

American Creek Resources Ltd.

Interim Financial Statements

June 30, 2022

(Unaudited – prepared by management)

(Expressed in Canadian dollars)

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

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

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

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

American Creek Resources Ltd.
Consolidated Statements of Financial Position
As at June 30, 2022 and December 31, 2021

(unaudited – prepared by management)
(expressed in Canadian dollars)

	2022	2021
	\$	\$
Assets		
Current assets		
Cash	1,606,312	1,907,258
Prepaid expenses and deposits (note 4)	259,850	12,728
Receivable (note 5)	10,494	10,462
Short-term loan receivable (Note 18)	-	23,953
Marketable securities (note 8)	130,000	211,000
	<u>2,006,656</u>	<u>2,165,401</u>
Reclamation bonds (note 6)	80,000	80,000
Property and equipment (note 7)	-	-
Exploration and evaluation assets (notes 9, 17 and 18)	<u>153,720</u>	<u>153,720</u>
	<u>2,240,376</u>	<u>2,399,121</u>
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (note 10)	8,810	101,377
Short-term loan payable (Note 18)	44,268	-
	<u>53,078</u>	<u>101,377</u>
Shareholders' Equity		
Share capital (note 11)	42,478,010	42,024,653
Reserves (note 11)	12,698,745	11,724,697
Deficit	<u>(52,989,457)</u>	<u>(51,451,606)</u>
	<u>2,187,298</u>	<u>2,297,744</u>
	<u>2,240,376</u>	<u>2,399,121</u>
Going concern (note 1)		
Commitments (note 17)		
Subsequent event (note 20)		

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
For the periods ended June 30,

(unaudited – prepared by management)
(expressed in Canadian dollars)

	Three months ended June 30		Six months ended June 30	
	2022 \$	2021 \$	2022 \$	2021 \$
Expenses				
Advertising and promotion	9,650	28,619	21,295	53,896
Business development and property investigation	26,324	19,961	(24,168)	40,012
Corporate communications	3,914	2,970	7,220	9,205
Filing and transfer agent fees	12,400	1,686	64,472	20,836
Management fees (note 13)	100,500	103,500	201,000	379,000
Office and administration	54,095	58,186	77,492	83,107
Professional fees	17,452	19,680	19,385	56,018
Stock-based compensation (note 11 and 13)	1,102,339	-	1,102,339	1,958,867
	<u>(1,326,674)</u>	<u>(234,602)</u>	<u>(1,469,035)</u>	<u>(2,600,941)</u>
Other				
Gain on distribution as per plan of arrangement (note 9)	-	-	-	(2,415,540)
Loss (gain) on disposal of marketable securities and change in fair market value (note 8)	64,000	-	81,000	(728,259)
Gain on shares issued for debt	-	-	(12,184)	-
Gain on sale of exploration and evaluation assets	-	-	-	-
Net (loss) income and total comprehensive loss	<u>(1,390,674)</u>	<u>-</u>	<u>(1,537,851)</u>	<u>542,858</u>
Basic and diluted loss per common share	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Basic and diluted weighted average number of common shares outstanding	<u>442,804,542</u>	<u>397,446,088</u>	<u>441,451,878</u>	<u>399,643,216</u>

See accompanying notes to these consolidated financial statements.

American Creek Resources Ltd.

Consolidated Statements of Changes in Equity

For the periods ended June 30,

(unaudited – prepared by management)

(expressed in Canadian dollars)

	Share capital		Reserves			
	Number of shares	Amount \$	Share-based payment reserve \$	Warrant reserve \$	Deficit \$	Equity \$
Balance as at January 1, 2022	439,714,998	42,024,653	8,833,032	2,891,665	(51,451,606)	2,297,744
Shares issued:						
Exercised options (note 11)	2,900,000	290,000	-	-	-	290,000
Valuation of options exercised (note 11)	-	128,291	(128,291)	-	-	-
Shares issued for debt (note 11)	189,544	35,066	-	-	-	35,066
Valuation of options granted (note 11)	-	-	1,102,339	-	-	1,102,339
Net and comprehensive loss	-	-	-	-	(1,537,851)	(1,537,851)
Balance as at June 30, 2022	442,804,542	42,478,010	9,807,080	2,891,665	(52,989,457)	2,187,298
Balance as at January 1, 2021	397,190,109	39,885,293	6,951,333	4,267,134	(38,488,342)	12,615,418
Shares issued:						
Exercised warrants (note 11)	4,638,778	370,828	-	-	-	370,828
Exercised options (note 11)	1,585,000	94,775	-	-	-	94,775
Valuation of warrants exercised (note 11)	-	155,349	-	(155,349)	-	-
Valuation of options exercised (note 11)	-	78,448	(78,448)	-	-	-
Valuation of options granted (note 11)	-	-	1,958,867	-	-	1,958,867
Net and comprehensive income	-	-	-	-	542,858	544,778
Distribution as per Plan of Arrangement (note 18)	-	-	-	-	(13,117,613)	(13,117,613)
Balance as at June 30, 2021	403,413,887	40,584,693	8,831,752	4,111,785	(51,063,097)	2,465,133

See accompanying notes to these consolidated financial statements.

American Creek Resources Ltd.

Interim Statements of Cash Flows

For the periods ended June 30,

(unaudited – prepared by management)

(expressed in Canadian dollars)

	2022	2021
	\$	\$
Operating activities		
Net income for the period	(1,537,851)	542,858
Items not affecting cash		
(Loss) gain on disposal of marketable securities and change in fair market value	81,000	(728,259)
Gain on plan of arrangement	-	(2,415,540)
Gain on shares issued for debt	(12,184)	-
Stock-based compensation	1,102,339	1,958,867
	<u>(366,696)</u>	<u>(642,074)</u>
Changes in non-cash working capital		
Prepaid expenses and deposits	(247,122)	109,873
Receivables	(32)	39,749
Accounts payable and accrued liabilities	(45,317)	(114,613)
	<u>(659,167)</u>	<u>(607,065)</u>
Cash used in operating activities		
	<u>(659,167)</u>	<u>(607,065)</u>
Financing activities		
Proceeds from issuance of capital stock	290,000	465,603
	<u>290,000</u>	<u>465,603</u>
Cash provided by financing activities		
	<u>290,000</u>	<u>465,603</u>
Investing activities		
Expenditures of property and equipment	-	(108,149)
Short-term loan	68,221	(58,108)
Cash received from investors	-	2,000
Cash paid as per plan of arrangement	-	(2,500,000)
	<u>68,221</u>	<u>(2,664,257)</u>
Cash used in investing activities		
	<u>68,221</u>	<u>(2,664,257)</u>
(Decrease) Increase in cash	(300,946)	(2,805,719)
Cash – beginning	1,907,258	4,812,982
Cash – ending	<u>1,606,312</u>	<u>2,007,263</u>
Supplemental disclosures with respect to cash flows (note 12)		

See accompanying notes to these consolidated financial statements.

American Creek Resources Ltd.

Notes to Financial Statements

For the period ended June 30,

(unaudited – prepared by management)

(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 890 West Pender Street, Suite 600, Vancouver, British Columbia, Canada, V6C 1J8.

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

Going concern

These interim 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 loss of \$1,537,851 during the period ended June 30, 2022 (2021 income– \$542,858), generated negative cash flows from operating activities of \$659,167 (2021 – \$607,065) and, as of that date the Company’s deficit was \$52,989,457 (2021 – \$51,063,097) and working capital was \$2,187,298 (December 2021 – \$2,064,024). 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 interim financial statements do not reflect the adjustments to the carrying values and classifications of assets and liabilities, or to the reported expenses that would be necessary if the Company were unable to realise its assets and settle its liabilities as a going concern in the normal course of operations. Such adjustments could be material.

American Creek Resources Ltd.

Notes to Financial Statements

For the period ended June 30,

(unaudited – prepared by management)

(expressed in Canadian dollars)

2 Basis of preparation

These interim financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”). These interim financial statements have been prepared in accordance with IAS 34, Interim Financial Reporting (“IAS 34”).

These interim financial statements do not include all of the information required for full annual financial statements and is intended to provide users with an update in relation to events and transactions that are significant to an understanding of the changes in financial position and performance of the Company since the end of the last annual reporting period. It is therefore recommended that this unaudited interim financial report be read in conjunction with the audited annual financial statements of the Company for the year ended December 31, 2021. The effects of the adoption of new and amended IFRS pronouncements have been disclosed below in these interim financial statements.

The accounting policies and methods of application applied by the Company in these condensed interim financial statements are the same as those applied in the Company’s most recent annual audited financial statements for the year ended December 31, 2021.

These consolidated financial statements were approved for issuance by the Company’s board of directors (“Board”) on August 22, 2022.

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 followed in these unaudited financial statements have been applied consistently to all periods presented in these financial statements.

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

American Creek Resources Ltd.

Notes to Financial Statements

For the period ended June 30,

(unaudited – prepared by management)

(expressed in Canadian dollars)

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 interim financial statements.

4 Prepaid expense and deposits

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

	2022	2021
	\$	\$
Insurance	4,675	12,553
Vendor prepayments	255,175	175
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	259,850	12,728
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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:

	2022	2021
	\$	\$
Electrum	16,000	16,000
Treaty Creek	40,000	40,000
Gold Hill	16,000	16,000
Dunwell	8,000	8,000
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	80,000	80,000
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American Creek Resources Ltd.

Notes to Financial Statements

For the period ended June 30,

(unaudited – prepared by management)

(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, 2021	14,021	74,221	13,784	106,001	350,000	558,027
Additions	-	16,085	-	(92,064)	-	108,149
Disposals	(14,021)	(90,306)	(13,784)	(71,649)	(350,000)	(666,176)
Cost – June 30, 2022	-	-	-	-	-	-
Accumulated depreciation – December 31, 2021	(6,481)	(72,493)	(13,784)	(60,628)	(16,188)	(169,574)
Additions	-	-	-	-	-	-
Disposals (note 18)	6,481	72,493	13,784	60,628	16,188	169,574
Accumulated depreciation – June 30, 2022	-	-	-	-	-	-
Net carrying amounts – June 30, 2022	-	-	-	-	-	-

On February 24, 2021, the Company completed the Plan of Arrangement with Stinger. Pursuant to the Plan of Arrangement, the Company transferred all property and equipment with net book value of \$496,602 to Stinger as of that date (note 18).

8 Marketable securities

As at June 30, 2022 the Company held 100,000 (2021 - 100,000) common shares of Tudor Gold Corp (“Tudor Shares”).

The Net Smelter Royalty (“NSR”) agreement outlined in Note 17 was bought out and fully extinguished by Tudor Gold Corp. on September 30, 2021. As part of the buyout and for facilitating the transaction, the Company received 100,000 common shares of Tudor Gold Corp. at a market price of \$2.27 per common share. The book value of the underlying option to re-purchase the NSR was \$Nil, resulting in a recovery on sale of \$227,000 for the value of shares received on September 30, 2021. The recovery was credited to evaluation and exploration assets (note 9). At June 30, 2022, the shares had decreased in value since the previous year end to \$1.30 per share resulting in an unrealized loss on the value of the marketable securities held as of quarter-end of \$81,000.

As at February 25, 2021 the Company held 1,400,499 Tudor Shares. On this date, the Company completed the plan of arrangement with Stinger and pursuant to the purchase and sale agreement, all Tudor Shares were transferred to Stinger. The shares were valued at \$3.18 per share for total fair value of \$4,453,587 on the date of

American Creek Resources Ltd.

Notes to Financial Statements

For the period ended June 30,

(unaudited – prepared by management)

(expressed in Canadian dollars)

the agreed disposition (note 18) and prior to the completion of the Plan of Arrangement, a gain on disposal was recorded in the amount of \$728,259.

9 Exploration and evaluation assets

As at June 30, 2022, the Company's exploration and evaluation assets are located in British Columbia, Canada. Expenditures incurred on exploration and evaluation assets are as follows:

	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, 2021	119,944	-	-	-	-	119,944
Additions	-	-	-	-	-	-
Disposals (note 18)	-	-	-	-	-	-
Acquisition costs – June 30, 2022	119,944	-	-	-	-	119,944
Exploration costs – December 31, 2021	33,776	-	-	-	-	33,776
Additions	-	-	-	-	-	-
Recovery (note 8)	-	-	-	-	-	-
Disposals (note 18)	-	-	-	-	-	-
Exploration costs – June 30, 2022	33,776	-	-	-	-	33,776
Total June 30, 2022	153,720	-	-	-	-	153,720

American Creek Resources Ltd.

Notes to Financial Statements

For the period ended June 30,

(unaudited – prepared by management)

(expressed in Canadian dollars)

As at December 31, 2021, the Company's exploration and evaluation assets are located in British Columbia, Canada. Expenditures incurred on exploration and evaluation assets are as follows:

	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, 2020	119,944	336,100	803,475	200,000	239,514	1,699,033
Additions	-	-	-	-	-	-
Disposals (note 18)	-	(336,100)	(803,475)	(200,000)	(239,514)	(1,579,089)
Acquisition costs – December 31, 2021	<u>119,944</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>119,944</u>
Exploration costs – December 31, 2020	260,776	467,927	1,121,659	53,671	29,539	1,933,572
Additions	-	-	-	-	-	-
Recovery (note 8)	(227,000)	-	-	-	-	-
Disposals (note 18)	-	(467,927)	(1,121,659)	(53,671)	(29,539)	(1,672,796)
Exploration costs – December 31, 2021	<u>33,776</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>260,776</u>
Total December 31, 2021	<u>153,720</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>153,720</u>

On February 25, 2021, the Company completed the Plan of Arrangement with Stinger. Pursuant to the Plan of Arrangement, exploration and evaluation assets with a carrying value of \$3,251,885 was transferred to Stinger as of that date (Note 18).

American Creek Resources Ltd.

Notes to Financial Statements

For the period ended June 30,

(unaudited – prepared by management)

(expressed in Canadian dollars)

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 of \$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, fulfilling this obligation under the agreement (Note 17). The Company maintains a 20% carried interest in the property and is not obligated to contribute towards costs until a production notice is given by the operator of the property. No exploration costs were incurred by the Company during the period (2021 - \$Nil) due to the Company's carried interest terms. Exploration for 2022 is ongoing and press releases are available on the American Creek's website as to the progress of the project.

Austruck-Bonanza Property, British Columbia, Canada

The Austruck-Bonanza property is located near Kamloops, British Columbia. The Company holds 100% interest in these claims. No exploration costs were incurred by the Company during the period (2021 - \$Nil).

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% 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. During the year ended December 31, 2016, the Company 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.

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 \$Nil (2021 - \$Nil) were incurred during the year.

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Notes to Financial Statements

For the period ended June 30,

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(expressed in Canadian dollars)

During the year ended December 31, 2021, the Company transferred the property to Stinger as part of Plan of arrangement (note 18).

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 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 \$Nil (2020 - \$257,018) were also incurred.

During the year ended December 31, 2021, the Company transferred the property to Stinger as part of Plan of arrangement (note 18).

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 \$Nil (2020 - \$257,018) 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).

Exploration costs in the amount of \$Nil (2020 - \$33,242) were incurred.

During the year ended December 31, 2021, the Company transferred the property to Stinger as part of Plan of arrangement (note 18).

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, 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

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For the period ended June 30,

(unaudited – prepared by management)

(expressed in Canadian dollars)

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.

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).

During the year ended December 31, 2021, the Company transferred the properties to Stinger as part of Plan of arrangement (note 18).

10 Accounts payable and accrued liabilities

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

	2022	2021
	\$	\$
Trade payables (note 13)	8,810	81,377
Accrued liabilities	-	20,000
	<hr/>	<hr/>
	8,810	101,377
	<hr/>	<hr/>

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 period ended June 30, 2022, the Company:

- i) Issued 189,544 common shares at deemed prices between \$0.185 and \$0.31 per shares representing a total value of a shares for services agreement in the amount of \$47,250.
- ii) Issued 2,900,000 common shares for cash proceeds of \$290,000 from incentive options exercised by directors and consultants. Option value at the time the options were granted was also transferred to share capital in the amount of \$128,291.

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For the period ended June 30,

(unaudited – prepared by management)

(expressed in Canadian dollars)

During the year ended December 31, 2021, the Company:

- iii) Issued 1,585,000 common shares with a fair value of \$94,775 from the exercise of incentive options. Option value at the time of grant was also transferred to share capital in the amount of \$85,828.
 - iv) Issued 40,939,889 common shares for total proceeds of \$3,479,727 from the exercise of warrants. These warrants were included in the Plan of Arrangement (note 18) and as such, \$2,896,439 was payable to Stinger. The remaining amount of \$583,288 was recorded to share capital. Warrant value at the time of grant was also transferred to share capital in the amount of \$1,375,469.
- 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, 2020	33,620,000	0.09
Options granted	6,300,000	0.32
Options exercised	(1,585,000)	0.05
Options cancelled	(20,000)	0.10
	<hr/>	
Balance – December 31, 2021	38,315,000	0.09
Options granted	5,600,000	0.20
Options exercised	(2,900,000)	0.10
Options cancelled	-	-
	<hr/>	
Balance – June 30, 2022	41,015,000	0.11
	<hr/>	
Number of options currently exercisable	41,015,000	0.11

The average share price on the date of exercise was \$0.19 (2021 - \$0.25).

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Notes to Financial Statements

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(expressed in Canadian dollars)

The following incentives stock options were outstanding and exercisable as at June 30, 2022:

Expiry Date	Exercise Price \$	Number Outstanding
March 10, 2025	0.10	3,550,000
April, 24, 2025	0.10	480,000
March 2, 2026	0.05	7,100,000
May 19, 2026	0.08	2,720,000
November 2, 2026	0.07	1,800,000
May 29, 2027	0.05	1,000,000
July 18, 2027	0.05	1,125,000
February 5, 2028	0.05	575,000
January 18, 2029	0.05	2,050,000
August 20, 2029	0.08	2,750,000
September 5, 2029	0.09	2,700,000
May 24, 2030	0.07	865,000
August 27, 2030	0.18	2,400,000
March 4, 2031	0.18	6,300,000
April 10, 2032	0.20	5,600,000
		<u>41,015,000</u>
Weighted average remaining contractual life (years)		<u>6.28</u>

During the period ended June 30, 2022, the Company:

- i) Granted 5,600,000 options to directors and officers and consultants at \$0.20 per share expiring on April 10, 2032. 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 \$0.20. All options vested on the grant date.

The fair value of the common share purchase options was determined to be \$1,102,339 in total using the Black-Scholes Option Pricing Model, assuming a 0% dividend yield, 150% volatility, a risk-free interest rate of 2.71%, and a term of 10 years.

During the year ended December 31, 2021, the Company:

- ii) Repriced a total of 2,400,000 stock options of the Company from \$0.335 to \$0.18 per common share, and a total of 6,300,000 stock options of the Company from \$0.32 to \$0.18 per common share. The Company recorded incremental fair value of \$8,660 using the Black-Scholes Options Pricing Model.
- iii) Granted 6,300,000 options to directors and officers and consultants at \$0.32 per share expiring on March 4, 2031. 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 \$0.32. All options vested on the grant date.

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The fair value of the common share purchase options was determined to be \$1,958,867 in total using the Black-Scholes Option Pricing Model, assuming a 0% dividend yield, 156% volatility, a risk-free interest rate of 1.55%, 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, 2020	40,939,889	0.09
Warrants exercised	(40,939,889)	0.09
Warrants expired	-	-
Balance – December 31, 2021	-	-
Warrants exercised	-	-
Balance – June 30, 2022	-	-

There are nil warrants to acquire common shares outstanding as at June 30, 2022.

During the year ended December 31, 2021, the Company no new warrants were issued and there were no warrants outstanding as at year end.

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.

12 Supplemental disclosures with respect to cash flows

Supplementary disclosure of non-cash investing and financing activities during the period ended June 30:

	2022 \$	2021 \$
Shares issued for debt	47,250	-
	47,250	-

American Creek Resources Ltd.

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13 Related party transactions

Included in accounts payable and accrued liabilities is \$Nil (2021 – \$83,750) due to companies controlled by officers of the Company (note 10).

During the six-months ended June 30, 2022, the Company incurred the following related party transactions:

- a) Incurred management fees in the amount of \$120,000 (2021– \$220,000) to companies controlled by the Company’s Chief Executive Officer.
- b) Incurred management fees in the amount of \$81,000 (2021– \$156,000) to a companies controlled by the Company’s Chief Financial Officer.

For the six-months ended June 30, 2022, the total remuneration of key management personnel was \$201,000 (2021 - \$275,500) of management fees and \$866,124 (2021 - \$1,371,207) of stock-based compensation for management and directors.

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 June 30, 2022, 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 reclamation bonds approximate their fair values due to the relatively short periods to maturity of these financial instruments.

Cash and marketable securities are measured using level 1 inputs.

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 and reclamation bonds.

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The Company's cash is held through a Canadian chartered bank which is high-credit quality financial institution. The Company's reclamation bonds are held by Ministry of Energy, Mines and Low Carbon Innovation of British Columbia. 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 June 30, 2022, the Company had a cash balance of \$1,606,312 and short-term receivables of \$10,494 to settle current liabilities of \$8,810. 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 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

Interest rate risk is the risk that future cash flows will fluctuate as a result in changes in market interest rates. 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.

b) Foreign currency rate risk

Foreign currency rate risk is the risk that the fair value or future cash flows will fluctuate as a result of changes in foreign exchange risks. 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 June 30, 2022 was \$1,953,578 (2021 – \$1,898,684). The Company's capital management objectives, policies and processes have not been changed over the periods presented. The Company is not subject to any externally imposed capital requirements.

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

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- 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

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, the Silverside Property (Note 9). 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.

Outstanding commitments related to the Ample Goldmax, Glitter King and Silverside exploration and evaluation assets were assumed by Stinger as part of the plan of arrangement agreement in 2021 (note 18).

Control and Termination of Contract Agreement

During the year ended December 31, 2021, the Company entered into agreements with companies owned by its Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") with expiry date of December 31, 2025, whereas the CEO and CFO, through their contracted companies have the right to terminate the contracted positions in the event that there is a change of control of the Company. If they exercise the right of termination, they shall be entitled to receive an amount equal to greater of (1) three times the annual base compensation and annual bonus compensation and (2) the remuneration that the companies would have received if they had continued working until end of the term of the agreements.

18 Plan of arrangement

On February 25, 2021, a Plan of Arrangement spin out transaction was completed by the Company whereby certain assets were transferred to Stinger.

American Creek Resources Ltd.

Notes to Financial Statements

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The amended and restated Plan of 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.

As the arrangement occurred between companies under common control, the transfer was reflected at carrying values and was recorded as a capital transaction through equity. The carrying values of the net assets transferred and acquired in consideration for 45,000,389 common shares of Stinger (the “Stinger Shares”) pursuant to the Plan of Arrangement consisted of the following:

Dividend to shareholders (45,000,389 common shares)	\$ <u>13,117,614</u>
Assets Transferred:	
Cash	2,500,000
Exploration and evaluation assets (Dunwell Property, Gold Hill Property, D1 McBride Property and optioned interests in Silverside Property, Ample Goldmax Property, Glitter King Property) (note 9)	3,251,885
Property and Equipment (note 7)	496,602
Marketable securities (1,400,499 common shares Tudor Gold Corp.) (note 8)	<u>4,453,587</u>
Total assets transferred	<u>10,702,074</u>
Gain on distribution as per Plan of Arrangement	<u>2,415,542</u>

As part of the Arrangement, stock options and warrants outstanding in the Company are exercisable into 0.11973 common share of Stinger and one common share of the Company. Upon exercise, Stinger must issue common shares to the option holders and the Company must pay 80% of the proceeds after deducting the payable to Stinger calculated based on the exchange ratio of 0.11973. 4,636,030 warrants were exercised in the Company (note 11) and \$2,896,439 of the total proceeds received of \$3,479,727 was applied against the balance Stinger owed to the Company. The remaining balance of \$583,288 was recorded in share capital of the Company (Note 9).

As part of the Arrangement:

- a) 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";
- b) each AMK Class A Share was exchanged for one New AMK Common Share and 0.11973 of one Stinger Share;
- c) the AMK Class A Shares were cancelled;

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- d) all outstanding of the Company warrants were adjusted to allow holders to acquire, upon exercise, one New AMK Common Share and 0.11973 of one Stinger Share, such that an aggregate of 4,636,030 Stinger Shares were issued as all outstanding warrants were exercised;
- e) all holders of the outstanding options of the Company received 0.11973 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;
- f) Stinger became a reporting issuer in British Columbia, Alberta, Saskatchewan and Ontario;
- g) 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 TSX Venture Exchange and continues to trade under the trading symbol "AMK" as a junior exploration company; and
- h) subsequent to the completion of Plan of the Arrangement, an additional cash payment of \$2,896,439 was paid to Stinger as its share of proceeds from outstanding warrants in the Company that were exercised (note 11) and dividend of \$13,117,614 was recorded as distribution of Stinger shares to the Company's shareholders.

Following the plan of arrangement transaction there were amounts outstanding that were paid and received by the Company on behalf of the Stinger. An outstanding net total of transactions related to Stinger resulted in a short-term loan payable amount of \$44,268 (2021 – receivable \$23,953). This amount has no set payment terms and bears no interest.