

American Creek Resources Ltd.

Financial Statements
December 31, 2014
(expressed in Canadian dollars)



April 27, 2015

Independent Auditor's Report

To the Shareholders of American Creek Resources Ltd.

We have audited the accompanying financial statements of American Creek Resources Ltd., which comprise the statement of financial position as at December 31, 2014 and December 31, 2013 and the statements of loss and comprehensive loss and deficit, changes in equity, and cash flows for the years then ended, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

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"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.



Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of American Creek Resources Ltd. as at December 31, 2014 and December 31, 2013 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of matter

Without qualifying our opinion, we draw attention to note 1 in the financial statements which describes matters and conditions that indicate the existence of a material uncertainty that may cast significant doubt about American Creek Resources Ltd.'s ability to continue as a going concern.

PricewaterhouseCoopers LLP

Chartered Accountants

American Creek Resources Ltd.

Statement of Financial Position

As at December 31, 2014

(expressed in Canadian dollars)

	2014 \$	2013 \$
Assets		
Current assets		
Cash	19,637	104,290
Prepaid expenses and deposits (note 4)	18,033	17,684
Receivables (note 5)	14,532	13,347
	<u>52,202</u>	<u>135,321</u>
Long-term receivables (note 5)	29,855	29,855
Reclamation bonds (note 6)	66,000	66,000
Property and equipment (note 7)	71,118	234,931
Exploration and evaluation assets (note 8)	13,870,698	13,870,698
	<u>14,089,873</u>	<u>14,336,805</u>
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (note 9)	2,531,238	1,849,600
Short-term loan (note 10)	-	146,500
Current portion of long-term debt (note 11)	1,483	1,373
	<u>2,532,721</u>	<u>1,997,473</u>
Long-term debt (note 11)	42,143	33,627
	<u>2,574,864</u>	<u>2,031,100</u>
Shareholders' Equity		
Share capital (note 12)	25,782,278	25,365,777
Contributed surplus and warrants (note 12)	7,296,902	7,250,242
Deficit	<u>(21,564,171)</u>	<u>(20,310,314)</u>
	<u>11,515,009</u>	<u>12,305,705</u>
	<u>14,089,873</u>	<u>14,336,805</u>
Commitments (note 18)		
Going concern (note 1)		

See accompanying notes to these financial statements.

Approved by the Board of Directors

Director

Director

American Creek Resources Ltd.
Statement of Loss and Comprehensive Loss and Deficit
For the year ended December 31, 2014

(expressed in Canadian dollars)

	2014	2013
	\$	\$
Expenses		
Advertising and promotion	52,897	21,115
Business development and property investigation	60,110	71,726
Corporate communications	11,965	17,674
Depreciation on equipment (note 7)	38,921	37,082
Interest on long term debt	2,560	-
Listing and transfer agent fees	5,600	12,362
Management fees (note 14)	681,625	417,183
Office and administration	382,704	267,973
Professional fees	159,268	2,031,711
Impairment of exploration assets (note 8)	-	36,662
Gain on disposition of assets	(141,793)	(9,249)
	<hr/>	<hr/>
Net loss and comprehensive loss for the year	1,253,857	2,904,239
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Basic and diluted loss per common share	0.01	0.02
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Basic and diluted weighted average number of common shares outstanding	158,689,088	147,127,134
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Going concern (note 1)

See accompanying notes to these financial statements.

American Creek Resources Ltd.

Statement of Changes in Equity

For the year ended December 31, 2014

(expressed in Canadian dollars)

	Share capital		Contributed surplus and warrants	Deficit	Total
	Number of shares	Amount \$			Equity \$
Balance as at January 1, 2014	157,922,074	25,365,777	7,250,242	(20,310,314)	12,305,705
Shares issued for cash					
Private placements (note 12)	9,332,000	466,600	-	-	466,600
Valuation of warrants issued (note 12)		(46,660)	46,660	-	-
Share issuance costs (note 12)		(3,439)	-	-	(3,439)
Loss for the year				(1,253,857)	(1,253,857)
Balance as at December 31, 2014	167,254,074	25,782,278	7,296,902	(21,564,171)	11,515,009
	Share capital		Contributed surplus and warrants	Deficit	Total
	Number of shares	Amount \$			Equity \$
Balance as at January 1, 2013	139,051,861	24,495,612	7,035,271	(17,406,075)	14,124,808
Shares issued for cash					
Private placements (note 12)	10,536,880	592,699	-	-	592,699
Shares issued for settlement of payables (note 12)	8,333,333	500,000	-	-	500,000
Valuation of warrants issued (note 12)	-	(214,971)	214,971	-	-
Share issuance costs (note 12)	-	(7,563)	-	-	(7,563)
Loss for the year	-	-	-	(2,904,239)	(2,904,239)
Balance as at December 31, 2013	157,922,074	25,365,777	7,250,242	(20,310,314)	12,305,705

See accompanying notes to these financial statements.

American Creek Resources Ltd.

Statement of Cash Flows

December 31, 2014

(expressed in Canadian dollars)

	2014 \$	2013 \$
Cash provided by (used in)		
Operating activities		
Net loss for the year	(1,253,857)	(2,904,239)
Items not affecting cash		
Depreciation on equipment	38,921	37,082
Gain on disposal of equipment	(141,793)	(9,249)
Impairment of exploration assets	-	36,662
	<u>(1,356,729)</u>	<u>(2,839,744)</u>
Changes in non-cash working capital		
Prepaid expenses and deposits	(349)	5,419
Receivables	(1,185)	35,105
Accounts payable and accrued liabilities	681,638	2,061,380
	<u>(676,625)</u>	<u>(737,840)</u>
Cash used in operating activities		
Financing activities		
Proceeds from issuance of long-term debt	8,626	181,500
Repayment of long-term debt	(146,500)	-
Proceeds from issuance of capital stock	466,600	592,699
Share issuance costs	(3,439)	(7,563)
	<u>325,287</u>	<u>766,636</u>
Cash provided by financing activities		
Investing activities		
Purchase of property and equipment	(19,911)	(26,359)
Proceeds on disposal of property and equipment	286,596	22,000
Dispositions of exploration and evaluation assets	-	63,829
	<u>266,685</u>	<u>59,470</u>
Cash provided by investing activities		
(Decrease) increase in cash flows	(84,653)	88,266
Cash – Beginning of year	104,290	16,024
Cash – End of year	19,637	104,290
Supplemental disclosures with respect to cash flows (note 13)		

See accompanying notes to these financial statements.

American Creek Resources Ltd.

Notes to Financial Statements

December 31, 2014

(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. 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 Venture Toronto Stock 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 \$1,253,857 during the year ended December 31, 2014 (2013 – \$2,904,239), generated negative cash flows from operating activities \$676,625 (2013 – \$737,840) and, as of that date the Company’s deficit was \$21,564,171 (2013 – \$20,310,314) and working capital deficiency was \$2,480,519 (2013 – \$1,862,152). As the Company is in the exploration stage, the recoverability of the costs incurred to date on exploration properties is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development of its properties and upon future profitable production or proceeds from the disposition of the properties and deferred exploration expenditures. These circumstances, as well as the ongoing litigation discussed in note 20, cause material uncertainties that may cast significant doubt upon the Company’s ability to continue as a going concern, and accordingly, the appropriateness of the use of accounting principles applicable to a going concern.

In recognition of these circumstances, management is pursuing various financial alternatives to fund the Company’s exploration and development programs, including private placements, property dispositions, settling payables for shares and recovering legal costs where possible, so it can continue as a going concern. There is no assurance that these initiatives will be successful. The Company was also successful in the litigation against Teuton to obtain legal title to the highly prospective Treaty Creek property, which may improve its ability to attract investment in the form of private placements.

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

American Creek Resources Ltd.

Notes to Financial Statements

December 31, 2014

(expressed in Canadian dollars)

2 Basis of preparation

Statement of Compliance

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

These financial statements were approved for issuance by the Company’s board of directors (“Board”) on April 27, 2015.

Basis of Measurement

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

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, except as disclosed under the Standards, Amendments and Interpretations Not Yet Effective.

Foreign currencies

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates (‘the functional currency’). The financial statements are presented in ‘Canadian dollars’, which is the Company’s functional currency.

Financial instruments

Financial assets

The Company classifies its financial assets into one of the following categories, depending on the purpose for which the asset was acquired, as follows:

Fair value through profit or loss - This category comprises derivatives (if any), or assets acquired or incurred principally for the purpose of selling or repurchasing such financial assets in the near term. They are carried in the statements of financial position at fair value with changes in fair value recognized in the statements of comprehensive loss or income.

Loans and receivables - These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at cost less any provision for impairment. Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default.

American Creek Resources Ltd.

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(expressed in Canadian dollars)

Available-for-sale - Non-derivative financial assets not included in the above categories are classified as available-for-sale. They are carried at fair value with changes in fair value recognized directly in equity. Where a decline in the fair value of an available-for-sale financial asset constitutes objective evidence of impairment, the amount of the loss is removed from equity and recognized in the statements of comprehensive loss or income.

All financial assets except for those at fair value through profit or loss are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described above.

Financial liabilities

The Company classifies its financial liabilities into one of two categories, depending on the purpose for which the asset was acquired, as follows:

Fair value through profit or loss: This category comprises derivatives, or liabilities acquired or incurred principally for the purpose of selling or repurchasing such financial liabilities in the near term. They are carried in the statements of financial position at fair value with changes in fair value recognized in the statements of comprehensive loss or income.

Other financial liabilities: This category includes accounts payable and accrued liabilities, and short and long-term debt, all of which are recognized at amortized cost.

The Company's cash, deposits, receivables and reclamation bonds are classified as loans and receivables. The Company's accounts payable and accrued liabilities, and debt instruments are classified as other financial liabilities.

Exploration and evaluation assets

Once the legal right to explore a property has been acquired, costs directly related to exploration and evaluation assets are recognized and capitalized, in addition to the acquisition costs. These direct expenditures include such costs as materials used, surveying costs, drilling costs, and payments made to contractors. Costs not directly attributable to exploration and evaluation assets activities, including general administrative costs, are expensed in the period in which they occur.

The Company may occasionally enter into farm-out arrangements, whereby the Company will transfer part of a mineral interest, as consideration, for an agreement by the transferee to meet certain mineral property expenditures which would have otherwise been undertaken by the Company. The Company does not record any expenditures made by the farmee on its behalf. Any cash or other consideration received from the agreement is credited against the costs previously capitalized to the mineral interest given up by the Company, with any excess accounted for as a gain on disposal.

American Creek Resources Ltd.

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(expressed in Canadian dollars)

When a project is deemed to no longer have commercially viable prospects to the Company, exploration and evaluation assets expenditures in respect of that project are deemed to be impaired. As a result, those exploration and evaluation assets expenditures, in excess of estimated recoveries, are written off to the statement of loss and comprehensive loss.

The Company assesses exploration and evaluation assets for impairment when facts and circumstances suggest that the carrying amount of a cash generating unit may exceed its recoverable amount.

Once the technical feasibility and commercial viability of extracting the mineral resource has been determined, the property is considered to be a mine under development and is classified as “mine under construction”. Exploration and evaluation assets are also tested for impairment before the assets are transferred to mine under construction.

As the Company currently has no operational income, any incidental revenues earned in connection with exploration activities are applied as a reduction to capitalized costs. Exploration and evaluation assets are classified as intangible assets.

Reclamation bonds

Cash which is held by a third party and is subject to contractual restrictions on use is classified separately as reclamation bonds.

Property and equipment

The initial cost of an asset comprises its purchase price or construction cost, any costs directly attributable to bringing the asset into operation, the initial estimate of any decommissioning obligation, if any, and, for qualifying assets, borrowing costs. The purchase price or construction cost is the aggregate amount paid and the fair value of any other consideration given to acquire the asset.

Assets are carried at cost, less accumulated depreciation and accumulated impairment losses. Depreciation is recognized using the declining balance method at the following annual rates:

Buildings	5%
Computer and office equipment	30%
Exploration equipment	30%
Furniture and fixtures	20%
Vehicles	30%
Leasehold improvements	Over the lease term

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the statement of loss and comprehensive loss in the period the item is derecognized.

American Creek Resources Ltd.

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(expressed in Canadian dollars)

Residual values, depreciation methods and useful economic lives are reviewed and adjusted if appropriate, at each reporting date. Subsequent expenditures relating to an item of equipment are capitalized when it is probable that future economic benefits from the use of the assets will be increased. All other subsequent expenditures are recognized as repairs and maintenance.

Impairment of property and equipment and exploration and evaluation assets

At the end of each reporting period, the Company's assets are reviewed to determine whether there is any indication that those assets may be impaired. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs of disposal and value in use. Fair value less costs of disposal is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a risk-free discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the profit or loss for the period. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit ("CGU") to which the asset belongs. Each cash generating unit is determined by grouping assets according to their geographical location.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Income taxes

Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recorded using the statement of financial position liability method, providing for temporary differences, between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities that affect neither accounting nor taxable loss. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted and are expected to apply when the deferred tax asset or liability is settled.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences can be utilized. Deferred tax assets are recognized to the extent that it is probable that the assets can be recovered.

American Creek Resources Ltd.

Notes to Financial Statements

December 31, 2014

(expressed in Canadian dollars)

Additional income taxes that arise from the distribution of dividends are recognized at the same time as the liability to pay the related dividend. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Share capital

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares and share options are recognized as a deduction from equity, net of any tax effects.

Flow-through shares

The Company will from time to time, issue flow-through common shares to finance a significant portion of its exploration program. Pursuant to the terms of the flow-through share subscription agreements, these shares transfer the tax deductibility of qualifying resource expenditures to investors. On issuance, the Company bifurcates the flow-through share into i) a flow-through share premium, equal to the estimated premium, if any, investors pay for the flow-through feature, which is recognized as a liability, and ii) share capital. Upon expenses being incurred, the Company recognizes a deferred tax liability for the amount of tax reduction renounced to the shareholders. The premium is recognized as other income and the related deferred tax is recognized as a tax provision.

Amounts equal to the proceeds received from the issuance of flow-through shares must be expended on Canadian resource property exploration expenditures within a maximum two-year period. The portion of the amount equal to the proceeds received but not yet expended at the end of the Company's fiscal period is disclosed separately where applicable.

The Company may also be subject to a Part XII.6 tax on flow-through proceeds renounced under the "Look-back" Rule, in accordance with Government of Canada flow-through regulations. When applicable, this tax is accrued as a financial expense until paid.

Share-based payment transactions

The Company grants stock options to acquire common shares of the Company to directors, officers, employees and consultants. The fair value of stock options is measured on the date of grant, using the Black-Scholes option pricing model, and is recognized over the vesting period. Consideration paid for the shares on the exercise of stock options is credited to share capital. Options granted vest immediately and have no market performance conditions associated.

In situations where equity instruments are issued to non-employees and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at the fair value of the share-based payment. Otherwise, share-based payments are measured at the fair value of goods or services received.

American Creek Resources Ltd.

Notes to Financial Statements

December 31, 2014

(expressed in Canadian dollars)

Loss per share

The Company presents basic and diluted loss per share data for its common shares, calculated by dividing the loss attributed to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share does not adjust the loss attributed to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive.

Provisions for decommissioning liabilities

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of exploration and evaluation assets and equipment, when those obligations result from the acquisition, construction, development or normal operation of the assets. The net present value of future rehabilitation cost estimates arising from the decommissioning of plant and other site preparation work is capitalized to mining assets along with a corresponding increase in the rehabilitation provision in the period incurred. Discount rates using a risk free rate that reflect the time value of money are used to calculate the net present value. The rehabilitation asset is depreciated on the same basis as mining assets.

The Company's estimates of reclamation costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to mining assets with a corresponding entry to the rehabilitation provision. The Company's estimates are reviewed annually for changes in regulatory requirements, discount rates, effects of inflation and changes in estimates. Changes in the net present value, excluding changes in the Company's estimates of reclamation costs, are charged to profit and loss for the period. At December 31, 2014, the Company does not have any provision for environmental rehabilitation.

Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) that has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligations, provided that a reliable estimate can be made of the amount of the obligation. Provisions for environmental restoration, legal claims, onerous leases and other onerous commitments are recognized at the best estimates of the expenditures required to settle the Company's liability.

Significant accounting judgements and estimates

The preparation of these audited financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. The financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and the revision affects both current and future periods.

American Creek Resources Ltd.

Notes to Financial Statements

December 31, 2014

(expressed in Canadian dollars)

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the statement of financial position date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to the following:

- Measurement of compensation cost attributable to the Company's share based compensation plan, as well as warrants to purchase common shares issued in private placements, are subject to the estimation of fair value using the Black-Scholes option pricing model. The valuation is based on significant assumptions such as: i) the volatility of the share price; ii) the life of the option; iii) forfeiture rate; iv) the risk-free interest rate for the life of the option (see note 12);
- Deferred income tax assets are assessed by Management at the end of the reporting period to determine the likelihood that they will be realized from future taxable earnings (see note 19);
- The Company evaluates the circumstances and that may give rise to the various commitments and contingencies along with the likelihood they will occur to estimate any amount that are accrued in the balance sheet (see note 18);
- Impairment of the Company's exploration and evaluation assets is evaluated at the CGU level. The determination of CGU's requires judgment in defining the smallest identifiable group of assets that generate cash inflows that are largely independent of the cash inflows from other assets or groups of assets. CGU's have been determined based on similar geological structure, shared infrastructure, geographical proximity, commodity type and similar exposures to market risks. In testing for impairment, the recoverable amount of the Company's CGU's is determined based on the greater of the value-in-use and fair value less costs of disposal. There is no comparison available of quoted market prices for mineral properties therefore, the recoverable amount is based on estimates of reserves (if any), future precious metal prices, geographical location, prospective potential, and other relevant assumptions; and

As described in note 18, the Company is currently involved in litigation in regards to title transfer for its Treaty Creek property. In the judgment issued by the Supreme Court of British Columbia, the Court held overwhelmingly that the Company has fulfilled its spending requirements under the agreement to earn a 51% interest in the property. The counterparty is disputing that the Company has fulfilled its obligations under the agreement. Costs incurred in relation to the property remain capitalized on the balance sheet as at December 31, 2014 based on the Court's findings that the Company has title to 100% interest in the property, holding the counterparty's 49% interest in trust. The counterparty appealed the judgment however, on April 27, 2015 a decision was received from the BC Court of Appeal which upheld the decision of the trial judge and dismissed the appeal in its entirety.

American Creek Resources Ltd.

Notes to Financial Statements

December 31, 2014

(expressed in Canadian dollars)

Standards, Amendments and Interpretations Not Yet Effective

Amended standards adopted by the Company

The Company adopted the following standards that were effective for the first time for the financial year beginning on or after January 1, 2014.

- IFRIC 21, 'Levies', clarifies that an entity recognizes a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be anticipated before the specified minimum threshold is reached. Retrospective application is required for IFRIC 21. This amendment did not have any impact on these financial statements.

New standards and interpretations issued but not yet adopted

The following are standards issued but not yet effective up to the date of issuance of these financial statements. The Company reasonably expects these standards to be applicable at a future time and intends to adopt these standards when they become effective.

- IFRS 9, Financial Instruments ("IFRS 9"), addresses the classification, measurement and recognition of financial assets and financial liabilities. It replaces the parts of IAS 39, "Financial Instruments: Recognition and Measurements" that relate to the classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories: those measured as at fair value and those measured at amortised cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value changes due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. The Company is currently evaluating the impact of adopting IFRS 9 on its financial statements.
- IFRS 15 'Revenue from Contracts with Customers', effective for annual accounting periods beginning on or after 1 January 2017. IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces existing revenue recognition guidance, including IAS 18 'Revenue', IAS 11 'Construction Contracts' and IFRIC 13 'Customer Loyalty Programs'. The Company is currently assessing the impact on the financial statements.
- Amendments to IAS 16 and IAS 38, clarification of acceptable methods of depreciation and amortization, effective for annual accounting periods beginning on or after 1 January 2016. The Company is currently assessing the impact on the financial statements.

American Creek Resources Ltd.

Notes to Financial Statements

December 31, 2014

(expressed in Canadian dollars)

4 Prepaid expense and deposits

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

	2014	2013
	\$	\$
Insurance	12,140	16,480
Vendor prepayments	5,893	1,204
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	18,033	17,684
	<hr/>	<hr/>

5 Receivables

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

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:

	2014	2013
	\$	\$
Electrum	16,000	16,000
Treaty Creek	40,000	40,000
Ironmist	10,000	10,000
	<hr/>	<hr/>
	66,000	66,000
	<hr/>	<hr/>

American Creek Resources Ltd.

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(expressed in Canadian dollars)

7 Property and equipment

	Leasehold Improvement \$	Land \$	Buildings \$	Plant and Equipment \$	Total \$
January 1, 2013	-	7,300	134,533	116,572	258,405
Additions	26,095	-	-	265	26,360
Disposals	-	-	-	(12,752)	(12,752)
Depreciation for the year	-	-	(6,727)	(30,355)	(37,082)
Net book value – December 31, 2013	26,095	7,300	127,806	73,730	234,931
Additions	19,912	-	-	-	19,912
Disposals	-	(7,300)	(127,806)	(9,698)	(144,804)
Depreciation for the year	(15,336)	-	-	(23,585)	(38,921)
Net book value – December 31, 2014	30,671	-	-	40,447	71,118

Land and buildings were disposed of during the year for proceeds of \$270,000. Other equipment was also disposed of for proceeds of \$16,596.

8 Exploration and evaluation assets

As at December 31, 2014, the Company's exploration and evaluation assets are located in Northern British Columbia, Canada. Expenditures incurred on exploration and evaluation assets are as follows:

	Electrum, B.C., Canada \$	Slippery Willow, B.C., Canada \$	Treaty Creek, B.C., Canada \$	Golden Lynx, B.C., Canada \$	Total \$
Acquisition costs – December 31, 2013	2,211,402	231,400	66,750	-	2,509,552
Impairment	-	-	-	-	-
Acquisition costs – December 31, 2014	2,211,402	231,400	66,750	-	2,509,552
Exploration costs – December 31, 2013	4,958,934	3,442	6,398,770	-	11,361,146
Mining Exploration Tax Credit	-	-	-	-	-
Exploration costs – December 31, 2014	4,958,934	3,442	6,398,770	-	11,361,146
	7,170,336	234,842	6,465,520	-	13,870,698

American Creek Resources Ltd.

Notes to Financial Statements

December 31, 2014

(expressed in Canadian dollars)

	Electrum, B.C., Canada \$	Slippery Willow, B.C., Canada \$	Treaty Creek, B.C., Canada \$	Golden Lynx, B.C., Canada \$	Total \$
Acquisition costs – December 31, 2012	2,211,402	231,400	66,750	36,662	2,509,552
Impairment	-	-	-	(36,662)	-
Acquisition costs – December 31, 2013	2,211,402	231,400	66,750	-	2,509,552
Exploration costs – December 31, 2012	4,958,934	3,442	6,398,770	-	11,361,146
Mining Exploration Tax Credit	-	-	-	-	-
Exploration costs – December 31, 2013	4,958,934	3,442	6,398,770	-	11,361,146
	7,170,336	234,842	6,465,520	-	13,870,698

Electrum Property, British Columbia, Canada

The Electrum property is located north of Stewart, British Columbia. The claims were acquired via an option agreement for total cash payment of \$210,000 and 2,500,000 common shares issued with fair value ranging from \$0.12 to \$0.75 per share. All payments under the agreement have been completed and the Company now holds a 100% working interest in the property subject to a 2% NSR royalty. The Company may purchase the 2% NSR royalty at any time for \$1,000,000.

Slippery Willow Property, British Columbia, Canada

The Slippery Willow property is located adjacent to the Company's Electrum property. The property was purchased on February 9, 2007. The consideration paid consisted of \$25,000 in cash and the issuance of 120,000 of the Company's common shares with a fair value of \$1.72 per share.

Treaty Creek Property, British Columbia, Canada

The Treaty Creek property is located northeast of Stewart, British Columbia. In 2009, the Company concluded that they completed the requirements as set out in the option agreement to earn a 51% interest in the property by issuing 100,000 common shares with a fair value ranging from of \$0.23 to \$0.24 per share and by incurring the balance of aggregate exploration expenditures in excess of \$5,000,000. Also in accordance with the agreement, the Company has elected to earn an additional 9% interest by providing the optionor with a positive feasibility study. Each of the claims is subject to either a 2% or 3% NSR royalty interest. The Company has the option to purchase certain royalty interests for \$1,000,000. The Company also has the option, and in certain circumstances is required to purchase other royalty interests for \$6,000,000. Future obligations and disputes under the agreement are outlined in note 18.

American Creek Resources Ltd.

Notes to Financial Statements

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(expressed in Canadian dollars)

Golden Lynx Property, British Columbia, Canada

The Golden Lynx property is located near Quesnel Lake, British Columbia and is comprised of claims staked by the Company. Staking costs in the amount of \$36,662 were capitalized in 2012 as exploration and evaluation assets for costs in the amount of \$36,662. These claims were still considered by the Company to be prospective; however due to market conditions and cash restraints, were allowed to lapse in 2013 and all capitalized costs of \$36,662 were written off.

Other than impairments noted above, no impairments were recorded for 2014 or 2013.

9 Accounts payable and accrued liabilities

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

	2014	2013
	\$	\$
Trade payables	2,531,238	1,829,600
Accrued liabilities	-	20,000
	<u>2,531,238</u>	<u>1,849,600</u>

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

10 Short-term loan

	2014	2013
	\$	\$
Arm's-length loan from a private entity to supplement working capital, bearing no interest and repayable on demand. No regular interest or principal payments are required under the agreement. The loan may be converted to interest bearing at 5% per annum upon notice from the holder. This loan was repaid during the year.	-	146,500
	<u>-</u>	<u>146,500</u>

American Creek Resources Ltd.

Notes to Financial Statements

December 31, 2014

(expressed in Canadian dollars)

11 Long-term debt

	2014	2013
	\$	\$
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. The total loan amount will be \$45,000 once all draws are advanced in the first quarter of 2014.	43,626	35,000
Less: Current portion	(1,483)	(1,373)
	<u>42,143</u>	<u>33,627</u>

12 Share capital

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

Authorized

Unlimited number of common shares

Unlimited number of preferred shares

	Number of shares	\$
Balance as at December 31, 2012	139,051,861	24,495,612
Issued for cash	10,536,880	592,699
Issued for settlement of payables	8,333,333	500,000
Warrant value (c) below)	-	(214,971)
Share issue costs	-	(7,563)
	<u>157,922,074</u>	<u>25,365,777</u>
Balance as at December 31, 2013	157,922,074	25,365,777
Issued for cash	9,332,000	466,600
Warrant value (c) below)	-	(46,660)
Share issue costs	-	(3,439)
	<u>167,254,074</u>	<u>25,782,278</u>
Balance as at December 31, 2014	167,254,074	25,782,278

American Creek Resources Ltd.

Notes to Financial Statements

December 31, 2014

(expressed in Canadian dollars)

Share issuance

During the year ended December 31, 2014, the Company:

- i) Completed the non-brokered private placement financing of 9,332,000 non-flow-through (“NFT”) units at a price of \$0.05 per share for gross proceeds of \$466,600. Each NFT unit consisted of one non-flow-through common share of the Company and one non-transferable common share purchase warrant. Each warrant entitles the holder to purchase one NFT common share for a period of 24 months from the closing date of the placement at an exercise price of \$0.10 if exercised in the first 12 months and \$0.15 thereafter in the remaining 12 month period.

During the year ended December 31, 2013, the Company:

- i) Completed the non-brokered private placement financing of 10,536,880 non-flow-through (“NFT”) units at a price of \$0.05625 per share for gross proceeds of \$592,699. Each NFT unit consisted of one non-flow-through common share of the Company and one non-transferable common share purchase warrant. Each warrant entitles the holder to purchase one NFT common share at an exercise price of \$0.10 for a period of two years (subject to an accelerated clause under certain market conditions) from the date of issuance of the warrant.
 - ii) Issued 8,333,333 common shares at \$0.06 per common share as partial payment of existing account payable to the Company’s law firm. The shares were valued at the closing price on November 26, 2013.
- c) Stock options and warrants

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

American Creek Resources Ltd.

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(expressed in Canadian dollars)

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

	Number of options \$	Weighted average exercise price
Balance – December 31, 2012	13,455,000	0.10
Options expired	-	-
Options granted	-	-
Balance – December 31, 2013	13,455,000	0.10
Options expired	(1,850,000)	0.10
Options granted	-	-
Balance – December 31, 2014	11,605,000	0.10
Number of options currently exercisable	11,605,000	0.10

The following incentives stock options were outstanding and exercisable as at December 31, 2014:

Expiry Date	Exercise Price \$	Number Outstanding \$
March 1, 2016	0.10	6,255,000
March 29, 2016	0.10	600,000
March 20, 2022	0.10	4,750,000
		<u>11,605,000</u>

The following incentives stock options were outstanding and exercisable at December 31, 2013:

Expiry Date	Exercise Price \$	Number Outstanding \$
March 26, 2014	0.12	1,450,000
March 1, 2016	0.10	6,555,000
March 29, 2016	0.10	600,000
March 20, 2022	0.10	4,850,000
		<u>13,455,000</u>

American Creek Resources Ltd.

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(expressed in Canadian dollars)

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

	Number of options \$	Weighted average exercise price \$
Balance – December 31, 2012	20,630,000	0.10
Warrants granted	10,536,880	0.10
Warrants expired	-	-
Balance – December 31, 2013	31,166,880	0.10
Warrants granted	9,332,000	0.10
Warrants expired	(20,630,000)	0.10
Balance – December 31, 2014	19,868,880	0.10

The following warrants to acquire common shares were outstanding at December 31, 2014:

Expiry Date	Exercise Price \$	Number Outstanding
March 25, 2015	0.10	6,827,984
May 16, 2015	0.10	3,708,896
December 1, 2016	0.10	9,332,000
		<u>19,868,880</u>

The following warrants to acquire common shares were outstanding at December 31, 2013:

Expiry Date	Exercise Price \$	Number Outstanding
September 20, 2014	0.10	20,630,000
March 25, 2015	0.10	6,827,984
May 16, 2015	0.10	3,708,896
		<u>31,166,880</u>

The following warrants to acquire common shares were issued during the year ended December 31, 2014:

The Company issued 9,332,000 warrants to purchase common shares as part of a private placement on December 1, 2014. 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 \$0.10 if exercised in the first 12 months and \$0.15 if exercised in the remaining 12 month period.

American Creek Resources Ltd.

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December 31, 2014

(expressed in Canadian dollars)

The fair value of the common share purchase warrants was determined to be \$170,618 in total using the Black-Scholes option pricing model, assuming a 0% dividend yield, 82% volatility, a risk free interest rate of 1.01% and a term of 24 months.

The following warrants to acquire common shares were issued during the year ended December 31, 2013:

- i) The Company issued 10,536,880 warrants to purchase common shares as part of a private placement. Each common share purchase warrant may be exercised at a price of \$0.10 per common share at any time up to the expiry date of the warrants (March 25, 2015 and May 16, 2015).

The fair value of the common share purchase warrants was determined to be \$214,971 in total using the Black-Scholes option pricing model, assuming a 0% dividend yield, 83% volatility, a risk free interest rate of 1.20% and a term of 24 months.

Contributed surplus

Contributed surplus is comprised of the following balances as at December 31, 2013 and December 31, 2014:

	2014 \$	2013 \$
Warrants	3,192,214	3,145,554
Share options	4,104,688	4,104,688
	<hr/> 7,296,902	<hr/> 7,250,242

13 Supplemental disclosures with respect to cash flows

	2014 \$	2013 \$
Cash paid during the year for income taxes	-	-
Cash paid during the year for interest	2,560	-
	<hr/> 2,560	<hr/> -

Supplementary disclosure of non-cash investing and financing activities during the year ended December 31:

	2014 \$	2013 \$
Stock-based compensation (note 12)	-	-
Exploration and evaluation assets expenditures in accounts payable	-	-
Shares issued for settlement of debt	-	500,000
	<hr/> -	<hr/> 500,000

American Creek Resources Ltd.

Notes to Financial Statements

December 31, 2014

(expressed in Canadian dollars)

14 Related party transactions

Included in accounts payable and accrued liabilities is \$976,653 (2013 – \$323,785) due to related parties. Amounts due to related parties are unsecured, non-interest bearing, and have no specific terms of repayment.

During the year ended December 31, 2014, the Company entered into the following related party transactions:

- a) Accrued fees in the amount of \$255,000 (2013 – \$150,000) to a company controlled by an officer of the Company for providing services to act as the Company's Chief Executive Officer. Expenses reimbursed in the amount of \$12,000 (2013 – \$12,000) were expensed as business development.
- b) Accrued fees in the amount of \$255,000 (2013 – \$150,000) to an officer or company controlled by an officer of the Company for providing services to act as the Company's Chief Operating Officer. Expenses reimbursed in the amount of \$12,000 (2013 – \$12,000) in aggregate which were expensed as business development.
- c) Accrued fees in the amount of \$171,625 (2013 – \$117,183) to a company controlled by an officer of the Company for providing services to act as the Company's Chief Financial Officer. Expenses reimbursed in the amount of \$10,035 (2013 – \$13,498) in aggregate which were expensed as business development.

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

15 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 (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As at December 31, 2014, the Company's financial instruments are comprised of cash, receivables, deposits, reclamation bonds, accounts payable and accrued liabilities, and debt instruments. The carrying value of cash, receivables and accounts payable, accrued liabilities and reclamation bonds approximate their fair values due to the relatively short periods to maturity of these financial instruments.

American Creek Resources Ltd.

Notes to Financial Statements

December 31, 2014

(expressed in Canadian dollars)

Risk management

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

Credit risk

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

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

Liquidity risk

Liquidity risk is the risk that the Company will not meet its financial obligations as they fall due. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at December 31, 2014, the Company had a cash balance of \$19,637 and short-term receivables of \$14,532 to settle current liabilities of \$2,532,721 (see note 1). The Company forecasts its cash needs on a regular basis and seeks additional financing based on those forecasts. Since inception, the Company has financed its cash requirements primarily through issuance of securities. All of the Company's financial liabilities have contractual maturities of 30 days or are due on demand and are subject to normal trade terms. In certain circumstances extended credit arrangements have been negotiated with vendors. All arrangements negotiated are on terms less than one year. See note 1 for further discussion on going concern and its impact on liquidity.

Market risk

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

a) Interest rate risk

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

b) Foreign currency rate risk

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

American Creek Resources Ltd.

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December 31, 2014

(expressed in Canadian dollars)

16 Capital management

The Company's working capital as at December 31, 2014 was \$(2,480,519) (2013 – \$(1,862,152)). The Company's capital management objectives, policies and processes have not been changed over the years presented. The Company is not subject to any externally imposed capital requirements.

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

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

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

17 Segmented information

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

18 Commitments and contingencies

- a) In 2009, the Company exceeded its requirements under an option agreement to acquire a 51% interest in the Treaty Creek property by incurring in excess of \$5,000,000 of exploration related expenditures on the property. The Company also has elected to earn an additional 9% interest in the property by performing and paying all expenses related to providing the optionor with a positive feasibility study.

The Company initiated legal action in 2010 against Teuton Resources Corp. for failure to transfer title to the property under the terms of the initial earn-in agreement and for damages the Company may have been subject to as a result. Teuton ("Teuton") disputes that all terms of the contract have been met by American Creek.

The trial of this matter was heard in Vancouver, British Columbia and was concluded on October 3, 2013. On April 14, 2014, a judgment was handed down by the British Columbia Supreme Court finding the Company has met its obligations under the agreement. Teuton appealed the decision. The appeal was heard in the B.C. Court of Appeal on March 19-21, 2015 and on April 27, 2015 a decision was received from the BC Court of Appeal which upheld the decision of the trial judge and dismissed the appeal in its entirety (see note 20).

American Creek Resources Ltd.

Notes to Financial Statements

December 31, 2014

(expressed in Canadian dollars)

19 Income taxes

The income tax provision recorded difference from the income tax obtained by applying the statutory income tax rate to the income for the year, and is reconciled as follows:

	2014 \$	2013 \$
Loss before income taxes	(1,253,857)	(2,904,239)
Statutory rate	25.00%	25.00%
Anticipated income tax recovery at the combined basic federal and provincial tax rate	(313,464)	(726,060)
Increases resulting from		
Non-taxable portion of capital gain	(8,890)	-
Taxable portion of capital gains on expired warrants	53,313	-
Adjustments arising from prior year tax filings	13,852	-
Effect of items not deductible for tax purposes	-	26
Unrecognized tax asset	255,189	726,034
	<hr/>	<hr/>
Effective tax recovery	-	-

The components of the deferred income tax balance are as follows:

	2014 \$	2013 \$
Non-capital loss carry forwards	4,304,737	3,800,213
Deferred exploration and development expenses	(1,720,976)	(1,720,976)
Tax basis of buildings and equipment on excess of carrying amount	419,573	427,010
Share issue costs	5,920	10,380
	<hr/>	<hr/>
	3,009,254	2,516,627
Less: Deferred tax asset not recorded	(3,009,254)	(2,516,627)
	<hr/>	<hr/>
	-	-

The Company has not recorded its deferred income tax asset because of its history of net operating losses since inception.

American Creek Resources Ltd.

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(expressed in Canadian dollars)

The Company has incurred losses of \$16,512,173 for tax purposes which are available to reduce future taxable income. The losses will expire as follows:

	\$
2015	618,274
2026	1,773,348
2027	2,803,443
2028	1,626,710
2029	1,366,782
2030	1,432,208
2031	1,295,971
2032	2,292,304
2033	2,887,582
2034	1,122,326
	<hr/>
	17,218,948
	<hr/>

The Company also has Canadian exploration expenditures and Canadian development expenditures, available to reduce future years' taxable income, in the amount of \$6,986,793.

20 Subsequent events

Options

On March 9, 2015, the Company granted a total of 5,520,000 incentive options to certain Directors, Officers, Advisors and Contractors under the Company's incentive stock option plan. The options were granted with an exercise price of \$0.10 and are exercisable until March 9, 2025.

On April 24, 2015, the Company granted a total of 710,000 incentive options to certain Directors, Officers, Advisors and Contractors under the Company's incentive stock option plan. The options were granted with an exercise price of \$0.10 and are exercisable until April 23, 2025.

Mineral Property Acquisition and Share issuance

On March 9, 2015, the Company issued 3,900,000 common shares at \$0.06 to acquire 100% interest in two additional mineral properties located in British Columbia, Canada. A finders fee comprised of 390,000 common shares of the Company were also issued at \$0.06 to an arms-length private individual as part of the transaction.

American Creek Resources Ltd.

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(expressed in Canadian dollars)

On March 24, 2015 the Company announced a private placement offering (“Offering”) of up to 8,000,000 units (“Units”) at a price of \$0.06 per Unit for gross proceeds of \$480,000 if the Offering is fully subscribed. Each Unit will consist of one common share of the Corporation (“Common Share”) and one non-transferrable Common Share purchase warrant (“Warrant”). Each Warrant may be exercised for one additional Common Share for a period of 24 months from the closing date of the Offering at a price of \$0.08 per share if exercised in the first 12 months and \$0.10 per share if exercised in the remaining 12 month period. As of the date of these financial statements, the Company had closed two tranches of the Offering for proceeds of \$425,700 with a total of 7,095,025 Units subscribed for.

Teuton litigation

On April 14, 2014, the Supreme Court of British Columbia handed down a judgment in the litigation against Teuton Resources Corp. over the Treaty Creek property.

The Court found that the Company has met its obligations under the agreement with Teuton and that it has earned its 51% interest in the Treaty Creek property. The Court also found that Teuton breached the agreement in refusing to transfer title to the Treaty Creek property to the Company. The Court ordered Teuton to transfer legal title of all of the mineral claims comprising the Treaty Creek property to the Company which now holds Teuton’s undivided 49% interest in those mineral claims in trust pursuant to the parties’ original agreement.

Teuton appealed the Court’s decision which was heard by the B.C. Court of Appeal on March 19-21, 2015. On April 27, 2015 a decision was received from the BC Court of Appeal which upheld the decision of the trial judge and dismissed the appeal in its entirety.

The Company has been successful in recovering legal and other costs related to the action in the amount of \$621,712. The Company is also proceeding with its claim that Teuton pay the Company special costs which may include the recovery of additional fees related to this action.

