

# **AMERICAN CREEK RESOURCES LTD.**

## **MANAGEMENT'S DISCUSSION & ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS - FORM 51-102F**

For the year ended December 31, 2019

This Management's Discussion and Analysis ("MD&A") provides a discussion on the financial and operating results of American Creek Resources Ltd. ("American Creek" or the "Company") for the three- and twelve month periods ended December 31, 2019 (the "fourth quarter 2019" and "year ended 2019") and compares the results with the three- and twelve month period ended December 31, 2018 (the "fourth quarter 2018" and "year ended 2018"). In order to gain a more complete understanding of the Company's financial condition and results of operations, this MD&A should be read in conjunction with the December 31, 2019 audited financial statements and accompanying notes which have been prepared in accordance with International Financial Reporting Standards ("IFRS") and filed with the appropriate provincial regulatory bodies. The Company regularly discloses additional information through press releases and financial statements available on the Company's website at [www.americancreek.com](http://www.americancreek.com) and on SEDAR at [www.sedar.com](http://www.sedar.com).

This MD&A was prepared as of June 15, 2020 (the "Report Date").

All monetary amounts are expressed in Canadian dollars, unless otherwise noted.

### **1. Business Overview**

American Creek's business purpose is to acquire and explore mineral properties, principally for precious metal deposits. The Company was incorporated and commenced operations in British Columbia pursuant to the *Companies Act* (British Columbia) on February 12, 2004. In late August 2005, the Company was continued under the provisions of the *Business Corporations Act* (Alberta). On December 11, 2018, the Company continued again into British Columbia. American Creek has no producing property and no earnings and therefore has financed its activities to date by the sale of common shares.

The Company carries on exploration on mining properties and has not yet determined whether these properties contain economically viable mineral deposits. The Company holds interests in properties located in various regions of British Columbia in Canada. These properties are presented below under "Exploration projects". The Company concentrates its efforts towards precious metals, with a specific interest in properties containing gold and silver. The Company's common shares are traded on the TSX Venture Exchange ("TSXV") under the symbol AMK.

### **2. Exploration Projects**

All of American Creek's exploration projects are located in British Columbia, Canada.

During the year ended 2019, expenditures included in exploration and evaluation assets were \$923,757. The largest expenditure included a diamond drill program on the Company's Dunwell Property. Other amounts include assay and reporting costs, geological consulting and claim maintenance for the Gold Hill and Austruck-Bonanza properties.

A detailed schedule of costs, capitalized on the Company's balance sheet by property name, can be referenced in note 9 of the December 31, 2019 audited financial statements. Additional details of the exploration progress for properties of interest owned by the Company is provided on the Company's website and below:

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#### **Electrum Project (40% interest)**

The Electrum Project consists of six claims located approximately 40 km north of Stewart, British Columbia. American Creek initially acquired 100% interest in the Electrum property in 2007 pursuant to an option agreement entered into effective September 15, 2004. The vendors retained a 2% NSR royalty interest in the project, which the Company may purchase for \$1,000,000.

In 2016, the Company entered into a joint venture agreement to sell an undivided 60% interest in its Electrum property and Slippery Willow property. A 60/40 joint venture was formed and Tudor is the operator of the project. The Company maintains a 40% interest in the property and is required to contribute 40% of the costs of exploration on the property upon specific notice from the operator. No exploration costs were expended during the third quarter however, a non-refundable payment of \$50,000 cash was received under an option agreement to purchase the Electrum Property. The option expired on April 15, 2019.

#### **Treaty Creek Project (20% interest carried through exploration)**

The Treaty Creek Project covers approximately 114 square km in the Skeena Mining District of northern British Columbia and is situated approximately 70 km north of Stewart. It is directly north of and adjoining the Kerr-Sulphurets-Mitchell property held by Seabridge Gold Inc. Also, immediately to the south, is Pretivm Resources Inc.'s, highly prospective Brucejack Project which includes the area known as the Valley of the Kings.

The Company currently owns a 20% interest in the property which is "fully carried" during the exploration period until a production notice is given. Thereafter, the Company will be responsible for 20% of the total costs under and subject to the terms of the joint venture. Exploration costs in the amount of \$75 were incurred by the Company during the current year.

#### **Gold Hill Project (100% owned)**

The 100% owned Gold Hill property covers approximately 836 hectares and is located along the western edge of the Kimberly Gold Trend in the Fort Steele Mining Division near Cranbrook, BC. The property contains a significant portion of the Boulder Creek drainage, a headwater tributary of the Wild Horse River, considered to be one of the greatest gold rivers in the entire province. Gold rushes have taken place there since the 1860's that have yielded 48 tonnes of reported gold, making it Canada's 4th largest placer producer. The majority of the gold recovered from the Wild Horse was located along a 6 km stretch between Boulder Creek (upstream) and Brewery Creek (downstream). Early efforts by Cominco and others to locate the source of the Wild Horse placer gold led explorers up Boulder Creek to what is now called the Gold Hill property.

During the year ended 2019, \$79,391 (2018 - \$367,648) was spent on exploration work to compile and create geological reports for further work recommendations and to provide general maintenance on the claims. A Mining Exploration Tax Credit was also received during the year in

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the amount of \$77,183 which offset the additions during the year. Assay results were included in the Company's press release dated March 15, 2019 and can be found on the Company's website.

#### **Dunwell Property**

The Dunwell property is a combination of three separate but adjoining properties acquired in 2016 located near Stewart, British Columbia. These properties are named the Silvershot property, the Dunwell Gold Mine Property and the Bear River Property. The contiguous land position is located approximately 7 km from Stewart, British Columbia and now spans some 1,560 hectares covering a significant portion of the rich Portland Canal Fissure Zone.

A small exploration program was conducted during the year ended 2017 incurring exploration costs in the amount of \$23,935. During the year ended 2018, costs of \$1,819 related to analysis of the 2017 exploration program were incurred. In the current year, the Company completed a diamond drill program totalling 3,246 meters. Drill results were reported on February 27, 2020 and can be found on the Company's website. Exploration costs in the amount of \$838,475 (2018 - \$1,819) were incurred during the year.

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

The *Austruck-Bonanza Property* is located within the Kamloops Mining Division 53 kilometers north west of the city of Kamloops in south central British Columbia. It lies within the southern extension of the Quesnel Trough (a heavily mineralized major trend through central B.C) and is contiguous with WestKam Gold's Bonaparte Gold property to the south east. During the year ended 2019, the Company incurred \$5,816 (2018 - \$nil) in exploration and evaluation costs which consisted of maintenance costs for the claims.

The *Ample Goldmax* property package spans 1,044 hectares and is located approximately 8 km west of Lillooet, BC. The property demonstrates an excellent exploration target in the search for an economic deposit of gold with associated silver and copper. The property is being acquired through a four year option agreement. (See payment terms in the December 31, 2019 audited financial statements and the Company's press release dated September 15, 2016.) Exploration costs in the amount of \$nil (2018 - \$12,408) were incurred during the year.

The *Glitter King Property* is located on the eastern side of Pitt Island approximately 90 km south of Prince Rupert, BC. The property is part of the southern extension of the Alexander Terrane which is host to numerous significant massive sulphide deposits with copper, gold, silver, lead and zinc. The property is being acquired through a four year option agreement. (See payment terms in the December 31, 2019 audited financial statements and the Company's press release dated September 15, 2016.)

The *Silver Side Property* is located in the Kamloops mining division approximately 20 km north of Clearwater, BC and approximately 50 km west of Imperial Metal's Ruddock Creek lead/zinc deposit. Past exploration work on the property resulted in showings of very high grade mineralization silver, lead and zinc. The property is being acquired through a four year option agreement. (See payment terms in the December 31, 2019 audited financial statements and the Company's press release dated September 15, 2016.)

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### 3. Results of Operations

The Company adopted International Financial Reporting Standards ("IFRS") effective January 1, 2011. The financial information in this MD&A has been prepared using accounting policies consistent with IFRS.

#### Three months ended December 31, 2019

The Company's net loss for the three month period ended December 31, 2019 was \$106,584 or \$0.00 per common share, as compared to a net loss of \$195,442 or \$0.00 per common share for the same period in 2018. Significant variances are described in the paragraph below.

- Advertising and promotion increased by \$10,065 due to increased marketing.
- Corporate communication costs decreased by \$11,465 as AGM costs were reduced in 2019 due to an extension for the Company's annual general meeting.
- Management fees allocated to operational expenses increased by \$38,154. This increase reflected an incentive payment paid to a management contractors in 2019 for past performance.
- Professional fees increased by \$13,501 due to decreased use of legal counsel required for corporate strategy and operations and audit fees.
- Property write-down costs on the Austruck-Bonanza property totalled \$16,191.
- A recovery of flow-through premium was recorded for flow-through funds expended in the fourth quarter in the amount of \$56,667.

#### Year ended December 31, 2019

Year Ended:	Dec. 31 2019	Dec. 31 2018	Dec. 31 2017
Year:	\$	\$	\$
Revenue	\$Nil	\$Nil	\$Nil
Net loss (000s)	1,391	664	1,584
Loss per share – basic and dillutive	.00	.00	.01
Total assets (000s)	6,045	3,142	3,041
Total current and non- current financial liabilites	236,045	35,073	36,942
Cash dividends	\$Nil	\$Nil	\$Nil

The Company's net loss for the year ended December 31, 2019 was \$1,390,620 or \$0.00 per common share, as compared to a net loss of \$664,112 or \$0.00 per common share for the same period in 2018. Significant variances are described in the paragraph below.

- Advertising and promotion increased by \$52,203 due to increased marketing efforts including attendance at additional tradeshow
- Corporate communications decreased by \$7,526 as no annual general meeting was held during this fiscal year.
- Depreciation on equipment increased by \$5,892 as additional equipment for exploration was purchased for the 2019 exploration season.

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- Management fees increased by \$140,996 as the Company paid an incentive payments to a management contractor in 2019 for past performance. The Company also utilized more time from its management contractors.
- Professional fees increased by \$11,310 due to increased legal consultation required for corporate strategy and operations.
- Office and administration costs were increased by \$55,368 due to an increase in travel costs, fees paid to the Company's transfer agent and other related administrative activities performed by contractors.
- Stock based compensation for options granted increased by \$649,092 for the options issued during 2019. The Black-Scholes valuation method for the options issued in 2018 was \$29,704 as compared to \$678,797 that was recorded in the same period in 2019.
- A gain on the sale of investments was incurred in 2019 of \$2,713 while in 2018 the loss in the same period was \$52,937.
- A gain on shares issued for debt was incurred during 2019 in the amount of \$65,829
- A property impairment charge on the exploration and evaluation assets was incurred during 2019 in the amount of \$16,191.
- A recovery of flow-through premium was recorded for flow-through funds expended in the fourth quarter in the amount of \$56,667.

#### 4. Summary of Quarterly Results

The following table summarizes information derived from the Company's financial statements for the eight most recent fiscal quarters.

Quarter Ended:	Dec. 31	Sep. 30	June 30	Mar 31	Dec. 31	Sep. 30	June 30	Mar. 31
Year:	2019	2019	2019	2019	2018	2018	2018	2018
Net sales or total revenue (000s)	\$Nil	\$Nil	\$Nil	\$Nil	\$Nil	\$Nil	\$Nil	\$Nil
Total Assets (000s)	\$6,045	\$5,916	\$3,126	\$3,203	\$3,142	\$2,752	\$2,854	\$2,986
Net loss:								
(i) in total (000s)	\$528	\$565	\$140	\$158	\$195	\$145	\$154	\$170
(ii) per share <sup>(1)</sup>	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

(1) Fully diluted loss per share amounts have not been calculated as they would be anti-dilutive.

While the information set out in the foregoing table is mandated by *National Instrument 51-102*, it is Management's view that the variations in financial results that occur from quarter to quarter are not particularly helpful in analyzing the Company's performance. It is in the nature of the business of junior exploration companies that unless they sell a mineral interest for a sum greater than the costs incurred in acquiring such interest, they have no significant net sales or total revenue. Because the majority of such companies' expenditures consist of exploration costs that are capitalized, their quarterly losses usually result from costs that are of a general and administrative nature.

Significant variances in the Company's reported loss from quarter to quarter most commonly arise from factors that are difficult to anticipate in advance or to predict from past results. They are as follows: (i) decisions to write off deferred exploration costs when management concludes there has

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been an impairment in the carrying value of a mineral property, or the property is abandoned, and (ii) the granting of incentive stock options, which results in the recording of amounts for stock-based compensation expense that can be quite large in relation to other general and administrative expenses incurred in any given quarter. A third factor that can have a major influence on quarterly results of junior exploration companies that finance a portion of their activities through the issuance of flow-through shares is the renunciation of qualifying Canadian Exploration Expenses to the investors who purchased the flow-through shares.

American Creek is in the minerals exploration business, and has not generated any sales or revenues since its formation in early 2004. Consequently, the Company has experienced operating losses from quarter to quarter. These losses include expenditures on general and administrative activities, advertising and promotion, and depreciation of investments in property and equipment, all of which result from the Company's ongoing exploration activities. Superimposed on regular quarterly operating costs are (a) the write-offs of deferred exploration costs when property values are considered impaired or claims are abandoned for failing to meet the Company's criteria for continued capitalization, (b) the recording of stock-based compensation expense associated with the granting of incentive stock options and, (c) renunciation of qualified Canadian exploration expenses to investors who have purchased the Company's offerings of flow-through shares resulting in income tax recovery.

In the first quarter 2019, the Company incurred a net loss of \$157,772 as compared to a net loss of \$195,442 in the fourth quarter 2018. Professional fees increased by \$36,898 due to the accrual of the annual audit fee and an increase in legal advice for Company operations and its annual general meeting. Advertising and promotion also increased by \$11,351 due to increase marketing efforts and attendance at industry events. Corporate communications decreased by \$9,755 due to preparation costs for the Company's annual general meeting incurred in the previous period. Management fees allocated to operations increased by \$29,834 due to amounts allocated to the Gold Hill property for time spent working on the property during the drill program in the fourth quarter 2018. All other variances were considered nominal.

In the second quarter 2019, the Company incurred a net loss of \$139,974 as compared to a net loss of \$157,772 in the first quarter 2019. Professional fees increased by \$12,637 due to an increase in legal advice for Company operations and its annual general meeting. Advertising and promotion decreased by \$17,142 due to the timing of marketing efforts and attendance at industry events. Corporate communications decreased by \$4,082 due to preparation costs for the Company's annual general meeting incurred in the previous period. Listing and transfer agent fees decreased by \$15,287 due to timing of exchange filing fees. All other variances were considered nominal.

In the third quarter 2019, the Company incurred a net loss of \$565,297 as compared to a net loss of \$139,974 in the second quarter 2019. Professional fees decreased by \$20,046 mostly due to the write down of professional fees payable during the quarter. Advertising and promotion decreased by \$42,290 due to a new shares for services agreement for marketing services as well as increases to a contractor for meeting performance measures. Management fees increased by \$95,750 due to additional services required for arranging financing, Company operations and for increases to contractors in the third quarter for meeting performance measures. Office and administration increased by \$38,782 for the same reason as the promotional efforts and office expenses. Stock-

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based compensation was \$678,797 due to the valuation of options granted during the third quarter. All other variances were considered nominal.

In the fourth quarter 2019, the Company incurred a net loss of \$527,577 as compared to a net loss of \$565,297 in the third quarter 2019. Professional fees increased by \$57,808 due to accrued audit fees and increased legal fees due to private placements in the third quarter. Advertising and promotion decreased by \$26,434 mostly due to the timing of payment for significant trade shows and other marketing efforts. Management fees and office administration decreased by a total of \$127,646 due to incentive payments made to contractors and other administrative costs in the second quarter 2019. A gain on the shares issued for debt was recognized in the fourth quarter 2019 in the amount of \$65,829. In addition, stock based compensation for the fourth quarter 2019 decreased by \$678,797 as no options were granted and a recovery of flow-through premium was recorded in the amount of \$56,667.

### 5. Liquidity and Capital Resources

The Company's cash and working capital positions at the dates indicated were as follows:

	December 31 2018 \$	December 31 2018 \$
Cash	1,647,543	49,719
Working capital (deficiency)	1,493,702	(678,387)

During the year ended 2019, private placements for net proceeds of \$4,354,789 were concluded which were used to fund operations and exploration activities and to reduce the company's payables. Warrants were also exercised for proceeds of \$192,000. The Company's long term debt was also repaid in full in the amount of \$36,942. Marketable securities were disposed of for proceeds of \$20,265 and were also used to reduce payables and fund operations. A shares for debt transaction also reduced payables in the amount of \$122,368.

Though the Company has been successful in raising capital during the year ended 2019, the Company will require additional funding to reduce its working capital deficiency, continue operations, and to investigate existing and future exploration and evaluation assets. Additional funding in the form of private placements are needed. Alternative forms of financing that management continues to consider include optioning out or disposing of existing properties and investments where possible.

The Company's properties are in good standing and though agreements on the Ample Goldmax, Glitter King and Silverside properties year two and three payments are in default, the vendor has agreed to hold the agreements in place until payment can be made. All other properties have been kept current.

The Company does not use financial derivatives.

The Company has not entered into any off balance sheet financing arrangements.

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### **6. Going Concern**

The Company's audited December 31, 2019 financial statements have been prepared using International Financial Reporting Standards 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 showed a net loss of \$1,390,620 during the year ended December 31, 2019 and as of the same date the Company's deficit was \$39,373,349 and working capital of \$1,493,702. As the Company is in the exploration stage, the recoverability of the costs incurred to date on exploration properties is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development of its properties and upon future profitable production or proceeds from the disposition of the properties and deferred exploration expenditures. These circumstances cause material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern, and accordingly, the appropriateness of the use of accounting principles applicable to a going concern.

These financial statements do not reflect the adjustments to the carrying values and classifications of assets and liabilities, or to the reported revenues and expenses that would be necessary if the Corporation 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.

### **7. Transactions with Related Parties**

Included in accounts payable and accrued liabilities is \$Nil (2018 – \$195,279) due to companies controlled by officers of the Company. These amounts due to related parties are unsecured, bear interest at comparable market rates, and have no specific terms of repayment.

During the year ended December 31, 2019, the Company incurred the following related party transactions:

- a) Incurred fees in the amount of \$224,838 (2018 – \$194,838) to a company controlled by the Company's Chief Executive Officer.
- b) Incurred fees in the amount of \$164,000 (2018 – \$84,500) to a company controlled by the Company's Chief Financial Officer.

For the year ended December 31, 2019, the total remuneration of key management personnel was \$384,768 (2018 - \$279,338) of management fees, \$4,070 (2018 - \$32,473) of capitalized exploration expenditures and \$560,211 (2018 - \$27,229) of stock-based compensation.

### **8. Commitments**

#### *Amended NSR Agreement*

During 2016, the Company issued 15,000,000 common shares at \$0.05 under an amended agreement with arm's length third parties that hold a NSR related to the Company's interest in the Treaty Creek property located in NW British Columbia. The amended agreement reduces the prior

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\$6 million payment obligation which was potentially triggered if the Company reduced its 51% interest in the property, or granted access for development and tunnel construction.

Additional terms of the amended agreement include:

- The NSR Holders were issued 15,000,000 common shares of the Company.
- The NSR Holders will hold a 2% NSR on certain Treaty Creek property mineral tenures ("Group I") and a 1% NSR on the remaining Treaty Creek mineral tenures ("Group II"). The NSR interests apply only to the Company's interest in the Treaty Creek property. Within 30 days of a Treaty Creek property feasibility study being completed, the NSR Holders will be paid an aggregate sum of \$1,500,000 in order for the Company to collectively buy out 0.75% of the Group I NSR and 0.25% of the Group II NSR. At any time the Company may buy out a further 0.75% of the Group I and 0.25% of the Group II NSR for the aggregate sum of \$1,500,000. The NSR Holders will retain a 0.5% NSR on the Group I and Group II mineral tenures.
- The NSR Holders were entitled to 25% of any cash payments or securities the Company received related to the Company entering into an agreement with a third party to advance the Treaty Creek project such that it disposes directly or indirectly of any of its interest in the Treaty Creek property. During 2016, the Company disposed 31% of its 51% interest for 500,000 common shares of the purchaser, and as such had to transfer 125,000 of those common shares to NSR Holders fulfilling this obligation under the agreement.
- The Company will pay the NSR Holders 25% of any consideration the Company may receive from any non-governmental party for access, easement or right of way over, on, under or through any part of the Treaty Creek property for a mining infrastructure purpose, or fees for the use of the Company's own infrastructure facilities.
- The Company will pay the NSR Holders 25% of any compensation proceeds the Company may receive from any governmental or quasi-governmental agency for the loss of any rights resulting from the expropriation of access, easement or right of way over, on, under or through any part of the Treaty Creek property for a mining infrastructure purpose.

#### *Mineral Property Acquisitions*

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

##### **Ample Goldmax Property**

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

*Year 1* - \$10,000 cash payment (paid), 200,000 common shares issued to the optionor (issued with a fair value of \$14,000) (notes 9 and 12) and \$15,000 in exploration work conducted on the property prior to the one year anniversary of the agreement (paid);

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

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

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

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

#### **Glitter King Property**

\$7,500 cash payment within 30 business days of TSX-V approval (paid) and issuance of 100,000 common shares to the optionor within 10 business days of TSX-V approval (issued with a fair value of \$9,500) (notes 9 and 12);

*Year 1* - \$10,000 cash payment (paid), 100,000 common shares issued to the optionor (issued with a fair value of \$7,000) (notes 9 and 12) and a minimum of \$10,000 in exploration work conducted on the property prior to the one year anniversary of the agreement (paid);

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

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

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

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

#### **Silverside Property**

\$5,000 cash payment within 30 business days of TSX-V approval (paid) and issuance of 50,000 common shares to the optionor within 10 business days of TSX-V approval (issued with a fair value of \$4,750) (notes 9 and 12) (paid);

*Year 1* - \$10,000 cash payment (paid), 75,000 common shares issued to the optionor (issued with a fair value of \$5,250) (notes 9 and 12) and a minimum of \$5,000 in exploration work conducted on the property prior to the one year anniversary of the agreement;

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

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

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

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

All cash payments, share payments and work commitment amounts in each of the agreements may be accelerated at the Company's discretion.

#### **9. Risk Factors Relating to the Company's Business**

Resource exploration is a speculative business and involves a high degree of risk. There is no certainty that the expenditures made by the Company in the exploration of properties will result in discoveries of commercial quantities of minerals. Exploration for mineral deposits involves risks which even a combination of professional evaluation and management experience may not eliminate. Significant expenditures are required to locate and estimate ore reserves, and further the development of a property. Capital expenditures to bring a property to a commercial production stage are also significant. There is no assurance the Company has, or will have, commercially viable ore bodies. There is no assurance that the Company will be able to arrange sufficient financing to bring ore bodies into production. The following are some of the risks to the Company, recognizing that it may be exposed to other additional risks from time to time

- Lack of revenues and no assurance of profitability
- Dependence on key management personnel
- Reliance on availability and performance of independent contractors
- Challenges by other unknown parties to property title
- Environmental issues
- Federal and provincial political risk
- Commodity price risk
- Financial markets

The Company is diligent in minimizing exposure to business risk, but by the nature of its activities and size, will always have some risk. These risks are not always quantifiable due to their uncertain nature. Should one or more of these risks and uncertainties materialize, or should underlying assumptions prove incorrect, then actual results may vary materially from those described on forward-looking statements.

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#### **10. Outlook**

The Company is also optimistic that as commodity prices show renewed strength in volatile capital markets that investor interest will be revived towards exploration companies. This will be especially true for those who hold prospective properties in favorable locations like the Golden Triangle. Current market conditions also present opportunities for companies like American Creek to accumulate quality exploration projects that have been undervalued due to the industry's difficulty in raising capital. The Company continues to look for these types of projects, where possible, to supplement its existing portfolio. As market conditions improve, greater emphasis will be placed on further exploration of the most promising properties within the Company's portfolio where possible.

#### **11. Securities Outstanding at the Report Date**

The Company had 342,666,943 common shares, 33,320,000 stock options and 95,513,055 warrants outstanding at the Report Date. Options are exercisable at between \$0.05 and \$0.10 per share and expire between March 20, 2022 and September 5, 2029. The warrants are exercisable at prices ranging between \$0.06 and \$0.12 per common share depending upon the exercise date and expire between June 1, 2020 and December 4, 2021. If all options and warrants were to be exercised the Company would have 471,499,998 common shares issued and outstanding.

#### **12. Subsequent events**

##### *Acquisition of Exploration and Evaluation Assets*

On February 19, 2020, the Company acquired the precious and base mineral undersurface rights related to 45 Crown Grant claims by paying \$50,000 cash and issuing 3,000,000 common shares to the vendor.

##### *Disposition of Exploration and Evaluation Assets*

On May 11, 2020, the Company disposed of its remaining 40% interest in the Electrum property. Proceeds for the disposition included \$250,000 cash and 1,400,000 common shares of the purchaser.

##### *Warrant extension*

On January 30, 2020 the Company extended the exercise period of 6,000,000 share purchase warrants with an exercise price of \$0.08 until August 14, 2020.

On May 12, 2020, the Company extended the exercise period of 12,500,000 share purchase warrants with an exercise price of \$0.08 until December 1, 2020.

## **AMERICAN CREEK RESOURCES LTD.**

### **MANAGEMENT'S DISCUSSION & ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS - FORM 51-102F**

For the year ended December 31, 2019

#### *Stock option grant*

On May 25, 2020 the Company granted 900,000 incentive stock options to directors, officers, contractors and advisors of the Company with an exercise price of \$0.065, exercisable until May 24, 2030. The grant is subject to approval by the TSX-V.

#### **Forward-looking information**

Certain information contained in this document constitutes forward-looking statements regarding the Corporation's mineral properties. Forward looking statements are frequently characterized by words such as "plan", "expect", "project", "intend", "believe", "anticipate" or statements that certain events or conditions "may" or "will" occur. Forward-looking statements are based on the reasonable opinions and estimates of management of American Creek and are subject to a variety of risks, uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking statements. These factors include: the inherent risks involved in the exploration and development of mineral properties, uncertainties involved in the interpretation of drill results and other geological data, fluctuating commodity prices, unforeseen permitting requirements, changes in environmental laws or regulations, the possibility of project cost overruns or unanticipated costs and expenses, weather conditions, the availability of contractors for equipment and services, the availability of future financing and general business and economic conditions. Such statements are also based on a number of assumptions which may prove to be incorrect, including assumptions about general business and economic conditions being accurate, the timing and receipt of regulatory approvals for projects and operations, the availability of financing, the ability to secure equipment and labour, and American Creek's ongoing relationship with third parties. The foregoing factors, risks and assumptions are not exhaustive. Events or circumstances could cause actual events or results to differ materially from those estimated or projected and expressed in, or implied by, these forward-looking statements. Accordingly, readers should not place undue reliance on forward-looking statements. These forward-looking statements are as of the date they are made and American Creek disclaims any obligation to update any forward-looking statements, except as required by law.

#### **Disclaimer**

The information provided in this document is not intended to be a comprehensive review of all matters concerning the Company. The users of this information, including but not limited to investors and prospective investors, should read it in conjunction with all other disclosure documents provided including but not limited to all documents filed on SEDAR ([www.SEDAR.com](http://www.SEDAR.com)) No securities commission or regulatory authority has reviewed the accuracy or adequacy of the information presented herein.