

**ATAC Resources Ltd.**  
**Consolidated Interim Financial Statements**  
**For the three months ended**  
**March 31, 2014**  
**Unaudited – Prepared by Management**

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

May 15, 2014

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

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

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	Note	March 31, 2014 \$	December 31, 2013 \$
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	3	25,159,529	19,662,908
Receivables and prepayments	4	98,048	95,240
Marketable securities	5	144,498	108,766
		<b>25,402,075</b>	<b>19,866,914</b>
<b>Non-current assets</b>			
Marketable securities	5	1	1
Prepaid exploration expenditures		40,178	17,504
Mineral property interests	7	85,891,040	85,177,626
		<b>85,931,219</b>	<b>85,195,131</b>
<b>Total assets</b>		<b>111,333,294</b>	<b>105,062,045</b>
<b>Liabilities and shareholders' equity</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities		288,631	197,695
Accounts payable to related parties	10	180,651	332,975
Due to joint exploration partner	7(3)	8,835	2,503
Flow-through share premium liability	8(a)	831,917	-
		<b>1,310,034</b>	<b>533,173</b>
<b>Non-current liabilities</b>			
Deferred income tax liability	11	10,573,617	10,696,863
<b>Total liabilities</b>		<b>11,883,651</b>	<b>11,230,036</b>
<b>Shareholders' equity</b>			
Share capital	8	112,889,588	107,111,298
Contributed surplus	8	16,092,231	16,486,011
Deficit		(29,532,176)	(29,765,300)
<b>Total shareholders' equity</b>		<b>99,449,643</b>	<b>93,832,009</b>
<b>Total liabilities and shareholders' equity</b>		<b>111,333,294</b>	<b>105,062,045</b>

Nature of Operations and Going Concern 1  
Commitment 14

Approved on behalf of the Board of Directors on May 15, 2014:

"Bruce J. Kenway"

Director

"Glenn R. Yeadon"

Director

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

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

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For the three months ended March 31, 2014 and 2013

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	Number of shares #	Share capital \$	Contributed surplus \$	Deficit \$	Total shareholders' equity \$
<b>January 1, 2013</b>	<b>103,553,136</b>	<b>94,194,018</b>	<b>24,131,040</b>	<b>(37,006,236)</b>	<b>81,318,822</b>
Share-based payments	-	-	746,222	-	746,222
Re-allocated on cancellation of options	-	-	(9,316,748)	9,316,748	-
Private placement shares issued	9,600,000	12,960,000	-	-	12,960,000
Share issue costs	-	(42,720)	-	-	(42,720)
Comprehensive loss for the period	-	-	-	(323,787)	(323,787)
<b>March 31, 2013</b>	<b>113,153,136</b>	<b>107,111,298</b>	<b>15,560,514</b>	<b>(28,013,275)</b>	<b>94,658,537</b>
<b>January 1, 2014</b>	<b>113,153,136</b>	<b>107,111,298</b>	<b>16,486,011</b>	<b>(29,765,300)</b>	<b>93,832,009</b>
Share-based payments	-	-	113,626	-	113,626
Exercise of options	490,000	140,500	-	-	140,500
Re-allocated on exercise of options	-	77,360	(77,360)	-	-
Re-allocated on cancellation of options	-	-	(430,046)	423,700	(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	-	(414,247)	-	-	(414,247)
Comprehensive loss for the period	-	-	-	(190,576)	(190,576)
<b>March 31, 2014</b>	<b>117,424,577</b>	<b>112,889,588</b>	<b>16,092,231</b>	<b>(29,532,176)</b>	<b>99,449,643</b>

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

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

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For the three months ended March 31,

	Note	2014 \$	2013 \$
<b>Expenses</b>			
Accounting, audit and legal	10	34,339	24,568
Consulting fees	10	10,500	47,000
Flow-through taxes	14	-	2,389
Investor relations	10	31,317	54,858
Office and administration	10	129,941	178,104
Property examination costs		288	-
Share-based payments	8	107,280	746,222
Net loss from operating expenses		<b>(313,665)</b>	(1,053,141)
Interest income		<b>86,185</b>	53,884
Gain (loss) on marketable securities	5	<b>35,830</b>	(20,302)
Gain on option of mineral property interests	7	<b>23,375</b>	31,938
<b>Loss before income taxes</b>		<b>(168,275)</b>	(987,621)
Deferred income tax (expense) recovery	11	<b>(22,301)</b>	663,834
<b>Comprehensive loss for the period</b>		<b>(190,576)</b>	(323,787)
<b>Loss per share</b>			
<b>Weighted average number of common shares outstanding</b>			
- basic #	9	<b>113,324,803</b>	103,553,136
- diluted #	9	<b>113,324,803</b>	103,553,136
<b>Basic loss per share \$</b>	9	<b>(0.00)</b>	(0.00)
<b>Diluted loss per share \$</b>	9	<b>(0.00)</b>	(0.00)

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

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For the three months ended March 31,	Note	2014 \$	2013 \$
<b>Operating activities</b>			
Comprehensive loss for the period		(190,576)	(323,787)
Adjustments for:			
Gain on option of mineral property interests		(23,375)	(31,938)
Share-based payments		107,280	746,222
(Gain) loss on marketable securities		(35,830)	20,302
Interest income		(86,185)	(53,884)
Deferred income tax expense (recovery)		22,301	(663,834)
		(206,385)	(306,919)
Net change in non-cash working capital items	12	(86,237)	(10,760)
		<b>(292,622)</b>	<b>(317,679)</b>
<b>Financing activities</b>			
Issue of common shares for cash		6,947,094	12,960,000
Share issue costs		(501,870)	(56,960)
		<b>6,445,224</b>	<b>12,903,040</b>
<b>Investing activities</b>			
Interest received		86,185	53,884
Proceeds from sale of marketable securities		3,473	-
Mineral property option proceeds received		20,000	17,500
Mineral property acquisition costs		(125,966)	(159,781)
Prepaid exploration expenditures		(35,503)	-
Deferred exploration and evaluation expenditures		(604,170)	(877,101)
		(655,981)	(965,498)
<b>Increase in cash and cash equivalents</b>		<b>5,496,621</b>	<b>11,619,863</b>
<b>Cash and cash equivalents, beginning of period</b>		<b>19,662,908</b>	<b>14,862,143</b>
<b>Cash and cash equivalents, end of period</b>		<b>25,159,529</b>	<b>26,482,006</b>

Supplemental cash flow information

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

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

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**For the three months ended March 31, 2014 and 2013**

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**1. Nature of operations and going concern**

ATAC Resources Ltd. (the "Company" or "ATAC") was incorporated under the laws of the Province of British Columbia, Canada. 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 of the Company as at March 31, 2014 and the three months ended March 31, 2014 and 2013 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 consolidated interim financial statements are prepared on the basis that the Company will continue as a going concern, which assumes that the Company will be able to continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of operations. As an exploration stage company, the Company does not have revenues and historically has recurring operating losses. As at March 31, 2014, the Company had working capital of \$24,092,041 (December 31, 2013 - \$19,333,741) and shareholders' equity of \$99,449,643 (December 31, 2013 - \$93,832,009). 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 consolidated interim 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 consolidated interim 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, 2013, 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 consolidated interim financial statements be read in conjunction with the annual audited financial statements.

These consolidated interim financial statements have been prepared on an historical cost basis, except for financial instruments which are classified as fair value through profit or loss ("FVTPL"). In addition, these consolidated interim 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, 2014, and have been applied consistently to all periods presented by the Company and its subsidiaries and associates.

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

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

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**For the three months ended March 31, 2014 and 2013**

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

Certain pronouncements have been issued by the IASB or IFRIC that are effective for accounting periods beginning on or after January 1, 2014. 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, 2017*

- 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:

	<b>March 31, 2014</b>	December 31, 2013
	\$	\$
Bank and broker balances	1,132,849	317,312
Cashable investment certificates	24,026,680	19,345,596
	<b>25,159,529</b>	19,662,908

**4. Receivables and prepayments**

Receivables and prepayments consist of the following:

	<b>March 31, 2014</b>	December 31, 2013
	\$	\$
Sales tax recoverable	39,097	27,920
Prepaid expenses	58,951	67,320
	<b>98,048</b>	95,240



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

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**For the three months ended March 31, 2014 and 2013**

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**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, 2013	535,959	175,428	10,000	1	
Additions	14,438	14,438	-	-	
Unrealized loss for the period	-	(20,302)	-	-	(20,302)
<b>March 31, 2013</b>	<b>550,397</b>	<b>169,564</b>	<b>10,000</b>	<b>1</b>	<b>(20,302)</b>
January 1, 2014	550,397	108,766	10,000	1	
Additions	3,375	3,375	-	-	
Proceeds on sale	(3,473)	-	-	-	
Cost of disposals	-	(14,438)	-	-	
Realized loss for the period	(10,965)	-	-	-	(10,965)
Unrealized gain for the period	-	46,795	-	-	46,795
<b>March 31, 2014</b>	<b>539,334</b>	<b>144,498</b>	<b>10,000</b>	<b>1</b>	<b>35,830</b>

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 March 31, 2014, neither of the subsidiaries have had any transactions other than to issue nominal \$1 share capital to the Company.

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

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**For the three months ended March 31, 2014 and 2013**

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**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 sold or 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.

	<b>Optioned to others</b>	<b>Wholly- owned</b>	<b>Other interests</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
January 1, 2013	-	77,525,315	67,464	77,592,779
Acquisitions/staking/assessments	-	159,781	-	159,781
Exploration and evaluation	-	636,087	-	636,087
Option proceeds	(31,938)	-	-	(31,938)
Proceeds in excess of cost to profit or loss	31,938	-	-	31,938
<b>March 31, 2013</b>	<b>-</b>	<b>78,321,183</b>	<b>67,464</b>	<b>78,388,647</b>
January 1, 2014	-	85,058,512	119,114	85,177,626
Acquisitions/staking/assessments	-	125,966	-	125,966
Exploration and evaluation	-	581,497	5,951	587,448
Option proceeds	(23,375)	-	-	(23,375)
Proceeds in excess of cost to profit or loss	23,375	-	-	23,375
<b>March 31, 2014</b>	<b>-</b>	<b>85,765,975</b>	<b>125,065</b>	<b>85,891,040</b>

Changes in the project carrying amounts for the three months ended March 31, 2014 and 2013 are summarized as follows:

**Three months ended March 31, 2013**

	<b>January 1, 2013</b>	<b>Acquisitions / staking</b>	<b>Exploration and evaluation</b>	<b>Option proceeds</b>	<b>Excess proceeds to profit or (loss)</b>	<b>March 31, 2013</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Project under option to others</b>						
Idaho Creek	-	-	-	(31,938)	31,938	-
<b>Wholly-owned projects</b>						
Rackla Gold						
-Nadaleen	47,338,744	159,781	568,152	-	-	48,066,677
-Rau	29,799,855	-	66,392	-	-	29,866,247
Rosy	2,151	-	-	-	-	2,151
Connaught	384,565	-	1,543	-	-	386,108
<b>Total</b>	<b>77,525,315</b>	<b>159,781</b>	<b>636,087</b>	<b>-</b>	<b>-</b>	<b>78,321,183</b>
<b>Other interests</b>						
Dawson Gold	67,464	-	-	-	-	67,464
<b>Total all projects</b>	<b>77,592,779</b>	<b>159,781</b>	<b>636,087</b>	<b>(31,938)</b>	<b>31,938</b>	<b>78,388,647</b>

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

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**For the three months ended March 31, 2014 and 2013**

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

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

<b>Three months ended March 31, 2013</b>	<b>Nadaleen</b>	<b>Rau</b>	<b>Others</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Assays	45,263	3,524	-	48,787
Field	117,576	3,913	-	121,489
Helicopter and fixed wing	4,726	25,216	-	29,942
Labour	301,829	749	1,543	304,121
Resource and environmental studies	39,216	32,520	-	71,736
Survey and consulting	43,011	-	-	43,011
Travel and accommodation	16,531	470	-	17,001
<b>Total</b>	<b>568,152</b>	<b>66,392</b>	<b>1,543</b>	<b>636,087</b>

**Three months ended March 31, 2014**

	<b>January 1, 2014</b>	<b>Acquisitions / staking</b>	<b>Exploration and evaluation</b>	<b>Option proceeds</b>	<b>Excess proceeds to profit or (loss)</b>	<b>March 31, 2014</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Project under option to others</b>						
Idaho Creek	-	-	-	(23,375)	23,375	-
<b>Wholly-owned projects</b>						
Rackla Gold				-	-	-
- Nadaleen	53,618,075	125,966	240,528	-	-	53,984,569
- Rau	31,051,337	-	340,969	-	-	31,392,306
Rosy	2,151	-	-	-	-	2,151
Connaught	386,949	-	-	-	-	386,949
<b>Total</b>	<b>85,058,512</b>	<b>125,966</b>	<b>581,497</b>	<b>-</b>	<b>-</b>	<b>85,765,975</b>
<b>Other interests</b>						
Dawson Gold	119,114	-	5,951	-	-	125,065
<b>Total all projects</b>	<b>85,177,626</b>	<b>125,966</b>	<b>587,448</b>	<b>(23,375)</b>	<b>23,375</b>	<b>85,891,040</b>

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

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**For the three months ended March 31, 2014 and 2013**

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

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

<b>Three months ended March 31, 2014</b>	<b>Nadaleen</b>	<b>Rau</b>	<b>Others</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Assays	21,886	-	-	21,886
Field	107,009	3,945	-	110,954
Helicopter and fixed wing	4,023	-	-	4,023
Labour	102,036	14,801	-	116,837
Resource and environmental studies	-	322,108	-	322,108
Survey and consulting	4,949	-	5,951	10,900
Travel and accommodation	625	115	-	740
<b>Total</b>	<b>240,528</b>	<b>340,969</b>	<b>5,951</b>	<b>587,448</b>

**(1) Project under option to others****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.

Pursuant to a previous option agreement the Company received shares valued at \$132,000.

By Agreement dated January 19, 2010 the Company granted Golden Predator Canada Corp. ("GPCC"), formerly True North Mining Corp., and its parent company Americas Bullion Royalty Corp. ("Americas Bullion") (formerly Golden Predator Corp.), the right to earn a 100% interest in the Company's Idaho project, for consideration of:

- Cash payments totaling \$120,000 as follows:
  - \$7,500 upon regulatory acceptance (received);
  - \$12,500 on or before June 1, 2010 (received);
  - \$15,000 on or before January 19, 2012 (received);
  - \$17,500 on or before January 19, 2013 (received);
  - \$20,000 on or before January 19, 2014 (received);
  - \$22,500 on or before January 19, 2015; and
  - \$25,000 on or before January 19, 2016.
- Issuance to the Company of 150,000 common shares of Americas Bullion capital stock as follows:
  - 15,000 shares upon regulatory acceptance (received at \$0.59 per share);
  - 22,500 shares on or before January 19, 2011 (received at \$0.70 per share);
  - 37,500 shares on or before January 19, 2012 (received at \$0.60 per share);
  - 37,500 shares on or before January 19, 2013 (received at \$0.385 per share); and
  - 37,500 shares on or before January 19, 2014 (received at \$0.09 per share).

Should GPCC attain a 100% interest in the project the Company would be entitled to a 2% net smelter return royalty ("NSR") from any commercial production. GPCC would have the right at any time to purchase one-half of the NSR for \$500,000. In addition, upon commencement of any NSR payments, \$100,000 of the above option payments would be considered prepayments.

The project is subject to an area of mutual interest extending one kilometre from the borders of the claims.

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

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**For the three months ended March 31, 2014 and 2013**

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**7. Mineral property interests** (continued)**(2) 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 shares totaling \$252,500. The 50% interest was re-purchased in 2012 by issuing 75,000 ATAC common shares at \$2.51 per share for total consideration of \$188,250.

**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% NSR on all commercial production from the properties. Cash and shares totaling \$328,400 have been received under previous option agreements.

**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) located in the Mayo Mining District, Yukon Territory. Cash and 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 shares totaling \$167,000 have been received under previous option agreements.

**(3) 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 dated June 9, 2009 and 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 March 31, 2014, the Company's cumulative share of the joint exploration and property expenditures totalled \$125,065. The Company's share of expenditures for the three months ended March 31, 2014 totalled \$5,951. As at March 31, 2014, Arcus was owed \$8,835 for currently completed expenditures.

**Royalty interests**

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

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

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**For the three months ended March 31, 2014 and 2013**

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**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 three months ended March 31, 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 common share warrants can be called for early exercise should the Company’s common shares trade at a weighted average price above \$3.75 for a period of ten consecutive days at any time subsequent to July 29, 2014.

The premium received on the flow-through shares issued 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 will be reversed when the required exploration expenditures are completed and renounced to the flow-through shareholders.

The Underwriters were paid commissions and expenses of \$473,996 and legal, accounting and filing fees amounted to \$85,798. The total share issue costs of \$559,794, net of deferred tax benefits of \$145,547 are shown as a reduction of share capital.

- (b) The Company issued 490,000 common shares on the exercise of options for proceeds of \$140,500. In addition \$77,360 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-dilution adjustments. The Rights are exercisable only if the Company receives an unacceptable take-over bid as defined in the Rights Agreement. The Rights Plan was extended at the May 2012 annual shareholders’ meeting and will remain in effect until the annual shareholders’ meeting in 2014. As at March 31, 2014, there were 117,424,577 Rights outstanding (December 31, 2013 – 113,153,136).

**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 not 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), unless otherwise agreed by the Company and accepted by the TSX-V.

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

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

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**For the three months ended March 31, 2014 and 2013**

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

A summary of the status of the Company's stock options as at March 31, 2014 and December 31, 2013 and changes during the period/year then ended is as follows:

	<b>Three months ended March 31, 2014</b>		<b>Year ended December 31, 2013</b>	
	Options #	Weighted average exercise price \$	Options #	Weighted average exercise price \$
Options outstanding, beginning of period/year	7,758,000	1.95	7,903,000	4.12
Granted	2,330,000	0.75	2,030,000	1.80
Exercised	(490,000)	0.29	-	-
Cancelled	(275,000)	2.49	(2,175,000)	6.41
<b>Options outstanding, end of period/year</b>	<b>9,323,000</b>	<b>1.72</b>	<b>7,758,000</b>	<b>1.95</b>

As at March 31, 2014, the Company has stock options outstanding and exercisable as follows:

	Options outstanding #	Options exercisable #	Exercise price \$	Expiry date
(1)	340,000	340,000	0.25	May 1, 2014
	1,095,000	1,095,000	1.40	January 12, 2015
	100,000	100,000	1.49	June 16, 2015
	1,315,000	1,315,000	1.80	March 11, 2016
	100,000	100,000	2.60	January 20, 2017
	2,163,000	2,163,000	3.00	March 23, 2017
	20,000	20,000	1.70	December 14, 2017
	1,860,000	1,860,000	1.80	January 29, 2018
	2,330,000	-	0.75	February 3, 2019
	<b>9,323,000</b>	<b>6,993,000</b>		

(1) These options were subsequently exercised for proceeds of \$85,000.

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**For the three months ended March 31, 2014 and 2013**

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

The following table summarizes information about the stock options outstanding at March 31, 2014:

Range of prices \$	Options #	Weighted average remaining life years	Weighted average exercise price \$
0.25 - 0.75	2,670,000	4.24	0.69
1.40 - 1.80	4,390,000	2.46	1.69
2.60 - 3.00	2,263,000	2.97	2.98
	9,323,000	3.09	1.72

All options granted during the three months ended March 31, 2014 were to Officers, Directors, related company employees and consultants. The Company has recorded the fair value of all options granted during the period 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 (2013 - 5 years), stock price volatility – 97.69% (2013 – 101.62%), no dividend yield (2013 – nil), and a risk-free interest rate yield - 1.51% (2013 – 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 three months ended March 31, 2014 was \$0.50 per option (2013 - \$1.30). The total share-based payment expense for the three months ended March 31, 2014 was \$113,626 (2013 - \$746,222), which is presented as an operating expense, and includes only options that vested during the period. The expense has been reduced by \$6,346 (2012 - nil) for options that were cancelled in the same period as they vested.

During the period 275,000 former related company employee options were cancelled, comprised of 160,000 exercisable at \$3.00 per option, 110,000 exercisable at \$1.80 per option and 5,000 exercisable at \$1.40 per option. As a result of the cancellations, \$430,046 has been removed from contributed surplus, with a reduction in deficit of \$423,700 for options that had vested in prior years and a reduction of share-based payment expense of \$6,346 for options that vested in the current period.

**Warrants**

As an incentive to complete a private placement the Company may issue units which include common shares and common share purchase warrants. Using the residual value method no value is allocated to 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.



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**For the three months ended March 31, 2014 and 2013**

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

A summary of the warrants and changes during the three months ended March 31, 2014 and the year ended December 31, 2013 is as follows:

	<b>Three months ended March 31, 2014</b>		<b>Year ended December 31, 2013</b>	
	<b>Warrants #</b>	<b>Weighted average exercise price \$</b>	<b>Warrants #</b>	<b>Weighted average exercise price \$</b>
Warrants outstanding, beginning of period/year	4,800,000	2.10	2,472,500	4.52
Issued on private placement	1,890,720	2.70	4,800,000	2.10
Expired	-	-	(2,472,500)	4.52
<b>Warrants outstanding, end of period/year</b>	<b>6,690,720</b>	<b>2.27</b>	<b>4,800,000</b>	<b>2.10</b>

As at March 31, 2014, the Company has outstanding warrants, exercisable as follows:

<b>Warrants #</b>	<b>Exercise price \$</b>	<b>Expiry date</b>
4,800,000	2.10	September 22, 2014
1,890,720	2.70	March 27, 2015
<b>6,690,720</b>		

**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:

	<b>Options \$</b>	<b>Finders' Warrants \$</b>	<b>Total \$</b>
January 1, 2013	24,131,040	-	24,131,040
Options vesting	746,222	-	746,222
Options cancelled	(9,316,748)	-	(9,316,748)
<b>March 31, 2013</b>	<b>15,560,514</b>	<b>-</b>	<b>15,560,514</b>
January 1, 2014	16,486,011	-	16,486,011
Options vesting	113,626	-	113,626
Options exercised	(77,360)	-	(77,360)
Options cancelled	(430,046)	-	(430,046)
<b>March 31, 2014</b>	<b>16,092,231</b>	<b>-</b>	<b>16,092,231</b>

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

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**For the three months ended March 31, 2014 and 2013**

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**9. Loss per share**

The calculation of basic loss per share for the three months ended March 31, 2014 was based on the loss attributable to common shareholders of \$190,576 (2013 - \$323,787) and a weighted average number of common shares outstanding of 113,324,803 (2013 – 103,553,136).

The calculation of diluted loss per share for the three months ended March 31, 2014 was based on the loss attributable to common shareholders of \$190,576 (2013 - \$323,787), and a weighted average number of common shares outstanding (with no adjustment for the dilutive effects of outstanding options and warrants), of 113,324,803 (2013 – 103,553,136).

As at March 31, 2014, 9,323,000 options (2013 – 8,048,000) and 6,690,720 warrants (2013 – 4,839,000) 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 these entities. There were no loans to management personnel or Directors, or entities over which they have control or significant influence during the three months ended March 31, 2014 or 2013.

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 three months ended March 31, 2014, 1,200,000 stock options (2013 - 1,750,000) were granted to key management personnel and Directors having a fair value on issue of \$599,564 (2013 - \$2,318,268). The new options are exercisable at \$0.75 each until February 3, 2019 and vest over a one year period ending February 3, 2015.

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 CEO, and Robert Carne, who is the Company's President.
- (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 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 monthly management services.

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**For the three months ended March 31, 2014 and 2013**

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**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:

	<b>Transactions 3 months ended March 31, 2014 \$</b>	<b>Transactions 3 months ended March 31, 2013 \$</b>	<b>Balances outstanding March 31, 2014 \$</b>	<b>Balances outstanding December 31, 2013 \$</b>
Archer, Cathro				
- geological services	197,701	343,819	65,838	227,201
- rent and administration	108,866	130,376	46,937	79,829
Yeadon Law Corp.	47,939	31,748	50,026	5,439
Donaldson Grassi	10,500	13,250	10,500	12,500
D. Goss Corporation	10,500	15,000	3,675	5,250
Ian Talbot	10,062	8,859	3,675	2,756
	<b>385,568</b>	<b>543,052</b>	<b>180,651</b>	<b>332,975</b>

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

**11. Income taxes**

Income tax (expense) recovery for the three months ended March 31, 2014 and 2013 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:

	<b>March 31, 2014 \$</b>	<b>March 31, 2013 \$</b>
Loss before income taxes	(168,275)	(987,621)
Statutory Canadian corporate tax rate	26.0%	25.0%
Anticipated income tax recovery	43,752	246,906
Change in tax resulting from:		
Unrecognized items for tax purposes	(23,210)	(189,093)
Reversal of tax benefits on losses expected to expire	(42,843)	-
Tax benefits recognized on investment tax credits	-	718,499
Tax benefits renounced on flow-through expenditures	-	(112,478)
<b>Net deferred income tax (expense) recovery</b>	<b>(22,301)</b>	<b>663,834</b>

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

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**For the three months ended March 31, 2014 and 2013**

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	<b>March 31,</b>	December 31,
	<b>2014</b>	2013
	<b>\$</b>	<b>\$</b>
Unrealized losses on marketable securities	52,629	58,712
Mineral property interests	(13,856,336)	(13,850,306)
Unclaimed investment tax credits	872,395	872,395
Non-capital loss carry forwards	1,836,817	1,793,266
Capital loss carry forwards	40,814	39,388
Share issue costs	480,064	389,682
<b>Net deferred income tax liability</b>	<b>(10,573,617)</b>	<b>(10,696,863)</b>

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**For the three months ended March 31, 2014 and 2013**

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**11. Income taxes** (continued)

As at March 31, 2014 the Company has non-capital loss carry forwards of approximately \$7,229,000 of which \$99,000 will expire in 2014, \$65,000 in 2015, \$7,000 in 2028, \$471,000 in 2029, \$1,175,000 in 2030, and \$5,412,000 thereafter. The 2014 and 2015 losses are likely to expire unused and have been reversed as deferred income tax benefits in the current period.

As at March 31, 2014 the Company has unused capital losses of \$313,952 which have no expiry date and can only be used to reduce future income from capital gains.

As at March 31, 2014 the Company has unclaimed resource and other deductions in the amount of \$32,597,440 (December 31, 2013 - \$31,907,220), which may be deducted against future taxable income.

As at March 31, 2014 there are share issue costs totaling \$1,846,401 (December 31, 2013 - \$1,498,777), which have not been claimed for income tax purposes.

As at March 31, 2014 the Company has unused investment tax credits totaling \$1,178,912, (December 31, 2013 - \$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.

**12. Supplemental cash flow information**

Changes in non-cash operating working capital during the three months ended March 31, 2014 and 2013 were comprised of the following:

	<b>March 31, 2014</b>	March 31, 2013
	<b>\$</b>	\$
Receivables and prepayments	(2,808)	11,373
Accounts payable and accrued liabilities	(92,467)	(51,415)
Accounts payable to related parties	9,038	29,282
Net change	<b>(86,237)</b>	(10,760)

The Company incurred non-cash investing activities during the three months ended March 31, 2014 and 2013 as follows:

	<b>March 31, 2014</b>	March 31, 2013
	<b>\$</b>	\$
Non-cash investing activities:		
Marketable securities acquired on optioned mineral property interests	(3,375)	(14,438)
Mineral property option proceeds received by marketable securities	3,375	14,438
Deferred exploration expenditures included in accounts payable and related party payables	301,658	157,502
	<b>301,658</b>	157,502

During the three months ended March 31, 2014 and 2013 no amounts were paid for interest or income tax expenses.

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**For the three months ended March 31, 2014 and 2013**

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**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, 2014 is comprised of shareholders' equity of \$99,449,643 (December 31, 2013 - \$93,832,009).

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, 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
	\$	\$	\$	\$
<b>March 31, 2014</b>				
Cash and cash equivalents	25,159,529	-	-	25,159,529
Marketable securities	144,498	-	1	144,499
	25,304,027	-	1	25,304,028
<b>December 31, 2013</b>				
Cash and cash equivalents	19,662,908	-	-	19,662,908
Marketable securities	108,766	-	1	108,767
	19,771,674	-	1	19,771,675

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**13. Financial risk management (continued)****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 three months ended March 31, 2014 every 1% fluctuation in interest rates up or down would have impacted loss for the period, up or down, by approximately \$54,000 (2013 - \$58,500) before income taxes.

**(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 March 31, 2014 value of marketable securities every 10% increase or decrease in the share prices of these companies would have impacted loss for the period, up or down, by approximately \$15,000 (2013 - \$17,000) 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 flow-through funds are required to be spent on qualified exploration programs no later than December 31, 2015. The Company must renounce the expenditures to the flow-through shareholders no later than the effective date of December 31, 2014. If at that time there are unspent funds the Company may use the look-back rules allowed by Canadian tax authorities to make the remaining expenditures in 2015. On renouncement the Company gives up its rights to available income tax benefits. Under the look-back rules, effective from March 1, 2015, any unspent flow-through funds are charged a floating rate interest tax, which is currently set at 1% per annum.