

ATAC Resources Ltd.
Condensed Interim Consolidated Financial Statements
For the three months ended
March 31, 2021
Unaudited – Prepared by Management
(Expressed in Canadian Dollars)

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

May 18, 2021

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, 2021 and December 31, 2020

	Note	March 31, 2021 \$	December 31, 2020 \$
Assets			
Current assets			
Cash and cash equivalents	3	5,331,856	5,901,360
Receivables and prepayments	4	69,680	121,339
Marketable securities	5	403,952	420,957
		5,805,488	6,443,656
Non-current assets			
Prepaid exploration expenditures		12,089	45,494
Mineral property interests	7	1,078,637	793,966
Reclamation deposit	8	126,099	125,744
Equipment	9	113,238	112,000
		1,330,063	1,077,204
Total assets		7,135,551	7,520,860
Liabilities and shareholders' equity			
Current liabilities			
Accounts payable and accrued liabilities		58,938	169,830
Accounts payable to related parties	12	73,619	56,566
Total liabilities		132,557	226,396
Shareholders' equity			
Share capital	10	132,164,364	132,149,164
Contributed surplus	10	2,729,359	3,059,482
Deficit		(127,890,729)	(127,914,182)
Total shareholders' equity		7,002,994	7,294,464
Total liabilities and shareholders' equity		7,135,551	7,520,860
Nature of operations and going concern	1		
Commitments	16		
Event after the reporting period	17		

Approved on behalf of the Board of Directors as of May 18, 2021:

"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, 2021 and March 31, 2020

	Number of shares #	Share capital \$	Contributed surplus \$	Deficit \$	Total shareholders' equity \$
January 1, 2020	158,035,720	131,090,809	3,673,633	(26,143,281)	108,621,161
Share-based payments	-	-	152,429	-	152,429
Re-allocated on expiration of options	-	-	(641,194)	641,194	-
Re-allocated on cancellation of options	-	-	(112,690)	112,690	-
Loss and comprehensive loss for the period	-	-	-	(355,759)	(355,759)
March 31, 2020	158,035,720	131,090,809	3,072,178	(25,745,156)	108,417,831
January 1, 2021	162,738,547	132,149,164	3,059,482	(127,914,182)	7,294,464
Share-based payments	-	-	16,697	-	16,697
Re-allocated on expiration of options	-	-	(331,620)	331,620	-
Re-allocated on expiration of finders' warrants	-	15,200	(15,200)	-	-
Loss and comprehensive loss for the period	-	-	-	(308,167)	(308,167)
March 31, 2021	162,738,547	132,164,364	2,729,359	(127,890,729)	7,002,994

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

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

For the three months ended March 31,

	Note	2021 \$	2020 \$
Expenses			
Consulting fees	12	38,500	11,550
Flow-through taxes		-	1,137
General administrative expenses		3,643	7,000
Insurance		13,358	12,245
Investor relations and shareholder information		12,494	43,506
Management, administration and corporate development fees	12	15,514	27,105
Office rent	12	12,000	10,500
Professional fees	12	67,568	38,971
Property examination costs	12	28,808	21,118
Salaries and benefits	12	87,247	60,437
Share-based payments	10,12	16,697	152,429
Transfer agent and filing fees		4,993	5,827
Loss from operating expenses		(300,822)	(391,825)
Foreign exchange loss		(832)	-
Interest income		10,492	54,636
Loss on marketable securities	5	(17,005)	(82,847)
Loss for the period before income taxes		(308,167)	(420,036)
Deferred income tax recovery	13	-	64,277
Loss and comprehensive loss for the period		(308,167)	(355,759)
Loss per share			
Weighted average number of common shares outstanding			
- basic #	11	162,738,547	158,035,720
- diluted #	11	162,738,547	158,035,720
Basic loss per share \$	11	(0.00)	(0.00)
Diluted loss per share \$	11	(0.00)	(0.00)

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

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

For the three months ended March 31,

	Note	2021 \$	2020 \$
Operating activities			
Loss for the period		(308,167)	(355,759)
Adjustments for:			
Share-based payments		16,697	152,429
Unrealized loss on marketable securities		17,005	82,847
Interest income		(10,492)	(54,636)
Deferred income tax recovery		-	(64,277)
Net change in non-cash working capital items	14	(21,858)	(15,959)
		(306,815)	(255,355)
Investing activities			
Interest received		10,492	54,636
Reclamation deposit		(355)	(623)
Yukon mining exploration grant received		56,333	37,242
Mineral property acquisition costs		(92,509)	(106,531)
Prepaid exploration expenditures		(25,361)	(1,744)
Deferred exploration and evaluation expenditures		(211,289)	(280,029)
		(262,689)	(297,049)
Decrease increase in cash and cash equivalents		(569,504)	(552,404)
Cash and cash equivalents, beginning of period		5,901,360	9,669,634
Cash and cash equivalents, end of period		5,331,856	9,117,230

Supplemental cash flow information

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

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

For the three months ended March 31, 2021 and March 31, 2020

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, 2021 and December 31, 2020 and for the three months ended March 31, 2021 and March 31, 2020 comprise the Company and its subsidiaries (note 6). 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, 2021, the Company had working capital of \$5,672,931 (December 31, 2020 - \$6,217,260) and shareholders’ equity of \$7,002,994 (December 31, 2020 - \$7,294,464). 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.

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company’s ability to raise capital or conduct exploration activities. There are travel restrictions and health and safety concerns in all areas in which the Company operates, including the Yukon and B.C. in Canada and Nevada, USA, that may prohibit or delay exploration programs from proceeding. Operations will depend on obtaining necessary field supplies, obtaining contractor services and safeguarding all personnel during the outbreak, which may be prohibitive or too costly. Various Government wage and loan subsidies are available to qualified companies to assist them with operating costs during the pandemic. To date, the Company has not qualified for assistance, but the various programs are constantly being expanded and relaxed, which may qualify the Company for assistance.

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 consolidated financial statements for the year ended December 31, 2020, 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 measured at fair value. 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.

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

For the three months ended March 31, 2021 and March 31, 2020

2. Significant accounting policies (continued)**(b) Significant accounting policies**

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 consolidated financial statements and are those the Company expects to adopt in its annual consolidated financial statements for the year ended December 31, 2021. Accordingly, these financial statements should be read in conjunction with the Company's most recent annual audited consolidated financial statements.

(c) New accounting standards

Certain pronouncements have been issued by the IASB or IFRIC that are effective for accounting periods beginning on or after January 1, 2021. The Company has reviewed these updates and determined that many of these updates are not applicable or consequential to the Company and have been excluded from discussion within these significant accounting policies.

3. Cash and cash equivalents

Cash and cash equivalents consist of the following:

	March 31, 2021	December 31,
	\$	2020
	\$	\$
Bank and broker balances	1,678,216	2,257,851
Cashable investment certificates	3,653,640	3,643,509
	5,331,856	5,901,360

4. Receivables and prepayments

Receivables and prepayments consist of the following:

	March 31, 2021	December 31,
	\$	2020
	\$	\$
Sales tax recoverable	5,480	11,181
Exploration incentives receivable (note 7(a)(ii) and (iii))	-	56,333
Prepaid expenses	64,200	53,825
	69,680	121,339

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

For the three months ended March 31, 2021 and March 31, 2020

5. Marketable securities

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

	Shares with an active market	Warrants	Total	Total loss
	\$	\$	\$	\$
Cost				
January 1, 2020	1,691,834	475,000	2,166,834	
March 31, 2020	1,691,834	475,000	2,166,834	
Fair value				
January 1, 2020	213,593	15,981	229,574	
Unrealized loss	(72,460)	(10,387)	(82,847)	(82,847)
March 31, 2020	141,133	5,594	146,727	(82,847)
Cost				
January 1, 2021	1,725,334	475,000	2,200,334	
March 31, 2021	1,725,334	475,000	2,200,334	
Fair value				
January 1, 2021	411,114	9,843	420,957	
Unrealized loss	(9,772)	(7,233)	(17,005)	(17,005)
March 31, 2021	401,342	2,610	403,952	(17,005)

During the year ended December 31, 2020, the Company received 25,000 common shares of Makara Mining Corp. at a fair value of \$33,500 (\$1.34 per share) pursuant to an option agreement in respect of the Idaho Creek project (note 7(a)(iii)).

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.

6. 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. Further, on January 14, 2021, Cascadia Minerals Ltd. was incorporated in the State of Nevada, USA, to facilitate the exploration of the Company's East Goldfield project (note 7(b)(i)).

From incorporation to March 31, 2021, none of the subsidiaries have had any transactions other than to issue nominal 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, except the records office of Cascadia Minerals Ltd is 210 – 241 Ridge Street, Reno, Nevada, USA.

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

For the three months ended March 31, 2021 and March 31, 2020

7. Mineral property interests

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

	Wholly- owned \$	Under option \$	Total \$
January 1, 2020	115,451,621	-	115,451,621
Acquisitions/staking/assessments	76,531	30,000	106,531
Exploration and evaluation	270,217	2,848	273,065
March 31, 2020	115,798,369	32,848	115,831,217
January 1, 2021	586,193	207,773	793,966
Acquisitions/staking/assessments	76,765	15,744	92,509
Exploration and evaluation	147,931	44,231	192,162
March 31, 2021	810,889	267,748	1,078,637

Changes in the project carrying amounts for the three months ended March 31, 2020 and March 31, 2021 are summarized as follows:

Three months ended March 31, 2020

	January 1, 2020 \$	Acquisitions / staking / assessments \$	Exploration and evaluation \$	March 31, 2020 \$
Wholly-owned projects				
Rackla Gold Property				
- Osiris and Orion	75,293,440	71,516	13,691	75,378,647
- Rau	39,666,330	-	239,746	39,906,076
	114,959,770	71,516	253,437	115,284,723
Connaught	258,051	5,015	16,780	279,846
Idaho Creek	24,181	-	-	24,181
Rosy	209,619	-	-	209,619
Total	115,451,621	76,531	270,217	115,798,369
Under option project				
East Goldfield	-	30,000	2,848	32,848
Total	-	30,000	2,848	32,848
Total all projects	115,451,621	106,531	273,065	115,831,217

ATAC Resources Ltd.

Notes to the Condensed Interim Consolidated Financial Statements

Unaudited – Prepared by Management

For the three months ended March 31, 2021 and March 31, 2020

7. Mineral property interests (continued)

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

	Osiris and Orion	Rau	Others	Total
Three months ended March 31, 2020	\$	\$	\$	\$
Assays	2,958	2,052	897	5,907
Depreciation (note 9)	4,000	4,000	-	8,000
Field	3,570	5,710	72	9,352
Labour	1,971	61,800	18,659	82,430
Resource, engineering and environmental studies	-	158,910	-	158,910
Surveys and consulting	-	5,512	-	5,512
Travel and accommodation	1,192	1,762	-	2,954
Total	13,691	239,746	19,628	273,065

Three months ended March 31, 2021

	January 1, 2021	Acquisitions / staking / assessments	Exploration and evaluation	March 31, 2021
	\$	\$	\$	\$
Wholly-owned projects				
Rackla Gold Property				
- Osiris and Orion	1	26,114	97,743	123,858
- Rau	1	49,894	31,355	81,250
	2	76,008	129,098	205,108
Connaught	373,072	757	5,359	379,188
Idaho Creek	-	-	3,225	3,225
Rosy	213,119	-	10,249	223,368
Total	586,193	76,765	147,931	810,889
Under option project				
East Goldfield	207,773	15,744	44,231	267,748
Total	207,773	15,744	44,231	267,748
Total all projects	793,966	92,509	192,162	1,078,637

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

For the three months ended March 31, 2021 and March 31, 2020

7. Mineral property interests (continued)

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

	Osiris and Orion	Rau	East Goldfield	Others	Total
Three months ended March 31, 2021	\$	\$	\$	\$	\$
Assays	1,540	7,587	2,156	626	11,909
Depreciation (note 9)	4,000	4,000	-	-	8,000
Field	4,460	2,511	4,130	1,489	12,590
Labour	14,680	17,257	5,407	16,718	54,062
Resource, engineering and environmental studies	73,063	-	-	-	73,063
Surveys and consulting	-	-	30,626	-	30,626
Travel and accommodation	-	-	1,912	-	1,912
Total	97,743	31,355	44,231	18,833	192,162

(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, Osiris and Orion projects. The Osiris and Orion projects were previously described as the Nadaleen property.

The Rau project is located at the western end of the Rackla Gold property and hosts the Tiger Gold deposit.

The Osiris project is located at the eastern end of the Rackla Gold property and hosts Carlin-type gold mineralization.

The Orion project is located in the central one-third of the Rackla Gold property and was previously subject to a Joint Venture agreement with Barrick Gold Corporation. During the agreement Barrick incurred exploration expenditures of \$10,000,000. The Agreement was terminated in December 2018.

As at December 31, 2020, the Company recorded an impairment provision of \$118,783,685 on the Rackla Gold property as a result of certain impairment indicators being present under the accounting standards. The impairment indicators largely consisted of: (i) the Company's market capitalization being significantly lower than the net assets of the Company for a prolonged period of time; and (ii) the ongoing challenges that the Company has faced with respect to getting the road permitting in place to allow ground access to the property. In future periods, if the impairment indicators are no longer present (ie: the Company's market capitalization has improved and the Company is successful in the continued negotiations with respect to the road permitting), the Company, if it can provide a supportable estimate of the property's recoverable amount, may record a reversal of the 2020 impairment provision. Any impairment reversal shall be to the recoverable amount, not to exceed the carrying value of the property prior to its impairment.

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

For the three months ended March 31, 2021 and March 31, 2020

7. Mineral property interests (continued)**(a) Wholly-owned projects** (continued)**(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% net smelter return royalty (“NSR”) on the claims.

In 2019, the Company was approved to receive financial assistance from the Yukon Government on 2019 qualified exploration expenditures on its CN claims, to a maximum of \$37,242. As at December 31, 2019, the Company had earned the full \$37,242, which was received during the year ended December 31, 2020.

In 2020, the Company was approved to receive financial assistance from the Yukon Government on 2020 qualified exploration expenditures on its Connaught project, to a maximum of \$39,558. As at December 31, 2020, the Company had earned \$33,070 of the amount, which was received during the three months ended March 31, 2021.

See note 7(b)(ii) and (iii) for option agreements in respect of additional claims forming part of the Company’s Connaught project.

(iii) Idaho Creek project

The Idaho Creek project consists of a 100% interest in the Idaho Creek mineral claims located in the Whitehorse Mining District, Yukon Territory. Prior to December 31, 2019, the project had been under previous option agreements whereby cash and common shares totaling \$269,413 had been received.

On August 19, 2020, the Company signed a property option agreement (the “Option Agreement”) with Makara Mining Corp. (“Makara”), whereby Makara has the option to earn a 100% interest in the Company’s Idaho Creek project. Pursuant to the Option Agreement, Makara can earn the interest through completion of the following:

Cash payments of \$150,000:

- \$5,000 on execution of the Option Agreement (received);
- \$10,000 on or before May 1, 2021 (received subsequently);
- \$20,000 on or before May 1, 2022;
- \$25,000 on or before May 1, 2023; and
- \$90,000 on or before May 1, 2024.

Issuance of 750,000 common shares:

- 25,000 common shares on execution of the Option Agreement (received at a fair value of \$33,500);
- 50,000 common shares on or before May 1, 2021 (received subsequently at a fair value of \$20,000);
- 100,000 common shares on or before May 1, 2022;
- 250,000 common shares on or before May 1, 2023; and
- 325,000 common shares on or before May 1, 2024.

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

For the three months ended March 31, 2021 and March 31, 2020

7. Mineral property interests (continued)**(a) Wholly-owned projects** (continued)**(iii) Idaho Creek project** (continued)

In addition, Makara is required to incur \$2,000,000 in exploration expenditures on the project as follows:

- \$50,000 on or before December 1, 2020 (incurred);
- An additional \$100,000 on or before December 1, 2021;
- An additional \$150,000 on or before December 1, 2022;
- An additional \$500,000 on or before December 1, 2023; and
- An additional \$1,200,000 on or before December 1, 2024.

Pursuant to the Option Agreement, the Company retains a 2% NSR from any commercial production of precious metals from the Idaho Creek project of which Makara can repurchase one-half (being 1%) for \$1,000,000.

Further, in addition to the NSR, the Company shall be entitled to receive a one-time cash payment equal to \$1 per ounce of gold (or the value equivalent in other metals) identified in the earlier of a National Instrument 43-101 *Standards of Disclosure for Mineral Property* compliant: (i) measured and indicated resource estimate applicable to the project; or (ii) a proven and probable reserve estimate applicable to the project.

During the year ended December 31, 2020, the Company recognized a gain of \$184 in respect of option payments received in excess of the Company's carrying value of the project.

In 2020, the Company was approved to receive financial assistance from the Yukon Government on 2020 qualified exploration expenditures on its Idaho Creek project, to a maximum of \$23,263. As at December 31, 2020, the Company had earned the full amount, which was received during the three months ended March 31, 2021.

Expenditures on the project after the Option Agreement with Makara was signed have been recovered from Makara, therefore the financial assistance earned on these amounts are due to Makara. The 2020 financial assistance was determined to be \$18,536 and was included in accounts payable and accrued liabilities as at December 31, 2020 and paid during the three months ended March 31, 2021.

(iv) 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 were received under previous option agreements.

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

For the three months ended March 31, 2021 and March 31, 2020

7. Mineral property interests (continued)**(b) Projects under option****(i) East Goldfield project**

On February 20, 2020, the Company signed a Property Option Agreement with Silver Range Resources Ltd. (“Silver Range”), a company with common Directors and Officers, whereby the Company has the option to earn a 100% interest in Silver Range’s East Goldfield property located in Nevada, USA. Pursuant to the Option Agreement, the Company has the right to earn an initial 75% interest in the property (the “Initial Option”) by making cash payments to Silver Range based on the following schedule:

Cash payments of \$400,000:

- \$30,000 on execution of the Option Agreement (paid);
- \$40,000 on or before April 1, 2021 (paid subsequently);
- \$70,000 on or before April 1, 2022;
- \$100,000 on or before April 1, 2023; and
- \$160,000 on or before April 1, 2024.

In addition, the Initial Option requires the Company to incur exploration expenditures on the property as follows:

- \$200,000 on or before April 1, 2021 (incurred);
- An additional \$200,000 on or before April 1, 2022; and
- An additional \$9,600,000 on or before December 1, 2025.

The Company has the right at its sole election to make up 50% of all of the cash payments under the Initial Option through the issuance of common shares to Silver Range. The number of common shares to be issued as payment is to be calculated using a share price equal to the volume weighted average price of the Company’s common shares for the 10 trading days immediately preceding the applicable payment date, subject to such price not being less than \$0.05 per share. Silver Range is not required to accept any number of common shares where accepting the number of shares will result in Silver Range holding (directly or indirectly) more than an aggregate 19.9% of the issued and outstanding shares of the Company.

On completion of the Initial Option, the Company will have the right to acquire an additional 25% interest in the property (the “Second Option”) by paying Silver Range an additional \$10,000,000 on or before the date that is six months from the date that the Company gives notice to Silver Range confirming its exercise of the Initial Option.

Silver Range will retain a 2% NSR on all mineral production from the properties, of which up to 1% can be purchased for \$1,000,000.

Silver Range will also be entitled to receive a one-time cash payment equal to US\$2 per ounce of gold (or the value equivalent in other metals) on the first 1,000,000 ounces of gold, identified in a NI 43-101 compliant measured and indicated resource estimate application (or proven and probable reserves) to the property; and an additional one-time cash payment equal to US\$1 per ounce of gold (or the value equivalent in other metals) on all ounces of gold in excess of 1,000,000 ounces of gold, identified in a NI 43-101 compliant proven or probable reserve estimate applicable (or proven and probable reserves) to the property.

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

For the three months ended March 31, 2021 and March 31, 2020

7. Mineral property interests (continued)**(b) Projects under option** (continued)**(ii) Blackbear claims**

On November 20, 2020, the Company signed a Property Option Agreement with two vendors whereby the Company has the option to earn a 100% interest in a series of claims contiguous to the Company's Connaught project (note 7(a)(ii)). Pursuant to the Option Agreement, the Company has the right to earn a 100% interest in the property by making cash payments to the vendors based on the following schedule:

Cash payments of \$100,000:

- \$10,000 on execution of the Option Agreement (paid);
- \$10,000 on or before February 28, 2022;
- \$10,000 on or before February 28, 2023;
- \$15,000 on or before February 28, 2024;
- \$25,000 on or before February 28, 2025; and
- \$30,000 on or before February 28, 2026.

In addition, the Option Agreement requires the Company to issue 200,000 common shares as follows:

- 20,000 common shares on Exchange acceptance (issued at a fair value of \$4,000);
- 20,000 common shares on or before February 28, 2022;
- 20,000 common shares on or before February 28, 2023;
- 30,000 common shares on or before February 28, 2024;
- 50,000 common shares on or before February 28, 2025; and
- 60,000 common shares on or before February 28, 2026.

The vendors will retain a 2% NSR on all mineral production from the properties, of which up to 1% can be purchased for \$500,000.

(iii) Mag claims

On November 20, 2020, the Company signed a Property Option Agreement with a vendor whereby the Company has the option to earn a 100% interest in a series of claims contiguous to the Company's Connaught project (note 7(a)(ii)). Pursuant to the Option Agreement, the Company has the right to earn a 100% interest in the property by making cash payments to the vendor based on the following schedule:

Cash payments of \$70,000:

- \$15,000 on execution of the Option Agreement (paid);
- \$25,000 on or before December 31, 2021; and
- \$30,000 on or before December 31, 2022.

In addition, the Option Agreement requires the Company to issue 120,000 common shares as follows:

- 60,000 common shares on Exchange acceptance (issued at a fair value of \$12,000);
- 30,000 common shares on or before December 31, 2021; and
- 30,000 common shares on or before December 31, 2022.

The vendors will retain a 1% conventional royalty ("CNSR") and a 10% high-grade royalty on all mineral production from the properties. The Company has the right to purchase 100% of the CNSR for \$250,000.

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

For the three months ended March 31, 2021 and March 31, 2020

7. Mineral property interests (continued)**(c) 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.

8. 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.

9. Equipment

	Exploration equipment \$	Computer equipment \$	Total \$
<u>Cost</u>			
January 1, 2020 and March 31, 2020	160,000	-	160,000
<u>Accumulated depreciation</u>			
January 1, 2020	16,000	-	16,000
Depreciation	8,000	-	8,000
March 31, 2020	24,000	-	24,000
<u>Cost</u>			
January 1, 2021	160,000	-	160,000
Additions	-	9,238	9,238
January 1, 2021 and March 31, 2021	160,000	9,238	169,238
<u>Accumulated depreciation</u>			
January 1, 2021	48,000	-	48,000
Depreciation	8,000	-	8,000
March 31, 2021	56,000	-	56,000
<u>Net book value</u>			
December 31, 2020	112,000	-	112,000
March 31, 2021	104,000	9,238	113,238

Depreciation is capitalized to the Company's exploration properties (note 7), as the equipment is used exclusively for the Company's exploration efforts. During the three months ended March 31, 2021, the Company capitalized \$8,000 in depreciation charges (2020 - \$8,000) to mineral property interests.

No depreciation was taken on the Company's computer equipment as the purchase occurred at period end.

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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, 2021:

There were no transactions for the issue of share capital during the three months ended March 31, 2021.

Transactions for the issue of share capital during the three months ended March 31, 2020:

There were no transactions for the issue of share capital during the three months ended March 31, 2020.

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 November 2020 annual shareholders' meeting and will remain in effect until the annual shareholders' meeting in 2023. As at March 31, 2021, there were 162,738,547 rights outstanding (December 31, 2020 – 162,738,547).

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, or the date of grant in respect of options granted to consultants, 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.

ATAC Resources Ltd.

Notes to the Condensed Interim Consolidated Financial Statements

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For the three months ended March 31, 2021 and March 31, 2020

10. Share capital (continued)

Stock options (continued)

A summary of the status of the Company's stock options as at March 31, 2021 and December 31, 2020 and changes during the period/year then ended is as follows:

	Three months ended March 31, 2021		Year ended December 31, 2020	
	Options	Weighted average exercise price	Options	Weighted average exercise price
	#	\$	#	\$
Options outstanding, beginning of period/year	12,235,000	0.41	12,437,500	0.49
Granted	-	-	2,405,000	0.22
Exercised	-	-	(275,000)	0.30
Expired/cancelled	(1,755,000)	0.31	(2,332,500)	0.65
Options outstanding, end of period/year	10,480,000	0.43	12,235,000	0.41

As at March 31, 2021, the Company has stock options outstanding and exercisable as follows:

Options outstanding #	Options exercisable #	Exercise price \$	Expiry date
250,000	250,000	0.76	June 7, 2021
2,665,000	2,665,000	0.55	May 26, 2022
2,940,000	2,940,000	0.55	February 1, 2023
2,120,000	2,120,000	0.30	February 4, 2024
100,000	100,000	0.30	February 4, 2024
2,210,000	2,210,000	0.22	January 9, 2025
195,000	146,250	0.20	April 28, 2025
10,480,000	10,431,250		

The following table summarizes information about the stock options outstanding as at March 31, 2021:

Range of prices \$	Options #	Weighted average remaining life (years)	Weighted average exercise price \$
0.20 - 0.30	4,625,000	3.35	0.26
0.55	5,605,000	1.51	0.55
0.76	250,000	0.19	0.76
	10,480,000	2.29	0.43

No options were granted during the three months ended March 31, 2021.

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

During the three months ended March 31, 2020, 2,210,000 options were granted to Officers, Directors, related company employees and consultants. The Company 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, stock price volatility – 64.85%, no dividend yield, and a risk-free interest rate yield – 1.54%. The fair value was particularly impacted by the Company's stock price volatility, determined using data from the previous five years. Using the above assumptions, the fair value of options granted during the three months ended March 31, 2020 was \$0.12 per option, for a total of \$267,145.

The total share-based payment expense for the three months ended March 31, 2021 was \$16,697 (2020 - \$152,429, which is presented as an operating expense, and includes only options that vested during the period).

During the three months ended March 31, 2021, 1,755,000 options (2020 – 1,450,000) expired unexercised. As a result, the original share-based payments expense of \$331,620 (2020 – \$641,194) was reversed from contributed surplus and credited to deficit.

No options were cancelled during the three months ended March 31, 2021. During the three months ended March 31, 2020, 425,000 options were cancelled. As a result, the original share-based payments expense of \$112,690 was 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.

Finders' warrants may be issued as a private placement share issue cost and are valued using the Black-Scholes option pricing model. During the year ended December 31, 2020, the Company issued 2,173,914 warrants to subscribers of flow-through financings completed.

In addition, during the year ended December 31, 2020, 260,870 finders' warrants were issued in connection with the financing completed. The value of the finders' warrants was determined to be \$22,745 using the Black-Scholes option pricing model with the following weighted average assumptions: expected life of warrants - two years, stock price volatility – 72.67%, no dividend yield, and a risk-free interest rate yield – 0.25%.

During the three months ended March 31, 2021, 382,500 finders' warrants expired unexercised. As a result, the original fair value of \$15,200 was reversed from contributed surplus and credited to share capital.

On March 5, 2021, the Company amended the exercise price of 5,253,572 warrants from \$0.425 to \$0.28 and extended the term of these warrants from March 22, 2021 to March 22, 2022.

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

For the three months ended March 31, 2021 and March 31, 2020

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

A summary of the status of the Company's warrants as at March 31, 2021 and December 31, 2020 and changes during the period/year then ended is as follows:

	Three months ended March 31, 2021		Year ended December 31, 2020	
	Warrants #	Weighted average exercise price \$	Warrants #	Weighted average exercise price \$
Warrants outstanding, beginning of period/year	8,070,856	0.38	5,636,072	0.425
Issued	-	-	2,434,784	0.27
Expired	(382,500)	0.425	-	-
Warrants outstanding, end of period/year	7,688,356	0.28	8,070,856	0.38

As at March 31, 2021, the Company has warrants outstanding and exercisable as follows:

Warrants outstanding #	Warrants exercisable #	Exercise price \$	Expiry date
5,253,572	5,253,572	0.28	March 22, 2022
2,173,914	2,173,914	0.27	June 30, 2022
260,870	260,870	0.23	June 30, 2022
7,688,356	7,688,356		

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, 2021 was based on the loss of \$308,167 (2020 – \$355,759) and a weighted average number of common shares outstanding of 162,738,547 (2020 – 158,035,720).

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, 2021 or March 31, 2020.

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For the three months ended March 31, 2021 and March 31, 2020

12. Related party payables and transactions (continued)

Graham Downs, the Company's President and CEO, receives a monthly salary and incentive stock options. Commencing May 2020, Andrew Carne and Adam Coulter, the Company's Vice-president of Corporate and Project Development and Vice-president of Exploration, respectively, receive monthly salaries and incentive stock options. No other key management personnel and Directors receive 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, 2021, no stock options were granted to key management personnel.

During the three months ended March 31, 2020, a total of 1,500,000 stock options were granted to key management personnel and Directors having a fair value on issue of \$181,320. The options granted are exercisable at \$0.22 until January 9, 2025 and vested over a one-year period ending January 9, 2021.

During the three months ended March 31, 2021, 1,150,000 management personnel and Director stock options (2020 – 950,000) having a fair value on issue of \$217,301 (2020 - \$420,093) expired unexercised.

During the three months ended March 31, 2021, no stock options were surrendered and cancelled.

During the three months ended March 31, 2020, 425,000 management personnel and Director stock options having a fair value on issue of \$112,690 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, office rent and administration.
- (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"), 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 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) Andrew Carne is the Company's Vice-president of Corporate and Project Development. He is paid a monthly salary for his services.
- (j) Adam Coulter is the Company's Vice-president of Exploration. He is paid a monthly salary for his services.

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For the three months ended March 31, 2021 and March 31, 2020

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:

	Transactions 3 months ended March 31, 2021 \$	Transactions 3 months ended March 31, 2020 \$	Balance outstanding March 31, 2021 \$	Balance outstanding December 31, 2020 \$
Archer, Cathro				
- geological services	20,536	126,378	983	8,328
- office and administration	14,497	26,589	5,135	8,611
	35,033	152,967	6,118	16,939
Carvest - geological services	12,470	3,190	3,502	-
Yeadon Law Corp.	16,176	17,625	23,594	17,952
DBM CPA	11,500	16,300	30,475	18,000
D. Goss Corporation	10,500	8,750	-	-
Graham Downs	56,250	56,250	-	-
Ian Talbot	10,500	10,500	-	3,675
Kenway Mack	3,000	2,800	-	-
(1) Andrew Carne	30,000	-	9,930	-
(2) Adam Coulter	30,000	-	-	-
	215,429	268,382	73,619	56,566

(1) Transactions for the three months ended March 31, 2021 include \$16,951 (2020 - \$nil) in geological services.

(2) Transactions for the three months ended March 31, 2021 include \$24,315 (2020 - \$nil) in geological services.

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

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For the three months ended March 31, 2021 and March 31, 2020

12. Related party payables and transactions (continued)

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 and tax services of Company's CFO, Larry Donaldson, charged to the Company by DBM CPA.
- (e) Property examination costs
 - Includes an allocation of salaries paid to Andrew Carne and Adam Coulter.
 - Includes consulting fees charged by a Director of the Company, Robert Carne, charged to the Company by Carvest.
- (f) Salaries and benefits
 - Includes the salaries of the Company's President and CEO, Graham Downs, as well as an allocation of salaries paid to Andrew Carne and Adam Coulter.

13. Income Taxes

Income tax recovery for the three months ended March 31, 2021 and March 31, 2020 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:

	March 31, 2021	March 31, 2020
	\$	\$
Loss before income taxes	(308,167)	(420,036)
Statutory Canadian corporate tax rate	27.0%	27.0%
Anticipated income tax recovery	83,205	113,410
Change in tax resulting from:		
Unrecognized items for tax purposes and other	(6,803)	(55,060)
Tax benefits to be renounced/renounced on flow-through expenditures	-	(27,891)
Flow-through premium liability reduction	-	33,818
Change in unrecognized deductible temporary differences	(76,402)	-
Net deferred income tax recovery	-	64,277

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13. Income Taxes (continued)

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

	March 31,	December 31,
	2021	2020
	\$	\$
Unrealized losses on marketable securities	242,512	240,216
Mineral property interests	9,970,203	9,964,584
Equipment	15,120	12,960
Unclaimed investment tax credits	860,606	860,606
Non-capital loss carry forwards	3,885,938	3,811,621
Capital loss carry forwards	44,369	44,369
Share issue costs	70,430	78,420
Tax benefits unrecognized	(15,089,178)	(15,012,776)
Net deferred income tax asset (liability)	-	-

As at March 31, 2021, the Company has non-capital loss carry forwards of approximately \$14,392,000 (December 31, 2020 - \$14,117,000) of which \$7,000 will expire in 2028, \$471,000 in 2029, \$1,175,000 in 2030, \$1,666,000 in 2031 and \$11,073,000 thereafter.

As at March 31, 2021, the Company has unused capital losses of approximately \$329,000 (December 31, 2020 - \$329,000), which have no expiry date and can only be used to reduce future income from capital gains.

As at March 31, 2021, the Company has unclaimed resource and other deductions of approximately \$38,005,000 (December 31, 2020 - \$37,700,000), which may be deducted against future taxable income.

As at March 31, 2021, there are share issue costs totaling approximately \$261,000 (December 31, 2020 - \$290,000), which have not been claimed for income tax purposes.

As at March 31, 2021, the Company has unused investment tax credits totaling approximately \$1,179,000 (December 31, 2020 - \$1,179,000), which have not been claimed for income tax purposes. Of the credits, \$958,000 will expire in 2032 and \$221,000 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, 2021 and March 31, 2020 were comprised of the following:

	March 31, 2021	March 31, 2020
	\$	\$
Receivables and prepayments	(11,164)	12,766
Accounts payable and accrued liabilities	(25,854)	(43,145)
Accounts payable to related parties	15,160	14,420
Net change	(21,858)	(15,959)

The Company incurred non-cash investing activities during the three months ended March 31, 2021 and March 31, 2020 as follows:

	March 31, 2021	March 31, 2020
	\$	\$
Non-cash investing activities:		
Equipment additions included in related party payables	9,238	-
Deferred exploration expenditures included in accounts payable and related party payables	18,093	54,834
	27,331	54,834

During the three months ended March 31, 2021 and March 31, 2020, there were no non-cash financing activities.

During the three months ended March 31, 2021 and March 31, 2020 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, 2021 is comprised of shareholders' equity of \$7,002,994 (December 31, 2020 - \$7,294,464).

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15. Financial risk management (continued)**Capital management** (continued)

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.

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 approximates their fair value because of the short-term nature of these instruments.

Financial instruments measured at fair value on the consolidated 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
	\$	\$	\$	\$
March 31, 2021				
Cash and cash equivalents	5,331,856	-	-	5,331,856
Marketable securities	401,342	2,610	-	403,952
Reclamation deposit	126,099	-	-	126,099
	5,859,297	2,610	-	5,861,907
December 31, 2020				
Cash and cash equivalents	5,901,360	-	-	5,901,360
Marketable securities	411,114	9,843	-	420,957
Reclamation deposit	125,744	-	-	125,744
	6,438,218	9,843	-	6,448,061

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 receivables exposure as its refundable credits are due from the Canadian Government.

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15. Financial risk management (continued)**Financial instruments – risk** (continued)**(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, 2021, every 1% fluctuation in interest rates up or down would have impacted loss for the period, up or down, by approximately \$10,000 (2020 - \$23,000) 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.

(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, 2021 value of marketable securities every 10% increase or decrease in the share prices of these companies would have impacted loss for the period, up or down, by approximately \$40,000 (2020 - \$15,000) before income taxes.

(e) Currency risk

The Company is exposed to currency risk because it holds funds and receivables in United States Dollars ("USD"), which, because of fluctuating exchange rates can create gains or losses at the time the funds are converted to Canadian dollars. The Company has no control over these fluctuations and does not hedge its foreign currency holdings. Based on its March 31, 2021 USD holdings, every 5% increase or decrease in the exchange rate would have had an insignificant impact on profit or loss before income taxes.

16. Commitments

On June 30, 2020, the Company completed a private placement of flow-through units for gross proceeds of \$1,000,000. The Company was required to spend the funds on qualified exploration programs no later than December 31, 2021. The expenditures and available income tax benefits were renounced to the flow-through shareholders effective December 31, 2020. As of December 31, 2020, all of the funds had been spent.

In July 2020, the Canadian Government provided relief with respect to COVID-19 by providing companies with an additional 12 months in which they can spend eligible flow-through expenditures and provided interest relief on unspent funds.

A summary of the Company's flow-through premium liability as at March 31, 2021 and December 31, 2020 and changes during the period/year then ended is as follows:

	March 31, 2021	December 31, 2020
	\$	\$
Balance, beginning of period/year	-	136,852
Addition - June 30, 2020 private placement	-	21,739
Reduction - pro rata based on eligible expenditures	-	(158,591)
Balance, end of period/year	-	-

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17. Event after the reporting period

On April 16, 2021, the Company completed a flow-through private placement consisting of the issue of 4,800,000 flow-through common shares at a price of \$0.21 each for gross proceeds of \$1,008,000.