

American Creek Resources Ltd.
Consolidated Financial Statements
December 31, 2020
(Expressed in Canadian dollars)



DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of American Creek Resources Ltd.:

Opinion

We have audited the consolidated financial statements of American Creek Resources Ltd. (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2020 and 2019, and the consolidated statements of income and comprehensive income (loss), changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2020 and 2019, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 to the financial statements, which describes matters and conditions that indicate the existence of a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises the information included in Management's Discussion and Analysis.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Barry Hartley.

DML

**DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS**

Vancouver, BC

April 29, 2021



An independent firm
associated with Moore
Global Network Limited

American Creek Resources Ltd.
Consolidated Statements of Financial Position
As at December 31,

(expressed in Canadian dollars)

	2020	2019
	\$	\$
Assets		
Current assets		
Cash	4,812,982	1,647,543
Prepaid expenses and deposits (notes 4 and 13)	114,624	14,005
Receivable (note 5)	52,526	68,452
Marketable securities (note 8)	3,725,327	329
	<u>8,705,459</u>	<u>1,730,329</u>
Reclamation bonds (note 6)	80,000	80,000
Property and equipment (note 7)	388,453	462,740
Exploration and evaluation assets (notes 9 and 17)	3,632,605	3,771,636
	<u>12,806,517</u>	<u>6,044,705</u>
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (notes 10 and 13)	185,612	131,627
Flow-through liability (note 11)	5,487	105,000
	<u>191,099</u>	<u>236,627</u>
Shareholders' Equity		
Share capital (note 11)	39,885,293	33,129,889
Reserves (note 11)	11,218,467	12,051,538
Deficit	<u>(38,488,342)</u>	<u>(39,373,349)</u>
	<u>12,615,418</u>	<u>5,808,078</u>
	<u>12,806,517</u>	<u>6,044,705</u>
Going concern (note 1)		
Commitments (note 17)		
Subsequent events (note 19)		

See accompanying notes to these consolidated financial statements.

Approved by the Board of Directors

"Darren R. Blaney"

Director

"Robert N. Edwards"

Director

American Creek Resources Ltd.
Consolidated Statements of Income and Comprehensive Income (Loss)
For the years ended December 31,

(expressed in Canadian dollars)

	2020	2019
	\$	\$
Expenses		
Advertising and promotion	135,221	111,327
Business development and property investigation	77,993	31,197
Corporate communications	29,105	21,139
Depreciation on equipment (note 7)	43,450	12,497
Interest on long term debt	-	1,662
Filing and transfer agent fees	26,861	15,287
Management fees (note 13)	502,000	384,768
Office and administration	143,532	176,343
Professional fees	245,586	66,443
Stock-based compensation (note 11 and 13)	907,893	678,797
	<u>(2,111,641)</u>	<u>(1,499,460)</u>
Other		
Property impairment (note 9)	-	16,191
Gain on disposal of exploration and evaluation assets (note 9)	(1,263,769)	-
Gain on disposal of marketable securities and change in fair market value (note 8)	(1,638,998)	(2,714)
Loss on asset disposal (note 7)	5,632	179
Gain on shares issued to settle payables (note 11)	-	(65,829)
Recovery of flow-through premium (note 11)	(99,513)	(56,667)
	<u>885,007</u>	<u>(1,390,620)</u>
Net and Comprehensive income (loss)		
	<u>(0.00)</u>	<u>(0.00)</u>
Basic and diluted loss per common share		
	<u>(0.00)</u>	<u>(0.00)</u>
Basic and diluted weighted average number of common shares outstanding		
	<u>358,399,158</u>	<u>298,926,459</u>

See accompanying notes to these consolidated financial statements.

American Creek Resources Ltd.

Consolidated Statements of Changes in Equity

For the year ended December 31, 2020

(expressed in Canadian dollars)

	Share capital		Reserves			Equity \$
	Number of shares	Amount \$	Share-based payment reserve \$	Warrant reserve \$	Deficit \$	
Balance as at January 1, 2020	339,666,943	33,129,889	6,162,736	5,888,802	(39,373,349)	5,808,078
Shares issued:						
Exploration and evaluation assets (note 9 and 11)	4,150,000	543,500	-	-	-	543,500
Exercised warrants (note 11)	50,373,166	4,320,940	-	-	-	4,320,940
Exercised options (note 11)	3,000,000	150,000	-	-	-	150,000
Valuation of warrants exercised (note 11)	-	1,621,668	-	(1,621,668)	-	-
Valuation of options exercised (note 11)	-	119,296	(119,296)	-	-	-
Valuation of options granted (note 11)	-	-	907,893	-	-	907,893
Net and comprehensive income	-	-	-	-	885,007	885,007
Balance as at December 31, 2020	397,190,109	39,885,293	6,951,333	4,267,134	(38,488,342)	12,615,418
Balance as at January 1, 2019	271,447,209	30,900,758	5,483,939	3,924,810	(37,982,729)	2,326,778
Shares issued:						
Private placements (note 11)	62,241,667	4,008,333	-	-	-	4,008,333
Shares issued on exercise of warrants (note 11)	2,400,000	192,000	-	-	-	192,000
Shares issued for debt (note 11)	3,578,067	122,368	-	-	-	122,368
Valuation of warrants issued (note 11)	-	(2,062,775)	-	2,062,775	-	-
Share issuance costs (note 11)	-	(129,578)	-	-	-	(129,578)
Value of warrants exercised (note 11)	-	98,783	-	(98,783)	-	-
Valuation of options granted (note 11)	-	-	678,797	-	-	678,797
Net and comprehensive loss	-	-	-	-	(1,390,620)	(1,390,620)
Balance as at December 31, 2019	339,666,943	33,129,889	6,162,736	5,888,802	(39,373,349)	5,808,078

See accompanying notes to these consolidated financial statements.

American Creek Resources Ltd.

Consolidated Statements of Cash Flows

For the year ended December 31,

(expressed in Canadian dollars)

	2020 \$	2019 \$
Operating activities		
Net income (loss) for the year	885,007	(1,390,620)
Items not affecting cash		
Depreciation on equipment	43,450	12,497
Loss on asset disposal	5,632	179
Gain on disposal of marketable securities and change in fair market value	(1,638,998)	(2,714)
Gain on shares issued to settle payables	-	(65,829)
Gain on sale of exploration and evaluation assets	(1,263,769)	-
Impairment on exploration and evaluation assets	-	16,191
Stock-based compensation	907,893	678,797
Recovery of flow-through premium	(99,513)	(56,667)
	(1,160,298)	(808,166)
Changes in non-cash working capital		
Prepaid expenses and deposits	(100,619)	(1,032)
Receivables	15,926	(47,191)
Accounts payable and accrued liabilities	38,968	(580,895)
Cash used in operating activities	(1,206,023)	(1,437,284)
Financing activities		
Repayment of long-term debt	-	(36,942)
Proceeds from issuance of capital stock	4,470,940	4,484,367
Share issuance costs - cash	-	(129,578)
Cash provided by financing activities	4,470,940	4,317,847
Investing activities		
Net proceeds on disposal of exploration and evaluation assets	250,000	-
Disposal of marketable securities	-	20,265
Expenditures of exploration and evaluation assets	(316,694)	(846,574)
Acquisition of exploration and evaluation assets	(57,989)	-
Expenditures of property and equipment	(1,394)	(458,430)
Proceeds on sale of equipment	26,599	-
Net recovery of reclamation bond	-	2,000
Cash used in investing activities	(99,478)	(1,282,739)
Increase in cash	3,165,439	1,597,824
Cash – beginning	1,647,543	49,719
Cash – ending	4,812,982	1,647,543
Supplemental disclosures with respect to cash flows (note 13)		

See accompanying notes to these consolidated financial statements.

American Creek Resources Ltd.

Notes to Consolidated Financial Statements

December 31, 2020 and 2019

(expressed in Canadian dollars)

1 Nature of operations and going concern

American Creek Resources Ltd. (the “Company”) was incorporated under the *British Columbia Business Corporations Act* on February 12, 2004 and continued into Alberta on August 26, 2005. On December 11, 2018, the Company continued again into British Columbia. The Company is engaged in the exploration and development of mineral properties in Canada and has not yet determined whether its properties contain ore reserves that are economically recoverable.

The head office and principal address of the Company is 92 – 2nd Avenue W, Cardston, AB, Canada, T0K 0K0. The Company’s registered address and records office is 700 – 9th Avenue SW, Suite 3000, Calgary, Alberta, Canada, T2P 3V4.

The Company’s primary listing is on the TSX Venture Exchange under the ticker symbol “AMK”.

Going concern

These consolidated 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 generated a net income of \$885,007 during the year ended December 31, 2020 (2019 – net loss of \$1,390,620), generated negative cash flows from operating activities of \$1,206,023 (2019 – \$1,437,284) and, as of that date the Company’s deficit was \$38,488,342 (2019 – \$39,373,349) and working capital was \$8,514,360 (2019 – \$1,493,702). As the Company is in the exploration stage, the recoverability of the costs incurred to date on exploration properties is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development of its properties and upon future profitable production or proceeds from the disposition of the properties and deferred exploration expenditures. These factors indicate the existence of material uncertainties that may cast significant doubt about the Company’s ability to continue as a going concern, and accordingly, the appropriateness of the use of accounting principles applicable to a going concern.

In recognition of these circumstances, management is pursuing various financial alternatives to fund the Company’s exploration and development programs, including private placements, property dispositions and settling payables for shares, so it can continue as a going concern. There is no assurance that these initiatives will be successful.

These consolidated 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 Consolidated Financial Statements

December 31, 2020 and 2019

(expressed in Canadian dollars)

2 Basis of preparation

These consolidated financial statements have been prepared in accordance with the IFRS as issued by the International Accounting Standards Board (“IASB”) and interpretations issued by the International Financial Reporting Interpretations Committee (“IFRIC”).

These consolidated financial statements were approved for issuance by the Company’s board of directors (“Board”) on April 29, 2021.

The Company’s consolidated financial statements include the accounts of the Company and its wholly owned subsidiary called Stinger Resources Inc. (“Stinger”).

These consolidated financial statements have been prepared on a historical cost basis except as disclosed in the significant accounting policies in note 3. They are presented in Canadian dollars which is the Company’s functional currency.

3 Significant accounting policies

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

Financial instruments

Financial Instruments

Classification

The Company classifies its financial instruments in the following categories: at fair value through profit or loss (“FVTPL”), at fair value through other comprehensive income (loss) (“FVTOCI”) or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company’s business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or the Company has opted to measure them at FVTPL.

Financial assets/liabilities	Classification
Cash	FVTPL
Marketable securities	FVTPL
Accounts payable	Amortized cost

American Creek Resources Ltd.

Notes to Consolidated Financial Statements

December 31, 2020 and 2019

(expressed in Canadian dollars)

Measurement

Financial assets at FVTOCI

Elected investments in equity investments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently they are measured at fair value, with gains and losses recognized in other comprehensive income (loss).

Financial assets and liabilities at amortized cost

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transactions costs expensed in the statements of comprehensive loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are recorded in the statements of comprehensive loss in the period in which they arise.

Impairment of financial assets at amortized cost

The Company recognized a loss allowance for expected credit losses on financial assets that are measured at amortized cost.

At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset's credit risk has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in the statements of comprehensive loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

Derecognition

Financial assets

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity.

Financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when the terms of the liability are modified such that the terms and / or cash flows of the modified instrument are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value. Gains and losses on derecognition are generally recognized in profit or loss.

American Creek Resources Ltd.

Notes to Consolidated Financial Statements

December 31, 2020 and 2019

(expressed in Canadian dollars)

Exploration and evaluation assets

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

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

When a project is deemed to no longer have commercially viable prospects to the Company, exploration and evaluation assets expenditures in respect of that project are deemed to be impaired. As a result, those exploration and evaluation assets expenditures, in excess of estimated recoveries, are written off to the statement of loss and comprehensive loss. The Company assesses exploration and evaluation assets for impairment when facts and circumstances suggest that the carrying amount of a cash generating unit may exceed its recoverable amount.

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

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

Reclamation bonds

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

Property and equipment

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

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

Computer and office equipment	30%
-------------------------------	-----

American Creek Resources Ltd.

Notes to Consolidated Financial Statements

December 31, 2020 and 2019

(expressed in Canadian dollars)

Exploration equipment	30%
Furniture and fixtures	20%
Vehicles	30%
Buildings	5%

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

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

Impairment of property and equipment and exploration and evaluation assets

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

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

Income taxes

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

Deferred tax is recorded using the statement of financial position liability method, providing for temporary differences, between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of assets or liabilities that affect neither accounting nor taxable loss. The amount of deferred tax

American Creek Resources Ltd.

Notes to Consolidated Financial Statements

December 31, 2020 and 2019

(expressed in Canadian dollars)

provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted and are expected to apply when the deferred tax asset or liability is settled.

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

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

Share capital

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

Flow-through shares

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

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

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

Share-based payment transactions

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

American Creek Resources Ltd.

Notes to Consolidated Financial Statements

December 31, 2020 and 2019

(expressed in Canadian dollars)

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

Loss per share

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

Provisions for decommissioning liabilities

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

The Company's estimates of reclamation costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to mining assets with a corresponding entry to the rehabilitation provision. The Company's estimates are reviewed annually for changes in regulatory requirements, discount rates, effects of inflation and changes in estimates. Changes in the net present value, excluding changes in the Company's estimates of reclamation costs, are charged to profit and loss for the period. At December 31, 2020, the Company estimates that there are no significant reclamation costs and have not recorded any provision for environmental rehabilitation.

Provisions

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

Significant accounting judgements and estimates

The preparation of these audited consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. The consolidated financial statements include estimates which, by their nature, are uncertain.

American Creek Resources Ltd.

Notes to Consolidated Financial Statements

December 31, 2020 and 2019

(expressed in Canadian dollars)

The impacts of such estimates are pervasive throughout the consolidated financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and the revision affects both current and future periods.

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

- Measurement of compensation cost attributable to the Company's share based compensation plan, as well as warrants to purchase common shares issued in private placements, are subject to the estimation of fair value using the Black-Scholes Option Pricing Model. The valuation is based on significant assumptions such as: i) the volatility of the share price; ii) the life of the option; iii) forfeiture rate; iv) the risk-free interest rate for the life of the option (note 12);
- Deferred income tax assets are assessed by management at the end of the reporting period to determine the likelihood that they will be realized from future taxable earnings (note 18);
- The Company evaluates the circumstances that may give rise to various commitments along with the likelihood they will occur to estimate any amount to be accrued in the statement of financial position (note 18);
- Impairment of the Company's exploration and evaluation assets is evaluated at the CGU level (note 9). The determination of CGU's requires judgment in defining the smallest identifiable group of assets that generate cash inflows that are largely independent of the cash inflows from other assets or groups of assets. CGU's have been determined based on similar geological structure, shared infrastructure, geographical proximity, commodity type and similar exposures to market risks. In testing for impairment, the recoverable amount of the Company's CGU's is determined based on the greater of the value-in-use and fair value less costs of disposal. There is no comparison available of quoted market prices for mineral properties therefore, the recoverable amount is based on estimates of reserves (if any), future precious metal prices, geographical location, prospective potential, and other relevant assumptions; and
- Management has applied judgements in the assessment of the Company's ability to continue as a going concern when preparing its consolidated financial statements for the years ended December 31, 2020 and 2019 (note 1). Management prepares the consolidated financial statements on a going concern basis unless management either intends to liquidate the entity or to cease trading or has no realistic alternative but to do so. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but is not limited to, twelve months from the end of the reporting period. As a result of the assessment, management concluded the going concern basis of accounting is appropriate based on its profit and cash flow forecasts and access to replacement financing for the future twelve months.

New Standards, Amendments and Interpretations

New standards and interpretations adopted

Amendments to IFRS 3, Business Combinations (effective January 1, 2020) assist in determining whether a transaction should be accounted for as a business combination or an asset acquisition. It amends the definition of a business to include an input and a substantive process that together significantly contribute to the ability to create goods and services provided to customers, generating investment and other income, and it excludes

American Creek Resources Ltd.

Notes to Consolidated Financial Statements

December 31, 2020 and 2019

(expressed in Canadian dollars)

returns in the form of lower costs and other economic benefits. The Company does not expect this standard to impact its financial statements.

Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's consolidated financial statements.

4 Prepaid expense and deposits

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

	2020	2019
	\$	\$
Insurance	14,449	13,818
Vendor prepayments (note 13)	100,175	187
	<hr/>	<hr/>
	114,624	14,005
	<hr/>	<hr/>

5 Receivable

The Company's receivable arose from a goods and service tax receivable which are due from Canadian government taxation authorities.

6 Reclamation Bonds

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

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

American Creek Resources Ltd.

Notes to Consolidated Financial Statements

December 31, 2020 and 2019

(expressed in Canadian dollars)

7 Property and equipment

	Computer and office equipment \$	Exploration equipment \$	Furniture and fixtures \$	Vehicles \$	Land and Buildings \$	Total \$
Cost – December 31, 2018	40,136	269,500	56,895	77,055	-	443,586
Additions	7,835	-	-	100,595	350,000	458,430
Disposals	(5,729)	-	-	-	-	(5,729)
Cost – December 31, 2019	42,242	269,500	56,895	177,650	350,000	896,287
Additions	1,394	-	-	-	-	1,394
Disposals	(29,615)	(195,279)	(43,111)	(71,649)	-	(339,654)
Cost – December 31, 2020	14,021	74,221	13,784	106,001	350,000	558,027
Accumulated depreciation – December 31, 2018	(36,633)	(260,144)	(53,113)	(76,710)	-	(426,600)
Additions	(1,054)	(2,806)	(756)	(6,631)	(1,250)	(12,497)
Disposals	5,550	-	-	-	-	5,550
Accumulated depreciation – December 31, 2019	(32,137)	(262,950)	(53,869)	(83,341)	(1,250)	(433,547)
Additions	(3,448)	(2,237)	(1,134)	(21,693)	(14,938)	(43,450)
Disposals	29,104	192,694	41,219	44,406	-	307,423
Accumulated depreciation – December 31, 2020	(6,481)	(72,493)	(13,784)	(60,628)	(16,188)	(169,574)
Net carrying amounts – December 31, 2019	10,106	6,549	3,026	94,309	348,750	462,740
December 31, 2020	7,540	1,728	-	45,373	333,812	388,453

During the year ended December 31, 2020, the Company disposed of equipment for proceeds of \$26,599 cash resulting in a loss on disposal totaling \$5,632.

8 Marketable securities

As at December 31, 2020, the Company holds 1,400,499 (2019 – 499) common shares of Tudor Gold Corp (“Tudor Shares”).

During the year ended December 31, 2020, the Company received an additional 1,400,000 Tudor Shares as proceeds from the sale of exploration and evaluation assets (note 9). The shares were valued at \$1.49 per share on the date of the agreed disposition. At December 31, 2020, the shares had increased in value to \$2.66 per share resulting in an unrealized gain on the total value of the marketable securities of \$1,638,998. During the year ended December 31, 2020, the Company sold Nil (2019 – 74,000) Tudor Shares for total net proceeds of \$Nil (2019 - \$20,265) resulting in a gain on disposal of \$Nil (2019 – \$2,714).

American Creek Resources Ltd.

Notes to Consolidated Financial Statements

December 31, 2020 and 2019

(expressed in Canadian dollars)

9 Exploration and evaluation assets

As at December 31, 2020, the Company's exploration and evaluation assets are located in British Columbia, Canada. Expenditures incurred on exploration and evaluation assets are as follows:

	Electrum, B.C., Canada \$	Treaty Creek, B.C., Canada \$	Gold Hill, B.C., Canada \$	Dunwell, B.C., Canada \$	Ample Goldmax, B.C., Canada \$	Other Properties, B.C. Canada \$	Total \$
Acquisition costs – December 31, 2019	432,185	119,944	336,100	542,000	40,500	59,000	1,529,729
Additions	-	-	-	261,475	159,500	180,514	601,489
Disposals	(432,185)	-	-	-	-	-	(432,185)
Acquisition costs – December 31, 2020	-	119,944	336,100	803,475	200,000	239,514	1,699,033
Exploration costs – December 31, 2019	640,046	260,776	450,911	864,641	20,429	5,104	2,241,907
Additions	-	-	17,016	257,018	33,242	24,435	331,711
Disposals	(640,046)	-	-	-	-	-	(640,046)
Exploration costs – December 31, 2020	-	260,776	467,927	1,121,659	53,671	29,539	1,933,572
Total December 31, 2020	-	380,720	804,027	1,925,134	253,671	269,053	3,632,605

American Creek Resources Ltd.

Notes to Consolidated Financial Statements

December 31, 2020 and 2019

(expressed in Canadian dollars)

As at December 31, 2019, the Company's exploration and evaluation assets are located in British Columbia, Canada. Expenditures incurred on exploration and evaluation assets are as follows:

	Electrum, B.C., Canada \$	Treaty Creek, B.C., Canada \$	Gold Hill, B.C., Canada \$	Dunwell, B.C., Canada \$	Ample Goldmax, B.C., Canada \$	Other Properties, B.C. Canada \$	Total \$
Acquisition costs – December 31, 2018	432,185	119,944	336,100	542,000	40,500	59,000	1,529,729
Additions	-	-	-	-	-	-	-
Acquisition costs – December 31, 2019	432,185	119,944	336,100	542,000	40,500	59,000	1,529,729
Exploration costs – December 31, 2018	640,046	260,701	448,703	26,166	20,429	15,479	1,411,524
Additions	-	75	79,391	838,475	-	5,816	923,757
Exploration costs – December 31, 2019	640,046	260,776	528,094	864,641	20,429	21,295	2,335,281
Other items during the year ended December 31, 2019:							
Mining Exploration Tax Credit	-	-	(77,183)	-	-	-	(77,183)
Impairment	-	-	-	-	-	(16,191)	(16,191)
Total December 31, 2019	1,072,231	380,720	787,011	1,406,641	60,929	64,104	3,771,636

American Creek Resources Ltd.

Notes to Consolidated Financial Statements

December 31, 2020 and 2019

(expressed in Canadian dollars)

Electrum Property, British Columbia, Canada

The Electrum property is located north of Stewart, British Columbia. The claims were acquired via an option agreement which all terms and conditions have been completed through total cash payments of \$210,000 and 2,500,000 common shares issued with fair value ranging from \$0.12 to \$0.75 per share. This property is subject to a 2% Net Smelter Royalty ("NSR"). The Company may purchase the 2% NSR at any time for \$1,000,000. In 2016, the Company recorded an impairment on the value of the Electrum property in the amount of \$4,545,601. The Company then disposed of a 60% interest in the property for net cash proceeds of \$493,999 and 1,000,000 common shares of the purchaser with a fair value of \$1.18 under the terms of a joint venture agreement.

During the year ended December 31, 2020, the Company disposed of its remaining 40% interest in the Electrum property including the Slippery Willow claims for proceeds of \$250,000 cash and 1,400,000 shares of Tudor Gold Corp. (note 8). The value of the shares at the date of the agreement was \$1.49 per share, which resulted in a gain on disposal totaling \$1,263,769. The Slippery Willow property located adjacent to the Company's Electrum property was also included as part of the disposition.

Treaty Creek Property, British Columbia, Canada

The Treaty Creek property is located northeast of Stewart, British Columbia. In 2009, the Company completed the requirements as set out in the option agreement to earn a 51% interest in the property by issuing 100,000 common shares with a fair value ranging from \$0.23 to \$0.24 per share and by incurring the balance of aggregate exploration expenditures in excess of \$5,000,000. Each of the claims that make up the property is subject to either a 1% or 2% NSR royalty on the Company's ownership interest only. The Company has the option to purchase the royalty interests for \$1,500,000 with the exception of 0.5% which can not be purchased and will remain on the claims. In 2016, an impairment of \$6,548,376 on the value of the Treaty Creek property was recorded. The Company then disposed of 31% of its 51% interest in the property for 500,000 common shares of the purchaser with a fair value of \$1.18 per share. The Company had to transfer 25% of the 500,000 common shares of the purchaser to the NSR holders. The Company maintains a 20% interest in the property and is not obligated to contribute towards costs until a production notice is given by the operator of the property. Exploration costs in the amount of \$Nil (2019 - \$75) were incurred by the Company during the current year.

Gold Hill Property, British Columbia, Canada

The Gold Hill property is located near Fort Steele, British Columbia and was purchased on March 9, 2015. Consideration paid for the Gold Hill property consisted of 3,734,444 shares issued to the vendor and 373,444 shares issued as an arms-length finder's fee with a fair value of \$0.09 per share. Exploration costs in the amount of \$17,016 (2019 - \$79,391) were incurred during the year. During the year ended December 31, 2019, a Mining Exploration Tax Credit was received in the amount of \$77,183 which offset the additions.

Dunwell Property, British Columbia, Canada

The Dunwell property is a combination of three acquired properties and is located near Stewart, British Columbia. The first of the three properties, the Silvershot property was acquired through staking in the amount of \$412. The second property, the Dunwell property, was purchased through the acquisition of a private company which holds 100% interest in the property by issuing 7,000,000 shares for fair value of \$490,000. The property was

American Creek Resources Ltd.

Notes to Consolidated Financial Statements

December 31, 2020 and 2019

(expressed in Canadian dollars)

subsequently transferred into the Company's name. The third property, the Bear River property, was purchased by issuing 800,000 shares with fair value of \$52,000.

During the year ended December 31, 2020, the Company acquired 45 crown grants overlapping or adjoining the current exploration claims by issuing 3,000,000 common shares with fair value of \$210,000 (note 11) and \$50,000 cash. Total acquisition costs for the claims also included filing fees of \$1,475. Exploration costs in the amount of \$257,018 (2019 - \$838,475) were also incurred.

Ample Goldmax Property, British Columbia, Canada

In 2016, the Company entered into an option agreement to acquire a 100% interest in the Ample Goldmax property located near Lillooet, British Columbia (note 17). The Ample Goldmax claims are subject to a 25% net profit royalty associated with any bulk sample as defined in the agreement. Acquisition costs in 2017 included cash option payments of \$17,000 and the issuance of 200,000 common shares with a fair value of \$14,000. Acquisition costs in 2016 included the issuance of 100,000 common shares with a fair value of \$9,500. Exploration costs in the amount of \$33,242 (2019 - \$Nil) were incurred during the year.

During the year ended December 31, 2020, the Company issued 550,000 shares with a fair value of \$159,500 in accordance with an amended agreement (notes 11 and 17).

Other Properties, British Columbia, Canada

In 2016, the Company entered into option agreements to acquire a 100% interest in the Silverside Property located near Clearwater, British Columbia, the Red Tusk Property located near Squamish, British Columbia and the Glitter King Property located on Pitt Island, British Columbia. Combined acquisition costs in 2017 included cash option payments of \$32,500 and the issuance of 175,000 common shares with a fair value of \$12,250. Combined acquisition costs in 2016 included the issuance of 150,000 common shares with a fair value of \$14,250. Each of the claims are subject to a 3% NSR royalty interest that can be purchased for \$500,000 for each 1% interest purchased. During the year ended December 31, 2017, the Red Tusk Property was fully impaired and was returned to the vendor. Exploration costs in the amount of \$24,435 (2019 - \$Nil) were incurred during the year on the Glitter King and Silverside properties combined (note 17).

During the year ended December 31, 2020, the Company issued 600,000 shares with a fair value of \$174,000 in accordance with an amended agreement for the Glitter King and Silverside properties (notes 11 and 17).

The Austruck-Bonanza property is located near Kamloops, British Columbia. The property was considered impaired in 2019 and \$16,191 in exploration costs were written off.

The Company owns 100% of the D-1 McBride Property. Additional claims were staked during the year resulting in acquisition costs of \$6,514.

American Creek Resources Ltd.

Notes to Consolidated Financial Statements

December 31, 2020 and 2019

(expressed in Canadian dollars)

10 Accounts payable and accrued liabilities

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

	2020	2019
	\$	\$
Trade payables (note 13)	165,612	113,627
Accrued liabilities	20,000	18,000
	<u>185,612</u>	<u>131,627</u>

11 Share capital and reserves

Share capital

a) Authorized

Unlimited number of common shares; and
Unlimited number of preferred shares.

b) Issued and outstanding

Share issuances

During the year ended December 31, 2020, the Company:

- i) Issued 4,150,000 common shares with a fair value of \$543,500 to acquire exploration and evaluation assets (notes 9 and 17).
- ii) Issued 50,373,166 common shares for cash proceeds of \$4,320,940 from the exercise of warrants. Warrant value at the time of purchase was also transferred to share capital in the amount of \$1,621,668.
- iii) Issued 3,000,000 common shares for cash proceeds of \$150,000 from the exercise of options. Option value at the time of grant was also transferred to share capital in the amount of \$119,296.
- iv) Related to the flow-through liability of \$105,000 that was recognized in conjunction with the FT Unit offering during the year ended December 31, 2019. \$99,513 was recovered during the year ended December 31, 2020 due to eligible expenditures being incurred.

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

- i) Completed a private placement offering of 2,000,000 units at \$0.05 per unit for gross proceeds of \$100,000. Each unit consisted of one common share of the Company and one non-transferrable

American Creek Resources Ltd.

Notes to Consolidated Financial Statements

December 31, 2020 and 2019

(expressed in Canadian dollars)

common share purchase warrant. Each warrant may be exercised for one additional common share for a period of 24 months from the closing date of the offering at a price of \$0.06 per share.

- ii) Completed a private placement offering of 3,200,000 units at \$0.05 per unit for gross proceeds of \$160,000. Each unit will consist of one common share of the Company and one non-transferrable common share purchase warrant. Each warrant may be exercised for one additional common share for a period of 24 months from the closing date of the offering at a price of \$0.06 per share.
- iii) Issued 3,291,441 common shares to a non-arms length contractor at a price of \$0.03 per share in a shares for debt arrangement. The debt had a carrying value of \$164,573, resulting in a gain of \$65,829.
- iv) Completed a private placement offering of 6,000,000 units at \$0.05 per unit for gross proceeds of \$300,000. Each unit consisted of one common share of the Company and one non-transferrable common share purchase warrant. Each warrant may be exercised for one additional common share for a period of 24 months from the closing date of the offering at a price of \$0.06 per share.
- v) Completed a private placement offering of 20,000,000 units at \$0.05 per unit for gross proceeds of \$1,000,000. Each unit consisted of one common share of the Company and one non-transferrable common share purchase warrant. Each warrant may be exercised for one additional common share for a period of 24 months from the closing date of the offering at a price of \$0.065 per share.
- vi) Issued 147,656 common shares with a fair value of \$11,812 under a shares for services agreement related to advertising and promotion for the Company.
- vii) Completed a private placement offering of 5,666,666 flow-through units ("FT Units") at a price of \$0.09 per FT Unit for gross proceeds \$510,000 and 21,875,000 non-flow-through units ("NFT Units") at a price of \$0.08 per NFT Unit for gross proceeds of \$1,750,000. A flow-through liability of \$56,667 was recognized in conjunction with the FT Unit offering, which was fully recovered during the year due to eligible expenditures being incurred.

Each FT Unit consisted of one flow-through common share of the Company ("FT Share") and one non-transferable common share purchase warrant. Each warrant may be exercised for one non-flow-through common share ("NFT Share") at an exercise price of \$0.12 for a period of two years.

Each NFT Unit consisted of one NFT Share and one non-transferable common share purchase warrant. Each warrant may be exercised for one NFT Share at an exercise price of \$0.12 for a period of two years.

- viii) Issued 2,400,000 common shares for cash proceeds of \$192,000 from the exercise of warrants. Warrant value at the time of purchase was also transferred to share capital in the amount of \$98,783.
- ix) Completed a private placement offering of 3,500,000 flow-through common shares at a price of \$0.10 per common shares for gross proceeds \$350,000. A flow-through liability of \$105,000 was recognized in conjunction with this offering.

American Creek Resources Ltd.

Notes to Consolidated Financial Statements

December 31, 2020 and 2019

(expressed in Canadian dollars)

- x) Issued 138,970 common shares with a fair value of \$11,812 under a shares for services agreement related to advertising and promotion for the Company.
- xi) Cash share issuance costs of \$129,578 were incurred during the year ended December 31, 2019.
- c) Stock options and warrants

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

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

	Number of options	Weighted average exercise price \$
Balance – December 31, 2018	23,120,000	0.07
Options granted	10,200,000	0.07
Balance – December 31, 2019	33,320,000	0.07
Options granted	3,300,000	0.26
Options exercised	<u>(3,000,000)</u>	<u>0.05</u>
Balance – December 31, 2020	<u>33,620,000</u>	<u>0.09</u>
Number of options currently exercisable	<u>33,620,000</u>	<u>0.09</u>

The following incentives stock options were outstanding and exercisable as at December 31, 2020:

Expiry Date	Exercise Price \$	Number Outstanding
March 20, 2022	0.10	2,900,000
March 10, 2025	0.10	3,570,000
April, 24, 2025	0.10	480,000
March 2, 2026	0.05	7,500,000
May 19, 2026	0.08	2,870,000
November 2, 2026	0.07	1,900,000
May 29, 2027	0.05	1,100,000
July 18, 2027	0.05	1,200,000
February 5, 2028	0.05	600,000
January 18, 2029	0.05	2,500,000
August 20, 2029	0.08	2,900,000
September 5, 2029	0.09	2,800,000
May 24, 2030	0.07	900,000

American Creek Resources Ltd.
Notes to Consolidated Financial Statements
December 31, 2020 and 2019

(expressed in Canadian dollars)

August 27, 2030	0.34	2,400,000
		<u>33,620,000</u>
Weighted average remaining contractual life (years)		<u>6.12</u>

During the year ended December 31, 2020, the Company:

- i) Granted 900,000 options to directors and officers at \$0.065 per share expiring on May 24, 2030. Each option to purchase common shares may be exercised for a period of 10 years from the grant date of the options at a price of \$0.065. All options vested on the grant date.

The fair value of the common share purchase options was determined to be \$54,596 in total using the Black-Scholes Option Pricing Model, assuming a 0% dividend yield, 156% volatility, a risk free interest rate of 0.40%, and a term of 2 years.

- ii) Granted 2,400,000 options to directors and officers at \$0.335 per share expiring on August 27, 2030. Each option to purchase common shares may be exercised for a period of 10 years from the grant date of the options at a price of \$0.335. All options vested on the grant date.

The fair value of the common share purchase options was determined to be \$853,297 in total using the Black-Scholes Option Pricing Model, assuming a 0% dividend yield, 157% volatility, a risk free interest rate of 0.50%, and a term of 10 years.

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

- i) Granted 4,500,000 options to directors and officers at \$0.05 per share expiring on January 18, 2029. Each option to purchase common shares may be exercised for a period of 10 years from the grant date of the options at a price of \$0.05. All options vested on the grant date.

The fair value of the common share purchase options was determined to be \$177,590 in total using the Black-Scholes Option Pricing Model, assuming a 0% dividend yield, 157% volatility, a risk free interest rate of 1.98%, and a term of 10 years.

- ii) Granted 2,900,000 options to directors and officers at \$0.08 per share expiring on August 20, 2029. Each option to purchase common shares may be exercised for a period of 10 years from the grant date of the options at a price of \$0.08. All options vested on the grant date.

The fair value of the common share purchase options was determined to be \$257,802 in total using the Black-Scholes Option Pricing Model, assuming a 0% dividend yield, 156% volatility, a risk free interest rate of 1.18%, and a term of 10 years.

American Creek Resources Ltd.

Notes to Consolidated Financial Statements

December 31, 2020 and 2019

(expressed in Canadian dollars)

- iii) Granted 2,800,000 options to directors and officers at \$0.09 per share expiring on September 5, 2029. Each option to purchase common shares may be exercised for a period of 10 years from the grant date of the options at a price of \$0.09. All options vested on the grant date.

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

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

	Number of warrants	Weighted average exercise price \$
Balance – December 31, 2018	45,700,000	0.09
Warrants granted	59,813,055	0.09
Warrants exercised	(2,400,000)	0.08
Warrants expired	(2,600,000)	0.08
Balance – December 31, 2019	<u>100,513,055</u>	<u>0.09</u>
Warrants exercised	(50,373,166)	0.09
Warrants expired	(9,200,000)	0.10
Balance – December 31, 2020	<u>40,939,889</u>	<u>0.08</u>

The following warrants to acquire common shares were outstanding at December 31, 2020:

Expiry Date	Exercise Price \$	Number Outstanding
March 22, 2021	0.06	1,861,000
July 31, 2021	0.06	3,690,000
August 8, 2021	0.065	20,000,000
September 6, 2021	0.12	15,166,667
December 3, 2021	0.12	<u>222,222</u>
		<u>40,939,889</u>
Weighted average remaining contractual life (years)		<u>0.613</u>

During the year ended December 31, 2020, the Company:

American Creek Resources Ltd.

Notes to Consolidated Financial Statements

December 31, 2020 and 2019

(expressed in Canadian dollars)

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

No new warrants were granted during the year ended December 31, 2020.

The following warrants to acquire common shares were issued during the period ended December 31, 2019:

- i) The Company issued 2,000,000 warrants to purchase common shares as part of a private placement. Each common share purchase warrant may be exercised for a period of 24 months from the closing date of the private placement at a price of \$0.06.

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

- i) The Company issued 3,200,000 warrants to purchase common shares as part of a private placement. Each common share purchase warrant may be exercised for a period of 24 months from the closing date of the private placement at a price of \$0.06.

The relative fair value of the common share purchase warrants was determined to be \$60,098 in total using the Black-Scholes Option Pricing Model, assuming a 0% dividend yield, 178% volatility, a risk free interest rate of 1.54% and a term of 24 months.

- iii) Extended the exercise period of a total of 28,700,000 outstanding share purchase warrants by one year. The extended periods are reflected in the above table.

- iv) The Company issued 6,000,000 warrants to purchase common shares as part of a private placement. Each common share purchase warrant may be exercised for a period of 24 months from the closing date of the private placement at a price of \$0.06.

The relative fair value of the common share purchase warrants was determined to be \$172,288 in total using the Black-Scholes Option Pricing Model, assuming a 0% dividend yield, 265% volatility, a risk free interest rate of 1.61% and a term of 24 months.

American Creek Resources Ltd.

Notes to Consolidated Financial Statements

December 31, 2020 and 2019

(expressed in Canadian dollars)

- v) The Company issued 20,000,000 warrants to purchase common shares as part of a private placement. Each common share purchase warrant may be exercised for a period of 24 months from the closing date of the private placement at a price of \$0.065.

The relative fair value of the common share purchase warrants was determined to be \$602,755 in total using the Black-Scholes Option Pricing Model, assuming a 0% dividend yield, 263% volatility, a risk free interest rate of 1.42% and a term of 24 months

- vi) The Company issued 27,541,667 warrants to purchase common shares as part of a private placement. Each common share purchase warrant may be exercised for a period of 24 months from the closing date of the private placement at a price of \$0.12.

The relative fair value of the common share purchase warrants was determined to be \$1,112,673 in total using the Black-Scholes Option Pricing Model, assuming a 0% dividend yield, 263% volatility, a risk free interest rate of 1.50% and a term of 24 months.

- vii) The Company issued 826,388 broker warrants to purchase common shares as part of a finder's fee agreement. Each common share purchase warrant may be exercised for a period of 24 months from the closing date of the private placement at a price of \$0.12.

The fair value of the common share purchase warrants was determined to be \$65,839 in total using the Black-Scholes Option Pricing Model, assuming a 0% dividend yield, 186% volatility, a risk free interest rate of 1.50% and a term of 24 months.

- viii) The Company issued 245,000 broker warrants to purchase common shares as part of a finder's fee agreement. Each common share purchase warrant may be exercised for a period of 24 months from the closing date of the private placement at a price of \$0.12.

The fair value of the common share purchase warrants was determined to be \$12,862 in total using the Black-Scholes Option Pricing Model, assuming a 0% dividend yield, 183% volatility, a risk free interest rate of 1.55% and a term of 24 months.

Reserves

The share-based payment reserve includes stock-based compensation expense related to fair value of stock options granted and also the fair value of warrants issued for services.

The warrant reserve includes the relative fair value of attachable warrants issued as a part of units in conjunction with private placements of common shares. The gross proceeds of private placements is allocated between share capital and the warrant reserve using the relative fair value method which allocates a pro-rata amount based on the fair value of the common shares and the warrants issued.

American Creek Resources Ltd.

Notes to Consolidated Financial Statements

December 31, 2020 and 2019

(expressed in Canadian dollars)

12 Supplemental disclosures with respect to cash flows

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

	2020	2019
	\$	\$
Shares issued for exploration and evaluation assets	543,500	-
Shares received for sale of exploration and evaluation assets	2,086,000	-
Shares issued for settlement of debt	-	122,368
	<u>2,629,500</u>	<u>122,368</u>

13 Related party transactions

Included in accounts payable and accrued liabilities is \$1,615 (2019 – \$Nil) due to companies controlled by officers of the Company (note 10). Included in prepaid expenses is \$100,000 paid to a company controlled by an officer of the Company. These amounts due to related parties are unsecured, non-interest bearing and have no specific terms of repayment.

During the year ended December 31, 2020, the Company incurred the following related party transactions:

- a) Incurred management fees in the amount of \$290,000 (2019– \$224,838) to a company controlled by the Company’s Chief Executive Officer.
- b) Incurred management fees in the amount of \$212,000 (2019– \$164,000) to a company controlled by the Company’s Chief Financial Officer.

For the year ended December 31, 2020, the total remuneration of key management personnel was \$502,000 (2019 - \$384,768) of management fees, \$Nil (2019 - \$4,070) of capitalized exploration expenditures and \$664,660 (2019 - \$560,211) of stock-based compensation.

14 Financial Instruments

Fair value

IFRS 7 establishes a fair value hierarchy that prioritizes the input to valuation techniques used to measure fair value as follows:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3 – inputs for the asset or liability that are not based on observable market data.

As at December 31, 2020, the Company’s financial instruments are comprised of cash, marketable securities, reclamation bonds and accounts payable. The carrying value of cash, marketable securities, accounts payable and

American Creek Resources Ltd.

Notes to Consolidated Financial Statements

December 31, 2020 and 2019

(expressed in Canadian dollars)

reclamation bonds approximate their fair values due to the relatively short periods to maturity of these financial instruments.

Risk management

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

Credit risk

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

The Company's cash is held through a Canadian chartered bank which is high-credit quality financial institution. The Company's receivables primarily consist of harmonized sales tax rebates due from the Government of Canada which are all current. The Company believes credit risk to be insignificant.

Liquidity risk

Liquidity risk is the risk that the Company will not meet its financial obligations as they fall due. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at December 31, 2020, the Company had a cash balance of \$4,812,982 and short-term receivables of \$52,526 to settle current liabilities of \$191,099. The Company forecasts its cash needs on a regular basis and seeks additional financing based on those forecasts. There can be no assurance the Company will be able to obtain required financing in the future on acceptable terms. Since inception, the Company has financed its cash requirements primarily through issuance of common shares. All of the Company's financial liabilities have contractual maturities of 30 days or are due on demand and are subject to normal trade terms. See note 1 for further discussion on going concern and its impact on liquidity. The Company believes liquidity risk to be moderate.

Market risk

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

a) Interest rate risk

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

American Creek Resources Ltd.

Notes to Consolidated Financial Statements

December 31, 2020 and 2019

(expressed in Canadian dollars)

b) Foreign currency rate risk

The Company is domiciled in Canada and its capital is raised in Canadian dollars and does not conduct regular business in any foreign country. Therefore, foreign currency rate risk is considered low.

15 Capital management

The Company's working capital as at December 31, 2020 was \$8,514,360 (2019 – \$1,493,702). The Company's capital management objectives, policies and processes have not been changed over the years presented. The Company is not subject to any externally imposed capital requirements.

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

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

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

16 Segmented information

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

17 Commitments

Amended NSR Agreement

On April 13, 2016, the Company issued 15,000,000 common shares at \$0.06 per share under an amended agreement with arms length third parties that holds a NSR related to the Company's interest in the Treaty Creek property located in NW British Columbia (note 9). The amended agreement reduces the prior \$6 million payment obligation which was potentially triggered if the Company reduced its 51% interest in the property, or granted access for development and tunnel construction.

American Creek Resources Ltd.

Notes to Consolidated Financial Statements

December 31, 2020 and 2019

(expressed in Canadian dollars)

Additional terms of the amended agreement include:

- a) The NSR holders will hold a 2% NSR on certain Treaty Creek property mineral tenures (“Group I”) and a 1% NSR on the remaining Treaty Creek mineral tenures (“Group II”). The NSR interests apply only to the Company’s interest in the Treaty Creek property. Within 30 days of a Treaty Creek property feasibility study being completed, the NSR holders will be paid an aggregate sum of \$1,500,000 in order for the Company to collectively buy out 0.75% of the Group I NSR and 0.25% of the Group II NSR. At any time the Company may buy out a further 0.75% of the Group I and 0.25% of the Group II NSR for the aggregate sum of \$1,500,000. The NSR holders will retain a 0.5% NSR on the Group I and Group II mineral tenures.
- b) The NSR holders were entitled to 25% of the purchase price the Company received in 2016 from the Company’s sale of a 31% interest in the Treaty Creek property to an arm’s-length purchaser. Consequently, the Company transferred to the NSR Holders 125,000 of the 500,000 purchaser shares received by the Company from such sale, thereby fully fulfilling this obligation under the amended agreement (note 9).
- c) The Company will pay the NSR holders 25% of any consideration the Company may receive from any non-governmental party for access, easement or right of way over, on, under or through any part of the Treaty Creek property for a mining infrastructure purpose, or fees for the use of the Company’s own infrastructure facilities.
- d) The Company will pay the NSR holders 25% of any compensation proceeds the Company may receive from any governmental or quasi-governmental agency for the loss of any rights resulting from the expropriation of access, easement or right of way over, on, under or through any part of the Treaty Creek property for a mining infrastructure purpose.

Mineral Property Acquisitions

During the year ended December 31, 2016, the Company entered into four option agreements to acquire a 100% interest in the Ample Goldmax Property, the Glitter King Property and the Silverside Property. The Company satisfied some of the obligations under the agreement, however, others remained outstanding and were in default. The original agreement was replaced under by a new agreement executed on September 22, 2020. The terms of each of the current agreements are as follows:

Ample Goldmax Property

\$2,500 cash payment as an agreement extension fee (in default), a \$15,000 cash payment (in default) and issuance of 550,000 common shares within 10 business days of executing the agreement (shares issued with a fair value of \$159,500) (notes 9 and);

Year 1 - \$30,000 cash payment and \$100,000 in exploration work related to the Property prior to September 22, 2021;

Year 2 - \$100,000 in exploration work related to the Property prior to September 22, 2022;

American Creek Resources Ltd.

Notes to Consolidated Financial Statements

December 31, 2020 and 2019

(expressed in Canadian dollars)

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

\$2,500 cash payment as an agreement extension fee (in default), a \$20,000 cash payment (in default) and issuance of 350,000 common shares within 10 business days of executing the agreement (shares issued with a fair value of \$101,500) (notes 9 and 11);

Year 1 - \$30,000 cash payment and \$45,000 in exploration work related to the Property prior to September 22, 2021;

Year 2 - \$35,000 in exploration work related to the Property prior to September 22, 2022;

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

Silverside Property

\$2,500 cash payment as an agreement extension fee (in default), a \$20,000 cash payment (in default) and issuance of 250,000 common shares within 10 business days of executing the agreement (shares issued with a fair value of \$72,500) (notes 9 and 11);

Year 1 - \$30,000 cash payment and \$35,000 in exploration work related to the Property prior to September 22, 2021;

Year 2 - \$50,000 in exploration work related to the Property prior to September 22, 2022;

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 agreements are now all in good standing with the optionor.

American Creek Resources Ltd.

Notes to Consolidated Financial Statements

December 31, 2020 and 2019

(expressed in Canadian dollars)

18 Income taxes

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

	2020	2019
	\$	\$
Income (loss) before income taxes	885,007	(1,390,620)
Statutory rate	27.00%	27.00%
Anticipated income tax (recovery) at the combined basic federal and provincial tax rate	238,952	(375,467)
Increases resulting from		
Adjustments arising from prior year tax filings	52,363	220,489
Effect of items not deductible for tax purposes	(48,708)	104,410
Unrecognized tax asset	(242,607)	50,569
Total income tax recovery	-	-

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

	2020	2019
	\$	\$
Non-capital loss carry forwards	5,806,709	5,522,856
Exploration and evaluation assets	1,455,983	1,751,495
Equipment	473,676	473,973
Marketable securities	(221,230)	35
Net-capital loss carry forwards	10,414	10,414
Share issue costs	22,604	31,991
	7,548,156	7,790,763
Less: Deferred tax asset not recorded	(7,548,156)	(7,790,763)
	-	-

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

American Creek Resources Ltd.

Notes to Consolidated Financial Statements

December 31, 2020 and 2019

(expressed in Canadian dollars)

The Company has incurred losses of \$21,506,329 for tax purposes which are available to reduce future taxable income. The losses will expire as follows:

	\$
2026	1,773,348
2027	2,803,443
2028	1,626,710
2029	1,366,782
2030	1,432,208
2031	1,295,971
2032	2,292,304
2033	2,887,582
2034	1,323,849
2035	1,022,631
2036	593,142
2037	536,016
2038	577,655
2039	779,623
2040	<u>1,195,065</u>
	<u>21,506,329</u>

The Company also has Canadian exploration expenditures and Canadian development expenditures, available to reduce future years' taxable income, in the amount of \$9,025,133, which has no expiry date.

19 Subsequent events

Spin out transaction

On February 25, 2021 a plan of arrangement spin out transaction was completed by the Company.

The amended and restated arrangement agreement dated October 2, 2020, entered into between the Company and Stinger (a wholly owned subsidiary of the Company), was approved by the shareholders of the Company on December 3, 2020, by a Final Order granted by the Supreme Court of British Columbia on December 7, 2020, in accordance with Part 9 of the Business Corporations Act (British Columbia), and accepted by the TSX Venture Exchange.

Pursuant to the Arrangement Agreement and on the Effective Date:

- a) The Company transferred the following assets to Stinger in consideration for 45,000,389 common shares of Stinger (the "Stinger Shares"):
 - i) the three (3) mineral properties commonly referred to as the Dunwell Property, the Gold Hill Property and the D1 McBride Property;
 - ii) optioned interests in the 3 mineral properties commonly referred to as the Silver Side Property, the Ample Goldmax Property and the Glitter King Property;

American Creek Resources Ltd.

Notes to Consolidated Financial Statements

December 31, 2020 and 2019

(expressed in Canadian dollars)

- iii) 1,400,499 common shares of Tudor Gold Corp;
 - iv) \$2,500,000 cash;
 - v) the right to receive additional cash in the event previously issued share purchase warrants of the Company are exercised after the Effective Date;
 - vi) the real property located at #92 - 2nd Avenue West, Cardston, Alberta, and all leasehold improvements related thereto and office furniture, computers and other equipment therein; and
 - vii) vehicles, an assortment of exploration equipment.
- b) the existing common shares of the Company were re-designated as Class A Shares (the "AMK Class A Shares") and the Company created a new class of common shares known as the "New AMK Common Shares";
 - c) each AMK Class A Share was exchanged for one New AMK Common Share and 0.11324 of one Stinger Share;
 - d) the AMK Class A Shares were cancelled;
 - e) all outstanding of the Company warrants were adjusted to allow holders to acquire, upon exercise, one New AMK Common Share and 0.11324 of one Stinger Share, such that an aggregate of 4,636,030 Stinger Shares may be issued if all outstanding warrants are exercised;
 - f) all holders of the outstanding options of the Company received 0.11324 of one Stinger option with whole option entitling the holder therefore to purchase one Stinger Share, such that an aggregate of 3,782,213 Stinger Shares may be issued if all such options are exercised;
 - g) Stinger became a reporting issuer in British Columbia, Alberta, Saskatchewan and Ontario; and
 - h) the Company retained its interests in the Treaty Creek Property and the Austruck-Bonanza Property and approximately \$2 million cash for working capital, and remains listed on the TSXV and continues to trade under the trading symbol "AMK" as a junior exploration company.

Options exercised

On February 2, 2021, incentive stock options to purchase 200,000 common shares at \$0.05 per share were exercised by a director of the Company.

Options granted

On March 5, 2021, the Company granted 6,300,000 incentive stock options under the Company's stock option plan to certain directors, officers and contractors of the Corporation. The options granted were at a price of \$0.32 and are exercisable until March 4, 2031.

American Creek Resources Ltd.

Notes to Consolidated Financial Statements

December 31, 2020 and 2019

(expressed in Canadian dollars)

Warrants exercised

Between March 16, 2021 and April 27, 2021, 4,638,778 warrants to were exercised to purchase 4,638,778 common shares at prices between \$0.06 per share and \$0.12 per share.