

# **Stinger Resources Inc.**

Interim Financial Statements

**March 31, 2021**

(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 Stinger Resources Inc. (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.

# Stinger Resources Inc.

## Interim Statements of Financial Position

As at March 31, 2021 and December 31, 2020

(unaudited – prepared by management)

(expressed in Canadian dollars)

	2021 \$	2020 \$
<b>Assets</b>		
<b>Current assets</b>		
Cash	2,388,602	-
Prepaid expenses and deposits (note 3)	500	-
Receivable (note 4)	17,246	1
Marketable securities (note 5)	4,453,587	-
	<hr/> 6,859,935	1
<b>Property and equipment</b> (note 6)	514,395	-
<b>Exploration and evaluation assets</b> (notes 7 and 14)	3,419,556	-
	<hr/> 10,793,886	1
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities (note 8)	178,083	-
Loan payable (note 15)	53,783	-
	<hr/> 231,866	-
<b>Shareholders' Equity</b>		
<b>Share capital</b> (note 9)	10,725,128	1
<b>Reserves</b> (note 9)	191,109	-
<b>Deficit</b>	(354,217)	-
	<hr/> 10,562,020	1
	<hr/> 10,793,886	1
<b>Going concern</b> (note 1)		
<b>Commitments</b> (note 14)		

See accompanying notes to these interim financial statements.

### Approved by the Board of Directors

*"Darren R. Blaney"*

Director

*"Robert N. Edwards"*

Director

**Stinger Resources Inc.****Interim Statements of Income and Comprehensive Income (Loss)****For the periods ended March 31,**

(unaudited – prepared by management)

(expressed in Canadian dollars)

	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
<b>Expenses</b>		
Advertising and promotion	6,270	-
Business development and property investigation	8,400	-
Corporate communications	185	-
Depreciation on equipment (note 6)	13,908	-
Filing and transfer agent fees	31,698	-
Management fees (note 10)	78,750	-
Office and administration	12,897	-
Professional fees	11,000	-
Stock-based compensation (note 9 and 10)	191,109	-
	<u>(354,217)</u>	<u>-</u>
<b>Net and Comprehensive income (loss)</b>	<u>(354,217)</u>	<u>-</u>
<b>Basic and diluted loss per common share</b>	<u>(0.02)</u>	<u>(0.00)</u>
<b>Basic and diluted weighted average number of common shares outstanding</b>	<u>17,012,373</u>	<u>1</u>

See accompanying notes to these interim financial statements.

## Stinger Resources Inc.

### Interim Statements of Changes in Equity

For the periods ended March 31,

(unaudited – prepared by management)

(expressed in Canadian dollars)

	Share capital		Reserves		
	Number of shares	Amount \$	Share-based payment reserve \$	Deficit \$	Equity \$
<b>Balance as at January 1, 2021</b>	1	1	-	-	1
Shares issued:					
Shares issued pursuant to plan of arrangement (note 9)	45,000,388	10,702,073	-	-	10,702,073
Warrant exercise (note 9)	235,903	23,054	-	-	23,054
Valuation of options granted (note 9)	-	-	191,109	-	191,109
<b>Net and comprehensive income</b>	-	-	-	(354,217)	(354,217)
<b>Balance as at March 31, 2021</b>	<b>45,236,292</b>	<b>10,725,128</b>	<b>191,109</b>	<b>(354,217)</b>	<b>10,562,020</b>
<b>Balance as at January 1, 2020</b>	-	-	-	-	-
Shares issued:					
	-	-	-	-	-
<b>Net and comprehensive loss</b>	-	-	-	-	-
<b>Balance as at March 31, 2020</b>	-	-	-	-	-

See accompanying notes to these interim financial statements.

# Stinger Resources Inc.

## Interim Statements of Cash Flows

For the periods ended March 31,

(unaudited – prepared by management)

(expressed in Canadian dollars)

	2021 \$	2020 \$
<b>Operating activities</b>		
Net income (loss) for the period	(354,217)	-
Items not affecting cash		
Depreciation on equipment	13,908	-
Gain from distribution as per plan of arrangement	-	-
Gain on disposal of marketable securities and change in fair market value	-	-
Gain on shares issued to settle payables	-	-
Stock-based compensation	191,109	-
	(149,200)	-
Changes in non-cash working capital		
Prepaid expenses and deposits	(500)	-
Receivables	(17,246)	-
Accounts payable and accrued liabilities	178,083	-
	11,137	-
<b>Cash used in operating activities</b>	11,137	-
<b>Financing activities</b>		
Proceeds from issuance of capital stock	2,523,054	-
<b>Cash provided by financing activities</b>	2,523,054	-
<b>Investing activities</b>		
Expenditures of exploration and evaluation assets	(167,671)	-
Expenditures on property and equipment	(31,703)	-
Receipt of short term loan	53,783	-
<b>Cash used in investing activities</b>	(145,589)	-
<b>Increase in cash</b>	2,388,602	-
<b>Cash – beginning</b>	-	-
<b>Cash – ending</b>	2,388,602	-
<b>Supplemental disclosures with respect to cash flows</b> (note 13)		

See accompanying notes to these interim financial statements.

# Stinger Resources Inc.

## Notes to Interim Financial Statements

**March 31, 2021 and 2020**

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(unaudited – prepared by management)

(expressed in Canadian dollars)

### **1 Nature and continuance of operations**

Stinger Resources Inc. (the “Company”) was incorporated under the British Columbia Business Corporations Act on September 22, 2020. 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 1100 – 736 Granville Street, Vancouver, British Columbia, Canada, V6Z 1G3.

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

The Company was formed for the primary purpose of completing a Plan of Arrangement with the Company’s parent company, American Creek Resources Ltd. (“American Creek”) (Note 15). These financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. Different bases of measurement may be appropriate if the Company is not expected to continue operations for the foreseeable future. The Company’s continuation as a going concern is dependent on its ability to generate future cash flows and/or obtain additional financing. These factors indicate the existence of a material uncertainty that may cast significant doubt about the Company’s ability to continue as a going concern. Management intends to finance operating costs over the next twelve months with existing working capital. Should additional capital be required to fund exploration and/or acquire new projects, other financing alternatives will be considered. There is a risk that additional financing will not be available on a timely basis or on terms acceptable to the Company. These financial statements do not reflect any adjustments that may be necessary if the Company is unable to continue as a going concern.

Since March 2020, several measures have been implemented in Canada and the rest of the world in response to the increased impact from the novel coronavirus (COVID-19). The Company continues to operate its business at this time. While the impact of COVID-19 is expected to be temporary, the current circumstances are dynamic and the impacts of COVID-19 on business operations cannot be reasonably estimated at this time. The Company anticipates this could have an adverse impact on its business, results of operations, financial position and cash flows in fiscal 2021.

### **2 Basis of preparation and significant accounting policies**

#### **Statement of compliance**

The condensed 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 condensed interim financial statements have been prepared in accordance with IAS 34, Interim Financial Reporting (“IAS 34”).

These interim unaudited condensed 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 condensed interim financial report be read in conjunction with the annual financial statements of the Company for the year ended December 31, 2020. The effects of the adoption of new and amended IFRS pronouncements have been disclosed below in these condensed interim financial statements.

# Stinger Resources Inc.

## Notes to Interim Financial Statements

March 31, 2021 and 2020

(unaudited – prepared by management)

(expressed in Canadian dollars)

### 2 Basis of presentation and significant Accounting Policies (continued)

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 financial statements for the year ended December 31, 2020.

These financial statements were approved for issuance by the Company's board of directors ("Board") on May 31, 2021.

#### 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.

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.

### 3 Prepaid expense and deposits

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

	<b>2021</b>	<b>2020</b>
	\$	\$
Vendor prepayments	500	-
	<u>500</u>	<u>-</u>

### 4 Receivable

The Company's receivable in 2021 arose from a goods and service tax receivable which are due from Canadian government taxation authorities.

# Stinger Resources Inc.

## Notes to Interim Financial Statements

March 31, 2021 and 2020

(unaudited – prepared by management)

(expressed in Canadian dollars)

### 5 Marketable securities

As at February 25, the Company received 1,400,499 common shares of Tudor Gold Corp (“Tudor Shares”) pursuant to the plan of arrangement (note 15) with American Creek Resources Ltd. (“American Creek”). The shares were valued at \$3.18 per share on the date of the agreed acquisition.

### 6 Property and equipment

	Computer and office equipment \$	Exploration equipment \$	Furniture and fixtures \$	Vehicles \$	Land and Buildings \$	Total \$
Cost – December 31, 2019	-	-	-	-	-	-
Additions	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
Cost – December 31, 2020	-	-	-	-	-	-
Additions per plan of arrangement	14,021	90,305	13,784	198,065	350,000	666,175
Additions	-	-	-	31,703	-	31,703
Cost – March 31, 2021	14,021	90,305	13,784	229,768	350,000	697,878
Accumulated depreciation – December 31, 2019	-	-	-	-	-	-
Additions	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
Accumulated depreciation – December 31, 2020	-	-	-	-	-	-
Additions	7,046	73,829	13,784	69,089	19,735	183,483
Disposals	-	-	-	-	-	-
Accumulated depreciation – March 31, 2021	7,046	73,829	13,784	69,089	19,735	183,483
Net carrying amounts – December 31, 2020	-	-	-	-	-	-
March 31, 2021	6,975	16,476	-	160,679	330,265	514,395

On February 25, 2021 the Company completed the plan of arrangement (note 15) with American Creek Resources Ltd. Pursuant to the purchase and sale agreement, all property and equipment was transferred to Stinger as of that date.

# Stinger Resources Inc.

## Notes to Interim Financial Statements

March 31, 2021 and 2020

(unaudited – prepared by management)

(expressed in Canadian dollars)

### 7 Exploration and evaluation assets

As at March 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:

	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	-	-	-	-	-
Additions per plan of arrangement	336,100	803,475	200,000	239,513	1,579,088
Disposals	-	-	-	-	-
Acquisition costs – March 31, 2021	336,100	803,475	200,000	239,513	1,579,088
Exploration costs – December 31, 2020	-	-	-	-	-
Additions per plan of arrangement	467,927	1,121,659	53,671	29,540	1,672,797
Additions	-	167,671	-	-	167,671
Exploration costs – March 31, 2020	467,927	1,289,330	53,671	29,540	1,840,468
Total March 31, 2021	804,027	2,092,805	253,671	269,053	3,519,556

On February 25, 2021, the Company completed the plan of arrangement (note 15) with American Creek in which it spun-off the Gold Hill, the Dunwell, the Ample Goldmax, the Glitter King, the Silverside and the D-1 McBride properties. Pursuant to the purchase and sale agreement American Creek was reimbursed for the acquisition costs and the exploration expenditures up to the completion date of the plan of arrangement. These properties have been added to the above table.

#### Gold Hill Property, British Columbia, Canada

The Gold Hill property is located near Fort Steele, British Columbia. The Company owns 100% interest in the property. The Company reimbursed American Creek for its original acquisition and exploration costs in total of \$804,027 pursuant to the plan of arrangement.

The Company incurred exploration costs of \$nil in the first quarter 2021.

#### Dunwell Property, British Columbia, Canada

The Dunwell property is located near Stewart, British Columbia. The Company owns 100% interest in the property. The Company reimbursed American Creek for its original acquisition and exploration costs in total of \$1,925,134 pursuant to the plan of arrangement.

The Company incurred exploration costs of \$167,671 in the first quarter 2021.

# Stinger Resources Inc.

## Notes to Interim Financial Statements

March 31, 2021 and 2020

(unaudited – prepared by management)

(expressed in Canadian dollars)

### 7 Exploration and evaluation assets (continued)

#### Ample Goldmax Property, British Columbia, Canada

The Ample Goldmax property located near Lillooet, British Columbia and is subject to an option agreement to earn 100% interest (note 14). The Ample Goldmax claims are subject to a 25% net profit royalty associated with any bulk sample as defined in the agreement. The Company reimbursed American Creek for its original acquisition and exploration costs in total of \$253,671 pursuant to the plan of arrangement.

The Company incurred exploration costs of \$nil in the first quarter 2021.

#### Other Properties, British Columbia, Canada

The Silverside Property is located near Clearwater, British Columbia. The Glitter King Property is located on Pitt Island, British Columbia. These properties are under separate option agreements (note 14) to acquire 100% interest subject to a 3% NSR royalty interest that can be purchased for \$500,000 for each 1% interest purchased. The Company reimbursed American Creek for its original acquisition and exploration costs respective to each property in total of \$262,540 pursuant to the plan of arrangement.

The Company incurred exploration cost of \$nil in the first quarter 2021.

The Company owns 100% of the D-1 McBride Property located near Dease Lake, British Columbia. The Company reimbursed American Creek for its original acquisition and exploration costs in total of \$6,514 pursuant to the plan of arrangement.

The Company incurred exploration costs of \$nil in the first quarter 2021.

### 8 Accounts payable and accrued liabilities

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

	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Trade payables	178,083	-
Accrued liabilities	-	-
	<hr/>	<hr/>
	178,083	-
	<hr/>	<hr/>

# Stinger Resources Inc.

## Notes to Interim Financial Statements

March 31, 2021 and 2020

(unaudited – prepared by management)

(expressed in Canadian dollars)

### 9 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 March 31, 2021, the Company:

i) Issued 45,000,388 shares with a fair value of \$10,702,073 pursuant to the plan of arrangement (note 15).

ii) Issued 235,903 common shares with an assigned value of \$23,054 from the exercise of warrants. Warrant value was calculated based on the plan of arrangement split of associated American Creek warrants exercised.

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:

	<b>Number of options</b>	<b>Weighted average exercise price \$</b>
Balance – December 31, 2020	-	-
Options granted per plan of arrangement	3,782,213	0.05
Options granted	717,000	0.27
	<hr/>	<hr/>
Balance – March 31, 2021	4,499,213	0.09
	<hr/>	<hr/>
Number of options currently exercisable	4,499,213	0.09

# Stinger Resources Inc.

## Notes to Interim Financial Statements

March 31, 2021 and 2020

(unaudited – prepared by management)

(expressed in Canadian dollars)

### 9 Share capital and reserves (continued)

The following incentives stock options were outstanding and exercisable as at March 31, 2021:

<b>Expiry Date</b>	<b>Exercise Price</b> \$	<b>Number Outstanding</b>
March 20, 2022	0.05	328,396
March 10, 2025	0.05	402,002
April, 23, 2025	0.05	54,354
March 2, 2026	0.05	849,300
May 19, 2026	0.05	324,998
November 2, 2026	0.05	215,156
May 29, 2027	0.05	124,564
July 18, 2027	0.05	135,888
February 5, 2028	0.05	67,944
January 18, 2029	0.05	260,452
August 20, 2029	0.05	328,396
September 5, 2029	0.05	317,072
May 24, 2030	0.05	101,915
August 27, 2030	0.05	271,776
March 18, 2031	0.27	717,000
		<u>4,499,213</u>
Weighted average remaining contractual life (years)		<u>6.53</u>

During the period ended March 31, 2021, the Company:

- i) Pursuant to the plan of arrangement, the number of options granted upon the date of the transaction were 3,782,213. All options were calculated to have a minimum exercise price allowed under TSX Venture policy of \$0.05.
- ii) Granted 717,000 options to directors and officers and consultants at \$0.27 per share expiring on March 18, 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 \$0.27. All options vested on the grant date.

The fair value of the common share purchase options was determined to be \$191,109 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.

# Stinger Resources Inc.

## Notes to Interim Financial Statements

March 31, 2021 and 2020

(unaudited – prepared by management)

(expressed in Canadian dollars)

### 9 Share capital and reserves (continued)

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

	<b>Number of warrants</b>	<b>Weighted average exercise price \$</b>
Balance – December 31, 2020	-	-
Granted per plan of arrangement	4,636,030	0.07
Exercised	(235,903)	0.06
Balance – March 31, 2021	4,400,127	0.07

The following warrants to acquire common shares were outstanding at March 31, 2021:

<b>Expiry Date</b>	<b>Exercise Price \$</b>	<b>Number Outstanding</b>
July 31, 2021	0.06	417,855
August 8, 2021	0.065	2,264,800
September 6, 2021	0.12	1,717,472
		<u>4,400,127</u>
Weighted average remaining contractual life (years)		<u>0.39</u>

During the period ended March 31, 2021, the Company:

- i) Pursuant to the plan of arrangement, the number of warrants granted upon the date of the transaction were 4,636,030. All warrants are valued based on the prorated values agreed to in plan of arrangement.

#### 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.

# Stinger Resources Inc.

## Notes to Interim Financial Statements

**March 31, 2021 and 2020**

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(unaudited – prepared by management)

(expressed in Canadian dollars)

### 10 Related party transactions

Included in accounts payable and accrued liabilities is \$nil due to companies controlled by officers of the Company.

During the period ended March 31, 2021, the Company incurred the following related party transactions:

- a) Incurred management fees in the amount of \$45,000 to a company controlled by the Company's Chief Executive Officer.
- b) Incurred management fees in the amount of \$33,750 to a company controlled by the Company's Chief Financial Officer.

For the period ended March 31, 2021, the total remuneration of key management personnel was \$78,750 of management fees and \$139,933 of stock-based compensation.

### 11 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 March 31, 2021, the Company's financial instruments are comprised of cash, marketable securities, reclamation bonds and accounts payable. The carrying value of cash, marketable securities and accounts payable 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 and receivables.

# Stinger Resources Inc.

## Notes to Interim Financial Statements

March 31, 2021 and 2020

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(unaudited – prepared by management)

(expressed in Canadian dollars)

### 11 Financial Instruments (continued)

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 low.

#### *Liquidity risk*

Liquidity risk is the risk that the Company will not meet its financial obligations as they fall due. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at March 31, 2021, the Company had a cash balance of \$2,388,602 and short-term receivables of \$17,246 to settle current liabilities of \$231,866. 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.

#### *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.

#### *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.

### 12 Capital management

The Company's working capital as at March 31, 2021 was \$6,628,069 (2020 – \$nil). 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:

# Stinger Resources Inc.

## Notes to Interim Financial Statements

March 31, 2021 and 2020

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(unaudited – prepared by management)

(expressed in Canadian dollars)

### 12 Capital management (continued)

- 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.

### 13 Segmented information

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

### 14 Commitments

#### Mineral Property Acquisitions

The Company acquired the Ample Goldmax Property, the Glitter King Property and the Silverside Property subject to option agreements pursuant to the plan of arrangement and assumed the obligations under those agreements. Some of the obligations under the agreement have been satisfied, however, others remained outstanding and were in default. The terms of each of the 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;

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.

# Stinger Resources Inc.

## Notes to Interim Financial Statements

March 31, 2021 and 2020

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(unaudited – prepared by management)

(expressed in Canadian dollars)

### 14 Commitments

#### 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.

Outstanding commitments related to the Ample Goldmax, Glitter King and Silverside exploration and evaluation assets have been assumed by the Company as part of the plan of arrangement agreement.

### 15 Plan of Arrangement

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 American Creek (parent 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.

# Stinger Resources Inc.

## Notes to Interim Financial Statements

**March 31, 2021 and 2020**

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(unaudited – prepared by management)

(expressed in Canadian dollars)

### 15 Plan of Arrangement (continued)

Pursuant to the Arrangement Agreement and on the Effective Date:

- a) American Creek transferred the following assets to the Company in consideration for 45,000,389 common shares of the Company (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;
  - 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 American Creek 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 American Creek were re-designated as Class A Shares (the "AMK Class A Shares") and American Creek 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 share of the Company;
- d) the AMK Class A Shares were cancelled;
- e) all outstanding American Creek warrants were adjusted to allow holders to acquire, upon exercise, one New AMK Common Share and 0.11324 of one share of the Company, such that an aggregate of 4,636,030 shares of the Company may be issued if all outstanding warrants are exercised;
- f) all holders of the outstanding options of American Creek received 0.11324 of one option of the Company with one whole option entitling the holder therefore to purchase one share of the Company, such that an aggregate of 3,782,213 shares of the Company may be issued if all such options are exercised;
- g) The Company became a reporting issuer in British Columbia, Alberta, Saskatchewan and Ontario; and
- h) American Creek 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.

## **Stinger Resources Inc.**

### Notes to Interim Financial Statements

**March 31, 2021 and 2020**

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(unaudited – prepared by management)

(expressed in Canadian dollars)

Following the plan of arrangement transaction, there were amounts outstanding that were paid and received by American Creek on behalf of the Company. The net amount resulted in a short-term loan payable amount of \$53,783. This amount has no set payment terms and bears no interest.