

# **American Creek Resources Ltd.**

Interim Financial Statements

**September 30, 2020**

(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

For the periods ended September 30, 2020 and December 31, 2019

(unaudited – prepared by Management)

(expressed in Canadian dollars)

	September 30, 2020 \$	December 31, 2019 \$
<b>Assets</b>		
<b>Current assets</b>		
Cash	3,912,167	1,647,543
Prepaid expenses and deposits (note 4)	21,443	14,005
Receivable (note 5)	19,047	68,452
Marketable securities (note 8)	4,831,722	329
	<u>8,784,379</u>	<u>1,730,329</u>
<b>Reclamation bonds</b> (note 6)	80,000	80,000
<b>Property and equipment</b> (note 7)	404,475	462,740
<b>Exploration and evaluation assets</b> (notes 9 and 16)	<u>3,267,004</u>	<u>3,771,636</u>
	<u>12,535,858</u>	<u>6,044,705</u>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities (notes 10 and 13)	82,235	131,627
Flow-through liability (note 11)	28,350	105,000
Advances from investors	32,000	-
	<u>142,585</u>	<u>236,627</u>
<b>Shareholders' Equity</b>		
<b>Share capital</b> (note 11)	37,452,049	33,129,889
<b>Reserves</b> (note 11)	15,791,276	12,051,538
<b>Deficit</b>	<u>(40,850,052)</u>	<u>(39,373,349)</u>
	<u>12,393,273</u>	<u>5,808,078</u>
	<u>12,535,858</u>	<u>6,044,705</u>
<b>Going concern</b> (note 1)		
<b>Commitments</b> (note 16)		
<b>Subsequent events</b> (note 17)		

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**  
**For the periods ended September 30,**

(unaudited – prepared by management)

(expressed in Canadian dollars)

	Three months ended September 30		Nine months ended September 30	
	2020 \$	2019 \$	2020 \$	2019 \$
<b>Expenses</b>				
Advertising and promotion	15,091	51,300	47,415	86,462
Business development and property investigation	9,119	7,501	38,036	21,432
Corporate communications	4,612	7,850	14,603	16,489
Depreciation on equipment (note 6)	10,223	2,417	32,601	4,775
Listing and transfer agent fees	3,936	-	15,570	15,599
Management fees (note 13)	100,500	165,710	401,500	306,059
Office and administration	28,304	74,542	87,338	143,798
Professional fees	39,976	(4,705)	96,698	13,340
Stock-based compensation (note 11)	793,768	257,803	864,905	257,803
	<u>(1,005,529)</u>	<u>(562,418)</u>	<u>(1,598,666)</u>	<u>(865,757)</u>
<b>Other</b>				
Gain (loss) on sale of investments	-	(2,879)	-	2,714
Loss on sale of equipment	-	-	(456)	-
Gain on sale of exploration and evaluation assets	-	-	45,769	-
Recovery of flow-through premium	76,650	-	76,650	-
	<u>(928,879)</u>	<u>(565,297)</u>	<u>(1,476,703)</u>	<u>(863,043)</u>
<b>Net loss</b>				
<b>Other comprehensive loss</b>				
<i>Items that may be reclassified subsequently to profit or loss</i>				
Unrealized gain on marketable securities (note 7)	1,974,704	-	3,963,393	-
<b>Total other comprehensive loss</b>	<u>1,045,825</u>	<u>-</u>	<u>3,963,393</u>	<u>-</u>
<b>Total comprehensive loss</b>	<u>1,045,825</u>	<u>(565,297)</u>	<u>2,486,690</u>	<u>(863,043)</u>
<b>Basic and diluted loss per common share</b>	<u>0.00</u>	<u>(0.00)</u>	<u>0.01</u>	<u>(0.00)</u>
<b>Basic and diluted weighted average number of common shares outstanding</b>	<u>367,763,099</u>	<u>265,329,084</u>	<u>365,224,869</u>	<u>258,264,933</u>

See accompanying notes to these financial statements.

# American Creek Resources Ltd.

## Statements of Changes in Equity

For the periods ended September 30,

(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 \$	
<b>Balance as at January 1, 2020</b>	339,666,943	33,129,889	6,162,736	5,888,802	-	(39,373,349)	5,808,078
Shares issued:							
Exploration and evaluation assets (note 9 and 12)	3,000,000	210,000	-	-	-	-	210,000
Exercised warrants (note 12)	32,384,166	2,983,600	-	-	-	-	2,983,600
Exercised options (note 12)	800,000	40,000	-	-	-	-	40,000
Valuation of warrants exercised (note 12)	-	1,068,322	-	(1,068,322)	-	-	-
Valuation of options exercised (note 12)	-	20,238	(20,238)	-	-	-	-
Valuation of options granted (note 12)	-	-	864,905	-	-	-	864,905
Unrealized gain on marketable securities (note 8)	-	-	-	-	3,963,393	-	3,963,393
<b>Net and comprehensive loss</b>	-	-	-	-	-	(1,476,703)	(1,476,703)
<b>Balance as at September 30, 2020</b>	375,851,109	37,452,049	7,007,403	4,820,480	3,963,393	(40,850,052)	12,393,273
<b>Balance as at January 1, 2019</b>	271,447,209	30,900,759	5,382,834	4,025,915	-	(37,982,729)	2,326,779
Shares issued:							
Private placements (note 12)	58,741,667	3,820,000	-	-	-	-	3,820,000
Shares issued for debt (note 12)	3,439,097	177,861	-	-	-	-	177,861
Valuation of warrants issued (note 12)	-	(2,017,299)	-	2,017,299	-	-	-
Share issuance costs (note 12)	-	(101,371)	-	-	-	-	(101,371)
Valuation of options granted (note 12)	-	-	257,803	-	-	-	257,803
<b>Net and comprehensive loss</b>	-	-	-	-	-	(863,043)	(863,043)
<b>Balance as at September 30, 2019</b>	333,627,973	32,779,950	5,640,637	6,043,214	-	(38,845,772)	5,618,029

See accompanying notes to these financial statements.

# American Creek Resources Ltd.

## Statements of Cash Flows

For the period ended September 30,

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(expressed in Canadian dollars)

	September 30, 2020 \$	September 30, 2019 \$
<b>Operating activities</b>		
Net loss for the year	(1,476,703)	(863,043)
Items not affecting cash		
Depreciation on equipment	32,601	4,775
Gain on disposal of exploration and evaluation assets	(45,769)	(2,714)
Loss on sale of equipment	456	-
Recovery of flow through premium	(76,650)	
Stock-based compensation	864,905	257,803
	(701,160)	(603,179)
Changes in non-cash working capital		
Prepaid expenses and deposits	(7,438)	(11,371)
Receivables	49,405	(12,544)
Accounts payable and accrued liabilities	(49,392)	(354,014)
	(708,585)	(981,108)
<b>Cash used in operating activities</b>	(708,585)	(981,108)
<b>Financing activities</b>		
Repayment of long-term debt	-	(36,942)
Proceeds from issuance of capital stock	3,023,600	3,820,000
Advances received from investors	32,000	48,000
Share issuance costs - cash	-	(101,371)
	3,055,600	3,729,687
<b>Cash provided by financing activities</b>	3,055,600	3,729,687
<b>Investing activities</b>		
Net proceeds on disposal of exploration and evaluation assets	250,000	-
Disposal of marketable securities	-	23,282
Expenditures of exploration and evaluation assets	(357,597)	(433,620)
Expenditures of property and equipment	(1,394)	(49,495)
Proceeds on sale of equipment	26,600	
Net recovery (payment) of reclamation bond	-	(8,000)
	(82,391)	(467,833)
<b>Cash used in investing activities</b>	(82,391)	(467,833)
<b>Increase in cash</b>	2,264,624	(2,280,746)
<b>Cash – beginning</b>	1,647,543	49,719
<b>Cash – end</b>	3,912,167	2,330,465

**Supplemental disclosures with respect to cash flows** (note 12)

See accompanying notes to these financial statements.

# American Creek Resources Ltd.

## Notes to Financial Statements

September 30, 2020

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(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 – 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 \$1,476,703 during the period ended September 30, 2020 (2019 – \$863,043), generated negative cash flows from operating activities of \$708,585 (2019 – \$981,108) and, as of that date the Company’s deficit was \$40,850,052 (2019 – \$38,845,772 ) and working capital was \$8,641,794 (2019 – \$1,493,702 ). 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 addition, the outbreak of the novel strain of coronavirus, specifically identified as “COVID-19”, has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company and its operating subsidiaries in future periods. Due to the worldwide COVID-19 outbreak, material uncertainties may come into existence that could influence management's going concern assumption. Management cannot accurately predict the future impact COVID-19 may have on:

- Global oil prices
- Demand for base metals

# American Creek Resources Ltd.

## Notes to Financial Statements

September 30, 2020

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(expressed in Canadian dollars)

- The severity and the length of potential measures taken by governments to manage the spread of the virus and their effect on labour availability and supply lines
- Availability of essential supplies
- Purchasing power of the Canadian dollar
- Ability to obtain funding

At the date of the approval of these interim financial statements, the Canadian government has not introduced measures which impede the activities of the Company. Management believes the business will continue and accordingly, the current situation bears no impact on management's going concern assumption. However, it is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company in future periods

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.

## 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, 2019. 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, 2019.

These financial statements were approved for issuance by the Company's board of directors ("Board") on November 30, 2020.

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.



# American Creek Resources Ltd.

## Notes to Financial Statements

September 30, 2020

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(expressed in Canadian dollars)

### 3 Significant accounting policies

The accounting policies followed in these unaudited financial statements have been applied consistently to all periods presented in these financial statements. There are no new standards issued but not yet effective up to the date of these financial statements.

### 4 Prepaid expense and deposits

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

	<b>2020</b>	<b>2019</b>
	\$	\$
Insurance	9,004	13,818
Vendor prepayments	12,439	187
	<hr/>	<hr/>
	21,443	14,005
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### 5 Receivable

The Company's receivable arose 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:

	<b>2020</b>	<b>2019</b>
	\$	\$
Electrum	16,000	16,000
Treaty Creek	40,000	40,000
Ironmist	-	-
Gold Hill	16,000	16,000
Dunwell	8,000	8,000
	<hr/>	<hr/>
	80,000	80,000
	<hr/>	<hr/>

# American Creek Resources Ltd.

## Notes to Financial Statements

September 30, 2020

(expressed in Canadian dollars)

### 7 Property and equipment

	Computer and office equipment \$	Exploration equipment \$	Furniture and fixtures \$	Vehicles \$	Land and Buildings \$	Total \$
<b>Cost –</b>						
December 31, 2018	40,136	269,500	56,895	77,055	-	443,586
Additions	7,835	-	-	100,595	350,000	458,430
Disposals	(5,729)	-	-	-	-	(5,729)
<b>Cost –</b>						
December 31, 2019	42,242	269,500	56,895	177,650	350,000	896,287
Additions	1,394	-	-	-	-	1,394
Disposals	-	-	-	(32,500)	-	(32,500)
<b>Cost –</b>						
September 30, 2020	43,636	269,500	56,895	145,150	350,000	865,181
<b>Accumulated depreciation –</b>						
December 31, 2018	(36,633)	(260,144)	(53,133)	(76,710)	-	(426,600)
Additions	(1,054)	(2,806)	(756)	(6,631)	(1,250)	(12,497)
Disposals	5,550	-	-	-	-	5,550
<b>Accumulated depreciation –</b>						
December 31, 2019	(32,137)	(262,950)	(53,869)	(83,341)	(1,250)	(433,547)
Additions	(2,640))	(1,474)	(454)	(16,832)	(11,203)	(32,603)
Disposals	-	-	-	5,444	-	5,444
<b>Accumulated depreciation –</b>						
September 30, 2020	(34,777)	(264,424)	(54,323)	(94,729)	(12,453)	(460,706)
<b>Net carrying amounts –</b>						
December 31, 2019	10,106	6,549	3,026	94,309	348,750	462,740
September 30, 2020	8,859	5,076	2,572	50,421	337,547	404,475

### 8 Marketable securities

As at September 30, 2020, the Company holds 1,400,499 (2019 – 499) common shares of Tudor Gold Corp (“Tudor Shares”).

During the period ended September 30, 2020, the Company received an additional 1,400,000 Tudor Shares as proceeds from the sale of exploration and evaluation assets. The shares were valued at \$0.62 per share on the date of the agreed disposition. At September 30, 2020, the shares had increased in value to \$3.45 per share resulting in a gain on the total value of the marketable securities of \$3,963,393.

# American Creek Resources Ltd.

## Notes to Financial Statements

September 30, 2020

(expressed in Canadian dollars)

### 9 Exploration and evaluation assets

As at September 30, 2020, 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, 2019	432,185	119,944	336,100	542,000	40,500	59,000	1,529,729
Additions	-	-	-	261,475	-	6,514	267,989
Dispositions	(432,185)	-	-	-	-	-	(432,185)
Acquisition costs – September 30, 2020	-	119,944	336,100	803,475	40,500	65,514	1,365,533
Exploration costs – December 31, 2019	640,046	260,776	450,911	864,641	20,429	5,104	2,241,907
Additions	-	-	17,016	238,135	33,241	11,218	299,610
Dispositions	(640,046)	-	-	-	-	-	(640,046)
Exploration costs – September 30, 2020	-	260,776	467,927	1,102,776	53,670	16,322	1,901,471
Total September 30, 2020	-	380,720	804,027	1,906,251	94,170	81,836	3,267,004

# American Creek Resources Ltd.

## Notes to Financial Statements

**September 30, 2020**

(expressed in Canadian dollars)

As at December 31, 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 – December 31, 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	-	75	79,391	838,475	-	5,816	923,757
Exploration costs – December 31, 2019	640,046	260,776	528,094	864,641	20,429	21,295	2,335,281
Other items during the year ended December 31, 2019:							
Mining Exploration Tax Credit	-	-	(77,183)	-	-	-	(77,183)
Impairment	-	-	-	-	-	(16,191)	(16,191)
Total December 31, 2019	1,072,231	380,720	787,011	1,406,641	60,929	64,104	3,771,636

# American Creek Resources Ltd.

## Notes to Financial Statements

September 30, 2020

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(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 were 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 was 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).

During the period ended September 30, 2020, the Company disposed of the Electrum property including the Slippery Willow claims for proceeds of \$250,000 cash and 1,400,000 shares of Tudor Gold Corp. The value of the shares at the date of the agreement was \$0.62 per share.

### **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 \$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 per share. 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. Exploration costs in the amount of Nil (2019 - \$75) were incurred by the Company during the period.

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

The Gold Hill property is located near Fort Steele, British Columbia and was purchased on March 9, 2015. 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 \$17,016 (2019 - \$79,391) were incurred during the period. A Mining Exploration Tax Credit was also received during the prior year in the amount of \$77,183 which offset additions in 2019.

### **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 property was subsequently transferred into the Company's name. The third property, the Bear River property, was purchased by issuing 800,000 shares with fair value of \$52,000. The Company acquired 45 crown grants overlapping or

# American Creek Resources Ltd.

## Notes to Financial Statements

September 30, 2020

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(expressed in Canadian dollars)

adjoining the current exploration claims by issuing 3,000,000 common shares with fair value of \$210,000 and \$50,000 cash. Total acquisition costs for the claims also included filing fees of \$1,475. Exploration costs in the amount of \$238,135 (2019 - \$838,475) were also incurred during the period.

### **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 18). The Ample Goldmax claims are subject to a 25% net profit royalty associated with any bulk sample as defined in the agreement. Acquisition costs in 2017 included cash option payments of \$17,000 and the issuance of 200,000 common shares with a fair value of \$14,000. Acquisition costs in 2016 included the issuance of 100,000 common shares with a fair value of \$9,500. Exploration costs in the amount of \$33,241 (2019 - \$Nil) were incurred during the period.

### **Other Properties, British Columbia, Canada**

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. Combined acquisition costs in 2017 included cash option payments of \$32,500 and the issuance of 175,000 common shares with a fair value of \$12,250. Combined acquisition costs in 2016 included the issuance of 150,000 common shares with a fair value of \$14,250. Each of the claims are subject to a 3% NSR royalty interest that can be purchased for \$500,000 for each 1% interest purchased. Exploration costs in the amount of \$Nil (2018 - \$Nil) were incurred during the period (note 17). During the year ended December 31, 2017, the Red Tusk Property was fully impaired and was returned to the optionee.

Exploration costs on the Glitter King and Silverside properties during the period were \$11,218 (2019 - \$5,816).

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. Further exploration costs in the amount of \$Nil (2019 - \$5,816) were incurred and capitalized in the current year. The property was considered impaired in 2019 and \$16,091 in exploration costs were written off.

The Company owns 100% of the D-1 McBride Property. Staking costs in the amount of \$6,514 were incurred during the period ending September 30, 2020 to expand the property. No exploration costs have been incurred to date.

# American Creek Resources Ltd.

## Notes to Financial Statements

September 30, 2020

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(expressed in Canadian dollars)

### 10 Accounts payable and accrued liabilities

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

	<b>2020</b>	<b>2019</b>
	\$	\$
Trade payables (note 13)	82,235	113,627
Accrued liabilities	-	18,000
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	82,235	131,627
	<hr/>	<hr/>

### 11 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, 2020, the Company:

- i) Issued 3,000,000 common shares with fair value of \$210,000 to acquire exploration and evaluation assets.
- ii) Issued 32,384,166 common shares with a fair value of \$2,983,600 from the exercise of warrants. Warrant value at the time of purchase was also transferred to share capital in the amount of \$1,068,292.
- iii) Issued 800,000 common shares with a fair value of \$40,000 from the exercise of options. Warrant value at the time of purchase was also transferred to share capital in the amount of \$20,238.

During the year ended December 31, 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

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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 \$0.03 per share in a shares for debt arrangement. The debt had a carrying value of \$164,573.
- 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 \$11,812 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. A flow-through liability of \$56,667 was recognized in conjunction with the FT Unit offering, which was fully recovered during the year due to eligible expenditures being incurred.  
  
Each FT Unit consisted of one flow-through common share of the Company ("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.
- viii) Issued 2,400,000 common shares with a fair value of \$192,000 from the exercise of warrants.
- ix) Completed a private placement offering of 3,500,000 flow-through common shares at a price of \$0.10 per common shares for gross proceeds \$350,000. A flow-through liability of \$105,000 was recognized in conjunction with this offering.
- x) Issued 138,970 common shares with a fair value of \$11,812 under a shares for services agreement related to advertising and promotion for the Company.



# American Creek Resources Ltd.

## Notes to Financial Statements

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xi) Cash share issuance costs of \$129,578 were incurred during the year ended December 31, 2019.

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:

	<b>Number of options</b>	<b>Weighted average exercise price \$</b>
Balance – December 31, 2018	23,120,000	0.07
Options granted	10,200,000	0.07
Options expired	-	-
	<hr/>	<hr/>
Balance – December 31, 2019	33,320,000	0.07
Options granted	3,300,000	0.26
Options exercised	(800,000)	0.05
Options expired	(20,000)	0.10
	<hr/>	<hr/>
Balance – September 30, 2020	35,800,000	0.09
	<hr/>	<hr/>
Number of options currently exercisable	35,800,000	0.09

The following incentives stock options were outstanding and exercisable as at September 30, 2020:

<b>Expiry Date</b>	<b>Exercise Price \$</b>	<b>Number Outstanding</b>
March 20, 2022	0.10	2,900,000
March 10, 2025	0.10	3,550,000
April, 24, 2025	0.10	480,000
March 2, 2026	0.05	7,500,000
May 19, 2026	0.08	2,870,000
November 2, 2026	0.07	1,900,000
May 29, 2027	0.05	1,300,000
July 18, 2027	0.05	1,200,000
February 5, 2028	0.05	600,000
January 18, 2029	0.05	4,500,000
August 20, 2029	0.08	2,900,000

# American Creek Resources Ltd.

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September 5, 2029	0.09	2,800,000
May 24, 2030	0.07	900,000
August 27, 2030	0.335	<u>2,400,000</u>
		<u>35,800,000</u>
Weighted average remaining contractual life (years)		<u>6.72</u>

During the period ended September 30, 2020, the Company:

- i) Granted 900,000 options to directors and officers at \$0.065 per share expiring on May 24, 2030. 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 \$0.065. All options vested on the grant date.

The fair value of the common share purchase options was determined to be \$71,137 in total using the Black-Scholes Option Pricing Model, assuming a 0% dividend yield, 156% volatility, a risk free interest rate of 0.51%, and a term of 10 years.

- ii) Granted 2,400,000 options to directors and officers at \$0.335 per share expiring on August 27, 2030. 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 \$0.335. All options vested on the grant date.

The fair value of the common share purchase options was determined to be \$793,768 in total using the Black-Scholes Option Pricing Model, assuming a 0% dividend yield, 157% volatility, a risk free interest rate of 0.69%, and a term of 10 years.

During the year ended December 31, 2019, the Company:

- i) Granted 4,500,000 options to directors and officers at \$0.05 per share expiring on January 18, 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. All options vested on the grant date.

The fair value of the common share purchase options was determined to be \$177,590 in total using the Black-Scholes Option Pricing Model, assuming a 0% dividend yield, 157% volatility, a risk free interest rate of 1.98%, 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. All options vested on the grant date.

The fair value of the common share purchase options was determined to be \$257,802 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.

# American Creek Resources Ltd.

## Notes to Financial Statements

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(expressed in Canadian dollars)

- iii) Granted 2,800,000 options to directors and officers at \$0.09 per share expiring on September 5, 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 \$0.09. All options vested on the grant date.

The fair value of the common share purchase options was determined to be \$243,405 in total using the Black-Scholes Option Pricing Model, assuming a 0% dividend yield, 132% volatility, a risk free interest rate of 1.29%, and a term of 10 years.

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

	<b>Number of warrants</b>	<b>Weighted average exercise price \$</b>
Balance – December 31, 2018	45,700,000	0.08
Warrants granted	59,813,055	0.09
Warrants exercised	(2,400,000)	0.08
Warrants expired	(2,600,000)	0.08
Balance – December 31, 2019	<u>100,513,055</u>	<u>0.09</u>
Warrants expired	(9,200,000)	0.10
Warrants exercised	(32,384,166)	0.09
Balance – September 30, 2020	<u>58,928,889</u>	<u>0.14</u>

The following warrants to acquire common shares were outstanding at September 30, 2020:

<b>Expiry Date</b>	<b>Exercise Price \$</b>	<b>Number Outstanding</b>
November 26, 2020	0.06	4,800,000
December 1, 2020	0.08	9,900,000
January 24, 2021	0.06	2,000,000
March 22, 2021	0.06	2,150,000
July 31, 2021	0.06	3,690,000
August 8, 2021	0.065	20,000,000
September 6, 2021	0.12	<u>16,388,889</u>
		<u>58,928,889</u>
Weighted average remaining contractual life (years)		<u>1.12</u>

During the period ended September 30, 2020, the Company:

# American Creek Resources Ltd.

## Notes to Financial Statements

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- i) Extended the exercise period of a total of 12,500,000 outstanding share purchase warrants by six months. The extended periods are reflected in the above table and no other terms of the warrants were changed.
- ii) Extended the exercise period of a total of 7,000,000 outstanding share purchase warrants by approximately five months. The extended periods are reflected in the above table and no other terms of the warrants were changed.

The following warrants to acquire common shares were issued during the period ended December 31, 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 \$0.06.

The relative fair value of the common share purchase warrants was determined to be \$36,260 in total using the Black-Scholes Option Pricing Model, assuming a 0% dividend yield, 130% volatility, a risk free interest rate of 1.29% and a term of 24 months.

- i) 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 \$0.06.

The relative fair value of the common share purchase warrants was determined to be \$60,098 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

# American Creek Resources Ltd.

## Notes to Financial Statements

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(expressed in Canadian dollars)

- vi) The Company issued 27,541,667 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 \$1,112,673 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.

- vii) The Company issued 826,388 broker warrants to purchase common shares as part of a finder's fee agreement. 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 fair value of the common share purchase warrants was determined to be \$65,839 in total using the Black-Scholes Option Pricing Model, assuming a 0% dividend yield, 186% volatility, a risk free interest rate of 1.50% and a term of 24 months.

- viii) The Company issued 245,000 broker warrants to purchase common shares as part of a finder's fee agreement. 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 fair value of the common share purchase warrants was determined to be \$12,862 in total using the Black-Scholes Option Pricing Model, assuming a 0% dividend yield, 183% volatility, a risk free interest rate of 1.55% 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.

## 12 Supplemental disclosures with respect to cash flows

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

	2020	2019
	\$	\$
Shares issued for settlement of debt	-	122,368
Shares issued for exploration and evaluation assets	210,000	
	<hr/>	
	210,000	122,368
	<hr/>	

# American Creek Resources Ltd.

## Notes to Financial Statements

September 30, 2020

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(expressed in Canadian dollars)

### 13 Related party transactions

Included in accounts payable and accrued liabilities is \$1,000 (2019 – \$10,342) 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 period ended September 30, 2020, the Company incurred the following related party transactions:

- a) Incurred fees in the amount of \$230,000 (2019– \$224,838) to a company controlled by the Company’s Chief Executive Officer.
- b) Incurred fees in the amount of \$171,500 (2019– \$164,000) to a company controlled by the Company’s Chief Financial Officer.

For the period ended September 30, 2020, the total remuneration of key management personnel was \$401,500 (2019 - \$388,838) of management fees and \$479,568 (2019 - \$200,020) of stock-based compensation.

### 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:

- 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 or indirectly; and
- Level 3 – inputs for the asset or liability that are not based on observable market data.

As at September 30, 2020, the Company’s financial instruments are comprised of cash, reclamation bonds and accounts payable. The carrying value of cash, accounts payable 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, receivables and reclamation bonds.

# American Creek Resources Ltd.

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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. The Company believes credit risk to be insignificant.

### *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 September 30, 2020, the Company had a cash balance of \$3,912,167, short-term receivables of \$21,443 and marketable securities valued at \$4,831,722 to settle current liabilities of \$142,585. The Company forecasts its cash needs on a regular basis and seeks additional financing based on those forecasts. There can be no assurance the Company will be able to obtain required financing in the future on acceptable terms. Since inception, the Company has financed its cash requirements primarily through issuance of common shares. All the Company's financial liabilities have contractual maturities of 30 days or are due on demand and are subject to normal trade terms. See note 1 for further discussion on going concern and its impact on liquidity. The Company believes liquidity risk to be high.

### *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

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. Interest earned is negligible and therefore interest rate risk is low.

#### 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. Therefore, foreign currency rate risk is considered low.

## **15 Segmented information**

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

## **16 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

# American Creek Resources Ltd.

## Notes to Financial Statements

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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 the purchase price the Company received in 2016 from the Company’s sale of a 31% interest in the Treaty Creek property to an arm’s-length purchaser. Consequently, the Company transferred to the NSR Holders 125,000 of the 500,000 purchaser shares received by the Company from such sale, thereby fully fulfilling this obligation under the amended 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.

### 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 and the Silverside 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);



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*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; (in default) 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.

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

# American Creek Resources Ltd.

## Notes to Financial Statements

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*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.

The above property agreements were amended on September 28, 2020. Pursuant to the agreement, the Company will be required to pay a \$2,500 extension fee per agreement and (i) with respect to the Silver Side property, issue 250,000 common shares to the owners of the property on or before October 2, 2020, make cash payments to the owners totaling \$50,000 by September 21, 2021, and conduct a total of \$85,000 in exploration work on the property by September 22, 2022; (ii) with respect to the Ample Goldmax property, issue 550,000 common shares to the owners on or before October 2, 2020, make cash payments to the owners totaling \$45,000 by September 21, 2021, and conduct a total of \$200,000 in exploration work on the property by September 22, 2022; and (iii) with respect to the Glitter King property, issue 350,000 common shares to the owners on or before October 2, 2020, make cash payments totaling \$50,000 by September 21, 2021, and conduct a total of \$80,000 in exploration work on the property by September 22, 2022.

## 17 Subsequent events

### Share Capital Reorganization

On October 5, 2020 the Company announced that the board of directors approved a spinout of the Company's Dunwell Property, and other properties and assets, to its shareholders by way of a share capital reorganization effected through a statutory plan of arrangement (the "Arrangement"). Under the Arrangement, American Creek will transfer the Assets (defined below) to a wholly-owned subsidiary, Stinger Resources Inc. ("Stinger"), in consideration for 45,000,000 Stinger common shares. The Stinger shares will then be distributed to American Creek's shareholders pro rata their interest in American Creek. Upon completion of the Arrangement, American Creek's shareholders will own shares in two public companies.

The assets that will be transferred to Stinger under the Arrangement will be the Dunwell, D1 McBride and Gold Hill properties, the optioned interests in the Silver Side, Ample Goldmax and Glitter King properties, 1,400,499 common shares of Tudor Gold Corp., the office located at #92 - 2nd Avenue West, Cardston, Alberta, together with office furniture and equipment located therein, certain vehicles, \$1,500,000 - \$3,000,000 cash and the right to receive 80% of the net warrant exercise proceeds received by the Company after completion of the Arrangement from the exercise of warrants that were outstanding at the time of completion of the Arrangement (collectively, the "Assets")

Under the Arrangement, the Company's current shareholders will receive Stinger common shares by way of a share exchange, pursuant to which each existing common share of the Company will be exchanged for one new American Creek common share (each, a "New American Creek Share") and 0.11973 of a Stinger share. Holders of American Creek options and warrants will also be entitled to receive one New American Creek Share and 0.11973 of a Stinger share on exercise of each option and warrant. On completion of the Arrangement, American Creek

# **American Creek Resources Ltd.**

## Notes to Financial Statements

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shareholders, option holders and warrant holders will maintain their interest in American Creek and will acquire a proportionate interest in Stinger.

### **Shares issued for Exploration and Evaluation Assets**

On October 1, 2020, the Company issued 1,150,000 shares pursuant to the amended agreements on the Ample Goldmax Property, Glitter King Property and the Silverside Property.