

ATAC Resources Ltd.
Condensed Interim Consolidated Financial Statements
For the three months ended
March 31, 2020
Unaudited – Prepared by Management
(Expressed in Canadian Dollars)

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

May 22, 2020

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, 2020 and December 31, 2019

	Note	March 31, 2020 \$	December 31, 2019 \$
Assets			
Current assets			
Cash and cash equivalents	3	9,117,230	9,669,634
Receivables and prepayments	4	94,908	144,916
Marketable securities	5	146,727	229,574
		9,358,865	10,044,124
Non-current assets			
Prepaid exploration expenditures		6,675	15,202
Mineral property interests	7	115,831,217	115,451,621
Reclamation deposit	8	127,005	126,382
Equipment	9	136,000	144,000
		116,100,897	115,737,205
Total assets		125,459,762	125,781,329
Liabilities and shareholders' equity			
Current liabilities			
Accounts payable and accrued liabilities		29,581	91,719
Accounts payable to related parties	12	76,302	68,124
Flow-through premium liability	10,16	103,034	136,852
		208,917	296,695
Non-current liabilities			
Deferred income tax liability	13	16,833,014	16,863,473
Total liabilities		17,041,931	17,160,168
Shareholders' equity			
Share capital	10	131,090,809	131,090,809
Contributed surplus	10	3,072,178	3,673,633
Deficit		(25,745,156)	(26,143,281)
Total shareholders' equity		108,417,831	108,621,161
Total liabilities and shareholders' equity		125,459,762	125,781,329
Nature of operations and going concern	1		
Commitment	16		
Event after the reporting period	17		

Approved on behalf of the Board of Directors as of May 22, 2020:

"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, 2020 and March 31, 2019

	Number of shares #	Share capital \$	Contributed surplus \$	Deficit \$	Total shareholders' equity \$
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)
March 31, 2019	158,035,720	131,029,309	3,550,076	(25,375,048)	109,204,337
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

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	2020 \$	2019 \$
Expenses			
Consulting fees	12	11,550	13,500
Flow-through taxes	16	1,137	-
General administrative expenses		7,000	15,739
Insurance		12,245	10,592
Investor relations and shareholder information		43,506	43,319
Management, administration and corporate development fees	12	27,105	14,784
Office rent	12	10,500	10,500
Professional fees	12	38,971	23,886
Property examination costs		21,118	-
Salaries and benefits	12	60,437	96,091
Share-based payments	10,12	152,429	226,458
Transfer agent and filing fees		5,827	3,906
Loss from operating expenses		(391,825)	(458,775)
Interest income		54,636	49,047
Gain (loss) on marketable securities	5	(82,847)	141,238
Loss for the period before income taxes		(420,036)	(268,490)
Deferred income tax recovery	13	64,277	30,416
Loss and comprehensive loss for the period		(355,759)	(238,074)
Loss per share			
Weighted average number of common shares outstanding			
- basic #	11	158,035,720	148,579,291
- diluted #	11	158,035,720	148,579,291
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	2020 \$	2019 \$
Operating activities			
Loss and comprehensive loss for the period		(355,759)	(238,074)
Adjustments for:			
Share-based payments		152,429	226,458
Unrealized loss (gain) on marketable securities		82,847	(141,238)
Interest income		(54,636)	(49,047)
Deferred income tax recovery		(64,277)	(30,416)
Net change in non-cash working capital items	14	(15,959)	320,093
		(255,355)	87,776
Financing activities			
Issue of common shares/units for cash		-	3,677,500
Share issue costs		-	(161,170)
		-	3,516,330
Investing activities			
Interest received		54,636	49,047
Reclamation deposit		(623)	(604)
Yukon mining exploration grant received		37,242	-
Mineral property acquisition costs		(106,531)	(56,671)
Prepaid exploration expenditures		(1,744)	(43,252)
Deferred exploration and evaluation expenditures		(280,029)	(463,132)
		(297,049)	(514,612)
(Decrease) increase in cash and cash equivalents		(552,404)	3,089,494
Cash and cash equivalents, beginning of period		9,669,634	10,691,051
Cash and cash equivalents, end of period		9,117,230	13,780,545

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, 2020 and March 31, 2019

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, 2020 and December 31, 2019 and for the three months ended March 31, 2020 and March 31, 2019 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, 2020, the Company had working capital of \$9,149,948 (December 31, 2019 - \$9,747,429) and shareholders’ equity of \$108,417,831 (December 31, 2019 - \$108,621,161). 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. Unfortunately, the restricted nature of the Company’s activities do not qualify it for the various Government wage and loan subsidies. The Company has flow-through expenditures to incur by the end of the year and it may not be possible to complete them if the pandemic continues and access to its projects prove insurmountable. To date, there have been no legislative announcements to extend the flow-through expenditure deadline and the Company will be considering mitigation strategies should it not be able to complete the expenditures.

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, 2019, 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.

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

For the three months ended March 31, 2020 and March 31, 2019

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

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, 2020. Accordingly, these financial statements should be read in conjunction with the Company’s most recent annual audited financial statements.

3. Cash and cash equivalents

Cash and cash equivalents consist of the following:

	March 31, 2020	December 31, 2019
	\$	\$
Bank and broker balances	513,968	466,452
Cashable investment certificates	8,603,262	9,203,182
	9,117,230	9,669,634

4. Receivables and prepayments

Receivables and prepayments consist of the following:

	March 31, 2020	December 31, 2019
	\$	\$
Sales tax recoverable	21,265	21,359
Exploration incentives receivable (note 7(a)(ii))	-	37,242
Prepaid expenses	73,643	86,315
	94,908	144,916

ATAC Resources Ltd.

Notes to the Condensed Interim Consolidated Financial Statements

Unaudited – Prepared by Management

For the three months ended March 31, 2020 and March 31, 2019

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 gain (loss) \$
Cost				
January 1, 2019	1,691,834	475,000	2,166,834	
March 31, 2019	1,691,834	475,000	2,166,834	
Fair value				
January 1, 2019	386,181	78,725	464,906	
Unrealized gain	114,510	26,728	141,238	141,238
March 31, 2019	500,691	105,453	606,144	141,238
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)

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. From incorporation to March 31, 2020, 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.

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, 2019	111,907,084	-	111,907,084
Acquisitions/staking/assessments	56,671	-	56,671
Exploration and evaluation	223,131	-	223,131
March 31, 2019	112,186,886	-	112,186,886
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

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

For the three months ended March 31, 2020 and March 31, 2019

7. Mineral property interests (continued)

Changes in the project carrying amounts for the three months ended March 31, 2019 and March 31, 2020 are summarized as follows:

	Three months ended March 31, 2019			
	January 1, 2019	Acquisitions / staking / assessments	Exploration and evaluation	March 31, 2019
	\$	\$	\$	\$
Wholly-owned projects				
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
	111,472,331	56,671	214,330	111,743,332
Connaught	190,130	-	8,801	198,931
Idaho Creek	19,548	-	-	19,548
Panorama	16,110	-	-	16,110
Rosy	208,965	-	-	208,965
Total	111,907,084	56,671	223,131	112,186,886

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

	Osiris and Orion	Rau	Others	Total
Three months ended March 31, 2019	\$	\$	\$	\$
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
Total	115,222	99,108	8,801	223,131

ATAC Resources Ltd.

Notes to the Condensed Interim Consolidated Financial Statements
Unaudited – Prepared by Management

For the three months ended March 31, 2020 and March 31, 2019

7. Mineral property interests (continued)

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

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

(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 and Nevada, which are at various stages of exploration. They are not subject to any option or sale agreements, except as noted below.

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

For the three months ended March 31, 2020 and March 31, 2019

7. Mineral property interests (continued)**(a) Wholly-owned projects** (continued)**(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. During the agreement Barrick incurred exploration expenditures of \$10,000,000. The Agreement was terminated in December 2018.

(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.

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 three months ended March 31, 2020.

(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.

(iv) Panorama project

The Panorama project consisted of a 100% interest in the Aussie mineral claims located in the Dawson Mining District, Yukon Territory. Cash and common shares totaling \$328,400 were received under previous option agreements.

During the year ended December 31, 2019, the claims were 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 were received under previous option agreements.

7. Mineral property interests (continued)

(b) Project under option

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;
- \$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;
- 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 Company’s issuance of a notice to Silver Range confirming its desire to exercise the Second 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 one million 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 one million ounces of gold, identified in a NI 43-101 compliant proven or probable reserve estimate applicable (or proven and probable reserves) to the property.

(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.

ATAC Resources Ltd.**Notes to the Condensed Interim Consolidated Financial Statements
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For the three months ended March 31, 2020 and March 31, 2019

9. Equipment

	Exploration equipment \$
<hr/>	
<u>Cost</u>	
January 1, 2019 and March 31, 2019	-
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<u>Accumulated depreciation</u>	
January 1, 2019 and March 31, 2019	-
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<u>Cost</u>	
January 1, 2020 and March 31, 2020	160,000
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<u>Accumulated depreciation</u>	
January 1, 2020	16,000
Depreciation	8,000
March 31, 2020	24,000
<hr/>	
<u>Net book value</u>	
December 31, 2019	144,000
March 31, 2020	136,000

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, 2020, the Company capitalized \$8,000 in depreciation charges (2019 - \$nil) to mineral property interests.

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, 2020:**

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

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

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 consisted 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 was a reflection of the value of the income tax write-offs that the Company renounced to the flow-through shareholders. The premium was determined to be \$1,155,786 and was recorded as a reduction of share capital. An equivalent flow-through share premium liability was recorded and is being reversed pro-rata as the required exploration expenditures are incurred (see note 16). No value was allocated to the warrant component of the unit.

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

For the three months ended March 31, 2020 and March 31, 2019

10. Share capital (continued)

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 were recorded as a share issue cost and deducted from share capital net of deferred income tax benefits of \$48,646.

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, 2020, there were 158,035,720 rights outstanding (December 31, 2019 – 158,035,720).

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.

A summary of the status of the Company's stock options as at March 31, 2020 and December 31, 2019 and changes during the period/year then ended is as follows:

	Three months ended March 31, 2020		Year ended December 31, 2019	
	Options #	Weighted average exercise price \$	Options #	Weighted average exercise price \$
Options outstanding, beginning of period/year	12,437,500	0.49	12,050,000	0.57
Granted	2,210,000	0.22	2,680,000	0.30
Expired/cancelled	(1,875,000)	0.68	(2,292,500)	0.70
Options outstanding, end of period/year	12,772,500	0.41	12,437,500	0.49

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

As at March 31, 2020, the Company has stock options outstanding and exercisable as follows:

Options outstanding #	Options exercisable #	Exercise price \$	Expiry date
1,917,500	1,917,500	0.31	January 21, 2021
250,000	250,000	0.76	June 7, 2021
2,840,000	2,840,000	0.55	May 26, 2022
3,165,000	3,165,000	0.55	February 1, 2023
2,290,000	2,290,000	0.30	February 4, 2024
100,000	100,000	0.30	February 4, 2024
2,210,000	-	0.22	January 9, 2025
12,772,500	10,562,500		

The following table summarizes information about the stock options outstanding at March 31, 2020:

Range of prices \$	Options #	Weighted average remaining life (years)	Weighted average exercise price \$
0.22 - 0.31	6,517,500	3.27	0.28
0.53 - 0.55	6,005,000	2.52	0.55
0.76	250,000	1.19	0.76
	12,772,500	2.88	0.41

During the three months ended March 31, 2020, 2,210,000 stock options (2019 – 2,680,000) 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 (2019 – five years), stock price volatility – 64.85% (2019 – 71.98%), no dividend yield (2019 – none), and a risk-free interest rate yield – 1.54% (2019 – 1.84%). 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 of options granted during the three months ended March 31, 2020 was \$0.12 per option (2019 – \$0.18), for a total of \$267,145 (2019 - \$480,948). The total share-based payment expense for the three months ended March 31, 2020 was \$152,429 (2019 - \$226,458), which is presented as an operating expense, and includes only options that vested during the period.

During the three months ended March 31, 2020, 1,450,000 options (2019 – 1,905,000) expired unexercised. As a result, the original share-based payments expense of \$641,194 (2019 – \$951,808) was reversed from contributed surplus and credited to deficit.

During the three months ended March 31, 2020, 425,000 options (2019 – none) were cancelled. As a result, the original share-based payments expense of \$112,690 (2019 - \$nil) was reversed from contributed surplus and credited to deficit.

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10. Share capital (continued)**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 three months ended March 31, 2019, the Company issued 5,253,572 warrants to subscribers to the flow-through financing completed (note 10).

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, 2020 and December 31, 2019 and changes during the period/year then ended is as follows:

	Three months ended March 31, 2020		Year ended December 31, 2019	
	Warrants	Weighted average exercise price	Warrants	Weighted average exercise price
	#	\$	#	\$
Warrants outstanding, beginning of period/year	5,636,072	0.425	437,441	0.60
Issued	-	-	5,636,072	0.425
Expired	-	-	(437,441)	0.60
Warrants outstanding, end of period/year	5,636,072	0.425	5,636,072	0.425

As at March 31, 2020, the Company has warrants outstanding and exercisable as follows:

Warrants outstanding	Warrants exercisable	Exercise price	Expiry date
#	#	\$	
5,253,572	5,253,572	0.425	March 22, 2021
382,500	382,500	0.425	March 22, 2021
5,636,072	5,636,072		

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, 2020 was based on the loss of \$355,759 (2019 – \$238,074) and a weighted average number of common shares outstanding of 158,035,720 (2019 – 148,579,291).

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, 2020 or March 31, 2019.

Graham Downs, the Company's President and CEO, receives a monthly salary and incentive stock options. Matthew Keevil was the Company's Vice-President of Corporate Affairs from March 3, 2018 to November 22, 2019, during which time he received a monthly salary 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, 2020, 1,500,000 stock options (2019 – 1,750,000) were granted to key management personnel and Directors having a fair value on issue of \$181,320 (2019 – \$314,052). The options granted are exercisable at \$0.22 until January 9, 2025 (2019 – exercisable at \$0.30 until February 4, 2024), and vest over a one-year period ending January 9, 2021 (2019 – vest over a one-year period ending February 4, 2020).

During the three months ended March 31, 2020, 950,000 management personnel and Director stock options (2019 – 1,150,000) having a fair value on issue of \$420,093 (2019 - \$574,582) expired unexercised.

During the three months ended March 31, 2020, 425,000 management personnel and Director stock options (2019 – none) having a fair value on issue of \$112,690 (2019 - \$nil) 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 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 was the Company's Vice-president of Corporate Affairs. He was paid a monthly salary and benefits for his services.

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For the three months ended March 31, 2020 and March 31, 2019

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, 2020 \$	Transactions 3 months ended March 31, 2019 \$	Balance outstanding March 31, 2020 \$	Balance outstanding December 31, 2019 \$
Archer, Cathro				
- geological services	126,378	160,140	30,571	36,813
- office and administration	26,589	15,335	13,261	10,266
	152,967	175,475	43,832	47,079
Carvest - geological services	3,190	580	152	-
(1) Yeadon Law Corp.	17,625	32,886	18,328	4,545
DBM CPA	16,300	10,000	13,990	16,500
D. Goss Corporation	8,750	10,500	-	-
Graham Downs	60,449	60,293	-	-
Ian Talbot	10,500	10,500	-	-
Kenway Mack	2,800	3,000	-	-
Matthew Keevil	-	35,798	-	-
	272,581	339,032	76,302	68,124

(1) Transactions for the three months ended March 31, 2020 include \$nil (2019 - \$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 and tax 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. The 2019 balance includes salaries and benefits paid to the Company's former Vice-president of Corporate Affairs, Matthew Keevil.

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For the three months ended March 31, 2020 and March 31, 2019

13. Income Taxes

Income tax recovery for the three months ended March 31, 2020 and March 31, 2019 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, 2020	March 31,
	\$	2019
		\$
Loss before income taxes	(420,036)	(268,490)
Statutory Canadian corporate tax rate	27.0%	27.0%
Anticipated income tax recovery	113,410	72,492
Change in tax resulting from:		
Unrecognized items for tax purposes and other	(55,060)	(42,076)
Tax benefits to be renounced/renounced on flow-through expenditures	(27,891)	-
Flow-through premium liability reduction	33,818	-
Net deferred income tax recovery	64,277	30,416

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

	March 31, 2020	December 31,
	\$	2019
		\$
Unrealized losses on marketable securities	272,715	261,530
Mineral property interests	(21,734,524)	(21,666,638)
Equipment	6,480	4,320
Unclaimed investment tax credits	860,606	860,606
Non-capital loss carry forwards	3,622,833	3,527,791
Capital loss carry forwards	44,369	44,369
Share issue costs	94,507	104,549
Net deferred income tax liability	(16,833,014)	(16,863,473)

As at March 31, 2020, the Company has non-capital loss carry forwards of approximately \$13,418,000 (December 31, 2019 - \$13,056,000) of which \$7,000 will expire in 2028, \$471,000 in 2029, \$1,175,000 in 2030, \$1,666,000 in 2031 and \$10,099,000 thereafter.

As at March 31, 2020, the Company has unused capital losses of approximately \$329,000 (December 31, 2019 - \$329,000), which have no expiry date and can only be used to reduce future income from capital gains.

As at March 31, 2020, the Company has unclaimed resource and other deductions of approximately \$35,333,000 (December 31, 2019 - \$35,205,000), which may be deducted against future taxable income.

As at March 31, 2020, there are share issue costs totaling approximately \$350,000 (December 31, 2019 - \$387,000), which have not been claimed for income tax purposes.

As at March 31, 2020, the Company has unused investment tax credits totaling approximately \$1,179,000 (December 31, 2019 - \$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, 2020 and March 31, 2019 were comprised of the following:

	March 31, 2020	March 31,
	\$	2019
		\$
Receivables and prepayments	12,766	207,043
Joint Venture receivable	-	144,313
Accounts payable and accrued liabilities	(43,145)	(18,235)
Accounts payable to related parties	14,420	(13,028)
Net change	(15,959)	320,093

The Company incurred non-cash financing and investing activities during the three months ended March 31, 2020 and March 31, 2019 as follows:

	March 31, 2020	March 31,
	\$	2019
		\$
Non-cash financing activities:		
Decrease in restricted cash payable	-	(144,339)
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
	-	1,030,447
Non-cash investing activities:		
Deferred exploration expenditures included in accounts payable and related party payables	54,834	170,939
	54,834	170,939

During the three months ended March 31, 2020 and March 31, 2019 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, 2020 is comprised of shareholders' equity of \$108,417,831 (December 31, 2019 - \$108,621,161).

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For the three months ended March 31, 2020 and March 31, 2019

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, 2020				
Cash and cash equivalents	9,117,230	-	-	9,117,230
Marketable securities	141,133	5,594	-	146,727
Reclamation deposit	127,005	-	-	127,005
	9,385,368	5,594	-	9,390,962
December 31, 2019				
Cash and cash equivalents	9,669,634	-	-	9,669,634
Marketable securities	213,593	15,981	-	229,574
Reclamation deposit	126,382	-	-	126,382
	10,009,609	15,981	-	10,025,590

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.

15. Financial risk management (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, 2020, every 1% fluctuation in interest rates up or down would have impacted loss for the period, up or down, by approximately \$23,000 (2019 - \$25,000) 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, 2020 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 \$15,000 (2019 - \$61,000) before income taxes.

16. Commitment

On March 22, 2019, the Company completed a private placement of flow-through units for gross proceeds of \$3,677,500 (note 10). The Company is required to spend the funds on qualified exploration programs no later than December 31, 2020. The expenditures and available income tax benefits were renounced to the flow-through shareholders effective December 31, 2019. As of March 31, 2020, approximately \$3,350,000 of the funds had been spent.

Under the Income Tax Act flow-through look-back rules the Company has until December 31, 2020 to spend the remaining amount of flow-through funds. Amounts spent after February 1, 2020 are subject to a floating rate interest tax of 2% per annum, which has been estimated to be \$1,137 as at March 31, 2020.

17. Event after the reporting period

On April 28, 2020, the Company granted 195,000 stock options in connection with the appointment of two new Officers. The stock options are exercisable at a price of \$0.20 for a period of 5 years expiring on April 28, 2025.