,200,000	641,930
Issued to acquire exploration and evaluation assets	4,290,000	386,100
Warrant value ((c) below)	-	(166,411)
Flow-through share premium	-	(12,000)
Share issue costs	-	(12,694)
	<hr/>	<hr/>
Balance as at December 31, 2015	193,182,674	27,159,203
Issued for cash	10,125,000	600,000
Issued to settle payables	154,411	13,125
Issued to acquire exploration and evaluation assets	15,000,000	900,000
Issued for finders fee	42,000	2,100
Warrant value ((c) below)	-	(154,591)
Share issue costs	-	(14,133)
	<hr/>	<hr/>
Balance as at June 30, 2016	218,504,085	28,505,704

During the six month period ended June 30, 2016, the Company:

- i) Completed a non-brokered private placement offering of 5,000,000 units at a price of \$0.05 per Unit for gross proceeds of \$250,000. Each Unit consisted of one common share of the Company and one non-transferrable Common Share purchase warrant. Each Warrant may be exercised for one additional Common Share for a period of 24 months from the closing date of the Offering at a price of \$0.08 per share.
- ii) Completed a non-brokered private placement offering of 2,000,000 units at a price of \$0.05 per Unit for gross proceeds of \$100,000. Each Unit consisted of one common share of the Company and one non-transferrable Common Share purchase warrant. Each Warrant may be exercised for one additional Common Share for a period of 24 months from the closing date of the Offering at a price of \$0.08 per share. The Warrants are subject to an acceleration provision which provides that in the event that the market closing price of the Company's shares exceeds \$0.12 for 20 consecutive trading days, the Company may within 5 days after such an event, provide notice to the Warrant holders of early expiry and thereafter, the Warrants will expire on the date which is 15 days after the date of the notice to the Warrant holders. A finders fee of 42,000 common shares were paid to a non-arms length party related to this offering.
- iii) Issued 15,000,000 common shares at \$0.05 under an amended agreement renegotiated with an arm's length third party that holds a Net Smelter Return royalty interest ("NSR Holders") related to the Company's 51% interest in the Treaty Creek property located in NW British Columbia (See note 8 and 17).

# American Creek Resources Ltd.

## Notes to Financial Statements

For the three and six month periods ended June 30, 2016

- iv) Completed a non-brokered private placement offering of 3,125,000 common shares at a price of \$0.08 per Unit for gross proceeds of \$250,000.
- v) Issued 154,411 common shares at a price of \$0.085 per share under a shares for services agreement related to advertising and promotion.

### Share issuance

During the year ended December 31, 2015, the Company:

- i) Acquired exploration assets by issuing 4,290,000 common shares of the Company at price of \$0.09 per share.
  - ii) Completed the non-brokered private placement financing of 8,000,000 units (“Units”) at a price of \$0.06 per Unit for gross proceeds of \$480,000. Each Unit consisted of one common share of the Company (“Common Share”) and one non-transferrable Common Share purchase warrant (“Warrant”). Each Warrant may be exercised for one additional Common Share for a period of 24 months from the closing date of the Offering at a price of \$0.08 per share if exercised in the first 12 months and \$0.10 per share if exercised in the remaining 12 month period.
  - iii) The Company settled a debt in the amount of \$120,000 by issuing an arms-length creditor 2,000,000 of the above-described Units.
  - iv) The Company settled debt in the amount of \$521,930 by issuing arms-length creditors 10,438,600 shares of the Company at a price of \$0.05.
  - v) Completed a non-brokered private placement of 1,200,000 flow-through units (“FT Units) at a price of \$0.05 per FT Unit for gross proceeds of \$60,000. Each FT Unit consists of one flow-through common share of the Company and one non-transferrable, non-flow-through common share purchase warrant (“Warrant”). Each Warrant may be exercised for one additional common share for a period of 30 months from the closing date of the offering at a price of \$0.08 if exercised in the first 24 months and \$0.10 thereafter if exercised in the remaining 6 month period. The Company recorded a flow-through share premium liability of \$12,000 as part of the placement.
- c) Stock options and warrants

The Company has an incentive stock option plan that conforms to the requirements of the TSX Venture Exchange. Options to purchase common shares have been granted to directors, officers, employees and consultants of the Company at exercise prices determined by the market value of the common shares on the date of the grant. The options vest immediately on the date of the grant.

# American Creek Resources Ltd.

## Notes to Financial Statements

For the three and six month periods ended June 30, 2016

Stock options transactions and the number of stock options outstanding are summarized as follows:

	<b>Number of options</b>	<b>Weighted average exercise price \$</b>
Balance – December 31, 2014	11,605,000	0.10
Options expired	-	-
Options granted	6,230,000	0.10
Balance – December 31, 2015	17,835,000	0.10
Options expired	(7,535,000)	0.10
Options granted	10,570,000	0.05
Balance – June 30, 2016	20,870,000	0.08
Number of options currently exercisable	20,870,000	0.08

The following incentives stock options were outstanding and exercisable as at June 30, 2016:

<b>Expiry Date</b>	<b>Exercise Price \$</b>	<b>Number Outstanding</b>
March 20, 2022	0.10	4,400,000
March 10, 2025	0.10	5,220,000
April, 24, 2025	0.10	680,000
March 2, 2026	0.05	7,700,000
May 19, 2026	0.075	2,870,000
		<u>20,870,000</u>



# American Creek Resources Ltd.

## Notes to Financial Statements

For the three and six month periods ended June 30, 2016

The following incentives stock options were outstanding and exercisable at December 31, 2015:

<b>Expiry Date</b>	<b>Exercise Price \$</b>	<b>Number Outstanding</b>
March 1, 2016	0.10	6,255,000
March 29, 2016	0.10	600,000
March 20, 2022	0.10	4,750,000
March 10, 2025	0.10	5,520,000
April, 24, 2025	0.10	710,000
		<hr/>
		17,835,000

During the six month period ended June 30, 2016, the Company:

- i) Granted 7,700,000 options to purchase common shares to directors and consultants of the Company. Each option to purchase common shares may be exercised for a period of 10 years from the grant date of the options at a price of \$0.05.

The fair value of the common share purchase warrants was determined to be \$292,755 in total using the Black-Scholes option pricing model, assuming a 0% dividend yield, 91% volatility, a risk free interest rate of 1.37%, and a term of 10 years.

- ii) Granted 2,870,000 options to purchase common shares to directors and consultants of the Company. Each option to purchase common shares may be exercised for a period of 10 years from the grant date of the options at a price of \$0.075.

The fair value of the common share purchase warrants was determined to be \$181,686 in total using the Black-Scholes option pricing model, assuming a 0% dividend yield, 87% volatility, a risk free interest rate of 1.58%, and a term of 10 years.

During the year ended December 31, 2015, the Company:

- i) Granted 5,520,000 options to purchase common shares to consultants of the Company. Each option to purchase common shares may be exercised for a period of 10 years from the grant date of the options at a price of \$0.10.

The fair value of the common share purchase warrants was determined to be \$403,625 in total using the Black-Scholes option pricing model, assuming a 0% dividend yield, 83% volatility, a risk free interest rate of 1.25%, and a term of 10 years.

- ii) Granted 710,000 options to purchase common shares to consultants of the Company. Each option to purchase common shares may be exercised for a period of 10 years from the grant date of the options at a price of \$0.10.

# American Creek Resources Ltd.

## Notes to Financial Statements

For the three and six month periods ended June 30, 2016

The fair value of the common share purchase warrants was determined to be \$39,382 in total using the Black-Scholes option pricing model, assuming a 0% dividend yield, 83% volatility, a risk free interest rate of 1.70%, and a term of 10 years.

Warrant transactions and the number of warrants outstanding are summarized as follows:

	<b>Number of options</b>	<b>Weighted average exercise price \$</b>
Balance – December 31, 2014	19,868,880	0.10
Warrants granted	11,200,000	0.10
Warrants expired	(10,536,880)	0.10
Balance – December 31, 2015	20,532,000	0.10
Warrants granted	7,000,000	0.08
Warrants expired	-	-
Balance – June 30, 2016	<u>27,532,000</u>	<u>0.10</u>

The following warrants to acquire common shares were outstanding at June 30, 2016:

<b>Expiry Date</b>	<b>Exercise Price \$</b>	<b>Number Outstanding</b>
December 1, 2016	0.10	9,332,000
April 15, 2017	0.10	7,999,966
April 24, 2017	0.10	2,000,034
April 12, 2018	0.10	1,200,000
March 7, 2018	0.10	5,000,000
March 17, 2018	0.10	<u>2,000,000</u>
		<u>27,532,000</u>

# American Creek Resources Ltd.

## Notes to Financial Statements

For the three and six month periods ended June 30, 2016

The following warrants to acquire common shares were outstanding at December 31, 2015:

Expiry Date	Exercise Price \$	Number Outstanding
December 1, 2016	0.10	9,332,000
April 15, 2017	0.10	7,999,966
April 24, 2017	0.10	2,000,034
April 12, 2018	0.10	<u>1,200,000</u>
		<u>20,532,000</u>

The following warrants to acquire common shares were issued during the six month period ended June 30, 2016:

- i) The Company issued 5,000,000 warrants to purchase common shares as part of a private placement. Each common share purchase warrant may be exercised for a period of 24 months from the closing date of the private placement at a price of \$0.08 for a period of 24 months.

The fair value of the common share purchase warrants was determined to be \$125,339 in total using the Black-Scholes option pricing model, assuming a 0% dividend yield, 93% volatility, a risk free interest rate of 0.41% and a term of 24 months.

- ii) The Company issued 2,000,000 warrants to purchase common shares as part of a private placement. Each common share purchase warrant may be exercised for a period of 24 months from the closing date of the issuance at a price of \$0.08 for a period of 24 months.

The fair value of the common share purchase warrants was determined to be \$29,252 in total using the Black-Scholes option pricing model, assuming a 0% dividend yield, 88% volatility, a risk free interest rate of 0.41% and a term of 24 months.

The following warrants to acquire common shares were issued during the year ended December 31, 2015:

- i) The Company issued 8,000,000 warrants to purchase common shares (5,999,966 as part of an initial tranche and 2,000,034 as part of a final tranche) as part of a private placement in April 2015. Each common share purchase warrant may be exercised for a period of 24 months from the closing date of the private placement at a price of \$0.08 if exercised in the first 12 months and \$0.10 if exercised in the remaining 12 month period.
- ii) The Company issued 2,000,000 warrants to purchase common shares as part of a shares for debt agreement on April 15, 2015. Each common share purchase warrant may be exercised for a period of 24 months from the closing date of the issuance at a price of \$0.08 if exercised in the first 12 months and \$0.10 if exercised in the remaining 12 month period.

# American Creek Resources Ltd.

## Notes to Financial Statements

For the three and six month periods ended June 30, 2016

The fair value of the common share purchase warrants was determined to be \$150,000 in total by calculating the difference in the value of the common share trading price on the date the transaction was announced and the actual issuance price of the “Units” issued. This difference is allocated to the value of the common share purchase warrants issued.

- iii) The Company issued 1,200,000 warrants to purchase common shares (1,000,000 as part of an initial tranche and 200,000 as part of a final tranche) as part of a private placement beginning in October and closing in November 2015. Each common share purchase warrant may be exercised for a period of 30 months from the closing date of the private placement at a price of \$0.08 if exercised in the first 24 months and \$0.10 if exercised in the remaining 6 month period.

The fair value of the common share purchase warrants was determined to be \$16,411 (\$12,687 and \$3,724 respectively) in total using the Black-Scholes option pricing model, assuming a 0% dividend yield, 83% volatility, a risk free interest rate of 0.53% and 0.67% respectively and a term of 30 months.

### Contributed surplus

Contributed surplus is comprised of the following balances as at June 30, 2016 and December 31, 2015:

	2016 \$	2015 \$
Warrants	3,513,216	3,358,625
Share options	5,021,892	4,547,451
	<hr/> 8,535,108	<hr/> 7,906,076

## 12 Supplemental disclosures with respect to cash flows

	June 30, 2016 \$	June 30, 2015 \$
Cash paid during the year for income taxes	-	-
Cash paid during the year for interest	1,886	1,498
	<hr/> 1,886	<hr/> 1,498

Supplementary disclosure of non-cash investing and financing activities during the six month period ended June 30:

# American Creek Resources Ltd.

## Notes to Financial Statements

For the three and six month periods ended June 30, 2016

	June 30, 2016 \$	June 30, 2015 \$
Stock-based compensation (note 11)	474,441	442,763
Exploration and evaluation assets expenditures in accounts payable	-	-
Shares issued for acquisition of exploration and evaluation assets	900,000	386,100
Shares issued to settle debt	154,411	120,000
Shares issued for finders fee	42,000	-
	<hr/>	<hr/>
	1,570,852	948,863

### 13 Related party transactions

Included in accounts payable and accrued liabilities is \$424,436 (2015 – \$761,733) due to companies controlled by officers of the Company. These amounts due to related parties are unsecured, non-interest bearing, and have no specific terms of repayment.

During the six month period ended June 30, 2016, the Company entered into the following related party transactions:

- a) Accrued fees in the amount of \$93,636 (2015 – \$88,800) to a company controlled by an officer of the Company for providing services to act as the Company's Chief Executive Officer. Expenses reimbursed in the amount of \$6,000 (2015 – \$6,000) were expensed as business development.
- b) Accrued fees in the amount of \$Nil (2015 – \$88,800) to an officer or company controlled by an officer of the Company for providing services to act as the Company's Chief Operating Officer. Expenses reimbursed in the amount of \$6,000 (2015 – \$6,000) in aggregate which were expensed as business development.
- c) Accrued fees in the amount of \$43,500 (2015 – \$28,000) to a company controlled by an officer of the Company for providing services to act as the Company's Chief Financial Officer. Expenses reimbursed in the amount of \$4,227 (2015 – \$Nil) in aggregate which were expensed as business development expense and office and administration expense.

The amounts charged to the Company for the transactions provided have been determined by negotiations amongst the parties. These transactions were in the normal course of operations.

### 14 Financial Instruments

#### Fair value

IFRS 7 establishes a fair value hierarchy that prioritizes the input to valuation techniques used to measure fair value as follows:

# American Creek Resources Ltd.

## Notes to Financial Statements

For the three and six month periods ended June 30, 2016

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As at June 30, 2016, the Company's financial instruments are comprised of cash, receivables, deposits, reclamation bonds, accounts payable and accrued liabilities, and debt instruments. The carrying value of cash, receivables and accounts payable accrued liabilities and reclamation bonds approximate their fair values due to the relatively short periods to maturity of these financial instruments.

### **Risk management**

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

#### *Credit risk*

Credit risk is the risk of potential loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is limited to the carrying amount on the statement of financial position and arises from the Company's cash, marketable securities, receivables and reclamation bonds.

The Company's cash is held through a Canadian chartered bank which is high-credit quality financial institution. The Company's receivables primarily consist of harmonized sales tax rebates due from the Government of Canada which are all current. Long-term receivables are considered past due but the Company does not consider them to be impaired.

#### *Liquidity risk*

Liquidity risk is the risk that the Company will not meet its financial obligations as they fall due. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at June 30, 2016, the Company had a cash balance of \$69,658 and short-term receivables of \$14,210 to settle current liabilities of \$1,898,151 (see note 1). The Company forecasts its cash needs on a regular basis and seeks additional financing based on those forecasts. Since inception, the Company has financed its cash requirements primarily through issuance of securities. All of the Company's financial liabilities have contractual maturities of 30 days or are due on demand and are subject to normal trade terms. In certain circumstances extended credit arrangements have been negotiated with vendors. All arrangements negotiated are on terms less than one year. See note 1 for further discussion on going concern and its impact on liquidity.

#### *Market risk*

Market risk is the risk of loss that may arise from changes in market factors such as interest rates and foreign exchange rates.

- a) Interest rate risk

# American Creek Resources Ltd.

## Notes to Financial Statements

For the three and six month periods ended June 30, 2016

The Company's current policy is to hold deposits in highly rated banking institutions. Interest on short and long-term debt arrangements are fixed and are specifically disclosed.

b) Foreign currency rate risk

The Company is domiciled in Canada and its capital is raised in Canadian dollars and does not conduct regular business in any foreign country.

### 15 Capital management

The Company's working capital deficit as at June 30, 2016 was \$1,777,945 (2015 – \$2,864,619). The Company's capital management objectives, policies and processes have not been changed over the years presented. The Company is not subject to any externally imposed capital requirements.

The Company manages its cash and common shares as capital. The Company manages its capital with the following objectives:

- to ensure sufficient financial flexibility to achieve the on-going business objectives including, but not limited to pursuing the exploration of its exploration and evaluation assets, funding of future growth opportunities, and pursuit of new acquisitions; and
- to maximize shareholder return through enhancing the share value.

The Company monitors its capital structure and makes adjustments according to market conditions in an effort to meet its objectives given the current outlook of the business and industry in general. The Company manages its capital structure by issuing new shares, adjusting capital spending or disposing of assets. In addition, management of the Company's capital structure is facilitated through its financial and operational forecasting processes. The forecast of the Company's future cash flows is based on estimates of commodity prices, forecast capital and operating expenditures, and other investing and financing activities or further discussed in note 1 going concern. The forecast is regularly updated based on new commodity prices and other changes, which the Company views as critical in the current environment.

### 16 Segmented information

The Company operates in one reportable operating segment, being the exploration and development of exploration and evaluation assets in Canada.

### 17 Commitments and contingencies

#### Amended NSR Agreement

On April 13, 2016, the Company issued 15,000,000 common shares at \$0.05 under an amended agreement with an arm's length third party that holds a Net Smelter Return royalty interest ("NSR Holders") related to the Company's 51% interest in the Treaty Creek property located in NW British Columbia. The amended agreement reduces the prior \$6 million payment obligation which was potentially triggered by entering into a deal in which

# American Creek Resources Ltd.

## Notes to Financial Statements

For the three and six month periods ended June 30, 2016

the Company reduced its 51% interest in the property, or granted access for development and tunnel construction.

Additional terms of the amended agreement include:

- a) The NSR Holders were issued 15,000,000 common shares of the Company.
- b) The NSR Holders will hold a 2% NSR on certain Treaty Creek property mineral tenures (“Group I”) and a 1% NSR on the remaining Treaty Creek mineral tenures (“Group II”). The NSR interests apply only to the Company’s 51% interest in the Treaty Creek property. Within 30 days of a Treaty Creek property feasibility study being completed, the NSR Holders will be paid an aggregate sum of \$1,500,000 in order for the Company to collectively buy out 0.75% of the Group I NSR and 0.25% of the Group II NSR. At any time the Company may buy out a further 0.75% of the Group I and 0.25% of the Group II NSR for the aggregate sum of \$1,500,000. The NSR Holders will retain a 0.5% NSR on the Group I and Group II mineral tenures.
- c) The NSR Holders will be entitled to 25% of any cash payments or securities the Company may receive related to the Company entering into an agreement with a third party to advance the Treaty Creek project such that it disposes directly or indirectly of any of its current 51% interest in the Treaty Creek property.
- d) The Company will pay the NSR Holders 25% of any consideration the Company may receive from any non-governmental party for access, easement or right of way over, on, under or through any part of the Treaty Creek property for a mining infrastructure purpose, or fees for the use of the Company’s own infrastructure facilities.
- e) The Company will pay the NSR Holders 25% of any compensation proceeds the Company may receive from any governmental or quasi-governmental agency for the loss of any rights resulting from the expropriation of access, easement or right of way over, on, under or through any part of the Treaty Creek property for a mining infrastructure purpose.

### Mineral Property Dispositions, Private Placement and Legal Settlement

The Company entered into an agreement to sell an undivided 60% interest in its Electrum and Slippery Willow properties located in NW British Columbia in consideration for 1,000,000 common shares of the purchaser and a payment of \$500,000 cash. The purchaser has also agreed to invest \$250,000 into American Creek pursuant to a private placement at a price of the greater of \$0.08 per share or the discounted market price as defined by Exchange policy. A 60/40 joint venture was formed and the purchaser is operator of the project.

The Company also entered into an agreement to sell an undivided 31% interest in its Treaty Creek property in consideration for 500,000 common shares of the purchaser. The purchaser has agreed to complete a minimum of \$1,000,000 in exploration expenditures on the Treaty Creek property during 2016. A joint venture has been formed with the purchaser who will hold a 60% interest in the Treaty Creek Property and American Creek and Teuton Resources Corp. will hold a 20% interest in the joint venture. The Company’s remaining 20% interest is fully carried during the exploration period until a production notice is given. Thereafter, each will be responsible for 20% of the costs under and subject to the terms of the joint venture.



# American Creek Resources Ltd.

## Notes to Financial Statements

For the three and six month periods ended June 30, 2016

In conjunction with the execution of the agreements above, the Company advises that a settlement with Teuton and its officers, directors and contractors has been reached with respect to the conspiracy, defamation, economic interference and economic harm claim that was filed in 2012 against the Teuton Resources and others. The terms of the settlement are confidential.

### 18 Commitments and contingencies

On July 14, 2016 the Company announced that it will be offering on a non-brokered private placement basis ("the Offering") up to 750,000 units ("Units") at a price of \$0.40 per Unit for gross proceeds of \$300,000 if the Offering is fully subscribed. Each Unit will consist of three flow-through common shares ("FT Share") and one non flow-through common share ("Common Share") of the Corporation along with four non-transferrable warrants (a "Warrant"). Each Warrant may be exercised for one additional non flow-through common share for a period of 12 months from the closing date of the Offering at a price of \$0.15.

Flow-through proceeds will be used for exploration on the Corporation's Gold Hill, Electrum and other properties. Non flow-through proceeds will be used for general operating and the settling of current debt. A finder's fee of up to 5% in cash or shares may be paid related to this offering. Insiders may participate in this Offering.

### 19 Subsequent events

#### Private Placement

On July 14, 2016 the Company announced that it will be offering on a non-brokered private placement basis ("the Offering") up to 750,000 units ("Units") at a price of \$0.40 per Unit for gross proceeds of \$300,000 if the Offering is fully subscribed. Each Unit will consist of three flow-through common shares ("FT Share") and one non flow-through common share ("Common Share") of the Corporation along with four non-transferrable warrants (a "Warrant"). Each Warrant may be exercised for one additional non flow-through common share for a period of 12 months from the closing date of the Offering at a price of \$0.15.

Flow-through proceeds will be used for exploration on the Corporation's Gold Hill, Electrum and other properties. Non flow-through proceeds will be used for general operating and the settling of current debt. A finder's fee of up to 5% in cash or shares may be paid related to this offering. Insiders may participate in this Offering.

On July 19, 2016 the Company closed the first tranche of the private placement of 312,500 Units for proceeds of \$125,000.