

ATAC Resources Ltd.
Consolidated Interim Financial Statements
For the nine months ended
September 30, 2015
Unaudited – Prepared by Management

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

November 17, 2015

To the Shareholders of
ATAC Resources Ltd.

The attached 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
President and Chief Executive Officer

ATAC Resources Ltd.**Consolidated Interim Statements of Financial Position****Unaudited – Prepared by Management**

		September 30, 2015	December 31, 2014
	Note	\$	\$
Assets			
Current assets			
Cash and cash equivalents	3	16,704,634	20,424,734
Receivables and prepayments	4	173,747	90,116
Marketable securities	5	57,804	85,199
		16,936,185	20,600,049
Non-current assets			
Marketable securities	5	1	1
Prepaid exploration expenditures		16,519	11,852
Mineral property interests	7	93,034,365	89,583,691
		93,050,885	89,595,544
Total assets		109,987,070	110,195,593
Liabilities and shareholders' equity			
Current liabilities			
Accounts payable and accrued liabilities		180,750	42,536
Employee deductions payable		-	10,078
Accounts payable to related parties	10	398,985	107,012
Flow-through interest tax accrual	14	10,900	-
Flow-through share premium liability	14	-	339,860
		590,635	499,486
Non-current liabilities			
Deferred income tax liability	11	11,942,622	11,382,565
Total liabilities		12,533,257	11,882,051
Shareholders' equity			
Share capital	8	113,055,372	113,055,372
Contributed surplus	8	15,493,252	16,033,105
Deficit		(31,094,811)	(30,774,935)
Total shareholders' equity		97,453,813	98,313,542
Total liabilities and shareholders' equity		109,987,070	110,195,593

Nature of Operations and Going Concern
Commitment

1
14

Approved on behalf of the Board of Directors on November 17, 2015:

"Bruce J. Kenway"

Director

"Glenn R. Yeadon"

Director

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

ATAC Resources Ltd.**Consolidated Interim Statements of Changes in Shareholders' Equity****Unaudited – Prepared by Management**

For the nine months ended September 30, 2015 and 2014

	Number of shares #	Share capital \$	Contributed surplus \$	Deficit \$	Total shareholders' equity \$
January 1, 2014	113,153,136	107,111,298	16,486,011	(29,765,300)	93,832,009
Share-based payments	-	-	1,038,369	-	1,038,369
Exercise of options	860,000	248,000	-	-	248,000
Re-allocated on exercise of options	-	131,434	(131,434)	-	-
Re-allocated on cancellation of options	-	-	(665,071)	658,725	(6,346)
Private placement shares issued	3,781,441	6,806,594	-	-	6,806,594
Premium on flow-through shares issued	-	(831,917)	-	-	(831,917)
Share issue costs	-	(410,037)	-	-	(410,037)
Comprehensive loss for the period	-	-	-	(1,784,689)	(1,784,689)
September 30, 2014	117,794,577	113,055,372	16,727,875	(30,891,264)	98,891,983
January 1, 2015	117,794,577	113,055,372	16,033,105	(30,774,935)	98,313,542
Share-based payments	-	-	699,308	-	699,308
Re-allocated on expiry of options	-	-	(1,220,046)	1,220,046	-
Re-allocated on cancellation of options	-	-	(19,115)	19,115	-
Comprehensive loss for the period	-	-	-	(1,559,037)	(1,559,037)
September 30, 2015	117,794,577	113,055,372	15,493,252	(31,094,811)	97,453,813

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

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

For the three and nine months ended September 30,

		Three months ended		Nine months ended	
		September 30,	September 30,	September 30,	September 30,
		2015	2014	2015	2014
	Note	\$	\$	\$	\$
Expenses					
Accounting, audit and legal	10	9,166	15,548	53,482	88,390
Consulting fees	10	10,500	10,500	31,500	31,500
Flow-through taxes	14	3,151	-	10,900	-
Investor relations	10	72,143	54,039	205,096	104,256
Office and administration	10	101,272	130,483	364,608	409,767
Property examination costs		11,186	6,779	114,983	7,067
Share-based payments	8	215,574	318,414	699,308	1,032,024
Net loss from operating expenses		(422,992)	(535,763)	(1,479,877)	(1,673,004)
Interest income		46,551	92,791	168,432	283,818
(Loss) gain on marketable securities	5	(26,512)	(31,113)	(27,395)	29,132
Gain on option of mineral properties	7	-	-	-	23,375
Loss for the period before income taxes		(402,953)	(474,085)	(1,338,840)	(1,336,679)
Deferred income tax expense	11	(189,653)	(326,827)	(220,197)	(448,010)
Comprehensive loss for the period		(592,606)	(800,912)	(1,559,037)	(1,784,689)
Loss per share					
Weighted average number of common shares outstanding					
- basic #	9	117,794,577	117,774,577	117,794,577	116,250,208
- diluted #	9	117,794,577	117,774,577	117,794,577	116,250,208
Basic loss per share \$	9	(0.00)	(0.01)	(0.01)	(0.01)
Diluted loss per share \$	9	(0.00)	(0.01)	(0.01)	(0.01)

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

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

For the nine months ended September 30,	Note	2015 \$	2014 \$
Operating activities			
Comprehensive loss for the period		(1,559,037)	(1,784,689)
Adjustments for:			
Gain on option of mineral property interests		-	(23,375)
Share-based payments		699,308	1,032,024
Loss (gain) on marketable securities		27,395	(29,132)
Interest income		(168,432)	(283,818)
Deferred income tax expense		220,197	448,010
Net change in non-cash working capital items	12	(50,431)	(179,046)
		(831,000)	(820,026)
Financing activities			
Issue of common shares for cash		-	7,054,594
Share issue costs		-	(554,104)
		-	6,500,490
Investing activities			
Interest received		168,432	283,818
Proceeds from sale of marketable securities		-	36,488
Mineral property option proceeds received		-	20,000
Mineral property acquisition costs		(112,898)	(130,846)
Prepaid exploration expenditures		(16,378)	(14,916)
Deferred exploration and evaluation expenditures		(2,928,256)	(4,208,262)
		(2,889,100)	(4,013,718)
(Decrease) increase in cash and cash equivalents		(3,720,100)	1,666,746
Cash and cash equivalents, beginning of period		20,424,734	19,662,908
Cash and cash equivalents, end of period		16,704,634	21,329,654

Supplemental cash flow information

12

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

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

For the nine months ended September 30, 2015 and 2014

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. 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. The consolidated interim financial statements ("financial statements") of the Company as at September 30, 2015 and the nine months ended September 30, 2015 and 2014 comprise the Company and its subsidiaries, and the Company's interest in jointly controlled operations and entities over which it has significant influence. Its 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.

The 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, 2015, the Company had working capital of \$16,345,550 (December 31, 2014 - \$20,100,563) and shareholders' equity of \$97,453,813 (December 31, 2014 - \$98,313,542). 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 would be necessary to restate the Company's assets and liabilities on a liquidation basis.

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

The financial statements have been prepared in conformity with International Accounting Standard ("IAS") 34, Interim Financial Reporting, using the same accounting policies as detailed in the Company's annual audited consolidated financial statements for the year ended December 31, 2014, 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 the financial statements be read in conjunction with the annual audited financial statements.

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

The accounting policies used are those the Company expects to adopt in its consolidated financial statements for the year ended December 31, 2015, and have been applied consistently to all periods presented by the Company and its subsidiaries and associates.

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

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

For the nine months ended September 30, 2015 and 2014

2. Significant accounting policies (continued)**(b) Standards issued but not yet effective**

Certain pronouncements have been issued by the IASB or IFRIC that are effective for accounting periods beginning on or after January 1, 2016. Many of these updates are not applicable or consequential to the Company and have been excluded from the discussion below.

Tentatively effective for annual periods beginning on or after January 1, 2018

- New standard IFRS 9 *Financial Instruments*

IFRS 9 adds new requirements for impairment of financial assets and makes changes to the classification and measurement of financial instruments. When complete, IFRS 9 will replace IAS 39 *Financial Instruments: Recognition and Measurement*

The Company has initially assessed that there will be no material reporting changes as a result of adopting the new standard, however, there will be enhanced disclosure requirements.

3. Cash and cash equivalents

Cash and cash equivalents consist of the following:

	September 30, 2015	December 31, 2014
	\$	\$
Bank and broker balances	285,662	2,165,221
Cashable investment certificates	16,418,972	18,259,513
	16,704,634	20,424,734

4. Receivables and prepayments

Receivables and prepayments consist of the following:

	September 30, 2015	December 31, 2014
	\$	\$
Sales tax recoverable	115,487	22,570
Employee deductions recoverable	-	808
Yukon mineral exploration grant receivable	40,000	-
Prepaid expenses	18,260	66,738
	173,747	90,116

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

For the nine months ended September 30, 2015 and 2014

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		Shares without an active market		Total gain (loss) \$
	Cost \$	Fair value \$	Cost \$	Fair value \$	
January 1, 2014	550,397	108,766	10,000	1	
Additions	3,375	3,375	-	-	
Proceeds on sale	(36,488)	-	-	-	
Cost of disposals	-	(61,938)	-	-	
Realized loss for the period	(25,450)	-	-	-	(25,450)
Unrealized gain for the period	-	54,582	-	-	54,582
September 30, 2014	491,834	104,785	10,000	1	29,132
January 1, 2015	491,834	85,199	10,000	1	
Unrealized loss for the period	-	(27,395)	-	-	(27,395)
September 30, 2015	491,834	57,804	10,000	1	(27,395)

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.

The shares without an active market are private company shares received as payment on optioned mineral property interests. The shares were written-down in 2008 to a carrying value of \$1, as no active market existed or exists, and no value can be determined.

6. Subsidiary information

On July 14, 2010 two wholly-owned subsidiary companies 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 September 30, 2015, neither of the subsidiaries have had any transactions other than to issue nominal \$1 share capital to the Company.

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

For the nine months ended September 30, 2015 and 2014

7. Mineral property interests

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

	Optioned to others	Wholly- owned	Other interests	Total
	\$	\$	\$	\$
January 1, 2014	-	85,058,512	119,114	85,177,626
Acquisitions/staking/assessments	-	130,846	-	130,846
Exploration and evaluation	-	4,507,841	12,569	4,520,410
Option proceeds	(23,375)	-	-	(23,375)
Proceeds in excess of cost to profit or loss	23,375	-	-	23,375
September 30, 2014	-	89,697,199	131,683	89,828,882
January 1, 2015	-	89,583,690	1	89,583,691
Acquisitions/staking/assessments	-	112,898	-	112,898
Exploration and evaluation	-	3,337,776	-	3,337,776
September 30, 2015	-	93,034,364	1	93,034,365

Changes in the project carrying amounts for the nine months ended September 30, 2015 and 2014 are summarized as follows:

Nine months ended September 30, 2014

	January 1, 2014	Acquisitions / staking / assessments	Exploration and evaluation	Option proceeds	Excess proceeds to loss	September 30, 2014
	\$	\$	\$	\$	\$	\$
Project under option to others						
Idaho Creek	-	-	-	(23,375)	23,375	-
Wholly-owned projects						
Connaught	386,949	-	-	-	-	386,949
Panorama	-	4,082	-	-	-	4,082
Rackla Gold						
- Nadaleen	53,618,075	126,764	3,759,062	-	-	57,503,901
- Rau	31,051,337	-	748,779	-	-	31,800,116
Rosy	2,151	-	-	-	-	2,151
Total	85,058,512	130,846	4,507,841	-	-	89,697,199
Other interests						
Dawson Gold	119,114	-	12,569	-	-	131,683
Total all projects	85,177,626	130,846	4,520,410	(23,375)	23,375	89,828,882

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

For the nine months ended September 30, 2015 and 2014

7. Mineral property interests (continued)

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

Nine months ended September 30, 2014	Nadaleen	Rau	Others	Total
	\$	\$	\$	\$
Assays	210,210	1,000	3,703	214,913
Drilling	921,487	-	-	921,487
Field	695,781	8,409	8,866	713,056
Helicopter and fixed wing	785,739	15,269	-	801,008
Labour	915,615	34,063	-	949,678
Resource, engineering and environmental studies	28,802	689,113	-	717,915
Survey and consulting	72,048	-	-	72,048
Travel and accommodation	129,380	925	-	130,305
Total	3,759,062	748,779	12,569	4,520,410

Nine months ended September 30, 2015

	January 1, 2015	Acquisitions / staking / assessments	Exploration and evaluation	Option proceeds	Excess proceeds to loss	September 30, 2015
	\$	\$	\$	\$	\$	\$
Wholly-owned projects						
Connaught	1	14,896	61,838	-	-	76,735
Idaho Creek	680	-	16,245	-	-	16,925
Panorama	4,082	972	11,015	-	-	16,069
Rackla Gold						
- Nadaleen	57,739,231	97,030	1,649,049	-	-	59,485,310
- Rau	31,837,181	-	1,599,629	-	-	33,436,810
Rosy	2,515	-	-	-	-	2,515
Total	89,583,690	112,898	3,337,776	-	-	93,034,364
Other interests						
Dawson Gold	1	-	-	-	-	1
Total all projects	89,583,691	112,898	3,337,776	-	-	93,034,365

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

For the nine months ended September 30, 2015 and 2014

7. Mineral property interests (continued)

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

	Nadaleen	Rau	Others	Total
Nine months ended September 30, 2015	\$	\$	\$	\$
Assays	69,137	116,550	34,895	220,582
Drilling	314,802	459,743	-	774,545
Field	339,122	240,530	12,186	591,838
Helicopter and fixed wing	377,295	299,594	-	676,889
Labour	474,797	369,492	54,507	898,796
Resource, engineering and environmental studies	-	49,360	-	49,360
Survey and consulting	8,410	14,020	25,933	48,363
Travel and accommodation	65,486	50,340	1,577	117,403
	1,649,049	1,599,629	129,098	3,377,776
Less: Yukon mineral exploration grant	-	-	(40,000)	(40,000)
Total	1,649,049	1,599,629	89,098	3,337,776

(1) 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.

Connaught project

The Connaught project consists of a 100% interest in the CN and NC mineral claims located in the Dawson Mining District, Yukon Territory. In 2009, a 50% interest in the project was sold for cash and common shares totaling \$252,500. The 50% interest was re-purchased by the Company in 2012 by issuing 75,000 common shares having a value of \$188,250. From 2012 to the end of 2014, there was no significant exploration on the property, and since no future exploration was contemplated and there were no purchase or option interests in the property, a write-down of \$387,023, to a \$1 carrying value, was recorded in 2014. New expenditures have been incurred in the current year to take advantage of favorable government assessment credits and grants.

The Company was approved to receive financial assistance from the Yukon Government on its Connaught project claims, which will reimburse the Company for one-half of its 2015 exploration expenditures on those claims, to a maximum of \$40,000. The maximum \$40,000 has been reached and is included in receivables and prepayments with the current year exploration expenditures reduced by the accrual. The grant is subject to approval by the Yukon Government.

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.

Panorama project

The Panorama project consists of a 100% interest in the Aussie mineral claims located in the Dawson Mining District, Yukon Territory. The claims are subject to a 3% net smelter return royalty ("NSR") on all commercial production from the claims.

Cash and common shares totaling \$328,400 have been received under previous option agreements.

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

For the nine months ended September 30, 2015 and 2014

7. Mineral property interests (continued)**(1) Wholly-owned projects** (continued)**Rackla Gold project**

The Rackla Gold project consists of a 100% interest in the Rau (ACX, AT, BT, EX, GF, Gam, PH, Q, R, Rau, RR, S, T and WH mineral claims), Jam, Mouse, Sten (Dale, EN, IS, OS, ST, and Sten mineral claims) and Stoked (HO, Rae and Stoked mineral claims) mineral properties located in the Mayo Mining District, Yukon Territory. Cash and common shares totaling \$165,600 have been received under previous option agreements.

Rosy project

The Rosy project consists of a 100% interest in the Rosy mineral claims located in the Whitehorse Mining District, Yukon Territory. Cash and common shares totaling \$167,000 have been received under previous option agreements.

(2) Other interests**Joint exploration property - Dawson Gold project**

The Dawson Gold project consists of a 50% interest in the DM mineral claims located in the Dawson and Whitehorse Mining Districts, Yukon Territory, and the GG, SH and TL mineral claims located in the Dawson Mining District, Yukon Territory.

The other 50% interest was acquired by Arcus Development Group Inc. ("Arcus") under an option Agreement with the Company, which completed on February 21, 2012. Under the Agreement the Company received \$185,000 and 1,000,000 Arcus common shares, and Arcus completed a \$3,500,000 exploration program.

Effective February 21, 2012 the Company and Arcus agreed to explore the project on a 50/50 basis with Arcus as the Operator. As at September 30, 2015, the Company's cumulative share of the joint exploration and property expenditures totalled \$131,683 (December 31, 2014 - \$131,683). There have been no property or exploration expenditures on the properties during the nine months ended September 30, 2015 (2014 - \$12,569).

There have been no significant exploration expenditures on the property since 2012, and since no future exploration was contemplated and there were no purchase or option interests in the property, a write-down of \$131,682 to a \$1 carrying value was recorded in 2014.

Royalty interests

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

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

For the nine months ended September 30, 2015 and 2014

8. 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 nine months ended September 30, 2015:

There were no transactions for the issue of share capital during the nine months ended September 30, 2015.

Transactions for the issue of share capital during the nine months ended September 30, 2014:

- (a) On March 27, 2014, the Company completed a flow-through private placement consisting of the issue of 3,781,441 common share units at a price of \$1.80 per unit for gross proceeds of \$6,806,594. Each unit consisted of one flow-through common share and one-half of one share purchase warrant, with each whole warrant entitling the holder to purchase one additional non-flow-through common share at a price of \$2.70 per share until March 27, 2015. The warrants expired unexercised.

The flow-through shares were issued at a premium to the trading value of the Company's common shares at the date the flow-through was announced, which is 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 \$831,917 and was recorded as a reduction of share capital. An equivalent flow-through share premium liability was recorded which was reversed pro-rata as the required exploration expenditures were completed (see note 14).

The Underwriters were paid commissions and expenses of \$467,396, and legal, accounting and filing fees amounted to \$86,708. The total share issue costs of \$554,104, net of deferred tax benefits of \$144,067 have been shown as a reduction of share capital.

- (b) The Company issued 860,000 common shares on the exercise of options for proceeds of \$248,000. In addition \$131,434 representing the fair value of the options on initial vesting was re-allocated from contributed surplus to share capital.

Common share rights

The Company has a "Rights Plan" under which one Right is issued for each issued and outstanding common share of the Company. Each Right entitles the holder to purchase from the Company one common share at a price equal to one-half the market price for each common share of the Company, subject to certain anti-dilutive adjustments. The Rights are exercisable only if the Company receives an unacceptable take-over bid as defined in the Rights Agreement. The original Rights Plan was replaced with a new Rights Plan at the June 2014 annual shareholders' meeting and will remain in effect until the annual shareholders' meeting in 2017. As at September 30, 2015, there were 117,794,577 Rights outstanding (December 31, 2014 – 117,794,577).

Stock options

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

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

For the nine months ended September 30, 2015 and 2014

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

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 September 30, 2015 and December 31, 2014 and changes during the period/year then ended is as follows:

	Nine months ended September 30, 2015		Year ended December 31, 2014	
	Options #	Weighted average exercise price \$	Options #	Weighted average exercise price \$
Options outstanding, beginning of period/year	8,557,000	1.77	7,758,000	1.95
Granted	1,800,000	0.75	2,330,000	0.75
Exercised	-	-	(860,000)	0.29
Expired/cancelled	(1,160,000)	1.40	(671,000)	2.10
Options outstanding, end of period/year	9,197,000	1.62	8,557,000	1.77

As at September 30, 2015, the Company has stock options outstanding and exercisable as follows:

Options outstanding #	Options exercisable #	Exercise price \$	Expiry date
1,185,000	1,185,000	1.80	March 11, 2016
100,000	100,000	2.60	January 20, 2017
2,057,000	2,057,000	3.00	March 23, 2017
20,000	20,000	1.70	December 14, 2017
1,840,000	1,840,000	1.80	January 29, 2018
2,195,000	2,195,000	0.75	February 3, 2019
1,800,000	900,000	0.75	January 23, 2020
9,197,000	8,297,000		

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

For the nine months ended September 30, 2015 and 2014

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

The following table summarizes information about the stock options outstanding at September 30, 2015:

Range of prices \$	Options #	Weighted average remaining life years	Weighted average exercise price \$
0.75	3,995,000	3.79	0.75
1.70 - 1.80	3,045,000	1.60	1.80
2.60 - 3.00	2,157,000	1.47	2.98
	9,197,000	2.52	1.62

During the nine months ended September 30, 2015, 1,800,000 stock options (2014 – 2,330,000) were granted to Officers, Directors, related company employees and consultants. The Company has recorded the fair value of all options granted during the periods 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 (2014 - five years), stock price volatility – 87.51% (2014 - 97.69%), no dividend yield (2014 - nil), and a risk-free interest rate yield – 0.79% (2014 - 1.51%). 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 nine months ended September 30, 2015 was \$0.44 per option (2014 - \$0.50), for a total of \$795,965 (2014 - \$1,164,153). The total share-based payment expense for the nine months ended September 30, 2015 was \$699,308 (2014 - \$1,038,369), which is presented as an operating expense, and includes only options that vested during the periods. The 2014 expense was reduced by \$6,346 for options that were cancelled in the same period as they vested.

During the nine months ended September 30, 2015, 1,030,000 options exercisable at \$1.40 per option and 100,000 at \$1.49 per option, expired unexercised. As a result, the original stock based compensation of \$1,220,046, recorded as contributed surplus, has been re-allocated to deficit.

During the nine months ended September 30, 2015, 30,000 (2014 – 341,000) former related company employee options were cancelled on them leaving employment. As a result, the original stock based compensation of \$19,115 (2014 - \$665,071), recorded as contributed surplus, was re-allocated to deficit, except that in 2014, \$6,346 was deducted from share based payment expense for options that had vested in the same period, and only \$658,725 was reversed from deficit.

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

For the nine months ended September 30, 2015 and 2014

8. 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.

A summary of the status of the Company's warrants as at September 30, 2015 and December 31, 2014 and changes during the period/year then ended is as follows:

	Nine months ended September 30, 2015		Year ended December 31, 2014	
	Warrants #	Weighted average exercise price \$	Warrants #	Weighted average exercise price \$
Warrants outstanding, beginning of period/year	1,890,720	2.70	4,800,000	2.10
Issued on private placement	-	-	1,890,720	2.70
Expired	(1,890,720)	2.70	(4,800,000)	2.10
Warrants outstanding, end of period/year	-	-	1,890,720	2.70

On March 27, 2015, all of the remaining 1,890,720 warrants expired unexercised.

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. 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. Contributed surplus is comprised of the following:

	\$
January 1, 2014	16,486,011
Options vesting	1,038,369
Options exercised	(131,434)
Options cancelled	(665,071)
September 30, 2014	16,727,875
January 1, 2015	16,033,105
Options vesting	699,308
Options expired/cancelled	(1,239,161)
September 30, 2015	15,493,252

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

For the nine months ended September 30, 2015 and 2014

9. Loss per share

The calculation of basic loss per share for the nine months ended September 30, 2015 was based on the loss attributable to common shareholders of \$1,559,037 (2014 - \$1,784,689) and a weighted average number of common shares outstanding of 117,794,577 (2014 – 116,250,208).

The calculation of diluted loss per share for the nine months ended September 30, 2015 was based on the loss attributable to common shareholders of \$1,559,037 (2014 - \$1,784,689), and a weighted average number of common shares outstanding (with no adjustment for the dilutive effects of outstanding options and warrants), of 117,794,577 (2014 – 116,250,208).

As at September 30, 2015, 9,197,000 options (2014 – 8,887,000 options and 1,890,720 warrants) were excluded from the diluted weighted average number of common shares calculation, as their effect would have been anti-dilutive.

10. 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 nine months ended September 30, 2015 or 2014.

A number of key management personnel and Directors, or their related entities, transacted with the Company in the reporting period. The terms and conditions of these transactions were no more favorable than those available, or which might reasonably be expected to be available, on similar transactions with non-related entities, on an arm's length basis.

Key management personnel and Directors receive no salaries, non-cash benefits (other than incentive stock options), or other remuneration directly from the Company, other than noted below, and there are no employment contracts with them that cannot be terminated without penalty on thirty days advance notice. Key management personnel and Directors participate in the Company's stock option plan. During the nine months ended September 30, 2015, 975,000 stock options (2014 - 1,200,000) were granted to key management personnel and Directors having a fair value on issue of \$431,148 (2014 - \$599,564). The options are exercisable at \$0.75 each until January 23, 2020 and vest over a one year period ending January 23, 2016.

The following are the Company's related parties:

- (a) Archer, Cathro & Associates (1981) Limited ("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, and office rent and administration. The charges by Archer Cathro also include the services of Graham Downs, who is the Company's President and CEO, and Robert Carne, who was the Company's President. Effective March 1, 2015 the services of Robert Carne are billed directly to the Company by his consulting company Carvest Holdings Ltd.
- (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 partner of Donaldson Grassi, Chartered Professional Accountants, a firm in which he has significant influence. Donaldson Grassi 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) Helmut Wober is a Company Director and provides the Company with consulting services as requested.

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

For the nine months ended September 30, 2015 and 2014

10. 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 9 months ended September 30, 2015 \$	Transactions 9 months ended September 30, 2014 \$	Balances outstanding September 30, 2015 \$	Balances outstanding December 31, 2014 \$
Archer, Cathro				
- geological services	1,286,146	1,533,824	319,456	53,790
- rent and administration	311,784	299,904	68,676	34,520
	1,597,930	1,833,728	388,132	88,310
Carvest Holdings Ltd. (1)	68,210	-	609	-
Yeadon Law Corp.	27,330	79,990	1,744	4,986
Donaldson Grassi	27,400	32,500	8,500	10,500
D. Goss Corporation	31,500	31,500	-	-
Ian Talbot	30,844	31,062	-	3,216
Helmut Wober - engineering services	2,320	-	-	-
	1,785,534	2,008,780	398,985	107,012

(1) Effective from March 1, 2015. Includes geological services of \$48,780 and administrative services of \$19,430.

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

11. Income taxes

Income tax expense for the nine months ended September 30, 2015 and 2014 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:

	September 30, 2015 \$	September 30, 2014 \$
Loss before income taxes	(1,338,840)	(1,336,679)
Statutory Canadian corporate tax rate	26.0%	26.0%
Anticipated income tax recovery	348,098	347,537
Change in tax resulting from:		
Unrecognized items for tax purposes	(185,384)	(264,540)
Reversal of tax benefits on losses expired or expected to expire	-	(42,843)
Tax benefits renounced on flow-through expenditures	(382,911)	(488,164)
Net deferred income tax expense	(220,197)	(448,010)

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

For the nine months ended September 30, 2015 and 2014

11. Income taxes (continued)

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

	September 30,	December 31,
	2015	2014
	\$	\$
Unrealized losses on marketable securities	57,724	54,162
Mineral property interests	(15,457,712)	(14,762,894)
Unclaimed investment tax credits	872,395	872,395
Non-capital loss carry forwards	2,348,612	2,097,689
Capital loss carry forwards	42,697	42,697
Share issue costs	193,662	313,386
Net deferred income tax liability	(11,942,622)	(11,382,565)

As at September 30, 2015 the Company has non-capital loss carry forwards of approximately \$9,098,000 of which \$65,000 will expire in 2015, \$7,000 in 2028, \$471,000 in 2029, \$1,175,000 in 2030, and \$7,380,000 thereafter. The loss of \$65,000 expiring in 2015 is unlikely to be used and it is not included as an income tax benefit.

As at September 30, 2015 the Company has unused capital losses of \$328,437, which have no expiry date and can only be used to reduce future income from capital gains.

As at September 30, 2015 the Company has unclaimed resource and other deductions in the amount of \$33,581,632 (December 31, 2014 - \$32,803,330), which may be deducted against future taxable income.

As at September 30, 2015 there are share issue costs totaling \$744,854 (December 31, 2014 - \$1,205,331), which have not been claimed for income tax purposes.

As at September 30, 2015 the Company has unused investment tax credits totaling \$1,178,912, (December 31, 2014 - \$1,178,912), which have not been claimed for income tax purposes. \$957,999 of the tax credits expire in 2032 and \$220,913 in 2033.

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

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

For the nine months ended September 30, 2015 and 2014

12. Supplemental cash flow information

Changes in non-cash operating working capital during the nine months ended September 30, 2015 and 2014 were comprised of the following:

	September 30, 2015	September 30, 2014
	\$	\$
Receivables and prepayments	(44,439)	(85,716)
Accounts payable and accrued liabilities	(32,300)	(86,145)
Accounts payable to related parties	26,308	(7,185)
Net change	(50,431)	(179,046)

The Company incurred non-cash investing activities during the nine months ended September 30, 2015 and 2014 as follows:

	September 30, 2015	September 30, 2014
	\$	\$
Non-cash financing activity:		
Share capital reduced by flow-through share premium	-	(831,917)
Non-cash investing activities:		
Marketable securities acquired on optioned mineral property interests	-	(3,375)
Mineral property option proceeds received by marketable securities	-	3,375
Deferred exploration expenditures included in accounts payable and related party payables	491,599	625,853
Deferred exploration expenditures included in Yukon mineral exploration grant receivable	(40,000)	-
	451,599	625,853

During the nine months ended September 30, 2015 and 2014 no amounts were paid for interest or income tax expenses.

13. 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, 2015 is comprised of shareholders' equity of \$97,453,813 (December 31, 2014 - \$98,313,542).

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 financing from equity markets.

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

For the nine months ended September 30, 2015 and 2014

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

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

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

Financial instruments measured at fair value on the statement 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
	\$	\$	\$	\$
September 30, 2015				
Cash and cash equivalents	16,704,634	-	-	16,704,634
Marketable securities	57,804	-	1	57,805
	16,762,438	-	1	16,762,439
December 31, 2014				
Cash and cash equivalents	20,424,734	-	-	20,424,734
Marketable securities	85,199	-	1	85,200
	20,509,933	-	1	20,509,934

Financial instruments - risk

The Company's financial instruments are exposed to certain financial risks, including credit risk, interest rate risk, market risk, and liquidity 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, and its various refundable credits are due from Canadian governments.

(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 nine months September 30, 2015 every 1% fluctuation in interest rates up or down would have impacted loss for the period, up or down, by approximately \$124,000 (2014 - \$157,000) before income taxes.

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

For the nine months ended September 30, 2015 and 2014

13. Financial risk management (continued)**Financial instruments – risk** (continued)**(c) 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, 2015 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 \$5,500 (2014 - \$10,500) before income taxes.

(d) 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.

14. Commitment**Flow-through shares**

On March 27, 2014 the Company completed a private placement of flow-through shares for gross proceeds of \$6,806,594 (see note 8(a)). A flow-through share premium liability of \$831,917 was recorded on the issue. The Company renounced all of the required expenditures and available income tax benefits to the flow-through shareholders effective December 31, 2014. Approximately \$4,025,000 of the funds were spent in 2014, which increased the Company's deferred income tax liability by \$1,046,449, reduced the flow-through share premium liability pro-rata by \$492,057, and increased its 2014 deferred income tax expense by \$554,392. Under the look-back rules permitted by Canadian tax authorities the Company was required to spend the remaining \$2,781,600 by December 31, 2015.

As of September 30, 2015 all remaining qualified exploration expenditures have been completed. The expenditures were previously renounced to the flow-through shareholders, therefore the Company's deferred income tax liability has been increased by \$722,771 for the loss of the tax benefits. In addition the remaining flow-through share premium liability of \$339,860 has been reversed and deferred income tax expense increased by \$382,911.

Under the look-back rules, effective from February 1, 2015, any flow-through funds spent in 2015 were charged a floating rate interest tax, which is currently set at 1% per annum. An interest tax liability of \$10,900 has been accrued on the unspent funds.