

ATAC Resources Ltd.
Consolidated Interim Financial Statements
For the three months ended
March 31, 2017
Unaudited – Prepared by Management

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

May 12, 2017

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
Chief Executive Officer

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

	Note	March 31, 2017 \$	December 31, 2016 \$
Assets			
Current assets			
Cash and cash equivalents	3	14,082,692	14,628,414
Receivables and prepayments	4	115,440	74,365
Marketable securities	5	2,175,723	1,469,165
		16,373,855	16,171,944
Non-current assets			
Marketable securities	5	1	1
Prepaid exploration expenditures		14,489	5,670
Mineral property interests	7	97,440,075	96,985,836
		97,454,565	96,991,507
Total assets		113,828,420	113,163,451
Liabilities and shareholders' equity			
Current liabilities			
Accounts payable and accrued liabilities		146,029	103,521
Accounts payable to related parties	10	213,159	105,144
Flow-through share premium liability	14	18,095	31,395
		377,283	240,060
Non-current liabilities			
Deferred income tax liability	11	12,839,790	12,722,993
Total liabilities		13,217,073	12,963,053
Shareholders' equity			
Share capital	8	116,011,508	116,011,508
Contributed surplus	8	4,847,451	4,853,086
Deficit		(20,247,612)	(20,664,196)
Total shareholders' equity		100,611,347	100,200,398
Total liabilities and shareholders' equity		113,828,420	113,163,451
Nature of operations and going concern	1		
Commitment	14		
Events after reporting period	15		

Approved on behalf of the Board of Directors on May 12, 2017:

"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 three months ended March 31, 2017 and March 31, 2016

	Number of shares #	Share capital \$	Contributed surplus \$	Deficit \$	Total shareholders' equity \$
January 1, 2016	117,794,577	113,055,372	15,609,330	(31,326,966)	97,337,736
Share-based payments	-	-	49,748	-	49,748
Re-allocated on expiry of options	-	-	(6,987,325)	6,987,325	-
Re-allocated on cancellation of options	-	-	(4,338,600)	4,338,600	-
Loss and comprehensive loss for the period	-	-	-	(161,567)	(161,567)
March 31, 2016	117,794,577	113,055,372	4,333,153	(20,162,608)	97,225,917
January 1, 2017	122,822,077	116,011,508	4,853,086	(20,664,196)	100,200,398
Share-based payments	-	-	45,491	-	45,491
Re-allocated on cancellation of options	-	-	(51,126)	51,126	-
Income and comprehensive income for the period	-	-	-	365,458	365,458
March 31, 2017	122,822,077	116,011,508	4,847,451	(20,247,612)	100,611,347

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

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

For the three months ended March 31,		2017	2016
	Note	\$	\$
Expenses			
Accounting, audit and legal	10	21,293	27,410
Consulting fees	10	10,500	10,500
Flow-through taxes	14	275	-
General administrative expenses		23,607	16,531
Insurance		11,077	11,004
Investor relations and shareholder information		36,370	27,226
Management, administration and corporate development fees	10	46,648	104,427
Office rent	10	10,500	10,500
Salaries and benefits	10	60,274	-
Share-based payments	8	45,491	49,748
Transfer agent and filing fees		4,733	4,922
Loss from operating expenses		(270,768)	(262,268)
Interest income		33,166	39,519
Gain on marketable securities	5	706,558	18,622
Income (loss) for the period before income taxes		468,956	(204,127)
Deferred income tax (expense) recovery	11	(103,498)	42,560
Income (loss) and comprehensive income (loss) for the period		365,458	(161,567)
Earnings (loss) per share			
Weighted average number of common shares outstanding			
- basic #	9	122,822,077	117,794,577
- diluted #	9	124,517,134	117,794,577
Basic earnings (loss) per share \$	9	0.00	(0.00)
Diluted earnings (loss) per share \$	9	0.00	(0.00)

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 three months ended March 31,	Note	2017 \$	2016 \$
Operating activities			
Income (loss) and comprehensive income (loss) for the period		365,458	(161,567)
Adjustments for:			
Share-based payments		45,491	49,748
Gain on marketable securities		(706,558)	(18,622)
Interest income		(33,166)	(39,519)
Deferred income tax expense (recovery)		103,498	(42,560)
Net change in non-cash working capital items	12	(38,040)	32,910
		(263,317)	(179,610)
Investing activities			
Interest received		33,166	39,519
Mineral property acquisition costs		(128,017)	(116,935)
Prepaid exploration expenditures		(8,819)	(46,845)
Deferred exploration and evaluation expenditures		(178,735)	(222,473)
		(282,405)	(346,734)
Decrease in cash and cash equivalents		(545,722)	(526,344)
Cash and cash equivalents, beginning of period		14,628,414	15,938,120
Cash and cash equivalents, end of period		14,082,692	15,411,776

Supplemental cash flow information

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

For the three months ended March 31, 2017 and March 31, 2016

1. Nature of operations and going concern

ATAC Resources Ltd. (the "Company" or "ATAC") was incorporated under the laws of the Province of British Columbia, Canada. The Company's head office is located at 1016 - 510 West Hastings Street, Vancouver, British Columbia, Canada, V6B 1L8. Its records office is located at 1710 - 1177 West Hastings Street, Vancouver, British Columbia, Canada, V6E 2L3. Its main business activity is the acquisition, exploration and evaluation of mineral property interests located in Canada. These consolidated interim financial statements ("financial statements") of the Company as at March 31, 2017 and December 31, 2016 and for the three months ended March 31, 2017 and 2016 comprise the Company and its subsidiaries. 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.

These financial statements are prepared on the basis that the Company will continue as a going concern, which assumes that the Company will be able to continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of operations. As an exploration stage company, the Company does not have revenues and historically has recurring operating losses. As at March 31, 2017, the Company had working capital of \$15,996,572 (December 31, 2016 - \$15,931,884) and shareholders' equity of \$100,611,347 (December 31, 2016 - \$100,200,398). Management has assessed that this working capital is sufficient for the Company to continue as a going concern beyond one year. If the going concern assumption were not appropriate for these financial statements, it could be necessary to restate the Company's assets and liabilities on a liquidation basis.

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

These financial statements have been prepared in conformity with International Accounting Standard ("IAS") 34, Interim Financial Reporting, using the same accounting policies as detailed in the Company's annual audited consolidated financial statements for the year ended December 31, 2016, 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, 2017, and have been applied consistently to all periods presented by the Company and its subsidiaries.

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 three months ended March 31, 2017 and March 31, 2016

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, 2018. 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 may be enhanced disclosure requirements.

3. Cash and cash equivalents

Cash and cash equivalents consists of the following:

	March 31, 2017	December 31, 2016
	\$	\$
Bank and broker balances	211,320	2,691,927
Cashable investment certificates	13,871,372	11,936,487
	14,082,692	14,628,414

4. Receivables and prepayments

Receivables and prepayments consists of the following:

	March 31, 2017	December 31, 2016
	\$	\$
Sales tax recoverable	26,946	21,152
Prepaid expenses	88,494	47,069
Yukon mineral exploration grant receivable	-	6,144
	115,440	74,365

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

For the three months ended March 31, 2017 and March 31, 2016

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 \$	Warrants \$	Total \$	Total gain \$
Cost					
January 1, 2016	491,834	10,000	-	501,834	
Additions/disposals	-	-	-	-	
March 31, 2016	491,834	10,000	-	501,834	
Fair value					
January 1, 2016	59,302	1	-	59,303	
Unrealized gain	18,622	-	-	18,622	18,622
March 31, 2016	77,924	1	-	77,925	18,622
Cost					
January 1, 2017	1,691,834	10,000	475,000	2,176,834	
Additions/disposals	-	-	-	-	
March 31, 2017	1,691,834	10,000	475,000	2,176,834	
Fair value					
January 1, 2016	1,095,827	1	373,338	1,469,166	
Unrealized gain	509,396	-	197,162	706,558	706,558
March 31, 2017	1,605,223	1	570,500	2,175,724	706,558

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, 0885802 B.C. Ltd. and 0885794 B.C. Ltd. were incorporated under the laws of the Province of British Columbia, Canada to facilitate the possible transfer to them of certain Company's mineral property interests. From incorporation to March 31, 2017, 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 three months ended March 31, 2017 and March 31, 2016

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 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.

	Wholly- owned \$	Other interests \$	Total \$
January 1, 2016	93,280,104	1	93,280,105
Acquisitions/staking/assessments	116,935	-	116,935
Exploration and evaluation	447,077	-	447,077
March 31, 2016	93,844,116	1	93,844,117
January 1, 2017	96,985,836	-	96,985,836
Acquisitions/staking/assessments	128,017	-	128,017
Exploration and evaluation	326,222	-	326,222
March 31, 2017	97,440,075	-	97,440,075

Changes in the project carrying amounts for the three months ended March 31, 2016 and March 31, 2017 are summarized as follows:

Three months ended March 31, 2016				
	January 1, 2016 \$	Acquisitions / staking / assessments \$	Exploration and evaluation \$	March 31, 2016 \$
Wholly-owned projects				
Rackla Gold Property				
- Osiris and Orion projects (1)	59,519,646	115,338	195,972	59,830,956
- Rau project	33,629,573	-	236,699	33,866,272
	93,149,219	115,338	432,671	93,697,228
Connaught	94,980	-	10,728	105,708
Idaho Creek	17,280	1,597	612	19,489
Panorama	16,110	-	-	16,110
Rosy	2,515	-	3,066	5,581
Total	93,280,104	116,935	447,077	93,844,116
Other interests				
Dawson Gold	1	-	-	1
Total all projects	93,280,105	116,935	447,077	93,844,117

(1) The Nadaleen property has been segregated into the Osiris and Orion projects to facilitate an earn-in agreement as discussed in note 15 (a).

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

For the three months ended March 31, 2017 and March 31, 2016

7. Mineral property interests (continued)

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

	Nadaleen	Rau	Others	Total
Three months ended March 31, 2016	\$	\$	\$	\$
Assays	4,061	3,856	-	7,917
Field	10,948	11,631	1,264	23,843
Labour	76,884	53,497	13,142	143,523
Resource, engineering and environmental studies	2,388	161,990	-	164,378
Survey and consulting	100,435	5,295	-	105,730
Travel and accommodation	1,256	430	-	1,686
Total	195,972	236,699	14,406	447,077

Three months ended March 31, 2017

	January 1, 2017	Acquisitions / staking / assessments	Exploration and evaluation	March 31, 2017
	\$	\$	\$	\$
Wholly-owned projects				
Rackla Gold Property				
- Osiris and Orion projects	61,843,223	126,391	245,579	62,215,193
- Rau project	34,927,893	-	68,293	34,996,186
	96,771,116	126,391	313,872	97,211,379
Connaught	106,269	-	-	106,269
Idaho Creek	19,490	-	-	19,490
Panorama	16,110	-	-	16,110
Rosy	72,851	1,626	12,350	86,827
Total	96,985,836	128,017	326,222	97,440,075

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

For the three months ended March 31, 2017 and March 31, 2016

7. Mineral property interests (continued)

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

	Nadaleen	Rau	Rosy	Total
Three months ended March 31, 2017	\$	\$	\$	\$
Assays	3,762	1,881	-	5,643
Field	13,569	1,005	17	14,592
Labour	127,074	60,260	12,333	199,667
Resource and environmental studies	-	2,528	-	2,528
Survey and consulting	100,000	-	-	100,000
Travel and accommodation	1,174	2,618	-	3,792
Total	245,579	68,293	12,350	326,222

(a) Wholly-owned projects

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

(i) Rackla Gold property

The Rackla Gold property consists of a 100% interest in the various mineral properties located in the Mayo Mining District, Yukon Territory.

The Rackla Gold property has been divided into three separate projects. They are comprised of the Rau project, which hosts the Tiger Gold deposit, and the Osiris and Orion projects, which were previously described as the Nadaleen property. The Osiris project hosts Carlin-type gold zones and will continue to be explored by the Company. Effective April 7, 2017, the Orion project is subject to an earn-in agreement with Barrick Gold Corporation ("Barrick") as described in note 15(a), and will be explored by Barrick as detailed in the note.

The Rod and Scarg claims were acquired during the period for staking costs of \$65,376 and form part of the Osiris project.

Cash and common shares totaling \$165,600 have been received under previous option agreements.

(ii) Connaught project

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

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

(iii) Idaho Creek project

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

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

(iv) Panorama project

The Panorama project 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 three months ended March 31, 2017 and March 31, 2016

7. Mineral property interests (continued)**(a) Wholly-owned projects** (continued)**(v) Rosy project**

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

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

(b) 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 District, Yukon Territory.

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.

Transaction for the issue of share capital

There were no transactions for the issue of share capital during the three months ended March 31, 2017 or March 31, 2016.

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 March 31, 2017, there were 122,822,077 rights outstanding (December 31, 2016 – 122,822,077).

Stock options

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

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

ATAC Resources Ltd.

Notes to the Consolidated Interim Financial Statements

Unaudited – Prepared by Management

For the three months ended March 31, 2017 and March 31, 2016

8. Share capital (continued)

Stock options (continued)

A summary of the status of the Company's stock options as at March 31, 2017 and December 31, 2016 and changes during the period and year then ended is as follows:

	Three months ended March 31, 2017		Year ended December 31, 2016	
	Options	Weighted average exercise price	Options	Weighted average exercise price
	#	\$	#	\$
Options outstanding, beginning of period/year	8,500,000	0.85	9,197,000	1.62
Granted	-	-	2,720,000	0.35
Exercised	-	-	(27,500)	0.31
Expired/cancelled	(90,000)	0.87	(3,389,500)	2.54
Options outstanding, end of period/year	8,410,000	0.85	8,500,000	0.85

As at March 31, 2017, the Company has stock options outstanding and exercisable as follows:

	Options outstanding #	Options exercisable #	Exercise price \$	Expiry date
	1,830,000	1,830,000	1.80	January 29, 2018
	2,155,000	2,155,000	0.75	February 3, 2019
	1,760,000	1,760,000	0.75	January 23, 2020
(1)	2,415,000	2,415,000	0.31	January 21, 2021
	250,000	187,500	0.76	June 7, 2021
	8,410,000	8,347,500		

(1) 50,000 of these options were subsequently exercised for proceeds of \$15,500.

The following table summarizes information about the stock options outstanding at March 31, 2017:

Range of prices \$	Options #	Weighted average remaining life years	Weighted average exercise price \$
0.31	2,415,000	3.81	0.31
0.75 - 0.76	4,165,000	2.40	0.75
1.80	1,830,000	0.83	1.80
	8,410,000	2.46	0.85

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

For the three months ended March 31, 2017 and March 31, 2016

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

No stock options were granted during the three months ended March 31, 2017. During the three months ended March 31, 2016, the Company granted 2,470,000 stock options to Officers, Directors, related company employees and consultants. The Company recorded the fair value of all options granted using the Black-Scholes option pricing model. Share-based payment costs were calculated using the following weighted average assumptions: expected life of options - five years, stock price volatility – 75.68%, no dividend yield, and a risk-free interest rate yield – 0.71%. Using the above assumptions, the fair value of options granted during the three months ended March 31, 2016, was \$0.19 per option for a total of \$466,725.

The total share-based payment expense for the three months ended March 31, 2017 was \$45,491 (2016 - \$49,748), which is presented as an operating expense, and includes only options that vested during the periods.

No stock options expired during the three months ended March 31, 2017. During the three months ended March 31, 2016, 1,185,000 options exercisable at \$1.80 per option expired unexercised. As a result, the original stock based compensation of \$6,987,325 was reversed from contributed surplus and credited to deficit.

During the three months ended March 31, 2017, 90,000 stock options (2016 – 2,177,000), were cancelled. As a result, the original stock based compensation of \$51,126 (2015 - \$4,338,600) has been reversed from contributed surplus and credited to deficit.

Warrants

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

During the three months ended March 31, 2017 and 2016 and as at March 31, 2017 and December 31, 2016, there were no warrants issued or outstanding.

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.

9. Earnings (loss) per share

The calculation of basic and diluted earnings (loss) per share for the three months ended March 31, 2017 was based on the earnings (loss) of \$365,458 (2016 – (\$161,567)) and a weighted average number of common shares outstanding of 122,822,077 (2016 – 117,794,577).

The calculation of diluted earnings (loss) per share for the three months ended March 31, 2017 was based on income (loss) of \$365,458 (2016 – (\$161,567)), and a weighted average number of common shares outstanding of 124,517,134 (2015 – 117,794,577), calculated as follows:

	March 31, 2017	December 31, 2016
	#	#
Weighted average number of common shares (basic)	122,822,077	117,794,577
Effect of stock options on issue	1,695,057	-
Weighted average number of common shares (diluted)	124,517,134	117,794,577

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

For the three months ended March 31, 2017 and March 31, 2016

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 three months ended March 31, 2017 or March 31, 2016.

Graham Downs, the Company's CEO receives a salary of \$18,750 per month and incentive stock options. All other key management personnel and Directors receive no salaries, non-cash benefits (other than incentive stock options), or other remuneration directly from the Company, other than noted below, and there are no employment contracts with them that cannot be terminated without penalty on thirty days advance notice. Key management personnel and Directors participate in the Company's stock option plan.

No stock options were granted to related parties during the three months ended March 31, 2017. During the three months ended March 31, 2016, 1,400,000 stock options were granted to key management personnel and Directors having a fair value on issue of \$264,540.

No management personnel or Director stock options were cancelled or surrendered during the three months ended March 31, 2017. During the three months ended March 31, 2016, 1,245,000 management personnel and Director stock options having a fair value on issue of \$2,490,000, were surrendered and cancelled.

The Company transacted with the following related parties:

- (a) Archer Cathro is a geological consulting firm that is a related party through its management contracts, which confer significant influence over operations. Charges are for property location, acquisition, exploration, management, accounting and office rent and administration. The charges by Archer Cathro include the services of Graham Downs until August 31, 2016. The charges by Archer Cathro also include the services of Julia Lane, who is the Vice President of Exploration, and a minority shareholder of Archer Cathro.
- (b) Glenn Yeadon is a Director and the Company's Secretary. He controls Glenn R. Yeadon Personal Law Corporation ("Yeadon Law Corp."), which provides the Company with legal services.
- (c) Larry Donaldson is the Company's CFO. He is a 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) Robert Carne is a Company Director. He controls Carvest Holdings Ltd. ("Carvest"), which provides geological consulting services to the Company.

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

For the three months ended March 31, 2017 and March 31, 2016

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 3 months ended March 31, 2017 \$	Transactions 3 months ended March 31, 2016 \$	Balance outstanding March 31, 2017 \$	Balance outstanding December 31, 2016 \$
Archer, Cathro				
- geological services	46,183	220,392	145,940	66,103
- office and administration	212,579	105,827	26,512	19,613
	258,762	326,219	172,452	85,716
Carvest Holdings Ltd. (1)	-	4,675	-	-
Yeadon Law Corp.	13,253	19,900	13,670	2,767
Donaldson Grassi	8,750	8,750	19,687	10,000
D. Goss Corporation	10,500	10,500	3,675	3,675
Graham Downs	60,274	-	-	-
Ian Talbot	10,500	10,500	3,675	2,986
	362,039	380,544	213,159	105,144

(1) Transactions for the three months ended March 31, 2016 include geological services of \$2,355 and other services of \$2,320.

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

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

- (a) Accounting, audit and legal**
 - Includes the legal services of the Company's Secretary, Glenn Yeadon, charged to the Company by Yeadon Law Corporation.
 - Includes the accounting services of Company's CFO, Larry Donaldson, charged to the Company by Donaldson Grassi.
- (b) Consulting fees**
 - Includes only the consulting fees paid to Director, Douglas Goss, charged to the Company by D. Goss Corporation.
- (c) Management, administration and corporate development fees**
 - Includes the services of Company's COO, Ian Talbot.
 - Includes the administrative services of Director, Robert Carne, charged to the Company by Carvest Holding Ltd. for the three months ended March 31, 2016.
 - Includes charges by Archer Cathro for administrative and investor relations personnel.
- (d) Salaries and benefits**
 - Includes only the salaries and benefits of the Company's President and CEO, Graham Downs.
- (e) Rent**
 - Charged by Archer Cathro
- (f) Property examination costs**
 - Includes charges by Archer Cathro for exploration personnel.

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

For the three months ended March 31, 2017 and March 31, 2016

11. Income Taxes

Income tax (expense) recovery for the three months ended March 31, 2017 and 2016 varies from the amount that would be computed from applying the combined federal and provincial income tax rate to income (loss) before income taxes as follows:

	March 31, 2017	March 31, 2016
	\$	\$
Income (loss) before income taxes	468,956	(204,127)
Statutory Canadian corporate tax rate	26.0%	26.0%
Anticipated income tax (expense) recovery	(121,930)	53,073
Change in tax resulting from:		
Unrecognized items for tax purposes	80,025	(10,513)
Tax benefits renounced on flow-through expenditures	(61,593)	-
Net deferred income tax (expense) recovery	(103,498)	42,560

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

	March 31, 2017	December 31, 2016
	\$	\$
Unrealized losses on marketable securities	142	91,997
Mineral property interests	(16,440,648)	(16,365,271)
Unclaimed investment tax credits	872,395	872,395
Non-capital loss carry forwards	2,590,654	2,529,454
Capital loss carry forwards	42,697	42,697
Share issue costs	94,970	105,735
Net deferred income tax liability	(12,839,790)	(12,722,993)

As at March 31, 2017 the Company has non-capital loss carry forwards of approximately \$9,964,000 of which \$7,000 will expire in 2028, \$471,000 in 2029, \$1,175,000 in 2030, \$1,666,000 in 2031 and \$6,645,000 thereafter.

As at March 31, 2017 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 March 31, 2017 the Company has unclaimed resource and other deductions in the amount of \$34,206,812 (December 31, 2016 - \$34,042,489), which may be deducted against future taxable income.

As at March 31, 2017 there are share issue costs totaling \$365,268 (December 31, 2016 - \$406,673), which have not been claimed for income tax purposes.

As at March 31, 2017 the Company has unused investment tax credits totaling \$1,178,912, (December 31, 2016 - \$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 three months ended March 31, 2017 and March 31, 2016

12. Supplemental cash flow information

Changes in non-cash operating working capital during the three months ended March 31, 2017 and March 31, 2016 were comprised of the following:

	March 31, 2017	March 31, 2016
	\$	\$
Receivables and prepayments	(47,219)	(28,082)
Accounts payable and accrued liabilities	(19,001)	13,063
Accounts payable to related parties	28,180	47,929
Net change	(38,040)	32,910

The Company incurred non-cash financing and investing activities during the periods ended March 31, 2017 and March 31, 2016 as follows:

	March 31, 2017	March 31, 2016
	\$	\$
Non-cash investing activities:		
Deferred exploration expenditures included in accounts payable and related party payables	246,524	239,357
	246,524	239,357

During the period ended March 31, 2017 and March 31, 2016 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 March 31, 2017 is comprised of shareholders' equity of \$\$100,611,347 (December 31, 2016 - \$100,200,398).

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.

Financial instruments - fair value

The Company's financial instruments consist of cash and cash equivalents, 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.

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

For the three months ended March 31, 2017 and March 31, 2016

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

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 \$
March 31, 2017				
Cash and cash equivalents	14,082,692	-	-	14,082,692
Marketable securities	1,605,223	570,500	1	2,175,724
	15,687,915	570,500	1	16,258,416
December 31, 2016				
Cash and cash equivalents	14,628,414	-	-	14,628,414
Marketable securities	1,095,827	373,338	1	1,469,166
	15,724,241	373,338	1	16,097,580

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 it refundable credits are due from Canadian Government.

(b) Interest rate risk

The Company is exposed to interest rate risk because of fluctuating interest rates. Fluctuations in market rates do not have a significant impact on the Company's operations due to the short term to maturity and no penalty cashable feature of its cash equivalents. For the three months ended March 31, 2017 every 1% fluctuation in interest rates up or down would have impacted income (loss) for the period, up or down, by approximately \$35,000 (2016 - \$39,000) before income taxes.

(c) Liquidity risk

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

(d) Market risk

The Company is exposed to market risk because of the fluctuating values of its publicly traded marketable securities. The Company has no control over these fluctuations and does not hedge its investments. Based on the March 31, 2017 value of marketable securities every 10% increase or decrease in the share prices of these companies would have impacted income (loss) for the period, up or down, by approximately \$218,000 (2016 - \$8,000) before income taxes.

14. Commitment

On April 22, 2016, the Company completed a private placement of flow-through shares for gross proceeds of \$3,250,000. A flow-through share premium liability of \$150,000 was recorded on the issue. The Company must spend the funds on qualified exploration programs no later than December 31, 2017. The expenditures and available income tax benefits were renounced to the flow-through shareholders effective December 31, 2016. This increased the timing differences between the book value of the Company's mineral property interests and the carrying value for tax purposes resulting in a deferred income tax liability which is being recorded as the flow-through funds are expended. Approximately \$2,857,000 of the funds have been spent as at March 31, 2017, of which \$288,000 was spent during the three months ended March 31, 2017, which increased the Company's deferred income tax liability by \$74,893, reduced the flow-through share premium liability pro-rata by \$13,300, and increased deferred income tax expense by \$61,593.

Under the look-back rules permitted by Canadian tax authorities the Company has until December 31, 2017 to spend the remaining \$392,000 flow-through funds. Any funds spent after February 1, 2017 will be charged a floating rate interest tax, which is currently set at 1% per annum.

15. Events after reporting period

On April 7, 2017, the Company executed an earn-in agreement and a flow-through private placement agreement with Barrick as follows:

(a) Earn-in Agreement

Under the Earn-In Agreement, Barrick may acquire a 70% interest in the Company's Orion Project, which forms the central part of the Company's Rackla Gold Property, for an aggregate of \$55,000,000 in exploration expenditures.

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

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

If Barrick withdraws from the exploration earn-in at any time after incurring the guaranteed \$10,000,000 in exploration expenditures, but prior to incurring an aggregate of \$35,000,000, Barrick will not acquire any interest in the Orion Project. If Barrick completes \$35,000,000 in exploration expenditures, the Company will establish a joint venture with Barrick, with interests of 40% and 60%, respectively.

Barrick is entitled to acquire an additional 10% interest by incurring additional exploration expenditures of \$20,000,000 on or before December 31, 2026, for an aggregate interest of 70%.

If Barrick does not exercise its right to acquire the additional 10% interest, the Company will have the right to purchase a 10.1% interest from Barrick, giving the Company a 50.1% interest and Barrick a 49.9% interest.

(b) Flow-through private placement agreement

Under a flow-through private placement agreement, which closed on May 3, 2017, the Company issued 16,684,800 flow-through common shares at a price of \$0.50 per share for gross proceeds of \$8,342,400. The flow-through shares formed part of a structured donation arrangement, with Barrick becoming the ultimate owner. This increased Barrick's shareholdings in the Company from approximately 9.2% to 19.9% and Barrick has the right to maintain its 19.9% interest by participating pro-rata in any future equity financings by the Company. The flow-through funds will be spent on properties other than the Orion Project. The Company must spend the funds on qualified exploration programs no later than December 31, 2018.