

# **American Creek Resources Ltd.**

Unaudited Interim Financial Statements  
For three months ended  
**March 31, 2015**  
(expressed in Canadian dollars)

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

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

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

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

# American Creek Resources Ltd.

## Interim Statement of Financial Position

As at

(expressed in Canadian dollars)

	March 31, 2015 \$	December 31, 2014 \$
<b>Assets</b>		
<b>Current assets</b>		
Cash	-	19,637
Prepaid expenses and deposits (note 3)	14,704	18,033
Receivables (note 4)	18,819	14,532
	<u>33,523</u>	<u>52,202</u>
<b>Long-term receivables</b> (note 4)	29,855	29,855
<b>Reclamation bonds</b> (note 5)	66,000	66,000
<b>Property and equipment</b>	60,649	71,118
<b>Exploration and evaluation assets</b> (note 6)	14,256,798	13,870,698
	<u>14,446,825</u>	<u>14,089,873</u>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Short-term borrowings	3,971	-
Accounts payable and accrued liabilities (note 7)	2,892,688	2,531,238
Current portion of long-term debt (note 8)	1,483	1,483
	<u>2,898,142</u>	<u>2,532,721</u>
<b>Long-term debt</b> (note 8)	41,783	42,143
	<u>2,939,925</u>	<u>2,574,864</u>
<b>Shareholders' Equity</b>		
<b>Share capital</b> (note 9)	26,166,430	25,782,278
<b>Contributed surplus and warrants</b> (note 9)	7,700,311	7,296,902
<b>Deficit</b>	<u>(22,359,841)</u>	<u>(21,564,171)</u>
	<u>11,506,900</u>	<u>11,515,009</u>
	<u>14,446,825</u>	<u>14,089,873</u>
<b>Commitments</b> (note 15)		
<b>Going concern</b> (note 1)		

See accompanying notes to these financial statements.

### Approved by the Board of Directors

(signed) "Allan Burton" Director

(signed) "Darren Blaney" Director

**American Creek Resources Ltd.**  
**Interim Statement of Loss and Comprehensive Loss and Deficit**  
**For the three month period ended March 31, 2015**

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(expressed in Canadian dollars)  
(unaudited)

	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
<b>Expenses</b>		
Advertising and promotion	7,857	9,619
Business development and property investigation	10,549	17,313
Corporate communications	3,855	5,575
Depreciation on equipment	10,469	9,816
Interest on long term debt	840	-
Listing and transfer agent fees	5,400	5,600
Management fees (note 11)	102,800	125,625
Office and administration	33,321	36,628
Professional fees	217,170	18,073
Stock based compensation (note 9)	403,409	-
Gain on disposition of assets	-	(9,791)
	<hr/>	<hr/>
<b>Net loss and comprehensive loss for the period</b>	<b>795,670</b>	<b>218,458</b>
	<hr/>	<hr/>
<b>Basic and diluted loss per common share</b>	<b>0.00</b>	<b>0.00</b>
	<hr/>	<hr/>
<b>Basic and diluted weighted average number of common shares outstanding</b>	<b>168,302,741</b>	<b>157,922,074</b>
	<hr/>	<hr/>
<b>Going concern</b> (note 1)		

See accompanying notes to these financial statements.

# American Creek Resources Ltd.

## Statement of Changes in Equity

For the period ended March 31, 2015

(expressed in Canadian dollars)

	Share capital		Total		
	Number of shares	Amount \$	Contributed surplus and warrants \$	Deficit \$	Equity \$
<b>Balance as at January 1, 2015</b>	167,254,074	25,782,278	7,296,902	(21,564,171)	11,515,009
Shares issued for cash					
Exploration asset acquisition (note 9)	4,290,000	386,100	-	-	386,100
Share issuance costs (note 9)	-	(1,948)			(1,948)
Valuation of options granted (note 9)			403,409		
<b>Loss for the period</b>				(795,670)	(392,261)
<b>Balance as at March 31, 2015</b>	171,544,074	26,166,430	7,700,311	(22,359,841)	11,506,900
	Share capital		Total		
	Number of shares	Amount \$	Contributed surplus and warrants \$	Deficit \$	Equity \$
<b>Balance as at January 1, 2014</b>	157,922,074	25,365,777	7,250,242	(20,310,314)	12,305,705
<b>Loss for the period</b>	-	-	-	(218,458)	(218,458)
<b>Balance as at March 31, 2014</b>	157,922,074	25,365,777	7,250,242	(20,528,772)	12,087,247

See accompanying notes to these financial statements.

# American Creek Resources Ltd.

## Interim Statement of Cash Flows

### For the three month period ended March 31, 2015 and year ended December 31, 2014

(expressed in Canadian dollars)

	2015 \$	2014 \$
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>		
Net loss for the period	(795,670)	(218,458)
Items not affecting cash		
Depreciation on equipment	10,469	9,816
Stock-based compensation	403,409	
Gain on disposal of equipment	-	(9,791)
	(381,792)	(218,433)
Changes in non-cash working capital		
Prepaid expenses and deposits	3,329	5,613
Receivables	(4,287)	(219)
Accounts payable and accrued liabilities	361,450	108,727
	(21,300)	(104,312)
<b>Cash used in operating activities</b>		
<b>Financing activities</b>		
Proceeds from issuance of long-term debt	-	10,000
Repayment of long-term debt	(360)	(334)
Proceeds from issuance of capital stock	-	-
Share issuance costs	(1,948)	-
	(2,308)	9,666
<b>Cash provided by financing activities</b>		
<b>Investing activities</b>		
Proceeds on disposal of property and equipment	-	14,215
	-	14,215
<b>Cash provided by investing activities</b>		
<b>(Decrease) increase in cash flows</b>	(23,608)	(80,431)
<b>Cash – Beginning of period</b>	19,637	104,290
<b>Cash – End of period</b>	(3,971)	25,859

**Supplemental disclosures with respect to cash flows** (note 10)

See accompanying notes to these financial statements.

# American Creek Resources Ltd.

## Notes to Financial Statements

For the three month period ended March 31, 2015

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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. 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 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 \$795,670 during the period ended March 31, 2015 (2014 – \$218,458), generated negative cash flows from operating activities \$21,300 (2014 – \$104,312) and, as of that date the Company’s deficit was \$22,359,841 (2014 – \$20,528,772) and working capital deficiency was \$2,864,619 (2014 – \$2,056,704). 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. These efforts are ongoing, however, 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

For the three month period ended March 31, 2015

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(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 May 29, 2015.

### Basis of Measurement

The Company’s financial statements are presented in Canadian dollars, the Company’s functional currency, and all values are rounded to the nearest thousands of dollars, except where indicated otherwise. All references to \$ are to Canadian dollars.

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

### Standards, Amendments and Interpretations Not Yet Effective

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

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

- 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.



# American Creek Resources Ltd.

## Notes to Financial Statements

For the three month period ended March 31, 2015

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(expressed in Canadian dollars)

- 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.

### 3 Prepaid expense and deposits

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

	2015 \$	2014 \$
Insurance	8,072	12,140
Vendor prepayments	6,002	5,893
	<hr/> 14,704	<hr/> 18,033

### 4 Receivables

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

### 5 Reclamation Bonds

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

	2015 \$	2014 \$
Electrum	16,000	16,000
Treaty Creek	40,000	40,000
Ironmist	10,000	10,000
	<hr/> 66,000	<hr/> 66,000

# American Creek Resources Ltd.

## Notes to Financial Statements

For the three month period ended March 31, 2015

(expressed in Canadian dollars)

### 6 Exploration and evaluation assets

As at March 31, 2015, the Company's exploration and evaluation assets are located in Northern British Columbia, Canada. Expenditures incurred on exploration and evaluation assets are as follows:

	<b>Electrum, B.C., Canada \$</b>	<b>Slippery Willow, B.C., Canada \$</b>	<b>Treaty Creek, B.C., Canada \$</b>	<b>Other Properties, B.C., Canada \$</b>	<b>Total \$</b>
Acquisition costs – December 31, 2014	2,211,402	231,400	66,750	-	2,509,552
Acquisition	-	-	-	386,100	386,100
Acquisition costs – March 31, 2015	2,211,402	231,400	66,750	386,100	2,895,652
Exploration costs – December 31, 2014	4,958,934	3,442	6,398,770	-	11,361,146
Additions	-	-	-	-	-
Exploration costs – March 31, 2015	4,958,934	3,442	6,398,770	386,100	11,361,146
	<b>7,170,336</b>	<b>234,842</b>	<b>6,465,520</b>	<b>386,100</b>	<b>14,256,798</b>

	<b>Electrum, B.C., Canada \$</b>	<b>Slippery Willow, B.C., Canada \$</b>	<b>Treaty Creek, B.C., Canada \$</b>	<b>Other Properties, B.C., Canada \$</b>	<b>Total \$</b>
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
	<b>7,170,336</b>	<b>234,842</b>	<b>6,465,520</b>	<b>-</b>	<b>13,870,698</b>

# **American Creek Resources Ltd.**

## **Notes to Financial Statements**

**For the three month period ended March 31, 2015**

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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 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 had previously elected to earn an additional 9% interest by providing the optionor with a positive feasibility study but has recently notified Teuton that it will not complete this additional earn-in.

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 15.

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

The Gold Hill property is located near Fort Steele, British Columbia and was purchased on March 9, 2015 along with the D-1 McBride property which is located near Dease Lake, British Columbia. Consideration paid consisted of 3,900,000 shares issued to the vendor and 390,000 shares issued as an arms-length finders fee with a fair value of \$0.09 per share.

No impairments were recorded on any properties for 2015 or 2014.

# American Creek Resources Ltd.

## Notes to Financial Statements

For the three month period ended March 31, 2015

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(expressed in Canadian dollars)

### 7 Accounts payable and accrued liabilities

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

	2015 \$	2014 \$
Trade payables	2,892,688	2,531,238
Accrued liabilities	-	-
	<hr/> 2,892,688	<hr/> 2,531,238

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

### 8 Long-term debt

	2015 \$	2014 \$
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.	43,266	43,626
Less: Current portion	<hr/> (1,483)	<hr/> (1,483)
	<hr/> 41,783	<hr/> 42,143

# American Creek Resources Ltd.

## Notes to Financial Statements

For the three month period ended March 31, 2015

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(expressed in Canadian dollars)

### 9 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, 2013	157,922,074	24,495,612
Issued for cash	9,332,000	466,600
Warrant value ( c) below)	-	(46,660)
Share issue costs	-	(3,439)
	<hr/>	<hr/>
Balance as at December 31, 2014	167,254,074	25,782,278
Issued for exploration asset acquisition	4,290,000	386,100
Share issue costs	-	(1,948)
	<hr/>	<hr/>
Balance as at March 31, 2015	171,544,074	26,166,430

#### Share issuance

During the period ended March 31, 2015, the Company:

- i) Acquired an exploration asset by issuing 4,290,000 common shares of the Company at price of \$0.09 per share.

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

- ii) 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.
- c) Stock options and warrants

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

# American Creek Resources Ltd.

## Notes to Financial Statements

For the three month period ended March 31, 2015

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(expressed in Canadian dollars)

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, 2013	13,455,000	0.10
Options expired	(1,850,000)	0.10
Options granted	-	-
Balance – December 31, 2014	11,605,000	0.10
Options expired	-	0.10
Options granted	5,520,000	-
Balance – March 31, 2015	17,125,000	0.10
Number of options currently exercisable	17,125,000	0.10

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

<b>Expiry Date</b>	<b>Exercise Price \$</b>	<b>Number Outstanding \$</b>
March 1, 2016	0.10	6,255,000
March 29, 2016	0.10	600,000
March 20, 2022	0.10	4,750,000
March 10, 2025	0.10	5,520,000
		<u>17,125,000</u>

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

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

# American Creek Resources Ltd.

## Notes to Financial Statements

For the three month period ended March 31, 2015

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(expressed in Canadian dollars)

The following options to acquire common shares were granted during the period ended March 31, 2014:

On March 10, 2015, the Company granted a total of 5,520,000 incentive options to certain Directors, Officers, Advisors and Contractors of the Corporation under the Corporation's incentive stock option plan. The options were granted at a deemed price of \$0.10 and are exercisable until March 9, 2025.

The fair value of the options to acquire common shares was determined to be \$403,409 in total using the Black-Scholes option pricing model, assuming a 0% dividend yield, 83% volatility, a risk free interest rate of 1.25% and a term of 10 years.

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

	<b>Number of options \$</b>	<b>Weighted average exercise price \$</b>
Balance – December 31, 2013	31,166,880	0.10
Warrants granted	9,332,000	0.10
Warrants expired	(20,630,000)	-
	<hr/>	
Balance – December 31, 2014	19,868,880	0.10
Warrants granted	-	0.10
Warrants expired	(6,827,984)	0.10
	<hr/>	
Balance – March 31, 2015	<u>13,040,896</u>	<u>0.10</u>

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

<b>Expiry Date</b>	<b>Exercise Price \$</b>	<b>Number Outstanding</b>
May 16, 2015	0.10	3,708,896
December 1, 2016	0.10	<u>9,332,000</u>
		<hr/>
		<u>13,040,896</u>

# American Creek Resources Ltd.

## Notes to Financial Statements

For the three month period ended March 31, 2015

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(expressed in Canadian dollars)

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

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

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.

### Contributed surplus

Contributed surplus is comprised of the following balances as at March 31, 2015 and December 31, 2014:

	<b>2015</b> \$	<b>2014</b> \$
Warrants	3,192,214	3,192,214
Share options	<u>4,104,688</u>	<u>4,104,688</u>
	<u>7,296,902</u>	<u>7,296,902</u>

### 10 Supplemental disclosures with respect to cash flows

	<b>March 31, 2015</b> \$	<b>March 31, 2014</b> \$
Cash paid during the period for income taxes	-	-
Cash paid during the period for interest	<u>1,274</u>	<u>866</u>
	<u>1,274</u>	<u>866</u>

Supplementary disclosure of non-cash investing and financing activities during the period ended March 31:



# American Creek Resources Ltd.

## Notes to Financial Statements

For the three month period ended March 31, 2015

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(expressed in Canadian dollars)

	March 31, 2015 \$	March 31, 2014 \$
Stock-based compensation (note 9)	403,409	-
Exploration and evaluation assets expenditures in accounts payable	-	-
Shares issued for exploration asset acquisition	386,100	-
	<hr/>	<hr/>
	789,509	-

### 11 Related party transactions

Included in accounts payable and accrued liabilities is \$1,076,493 (2014 – \$425,003) due to related parties. Amounts due to related parties are unsecured, have no specific terms of repayment and bear interest consistent with conventional market rates in similar circumstances.

During the period ended March 31, 2015, the Company entered into the following related party transactions:

- Accrued fees in the amount of \$45,900 (2014 – \$45,000) 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 \$3,000 (2014 – \$3,000) were expensed as business development.
- Accrued fees in the amount of \$45,900 (2014 – \$45,000) 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 \$3,000 (2014 – \$3,000) in aggregate which were expensed as business development.
- Accrued fees in the amount of \$11,000 (2014 – \$35,625) 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 \$Nil (2014 – \$3,345) 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.

### 12 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 March 31, 2015, 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,

# American Creek Resources Ltd.

## Notes to Financial Statements

For the three month period ended March 31, 2015

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(expressed in Canadian dollars)

receivables and accounts payable accrued liabilities and reclamation bonds approximate their fair values due to the relatively short periods to maturity of these financial instruments.

### **Risk management**

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

#### *Credit risk*

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

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

#### *Liquidity risk*

Liquidity risk is the risk that the Company will not meet its financial obligations as they fall due. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at March 31, 2015, the Company had short-term receivables of \$33,523 to settle a negative cash balance of \$3,971 and 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 current 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.

## Notes to Financial Statements

For the three month period ended March 31, 2015

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(expressed in Canadian dollars)

### 13 Capital management

The Company's working capital as at March 31, 2015 was \$(2,864,619) (December 31, 2014 – \$(2,480,519)). The Company's capital management objectives, policies and processes have not been changed over the periods 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.

### 14 Segmented information

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

### 15 Commitments 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 initially 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 but has recently notified Teuton that it will not be completing this additional earn-in under the agreement.

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 16).

# American Creek Resources Ltd.

## Notes to Financial Statements

For the three month period ended March 31, 2015

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(expressed in Canadian dollars)

### 16 Subsequent events

#### Options

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

#### Share issuance

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 the Offering with all Units fully subscribed for.

On April 15, 2015 the Corporation settled a debt to a creditor of the Corporation in the amount of \$120,000 by issuing the creditor 2,000,000 of the above-described Units. The Creditor is a non-insider of the Corporation.

#### 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.