

**ATAC Resources Ltd.**  
**Condensed Interim Consolidated Financial Statements**  
**For the three months ended**  
**March 31, 2019**  
**Unaudited – Prepared by Management**  
**(Expressed in Canadian Dollars)**

ATAC Resources Ltd.  
#1016 – 510 West Hastings Street  
Vancouver, British Columbia  
V6B 1L8

May 16, 2019

To the Shareholders of  
ATAC Resources Ltd.

The attached condensed interim consolidated financial statements have been prepared by the management of ATAC Resources Ltd. and have not been reviewed by the auditor of the Company.

Yours truly,

Graham Downs  
Chief Executive Officer

**ATAC Resources Ltd.****Condensed Interim Consolidated Statements of Financial Position  
Unaudited – Prepared by Management****As at March 31, 2019 and December 31, 2018**

	Note	March 31, 2019 \$	December 31, 2018 \$
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	3	13,780,545	10,691,051
Restricted cash	5	-	144,339
Receivables and prepayments	4,5	87,045	438,401
Marketable securities	6	606,144	464,906
		<b>14,473,734</b>	<b>11,738,697</b>
<b>Non-current assets</b>			
Prepaid exploration expenditures		39,449	6,813
Mineral property interests	8	112,186,886	111,907,084
Reclamation deposit	9	124,508	123,904
		<b>112,350,843</b>	<b>112,037,801</b>
<b>Total assets</b>		<b>126,824,577</b>	<b>123,776,498</b>
<b>Liabilities and shareholders' equity</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities		167,673	169,529
Accounts payable to related parties	12	103,567	364,591
Flow-through premium liability	10,16	1,155,786	-
Restricted cash payable	5	-	144,339
		<b>1,427,026</b>	<b>678,459</b>
<b>Non-current liabilities</b>			
Deferred income tax liability	13	16,193,214	16,272,276
<b>Total liabilities</b>		<b>17,620,240</b>	<b>16,950,735</b>
<b>Shareholders' equity</b>			
Share capital	10	131,029,309	128,654,319
Contributed surplus	10	3,550,076	4,260,226
Deficit		(25,375,048)	(26,088,782)
<b>Total shareholders' equity</b>		<b>109,204,337</b>	<b>106,825,763</b>
<b>Total liabilities and shareholders' equity</b>		<b>126,824,577</b>	<b>123,776,498</b>
<b>Nature of operations and going concern</b>	1		
<b>Commitments</b>	16		

Approved on behalf of the Board of Directors on May 16, 2019:

“Bruce J. Kenway”

Director

“Glenn R. Yeadon”

Director

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

**ATAC Resources Ltd.****Condensed Interim Consolidated Statements of Changes in Shareholders' Equity  
Unaudited – Prepared by Management****For the three months ended March 31, 2019 and March 31, 2018**

	<b>Number of shares #</b>	<b>Share capital \$</b>	<b>Contributed surplus \$</b>	<b>Deficit \$</b>	<b>Total shareholders' equity \$</b>
January 1, 2018	139,861,877	124,500,676	5,621,596	(25,047,168)	105,075,104
Share-based payments	-	-	153,623	-	153,623
Exercise of options	50,000	15,500	-	-	15,500
Re-allocated on exercise of options	-	9,448	(9,448)	-	-
Re-allocated on cancellation of options	-	-	(2,585,224)	2,585,224	-
Loss and comprehensive loss for the period	-	-	-	(637,844)	(637,844)
<b>March 31, 2018</b>	<b>139,911,877</b>	<b>124,525,624</b>	<b>3,180,547</b>	<b>(23,099,788)</b>	<b>104,606,383</b>
January 1, 2019	147,528,577	128,654,319	4,260,226	(26,088,782)	106,825,763
Share-based payments	-	-	226,458	-	226,458
Re-allocated on expiration of options	-	-	(951,808)	951,808	-
Private placement units issued	10,507,143	3,677,500	-	-	3,677,500
Flow-through premium liability	-	(1,155,786)	-	-	(1,155,786)
Share issue costs	-	(146,724)	15,200	-	(131,524)
Loss and comprehensive loss for the period	-	-	-	(238,074)	(238,074)
<b>March 31, 2019</b>	<b>158,035,720</b>	<b>131,029,309</b>	<b>3,550,076</b>	<b>(25,375,048)</b>	<b>109,204,337</b>

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

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**ATAC Resources Ltd.****Condensed Interim Consolidated Statements of Loss and Comprehensive Loss****Unaudited – Prepared by Management**

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**For the three months ended March 31,**

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	Note	2019 \$	2018 \$
<b>Expenses</b>			
Consulting fees	12	13,500	13,500
Flow-through taxes		-	2,769
General administrative expenses		15,739	13,129
Insurance		10,592	14,578
Investor relations and shareholder information		43,319	42,145
Management, administration and corporate development fees	12	14,784	30,122
Office rent	12	10,500	10,500
Professional fees	12	23,886	37,105
Salaries and benefits	12	96,091	71,753
Share-based payments	10,12	226,458	153,623
Transfer agent and filing fees		3,906	5,487
<b>Loss from operating expenses</b>		<b>(458,775)</b>	<b>(394,711)</b>
Project management fees	5	-	8,865
Interest income		49,047	38,800
Gain (loss) on marketable securities	6	141,238	(301,371)
<b>Loss for the period before income taxes</b>		<b>(268,490)</b>	<b>(648,417)</b>
Deferred income tax recovery	13	30,416	10,573
<b>Loss and comprehensive loss for the period</b>		<b>(238,074)</b>	<b>(637,844)</b>
<b>Loss per share</b>			
<b>Weighted average number of common shares outstanding</b>			
- basic #	11	148,579,291	139,897,988
- diluted #	11	148,579,291	139,897,988
<b>Basic loss per share \$</b>	11	<b>(0.00)</b>	<b>(0.00)</b>
<b>Diluted loss per share \$</b>	11	<b>(0.00)</b>	<b>(0.00)</b>

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**ATAC Resources Ltd.****Condensed Interim Consolidated Statements of Cash Flows****Unaudited – Prepared by Management**

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**For the three months ended March 31,**

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	Note	2019 \$	2018 \$
<b>Operating activities</b>			
Loss and comprehensive loss for the period		(238,074)	(637,844)
Adjustments for:			
Share-based payments		226,458	153,623
Unrealized (gain) loss on marketable securities		(141,238)	301,371
Interest income		(49,047)	(38,800)
Deferred income tax recovery		(30,416)	(10,573)
Net change in non-cash working capital items	14	320,093	31,794
		<b>87,776</b>	<b>(200,429)</b>
<b>Financing activities</b>			
Issue of common shares/units for cash		3,677,500	15,500
Share issue costs		(161,170)	-
		<b>3,516,330</b>	<b>15,500</b>
<b>Investing activities</b>			
Interest received		49,047	38,800
Reclamation deposits		(604)	(403)
Mineral property acquisition costs		(56,671)	(51,686)
Prepaid exploration expenditures		(43,252)	(19,261)
Deferred exploration and evaluation expenditures		(463,132)	(238,968)
		<b>(514,612)</b>	<b>(271,518)</b>
<b>Increase (decrease) in cash and cash equivalents</b>		<b>3,089,494</b>	<b>(456,447)</b>
<b>Cash and cash equivalents, beginning of period</b>		<b>10,691,051</b>	<b>13,990,718</b>
<b>Cash and cash equivalents, end of period</b>		<b>13,780,545</b>	<b>13,534,271</b>

Supplemental cash flow information

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**The accompanying notes are an integral part of these condensed interim consolidated financial statements.**

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**ATAC Resources Ltd.****Notes to the Condensed Interim Consolidated Financial Statements****Unaudited – Prepared by Management**

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**For the three months ended March 31, 2019 and March 31, 2018**

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**1. Nature of operations and going concern**

ATAC Resources Ltd. (the "Company" or "ATAC") was incorporated under the laws of the Province of British Columbia, Canada. The Company's head office is located at 1016 - 510 West Hastings Street, Vancouver, British Columbia, Canada, V6B 1L8. Its records office is located at 1710 - 1177 West Hastings Street, Vancouver, British Columbia, Canada, V6E 2L3. Its main business activity is the acquisition, exploration and evaluation of mineral property interests located in Canada. These condensed interim consolidated financial statements (the "financial statements") of the Company as at March 31, 2019 and December 31, 2018 and for the three months ended March 31, 2019 and March 31, 2018 comprise the Company and its subsidiaries (note 7). The Company's common shares trade on the TSX Venture Exchange ("TSX-V").

The Company is in the process of exploring its mineral property interests and has not yet determined whether they contain mineral reserves that are economically recoverable. The Company's continuing operations and the underlying value and recoverability of the amounts shown for mineral property interests are entirely dependent upon the existence of economically recoverable mineral reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development of the mineral property interests, obtaining the necessary permits to mine, and on future profitable production or proceeds from the disposition of the mineral property interests.

These financial statements are prepared on the basis that the Company will continue as a going concern, which assumes that the Company will be able to continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of operations. As an exploration stage company, the Company does not have revenues and historically has recurring operating losses. As at March 31, 2019, the Company had working capital of \$13,046,708 (December 31, 2018 - \$11,060,238) and shareholders' equity of \$109,204,337 (December 31, 2018 - \$106,825,763). Management has assessed that this working capital is sufficient for the Company to continue as a going concern beyond one year. If the going concern assumption were not appropriate for these financial statements, it could be necessary to restate the Company's assets and liabilities on a liquidation basis.

**2. Significant accounting policies****(a) Basis of presentation**

These financial statements have been prepared in conformity with International Accounting Standard ("IAS") 34, Interim Financial Reporting, using the same accounting policies as detailed in the Company's annual audited financial statements for the year ended December 31, 2018, and do not include all the information required for full annual financial statements 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"). It is suggested that these financial statements be read in conjunction with the annual audited financial statements.

These financial statements have been prepared on an historical cost basis, except for financial instruments which are classified as fair value through profit or loss ("FVTPL"). In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

All amounts on the financial statements are presented in Canadian dollars which is the functional currency of the Company and its subsidiaries.

**(b) Significant accounting policies**

Except as set out below, the accounting policies, estimates and critical judgments, methods of computation and presentation applied in these financial statements are consistent with those of the most recent annual audited financial statements and are those the Company expects to adopt in its financial statements for the year ended December 31, 2019. Accordingly, these financial statements should be read in conjunction with the Company's most recent annual audited financial statements.

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**ATAC Resources Ltd.****Notes to the Condensed Interim Consolidated Financial Statements  
Unaudited – Prepared by Management**

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**For the three months ended March 31, 2019 and March 31, 2018**

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**2. Significant accounting policies (continued)****(c) New accounting standards**

The Company adopted the following accounting standards that are effective for accounting periods beginning on or after January 1, 2019:

- New standard IFRS 16 - *Leases*

IFRS 16, Leases ("IFRS 16") was issued by the IASB on January 13, 2016, and replaced IAS 17, Leases. IFRS 16 eliminates the current dual accounting model for lessees, which distinguishes between on-balance sheet finance leases and off-balance sheet operating leases. Instead, IFRS 16 requires a single, on-balance sheet accounting model that is similar to current finance lease accounting. Leases become an on-balance sheet liability that attract interest, together with a new asset.

The Company does not have any leases and accordingly, there was no impact to the Company's financial statements as a result of adopting this new standard.

- New Interpretation IFRIC 23 - *Uncertainty over Income Tax Treatments*

On June 7, 2017, the IASB issued IFRIC Interpretation 23 - Uncertainty over Income Tax Treatments ("IFRIC 23"). IFRIC 23 provides guidance on the accounting for current and deferred tax liabilities and assets in circumstances in which there is uncertainty over income tax treatments.

There was no impact to the Company's financial statements as a result of adopting this new standard.

**3. Cash and cash equivalents**

Cash and cash equivalents consist of the following:

	<b>March 31, 2019</b>	December 31, 2018
	<b>\$</b>	<b>\$</b>
Bank and broker balances	630,090	296,928
Cashable investment certificates	13,150,455	10,394,123
	<b>13,780,545</b>	<b>10,691,051</b>

**4. Receivables and prepayments**

Receivables and prepayments consist of the following:

	<b>March 31, 2019</b>	December 31, 2018
	<b>\$</b>	<b>\$</b>
Sales tax recoverable	8,852	218,327
Prepaid expenses	78,193	75,761
JVEI property receivables (note 5)	-	144,313
	<b>87,045</b>	<b>438,401</b>

**5. JVEI property receivables and restricted cash**

On April 7, 2017 (and as amended on October 3, 2018), the Company executed a joint venture earn-in agreement ("JVEI") with Barrick Gold Corporation ("Barrick") (see note 8(a)(i)). The JVEI was terminated on December 10, 2018. Under the JVEI, the Company was appointed project operator and received a management fee equal to 5% of exploration expenditures, not to exceed \$100,000 in any given year. For the year ended December 31, 2018, the Company had earned the maximum \$100,000 management fee, \$8,865 of which was earned during the three months ended March 31, 2018, which is reflected on the condensed interim consolidated statement of loss and comprehensive loss.



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**ATAC Resources Ltd.****Notes to the Condensed Interim Consolidated Financial Statements****Unaudited – Prepared by Management**

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**For the three months ended March 31, 2019 and March 31, 2018**

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**5. JVEI property receivables and restricted cash** (continued)

The Company had previously maintained a JVEI bank account to receive cash advances from Barrick to pay for the exploration amounts as incurred. Barrick was considered to be a farmee with expenditures ultimately directed by Barrick. During the year ended December 31, 2017, the Company received advance exploration funds of \$4,955,552 and during the year ended December 31, 2018, an additional \$5,626,641 was received from Barrick towards the 2018 exploration program.

All funds received from Barrick, net of recoverable GST, were spent towards the \$10,000,000 guaranteed property expenditures required under the JVEI (note 8(a)(i)). As at December 31, 2018, the Company was owed \$144,313 from Barrick, which was received from the Barrick restricted cash on hand of \$144,339 during the three months ended March 31, 2019. The JVEI bank account was closed in February 2019, and there are no further amounts owing to/from Barrick in respect of the terminated JVEI.

The Barrick funds were previously recorded as restricted cash with an off-setting restricted cash payable for the same amount.

**6. Marketable securities**

Marketable securities consist of various common shares received on the option of mineral property interests as follows:

	<b>Shares with an active market</b>	<b>Warrants</b>	<b>Total</b>	<b>Total gain (loss)</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Cost</b>				
January 1, 2018	1,691,834	475,000	2,166,834	
March 31, 2018	1,691,834	475,000	2,166,834	
<b>Fair value</b>				
January 1, 2018	788,002	234,816	1,022,818	
Unrealized loss	(214,309)	(87,062)	(301,371)	(301,371)
March 31, 2018	573,693	147,754	721,447	(301,371)
<b>Cost</b>				
January 1, 2019	1,691,834	475,000	2,166,834	
<b>March 31, 2019</b>	<b>1,691,834</b>	<b>475,000</b>	<b>2,166,834</b>	
<b>Fair value</b>				
January 1, 2019	386,181	78,725	464,906	
Unrealized gain	114,510	26,728	141,238	141,238
<b>March 31, 2019</b>	<b>500,691</b>	<b>105,453</b>	<b>606,144</b>	<b>141,238</b>

The valuation of the shares with an active market has been determined in whole by reference to the bid price of the shares on the TSX-V or Toronto Stock Exchange ("TSX") at each period end date.

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**ATAC Resources Ltd.****Notes to the Condensed Interim Consolidated Financial Statements****Unaudited – Prepared by Management**

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**For the three months ended March 31, 2019 and March 31, 2018**

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**7. Subsidiary information**

On July 14, 2010, two wholly-owned subsidiary companies, 0885802 B.C. Ltd. and 0885794 B.C. Ltd. were incorporated under the laws of the Province of British Columbia, Canada to facilitate the possible transfer to them of certain of the Company's mineral property interests. From incorporation to March 31, 2019, neither of the subsidiaries have had any transactions other than to issue nominal \$1 share capital to the Company.

The head offices and records offices of the subsidiaries are the same as the Company, as detailed in note 1.

**8. Mineral property interests**

The Company's mineral property interests consist of various exploration stage properties located in the Yukon Territory, Canada. The properties have been grouped into those which are wholly-owned and those which are royalty or other interests. Properties which are in close proximity and could be developed as a single economic unit are grouped into projects.

	<b>Wholly- owned \$</b>	<b>Total \$</b>
January 1, 2018	104,851,142	104,851,142
Acquisitions/staking/assessments	51,686	51,686
Exploration and evaluation	304,945	304,945
<b>March 31, 2018</b>	<b>105,207,773</b>	<b>105,207,773</b>
January 1, 2019	111,907,084	111,907,084
Acquisitions/staking/assessments	56,671	56,671
Exploration and evaluation	223,131	223,131
<b>March 31, 2019</b>	<b>112,186,886</b>	<b>112,186,886</b>

Changes in the project carrying amounts for the three months ended March 31, 2018 and March 31, 2019 are summarized as follows:

<b>Three months ended March 31, 2018</b>				
	<b>January 1, 2018 \$</b>	<b>Acquisitions / staking / assessments \$</b>	<b>Exploration and evaluation \$</b>	<b>March 31, 2018 \$</b>
<b>Wholly-owned projects</b>				
(1) Rackla Gold Property				
- Osiris and Orion	68,420,525	32,701	225,300	68,678,526
- Rau	36,048,583	17,629	66,775	36,132,987
	104,469,108	50,330	292,075	104,811,513
Connaught	148,300	1,356	5,606	155,262
Idaho Creek	19,490	-	-	19,490
Panorama	16,110	-	-	16,110
Rosy	198,134	-	7,264	205,398
<b>Total</b>	<b>104,851,142</b>	<b>51,686</b>	<b>304,945</b>	<b>105,207,773</b>

(1) Excludes any expenditures on the Orion project incurred by Barrick

**ATAC Resources Ltd.**

**Notes to the Condensed Interim Consolidated Financial Statements**

**Unaudited – Prepared by Management**

**For the three months ended March 31, 2019 and March 31, 2018**

**8. Mineral property interests** (continued)

Exploration and evaluation expenditures on the projects consisted of the following:

	Osiris	Rau	Others	Total
<b>Three months ended March 31, 2018</b>	\$	\$	\$	\$
Assays	8,125	2,458	403	10,986
Field	21,462	4,224	69	25,755
Helicopter and fixed wing	625	-	-	625
Labour	125,877	19,381	12,161	157,419
Resource, engineering and environmental studies	64,571	29,074	-	93,645
Surveys and consulting	2,757	11,576	-	14,333
Travel and accommodation	1,883	62	237	2,182
<b>Total</b>	<b>225,300</b>	<b>66,775</b>	<b>12,870</b>	<b>304,945</b>

**Three months ended March 31, 2019**

	January 1, 2019	Acquisitions / staking / assessments	Exploration and evaluation	March 31, 2019
	\$	\$	\$	\$
<b>Wholly-owned projects</b>				
Rackla Gold Property				
- Osiris and Orion	74,960,121	39,941	115,222	75,115,284
- Rau	36,512,210	16,730	99,108	36,628,048
	<b>111,472,331</b>	<b>56,671</b>	<b>214,330</b>	<b>111,743,332</b>
Connaught	190,130	-	8,801	198,931
Idaho Creek	19,548	-	-	19,548
Panorama	16,110	-	-	16,110
Rosy	208,965	-	-	208,965
<b>Total</b>	<b>111,907,084</b>	<b>56,671</b>	<b>223,131</b>	<b>112,186,886</b>

Exploration and evaluation expenditures on the projects consisted of the following:

	Osiris	Rau	Others	Total
<b>Three months ended March 31, 2019</b>	\$	\$	\$	\$
Assays	22,270	1,610	-	23,880
Field	10,645	1,788	-	12,433
Labour	55,875	85,492	8,801	150,168
Resource, engineering and environmental studies	-	1,443	-	1,443
Surveys and consulting	24,285	7,877	-	32,162
Travel and accommodation	2,147	898	-	3,045
<b>Total</b>	<b>115,222</b>	<b>99,108</b>	<b>8,801</b>	<b>223,131</b>

**8. Mineral property interests** (continued)

**(a) Wholly-owned projects**

The Company's wholly owned projects are comprised of the rights to explore various mineral claims located in the Yukon Territory, which are at various stages of exploration. They are not subject to any option or sale agreements, except as noted below.

**(i) Rackla Gold property**

The Rackla Gold property consists of a 100% interest in the various mineral properties located in the Mayo Mining District, Yukon Territory. Cash and common shares totaling \$165,600 have been received under previous Rackla Gold property option agreements.

The Rackla Gold property has been divided into three separate projects, being the Rau project, which hosts the Tiger Gold deposit, and the Osiris and Orion projects, which were previously described as the Nadaleen property.

The Osiris project hosts Carlin-type gold mineralization and continues to be explored by the Company.

The Orion project was previously subject to a JVEI with Barrick (note 5). Under the JVEI, Barrick had the right to acquire a 70% interest in the Company's Orion project, which forms the central part of the Company's Rackla Gold Property, for an aggregate of \$55,000,000 in exploration expenditures.

For a 60% interest, the following exploration expenditures were required:

- \$10,000,000 on or before December 31, 2019 (guaranteed amount);
- \$10,000,000 on or before December 31, 2020; and
- \$15,000,000 on or before December 31, 2021

As at December 31, 2018, Barrick had incurred the full \$10,000,000 of the guaranteed amount, exclusive of recoverable GST. Barrick opted to terminate the JVEI on December 10, 2018 and does not retain any interest in the project.

**(ii) Connaught project**

The Connaught project consists of a 100% interest in the CN, NC, OM and TN mineral claims located in the Dawson Mining District, Yukon Territory.

Cash and common shares totaling \$252,500 were received in 2009 for a 50% sale of the project, which was repurchased in 2012 by issuing common shares having a value of \$182,250.

The TN claims were acquired in August 2018 through the issuance of 60,000 common shares with a fair value of \$30,000. The vendor retains a 1% NSR on the claims.

**(iii) Idaho Creek project**

The Idaho Creek project consists of a 100% interest in the Idaho mineral claims located in the Whitehorse Mining District, Yukon Territory.

Cash and common shares totaling \$269,413 have been received under previous option agreements.

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**ATAC Resources Ltd.****Notes to the Condensed Interim Consolidated Financial Statements****Unaudited – Prepared by Management**

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**For the three months ended March 31, 2019 and March 31, 2018**

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**8. Mineral property interests** (continued)**(a) Wholly-owned projects** (continued)**(iv) Panorama project**

The Panorama project consists of a 100% interest in the Aussie mineral claims located in the Dawson Mining District, Yukon Territory. Cash and common shares totaling \$328,400 have been received under previous option agreements. The claims are subject to a 3% NSR on all commercial production from the claims.

The claims have been subsequently returned to the original owners and all accumulated costs written-off.

**(v) Rosy project**

The Rosy project consists of a 100% interest in the Rosy and Sam mineral claims located in the Whitehorse Mining District, Yukon Territory.

Cash and common shares totaling \$167,000 have been received under previous option agreements.

**(b) Other interests****Royalty interests**

The Company has a 1% NSR on the Golden Revenue, Nitro, Seymour and Dawson Gold properties located in the Dawson and Whitehorse Mining Districts, Yukon Territory.

**9. Reclamation deposit**

The reclamation deposit is comprised of a cashable guaranteed investment certificate with a one-year term. It is pledged to the Yukon Government to ensure specified properties are properly restored after exploration. Management has determined that the Company has no material reclamation work related to the properties requiring the deposit.

**10. Share capital**

The authorized share capital of the Company consists of unlimited common shares without par value, and unlimited Class "A" preferred shares with a par value of \$1.00 each. All issued shares are fully paid.

**Transactions for the issue of share capital  
during the three months ended March 31, 2019:**

- (a)** On March 22, 2019, the Company completed a flow-through private placement consisting of the issue of 10,507,143 flow-through units at a price of \$0.35 each for gross proceeds of \$3,677,500. Each unit consists of one flow-through common share and one-half of a share purchase warrant, with each whole warrant being exercisable into a non-flow-through common share at an exercise price of \$0.425 until March 22, 2021.

The flow-through share units were issued at a premium to the trading value of the Company's common shares, which is a reflection of the value of the income tax write-offs that the Company will renounce to the flow-through shareholders. The premium was determined to be \$1,155,786 and has been recorded as a reduction of share capital. An equivalent flow-through share premium liability has been recorded, which will be reversed pro-rata as the required exploration expenditures are incurred (see note 16). No value was allocated to the warrant component of the unit.

Finders' fees totaling \$149,108 were incurred in respect of the placement, including the issue of 382,500 finders' warrants having a fair value of \$15,200. Legal and filing fees amounted to \$46,262 and have been recorded as a share issue cost and deducted from share capital net of deferred income tax benefits of \$48,646.

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**ATAC Resources Ltd.****Notes to the Condensed Interim Consolidated Financial Statements****Unaudited – Prepared by Management**

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**For the three months ended March 31, 2019 and March 31, 2018**

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**10. Share capital (continued)****Transactions for the issue of share capital  
during the three months ended March 31, 2018:**

- (b) The Company issued 50,000 common shares on the exercise of options for proceeds of \$15,500. In addition, \$9,448 representing the fair value of the options on initial vesting as re-allocated from contributed surplus to share capital.

**Common share rights**

The Company has a “Rights Plan” under which one right is issued for each issued and outstanding common share of the Company. Each right entitles the holder to purchase from the Company one common share at a price equal to one-half the market price for each common share of the Company, subject to certain anti-dilutive adjustments. The rights are exercisable only if the Company receives an unacceptable take-over bid as defined in the Rights Plan. The current Rights Plan was replaced with a new Rights Plan at the May 2017 annual shareholders’ meeting and will remain in effect until the annual shareholders’ meeting in 2020. As at March 31, 2019, there were 158,035,720 rights outstanding (December 31, 2018 – 147,528,577).

**Stock options**

The Company has an incentive stock option plan (the “Plan”), under which the maximum number of stock options issued cannot exceed 10% of the Company’s currently issued and outstanding common shares. The exercise period for any options granted under the Plan cannot exceed ten years. The exercise price of options granted under the Plan cannot be less than the “discounted market price” of the common shares (defined as the last closing market price of the Company’s common shares immediately preceding the issuance of a news release announcing the granting of the options, less a discount of from 15% to 25%), unless otherwise agreed to by the Company and accepted by the TSX-V.

A participant who is not a consultant conducting investor relations activities, who is granted an option under the plan with exercise prices at or above “Market Price” will have their options vest immediately, unless otherwise determined by the Board of Directors. A participant who is granted an option under the plan with exercise prices below “Market Price” will become vested with the right to exercise one-sixth of the option upon conclusion of every three months subsequent to the grant date. A participant who is a consultant conducting investor relations activities who is granted options under the plan will become vested with the right to exercise one-quarter of the options upon conclusion of every three months subsequent to the grant date.

A summary of the status of the Company’s stock options as at March 31, 2019 and December 31, 2018 and changes during the period/year then ended is as follows:

	<b>Period ended March 31, 2019</b>		<b>Year ended December 31, 2018</b>	
	Options	Weighted average exercise price	Options	Weighted average exercise price
	#	\$	#	\$
Options outstanding, beginning of period/year	12,050,000	0.57	11,170,000	0.79
Granted	2,680,000	0.30	3,415,000	0.55
Exercised	-	-	(50,000)	0.31
Expired/cancelled	(1,905,000)	0.75	(2,485,000)	1.51
<b>Options outstanding, end of period/year</b>	<b>12,825,000</b>	<b>0.49</b>	<b>12,050,000</b>	<b>0.57</b>

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**For the three months ended March 31, 2019 and March 31, 2018**

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**10. Share capital** (continued)**Stock options** (continued)

As at March 31, 2019, the Company has stock options outstanding and exercisable as follows:

Options outstanding #	Options exercisable #	Exercise price \$	Expiry date
1,550,000	1,550,000	0.75	January 23, 2020
1,990,000	1,990,000	0.31	January 21, 2021
250,000	250,000	0.76	June 7, 2021
2,940,000	2,940,000	0.55	May 26, 2022
3,165,000	3,165,000	0.55	February 1, 2023
250,000	250,000	0.53	March 1, 2023
2,680,000	-	0.30	February 4, 2024
<b>12,825,000</b>	<b>10,145,000</b>		

The following table summarizes information about the stock options outstanding at March 31, 2019:

Range of prices \$	Options #	Weighted average remaining life (years)	Weighted average exercise price \$
0.30 - 0.31	4,670,000	3.56	0.30
0.53 - 0.55	6,355,000	3.53	0.55
0.75 - 0.76	1,800,000	1.01	0.75
	<b>12,825,000</b>	<b>3.19</b>	<b>0.49</b>

During the three months ended March 31, 2019, 2,680,000 stock options (2018 – 3,415,000) were granted to Officers, Directors, related company employees and consultants. The Company has recorded the fair value of all options granted using the Black-Scholes option pricing model. Share-based payment costs were calculated using the following weighted average assumptions: expected life of options - five years (2018 – five years), stock price volatility – 71.98% (2018 – 78.61%), no dividend yield (2018 – none), and a risk-free interest rate yield – 1.84% (2018 – 2.12%). The fair value is particularly impacted by the Company's stock price volatility, determined using data from the previous five years.

Using the above assumptions, the fair value weighted average of options granted during the three months ended March 31, 2019, was \$0.18 per option (2018 – \$0.34), for a total of \$480,948 (2018 - \$1,146,541). The total share-based payment expense for the three months ended March 31, 2019 was \$226,458 (2018 - \$153,623), which is presented as an operating expense, and includes only options that vested during the periods.

During the three months ended March 31, 2019, 1,905,000 options (2018 – 1,830,000), expired unexercised. As a result, the original share-based payments expense of \$951,808 (2018 – \$2,427,036) was reversed from contributed surplus and credited to deficit.

During the three months ended March 31, 2019, no stock options (2018 – 335,000), were cancelled. As a result, the original share-based payments expense of \$nil (2018 - \$158,188) has been reversed from contributed surplus and credited to deficit.

**Warrants**

As an incentive to complete private placements the Company may issue units which include common shares and common share purchase warrants. Using the residual value method, the Company determines whether a value should be allocated to the warrants attached to the units sold in completed private placements.

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**10. Share capital** (continued)**Warrants** (continued)

Finders' warrants may be issued as a private placement share issue cost and are valued using the Black-Scholes option pricing model. During the three months ended March 31, 2019, the Company issued 5,253,572 warrants to subscribers to the flow-through financing completed (note 10(a)). In addition, 382,500 finders' warrants were issued in connection with the financing. The value of the finders' warrants was determined to be \$15,200 using the Black-Scholes option pricing model with the following weighted average assumptions: expected life of warrants - two years, stock price volatility – 59.66%, no dividend yield, and a risk-free interest rate yield – 1.47%.

A summary of the status of the Company's warrants as at March 31, 2019 and December 31, 2018 and changes during the period/year then ended is as follows:

	<b>Period ended March 31, 2019</b>		<b>Year ended December 31, 2018</b>	
	<b>Warrants #</b>	<b>Weighted average exercise price \$</b>	<b>Warrants #</b>	<b>Weighted average exercise price \$</b>
Warrants outstanding, beginning of period/year	437,441	0.60	-	-
Issued	5,636,072	0.425	437,441	0.60
<b>Warrants outstanding, end of period/year</b>	<b>6,073,513</b>	<b>0.44</b>	<b>437,441</b>	<b>0.60</b>

As at March 31, 2019, the Company has warrants outstanding and exercisable as follows:

<b>Warrants outstanding #</b>	<b>Warrants exercisable #</b>	<b>Exercise price \$</b>	<b>Expiry date</b>
437,441	437,441	0.60	May 25, 2019
5,253,572	5,253,572	0.425	March 22, 2021
382,500	382,500	0.425	March 22, 2021
<b>6,073,513</b>	<b>6,073,513</b>		

**Contributed surplus**

Contributed surplus includes the accumulated fair value of stock options recognized as share-based payments and the fair value of finders' warrants issued on private placements completed. Contributed surplus is increased by the fair value of these items on vesting and is reduced by corresponding amounts when the options or warrants expire or are exercised or cancelled.

**11. Loss per share**

The calculation of basic and diluted loss per share for the three months ended March 31, 2019 was based on the loss of \$238,074 (2018 – \$637,844) and a weighted average number of common shares outstanding of 148,579,291 (2018 – 139,897,988).

All stock options and warrants were excluded from the diluted weighted average number of shares calculation, as their effect would have been anti-dilutive.



**12. Related party payables and transactions**

A number of key management personnel and Directors hold positions in other entities that result in them having control or significant influence over the financial or operating policies of those entities. There were no loans to key management personnel or Directors, or entities over which they have control or significant influence during the three months ended March 31, 2019 or March 31, 2018.

Graham Downs, the Company's President and CEO and Matthew Keevil, the Company's Vice-president of Corporate Affairs, receive monthly salaries and incentive stock options. All other key management personnel and Directors receive no salaries, non-cash benefits (other than incentive stock options), or other remuneration directly from the Company, other than noted below, and there are no employment contracts with them that cannot be terminated without penalty on thirty days advance notice. Key management personnel and Directors participate in the Company's stock option plan.

During the three months ended March 31, 2019, 1,750,000 stock options (2018 – 2,850,000) were granted to key management personnel and Directors having a fair value on issue of \$314,052 (2018 - \$1,040,691). The options granted are exercisable at \$0.30 until February 4, 2024 (2018 – exercisable at \$0.55 and \$0.53 until February 1, 2023 and March 1, 2023), and vest over a one-year period ending February 4, 2020 (2018 – vest over one-year periods ending February 1, 2019 and March 1, 2019).

During the three months ended March 31, 2019, 1,150,000 management personnel and Director stock options having a fair value on issue of \$574,582 expired unexercised. During the three months ended March 31, 2018, 1,600,000 management personnel and Director stock options having a fair value on issue of \$2,152,287 were surrendered and cancelled.

The Company transacted with the following related parties:

- (a) Archer Cathro is a geological consulting firm that is a related party through its management contracts, which confer significant influence over operations. Charges are for property location, acquisition, exploration, management, accounting and office rent and administration. The charges by Archer Cathro include the services of Julia Lane, who is the Vice President of Exploration, and a minority shareholder of Archer Cathro.
- (b) Glenn Yeadon is a Director and the Company's Secretary. He controls Glenn R. Yeadon Personal Law Corporation ("Yeadon Law Corp."), which provides the Company with legal services.
- (c) Larry Donaldson is the Company's CFO. He is a principal of Donaldson Brohman Martin CPA Inc. ("DBM CPA") (formerly Donaldson Grassi Chartered Professional Accountants until January 31, 2019), a firm in which he has significant influence. DBM CPA provides the Company with accounting and tax services.
- (d) Douglas Goss is a Director and the Company's Chairman of the Board. He controls Douglas O. Goss Professional Corporation ("D. Goss Corporation"), which provides consulting services to the Company.
- (e) Ian Talbot is the Company's COO. He provides the Company with management services.
- (f) Robert Carne is a Company Director. He controls Carvest Holdings Ltd. ("Carvest"), which provides geological consulting services to the Company.
- (g) Graham Downs is the Company's President and CEO. He is paid a monthly salary and benefits for his services.
- (h) Bruce Kenway is a Company Director and Chairman of the Audit Committee. He is a partner in Kenway Mack Slusarchuk Stewart LLP ("Kenway Mack"), which provides advisory services to the Company.
- (i) Matthew Keevil is the Company's Vice-president of Corporate Affairs. Effective March 1, 2018, he is paid a monthly salary and benefits for his services.

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**12. Related party payables and transactions** (continued)

The aggregate value of transactions and outstanding balances with key management personnel and Directors and entities over which they have control or significant influence were as follows:

	<b>Transactions 3 months ended March 31, 2019 \$</b>	<b>Transactions 3 months ended March 31, 2018 \$</b>	<b>Balance outstanding March 31, 2019 \$</b>	<b>Balance outstanding December 31, 2018 \$</b>
Archer, Cathro				
- geological services	160,140	173,950	47,054	314,050
- office and administration	15,335	29,482	10,820	26,057
	<b>175,475</b>	<b>203,432</b>	<b>57,874</b>	<b>340,107</b>
Carvest	580	1,160	-	-
(1) Yeadon Law Corp.	32,886	16,173	34,193	6,484
DBM CPA	10,000	13,500	11,500	18,000
D. Goss Corporation	10,500	10,500	-	-
Graham Downs	60,293	60,130	-	-
Ian Talbot	10,500	10,500	-	-
Kenway Mack	3,000	3,000	-	-
Matthew Keevil	35,798	11,623	-	-
	<b>339,032</b>	<b>330,018</b>	<b>103,567</b>	<b>364,591</b>

(1) Transactions for the three months ended March 31, 2019 include \$19,000 in share issue costs

All related party balances are unsecured and are due within thirty days without interest.

The transactions with the key management personnel and Directors are included in operating expenses as follows:

**(a) Consulting fees**

- Includes the consulting fees of Director, Douglas Goss, charged to the Company by D. Goss Corporation.
- Includes the advisory services of Director, Bruce Kenway, charged to the Company by Kenway Mack.

**(b) Management, administration and corporate development fees**

- Includes the services of Company's COO, Ian Talbot.
- Includes charges by Archer Cathro for administrative personnel.

**(c) Office rent**

- Charged by Archer Cathro.

**(d) Professional fees**

- Includes the legal services of the Company's Secretary, Glenn Yeadon, charged to the Company by Yeadon Law Corporation.
- Includes the accounting services of Company's CFO, Larry Donaldson, charged to the Company by DBM CPA.

**(e) Salaries and benefits**

- Includes only the salaries and benefits of the Company's President and CEO, Graham Downs and Vice-president of Corporate Affairs, Matthew Keevil.

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**13. Income Taxes**

Income tax recovery for the three months ended March 31, 2019 and March 31, 2018 varies from the amount that would be computed from applying the combined federal and provincial income tax rate to loss before income taxes as follows:

	<b>March 31, 2019</b>	March 31, 2018
	<b>\$</b>	<b>\$</b>
Loss before income taxes	(268,490)	(648,417)
Statutory Canadian corporate tax rate	27.0%	27.0%
Anticipated income tax recovery	72,492	175,073
Change in tax resulting from:		
Unrecognized items for tax purposes	(42,076)	(82,165)
Tax benefits renounced on flow-through expenditures	-	(82,335)
<b>Net deferred income tax recovery</b>	<b>30,416</b>	10,573

The significant components of the Company's deferred income tax liability are as follows:

	<b>March 31, 2019</b>	December 31, 2018
	<b>\$</b>	<b>\$</b>
Unrealized losses on marketable securities	210,693	229,761
Mineral property interests	(20,659,200)	(20,658,792)
Unclaimed investment tax credits	860,606	860,606
Non-capital loss carry forwards	3,215,643	3,155,709
Capital loss carry forwards	44,369	44,369
Share issue costs	134,675	96,071
<b>Net deferred income tax liability</b>	<b>(16,193,214)</b>	(16,272,276)

As at March 31, 2019, the Company has non-capital loss carry forwards of approximately \$11,910,000 (December 31, 2018 - \$11,688,000) of which \$7,000 will expire in 2028, \$471,000 in 2029, \$1,175,000 in 2030, \$1,666,000 in 2031 and \$8,591,000 thereafter.

As at March 31, 2019, the Company has unused capital losses of \$328,659 (December 31, 2018 - \$328,659), which have no expiry date and can only be used to reduce future income from capital gains.

As at March 31, 2019, the Company has unclaimed resource and other deductions in the amount of \$35,671,329 (December 31, 2018 - \$35,393,040), which may be deducted against future taxable income.

As at March 31, 2019, there are share issue costs totaling \$498,798 (December 31, 2018 - \$355,820), which have not been claimed for income tax purposes.

As at March 31, 2019, the Company has unused investment tax credits totaling \$1,178,912, (December 31, 2018 - \$1,178,912), which have not been claimed for income tax purposes. Of the credits, \$957,999 will expire in 2032 and \$220,913 in 2033.

Income tax attributes are subject to review, and potential adjustments, by tax authorities.

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**14. Supplemental cash flow information**

Changes in non-cash operating working capital during the three months ended March 31, 2019 and March 31, 2018 were comprised of the following:

	<b>March 31, 2019</b>	March 31, 2018
	<b>\$</b>	<b>\$</b>
Receivables and prepayments	207,043	(59,858)
JVEI property receivables	144,313	95,341
Accounts payable and accrued liabilities	(18,235)	(22,946)
Accounts payable to related parties	(13,028)	19,257
Net change	<b>320,093</b>	31,794

The Company incurred non-cash financing and investing activities during the three months ended March 31, 2019 and March 31, 2018 as follows:

	<b>March 31, 2019</b>	March 31, 2018
	<b>\$</b>	<b>\$</b>
Non-cash financing activities:		
(Decrease) increase in restricted cash payable	(144,339)	506,304
Contributed surplus on finders' warrants issued	15,200	-
Share issue costs on finders' warrants issued	(15,200)	-
Share issue costs included in related party payables	19,000	-
Share capital reduced by flow-through share premium	1,155,786	-
	<b>1,030,447</b>	506,304
Non-cash investing activities:		
Deferred exploration expenditures included in accounts payable and related party payables	<b>170,939</b>	166,731

During the three months ended March 31, 2019 and March 31, 2018 no amounts were paid for interest or income tax expenses.

**15. Financial risk management****Capital management**

The Company is a junior exploration company and considers items included in shareholders' equity as capital. The Company has no debt and does not expect to enter into debt financing. The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of underlying assets. In order to maintain or adjust its capital structure, the Company may issue new shares, purchase shares for cancellation pursuant to normal course issuer bids or make special distributions to shareholders. The Company is not subject to any externally imposed capital requirements and does not presently utilize any quantitative measures to monitor its capital. The Company's capital structure as at March 31, 2019 is comprised of shareholders' equity of \$109,204,337 (December 31, 2018 - \$106,825,763).

The Company currently has no source of revenues. In order to fund future projects and pay for administrative costs, the Company will spend its existing working capital and raise additional funds as needed. The Company's ability to continue as a going concern on a long-term basis and realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation is primarily dependent upon its ability to sell or option its mineral properties and its ability to borrow or raise additional funds from equity markets.

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**15. Financial risk management** (continued)**Financial instruments - fair value**

The Company's financial instruments consist of cash and cash equivalents, marketable securities, reclamation deposit, accounts payable and accrued liabilities, and accounts payable to related parties.

The carrying value of accounts payable and accrued liabilities and accounts payable to related parties approximated their fair value because of the short-term nature of these instruments.

Financial instruments measured at fair value on the condensed consolidated interim statements of financial position are summarized into the following fair value hierarchy levels:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
<b>March 31, 2019</b>				
Cash and cash equivalents	13,780,545	-	-	13,780,545
Marketable securities	500,691	105,453	-	606,144
Reclamation deposit	124,508	-	-	124,508
	<b>14,405,744</b>	<b>105,453</b>	-	<b>14,511,197</b>
<b>December 31, 2018</b>				
Cash and cash equivalents	10,691,051	-	-	10,691,051
Restricted cash	144,339	-	-	144,339
Marketable securities	386,181	78,725	-	464,906
Reclamation deposit	123,904	-	-	123,904
	<b>11,345,475</b>	<b>78,725</b>	-	<b>11,424,200</b>

**Financial instruments - risk**

The Company's financial instruments can be exposed to certain financial risks, including credit risk, interest rate risk, liquidity risk and market and currency risk.

**(a) Credit risk**

The Company is exposed to credit risk by holding cash and cash equivalents. This risk is minimized by holding the funds in Canadian banks and credit unions or with Canadian governments. The Company has minimal accounts receivable exposure as its refundable credits are due from the Canadian Government.

**(b) Interest rate risk**

The Company is exposed to interest rate risk because of fluctuating interest rates. Fluctuations in market rates do not have a significant impact on the Company's operations due to the short term to maturity and no penalty cashable feature of its cash equivalents. For the three months ended March 31, 2019, every 1% fluctuation in interest rates up or down would have impacted loss for the period, up or down, by approximately \$25,000 (2018 - \$35,000) before income taxes.

**(c) Liquidity risk**

Liquidity risk is the risk that the Company is unable to meet its financial obligations as they come due. The Company manages this risk by careful management of its working capital to ensure its expenditures will not exceed available resources.

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**15. Financial risk management** (continued)**(d) Market risk**

The Company is exposed to market risk because of the fluctuating values of its publicly traded marketable securities. The Company has no control over these fluctuations and does not hedge its investments. Based on the March 31, 2019 value of marketable securities every 10% increase or decrease in the share prices of these companies would have impacted loss for the year, up or down, by approximately \$61,000 (2018 - \$72,000) before income taxes.

**16. Commitments**

On May 25, 2018, the Company completed a private placement of flow-through shares for gross proceeds of \$4,534,020. The Company was required to spend the funds on qualified exploration programs no later than December 31, 2019. As of December 31, 2018, all funds had been spent. The expenditures and available income tax benefits were renounced to the flow-through shareholders effective December 31, 2018.

On March 22, 2019, the Company completed a private placement of flow-through units for gross proceeds of \$3,677,500 (note 10(a)). The Company is required to spend the funds on qualified exploration programs no later than December 31, 2020 and renounce the expenditures and available income tax benefits to the flow-through shareholders effective December 31, 2019. As of March 31, 2019, none of the funds had been spent.