

American Creek Resources Ltd.
Financial Statements
September 30, 2019

(unaudited – Prepared by Management)
(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 Statements of Financial Position

(unaudited – prepared by Management)
(expressed in Canadian dollars)

	September 30, 2019 \$	December 31, 2018 \$
Assets		
Current assets		
Cash	2,330,465	49,719
Prepaid expenses and deposits (note 4)	24,344	12,973
Receivables (note 5)	33,867	21,261
Marketable securities (note 8)	329	17,880
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	2,389,005	101,833
Reclamation bonds (note 6)	90,000	82,000
Property and equipment (note 7)	61,706	16,986
Exploration and evaluation assets (notes 9 and 15)	3,374,873	2,941,253
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	5,915,584	3,142,072
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (notes 10 and 15)	249,555	778,351
Cash from investors	48,000	
Current portion of long-term debt (note 11)	-	1,869
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	297,555	780,220
Long-term debt (note 11)	-	35,073
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	297,555	815,293
Shareholders' Equity		
Share capital (note 12)	32,779,950	30,900,758
Reserves (note 12)	11,683,851	9,408,750
Deficit	(38,845,772)	(37,982,729)
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	5,618,029	2,326,779
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	5,915,584	3,142,072
Going concern (note 1)		
Commitments (note 15)		

See accompanying notes to these financial statements.

Approved by the Board of Directors

"Darren R. Blaney"

Director

"Robert N. Edwards"

Director

American Creek Resources Ltd.

Interim Statements of Loss and Comprehensive Loss

(unaudited – prepared by Management)
(expressed in Canadian dollars)

	Three months ended September 30		Nine months ended September 30	
	2019 \$	2018 \$	2019 \$	2018 \$
Expenses				
Advertising and promotion	51,300	8,947	86,462	44,323
Business development and property investigation	7,501	7,206	21,432	21,753
Corporate communications	7,850	5,908	16,489	12,550
Depreciation on equipment (note 6)	2,417	1,651	4,775	4,953
Interest on long term debt	-	728	-	2,211
Listing and transfer agent fees	-	3,552	15,599	13,003
Management fees (note 13)	165,710	61,297	306,059	203,216
Office and administration	74,542	28,426	143,798	93,715
Professional fees	(4,705)	10,258	13,340	38,151
Stock-based compensation (note 12)	257,803	-	257,803	23,731
	<u>(562,418)</u>	<u>(127,973)</u>	<u>(865,757)</u>	<u>(457,606)</u>
Other				
Gain (loss) on sale of investments	(2,879)	(16,734)	2,714	(11,064)
	<u>(565,297)</u>	<u>(144,707)</u>	<u>(863,043)</u>	<u>(468,670)</u>
Net loss				
Other comprehensive loss				
<i>Items that may be reclassified subsequently to profit or loss</i>				
Unrealized loss on marketable securities (note 7)	-	(20,315)	-	(28,145)
Total other comprehensive loss	<u>-</u>	<u>(20,315)</u>	<u>-</u>	<u>(28,145)</u>
Total comprehensive loss	<u>(565,297)</u>	<u>(165,022)</u>	<u>(863,043)</u>	<u>(496,815)</u>
Basic and diluted loss per common share	<u>(0.00)</u>	<u>(0.00)</u>	<u>(0.00)</u>	<u>(0.00)</u>
Basic and diluted weighted average number of common shares outstanding	<u>305,971,845</u>	<u>265,329,084</u>	<u>300,268,271</u>	<u>258,264,933</u>

See accompanying notes to these financial statements.

American Creek Resources Ltd.

Interim Statements of Changes in Equity

(unaudited – prepared by Management)
(expressed in Canadian dollars)

	Share capital		Reserves				Equity \$
	Number of shares	Amount \$	Share-based payment reserve \$	Warrant reserve \$	Investment revaluation reserve \$	Deficit \$	
Balance as at January 1, 2019	271,447,209	30,900,759	5,382,834	4,025,915	-	(37,982,729)	2,326,779
Shares issued (note 12):							
Private placements	58,741,667	3,820,000	-	-	-	-	3,820,000
Shares issued for debt	3,439,097	177,861	-	-	-	-	177,861
Valuation of warrants issued	-	(2,017,299)	-	2,017,299	-	-	-
Share issuance costs	-	(101,371)	-	-	-	-	(101,371)
Valuation of options granted (note 12)			257,803				257,803
					-		
Loss for the period	-	-	-	-	-	(863,043)	(863,043)
Balance as at September 30, 2019	333,627,973	32,779,950	5,640,637	6,043,214	-	(38,845,772)	5,618,029
Balance as at January 1, 2018	259,210,959	30,525,446	5,454,235	3,698,731	-	(37,318,617)	2,359,795
Shares issued (note 12):							
Private placements	6,000,000	300,000	-	-	-	-	300,000
Shares issued for debt	118,125	4,725	-	-	-	-	4,725
Valuation of warrants issued	-	(114,918)	-	114,918	-	-	-
Share issuance costs	-	(3,250)	-	-	-	-	(3,250)
Unrealized loss on marketable securities	-	-	-	-	(28,145)	-	(28,145)
Valuation of options granted (note 12)	-	-	23,731	-	-	-	23,731
					-		
Loss for the period	-	-	-	-	-	(468,670)	(468,670)
Balance as at September 30, 2018	265,329,084	30,712,003	5,477,966	3,813,649	(28,145)	(37,787,287)	2,188,186

See accompanying notes to these financial statements.

American Creek Resources Ltd.

Interim Statements of Cash Flows

(unaudited – prepared by Management)
(expressed in Canadian dollars)

	September 30, 2019 \$	September 30, 2018 \$
Operating activities		
Net loss for the year	(863,043)	(468,670)
Items not affecting cash		
Depreciation on equipment	4,775	4,953
Gain on disposal of marketable securities and change in fair market value	(2,714)	11,064
Stock-based compensation	257,803	23,731
	(603,179)	(428,922)
Changes in non-cash working capital		
Prepaid expenses and deposits	(11,371)	5,348
Receivables	(12,544)	4,165
Accounts payable and accrued liabilities	(354,014)	(110,802)
	(981,108)	(530,211)
Cash used in operating activities	(981,108)	(530,211)
Financing activities		
Repayment of long-term debt	(36,942)	(1,388)
Proceeds from issuance of capital stock	3,820,000	300,000
Share issuance costs - cash	(101,371)	(3,250)
Cash received from investors	48,000	-
	3,729,687	295,362
Cash provided by financing activities	3,729,687	295,362
Investing activities		
Disposal of marketable securities	23,282	227,856
Net proceeds on disposal of exploration and evaluation assets	-	50,000
Expenditures of exploration and evaluation assets	(433,620)	(28,501)
Expenditures of property and equipment	(49,495)	-
Payment of reclamation bond	(8,000)	-
	(467,833)	249,355
Cash provided by (used in) investing activities	(467,833)	249,355
Increase (decrease) in cash	2,280,746	(14,506)
Cash – beginning	49,719	24,063
Cash – ending	2,330,465	38,569

See accompanying notes to these financial statements.

American Creek Resources Ltd.

Notes to the Interim Financial Statements

For the Nine months ended September 30, 2019 and 2018

(unaudited – prepared by Management)
(expressed in Canadian dollars)

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. On December 11, 2018, the Company continued again into British Columbia. 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 – 9th 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 \$863,043 during the nine month period ended September 30, 2019 (2018 – \$323,963), generated negative cash flows from operating activities of \$981,108 (2018 – \$468,308) and, as of that date the Company’s deficit was \$38,845,772 (2018– \$37,642,580) and working capital was \$2,091,450 (2018 – \$309,967). 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 factors indicate the existence of material uncertainties that may cast significant doubt about 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 continues to evaluate various financial alternatives to fund the Company’s exploration and development programs, including private placements, property dispositions and settling payables for shares, so it can continue as a going concern. There is no assurance that these initiatives will continue to be successful.

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 the Interim Financial Statements

For the Nine months ended September 30, 2019 and 2018

(unaudited – prepared by Management)
(expressed in Canadian dollars)

2 Basis of preparation

Statement of compliance

The condensed interim financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”). These condensed interim financial statements have been prepared in accordance with IAS 34, Interim Financial Reporting (“IAS 34”).

These interim unaudited condensed financial statements do not include all of the information required for full annual financial statements and is intended to provide users with an update in relation to events and transactions that are significant to an understanding of the changes in financial position and performance of the Company since the end of the last annual reporting period. It is therefore recommended that this unaudited condensed interim financial report be read in conjunction with the annual financial statements of the Company for the year ended December 31, 2018. The effects of the adoption of new and amended IFRS pronouncements have been disclosed below in these condensed interim financial statements.

The accounting policies and methods of application applied by the Company in these condensed interim financial statements are the same as those applied in the Company’s most recent annual financial statements for the year ended December 31, 2018, except for those policies which have changed as a result of the adoption of new and amended IFRS pronouncements effective January 1, 2019.

These financial statements were approved for issuance by the Company’s board of directors (“Board”) on November 29, 2019.

These financial statements have been prepared on a historical cost basis except as disclosed in the significant accounting policies in note 3. They are presented in Canadian dollars which is the Company’s functional currency.

3 Significant accounting policies

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 year-end date 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 following new standards, amendments and interpretations that have not been early adopted in the financial statements do not have a material effect on the Company’s future results of operations and financial position.

- 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 lessor will recognize lease revenue, and what assets would be recorded. This standard is effective for years beginning on or after January 1, 2019 and is not expected have a material effect on these statements.

American Creek Resources Ltd.

Notes to the Interim Financial Statements

For the Nine months ended September 30, 2019 and 2018

(unaudited – prepared by Management)
(expressed in Canadian dollars)

Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's financial statements.

4 Prepaid expense and deposits

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

	September 30, 2019	December 31, 2018
	\$	\$
Insurance	15,628	10,576
Vendor prepayments	8,716	2,397
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	24,344	12,973
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5 Receivables

The Company's receivables arise from a goods and service tax receivable which are due from Canadian government taxation authorities.

6 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:

	September 30, 2019	December 31, 2018
	\$	\$
Electrum	16,000	16,000
Treaty Creek	40,000	40,000
Ironmist	10,000	10,000
Gold Hill	16,000	16,000
Dunwell	8,000	-
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	90,000	82,000
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American Creek Resources Ltd.

Notes to the Interim Financial Statements

For the Nine months ended September 30, 2019 and 2018

(unaudited – prepared by Management)
(expressed in Canadian dollars)

7 Property and equipment

	Leasehold Improvements	Plant and Equipment	Total
	\$	\$	\$
Cost -			
As at December 31, 2017	46,006	443,586	489,592
Additions	-	-	-
As at December 31, 2018	46,006	443,586	489,592
Additions	-	49,495	49,495
As at September 30, 2019	46,006	493,081	539,087
Accumulated depreciation -			
As at December 31, 2017	(46,006)	(419,995)	(466,001)
Additions	-	(6,605)	(6,605)
As at December 31, 2018	(46,006)	(426,600)	(472,606)
Additions	-	(4,775)	(4,775)
As at September 30, 2019	(46,006)	(431,375)	(477,381)
Net carrying amounts -			
As at December 31, 2018	-	16,986	16,986
As at September 30, 2019	-	61,706	61,706

8 Marketable securities

As at September 30, 2019, the Company holds 499 (2018 – 74,499) common shares of Tudor Gold Corp (“Tudor Shares”).

The Tudor Shares fair value had increased to \$0.66 per share at September 30, 2019 from \$0.24 per share at December 31, 2018. Management determined the shares were impaired in 2017, and therefore the Company wrote the marketable securities down to \$294,550 with an impairment loss of \$513,749 of which \$363,049 of this amount was a reclassification adjustment for unrealized losses included in AOCI into comprehensive loss.

During the nine month period ended September 30, 2019, the Company sold 74,000 (2018 – 386,999) Tudor Shares for total net proceeds of \$23,283 (2018 - \$167,678) resulting in a gain on disposal of \$2,714 (2018 – \$2,617) in addition \$Nil (2018 - \$7,830) of unrealized losses were recorded in the statement of loss and comprehensive loss.

American Creek Resources Ltd.

Notes to the Interim Financial Statements

For the Nine months ended September 30, 2019 and 2018

(unaudited – prepared by Management)

(expressed in Canadian dollars)

9 Exploration and evaluation assets

As at September 30, 2019, the Company's exploration and evaluation assets are located in British Columbia, Canada. Expenditures incurred on exploration and evaluation assets are as follows:

	Electrum, B.C., Canada \$	Treaty Creek, B.C., Canada \$	Gold Hill, B.C., Canada \$	Dunwell, B.C., Canada \$	Ample Goldmax, B.C., Canada \$	Other Properties, B.C. Canada \$	Total \$
Acquisition costs – December 31, 2018	432,185	119,944	336,100	542,000	40,500	59,000	1,529,729
Additions	-	-	-	-	-	-	-
Acquisition costs – September 30, 2019	432,185	119,944	336,100	542,000	40,500	59,000	1,529,729
Exploration costs – December 31, 2018	640,046	260,701	448,703	26,166	20,429	15,479	1,411,524
Additions	-	-	63,476	366,250	-	3,894	433,620
Exploration costs – September 30, 2019	640,046	260,701	512,179	392,416	20,429	19,373	1,845,144
Other items during the period ended September 30, 2019: Proceeds on option to purchase – cash	-	-	-	-	-	-	-
Total September 30, 2019	1,072,231	380,645	848,279	934,416	60,929	78,373	3,374,873

American Creek Resources Ltd.

Notes to the Interim Financial Statements

For the Nine months ended September 30, 2019 and 2018

(unaudited – prepared by Management)

(expressed in Canadian dollars)

As at December 31, 2018, the Company's exploration and evaluation assets are located in British Columbia, Canada. Expenditures incurred on exploration and evaluation assets are as follows:

	Electrum, B.C., Canada \$	Treaty Creek, B.C., Canada \$	Gold Hill, B.C., Canada \$	Dunwell, B.C., Canada \$	Ample Goldmax, B.C., Canada \$	Other Properties, B.C. Canada \$	Total \$
Acquisition costs – December 31, 2017	482,185	119,944	336,100	542,000	40,500	59,000	1,579,729
Additions	-	-	-	-	-	-	-
Acquisition costs – December 31, 2018	482,185	119,944	336,100	542,000	40,500	59,000	1,579,729
Exploration costs – December 31, 2017	640,046	260,701	81,055	24,347	8,021	15,479	1,029,649
Additions	-	-	367,648	1,819	12,408	-	381,875
Exploration costs – December 31, 2018	640,046	260,701	448,703	26,166	20,429	15,479	1,411,524
Other items during the year ended December 31, 2018: Proceeds on option to purchase - cash	(50,000)	-	-	-	-	-	(50,000)
Total December 31, 2018	1,072,231	380,645	784,803	568,166	60,929	74,479	2,941,253

American Creek Resources Ltd.

Notes to Financial Statements

For the Nine months ended September 30, 2019 and 2018

(unaudited – prepared by Management)

(expressed in Canadian dollars)

Electrum Property, British Columbia, Canada

The Electrum property is located north of Stewart, British Columbia. The claims were acquired via an option agreement which all terms and conditions have been completed through total cash payments of \$210,000 and 2,500,000 common shares issued with fair value ranging from \$0.12 to \$0.75 per share. This property is subject to a 2% Net Smelter Royalty (“NSR”). The Company may purchase the 2% NSR 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 \$4,545,601. The Company then disposed of a 60% interest in the property for net cash proceeds of \$493,999 and 1,000,000 common shares of the purchaser with a fair value of \$1.18 under the terms of a joint venture agreement (note 8). The Company maintains a 40% interest in the property and for 2017 incurred \$2,231 in exploration costs.

On June 29, 2018, the Company entered into an option agreement, whereby it has granted the optionee an exclusive option to acquire the remaining 40% interest in the Electrum property in exchange for a non-refundable cash payment of \$50,000 (received), and a payment made by the optionee of \$2,650,000. The option expired unexercised on April 15, 2019.

Treaty Creek Property, British Columbia, Canada

The Treaty Creek property is located northeast of Stewart, British Columbia. In 2009, the Company 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 that make up the property is subject to either a 1% or 2% NSR royalty on the Company’s ownership interest only. The Company has the option to purchase the royalty interests for \$1,500,000 with the exception of 0.5% which can not be purchased and will remain on the claims. In 2016, an impairment of \$6,548,376 on the value of the Treaty Creek property was recorded. The Company then disposed of 31% of its 51% interest in the property for 500,000 common shares of the purchaser with a fair value of \$1.18. The Company had to transfer 25% of the 500,000 common shares of the purchaser to the NSR holders. The Company maintains a 20% interest in the property and is not obligated to contribute towards costs until a production notice is given by the operator of the property. No exploration costs were incurred by the Company during the current period or previous year.

Gold Hill Property, British Columbia, Canada

The Gold Hill property is located near Fort Steele, British Columbia and was purchased on March 9, 2015 along with the D-1 McBride property. Consideration paid for the Gold Hill property consisted of 3,734,444 shares issued to the vendor and 373,444 shares issued as an arms-length finder’s fee with a fair value of \$0.09 per share. Exploration costs in the amount of \$63,476 (2018 - \$367,648) were incurred during the current nine month period and the previous year.

American Creek Resources Ltd.

Notes to Financial Statements

For the Nine months ended September 30, 2019 and 2018

(unaudited – prepared by Management)

(expressed in Canadian dollars)

Dunwell Property, British Columbia, Canada

The Dunwell property is a combination of three acquired properties and is located near Stewart, British Columbia. The first of the three properties, the Silvershot property was acquired through staking in the amount of \$412. The second property, the Dunwell property, was purchased through the acquisition of a private company which holds 100% interest in the property by issuing 7,000,000 shares for fair value of \$490,000. The third property, the Bear River property, was purchased by issuing 800,000 shares with fair value of \$52,000. Exploration costs in the amount of \$366,250 (2017 - \$1,819) were incurred during the current nine month period and previous year.

Ample Goldmax Property, British Columbia, Canada

In 2016, the Company entered into an option agreement to acquire a 100% interest in the Ample Goldmax property located near Lillooet, British Columbia (note 15). The Ample Goldmax claims are subject to a 25% net profit royalty associated with any bulk sample as defined in the agreement. 2017 acquisition costs included cash option payments of \$17,000 and the issuance of 200,000 common shares with a fair value of \$14,000. 2016 acquisition costs included the issuance of 100,000 common shares with a fair value of \$9,500. Exploration costs in the amount of \$Nil (2018 - \$12,408) were incurred during the current nine month period and previous year.

Other Properties, 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 60% of the property under the terms of the Electrum joint venture agreement and still maintains a 40% interest in the property.

In 2016, the Company entered into option agreements to acquire a 100% interest in the Silverside Property located near Clearwater, British Columbia, the Red Tusk Property located near Squamish, British Columbia and the Glitter King Property located on Pitt Island, British Columbia. 2017 combined acquisition costs include cash option payments of \$37,500 and the issuance of 175,000 common shares with a fair value of \$12,250. 2016 combined acquisition costs included the issuance of 200,000 common shares with a fair value of \$19,000. Each of the claims are subject to a 3% NSR royalty interest that can be purchased for \$500,000 for each 1% interest purchased. No exploration costs were incurred during the current period or previous year.

The Austruck-Bonanza property is located near Kamloops, British Columbia. In 2010, the value of the property was considered impaired and all acquisition and exploration costs were written off. In 2017, further exploration costs in the amount of \$Nil (2016 - \$1,895) were incurred and capitalized. Exploration costs in the amount of \$3,894 (2018 - \$Nil) were incurred during the current nine month period and previous year.

American Creek Resources Ltd.

Notes to Financial Statements

For the Nine months ended September 30, 2019 and 2018

(unaudited – prepared by Management)

(expressed in Canadian dollars)

10 Accounts payable and accrued liabilities

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

	September 30, 2019	December 31, 2018
	\$	\$
Trade payables (note 13)	249,555	760,351
Accrued liabilities	-	18,000
	249,555	778,351

11 Long-term debt

	September 30, 2019	December 31, 2018
	\$	\$
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. Repaid in January 2019.	-	36,942
Less: Current portion	-	(1,869)
	-	35,073

12 Share capital and reserves

Share capital

a) Authorized

Unlimited number of common shares; and
Unlimited number of preferred shares.

b) Issued and outstanding

Share issuances

During the period ended September 30, 2019, the Company:

- i) Completed a private placement offering of 2,000,000 units at \$0.05 per unit for gross proceeds of \$100,000. Each unit consisted of one common share of the Company and one non-transferrable

American Creek Resources Ltd.

Notes to Financial Statements

For the Nine months ended September 30, 2019 and 2018

(unaudited – prepared by Management)

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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 \$0.06 per share.

- ii) Completed a private placement offering of 3,200,000 units at \$0.05 per unit for gross proceeds of \$160,000. Each unit will consist 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 \$0.06 per share.
- iii) Issued 3,291,441 common shares to a non-arms length contractor at a price of \$0.05 per share in a shares for debt arrangement. The debt had a carrying value of \$164,527.
- iv) Completed a private placement offering of 6,000,000 units at \$0.05 per unit for gross proceeds of \$300,000. 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 \$0.06 per share.
- v) Completed a private placement offering of 20,000,000 units at \$0.05 per unit for gross proceeds of \$1,000,000. 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 \$0.065 per share.
- vi) Issued 147,656 common shares with a fair value of \$13,289 under a shares for services agreement related to advertising and promotion for the Company.
- vii) Completed a private placement offering of 5,666,666 flow-through units ("FT Units") at a price of \$0.09 per FT Unit for gross proceeds \$510,000 and 21,875,000 non-flow-through units ("NFT Units") at a price of \$0.08 per NFT Unit for gross proceeds of \$1,750,000.

Each FT Unit consisted of one flow-through common share of the Corporation ("FT Share") and one non-transferable common share purchase warrant. Each warrant may be exercised for one non-flow-through common share ("NFT Share") at an exercise price of \$0.12 for a period of two years.

Each NFT Unit consisted of one NFT Share and one non-transferable common share purchase warrant. Each warrant may be exercised for one NFT Share at an exercise price of \$0.12 for a period of two years.

During the year ended December 31, 2018, the Company:

- i) Completed a non-brokered private placement offering of 6,000,000 units at a price of \$0.05 per unit for gross proceeds of \$300,000. 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

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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 6,000,000 units at a price of \$0.05 per unit for gross proceeds of \$300,000. 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 \$0.06 per share.
 - iii) Issued 118,125 common shares with a fair value of \$4,725 under a shares for services agreement related to advertising and promotion for the Company.
 - iv) Issued 118,125 common shares with a fair value of \$5,906 under a shares for services agreement related to advertising and promotion for the Company.
- 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.

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

	Number of options	Weighted average exercise price \$
Balance – December 31, 2017	25,870,000	0.07
Options granted	600,000	0.05
Options expired	(3,350,000)	0.10
	<hr/>	
Balance – December 31, 2018	23,120,000	0.07
Options granted	7,400,000	0.06
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Balance – September 30, 2019	30,520,000	0.07
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Number of options currently exercisable	30,520,000	0.07

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The following incentives stock options were outstanding and exercisable as at September 30, 2019:

Expiry Date	Exercise Price \$	Number Outstanding
March 20, 2022	0.10	2,900,000
March 10, 2025	0.10	3,570,000
April, 24, 2025	0.10	480,000
March 2, 2026	0.05	7,700,000
May 19, 2026	0.08	2,870,000
November 2, 2026	0.07	1,900,000
May 29, 2027	0.05	1,900,000
July 18, 2027	0.05	1,200,000
February 5, 2028	0.05	600,000
January 17, 2029	0.05	4,500,000
August 19, 2029	0.08	2,900,000
		<u>30,520,000</u>
Weighted average remaining contractual life (years)		<u>6.91</u>

During the period ended September 30, 2019, the Company:

- i) Granted 4,500,000 options to directors and officers at \$0.05 per share expiring on January 17, 2029. 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 options was determined to be \$97,277 in total using the Black-Scholes option pricing model, assuming a 0% dividend yield, 172% volatility, a risk free interest rate of 1.94%, and a term of 10 years.

- ii) Granted 2,900,000 options to directors and officers at \$0.08 per share expiring on August 20, 2029. 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 \$0.08.

The fair value of the common share purchase options was determined to be \$257,803 in total using the Black-Scholes option pricing model, assuming a 0% dividend yield, 156% volatility, a risk free interest rate of 1.18%, and a term of 10 years.

During the year ended December 31, 2018, the Company:

- i) Granted 600,000 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.

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The fair value of the common share purchase options was determined to be \$29,704 in total using the Black-Scholes option pricing model, assuming a 0% dividend yield, 161% volatility, a risk free interest rate of 2.32%, and a term of 10 years.

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

	Number of warrants	Weighted average exercise price \$
Balance – December 31, 2017	33,700,000	0.09
Warrants granted	<u>12,000,000</u>	<u>0.07</u>
Balance – December 31, 2018	<u>45,700,000</u>	<u>0.08</u>
Warrants granted	<u>59,568,055</u>	<u>0.09</u>
Balance – September 30, 2019	<u>105,268,055</u>	<u>0.09</u>

The following warrants to acquire common shares were outstanding at September 30, 2019:

Expiry Date	Exercise Price \$	Number Outstanding
October 11, 2019	0.08	5,000,000
November 26, 2020	0.06	6,000,000
February 14, 2020	0.08	6,000,000
March 7, 2020	0.08	5,000,000
March 17, 2020	0.08	2,000,000
April 12, 2020	0.10	1,200,000
April 22, 2020	0.10	8,000,000
June 1, 2020	0.08	12,500,000
January 24, 2021	0.06	2,000,000
March 22, 2021	0.06	3,200,000
July 31, 2021	0.06	6,000,000
August 8, 2021	0.065	20,000,000
September 6, 2021	0.12	<u>28,368,055</u>
		<u>105,268,055</u>
Weighted average remaining contractual life (years)		<u>1.297</u>

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The following warrants to acquire common shares were issued during the period ended September 30, 2019:

- i) 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 private placement at a price of \$0.08.

The relative fair value of the common share purchase warrants was determined to be \$41,820 in total using the Black-Scholes option pricing model, assuming a 0% dividend yield, 172% volatility, a risk free interest rate of 1.94% and a term of 24 months.

- ii) The Company issued 3,200,000 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.

The relative fair value of the common share purchase warrants was determined to be \$96,183 in total using the Black-Scholes option pricing model, assuming a 0% dividend yield, 178% volatility, a risk free interest rate of 1.54% and a term of 24 months.

- iii) Extended the exercise period of a total of 28,700,000 outstanding share purchase warrants by one year. The extended periods are reflected in the above table.

- iv) The Company issued 6,000,000 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 \$0.06.

The relative fair value of the common share purchase warrants was determined to be \$172,288 in total using the Black-Scholes option pricing model, assuming a 0% dividend yield, 265% volatility, a risk free interest rate of 1.61% and a term of 24 months

- v) The Company issued 20,000,000 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 \$0.065.

The relative fair value of the common share purchase warrants was determined to be \$602,755 in total using the Black-Scholes option pricing model, assuming a 0% dividend yield, 263% volatility, a risk free interest rate of 1.42% and a term of 24 months

- vi) The Company issued 28,368,055 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 \$0.12.

The relative fair value of the common share purchase warrants was determined to be \$1,104,250 in total using the Black-Scholes option pricing model, assuming a 0% dividend yield, 263% volatility, a risk free interest rate of 1.50% and a term of 24 months

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The following warrants to acquire common shares were issued during the year ended December 31, 2018:

- i) The Company issued 6,000,000 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.

The relative fair value of the common share purchase warrants was determined to be \$114,917 in total using the Black-Scholes option pricing model, assuming a 0% dividend yield, 144% volatility, a risk free interest rate of 1.82% and a term of 24 months.

- ii) The Company issued 6,000,000 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 \$0.06.

The relative fair value of the common share purchase warrants was determined to be \$111,162 in total using the Black-Scholes option pricing model, assuming a 0% dividend yield, 173% volatility, a risk free interest rate of 2.24% and a term of 24 months.

Reserves

The share-based payment reserve includes stock-based compensation expense related to fair value of stock options granted and also the fair value of warrants issued for services. The warrant reserve includes the relative fair value of attachable warrants issued as a part of units in conjunction with private placements of common shares. The gross proceeds of private placements is allocated between share capital and the warrant reserve using the relative fair value method which allocates a pro-rata amount based on the fair value of the common shares and the warrants issued. The investment revaluation reserve includes unrealized gains and losses on marketable securities which is reclassified to comprehensive loss on disposal or impairment of the securities.

13 Related party transactions

Included in accounts payable and accrued liabilities is \$10,342 (2018 – \$30,538) due to companies controlled by officers of the Company. These amounts due to related parties are unsecured, bear interest at comparable market rates, and have no specific terms of repayment.

During the nine month period ended September 30, 2019, the Company incurred the following related party transactions:

- a) Incurred fees in the amount of \$176,128 (2018– \$140,716) to a company controlled by the Company's Chief Executive Officer.
- b) Incurred fees in the amount of \$134,000 (2018– \$62,500) to a company controlled by the Company's Chief Financial Officer.

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For the nine month period ended September 30, 2019, the total remuneration of key management personnel was \$310,128 (2018 - \$203,216) of management fees and \$200,020 (2018 - \$19,776) of stock-based compensation.

14 Segmented information

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

15 Commitments

Amended NSR Agreement

On April 13, 2016, the Company issued 15,000,000 common shares at \$0.06 per share under an amended agreement with arms length third parties that hold a NSR related to the Company's interest in the Treaty Creek property located in NW British Columbia (note 9). The amended agreement reduces the prior \$6 million payment obligation which was potentially triggered if 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 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 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.
- b) The NSR holders were entitled to 25% of any cash payments or securities the Company received 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 interest in the Treaty Creek property. During the year ended December 31, 2016, the Company disposed 31% of its 51% interest for 500,000 common shares of the purchaser, and as such had to transfer 125,000 of those common shares to NSR holders fulfilling this obligation under the agreement (note 9).
- c) 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.
- d) 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.

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Mineral Property Acquisitions

During the year ended December 31, 2016, the Company entered into four option agreements to acquire a 100% interest in the Ample Goldmax Property, the Glitter King Property, the Silverside Property and the Red Tusk Property. The terms of each of the agreements are as follows:

Ample Goldmax Property

\$7,000 cash payment within 5 business days of TSX-V approval (paid) and issuance of 100,000 common shares within 10 business days of TSX-V approval (issued with a fair value of \$9,500) (note 9);

Year 1 - \$10,000 cash payment (paid), 200,000 common shares issued to the optionor (issued with a fair value of \$14,000) (note 9) and \$15,000 in exploration work conducted on the property prior to the one year anniversary of the agreement;

Year 2 - \$15,000 cash payment, 250,000 common shares issued to the optionor and \$25,000 in exploration work conducted on the property prior to the two year anniversary of the agreement (in default);

Year 3 - \$30,000 cash payment, 300,000 common shares issued to the optionor and \$75,000 in exploration work conducted on the property prior to the three year anniversary of the agreement; and

Year 4 - \$100,000 in exploration work conducted on the property prior to the four year anniversary of the agreement.

The optionor will also retain a 25% bulk sample royalty on any net profits the Company receives from the extraction of a bulk sample as well as a 3% NSR Royalty which can be bought out anytime for \$500,000 for each 1% purchased.

Glitter King Property

\$7,500 cash payment within 30 business days of TSX-V approval (paid) and issuance of 100,000 common shares to the optionor within 10 business days of TSX-V approval (issued with a fair value of \$9,500) (note 9);

Year 1 - \$10,000 cash payment (paid), 100,000 common shares issued to the optionor (issued with a fair value of \$7,000) (note 9) and a minimum of \$10,000 in exploration work conducted on the property prior to the one year anniversary of the agreement;

Year 2 - \$20,000 cash payment, 150,000 common shares issued to the optionor and \$20,000 in exploration work conducted on the property prior to the two year anniversary of the agreement (in default);

Year 3 - \$30,000 cash payment, 200,000 common shares issued to the optionor and \$25,000 in exploration work conducted on the property prior to the three year anniversary of the agreement (in default); and

Year 4 - \$35,000 in exploration work conducted on the property prior to the four year anniversary of the agreement.

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The optionor will also retain a 3% NSR Royalty which can be bought out anytime for \$500,000 for each 1% purchased.

Silverside Property

\$5,000 cash payment within 30 business days of TSX-V approval (paid) and issuance of 50,000 common shares to the optionor within 10 business days of TSX-V approval (issued with a fair value of \$4,750) (note 9);

Year 1 - \$10,000 cash payment (paid), 75,000 common shares issued to the optionor (issued with a fair value of \$5,250) (note 9) and a minimum of \$5,000 in exploration work conducted on the property prior to the one year anniversary of the agreement;

Year 2 - \$20,000 cash payment, 100,000 common shares issued to the optionor and \$10,000 in exploration work conducted on the property prior to the two year anniversary of the agreement (in default);

Year 3 - \$30,000 cash payment, 150,000 common shares issued to the optionor and \$30,000 in exploration work conducted on the property prior to the three year anniversary of the agreement (in default); and

Year 4 - \$50,000 in exploration work conducted on the property prior to the four year anniversary of the agreement.

The optionor will also retain a 3% NSR Royalty which can be bought out anytime for \$500,000 for each 1% purchased.

All cash payments, share payments and work commitment amounts in each of the agreements may be accelerated at the Company's discretion. Though some of the agreements above are in default, the vendor has agreed to hold the agreement in place pending further negotiation of the terms.

16 Subsequent events

On October 16, 2019, the Company issued 2,400,000 common shares from the exercise of warrants for proceeds of \$192,000.