

# **AMERICAN CREEK RESOURCES LTD.**

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

For the period ended September 30, 2020

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 nine-month period ended September 30, 2020 (the "third quarter 2020" and "first nine months 2020") and compares the results with the three- and nine-month period ended September 30, 2019 (the "third quarter 2019" and the "first nine months 2019"). 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 September 30, 2020 unaudited interim financial statements and accompanying notes as well as the December 31, 2019 audited financial statements 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 November 30, 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 properties 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 American Creek's exploration projects are located in British Columbia, Canada.

During the first nine months 2020, expenditures included in exploration and evaluation assets were \$567,599. The largest expenditure included the acquisition of 45 crown grants adding to the Company's Dunwell property by issuing 3,000,000 common shares with fair value of \$210,000 and \$50,000 in cash. Additional expenditures included geological work and assay costs on the Company's Dunwell and Gold Hill, Ample Goldmax and other properties and additional claims staked surrounding the D-1 McBride property.

The Company also disposed of the Electrum property during the first nine months 2020. Proceeds included \$250,000 cash and 1,400,000 common shares of Tudor Gold Corp. with fair value of \$0.62

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per share. The transaction resulted in a disposition of capitalized acquisition and exploration costs recorded in total of \$1,072,231 and a gain on the sale of the property in the amount of \$45,769.

A detailed schedule of costs, capitalized on the Company's balance sheet by property name, can be referenced in note 9 of the September 30, 2020 unaudited 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:

#### **Electrum Project**

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.

During the first nine months 2020, the Company's interest in the Electrum Project was disposed of for \$250,000 cash and 1,400,000 shares of Tudor Gold Corp.

#### **Treaty Creek Project (20% interest carried through exploration until production notice is given)**

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 \$Nil (2019 - \$75) were incurred by the Company during the first nine months 2020.

#### **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

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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 first nine months 2020, \$17,016 (2019 - \$79,391) 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 previous year in the amount of \$77,183 which offset the additions during 2019. 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.

During the first nine months, 45 crown grants were added to the Company's Dunwell property by issuing 3,000,000 common shares with fair value of \$210,000 and \$50,000 in cash. Exploration costs in the amount of \$238,135 (2019 - \$838,475) were incurred during the first nine months 2020 and year ended 2019.

#### **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 first nine months 2020, the Company incurred \$Nil (2019 - \$5,816) 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 \$33,241 (2019 - \$Nil) were incurred during the first nine months 2020 and year ended 2019.

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

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the December 31, 2019 audited financial statements and the Company's press release dated September 15, 2016.)

Exploration costs in the amount of \$5,858 (2019 - \$Nil) were incurred during the first nine months 2020 and year ended 2019.

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 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.)

Exploration costs in the amount of \$5,359 (2019 - \$Nil) were incurred during the first nine months 2020 and year ended 2019.

### **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 September 30, 2020**

The Company's net loss for the first nine months ended September 30, 2020 was \$928,879 or \$0.00 per common share, as compared to a net loss of \$565,297 or \$0.00 per common share for the same period in 2019. Significant variances are described in the paragraph below.

- Advertising and promotion decreased by \$36,209 due to decreased ability to attend marketing events due to the effects of COVID-19.
- Depreciation on fixed assets increased by \$7,806 due to purchases of property and equipment in the prior year.
- Listing and transfer agent fees increased by \$3,936 due to reclassification of transfer agent costs in a separate account.
- Management fees allocated to operational expenses decreased by \$65,210 due to consultant incentive payments in the same period in 2019 and prepared for increased marketing efforts.
- Office and administration costs were down by \$46,238 as no rent is required due to the purchase of property for office and storage space.
- Professional fees increased by \$44,681 as the Company exercised a large number of warrants and began planning for plan of arrangement.
- Stock-based compensation paid during the quarter was \$793,768 and \$257,803 in the same period in 2019.

#### **Nine months ended September 30, 2020**

The Company's net loss for the first nine months ended September 30, 2020 was \$1,476,703 or

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\$0.00 per common share, as compared to a net loss of \$863,043 or \$0.00 per common share for the same period in 2019. Significant variances are described in the paragraph below.

- Advertising and promotion decreased by \$39,047 due to decreased ability to attend marketing events due to the effects of COVID-19.
- Depreciation on fixed assets increased by \$27,826 due to purchases of property and equipment in the prior year.
- Management fees allocated to operational expenses increased by \$95,411 due to consultant incentive payments and increased use of consultants in preparation for the plan of arrangement.
- Office and administration costs were down by \$56,460 as no rent is required due to the purchase of property for office and storage space.
- Professional fees increased by \$83,358 as the Company exercised a large number of warrants and began planning for plan of arrangement.
- Stock-based compensation was recorded for options issued to directors, officers and consultants in the amount of \$864,905 for the first nine months 2020 and \$257,803 in the same period in 2019.

**4. Summary of Quarterly Results**

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

<b>Quarter Ended:</b>	<b>Sep.</b>	<b>Jun.</b>	<b>Mar.</b>	<b>Dec.</b>	<b>Sep.</b>	<b>June</b>	<b>Mar</b>	<b>Dec.</b>	<b>Sep.</b>
<b>Year:</b>	<b>30</b>	<b>30</b>	<b>31</b>	<b>31</b>	<b>30</b>	<b>30</b>	<b>31</b>	<b>31</b>	<b>30</b>
	<b>2020</b>	<b>2020</b>	<b>2020</b>	<b>2019</b>	<b>2019</b>	<b>2019</b>	<b>2019</b>	<b>2018</b>	<b>2018</b>
Net sales or total revenue (000s)	\$Nil								
Total Assets (000s)	\$12,536	\$8,092	\$6,067	\$6,045	\$5,916	\$3,126	\$3,203	\$3,142	\$2,752
Net loss:									
(i) in total (000s)	\$929	\$326	\$222	\$528	\$565	\$140	\$158	\$195	\$145
(ii) per share <sup>(1)</sup>	0.00	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 been an impairment in the carrying value of a mineral property, or the property is abandoned, and

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(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 2020, the Company incurred a net loss of \$221,758 as compared to a net loss of \$527,577 in the fourth quarter 2019. Professional fees decreased by \$20,850 due to audit fees accrued in the fourth quarter 2019 as well as decreased general legal fees. Advertising and promotion decreased by \$8,002 mostly due to the allocation of contract services shifted more towards office work rather than advertising. Management fees increased by \$24,984 due to increased demand for services. Office administration stayed relatively consistent with increases in contractor payments to offsetting decreases in rent due to the purchase of the Company's office space in the previous year. A gain on the shares issued for debt was recognized in the fourth quarter 2019 in the amount of \$65,829 as well as a recovery of flow-through premium of \$56,667. In addition, stock based compensation for the fourth quarter 2019 decreased by \$420,994 as no options were granted in the first quarter 2020.

During the second quarter 2020, The company incurred a net loss of \$326,016 as compared to a net loss of \$221,758. Business development and property investigation increased by \$7,791 over the previous quarter. Management fees increased by \$93,614 due to increased workload and incentive compensation payments paid during the second quarter. Office and administration costs decreased by \$9,626 due to the purchase of property for office and storage space instead of rental arrangements. Professional fees also dropped by \$7,784 as compared to the previous quarter. Stock-based compensation expense in the form of incentive options were paid in the amount of \$71,137.

During the third quarter 2020, The company incurred a net loss of \$326,016 as compared to a net loss of \$221,758 in the second quarter. Significant variances are as follows: Management fees decreased by \$100,000 due to incentive compensation payments paid during the second quarter; Professional fees increased \$15,507 as compared to the previous quarter; Stock-based compensation expense in the form of incentive options were paid in the amount of \$793,768.

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### 5. Liquidity and Capital Resources

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

	September 30 2020	December 31 2019
	\$	\$
Cash	3,912,167	1,647,543
Working capital	8,641,794	1,493,702

During the first nine months 2020, there were no private placements however, 32,384,166 warrants were exercised for cash proceeds of \$2,983,600 and 800,000 stock purchase options were exercised for cash proceeds of \$40,000. An exploration and evaluation property was sold for \$250,000 cash and 1,400,000 common shares of the purchaser and equipment was sold for \$26,600 which also increased the Company's working capital.

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.

The Company has been successful in raising capital and does not anticipate the Company will require additional funding at this time to continue operations or investigate existing and future exploration and evaluation assets. Additional funding in the form of private placements will still be considered where market terms are acceptable. Alternative forms of financing that management continues to consider include optioning out or disposing of existing properties and investments where possible to advance the Company's exploration assets and conserve liquid assets.

The Company's properties are in good standing. Agreements on the Ample Goldmax, Glitter King and Silverside properties have been renegotiated and are current. 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.

### 6. Going Concern

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The Company's unaudited September 30, 2020 interim 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 \$1,476,703 during the period ended September 30, 2020 and as of the same date the Company's deficit was \$40,850,052 and working capital of \$8,641,794. As the Company is in the exploration stage, the recoverability of the costs incurred to date on exploration properties is normally 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.

In addition, the outbreak of the novel strain of coronavirus, specifically identified as "COVID-19", has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company and its operating subsidiaries in future periods. Due to the worldwide COVID-19 outbreak, material uncertainties may come into existence that could influence management's going concern assumption. Management cannot accurately predict the future impact COVID-19 may have on:

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

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

These financial statements do not reflect the adjustments to the carrying values and classifications of assets and liabilities, or to the reported 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.

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

Included in accounts payable and accrued liabilities is \$1,000 (2019 – \$Nil) 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 first nine months 2020, the Company incurred the following related party transactions:

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

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

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

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- 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 and the Silverside 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);

*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* - \$10,00 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);

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*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;

*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.

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

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shares to the owners on or before October 2, 2020, make cash payments to the owners totaling \$45,000 by September 21, 2021, and conduct a total of \$200,000 in exploration work on the property by September 22, 2022; and (iii) with respect to the Glitter King property, issue 350,000 common shares to the owners on or before October 2, 2020, make cash payments totaling \$50,000 by September 21, 2021, and conduct a total of \$80,000 in exploration work on the property by September 22, 2022.

### **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.

### **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 and that have experienced and competent management. The Company's properties in the Golden Triangle in Northern British Columbia have been of particular interest to investors. Current market conditions also remain somewhat favorable 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.

## **AMERICAN CREEK RESOURCES LTD.**

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For the period ended September 30, 2020

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

The Company had 379,001,109 common shares, 35,800,000 stock options and 58,928,889 warrants outstanding at the Report Date. Options are exercisable at between \$0.05 and \$0.335 per share and expire between March 20, 2022 and August 27, 2030. The warrants are exercisable at prices ranging between \$0.06 and \$0.12 per common share and expire between December 1, 2020 and December 4, 2021. If all options and warrants were to be exercised the Company would have 473,729,998 common shares issued and outstanding.

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

##### *Share Capital Reorganization*

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

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

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

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

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

# **AMERICAN CREEK RESOURCES LTD.**

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### **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.