

ATAC Resources Ltd.
Consolidated Interim Financial Statements
For the three months ended
March 31, 2015
Unaudited – Prepared by Management

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

May 15, 2015

To the Shareholders of
ATAC Resources Ltd.

The attached consolidated interim financial statements have been prepared by the management of ATAC Resources Ltd. and have not been reviewed by the auditor of the Company.

Yours truly,

Graham Downs
Chief Executive Officer

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

	Note	March 31, 2015 \$	December 31, 2014 \$
Assets			
Current assets			
Cash and cash equivalents	3	19,829,893	20,424,734
Receivables and prepayments	4	94,306	90,116
Marketable securities	5	102,732	85,199
		20,026,931	20,600,049
Non-current assets			
Marketable securities	5	1	1
Prepaid exploration expenditures		25,906	11,852
Mineral property interests	7	89,988,516	89,583,691
		90,014,423	89,595,544
Total assets		110,041,354	110,195,593
Liabilities and shareholders' equity			
Current liabilities			
Accounts payable and accrued liabilities		624	42,536
Employee deductions payable		-	10,078
Accounts payable to related parties	10	157,368	107,012
Flow-through interest tax accrual	14	2,162	-
Flow-through share premium liability	14	317,212	339,860
		477,366	499,486
Non-current liabilities			
Deferred income tax liability	11	11,388,211	11,382,565
Total liabilities		11,865,577	11,882,051
Shareholders' equity			
Share capital	8	113,055,372	113,055,372
Contributed surplus	8	14,994,573	16,033,105
Deficit		(29,874,168)	(30,774,935)
Total shareholders' equity		98,175,777	98,313,542
Total liabilities and shareholders' equity		110,041,354	110,195,593

Nature of Operations and Going Concern	1
Commitment	14

Approved on behalf of the Board of Directors on May 15, 2015:

"Bruce J. Kenway"

Director

"Glenn R. Yeadon"

Director

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

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

For the three months ended March 31, 2015 and 2014

	Number of shares #	Share capital \$	Contributed surplus \$	Deficit \$	Total shareholders' equity \$
January 1, 2014	113,153,136	107,111,298	16,486,011	(29,765,300)	93,832,009
Share-based payments	-	-	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)
March 31, 2014	117,424,577	112,889,588	16,092,231	(29,532,176)	99,449,643
January 1, 2015	117,794,577	113,055,372	16,033,105	(30,774,935)	98,313,542
Share-based payments	-	-	69,169	-	69,169
Re-allocated on cancellation of options	-	-	(1,107,701)	1,107,701	-
Comprehensive loss for the period	-	-	-	(206,934)	(206,934)
March 31, 2015	117,794,577	113,055,372	14,994,573	(29,874,168)	98,175,777

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

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

For the three months ended March 31,

	Note	2015 \$	2014 \$
Expenses			
Accounting, audit and legal	10	23,134	34,339
Consulting fees	10	10,500	10,500
Flow-through interest tax	14	2,162	-
Investor relations	10	62,725	31,317
Office and administration	10	118,487	129,941
Property examination costs		27,046	288
Share-based payments	8	69,169	107,280
Net loss from operating expenses		(313,223)	(313,665)
Interest income		71,754	86,185
Gain on marketable securities	5	17,533	35,830
Gain on option of mineral property interests	7	-	23,375
Loss before income taxes		(223,936)	(168,275)
Deferred income tax recovery (expense)	11	17,002	(22,301)
Comprehensive loss for the period		(206,934)	(190,576)
Loss per share			
Weighted average number of common shares outstanding			
- basic #	9	117,794,577	113,324,803
- diluted #	9	117,794,577	113,324,803
Basic loss per share \$	9	(0.00)	(0.00)
Diluted 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	2015 \$	2014 \$
Operating activities			
Comprehensive loss for the period		(206,934)	(190,576)
Adjustments for:			
Gain on option of mineral property interests		-	(23,375)
Share-based payments		69,169	107,280
Gain on marketable securities		(17,533)	(35,830)
Interest income		(71,754)	(86,185)
Deferred income tax (recovery) expense		(17,002)	22,301
Net change in non-cash working capital items	12	(33,161)	(86,237)
		(277,215)	(292,622)
Financing activities			
Issue of common shares for cash		-	6,947,094
Share issue costs		-	(501,870)
		-	6,445,224
Investing activities			
Interest received		71,754	86,185
Proceeds from sale of marketable securities		-	3,473
Mineral property option proceeds received		-	20,000
Mineral property acquisition costs		(111,926)	(125,966)
Prepaid exploration expenditures		(20,747)	(35,503)
Deferred exploration and evaluation expenditures		(256,707)	(604,170)
		(317,626)	(655,981)
Increase in cash and cash equivalents		(594,841)	5,496,621
Cash and cash equivalents, beginning of period		20,424,734	19,662,908
Cash and cash equivalents, end of period		19,829,893	25,159,529

Supplemental cash flow information

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

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

For the three months ended March 31, 2015 and 2014

1. Nature of operations and going concern

ATAC Resources Ltd. (the "Company" or "ATAC") was incorporated under the laws of the Province of British Columbia, Canada. Head office is located at 1016 - 510 West Hastings Street, Vancouver, British Columbia, Canada, V6B 1L8. Its records office is located at 1710 - 1177 West Hastings Street, Vancouver, British Columbia, Canada, V6E 2L3. Its main business activity is the acquisition, exploration and evaluation of mineral property interests located in Canada. The consolidated interim financial statements ("financial statements") of the Company as at March 31, 2015 and the three months ended March 31, 2015 and 2014 comprise the Company and its subsidiaries, and the Company's interest in jointly controlled operations and entities over which it has significant influence. Its common shares trade on the TSX Venture Exchange ("TSX-V").

The Company is in the process of exploring its mineral property interests and has not yet determined whether they contain mineral reserves that are economically recoverable. The Company's continuing operations and the underlying value and recoverability of the amounts shown for mineral property interests are entirely dependent upon the existence of economically recoverable mineral reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development of the mineral property interests, obtaining the necessary permits to mine, and on future profitable production or proceeds from the disposition of the mineral property interests.

The financial statements are prepared on the basis that the Company will continue as a going concern, which assumes that the Company will be able to continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of operations. As an exploration stage company, the Company does not have revenues and historically has recurring operating losses. As at March 31, 2015, the Company had working capital of \$19,549,565 (December 31, 2014 - \$20,100,563) and shareholders' equity of \$98,175,777 (December 31, 2014 - \$98,313,542). Management has assessed that this working capital is sufficient for the Company to continue as a going concern beyond one year. If the going concern assumption were not appropriate for these financial statements it would be necessary to restate the Company's assets and liabilities on a liquidation basis.

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

The financial statements have been prepared in conformity with International Accounting Standard ("IAS") 34, Interim Financial Reporting, using the same accounting policies as detailed in the Company's annual audited consolidated financial statements for the year ended December 31, 2014, and do not include all the information required for full annual financial statements in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). It is suggested that the financial statements be read in conjunction with the annual audited financial statements.

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

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

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

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

For the three months ended March 31, 2015 and 2014

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

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

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

	March 31, 2015	December 31, 2014
	\$	\$
Bank and broker balances	2,003,137	2,165,221
Cashable investment certificates	17,826,756	18,259,513
	19,829,893	20,424,734

4. Receivables and prepayments

Receivables and prepayments consist of the following:

	March 31, 2015	December 31, 2014
	\$	\$
Sales tax recoverable	28,955	22,570
Employee deductions recoverable	-	808
Prepaid expenses	65,351	66,738
	94,306	90,116

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

For the three months ended March 31, 2015 and 2014

5. Marketable securities

Marketable securities consist of various common shares received on the option of mineral property interests as follows:

	Shares with an active market		Shares without an active market		Total gain (loss) \$
	Cost \$	Fair value \$	Cost \$	Fair value \$	
January 1, 2014	550,397	108,766	10,000	1	
Additions	3,375	3,375	-	-	
Proceeds on sale	(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
March 31, 2014	539,334	144,498	10,000	1	35,830
January 1, 2015	491,834	85,199	10,000	1	
Unrealized gain for the period	-	17,533	-	-	17,533
March 31, 2015	491,834	102,732	10,000	1	17,533

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, 2015, neither of the subsidiaries have had any transactions other than to issue nominal \$1 share capital to the Company.

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

For the three months ended March 31, 2015 and 2014

7. Mineral property interests

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

	Optioned to others	Wholly- owned	Other interests	Total
	\$	\$	\$	\$
January 1, 2014	-	85,058,512	119,114	85,177,626
Acquisitions/staking/assessments	-	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
March 31, 2014	-	85,765,975	125,065	85,891,040
January 1, 2015	-	89,583,690	1	89,583,691
Acquisitions/staking/assessments	-	111,926	-	111,926
Exploration and evaluation	-	292,899	-	292,899
March 31, 2015	-	89,988,515	1	89,988,516

Changes in the project carrying amounts for the three months ended March 31, 2015 and 2014 are summarized as follows:

Three months ended March 31, 2014

	January 1, 2014	Acquisitions / staking / assessments	Exploration and evaluation	Option proceeds	Excess proceeds to loss	March 31, 2014
	\$	\$	\$	\$	\$	\$
Project under option to others						
Idaho Creek	-	-	-	(23,375)	23,375	-
Wholly-owned projects						
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
Total	85,058,512	125,966	581,497	-	-	85,765,975
Other interests						
Dawson Gold	119,114	-	5,951	-	-	125,065
Total all projects	85,177,626	125,966	587,448	(23,375)	23,375	85,891,040

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

For the three months ended March 31, 2015 and 2014

7. Mineral property interests (continued)

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

Three months ended March 31, 2014	Nadaleen	Rau	Others	Total
	\$	\$	\$	\$
Assays	21,886	-	-	21,886
Field	7,009	3,945	-	10,954
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	104,949	-	5,951	110,900
Travel and accommodation	625	115	-	740
Total	240,528	340,969	5,951	587,448

Three months ended March 31, 2015

	January 1, 2015	Acquisitions / staking / assessments	Exploration and evaluation	Option proceeds	Excess proceeds to loss	March 31, 2015
	\$	\$	\$	\$	\$	\$
Wholly-owned projects						
Connaught	1	14,896	25,840	-	-	40,737
Idaho Creek	680	-	120	-	-	800
Panorama	4,082	-	9,988	-	-	14,070
Rackla Gold						
- Nadaleen	57,739,231	97,030	245,513	-	-	58,081,774
- Rau	31,837,181	-	11,438	-	-	31,848,619
Rosy	2,515	-	-	-	-	2,515
Total	89,583,690	111,926	292,899	-	-	89,988,515
Other interests						
Dawson Gold	1	-	-	-	-	1
Total all projects	89,583,691	111,926	292,899	-	-	89,988,516

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

For the three months ended March 31, 2015 and 2014

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, 2015	\$	\$	\$	\$
Assays	8,301	-	-	8,301
Field	13,144	1,614	1,262	16,020
Labour	120,298	6,309	23,812	150,419
Resource, engineering and environmental studies	-	3,515	-	3,515
Survey and consulting	102,320	-	10,874	113,194
Travel and accommodation	1,450	-	-	1,450
Total	245,513	11,438	35,948	292,899

(1) Wholly-owned projects

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

Connaught project

The Connaught project consists of a 100% interest in the CN and NC mineral claims located in the Dawson Mining District, Yukon Territory. In 2009, a 50% interest in the project was sold for cash and common shares totaling \$252,500. The 50% interest was re-purchased by the Company in 2012 by issuing 75,000 common shares at \$2.51 per share for total consideration of \$188,250. From 2012 to the end of 2014, there was no exploration on the property, and since no future exploration was contemplated and there were no purchase or option interests in the property, a write-down of \$387,023, to a \$1 carrying value, was recorded in 2014. New expenditures have been incurred in the current year to take advantage of favorable government assessment credits.

Idaho Creek project

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

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

Panorama project

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

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

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

For the three months ended March 31, 2015 and 2014

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

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

Rosy project

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

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

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

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

Effective February 21, 2012 the Company and Arcus agreed to explore the project on a 50/50 basis with Arcus as the Operator. As at March 31, 2015, the Company's cumulative share of the joint exploration and property expenditures totalled \$131,683 (December 31, 2014 - \$131,683). There were no expenditures for the three months ended March 31, 2015 (2014 - \$5,951).

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

Royalty interests

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

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

For the three months ended March 31, 2015 and 2014

8. Share capital

The authorized share capital of the Company consists of unlimited common shares without par value, and unlimited Class "A" preferred shares with a par value of \$1.00 each. All issued shares are fully paid.

There were no transactions for the issue of share capital during the three months ended March 31, 2015.

**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 warrants expired unexercised.

The flow-through shares were issued at a premium to the trading value of the Company's common shares at the date the flow-through was announced, which is a reflection of the value of the income tax write-offs that the Company has renounced to the flow-through shareholders. The premium was determined to be \$831,917 and was recorded as a reduction of share capital. An equivalent flow-through share premium liability was recorded which is being reversed pro-rata as the required exploration expenditures are completed (see note 14).

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 have been 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-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, 2015, there were 117,794,577 Rights outstanding (December 31, 2014 – 117,794,577).

Stock options

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

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

For the three months ended March 31, 2015 and 2014

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

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

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

	Three months ended March 31, 2015		Year ended December 31, 2014	
	Options #	Weighted average exercise price \$	Options #	Weighted average exercise price \$
Options outstanding, beginning of period/year	8,557,000	1.77	7,758,000	1.95
Granted	1,800,000	0.75	2,330,000	0.75
Exercised	-	-	(860,000)	0.29
Cancelled	(1,030,000)	1.40	(671,000)	2.10
Options outstanding, end of period/year	9,327,000	1.62	8,557,000	1.77

As at March 31, 2015, the Company has stock options outstanding and exercisable as follows:

	Options outstanding #	Options exercisable #	Exercise price \$	Expiry date
	100,000	100,000	1.49	June 16, 2015
	1,185,000	1,185,000	1.80	March 11, 2016
	100,000	100,000	2.60	January 20, 2017
	2,057,000	2,057,000	3.00	March 23, 2017
	20,000	20,000	1.70	December 14, 2017
(1)	1,850,000	1,850,000	1.80	January 29, 2018
(2)	2,215,000	2,215,000	0.75	February 3, 2019
	1,800,000	-	0.75	January 23, 2020
	9,327,000	7,527,000		

(1) 10,000 of these options were subsequently cancelled due to a related party employee leaving employment.

(2) 20,000 of these options were subsequently cancelled due to a related party employee leaving employment.

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

For the three months ended March 31, 2015 and 2014

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

The following table summarizes information about the stock options outstanding at March 31, 2015:

Range of prices \$	Options #	Weighted average remaining life years	Weighted average exercise price \$
0.75	4,015,000	4.28	0.75
1.49 - 1.80	3,155,000	2.06	1.79
2.60 - 3.00	2,157,000	1.97	2.98
	9,327,000	2.99	1.62

During the three months ended March 31, 2015, 1,800,000 stock options (2014 – 2,330,000) were granted to Officers, Directors, related company employees and consultants. The Company has recorded the fair value of all options granted during the periods using the Black-Scholes option pricing model. Share-based payment costs were calculated using the following weighted average assumptions: expected life of options - five years (2014 - five years), stock price volatility – 87.51% (2014 - 97.69%), no dividend yield (2014 - nil), and a risk-free interest rate yield – 0.79% (2014 - 1.51%). The fair value is particularly impacted by the Company's stock price volatility, determined using data from the previous five years. Using the above assumptions the fair value of options granted during the three months ended March 31, 2015 was \$0.44 per option (2014 - \$0.50), for a total of \$795,965 (2014 - \$1,164,153). The total share-based payment expense for the three months ended March 31, 2015 was \$69,169 (2014 - \$113,626), which is presented as an operating expense, and includes only options that vested during the periods. The 2014 expense was reduced by \$6,346 for options that were cancelled in the same period as they vested.

During the three months ended March 31, 2015, 1,030,000 options exercisable at \$1.40 per option expired unexercised. As a result, the original stock based compensation of \$1,107,701, recorded as contributed surplus, has been re-allocated to deficit.

During the three months ended March 31, 2014, 275,000 former related company employee options were cancelled on them leaving employment. As a result, the original stock based compensation of \$430,046, recorded as contributed surplus, was re-allocated, \$6,346 to reduce the 2014 share based payment expense for options that had vested in the same period, and \$423,700 to deficit.

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

For the three months ended March 31, 2015 and 2014

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

As an incentive to complete private placements the Company may issue units which include common shares and common share purchase warrants. Using the residual value method the Company determines whether a value should be allocated to the warrants attached to the units sold in completed private placements. Finders' warrants may be issued as a private placement share issue cost and are valued using the Black-Scholes option pricing model.

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

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

During the period 1,890,720 warrants expired unexercised.

Contributed surplus

Contributed surplus includes the accumulated fair value of stock options recognized as share-based payments and the fair value of finders' warrants issued on private placements. Contributed surplus is increased by the fair value of these items on vesting and is reduced by corresponding amounts when the options or warrants expire, or are exercised or cancelled. Contributed surplus is comprised of the following:

	Options \$	Finders' Warrants \$	Total \$
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)
March 31, 2014	16,092,231	-	16,092,231
January 1, 2015	16,033,105	-	16,033,105
Options vesting	69,169	-	69,169
Options cancelled	(1,107,701)	-	(1,107,701)
March 31, 2015	14,994,573	-	14,994,573

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9. Loss per share

The calculation of basic loss per share for the three months ended March 31, 2015 was based on the loss attributable to common shareholders of \$206,934 (2014 - \$190,576) and a weighted average number of common shares outstanding of 117,794,577 (2014 – 113,324,803).

The calculation of diluted loss per share for the three months ended March 31, 2015 was based on the loss attributable to common shareholders of \$206,934 (2014 - \$190,576), and a weighted average number of common shares outstanding (with no adjustment for the dilutive effects of outstanding options and warrants), of 117,794,577 (2014 – 113,324,803).

As at March 31, 2015, 9,327,000 options (2014 – 9,323,000 options and 6,690,720 warrants) were excluded from the diluted weighted average number of common shares calculation, as their effect would have been anti-dilutive.

10. Related party payables and transactions

A number of key management personnel and Directors hold positions in other entities that result in them having control or significant influence over the financial or operating policies of those entities. There were no loans to management personnel or Directors, or entities over which they have control or significant influence during the three months ended March 31, 2015 or 2014.

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

Key management personnel and Directors receive no salaries, non-cash benefits (other than incentive stock options), or other remuneration directly from the Company, other than noted below, and there are no employment contracts with them that cannot be terminated without penalty on thirty days advance notice. Key management personnel and Directors participate in the Company's stock option plan. During the three months ended March 31, 2015, 975,000 stock options (2014 - 1,200,000) were granted to key management personnel and Directors having a fair value on issue of \$431,148 (2014 - \$599,564). The options are exercisable at \$0.75 each until January 23, 2020 and vest over a one year period ending January 23, 2016.

The following are the Company's related parties:

- (a) Archer, Cathro & Associates (1981) Limited ("Archer Cathro") is a geological consulting firm that is a related party through its management contracts, which confer significant influence over operations. Charges are for property location, acquisition, exploration, management, and office rent and administration. The charges by Archer Cathro also include the services of Graham Downs, who is the Company's CEO, and Robert Carne, who is the Company's President. Effective March 1, 2015 the services of Robert Carne are billed directly to the Company by his consulting company Carvest Holdings Ltd.
- (b) Glenn Yeadon is a Director and the Company's Secretary. He controls Glenn R. Yeadon Personal Law Corporation ("Yeadon Law Corp."), which provides the Company with legal services.
- (c) Larry Donaldson is the Company's CFO. He is a partner of Donaldson Grassi, Chartered 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.

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

For the three months ended March 31, 2015 and 2014

10. Related party payables and transactions (continued)

The aggregate value of transactions and outstanding balances with key management personnel and Directors and entities over which they have control or significant influence were as follows:

	Transactions 3 months ended March 31, 2015 \$	Transactions 3 months ended March 31, 2014 \$	Balances outstanding March 31, 2015 \$	Balances outstanding December 31, 2014 \$
Archer, Cathro				
- geological services	186,328	197,701	74,301	53,790
- rent and administration	110,925	108,866	50,279	34,520
	297,253	306,567	124,580	88,310
Carvest Holdings Ltd. (1)	11,455	-	12,028	-
Yeadon Law Corp.	10,834	47,939	11,260	4,986
Donaldson Grassi	11,500	10,500	9,500	10,500
D. Goss Corporation	10,500	10,500	-	-
Ian Talbot	9,844	10,062	-	3,216
	351,386	385,568	157,368	107,012

(1) Effective from March 1, 2015

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, 2015 and 2014 varies from the amount that would be computed from applying the combined federal and provincial income tax rate to loss before income taxes as follows:

	March 31, 2015 \$	March 31, 2014 \$
Loss before income taxes	(223,936)	(168,275)
Statutory Canadian corporate tax rate	26.0%	26.0%
Anticipated income tax recovery	58,224	43,752
Change in tax resulting from:		
Unrecognized items for tax purposes	(15,704)	(23,210)
Reversal of tax benefits on losses expired or expected to expire	-	(42,843)
Tax benefits renounced on flow-through expenditures	(25,518)	-
Net deferred income tax recovery (expense)	17,002	(22,301)

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For the three months ended March 31, 2015 and 2014

11. Income taxes (continued)

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

	March 31, 2015	December 31, 2014
	\$	\$
Unrealized losses on marketable securities	51,883	54,162
Mineral property interests	(14,804,252)	(14,762,894)
Unclaimed investment tax credits	872,395	872,395
Non-capital loss carry forwards	2,175,588	2,097,689
Capital loss carry forwards	42,697	42,697
Share issue costs	273,478	313,386
Net deferred income tax liability	(11,388,211)	(11,382,565)

As at March 31, 2015 the Company has non-capital loss carry forwards of approximately \$8,433,000 of which \$65,000 will expire in 2015, \$7,000 in 2028, \$471,000 in 2029, \$1,175,000 in 2030, and \$6,715,000 thereafter. The loss of \$65,000 expiring in 2015 is unlikely to be used and it is not included as an income tax benefit.

As at March 31, 2015 the Company has unused capital losses of \$328,437, which have no expiry date and can only be used to reduce future income from capital gains.

As at March 31, 2015 the Company has unclaimed resource and other deductions in the amount of \$33,049,000 (December 31, 2014 - \$32,803,330), which may be deducted against future taxable income.

As at March 31, 2015 there are share issue costs totaling \$1,051,839 (December 31, 2014 - \$1,205,331), which have not been claimed for income tax purposes.

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

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

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12. Supplemental cash flow information

Changes in non-cash operating working capital during the three months ended March 31, 2015 and 2014 were comprised of the following:

	March 31, 2015	March 31,
	\$	2014
		\$
Receivables and prepayments	(4,998)	(2,808)
Accounts payable and accrued liabilities	(49,019)	(92,467)
Accounts payable to related parties	20,856	9,038
Net change	(33,161)	(86,237)

The Company incurred non-cash investing activities during the three months ended March 31, 2015 and 2014 as follows:

	March 31, 2015	March 31,
	\$	2014
		\$
Marketable securities acquired on optioned mineral property interests	-	(3,375)
Mineral property option proceeds received by marketable securities	-	3,375
Deferred exploration expenditures included in accounts payable and related party payables	83,291	301,658
	83,291	301,658

During the three months ended March 31, 2015 and 2014 no amounts were paid for interest or income tax expenses.

13. Financial risk management**Capital management**

The Company is a junior exploration company and considers items included in shareholders' equity as capital. The Company has no debt and does not expect to enter into debt financing. The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of underlying assets. In order to maintain or adjust its capital structure, the Company may issue new shares, purchase shares for cancellation pursuant to normal course issuer bids or make special distributions to shareholders. The Company is not subject to any externally imposed capital requirements and does not presently utilize any quantitative measures to monitor its capital. The Company's capital structure as at March 31, 2015 is comprised of shareholders' equity of \$98,175,777 (December 31, 2014 - \$98,313,542).

The Company currently has no source of revenues. In order to fund future projects and pay for administrative costs, the Company will spend its existing working capital and raise additional funds as needed. The Company's ability to continue as a going concern on a long term basis and realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation is primarily dependent upon its ability to sell or option its mineral properties and its ability to borrow or raise additional financing from equity markets.

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

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

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

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

Financial instruments measured at fair value on the statement of financial position are summarized into the following fair value hierarchy levels:

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

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

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

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
March 31, 2015				
Cash and cash equivalents	19,829,893	-	-	19,829,893
Marketable securities	102,732	-	1	102,733
	19,932,625	-	1	19,932,626
December 31, 2014				
Cash and cash equivalents	20,424,734	-	-	20,424,734
Marketable securities	85,199	-	1	85,200
	20,509,933	-	1	20,509,934

Financial instruments - risk

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

(a) Credit risk

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

(b) Interest rate risk

The Company is exposed to interest rate risk because of fluctuating interest rates. Fluctuations in market rates do not have a significant impact on the Company's operations due to the short term to maturity and no penalty cashable feature of its cash equivalents. For the three months March 31, 2015 every 1% fluctuation in interest rates up or down would have impacted loss for the period, up or down, by approximately \$45,000 (2014 - \$54,000) before income taxes.

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For the three months ended March 31, 2015 and 2014

13. Financial risk management (continued)**Financial instruments – risk** (continued)**(c) Market risk**

The Company is exposed to market risk because of the fluctuating values of its publicly traded marketable securities. The Company has no control over these fluctuations and does not hedge its investments. Based on the March 31, 2015 value of marketable securities every 10% increase or decrease in the share prices of these companies would have impacted loss for the period, up or down, by approximately \$10,000 (2014 - \$15,000) 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 Company renounced all of the required expenditures and available income tax benefits to the flow-through shareholders effective December 31, 2014. Approximately \$4,025,000 of the funds were spent in 2014, which increased the Company's deferred income tax liability by \$1,046,449, reduced the flow-through share premium liability pro-rata by \$492,057, and increased its 2014 deferred income tax expense by \$554,392. Under the look-back rules permitted by Canadian tax authorities the Company must spend the remaining \$2,781,600 by December 31, 2015.

During the three months ended March 31, 2015, approximately \$185,000 was spent on qualified exploration expenditures, leaving an unspent balance of approximately \$2,596,600. The current period expenditures increased the Company's deferred income tax liability by \$48,166, reduced the flow-through share premium liability pro-rata by \$22,648, and increased deferred income tax expense by \$25,518.

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. An accrued interest tax liability of \$2,162 has been recorded on the unspent funds.