



Condensed Consolidated Interim Financial Statements  
For the three and nine months ended  
September 30, 2022  
Unaudited – Prepared by Management  
(Expressed in Canadian dollars)

ATAC Resources Ltd  
#1500 – 409 Granville Street  
Vancouver, British Columbia  
V6C 1T2

November 24, 2022

To the Shareholders of  
ATAC Resources Ltd.

The attached condensed consolidated interim 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 Consolidated Interim Statements of Financial Position  
Unaudited – Prepared by Management  
(Expressed in Canadian dollars)  
As at

	September 30, 2022	December 31, 2021 <i>(restated)</i> <i>(Note 2(d))</i>	January 1, 2021 <i>(restated)</i> <i>(Note 2(d))</i>
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents (Note 3)	\$ 4,402,809	\$ 5,561,557	\$ 5,901,360
Receivables and prepayments (Note 4)	375,712	236,416	166,833
Marketable securities (Note 5)	250,750	374,499	420,957
	5,029,271	6,172,472	6,489,150
Non-current assets			
Mineral property interests (Note 6)	609,717	467,144	264,115
Reclamation deposit (Note 7)	139,468	137,593	125,744
Equipment (Note 8)	69,567	89,819	112,000
	818,752	694,556	501,859
<b>Total Assets</b>	<b>\$ 5,848,023</b>	<b>\$ 6,867,028</b>	<b>\$ 6,991,009</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
Current liabilities:			
Accounts payable and accrued liabilities	\$ 535,211	\$ 97,158	\$ 169,830
Accounts payable to related parties (Note 10)	125,138	31,824	56,566
Deposits received	50,000	-	-
Flow-through premium liability (Note 13)	26,611	56,281	-
	733,184	185,263	226,396
Non-current liabilities:			
Asset retirement obligation (Note 6(a))	306,066	306,066	-
<b>Total liabilities</b>	<b>1,039,250</b>	<b>491,329</b>	<b>226,396</b>
Shareholders' equity:			
Share capital (Note 9)	139,191,225	135,718,507	132,149,164
Contributed surplus (Note 9)	1,286,539	2,430,125	3,059,482
Deficit	(135,668,991)	(131,772,933)	(128,444,033)
<b>Total shareholders' equity</b>	<b>4,808,773</b>	<b>6,375,699</b>	<b>6,764,613</b>
<b>Total liabilities and shareholders' equity</b>	<b>\$ 5,848,023</b>	<b>\$ 6,867,028</b>	<b>\$ 6,991,009</b>

Nature of operations and going concern (Note 1)  
Commitments (Note 13)  
Subsequent event (Note 14)

Approved on behalf of the Board of Directors as of November 24, 2022:

"James Gray" Director

"Glenn R. Yeadon" Director

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

## ATAC RESOURCES LTD.

Condensed Consolidated Interim Statements of Loss and Comprehensive Loss

Unaudited – Prepared by Management

(Expressed in Canadian dollars)

	Three months ended September 30,		Nine months ended September 30,	
	2022	2021 <i>(restated)</i> <i>(Note 2(d))</i>	2022	2021 <i>(restated)</i> <i>(Note 2(d))</i>
Expenses:				
Consulting fees (Note 10)	\$ -	\$ 13,500	\$ 120,500	\$ 90,500
Depreciation (Note 8)	1,709	1,015	4,565	1,354
Exploration expenses (Note 6)	2,419,102	1,378,746	4,331,855	2,403,188
General administrative expenses	16,163	17,969	44,711	33,233
Insurance	15,842	13,358	38,972	40,073
Investor relations and shareholder information Management, administration, and corporate development fees (Note 10)	32,445	35,048	124,465	54,967
Office rent (Note 10)	13,137	17,754	37,934	48,470
Professional fees (Note 10)	11,924	11,700	35,324	43,500
Property examination costs (Note 10)	37,732	44,134	133,251	153,928
Salaries and benefits (Note 10)	-	2,127	13,753	46,829
Share-based payments (Note 9,10)	109,242	81,943	345,720	254,594
Transfer agent and filing fees	115,959	126,677	211,585	149,846
Travel and meals	22,715	11,456	52,772	21,448
	26,512	11,407	51,206	11,407
Loss from operating expenses	(2,822,481)	(1,766,834)	(5,546,612)	(3,353,337)
Rental revenue	9,100	16,500	14,600	16,500
Foreign exchange gain or loss	1,259	(2,820)	2,858	185
Interest income	15,734	10,487	43,807	31,110
Gain (loss) on marketable securities (Note 5)	(119,999)	(124,088)	(129,749)	(105,011)
Flow-through premium liability recovery (Note 13)	156,079	103,670	283,446	139,225
Gain on option of mineral property interest (Note 6)	-	-	26,000	30,000
Loss and comprehensive loss for the period	\$ (2,760,308)	\$ (1,763,085)	\$ (5,305,650)	\$ (3,241,328)
Weighted average number of shares outstanding -basic and diluted	209,813,641	184,338,547	201,483,950	171,644,042
Basic and diluted loss per share	\$ (0.01)	\$ (0.01)	\$ (0.03)	\$ (0.02)

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

## ATAC RESOURCES LTD.

Condensed Consolidated Interim Statements of Changes in Shareholders' Equity  
 Unaudited – Prepared by Management  
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	Share Capital		Contributed surplus	Deficit <i>(restated)</i> <i>(Note 2(d))</i>	Total shareholders' equity
	Number of Shares	Share capital			
January 1, 2021	162,738,547	\$132,149,164	\$ 3,059,482	\$ (128,444,033)	\$ 6,764,613
Private placement shares issued	21,600,000	4,032,000	-	-	4,032,000
Flow-through premium liability	-	(228,000)	-	-	(228,000)
Share issuance costs	-	(250,079)	54,018	-	(196,061)
Share-based payments	-	-	149,846	-	149,846
Re-allocated on expiration of options	-	-	(887,440)	887,440	-
Re-allocated on expiration of finders' warrants	-	15,200	(15,200)	-	-
Loss and comprehensive loss for the period	-	-	-	(3,241,328)	(3,241,328)
September 30, 2021	184,338,547	135,718,285	2,360,706	(130,797,921)	7,281,070
Share issuance costs	-	(2,778)	-	-	(2,778)
Shares issued for mineral properties	30,000	3,000	-	-	3,000
Share-based payments	-	-	69,419	-	69,419
Loss and comprehensive loss for the period	-	-	-	(975,012)	(975,012)
December 31, 2021	184,368,547	135,718,507	2,430,125	(131,772,933)	6,375,699
Private placement shares issued	25,000,000	4,000,000	-	-	4,000,000
Flow-through premium liability	-	(250,000)	-	-	(250,000)
Share issuance costs	-	(359,540)	77,166	-	(282,374)
Shares issued for mineral properties	445,094	59,513	-	-	59,513
Share-based payments	-	-	211,585	-	211,585
Re-allocated on expiration of options	-	-	(1,409,592)	1,409,592	-
Re-allocated on expiration of finders' warrants	-	22,745	(22,745)	-	-
Loss and comprehensive loss for the period	-	-	-	(5,305,650)	(5,305,650)
September 30, 2022	209,813,641	\$139,191,225	\$ 1,286,539	\$ (135,668,991)	\$ 4,808,773

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

## ATAC RESOURCES LTD.

Condensed Consolidated Interim Statements of Cash Flows  
Unaudited – Prepared by Management  
(Expressed in Canadian dollars)  
For the nine months ended September 30,

	2022	2021
		<i>(restated)</i> <i>(Note 2(d))</i>
Cash flows from operating activities:		
Loss and comprehensive loss for the period	\$ (5,305,650)	\$ (3,241,328)
Items not involving cash:		
Share-based payments	211,585	149,846
Unrealized (gain) loss on marketable securities	129,749	105,011
Depreciation	28,565	25,354
Interest income	(41,632)	(31,110)
Gain on option of mineral property interest	(26,000)	(30,000)
Flow-through premium recovery	(283,446)	(139,225)
Changes in non-cash working capital items:		
Receivables and prepayments	(122,664)	16,553
Accounts payable and accrued liabilities	438,053	536,136
Due to related parties	89,814	(21,135)
Deposits received	50,000	-
Net cash used in operating activities	(4,831,626)	(2,629,898)
Cash flows from investing activities		
Interest received	-	31,110
Proceeds on sale of marketable securities	-	12,197
Reclamation deposit	-	(19,325)
Purchase of equipment	(4,813)	(12,189)
Yukon mining exploration grant received	25,000	56,333
Mineral property acquisition costs	(83,060)	(92,913)
Option payments received	20,000	-
Net cash used in investing activities	(42,873)	(24,787)
Cash flows from financing activities		
Issue of common share units for cash	4,000,000	4,032,000
Share issuance costs	(282,374)	(196,061)
Net cash provided by financing activities	3,717,626	3,835,939
Effect of foreign exchange on cash	(1,875)	-
Net change in cash	(1,158,748)	1,181,254
Cash, beginning of the period	5,561,557	5,901,360
Cash, end of the period	\$ 4,402,809	\$ 7,082,614

Supplemental cash flow information (Note 11)

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

# ATAC RESOURCES LTD.

Notes to the Condensed Consolidated Interim Financial Statements

Unaudited - Prepared by Management

(Expressed in Canadian dollars)

For the three and nine months ended September 30, 2022 and 2021

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## 1. Nature of operations and going concern

ATAC Resources Ltd. (the "Company" or "ATAC") was incorporated under the laws of the Province of British Columbia, Canada. The Company's head office is located at 1500 – 409 Granville Street, Vancouver, British Columbia, Canada, V6C 1T2. 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 and United States. The Company's common shares trade on the TSX Venture Exchange ("TSX-V") and the OTCQB Venture Market ("OTCQB").

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 condensed consolidated interim 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 September 30, 2022, the Company had working capital of \$4,296,087 (December 31, 2021 - \$5,987,209) and shareholders' equity of \$4,808,773 (December 31, 2021 - \$6,375,699). 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.

On March 11, 2020, the World Health Organization recognized the novel coronavirus ("COVID-19") as a global pandemic. ATAC continues to evaluate the impact of COVID-19, which could create significant uncertainty for ATAC and its operations. All work performed by ATAC on mineral projects was and will be carried out in accordance with applicable COVID-19 related travel restrictions and health advisories in place at the time of such work.

## 2. Significant accounting policies

### (a) Basic 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, 2021, 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 condensed consolidated interim 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 condensed consolidated interim financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

All amounts on the consolidated 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 Consolidated Interim Financial Statements

Unaudited - Prepared by Management

(Expressed in Canadian dollars)

For the three and nine months ended September 30, 2022 and 2021

### 2. Significant accounting policies (continued)

#### (b) Basis of consolidation

These condensed consolidated interim financial statements incorporate the financial statements of the Company and its wholly controlled subsidiaries. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The consolidated financial statements include the accounts of the Company and its direct wholly-owned subsidiaries. All significant intercompany transactions and balances have been eliminated.

	Country of Incorporation	Effective Interest	Functional currency
0885802 B.C. Ltd.	Canada	100%	Canadian Dollar
0885794 B.C. Ltd.	Canada	100%	Canadian Dollar
Cascadia Minerals Ltd.	USA	100%	Canadian Dollar

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 6). The records office of Cascadia Minerals Ltd. is 210 – 241 Ridge Street, Reno, Nevada, USA.

#### (c) 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 financial statements and are those the Company adopted in its financial statements for the year ended December 31, 2021, except for Exploration and Evaluation Assets, as described below. Accordingly, other than as described below, these financial statements should be read in conjunction with the Company's most recent annual audited financial statements.

#### (d) Change in accounting policy

Effective January 1, 2022, the Company changed its accounting policy for exploration and evaluation expenditures from the policy previously adopted for its financial statements for the year ended December 31, 2021. The Company previously capitalized the acquisition costs of exploration and evaluation assets and deferred exploration expenditures directly related to specific exploration and evaluation assets. Under the new policy, exploration and evaluation expenditures incurred prior to the determination of the feasibility of mining operations and a decision to proceed with development are charged to the statement of loss and comprehensive loss as incurred. Development expenditures incurred subsequent to a development decision, and to increase or to extend the life of existing production, are capitalized and will be amortized on the unit-of production method based upon estimated proven and probable reserves.

Mineral property acquisition costs will continue to be capitalized and include consideration and transaction costs for mineral property interests. These costs are amortized over the estimated life of the property following commencement of commercial production. If, after management review, it is determined that the carrying amount of a mineral property is impaired, that property is written down to its estimated net realizable value. A mineral property is reviewed for impairment whenever events or changes in circumstances indicate that its carrying amount may not be recoverable.

The Company has accounted for this change in accounting policy on a retrospective basis.



## ATAC RESOURCES LTD.

Notes to the Condensed Consolidated Interim Financial Statements

Unaudited - Prepared by Management

(Expressed in Canadian dollars)

For the three and nine months ended September 30, 2022 and 2021

### 2. Significant accounting policies (continued)

#### (d) Change in accounting policy (continued)

The change in accounting policy resulted in the following changes to the Company's consolidated financial statements:

##### Consolidated Statement of Financial Position as at January 1, 2021:

	As previously reported	Effect of change in accounting policy <sup>(i)</sup>	As restated under new policy
Mineral property interests	\$ 793,966	\$ (529,851)	\$ 264,115
Total assets	\$ 7,520,860	\$ (529,851)	\$ 6,991,009
Deficit	\$ (127,914,182)	\$ (529,851)	\$ (128,444,033)
Total shareholders' equity	\$ 7,294,464	\$ (529,851)	\$ 6,764,613
Total liabilities and shareholders' equity	\$ 7,520,860	\$ (529,851)	\$ 6,991,009

- (i) All exploration and evaluation expenditures have been expensed to deficit rather than capitalized on the statement of financial position. \$264,115 relates to the net book value of historical acquisition costs as at January 1, 2021.

##### Consolidated Statement of Financial Position as at December 31, 2021:

	As previously reported	Effect of change in accounting policy <sup>(ii)</sup>	As restated under new policy
Mineral property interests	\$ 2,175,729	\$ (1,708,585)	\$ 467,144
Total assets	\$ 8,575,613	\$ (1,708,585)	\$ 6,867,028
Deficit	\$ (130,064,348)	\$ (1,708,585)	\$ (131,772,933)
Total shareholders' equity	\$ 8,084,284	\$ (1,708,585)	\$ 6,375,699
Total liabilities and shareholders' equity	\$ 8,575,613	\$ (1,708,585)	\$ 6,867,028

- (ii) All exploration and evaluation expenditures have been expensed to deficit rather than capitalized on the statement of financial position. \$467,144 relates to the net book value of acquisition costs as at December 31, 2021.

## ATAC RESOURCES LTD.

Notes to the Condensed Consolidated Interim Financial Statements

Unaudited - Prepared by Management

(Expressed in Canadian dollars)

For the three and nine months ended September 30, 2022 and 2021

### 2. Significant accounting policies (continued)

#### (d) Change in accounting policy (continued)

##### Condensed Consolidated Interim Statement of Comprehensive Loss for the three months ended September 30, 2021:

	As previously reported	Effect of change in accounting policy <sup>(iii)</sup>	As restated under new policy
Expenses:			
Exploration expenses	\$ -	\$ 1,378,746	\$ 782,386
Loss for operating expenses for the period	\$ (388,088)	\$ (1,378,746)	\$ (1,766,834)
Loss and comprehensive loss for the period	\$ (384,339)	\$ (1,378,746)	\$ (1,763,085)
Basic and diluted loss per share	\$ (0.00)	\$ (0.01)	\$ (0.01)
Weighted average number of shares outstanding			
- basic and diluted	184,338,547		184,338,547

(iii) \$1,378,746 in exploration costs incurred during the three months ended September 30, 2021, which were previously capitalized in mineral properties, have been reflected in the loss and comprehensive loss for the three months ended September 30, 2021.

##### Condensed Consolidated Interim Statement of Comprehensive Loss for the nine months ended September 30, 2021:

	As previously reported	Effect of change in accounting policy <sup>(iv)</sup>	As restated under new policy
Expenses:			
Exploration expenses	\$ -	\$ 2,403,188	\$ 1,024,442
Loss for operating expenses for the period	\$ (950,149)	\$ (2,403,188)	\$ (3,353,337)
Loss and comprehensive loss for the period	\$ (838,140)	\$ (2,403,188)	\$ (3,241,328)
Basic and diluted loss per share	\$ (0.00)	\$ (0.02)	\$ (0.02)
Weighted average number of shares outstanding			
- basic and diluted	171,644,042		171,644,042

(iv) \$1,024,442 in exploration costs incurred during the nine months ended September 30, 2021, which were previously capitalized in mineral properties, have been reflected in the loss and comprehensive loss for the nine months ended September 30, 2021.

## ATAC RESOURCES LTD.

Notes to the Condensed Consolidated Interim Financial Statements

Unaudited - Prepared by Management

(Expressed in Canadian dollars)

For the three and nine months ended September 30, 2022 and 2021

### 2. Significant accounting policies (continued)

#### (d) Change in accounting policy (continued)

##### Condensed Consolidated Interim Statement of Equity for the nine months ended September 30, 2021:

	As previously reported	Effect of change in accounting policy <sup>(v)</sup>	As restated under new policy
Deficit as at December 31, 2020	\$ (127,914,182)	\$ (529,851)	\$ (128,444,033)
Loss and comprehensive loss for the period	\$ (838,140)	\$ (2,403,188)	\$ (3,241,328)
Deficit as at September 30, 2021	\$ (127,864,882)	\$ (2,933,039)	\$ (130,797,921)
Total shareholders' equity as at December 31, 2020	\$ 7,294,464	\$ (529,851)	\$ 6,764,613
Loss and comprehensive loss for the period	\$ (838,140)	\$ (2,403,188)	\$ (3,241,328)
Total shareholders' equity as at September 30, 2021	\$ 10,214,109	\$ (2,933,039)	\$ 7,281,070

- (v) \$529,851 in accumulated exploration costs, which were previously capitalized in mineral properties, have been reflected in the opening deficit for the period ended September 30, 2021. In addition, \$2,403,188 in exploration costs incurred during the nine months ended September 30, 2021, which were previously capitalized in mineral properties, have been reflected in the loss and comprehensive loss for the nine months ended September 30, 2021.

##### Condensed Consolidated Interim Statement of Cash Flows for the nine months ended September 30, 2021:

	As previously reported	Effect of change in accounting policy	As restated under new policy
Cash flows from operating activities:			
Loss and comprehensive loss for the period <sup>(vi)</sup>	\$ (838,140)	\$ (2,403,188)	\$ (3,241,328)
Depreciation <sup>(vii)</sup>	1,354	24,000	25,354
Changes in non-cash working capital items:			
Receivables and prepayments <sup>(viii)</sup>	15,880	673	16,553
Accounts payable and accrued liabilities <sup>(viii)</sup>	(35,781)	571,917	536,136
Due to related parties <sup>(viii)</sup>	(14,268)	(6,867)	(21,135)
Cash used in operating activities	(816,433)	(1,813,465)	(2,629,898)
Cash flows from investing activities			
Mineral property acquisition costs <sup>(ix)</sup>	(153,161)	50,248	(102,913)
Prepaid exploration expenditures <sup>(viii)</sup>	(50,799)	50,799	-
Deferred exploration and evaluation expenditures <sup>(viii)</sup>	(1,712,418)	1,712,418	-
Cash used in investing activities	(1,838,252)	1,813,465	(24,787)

- (vi) See notes above regarding the condensed consolidated interim statement of comprehensive loss for the nine months ended September 30, 2021.
- (vii) Depreciation of \$24,000 was previously included in exploration and evaluation expenditures and capitalized to mineral properties.
- (viii) Exploration and evaluation expenditures through prepaid expenses and payables were previously disclosed as investing activities to the extent they related to mineral property costs. These are now expensed as operating activities.
- (ix) As a result of the Rau property remaining impaired at September 30, 2021, the Company has expensed related acquisition costs incurred in the period (Note 6(a)).

## ATAC RESOURCES LTD.

Notes to the Condensed Consolidated Interim Financial Statements

Unaudited - Prepared by Management

(Expressed in Canadian dollars)

For the three and nine months ended September 30, 2022 and 2021

### 2. Significant accounting policies (continued)

#### (e) 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, 2022. 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:

	September 30, 2022	December 31, 2021
Bank and broker balances	\$ 213,020	\$ 1,072,143
Cashable investment certificates	4,189,789	4,489,414
	<u>\$ 4,402,809</u>	<u>\$ 5,561,557</u>

### 4. Receivables and prepayments

Receivables and prepayments consist of the following:

	September 30, 2022	December 31, 2021
Sales tax recoverable	\$ 118,965	\$ 48,706
Exploration incentives receivable (Note 6)	-	25,000
Subscriptions receivable (Note 9)	-	25,000
Interest receivable	41,632	-
Other receivables	14,600	2,565
Prepaid expenses and deposits	200,515	98,280
	<u>\$ 375,712</u>	<u>\$ 174,551</u>

### 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	Totals
<b>Cost</b>			
January 1, 2021	\$ 1,725,334	\$ 475,000	\$ 2,200,334
Additions	20,000	-	20,000
Proceeds on sale	(12,177)	(20)	(12,197)
Realized loss	<u>(293,537)</u>	<u>(474,980)</u>	<u>(768,517)</u>
December 31, 2021	1,439,620	-	1,439,620
<b>Fair value</b>			
January 1, 2021	411,114	9,843	420,957
Additions	20,000	-	20,000
Proceeds on sale	(12,177)	(20)	(12,197)
Realized loss	(2,055)	(9,823)	(11,878)
Unrealized loss	<u>(42,383)</u>	<u>-</u>	<u>(42,383)</u>
December 31, 2021	<u>\$ 374,499</u>	<u>\$ -</u>	<u>\$ 374,499</u>

## ATAC RESOURCES LTD.

Notes to the Condensed Consolidated Interim Financial Statements

Unaudited - Prepared by Management

(Expressed in Canadian dollars)

For the three and nine months ended September 30, 2022 and 2021

### 5. Marketable securities (continued)

	Shares with an active market	Warrants	Totals
<b>Cost</b>			
January 1, 2022	\$ 1,439,620	\$ -	\$ 1,439,620
Additions	<u>6,000</u>	-	<u>6,000</u>
September 30, 2022	1,445,620	-	1,445,620
<b>Fair value</b>			
January 1, 2022	374,499	-	374,499
Additions	6,000	-	6,000
Unrealized loss	<u>(129,749)</u>	-	<u>(129,749)</u>
September 30, 2022	\$ 250,750	\$ -	\$ 250,750

During the year ended December 31, 2021, the Company received 50,000 common shares of Makara Mining Corp. ("Makara") at a fair value of \$20,000 (\$0.40 per share) pursuant to an option agreement in respect of the Idaho Creek project (Note 6). During the nine months ended September 30, 2022, the Company received an additional 100,000 common shares of Makara at a value of \$6,000 (\$0.06 per share).

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. 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. The continuity of aggregate costs incurred is as follows:

	Wholly-owned	Under option	Total
January 1, 2021	\$ 217,000	\$ 47,115	\$ 264,115
Acquisitions / staking / assessments	58,499	72,414	130,913
Cash / shares received	(30,000)	-	(30,000)
Reclamation obligations	191,645	-	191,645
Gain on option	30,000	-	30,000
Impairments	<u>-</u>	<u>(119,529)</u>	<u>(119,529)</u>
December 31, 2021	\$ 467,144	\$ -	\$ 467,144
Acquisitions / staking / assessments	12,000	130,573	142,573
Cash / shares received	(26,000)	-	(26,000)
Gain on option	<u>26,000</u>	<u>-</u>	<u>26,000</u>
September 30, 2022	\$ 479,144	\$ 130,573	\$ 609,717

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### 6. Mineral property interests (continued)

Changes in the project carrying amounts for the nine months ended September 30, 2022, and year ended December 31, 2021 are summarized as follows:

	January 1, 2022	Acquisitions / staking / assessments	Cash / Shares Received	Gain on option	September 30, 2022
<b>Wholly-owned projects</b>					
Rackla Gold					
Nadaleen (Osiris and Orion)	\$ 202,776	\$ -	\$ -	\$ -	\$ 202,776
Rau	1	-	-	-	1
	202,777	-	-	-	202,777
Connaught	179,678	12,000	-	-	191,678
Idaho Creek	-	-	(26,000)	26,000	-
Rosy	84,689	-	-	-	84,689
	467,144	12,000	(26,000)	26,000	479,144
<b>Under option project</b>					
Catch	-	25,560	-	-	25,560
PIL	-	105,013	-	-	105,013
	-	130,573	-	-	130,573
<b>Total All Projects</b>	<b>\$ 467,144</b>	<b>\$ 142,573</b>	<b>\$ (26,000)</b>	<b>\$ 26,000</b>	<b>\$ 609,717</b>

	January 1, 2021	Acquisitions / staking / assessments	Cash / Shares Received	Asset retirement obligation	Gain on option	Impairment	December 31, 2021
<b>Wholly-owned projects</b>							
Rackla Gold							
Nadaleen (Osiris and Orion)	\$ 1	\$ 26,114	\$ -	\$ 176,661	\$ -	\$ -	\$ 202,776
Rau	1	-	-	-	-	-	1
	2	26,114	-	176,661	-	-	202,777
Connaught	132,309	32,385	-	14,984	-	-	179,678
Idaho Creek	-	-	(30,000)	-	30,000	-	-
Rosy	84,689	-	-	-	-	-	84,689
	217,000	58,499	(30,000)	191,645	30,000	-	467,144
<b>Under option project</b>							
East Goldfield	47,115	72,414	-	-	-	(119,529)	-
<b>Total All Projects</b>	<b>\$ 264,115</b>	<b>\$ 130,913</b>	<b>\$ (30,000)</b>	<b>\$ 191,645</b>	<b>\$ 30,000</b>	<b>\$ (119,529)</b>	<b>\$ 467,114</b>

#### 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.

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### 6. Mineral property interests (continued)

#### a) Wholly-owned projects (continued)

##### ***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. The Rackla Gold property has been divided into two separate projects, being the Nadaleen (formerly Osiris and Orion) and Rau projects.

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

The Rau project is located at the western end of the Rackla Gold property and hosts the Tiger Gold deposit. The Company has paused work on the Rau project while government land use planning is ongoing. Consequently, the acquisition costs with respect to the Rau project are expensed on an ongoing basis. A total of \$nil (2021 - \$50,248) in acquisition costs have been recorded as exploration expenses on the condensed consolidated interim statement of loss for the nine months ended September 30, 2022.

As at September 30, 2022, the Company has recognized reclamation obligations of \$176,661 and \$114,421 on the Nadaleen and Rau projects, respectively (December 31, 2021 - \$176,661 and \$114,421, respectively). The undiscounted amounts of estimated cash flows were estimated at \$258,650 and \$138,450 for Nadaleen and Rau, respectively. The liabilities were estimated using expected lives of 4 and 2 years for Nadaleen and Rau, respectively, and a net discount rate of 10%.

##### ***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. The TN claims are subject to a 1% net smelter royalty ("NSR").

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 year ended December 31, 2021.

See Blackbear claims and Mag claims for option agreements in respect of additional claims forming part of the Company's Connaught project.

As at September 30, 2022, the Company has recognized a reclamation obligation of \$14,984 (December 31, 2021 - \$114,984). The undiscounted amount of estimated cash flows was estimated at \$29,200. The liability was estimated using an expected life of 7 years and a net discount rate of 10%.

##### ***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.

On August 19, 2020, and amended on November 25, 2020, and October 13, 2021, 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);
- \$20,000 on or before May 1, 2022 (received);
- \$25,000 on or before May 1, 2023; and
- \$90,000 on or before May 1, 2024.

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### 6. Mineral property interests (continued)

#### a) Wholly-owned projects (continued)

##### *Idaho Creek project (continued)*

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 at a fair value of \$20,000);
- 100,000 common shares on or before May 1, 2022 (received at a fair value of \$6,000);
- 250,000 common shares on or before May 1, 2023; and
- 325,000 common shares on or before May 1, 2024.

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 \$25,000 on or before December 1, 2021 (incurred);
- An additional \$225,000 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.

If an aggregate of \$300,000 in exploration expenditures is not incurred by December 1, 2022, Makara is required to pay the difference between actual expenditures and \$300,000 to the Company by December 15, 2022, notwithstanding the termination of the Option Agreement.

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, 2021, the Company recognized a gain of \$30,000 in respect of option payments received in excess of the Company's carrying value of the project. In the nine months ended September 30, 2022, the Company recognized a recovery in excess of carrying costs of \$26,000.

##### *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.

In 2021, the Company was approved to receive financial assistance from the Yukon Government on 2021 qualified exploration expenditures on its Rosy project, to a maximum of \$25,000. The grant was received in the nine months ended September 30, 2022.

#### b) Projects under option

##### *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 had 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 had the right to earn an initial 75% interest in the property (the "Initial Option") by making aggregate cash payments of \$400,000 to Silver Range and incurring aggregate exploration expenditures of \$10,000,000 on the property.



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### 6. Mineral property interests (continued)

#### b) Projects under option (continued)

##### *East Goldfield project (continued)*

On completion of the Initial Option, the Company would 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 nine months from the Company's issuance of a notice to Silver Range confirming its desire to exercise the Second Option.

Silver Range would 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 would 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 onetime 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.

On February 18, 2022, the Company terminated the Option Agreement with Silver Range; accordingly, the Company recorded an impairment provision of \$119,529 on the East Goldfield project for the year ended December 31, 2021.

##### *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. 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 (paid);
- \$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 (issued at a fair value of \$2,000);
- 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.

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### 6. Mineral property interests (continued)

#### c) Projects under option (continued)

##### *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. 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 (paid); 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 (issued at a fair value of \$3,000); and
- 30,000 common shares on or before December 31, 2022.

The vendor 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.

##### *Catch Property Option Agreement*

On January 20, 2022, the Company entered into a Property Option Agreement with a vendor, whereby the Company has the option to earn a 100% interest in the Catch Property, located in Yukon Territory. Pursuant to the Option Agreement, the Company has the right to earn 100% interest in the Catch Property through completion of the following:

Cash payments of \$325,000:

- \$10,000 on exchange acceptance of the Option Agreement (paid);
- \$15,000 on or before December 31, 2022;
- \$25,000 on or before December 31, 2023;
- \$50,000 on or before December 31, 2024;
- \$75,000 on or before December 31, 2025; and
- \$150,000 on or before December 31, 2026.

Issuance of 2,000,000 common shares with an aggregate value of not more than \$380,000:

- 50,000 common shares or that number of common shares with a value not greater than \$10,000 on exchange acceptance of the Option Agreement (issued at a fair value of \$5,000);
- 50,000 common shares or that number of common shares with a value not greater than \$10,000 on or before December 31, 2022;
- 200,000 common shares or that number of common shares with a value not greater than \$40,000 on or before December 31, 2023;
- 350,000 common shares or that number of common shares with a value not greater than \$70,000 on or before December 31, 2024;
- 500,000 common shares or that number of common shares with a value not greater than \$100,000 on or before December 31, 2025; and
- 850,000 common shares or that number of common shares with a value not greater than \$150,000 on or before December 31, 2026.

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### 6. Mineral property interests (continued)

#### b) Projects under option (continued)

##### *Catch Property Option Agreement (continued)*

Incurrence of \$3,600,000 in exploration expenditures on the project as follows:

- \$150,000 on or before December 31, 2022;
- \$200,000 on or before December 31, 2023;
- \$350,000 on or before December 31, 2024;
- \$900,000 on or before December 31, 2025; and
- \$2,000,000 on or before December 31, 2026;

The Catch Property is subject to an annual advance royalty of \$25,000, due on or before December 31 of each calendar year, commencing in the year in which a pre-feasibility study is completed and continuing until the earlier of: 1) the commence of commercial production, or 2) the vendor having received an aggregate \$500,000 in advance royalty payments. The Catch Property is also subject to a 2% NSR, with the Company having a right to buy back one-half of the NSR for \$1,000,000.

Upon the determination of an initial resource equal or greater than 1,000,000 ounces of gold equivalent on the Catch Property, the vendor is also entitled to a milestone payment of \$1 per ounce of gold equivalent, which may be satisfied wholly or partially by the issuance of common shares, to be calculated using the 10-day volume-adjusted weighted average price, subject to such price not being less than \$0.05.

##### *PIL Property Option Agreement*

On February 21, 2022 and as amended on February 28, 2022, the Company entered into a Property Option Agreement with Finlay Minerals Ltd. ("Finlay") to acquire a 70% interest in the PIL Property in northern British Columbia through completion of the following:

Cash payments of \$650,000:

- \$50,000 on exchange acceptance of the Option Agreement (paid);
- \$50,000 on or before December 31, 2022;
- \$50,000 on or before December 31, 2023;
- \$100,000 on or before December 31, 2024;
- \$100,000 on or before December 31, 2025; and
- \$300,000 on or before December 31, 2026.

Issuance of common shares with an aggregate value of not more than \$1,250,000:

- \$50,000 on exchange acceptance of the Option Agreement (375,094 common shares issued at a fair value of \$52,513);
- \$50,000 on or before December 31, 2022;
- \$100,000 on or before December 31, 2023;
- \$200,000 on or before December 31, 2024;
- \$300,000 on or before December 31, 2025; and
- \$550,000 on or before December 31, 2026.

For each share issuance above, if the Company's volume weighted-average price for the ten trading days immediately preceding the share issuance date ("10-day VWAP") is less than \$0.105, the Company must fulfill the requirement by: (a) issuing common shares equal to the required value divided by \$0.105, and (b) completing a cash payment equal to the difference between the required value and value of the number of shares issued based on the Company's actual 10-day VWAP.

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### 6. Mineral property interests (continued)

#### b) Projects under option (continued)

##### *PIL Property Option Agreement (continued)*

In addition, the Company must incur \$12,000,000 in exploration expenditures on the project as follows:

- \$300,000 on or before December 31, 2022;
- \$900,000 on or before December 31, 2023;
- \$1,200,000 on or before December 31, 2024;
- \$2,400,000 on or before December 31, 2025; and
- \$7,200,000 on or before December 31, 2026;

Following the exercise of the option, the Company and Finlay will hold interests in the property of 70% and 30%, respectively, and a joint venture will be formed. The PIL Property is also subject to a 3% net smelter return royalty held by Electrum Resource Corp., with a right to buy back one-half of the royalty (1.5%) for \$2,000,000. This buyback right will be transferred to the joint venture following completion of the option.

#### 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.

#### d) Exploration expenditures

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

For the nine months ended September 30, 2022	Nadaleen	East Goldfield	Connaught	Catch	PIL	General Exploration and Other	Total
Assays	\$ 42,148	\$ 94,244	\$ 7,784	\$ 22,019	\$ 40,797	\$ 4,215	\$ 211,207
Assessment costs	-	-	13,690	-	866	6,652	21,208
Depreciation (Note 8)	12,000	-	-	-	-	12,000	24,000
Drilling	685,439	(13,252)	434,950	162,182	1,177	-	1,270,496
Field and camp	108,520	2,427	327,987	124,269	2,842	11,060	577,105
Government and community relations	-	-	-	-	17,567	-	17,567
Helicopter and fixed wing	665,358	-	-	229,130	98,566	-	993,054
Labour	183,998	11,897	143,313	74,152	19,783	3,442	436,585
Reclamation	-	51,399	-	-	-	-	51,399
Resource, engineering and environmental studies	68,287	-	1,500	-	-	-	69,787
Surveys and consulting	-	-	55,411	164,147	256,967	-	476,525
Travel and accommodation	55,538	-	52,055	67,743	7,586	-	182,922
<b>Total by Project</b>	<b>\$ 1,821,288</b>	<b>\$ 146,715</b>	<b>\$ 1,036,690</b>	<b>\$ 843,642</b>	<b>\$ 446,151</b>	<b>\$ 37,369</b>	<b>\$ 4,331,855</b>

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### 6. Mineral property interests (continued)

#### b) Exploration expenditures

For the nine months ended September 30, 2021	Osiris and Orion	Rau	East Goldfield	Other	Total
Assays	\$ 5,048	\$ 39,834	\$ 39,272	\$ 60,974	\$ 145,128
Depreciation (Note 8)	12,000	12,000	-	-	24,000
Drilling	-	36,242	531,196	-	567,438
Field and camp	129,460	135,665	40,873	137,086	443,084
Helicopter and fixed wing	-	148,269	-	45,818	194,087
Labour	17,313	61,501	40,160	130,295	249,269
Resource, engineering and environmental studies	267,563	-	-	6,213	273,941
Surveys and consulting	-	-	57,262	226,632	283,894
Travel and accommodation	-	16,411	21,173	134,515	172,099
	\$ 431,549	\$ 449,922	\$ 729,936	\$ 741,533	\$ 2,352,940
Acquisition costs expensed (Note 6(a))	-	50,248	-	-	50,248
<b>Total by Project</b>	<b>\$ 431,549</b>	<b>\$ 500,170</b>	<b>\$ 729,936</b>	<b>\$ 741,533</b>	<b>\$ 2,403,188</b>

### 7. Reclamation deposit

As at September 30, 2022, the Company has pledged to the Yukon Government a reclamation deposit of \$121,043 (December 31, 2021 - \$121,043) to ensure specified properties are properly restored after exploration. This reclamation deposit is comprised of a cashable guaranteed investment certificate with a one-year term. In addition, the Company has posted a bond of \$18,425 (US\$13,442) (December 31, 2021 - \$16,550 (US\$13,442)) with the Nevada Bureau of Land Management in relation to the estimated reclamation cost on the East Goldfield project.

### 8. Equipment

	Exploration equipment	Computer equipment	Field equipment	Total
<b>Cost</b>				
January 1, 2021	\$ 160,000	\$ -	\$ -	\$ 160,000
Additions	-	12,189	-	12,189
December 31, 2021	\$ 160,000	\$ 12,189	\$ -	\$ 172,189
<b>Accumulated depreciation</b>				
January 1, 2021	48,000	-	-	48,000
Depreciation	32,000	2,370	-	34,370
December 31, 2021	\$ 80,000	\$ 2,370	\$ -	\$ 82,370
	<b>Exploration equipment</b>	<b>Computer equipment</b>	<b>Field equipment</b>	<b>Total</b>
<b>Cost</b>				
January 1, 2022	\$ 160,000	\$ 12,189	\$ -	\$ 172,189
Additions	-	4,813	3,500	8,313
September 30, 2022	\$ 160,000	\$ 17,002	\$ 3,500	\$ 180,502
<b>Accumulated depreciation</b>				
January 1, 2022	80,000	2,370	-	82,370
Depreciation	24,000	3,982	583	28,565
September 30, 2022	\$ 104,000	\$ 6,352	\$ 583	\$ 110,935
<b>Net book value</b>				
December 31, 2021	\$ 80,000	\$ 9,819	\$ -	\$ 89,819
September 30, 2022	\$ 56,000	\$ 10,650	\$ 2,917	\$ 69,567

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### 8. Equipment (continued)

Depreciation on exploration equipment of \$24,000 (2021 - \$24,000) for the nine months ended September 30, 2022 is included in the Company's exploration expenditures (Note 6), as the equipment is used exclusively for the Company's exploration efforts.

### 9. 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.

#### *2022 Transactions*

On January 5, 2022, the Company issued 20,000 common shares valued at \$2,000 pursuant to the Blackbear Property Option Agreement (Note 6).

On January 28, 2022, the Company issued 50,000 common shares valued at \$5,000 pursuant to the Catch Property Option Agreement (Note 6).

On March 1, 2022, the Company issued 375,094 common shares valued at \$52,513 pursuant to the PIL Property Option Agreement (Note 6).

On March 31, 2022, the Company completed a flow-through financing of 25,000,000 flow-through units at a price of \$0.16 per unit, for \$4,000,000 in gross proceeds. Each flow-through unit consists of one flow-through common share and one-half of a share purchase warrant, each whole warrant being exercisable for one common share at a price of \$0.22 for a period of two years from closing. In connection with the financing, the Company paid total cash finders fees of \$231,180, incurred other share issuance costs of \$50,338, and issued 1,444,875 broker warrants, valued at \$77,166, exercisable at \$0.22 per share for a period of two years from closing. The warrant portion of the unit financing was not separately valued for accounting purposes.

The flow-through shares were issued at a premium to the trading value of the Company's common shares, which in management's view reflects the value of the income tax write-offs that the Company will renounce to the flow-through shareholders. The premium was determined to be \$250,000 and was recorded as a reduction of share capital. An equivalent flow-through share premium liability was recorded and will be reversed pro-rata as the required exploration expenditures are incurred.

Refer also to Note 13.

#### *2021 Transactions*

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 per common share for gross proceeds of \$1,008,000.

The flow-through shares were issued at a premium to the trading value of the Company's common shares, which in management's view reflects the value of the income tax write-offs that the Company will renounce to the flow-through shareholders. The premium was determined to be \$144,000 and was recorded as a reduction of share capital. An equivalent flow-through share premium liability was recorded and will be reversed pro-rata as the required exploration expenditures are incurred.

On June 25, 2021, the Company completed a private placement consisting of:

- a) 14,400,000 units at a price of \$0.175 per unit for gross proceeds of \$2,520,000. Each unit consisted of one common share and one-half of one share purchase warrant. Each whole warrant entitles the holder to purchase one common share at a price of \$0.24 until June 25, 2024; and
- b) 2,400,000 flow-through units at a price of \$0.21 per flow-through unit for gross proceeds of \$504,000. Each flow-through unit consisted of one flow-through common share and one-half of one share purchase warrant. Each whole warrant entitles the holder to purchase one common share at a price of \$0.24 until June 25, 2024.

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### **9. Share capital (continued)**

#### *2021 Transactions (continued)*

The warrant portion of the unit financing was not separately valued for accounting purposes.

The flow-through share units were issued at a premium to the trading value of the Company's common shares, which in management's view reflects the value of the income tax write-offs that the Company will renounce to the flow-through shareholders. The premium was determined to be \$84,000 and was recorded as a reduction of share capital. An equivalent flow-through share premium liability was recorded and will be reversed pro-rata as the required exploration expenditures are incurred.

Finders' fees totaling \$155,449 were incurred in respect of the placement, including the issue of 859,478 finders' warrants having a fair value of \$54,018. Legal and filing fees amounted to \$43,390 and were recorded as a share issue cost and deducted from share capital.

On December 23, 2021, the Company issued 30,000 common shares valued at \$3,000 to pursuant to the Mag Property Option Agreement (Note 6).

#### **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 approved at the November 2020 annual shareholders' meeting and will remain in effect until the annual shareholders' meeting in 2023. As at September 30, 2022, there were 209,813,641 rights outstanding (December 31, 2021 – 184,368,547).

#### **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.

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### 9. Share capital (continued)

#### Stock options (continued)

Stock option transactions are as follows:

	Number of Stock Options	Weighted Average Exercise Price
Balance, December 31, 2020	12,235,000	\$ 0.41
Granted	3,300,000	0.18
Expired	(3,860,000)	0.38
Balance, December 31, 2021	11,675,000	\$ 0.35
Granted	4,400,000	0.16
Expired	(2,910,000)	0.49
Balance, September 30, 2022	13,165,000	\$ 0.26
Exercisable, September 30, 2022	9,802,500	\$ 0.29

As at September 30, 2022, the Company has stock options outstanding and exercisable as follows:

Number of Stock Options Outstanding	Number of Stock Options Exercisable	Exercise Price	Expiry Date
2,090,000	2,090,000	\$ 0.55	February 1, 2023
275,000	275,000	0.55	November 9, 2022*
1,280,000	1,280,000	0.30	February 4, 2024
175,000	175,000	0.30	November 9, 2022*
100,000	100,000	0.30	February 4, 2024
1,375,000	1,375,000	0.22	January 9, 2025
200,000	200,000	0.22	November 9, 2022*
195,000	195,000	0.20	April 28, 2025
100,000	100,000	0.17	April 8, 2026
2,425,000	2,425,000	0.18	July 8, 2026
250,000	250,000	0.18	November 9, 2022*
250,000	187,500	0.18	July 8, 2026
4,150,000	1,037,500	0.16	July 8, 2026
250,000	62,500	0.16	November 9, 2022*
13,165,000	9,802,500	\$ 0.26	

\* These options were expired unexercised subsequent to September 30, 2022.

During the nine months ended September 30, 2022, the Company granted 4,400,000 (2021 – 3,050,000) stock options to directors, officers, employees and consultants with a weighted average fair value of \$0.06 (2021 - \$0.09) per option. For the nine months ended September 30, 2022, the Company recognized share-based payment expense of \$211,585 (2021 - \$149,846) for options granted and vested in prior periods.

The following weighted average assumptions were used for the Black-Scholes option-pricing model valuation of stock options granted:

	2022	2021
Risk-free interest rate	3.18%	0.89%
Expected life of option	5 years	5 years
Expected annualized volatility	78.28%	70.19%
Dividend	-	-



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### 9. Share capital (continued)

#### Warrants

For the nine months ended September 30, 2022, the Company issued 12,500,000 (2021 – 8,400,000) warrants to subscribers to the financings completed during the period (Note 9).

In addition, during the nine months ended September 30, 2022, 1,444,875 finders' warrants (2021 – 859,478) were issued in connection with the financings completed. The value of the finders' warrants was determined to be \$77,016 (2021 – \$54,018) using the Black-Scholes option pricing model with the following weighted average assumptions:

	2022	2021
Risk-free interest rate	2.27%	0.63%
Expected life of option	2 years	3 years
Expected annualized volatility	83.21%	70.29%
Dividend	-	-

Warrant transactions are summarized as follows:

	Number of Warrants	Weighted Average Exercise Price
Balance, December 31, 2020	8,070,856	\$ 0.28
Issued	9,259,478	0.24
Expired	(382,500)	0.425
Balance, December 31, 2021	16,947,834	\$ 0.26
Issued	13,944,875	0.22
Expired	(7,688,356)	0.28
Balance, September 30, 2022	23,204,353	\$ 0.23

As at September 30, 2022, the Company has warrants outstanding and exercisable as follows:

Number of Warrants Outstanding and Exercisable	Exercise Price	Expiry Date
9,259,478	\$ 0.24	June 25, 2024
13,944,875	0.22	September 30, 2024
23,204,353	\$ 0.23	

### 10. Related party payables and transactions

Key management personnel comprise the Chief Executive Officer, Chief Financial Officer, Chief Operating Officer, Vice-President of Corporate and Project Development, Vice-President of Exploration, Chairman, former Chief Financial Officer, and directors of the Company. For the nine months ended September 30, 2022 and 2021, 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:

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### 10. Related party payables and transactions (continued)

	Classification	2022	2021
Archer, Cathro (a)			
Geological services	Property costs	\$ -	\$ 282,814
Office and administration	Office rent, accounting fees	-	33,164
		-	315,978
Carvest - geological services (b)	Property costs	11,035	13,050
Yeadon Law Corp. (c)	Professional fees	77,670	70,095
DBM CPA (d)	Professional fees	-	14,500
D. Goss Corporation (e)	Consulting fees	14,000	31,500
Graham Downs (f)	Salaries	168,750	168,750
Ian Talbot (g)	Management fees	31,500	31,500
Kenway Mack (h)	Consulting fees	-	9,000
Andrew Carne (i)	Property costs and salaries	108,333	96,250
Adam Coulter (j)	Property costs and salaries	108,333	96,250
Red Fern Consulting (k)	Professional fees	49,500	-
		\$ 569,121	\$ 846,873

- a) Archer Cathro is a geological consulting firm that is a former 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) Robert Carne is a director. He controls Carvest Holdings Ltd. ("Carvest"), which provides geological consulting services to the Company.
- c) 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. Transactions for the nine months ended September 30, 2022 include \$30,994 (2021 - \$28,270) in share issuance costs and \$10,003 (2021 - \$3,554) in filing fees.
- d) Larry Donaldson is the Company's former CFO. He is a principal of Donaldson Brohman Martin CPA Inc. ("DBM CPA"), a firm in which he has significant influence. DBM CPA provided the Company with accounting and tax services.
- e) Douglas Goss is a former director and the former Chairman of the Board. He controls Douglas O. Goss Professional Corporation ("D. Goss Corporation"), which provided consulting services to the Company. He retired from the Company's Board of Directors on August 10, 2022.
- f) Graham Downs is the Company's President and CEO. He is paid a monthly salary for his services. He was appointed to the Company's Board of Directors on August 10, 2022.
- g) Ian Talbot is the Company's COO. He provides the Company with management services.
- h) Bruce Kenway is a former director and the former Chairman of the Audit Committee. He is a partner in Kenway Mack Slusarchuk Stewart LLP ("Kenway Mack"), which provides advisory services to the Company. He retired from the Company's Board of Directors on February 10, 2022.
- i) Andrew Carne is the Company's Vice-President of Corporate and Project Development. He is paid a monthly salary for his services with fees allocated between exploration and evaluation expenditures and salaries and benefits expense relative to time spent. Transactions for the nine months ended September 30, 2022 include \$41,733 (2021 - \$27,943) in exploration and evaluation expenditures and \$3,639 (2021 - \$8,846) in property examination costs.

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### 10. Related party payables and transactions (continued)

- j) Adam Coulter is the Company's Vice-President of Exploration. He is paid a monthly salary for his services with fees allocated between exploration and evaluation expenditures and salaries and benefits expense relative to time spent. Transactions for the nine months ended September 30, 2022 include \$84,190 (2021 - \$36,735) in exploration and evaluation expenditures and \$4,264 (2021 - \$11,818) in property examination costs.
- k) Jasmine Lau is the Company's CFO. She is an associate of Red Fern Consulting Ltd, which provides accounting services to the Company.

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

### 11. Supplemental cash flow information

The Company incurred non-cash financing and investing activities during the nine months ended September 30, 2022 and 2021 as follows:

	2022	2021
Non-cash financing activities:		
Share issue costs on finders' warrants issued	\$ (77,166)	\$ (54,018)
Expiry of finders' warrants	22,745	15,200
Expiry of stock options	1,409,592	887,440
Shares issued for mineral property interests	59,513	-
Share capital reduced by flow-through share premium	250,000	228,000
Non-cash investing activities:		
Marketable securities received as option payment	\$ (6,000)	\$ (20,000)

During the periods ended September 30, 2022 and 2021, no amounts were paid for interest or income tax expenses.

### 12. 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 September 30, 2022 is comprised of shareholders' equity of \$4,808,773 (December 31, 2021 - \$6,375,699).

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.

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### 12. Financial risk management (continued)

#### Financial instruments - fair value (continued)

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

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

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

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

	Level 1	Level 2	Level 3	Total
<b>September 30, 2022</b>				
Cash and cash equivalents	\$ 4,402,809	\$ -	\$ -	\$ 4,402,809
Marketable securities	250,750	-	-	250,750
Reclamation deposits	139,468	-	-	139,468
	\$ 4,793,027	\$ -	\$ -	\$ 4,793,027
<b>December 31, 2021</b>				
Cash and cash equivalents	\$ 5,561,557	\$ -	\$ -	\$ 5,561,557
Marketable securities	374,499	-	-	374,499
Reclamation deposits	137,593	-	-	137,593
	\$ 6,073,649	\$ -	\$ -	\$ 6,073,649

#### Financial instruments - risk

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

a) Credit risk

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

b) Interest rate risk

The Company is exposed to interest rate risk because of fluctuating interest rates. Fluctuations in market rates do not have a significant impact on the Company's operations due to the short term to maturity and no penalty cashable feature of its cash equivalents.

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 September 30, 2022 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 \$25,000 (2021 - \$32,000) before income taxes.

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### 12. Financial risk management (continued)

#### Financial instruments – risk (continued)

##### 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 September 30, 2022 USD holdings, every 5% increase or decrease in the exchange rate would have had an insignificant impact on profit or loss before income taxes.

### 13. Commitments

On June 28, 2021, the Company completed a private placement of flow-through units for gross proceeds of \$504,000 (Note 9). The Company is required to spend the funds on qualified exploration programs no later than December 31, 2022. The expenditures and available income tax benefits will be renounced to the flow-through shareholders effective December 31, 2021. As of September 30, 2022, all of the funds had been spent.

On March 31, 2022, the Company completed a private placement of flow-through units for gross proceeds of \$4,000,000 (Note 9). The Company is required to spend the funds on qualified exploration programs no later than December 31, 2023. The expenditures and available income tax benefits will be renounced to the flow-through shareholders effective December 31, 2021. As of September 30, 2022, \$3,634,638 of the funds had been spent, \$365,362 remains to be spent.

A summary of the Company’s flow-through premium liability as at September 30, 2022 and December 31, 2021 and changes during the period then ended is as follows:

	September 30, 2022	December 31, 2021
Balance, beginning of the period	\$ 56,281	\$ -
Addition pursuant to financing	250,000	228,000
Reduction, pro rata based on eligible expenditures	<u>(283,446)</u>	<u>(171,719)</u>
Balance, end of the period	<u>\$ 22,835</u>	<u>\$ 56,281</u>

No portion of the flow-through exploration obligation is accrued for accounting purposes, while the flow-through premium liability, although accrued, is a non-cash item which will ultimately be included in profit or loss.

### 14. Subsequent event

On November 15, 2022, the Company completed a flow-through financing of 11,111,111 flow-through shares at a price of \$0.09 per share, for \$1,000,000 in gross proceeds. In connection with the financing, the Company paid total cash finders fees of \$60,000.