

ATAC Resources Ltd.
Consolidated Interim Financial Statements
For the three months ended
March 31, 2016
Unaudited – Prepared by Management

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

May 13, 2016

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, 2016 \$	December 31, 2015 \$
Assets			
Current assets			
Cash and cash equivalents	3	15,411,776	15,938,120
Receivables and prepayments	4	102,494	106,380
Marketable securities	5	77,924	59,302
		15,592,194	16,103,802
Non-current assets			
Marketable securities	5	1	1
Prepaid exploration expenditures		47,100	6,416
Mineral property interests	7	93,844,117	93,280,105
		93,891,218	93,286,522
Total assets		109,483,412	109,390,324
Liabilities and shareholders' equity			
Current liabilities			
Accounts payable and accrued liabilities		204,618	98,468
Accounts payable to related parties	10	193,862	52,545
		398,480	151,013
Non-current liabilities			
Deferred income tax liability	11	11,859,015	11,901,575
Total liabilities		12,257,495	12,052,588
Shareholders' equity			
Share capital	8	113,055,372	113,055,372
Contributed surplus	8	4,333,153	15,609,330
Deficit		(20,162,608)	(31,326,966)
Total shareholders' equity		97,225,917	97,337,736
Total liabilities and shareholders' equity		109,483,412	109,390,324

Nature of Operations and Going Concern 1
Event after the Reporting Period 14

Approved on behalf of the Board of Directors on May 13, 2016:

"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, 2016 and March 31, 2015

	Number of shares #	Share capital \$	Contributed surplus \$	Deficit \$	Total shareholders' equity \$
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 expiry 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
January 1, 2016	117,794,577	113,055,372	15,609,330	(31,326,966)	97,337,736
Share-based payments	-	-	49,748	-	49,748
Re-allocated on expiry of options	-	-	(6,987,325)	6,987,325	-
Re-allocated on cancellation of options	-	-	(4,338,600)	4,338,600	-
Comprehensive loss for the period	-	-	-	(161,567)	(161,567)
March 31, 2016	117,794,577	113,055,372	4,333,153	(20,162,608)	97,225,917

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

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

For the three months ended March 31,

	Note	2016 \$	2015 \$
Expenses			
Accounting, audit and legal	10	27,410	23,134
Consulting fees	10	10,500	10,500
Flow-through taxes		-	2,162
General and administrative expenses	10	16,531	8,765
Insurance		11,004	11,169
Investor relations and shareholder information	10	27,226	31,986
Management, administrative and corporate development fees	10	104,427	112,134
Office rent	10	10,500	10,500
Property examination costs		-	27,046
Transfer agent and filing fees		4,922	6,658
Share-based payments	8	49,748	69,169
Net loss from operating expenses		(262,268)	(313,223)
Interest income		39,519	71,754
Gain on marketable securities	5	18,622	17,533
Loss before income taxes		(204,127)	(223,936)
Deferred income tax recovery	11	42,560	17,002
Loss and comprehensive loss for the period		(161,567)	(206,934)
Loss per share			
Weighted average number of common shares outstanding			
- basic #	9	117,794,577	117,794,577
- diluted #	9	117,794,577	117,794,577
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	2016 \$	2015 \$
Operating activities			
Loss and comprehensive loss for the period		(161,567)	(206,934)
Adjustments for:			
Share-based payments		49,748	69,169
Gain on marketable securities		(18,622)	(17,533)
Interest income		(39,519)	(71,754)
Deferred income tax recovery		(42,560)	(17,002)
Net change in non-cash working capital items	12	32,910	(33,161)
		(179,610)	(277,215)
Investing activities			
Interest received		39,519	71,754
Mineral property acquisition costs		(116,935)	(111,926)
Prepaid exploration expenditures		(46,845)	(20,747)
Deferred exploration and evaluation expenditures		(222,473)	(256,707)
		(346,734)	(317,626)
Decrease in cash and cash equivalents		(526,344)	(594,841)
Cash and cash equivalents, beginning of period		15,938,120	20,424,734
Cash and cash equivalents, end of period		15,411,776	19,829,893

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, 2016 and March 31, 2015

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, 2016 and December 31, 2015 and for the three months ended March 31, 2016 and March 31, 2015 comprise the Company and its subsidiaries. Its common shares trade on the TSX Venture Exchange ("TSX-V").

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

These financial statements are prepared on the basis that the Company will continue as a going concern, which assumes that the Company will be able to continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of operations. As an exploration stage company, the Company does not have revenues and historically has recurring operating losses. As at March 31, 2016, the Company had working capital of \$15,193,714 (December 31, 2015 - \$15,952,789) and shareholders' equity of \$97,225,917 (December 31, 2015 - \$97,337,736). 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**

These financial statements have been prepared in conformity with International Accounting Standard ("IAS") 34, Interim Financial Reporting, using the same accounting policies as detailed in the Company's annual audited consolidated financial statements for the year ended December 31, 2015, 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, 2016, and have been applied consistently to all periods presented by the Company and its subsidiaries.

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

Effective January 1, 2016 the Company's operating expenses are being further detailed in the body of the Consolidated Statement of Loss and Comprehensive Loss. Administrative and management fees, insurance expense, office rent, and transfer agent and filing fees, that were previously included in office and administration expense, are now shown as separate line items. Investor relations fees have been removed from investor relations expense and are included with the administrative and management fees under the new heading – "management, administrative and corporate development fees". Investor relations has been renamed – "investor relations and shareholder information". The new presentation provides greater detail and presents the various operating fees as a single amount separate from non-fee expenses. The comparative figures for the three months ended March 31, 2015 have been restated to reflect the new presentation.

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

For the three months ended March 31, 2016 and March 31, 2015

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, 2017. Many of these updates are not applicable or consequential to the Company and have been excluded from the discussion below.

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

- New standard IFRS 9 *Financial Instruments*

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

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

3. Cash and cash equivalents

Cash and cash equivalents consist of the following:

	March 31, 2016	December 31, 2015
	\$	\$
Bank and broker balances	3,564,444	227,504
Cashable investment certificates	11,847,332	15,710,616
	15,411,776	15,938,120

4. Receivables and prepayments

Receivables and prepayments consist of the following:

	March 31, 2016	December 31, 2015
	\$	\$
Sales tax recoverable	35,459	18,564
Yukon mineral exploration grant receivable	-	31,968
Prepaid expenses	67,035	55,848
	102,494	106,380

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

For the three months ended March 31, 2016 and March 31, 2015

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 \$
	Cost \$	Fair value \$	Cost \$	Fair value \$	
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
January 1, 2016	491,834	59,302	10,000	1	
Unrealized gain for the period	-	18,622	-	-	18,622
March 31, 2016	491,834	77,924	10,000	1	18,622

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, 2016, 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, 2016 and March 31, 2015

7. Mineral property interests

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

	Wholly- owned	Other interests	Total
	\$	\$	\$
January 1, 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
January 1, 2016	93,280,104	1	93,280,105
Acquisitions/staking/assessments	116,935	-	116,935
Exploration and evaluation	447,077	-	447,077
March 31, 2016	93,844,116	1	93,844,117

Changes in the project carrying amounts for the three months ended March 31, 2016 and March 31, 2015 are summarized as follows:

Three months ended March 31, 2015

	January 1, 2015	Acquisitions / staking / assessments	Exploration and evaluation	March 31, 2015
	\$	\$	\$	\$
Wholly-owned projects				
Rackla Gold				
- Nadaleen	57,739,231	97,030	245,513	58,081,774
- Rau	31,837,181	-	11,438	31,848,619
	89,576,412	97,030	256,951	89,930,393
Connaught	1	14,896	25,840	40,737
Idaho Creek	680	-	120	800
Panorama	4,082	-	9,988	14,070
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, 2016 and March 31, 2015

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

Three months ended March 31, 2016

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

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

For the three months ended March 31, 2016 and March 31, 2015

7. Mineral property interests (continued)

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

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

(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, NC and OM mineral claims located in the Dawson Mining District, Yukon Territory.

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

An impairment write-down of \$387,023 was recorded in 2014. New expenditures have been incurred since then to take advantage of favorable government assessment credits and grants.

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.

Rackla Gold project

The Rackla Gold project consists of a 100% interest in the Rau (ACX, AT, BT, EX, GF, Gam, PH, Q, R, Rau, RR, S, T and WH mineral claims), Jam, Mouse, Sten (Dale, EN, IS, OS, ST, and Sten mineral claims) and Stoked (HO, Rae and Stoked mineral claims) mineral properties located in the Mayo Mining District, Yukon Territory.

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

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

For the three months ended March 31, 2016 and March 31, 2015

7. Mineral property interests (continued)**(1) Wholly-owned projects** (continued)**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 and Nit mineral claims located in the Dawson and Whitehorse Mining Districts, Yukon Territory, and the GG, SH and TL mineral claims located in the Dawson Mining District, Yukon Territory.

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

Effective February 21, 2012 the Company and Arcus agreed to explore the project on a 50/50 basis with Arcus as the Operator. As at March 31, 2016, the Company's cumulative share of the joint exploration and property expenditures totalled \$131,683 (December 31, 2015 - \$131,683). There have been no significant property or exploration expenditures since 2012, and none during the three months ended March 31, 2016 or March 31, 2015.

An impairment write-down of \$131,682 was recorded in 2014.

Royalty interests

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

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

There were no transactions for the issue of share capital during the three months ended March 31, 2016 or March 31, 2015.

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, 2016, there were 117,794,577 Rights outstanding (December 31, 2015 – 117,794,577).

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

For the three months ended March 31, 2016 and March 31, 2015

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

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

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

A summary of the status of the Company’s stock options as at March 31, 2016 and December 31, 2015 and changes during the period and year then ended is as follows:

	Three months ended March 31, 2016		Year ended December 31, 2015	
	Options #	Weighted average exercise price \$	Options #	Weighted average exercise price \$
Options outstanding, beginning of period/year	9,197,000	1.62	8,557,000	1.77
Granted	2,470,000	0.31	1,800,000	0.75
Expired/cancelled	(3,362,000)	2.56	(1,160,000)	1.40
Options outstanding, end of period/year	8,305,000	0.85	9,197,000	1.62

As at March 31, 2016, the Company has stock options outstanding and exercisable as follows:

Options outstanding #	Options exercisable #	Exercise price \$	Expiry date
1,840,000	1,840,000	1.80	January 29, 2018
2,195,000	2,195,000	0.75	February 3, 2019
1,800,000	1,800,000	0.75	January 23, 2020
2,470,000	-	0.31	January 21, 2021
8,305,000	5,835,000		

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

For the three months ended March 31, 2016 and March 31, 2015

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

The following table summarizes information about the stock options outstanding at March 31, 2016:

Range of prices \$	Options #	Weighted average remaining life years	Weighted average exercise price \$
0.31	2,470,000	4.81	0.31
0.75	3,995,000	3.29	0.75
1.80	1,840,000	1.83	1.80
	8,305,000	3.42	0.85

During the three months ended March 31, 2016, 2,470,000 stock options (2015 – 1,800,000) 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 (2015 - five years), stock price volatility – 75.68% (2015 - 87.51%), no dividend yield (2015 - nil), and a risk-free interest rate yield – 0.71% (2015 - 0.79%). 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, 2016 was \$0.19 per option (2015 - \$0.44), for a total of \$466,725 (2015 - \$795,965). The total share-based payment expense for the three months ended March 31, 2016 was \$49,748 (2015 - \$69,169), which is presented as an operating expense, and includes only options that vested during the periods.

During the three months ended March 31, 2016, 1,185,000 options exercisable at \$1.80 per option (2015 - 1,030,000 at \$1.40 per option), expired unexercised. As a result, the original stock based compensation of \$6,987,325 (2015 - \$1,107,701) has been reversed from contributed surplus and credited to deficit.

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

Warrants

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

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, 2016 and December 31, 2015 and changes during the period and year then ended is as follows:

	Three months ended March 31, 2016		Year ended December 31, 2015	
	Warrants #	Weighted average exercise price \$	Warrants #	Weighted average exercise price \$
Warrants outstanding, beginning of period/year	-	-	1,890,720	2.70
Expired	-	-	(1,890,720)	2.70
Warrants outstanding, end of period/year	-	-	-	-

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

For the three months ended March 31, 2016 and March 31, 2015

8. Share capital (continued)**Contributed surplus**

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

	\$
January 1, 2015	16,033,105
Options vesting	69,169
Options expired	(1,107,701)
March 31, 2015	14,994,573
January 1, 2016	15,609,330
Options vesting	49,748
Options expired	(6,987,325)
Options cancelled	(4,338,600)
March 31, 2016	4,333,153

9. Loss per share

The calculation of basic and diluted loss per share for three months ended March 31, 2016 was based on the loss attributable to common shareholders of \$161,567 (2015 - \$206,934) and a weighted average number of common shares outstanding of 117,794,577 (2015 – 117,794,577).

All stock options were excluded from the diluted weighted average number of common shares calculation, as their effect would have been anti-dilutive.

10. Related party payables and transactions

A number of key management personnel and Directors hold positions in other entities that result in them having control or significant influence over the financial or operating policies of those entities. There were no loans to key management personnel or Directors, or entities over which they have control or significant influence during the three months ended March 31, 2016 or March 31, 2015.

A number of key management personnel and Directors, or their related entities, transacted with the Company in the reporting periods. 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, 2016, 1,400,000 stock options (2015 - 975,000) were granted to key management personnel and Directors having a fair value on issue of \$264,540 (2015 - \$431,148). The new options are exercisable at \$0.31 each until January 21, 2021 and vest over a one year period ending January 21, 2017.

During the three months ended March 31, 2016, 1,245,000 management personnel and Director stock options (2015 – nil), exercisable at \$3.00 each until March 23, 2017, having a fair value on issue of \$2,490,000, were surrendered and cancelled.

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

For the three months ended March 31, 2016 and March 31, 2015

10. Related party payables and transactions (continued)

The following are the Company's related parties:

- (a) Archer, Cathro & Associates (1981) Limited ("Archer Cathro") is a geological consulting firm that is a related party through its management contracts, which confer significant influence over operations. Charges are for property location, acquisition, exploration, management, and office rent and administration. The charges by Archer Cathro also include the services of Graham Downs, who is the Company's President and CEO and Julia Lane, who is the Company's Vice President of Exploration.
- (b) Glenn Yeadon is a Director and the Company's Secretary. He controls Glenn R. Yeadon Personal Law Corporation ("Yeadon Law Corp."), which provides the Company with legal services.
- (c) Larry Donaldson is the Company's CFO. He is a partner of Donaldson Grassi, Chartered Professional Accountants, a firm in which he has significant influence. Donaldson Grassi provides the Company with accounting and tax services.
- (d) Douglas Goss is a Director and the Company's Chairman of the Board. He controls Douglas O. Goss Professional Corporation ("D. Goss Corporation"), which provides consulting services to the Company.
- (e) Ian Talbot is the Company's COO. He provides the Company with management services.
- (f) Robert Carne is a Company Director. He controls Carvest Holdings Ltd. ("Carvest"), which provides geological consulting services to the Company.

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, 2016 \$	Transactions 3 months ended March 31, 2015 \$	Balances outstanding March 31, 2016 \$	Balances outstanding December 31, 2015 \$
Archer, Cathro				
- geological services	220,392	186,328	93,386	-
- rent and administration	105,827	110,925	64,374	30,780
	326,219	297,253	157,760	30,780
Yeadon Law Corp.	19,900	10,834	20,752	3,334
Donaldson Grassi	8,750	11,500	8,000	12,000
D. Goss Corporation	10,500	10,500	3,675	3,675
Ian Talbot	10,500	9,844	3,675	2,756
Carvest (1)	4,675	11,455	-	-
	380,544	351,386	193,862	52,545

(1) Includes geological services of \$2,355 and other services of \$2,320.

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

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

For the three months ended March 31, 2016 and March 31, 2015

11. Income taxes

Income tax recovery for the three months ended March 31, 2016 and March 31, 2015 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, 2016	March 31, 2015
	\$	\$
Loss before income taxes	(204,127)	(223,936)
Statutory Canadian corporate tax rate	26.0%	26.0%
Anticipated income tax recovery	53,073	58,224
Change in tax resulting from:		
Unrecognized items for tax purposes	(10,513)	(15,704)
Tax benefits renounced on flow-through expenditures	-	(25,518)
Net deferred income tax recovery	42,560	17,002

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

	March 31, 2016	December 31, 2015
	\$	\$
Unrealized losses on marketable securities	55,108	57,529
Mineral property interests	(15,458,281)	(15,457,741)
Unclaimed investment tax credits	872,395	872,395
Non-capital loss carry forwards	2,498,603	2,429,792
Capital loss carry forwards	42,697	42,697
Share issue costs	130,463	153,753
Net deferred income tax liability	(11,859,015)	(11,901,575)

As at March 31, 2016 the Company has non-capital loss carry forwards of approximately \$9,610,000 of which \$7,000 will expire in 2028, \$471,000 in 2029, \$1,175,000 in 2030, \$1,666,000 in 2031 and \$6,291,000 thereafter.

As at March 31, 2016 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, 2016 the Company has unclaimed resource and other deductions in the amount of \$34,389,190 (December 31, 2015 - \$33,827,255), which may be deducted against future taxable income.

As at March 31, 2016 there are share issue costs totaling \$501,780 (December 31, 2015 - \$591,362), which have not been claimed for income tax purposes.

As at March 31, 2016 the Company has unused investment tax credits totaling \$1,178,912, (December 31, 2015 - \$1,178,912), which have not been claimed for income tax purposes. \$957,999 of the tax credits expire in 2032 and \$220,913 in 2033.

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

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

For the three months ended March 31, 2016 and March 31, 2015

12. Supplemental cash flow information

Changes in non-cash operating working capital during the three months ended March 31, 2016 and March 31, 2015 were comprised of the following:

	March 31, 2016	March 31, 2015
	\$	\$
Receivables and prepayments	(28,082)	(4,998)
Accounts payable and accrued liabilities	13,063	(49,019)
Accounts payable to related parties	47,929	20,856
Net change	32,910	(33,161)

The Company incurred non-cash investing activities during the three months ended March 31, 2016 and March 31, 2015 as follows:

	March 31, 2016	March 31, 2015
	\$	\$
Non-cash investing activities:		
Deferred exploration expenditures included in accounts payable and related party payables	239,357	83,291
	239,357	83,291

During the three months ended March 31, 2016 and March 31, 2015 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, 2016 is comprised of shareholders' equity of \$97,225,917 (December 31, 2015 - \$97,337,736).

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

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

For the three months ended March 31, 2016 and March 31, 2015

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, 2016				
Cash and cash equivalents	15,411,776	-	-	15,411,776
Marketable securities	77,924	-	1	77,925
	15,489,700	-	1	15,489,701
December 31, 2015				
Cash and cash equivalents	15,938,120	-	-	15,938,120
Marketable securities	59,302	-	1	59,303
	15,997,422	-	1	15,997,423

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, 2016 every 1% fluctuation in interest rates up or down would have impacted loss for the period, up or down, by approximately \$39,000 (2015 - \$45,000) before income taxes.

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

For the three months ended March 31, 2016 and March 31, 2015

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, 2016 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 \$8,000 (2015 - \$10,000) 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. Event after the reporting period

On April 22, 2016 the Company completed a private placement of flow-through shares consisting of the issue of 5,000,000 common shares at a price of \$0.65 per share for gross proceeds of \$3,250,000. The Company must spend the proceeds on qualified mineral exploration expenditures no later than December 31, 2017.

The flow-through shares were issued at a premium to the trading value of the Company's common shares immediately prior to the date the flow-through was announced, which is a reflection of the value of the income tax write-offs that the Company must renounce to the flow-through shareholders. The premium was determined to be \$150,000 and will be recorded as a reduction of share capital. An equivalent flow-through share premium liability will be recorded which will be reversed pro-rata as the required exploration expenditures are completed.

The Underwriters were paid commissions and expenses of \$194,300. The share issue costs, including legal, accounting and filing fees, net of deferred income tax benefits, will be shown as a reduction of share capital.