Western Atlas Resources Inc.

Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2019 and 2018

(Expressed in Canadian dollars)

Notice to Reader

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the interim financial statements have not been reviewed by an auditor.

The accompanying unaudited financial statements of the Company have been prepared by and are the responsibility of the Company's management. The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

WESTERN ATLAS RESOURCES INC.

Condensed Consolidated Interim Statements of Financial Position

(Unaudited - Expressed in Canadian dollars)

		March 31, 2019		December 31, 2018
ASSETS				
Current assets				
Cash and cash equivalents	$	**50,338**	$	401,275
Short term investment (Note 4)		**50,000**		50,000
Prepaid expenses		**52,951**		127,646
Accounts receivable		**10,835**		5,539
		164,124		584,460
Non-current assets				
Exploration & evaluation assets (Note 5)		**2,482,022**		2,334,147
Total assets	$	**2,646,146**	$	2,918,607
LIABILITIES and SHAREHOLDERS' EQUITY				
Current liabilities				
Accounts payable and accrued liabilities (Note 8)	$	**21,874**	$	141,014
		21,874		141,014
Shareholders' equity				
Share capital (Note 7)		**4,300,838**		4,300,838
Equity reserves		**290,000**		288,000
Deficit		**(1,966,566)**		(1,811,245)
		2,624,272		2,777,593
Total liabilities and shareholders' equity	$	**2,646,146**	$	2,918,607

Going concern (Note 1)

These financial statements were approved for issue by the Board of Directors on May 30, 2019.

They are signed on the Company's behalf by:

"Fabio Capponi"	*"Susan Rubin"*
Director	Chief Financial Officer

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

WESTERN ATLAS RESOURCES INC.

Condensed Consolidated Interim Statements of (Income) Loss and Comprehensive (Income) Loss

(Unaudited - Expressed in Canadian dollars)

		Three months ended March 31, 2019		Three months ended March 31, 2018
Operating activities				
General and administrative expenses	**$**	**76,971**	$	20,890
Salaries and benefits (Note 9)		**31,181**		32,907
Accounting, audit and advisory services (Note 9)		**39,500**		58,500
Property investigation costs		**4,859**		-
Share-based payments (Note 7)		**2,000**		-
Foreign exchange loss		**810**		81
Net loss from continuing operations for the period		**155,321**		112,378
Non-operation gain				
Break fee on termination of amalgamation agreement		-		250,000
Comprehensive (income) loss for the period	**$**	**155,321**	$ $	(137,622)

Weighted average Common Shares Outstanding	**56,380,395**	-
Loss per Common share - basic and diluted	**$0.00**	-
Weighted average Class A Common Shares Outstanding	-	20,150,000
Loss per Class A Common share - basic and diluted	-	$0.01
Weighted average Class B Common Shares Outstanding	-	12,083,333
Loss per Class B Common share - basic and diluted	-	$0.03

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

WESTERN ATLAS RESOURCES INC.

Condensed Consolidated Interim Statements of Changes in Equity

(Unaudited - Expressed in Canadian dollars)

	Number of Class A common shares	Share Capital Class A common shares	Number of Class B common shares	Share Capital Class B common shares	Total number of shares issued	Total share capital	Reserves	Deficit	Total Equity (deficiency)
Balance December 31, 2017	20,150,000	$ 303,243	12,083,333	$ 1,360,428	32,233,333	$ 1,663,671	$ -	$ (266,071)	$ 1,397,600
Net loss being comprehensive loss for the three months ended March 31, 2018					-	-	-	(112,378)	(112,378)
Net income from extraordinary gain	-	-	-	-	-	-	-	250,000	250,000
Balance March 31, 2018	20,150,000	303,243	12,083,333	$ 1,360,428	32,233,333	$ 1,663,671	$ -	$ (128,449)	$ 1,535,222
Net loss being comprehensive loss for the nine months ended December 31, 2018					-	-	-	(1,682,796)	(1,682,796)
Private Western Atlas shares converted to Public Western Atlas shares at the	(20,150,000)	(303,243)	(12,083,333)	(1,360,428)	(32,233,333)	-	-	-	-
conversion ratio of 1.2410					40,001,591	661,400	-	-	661,400
Pacific Topaz shares consolidated on a 2:1 basis					6,097,779	-	-	-	-
Shares issued for cash					10,000,000	2,000,000	-	-	2,000,000
Shares issued for services					281,025	25,292	-	-	25,292
Share issue costs					-	(49,525)	-	-	(49,525)
Share-based payments					-	-	288,000	-	288,000
Balance December 31, 2018	-	-	-	-	56,380,395	$ 4,300,838	$ 288,000	$ (1,811,245)	$ 2,777,593
Net loss being comprehensive loss for the three months ended March 31, 2019					-	-	-	(155,321)	(155,321)
Share-based payments					-	-	2,000	-	2,000
Balance March 31, 2019	-	-	-	-	56,380,395	$ 4,300,838	$ 290,000	$ (1,966,566)	$ 2,624,272

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

WESTERN ATLAS RESOURCES INC.

Condensed Consolidated Interim Statements of Cash Flows

(Unaudited - Expressed in Canadian dollars)

	Three months ended March 31, 2019	Three months ended March 31, 2018
Cash flows provded by (used in):		
Operating activities		
Net loss for the period	$ **(155,321)**	$ (112,378)
Adjustments for non-cash items:		
Share-based payments	**2,000**	-
Changes in non-cash working capital items:		
Prepaid expenses	**74,695**	(26,687)
Accounts receivable	**(5,296)**	16,203
Accounts payable and accrued liabilities	**(119,140)**	232
Continuing operations	**(203,062)**	(122,630)
Extraordinary Gain	**-**	250,000
Net cash used by operating activities	**(203,062)**	127,370
Investing activities		
Exploration & evaluation assets (Note 5)	**(147,875)**	(58,312)
Net cash used by investing activities	**(147,875)**	(58,312)
Financing activities		
Issuance of share capital	**-**	-
Net cash provided by financing activities	**-**	-
Net increase	**(350,937)**	69,058
Cash at beginning of period	**401,275**	436,923
Cash at end of period	$ **50,338**	$ 505,981

Supplemental cash flow information (Note 8)

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

1. Nature of operations and going concern

Western Atlas Resources Inc. (the "Company") is a company domiciled in Canada. The address of the Company's registered office is Suite 1700, Park Place, 666 Burrard Street, Vancouver, BC, Canada V6C 2X8. The Company has one wholly owned subsidiary, Western Atlas (Nunavut) Holding Corp, which in turn has one wholly owned subsidiary, 5530 Nunavut Inc., both of which are domiciled in Canada.

On June 15, 2018, Western Atlas Resources, the private company (herein "Western Atlas PrivateCo." Or "PrivateCo."), completed a share exchange with Pacific Topaz Resources Ltd, a company incorporated under the British Columbia Corporations Act. For accounting purposes this transaction has been treated as a reverse takeover ("RTO"). Upon closing of the RTO Pacific Topaz Resources Ltd. changed its name to Western Atlas Resources Inc. These financial statements are presented as a continuation of Western Atlas Resources Inc., the private company, in which its assets and liabilities and operations are included in the consolidated financial statements at their historical carrying value. Additional information relating to this transaction is in note 6.

The consolidated financial statements of the Company for both periods presented comprises the Company and its subsidiaries (together referred to as the "Company" and individually as "Company entities"). The Company and its subsidiaries are primarily involved in the discovery, acquisition and development of mineral deposits in premier mining jurisdictions.

These financial statements have been prepared on a basis which assumes that the Company will be able to continue its operation as a going concern for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business. At March 31, 2019, the Company had not achieved profitable operations, had an accumulated deficit of $1,966,566 (accumulated deficit at December 31, 2018 - $1,811,245) since inception, expects to incur further losses as it develops its business and explores its mineral property interests, and will be required to raise additional financing to maintain its operations, all of which indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

The Company is in the process of exploring its assets and has not yet determined whether they contain resources that are economically recoverable. The recoverability of amounts shown for exploration and evaluation assets is dependent upon, among other things, the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary mining and environmental permits, and upon future profitable production or proceeds from disposition of the mineral property.

The ability of the Company to carry out its planned business objectives and continue as a going concern is dependent on its ability to raise adequate financing from lenders, shareholders and other investors and/or generate operating profitability and positive cash flow from its mineral property interests. There can be no assurances that the Company will be able to obtain the additional financial resources necessary and/or achieve profitability or positive cash flows from its future operations. If the Company is unable to obtain adequate additional financing, the Company would be required to curtail its planned operations and exploration and development activities which may impact the Company's ability to maintain its mineral property interest.

1. Nature of operations and going concern (continued)

The financial statements do not include any adjustments relating to the recorded amounts and classification of assets and liabilities should the Company be unable to continue as a going concern

2. Basis of preparation

(a) Statement of compliance

The condensed interim financial statements of the Company for the three months ended March 31, 2019, including comparatives, have been prepared in accordance with International Accounting Standard ("IAS") 34, Interim Financial Reporting using accounting policies consistent 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").

The accounting policies applied by the Company in these condensed interim financial statements are the same as those applied to the audited consolidated financial statements as at and for the year ended December 31, 2018. Certain comparative figures may have been reclassified in order to conform to the current period's financial statement presentation. These condensed interim financial statements do not include all of the information and footnotes required by IFRS for complete financial statements for yearend reporting and should therefore be read in conjunction with the Company's audited annual consolidated financial statements and the notes thereto for the year ended December 31, 2018.

(b) Basis of measurement

The consolidated financial statements of Western Atlas Resources Inc. have been prepared on the historical cost basis.

(c) Functional and presentation currency

These consolidated financial statements are presented in Canadian dollars, which is the functional currency of the Company and its subsidiary, unless otherwise indicated.

(d) Use of estimates and judgments

The preparation of the financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

<u>Estimates</u>

Significant areas requiring the use of estimates and assumptions relate to the review of asset carrying values and determination of impairment charges of non-current assets, the determination of mineral reserves, the inputs used in the determination of share-based payments, and the inputs

2. Basis of preparation (continued)

(d) Use of estimates and judgments (continued)

used in the determination of the listing expense. Actual results could differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Judgements

Critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements are the determination of functional currency, and going concern.

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements.

3. Significant accounting policies

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Company.

Details of the Company's subsidiaries at March 31, 2019 are as follows:

Name	Place of Incorporation	Interest	Principal Activity
Western Atlas (Nunavut) Holding Corp.	British Columbia, Canada	100%	Mineral exploration and evaluation
5530 Nunavut Inc.	Nunavut, Canada	100%	Mineral exploration and evaluation

(ii) Transactions eliminated on consolidation

Inter-company balances and transactions, and any unrealized income and expenses arising from inter-company transactions, are eliminated in preparing the consolidated financial statements. Unrealized gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Company's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

3. Significant accounting policies (continued)

(b) Foreign currency

Transactions in currencies other than the functional currency are recorded at the rates of exchange prevailing on the dates of the transactions. At the end of each reporting period, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in the foreign currency are not re-translated.

(c) Financial Instruments

The Company adopted IFRS 9 in its consolidated financial statements on January 1, 2018. Due to the nature of its financial instruments, the adoption of IFRS 9 had no impact on the opening deficit balance on January 1, 2018. A comparison between the classification of the Company's financial assets and financial liabilities under IFRS 9 and IAS 39 is as follows:

Financial Instrument	**Original classification - IAS 39**	**New classification - IFRS9**
Cash	Loans and receivables	Amortized cost
Short term investment	FVTPL	FVTPL
Accounts receivable	Loans and receivables	Amortized cost
Accounts payable and accrued liabilities	Other payables	Amortized cost

Financial assets
The Company classifies its financial assets into the following categories, depending on the purpose for which the asset was acquired. Management determines the classification of its financial assets at initial recognition.

Amortized cost - Amortized cost are those assets which are held within a business whose objective is to hold financial assets to collect contractual cash flows; and the terms of the financial assets must provide on specified dates cash flows solely through the collection of principal and interest.

Fair value through other comprehensive income ("FVOCI") - FVOCI assets are those assets which are held within a business whose objective is achieved by both collecting contractual cash flows and selling financial assets; and the contractual terms of the financial assets give rise on specified dates to cash flows solely through the collection of principal and interest.

Fair value through profit or loss ("FVTPL") - A financial asset shall be measured at fair value through profit or loss unless it is measured at amortized cost or FVOCI. The Company may however make the irrevocable option to classify particular investments as FVTPL. The Company has classified its GIC's as FVTPL.

All financial instruments are initially recognized at fair value on the consolidated statement of financial position. Subsequent measurement of financial instruments is based on their classification. Financial assets and liabilities classified at FVTPL are measured at fair value with

3. Significant accounting policies (continued)

(c) Financial Instruments (continued)

changes in those fair values recognized in the consolidated statement of comprehensive income for the year.

Financial liabilities
Management determines the classification of its financial liabilities at initial recognition.

Amortized cost - The Company classifies all financial liabilities as subsequently measured at amortized cost using the effective interest method, except for financial liabilities carried at FVTPL and certain other exceptions.

Financial liabilities are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Impairment of financial assets

The Company assesses all information available, including on a forward-looking basis, the expected credit losses associated with its assets carried at amortized cost. The Company has not recognized any impairment losses during the years ended December 31, 2018 and 2017.

(d) Share capital

Common shares

Common shares are classified as equity. Incremental costs directly attributable to the issue of common shares and share options are recognized as a deduction from equity, net of any tax effects.

Commons shares issued for consideration other than cash are valued based on their market value at the date the shares are issued.

Share-based payments

The Company has a stock-based compensation plan, whereby share purchase options are granted in accordance with the policies of regulatory authorities. The fair value of all share purchase options granted is expensed over their vesting period with a corresponding increase to contributed surplus. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met. Upon exercise of share purchase options, the consideration paid by the option holder, together with the amount previously recognized in contributed surplus, is recorded as an increase to share capital.

Share-based compensation arrangements in which the Company receives goods or services as consideration for its own equity instruments are accounted for as equity settled share-based payment transactions. If the fair value of the goods or services received cannot be estimated reliably, the share based payment transaction is measured at the fair value of the equity instruments granted at the date the Company receives the goods or the services.

3. Significant accounting policies (continued)

(d) Share capital (continued)

The Company uses the Black-Scholes option valuation model to calculate the fair value of share purchase options at the date of grant. Option pricing models require the input of highly subjective assumptions, including the expected price volatility. Changes in these assumptions can materially affect the fair value estimate and, therefore, the assumptions used do not necessarily provide a reliable single measure of the fair value of the Company's share purchase options.

(e) Exploration expenditures

The cost of exploration expenditures is expensed as incurred, including those costs incurred before the Company has obtained the legal rights to explore an area of interest.

(f) Exploration and evaluation assets

Exploration and evaluation expenditures include the cost of acquiring licenses, costs associated with exploration and evaluation activities, and the fair value (at acquisition date) of exploration and evaluation assets acquired in a business combination. When shares are issued as consideration for exploration and evaluation asset costs, they are valued at the closing share price on the date of issuance. Exploration and evaluation expenditures are capitalized as incurred. Costs incurred before the Company has obtained the legal right to explore an area are recognized in profit or loss. Exploration and evaluation assets are assessed for impairment if (i) sufficient data exists to determine technical feasibility and commercial viability, and (ii) facts and circumstances suggest that the carrying amount exceeds the recoverable amount.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, which management has determined to be indicated by a feasibility study, exploration and evaluation assets attributable to that area of interest are first tested for impairment and the balance is reclassified as a development asset in property, plant and equipment.

Recoverability of the carrying amount of any exploration and evaluation asset is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest. It is management's judgment that none of the Company's exploration and evaluation assets have reached the development stage and as a result are all considered to be exploration and evaluation assets.

Although the Company has taken steps to verify title to mineral properties in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property may be subject to unregistered prior agreements and non-compliance with regulatory requirements. The Company is not aware of any disputed claims of title.

(g) Provision for closure and reclamation

The Company recognizes statutory, contractual or other obligations related to the retirement of its exploration assets and its tangible long-lived assets when such obligations are incurred, if a

3. Significant accounting policies (continued)

(g) Provision for closure and reclamation (continued)

reasonable estimate of fair value can be made. These obligations are measured initially at fair value and the resulting costs are capitalized to the carrying value of the related asset. In subsequent periods, the liability is adjusted for any changes in the amount or timing and for the discounting of the underlying future cash flows. The capitalized asset retirement cost is amortized to operations over the life of the asset. Management has determined that there was no provision for closure and reclamation as at March 31, 2019.

(h) Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

(i) Flow-through shares

The Company will, from time to time, issue flow-through shares to finance exploration programs undertaken in Canada. Pursuant to the terms of the flow-through share agreements, these shares transfer the tax deductibility of the qualifying resource expenditures to investors. On issuance, the Company allocates the flow-through share using the residual method into i) share capital, ii)

3. Significant accounting policies (continued)

(i) Flow-through shares (continued)

warrants and iii) flow-through share premium, equal to the estimated premium, if any, investors paid for the flow-through feature, which is recognized as a liability. Upon expenditures being incurred, the Company derecognizes the liability and recognizes a deferred tax liability for the amount of the tax reduction renounced to the shareholders. The premium is recognized as other income and the related deferred tax is recognized as a tax provision. The required flow-through expenditures as at March 31, 2019 was $101,698 (December 31, 2018 - $249,573).

Proceeds from the issuance of flow-through shares are restricted to be used only for certain Canadian resource property exploration expenditures incurred within a two-year period. The portion of the proceeds received but not yet expended at the end of the Company's reporting year is disclosed separately as flow-through share proceeds.

The Company may also be subject to a Part XII.6 tax on flow-through proceeds renounced under the Look-back Rule, in accordance with Government of Canada flow-through regulations. When applicable, this tax is accrued as a financial expense until paid.

(j) Recently adopted accounting policies

Financial Instruments
In July 2014, the IASB completed the final elements of IFRS 9 "Financial Instruments." The standard supersedes earlier versions of IFRS 9 and completes the IAS 39 "Financial Instruments: Recognition and Measurement." IFRS 9, as amended, includes a principle-based approach for classification and measurement of financial assets, a single 'expected loss' impairment model and a substantially-reformed approach to hedge accounting. The standard came into effect for annual periods beginning on or after January 1, 2018, with required retrospective application and early adoption permitted. The implementation of IFRS 9 did not have a significant impact on the Company's financial statements.

(k) New accounting policies

Standards issued but not yet effective up to the date of issuance of the Company's financial statements are listed below. This listing of standards and interpretations issued, which the Company reasonably expects to be applicable at a future date. The Company intends to adopt those standards when they become effective.

Leases
In January 2016, the IASB issued the complete IFRS 16 "Leases," which replaced IAS 17 "Leases." Under IFRS 16, a single recognition and measurement model will apply for lessees which will require recognition of assets and liabilities for most leases. The standard is effective for annual periods beginning on or after January 1, 2019, with early adoption permitted. The Company plans to adopt the new standard and is in the process of assessing the impact of the standard on its consolidated financial statements.

4. Short term investment

Short term investment is comprised of a guaranteed investment certificate ("GIC") held with a major financial institution with a maturity date of April 12, 2019. The GIC is classified as fair value through profit or loss and measured at fair value with fair value gains and losses recognized in the consolidated statement of comprehensive loss for the year.

5. Exploration & evaluation assets

Title to exploration and evaluation properties involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristics of many such assets. The Company has investigated title to all of its mineral properties, and to the best of its knowledge, title to all such assets is in good standing.

At March 31, 2019 the Company holds the mineral rights to properties in Nunavut, Canada, namely the Meadowbank Project and the Committee Bay Project.

(a) Meadowbank Project

Western Atlas Resources project in Meadowbank is comprised of approximately 58,000 hectares of mineral claims divided in three areas, namely Block A, Block B and Block C. Block A (10,046 hectares), is located along Agnico Eagle's mining blocks which hosts the PDF deposit (also part of the Meadowbank gold mine) and the Amaruq gold deposit; Block B (39,127 hectares), is located along trend of Agnico Eagle's Vault, Portage and Goose deposits, and North of the Aura Silver's Greyhound gold target (currently optioned to Agnico Eagle); and Block C (8,671 hectares), is located South of the Greyhound gold target.

(b) Committee Bay Project

Western Atlas Resources project in Committee Bay is comprised of 114,000 hectares of mineral claims divided into three areas, namely Block A, Block B and Block C, measuring approximately 20,000, 57,000 and 37,000 hectares respectively. The mining claims are located along the Committee Bay Greenstone Belt where Auryn Resources owns a total of 380,000 hectares.

5. Exploration & evaluation assets (continued)

At March 31, 2019 the following costs are capitalized as exploration and evaluation assets**:**

Exploration Costs - Nunavut		**Year ended December 31, 2018**		**Three months ended March 31, 2019**		**Total March 31, 2019**
Acquisition costs						
Recording and staking fees	$	381,916	$	-	$	381,916
Exploration costs						
43-101 Technical Report		106,355		648		107,003
Field supplies and expenses		630,283		57,087		687,370
Geological services		393,789		89,962		483,751
GeoPhysical surveys		632,588		-		632,588
Laboratory analysis		52,878		178		53,056
Travel		136,338		-		136,338
		1,952,231		147,875		2,100,106
Total Exploration Costs	$	2,334,147	$	147,875	$	2,482,022

6. Share exchange transaction

On June 18, 2018, Western Atlas Resources PrivateCo., completed a share exchange with Pacific Topaz Resources Ltd (“PPZ”), a public company incorporated in British Columbia. Pursuant to the share exchange agreement, PPZ issued 1.2410 post consolidation shares for every 1 share to the shareholders of Western Atlas PrivateCo. As a result of this transaction, the shareholders of Western Atlas PrivateCo., for accounting purposes, have acquired control of PPZ. Accordingly, the transaction has been accounted for as a reverse takeover that was not a business combination and effectively a capital transaction of the Company. Upon closing of the transaction PPZ changed its name to Western Atlas Resources Inc. and started trading under the ticker symbol “WA”.

As Western Atlas, the private company, is deemed to be the acquirer for accounting purposes, its assets and liabilities and operations for the year ended December 31, 2018 and forward, are included in these consolidation financial statements at their historical carrying values. For accounting purposes, these consolidated financial statements reflect a continuation of the financial position, operating results, and cash flows of the Western Atlas Resources, the private company.

The fair value of the consideration for the share exchange on June 18, 2018 is as follows:

40,001,566 Shares issued by PPZ pursuant to share exchange	$	661,400

The identifiable net assets acquired from PPZ are as follows:

Cash	$	132
Taxes receivable		3,866
Accounts payable		(109,525)
Net liabilities acquired	$	(105,527)

6. Share exchange transaction (continued)

The calculation of the listing expense is as follows:

Fair value of shares issued	$	661,400
Net liabilities acquired		105,527
Listing Expense	$	766,927

In conjunction with the reverse take-over, on June 18, 2018, 25,337,533 commons shares and 2,730,200 stock options were placed in escrow to be released at a rate of 10% on June 18, 2018 and 15% on each of December 18, 2018, June 18, 2019, December 18, 2019, June 18, 2020, December 18, 2020 and June 18, 2021.

7. Share capital

(a) Authorized:

Unlimited number of common voting shares without par value.

(b) Share Offering during the three months ended March 31, 2019:

On March 5, 2019, the Company announced a non-brokered private placement offering (the "Offering") of up to $3,000,000. The Offering will consist of the sale of flow-through and non-flow-through units at a price of $0.10 and $0.085 per unit respectively. Each unit will consist of either:

ii. One flow-through share and one-half (1/2) of a non-flow-through common share purchase warrant. Each whole warrant will entitle the holder to purchase one additional common share at a price of $0.20 for a period of two years from the closing of the Offering.

iii. One non-flow-through share and one-half (1/2) of a non-flow-through common share purchase warrant. Each whole warrant will entitle the holder to purchase one additional common share at a price of $0.20 for a period of two years from the closing of the Offering.

The proceeds of the private placement will be used for the exploration of the Company's Meadowbank project in Nunavut, the potential addition to the Company's exploration portfolio of one or more properties located in different jurisdictions and for general administrative expenses. The proceeds from the sale of flow-through units will be used for Canadian Exploration Expenses, and will qualify as "flow-through mining expenditures", as defined in the Income Tax Act (Canada).

At March 31, 2019 the Offering has not closed.

(c) Issued during the year ended December 31, 2018:

During the year ended December 31, 2018, Western Atlas Resources PrivateCo., completed a reverse takeover with Pacific Topaz Resources Ltd ("PPZ"), (the "Share exchange"). Pursuant to the Share exchange, PPZ consolidated its shares on a 2:1 basis and completed a non-brokered private placement of 10,000,000 subscription receipts at a post-consolidation price of $0.20 per

7. Share capital (continued)

(c) Issued during the year ended December 31, 2018: (continued)

subscription receipt ("Subscription Receipts") for aggregate gross proceeds of $2,000,000 (the "Financing"). 5,892,500 of the Subscription Receipts were exchanged for Resulting Issuer shares issued on a flow-through basis, and 4,107,500 of the Subscription Receipts were exchanged for 4,107,500 non-flow-through units comprised of 4,107,500 post-consolidated shares and 2,053,750 post-consolidated warrants. Upon completion of the share exchange, Western Atlas PrivateCo. shareholders were issued an aggregate of 40,001,566 post-consolidated shares at a deemed value of $0.125 per share, representing an exchange ratio of 1.2410 with a fair value of $661,400. On completion of the reverse takeover, PPZ changed its name to Western Atlas Resources Inc. and started trading under the ticker symbol "WA".

On successful closing of the share exchange, the Company issued 281,025 common shares at $0.09 per share as a success fee for a deemed cost of $25,292. 31,025 of these common shares were issued to an officer of the Company.

(d) Stock Option Plan

On March 7, 2018, the Western Atlas PrivateCo. approved a Stock Option Plan, and on March 16, 2018 granted 2,700,000 stock options in accordance with the terms of the Stock Option Plan to directors, officers, employees and consultants of the PrivateCo. These options were adjusted at the Amalgamation exchange ratio of 1.2410.

Also, as part of the Amalgamation, the Company incorporated the options of Pacific Topaz Resources on a 2:1 basis.

On August 27, 2018, the Company announced that pursuant to the Company's Stock Option Plan, a total of 900,000 incentive stock options were granted to its Directors. Each Director (excluding the CEO) was granted 300,000 options. The stock options are exercisable at a price of C$0.20 per share for a period of 5 years.

On January 23, 2019, the Company announced that pursuant to the Company's Stock Option Plan, a total of 200,000 incentive stock options were granted to David Laing following his appointment as Corporate Development and Technical Advisor. The stock options are exercisable at a price of C$0.07 per share for a period of 2 years.

7. Share capital (continued)

(d) Stock Option Plan (continued)

The continuity of share purchase options at March 31, 2019 is as follows:

Exercise Price	Expiry Date	December 31, 2018	Granted	Expired	March 31, 2019
$0.20	15-Jun-19	42,500	-	-	42,500
$0.32	15-Jun-19	330,000	-	-	330,000
$0.32	1-Sep-26	232,500	-	-	232,500
$0.12	16-Mar-20	3,350,700		-	3,350,700
$0.20	27-Aug-23	900,000		-	900,000
$0.07	23-Jan-21	-	200,000	-	200,000
		4,855,700	200,000	-	5,055,700

As at March 31, 2019 there were 5,055,700 vested options with a weighted average exercise price of $0.16. The weighted average remaining contractual life of the vested options is 1.85 years.

During the three months ended March 31, 2019, the Company granted a total of 200,000 stock options with a total fair value of $2,000, which was recognized as share-based payment expenses during the three months ended March 31, 2019.

During the year ended December 31, 2018, the Company granted a total of 4,250,700 stock options with a total fair value of $288,000, which was recognized as share-based payment expense during the year ended December 31, 2018.

The share-based payments were derived from the vesting of grants which have been estimated using the Black-Scholes option pricing model based on the following weighted-average assumptions:

	Three months ended March 31, 2019	Year ended December 31, 2018
Expected life	2 years	4 - 5 years
Expected volatility	22.49%	60.23% - 60.95%
Expected dividend yield	Nil	Nil
Risk-free interest rate	1.89%	1.93% - 2.22%
Fair value per option	$0.01	$0.06 - $0.11
Expected forfeitures	Nil	Nil

(e) Share and options in escrow

In conjunction with the reverse take-over, on June 18, 2018, 25,337,533 commons shares and 2,730,200 stock options were placed in escrow to be released at a rate of 10% on June 18, 2018 and 15% on each of December 18, 2018, June 18, 2019, December 18, 2019, June 18, 2020, December 18, 2020 and June 18, 2021.

7. Share capital (continued)

(e) Share and options in escrow (continued)

As at March 31, 2019 and December 31, 2018, 19,003,150 common shares and 2,047,650 stock options are held in escrow.

(f) Warrants

In conjunction with the June 15, 2018 private placement, the Company issued a total of 20,537,501 warrants. Each warrant entitles the holder to subscribe to one common share of the Company at a price per share of $0.30 for a period of two years.

8. Supplemental cash flow information

(a) The Company made no cash outlays in respect of interest or income taxes for the three months ended March 31, 2019 and the year ended December 31, 2018.

(b) As at March 31, 2019 the Company had $10,235 (December 31, 2018 - $40,776) in accounts payable and accrued liabilities which were related to the exploration of the mineral properties.

During the three months ended March 31, 2019 no shares were issued for services rendered (year ended December 31, 2018 - 281,025 shares).

9. Related party transactions

At March 31, 2019 and December 31, 2018 the Company had nil payable to the officers of the Company related to reimbursement of expenses paid on behalf of the Company. Amounts payable to related parties are non-interest bearing and without specific terms of repayment.

During the three months ended March 31, 2019, the Company paid $63,000 for management, general business and financial advisory services and salaries (three months ended March 31, 2018 – $59,000) to an officer of the Company and a company controlled by an officer of the Company.

Share-based payments to directors and officers of the Company were nil in the three months ended March 31, 2019 and 2018.

10. Flow-through shares

As a result of the issuance of flow-through shares on June 15, 2018, the Company had a commitment to incur $1,178,000 in qualifying CEE on or before December 31, 2019. As of March 31, 2019, the commitment remaining was $101,698.

11. Segmented Information

The Company operates in one reportable operating segment in one country, being the exploration of mineral resource properties in Canada.

12. Financial risk management

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

The Board of Directors approves and monitors the risk management processes.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company's exposure to credit risk is on its cash and cash equivalents, and amounts receivable.

The carrying amounts of cash and cash equivalents, and amounts receivable represents the maximum credit exposure.

Liquidity risk

Liquidity risk is the risk that the Company will incur difficulties meeting its financial obligations as they are due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions without incurring unacceptable losses or risking harm to the Company's reputation. The Company currently has adequate liquidity to fund its accounts payable and accrued liabilities.

Market risk

Market risk consists of foreign exchange risk and interest rate risk. The objective of market risk management is to manage and control market risk exposures within acceptable limits, while maximizing returns.

Interest rate risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Company is exposed to interest rate risk on its cash and cash equivalents, short term investments, restricted investments and loan payable and has determined that there is no material exposure related to interest rate risk.

Foreign exchange risk

Foreign exchange risk is the risk that the fair value of future cash flows will fluctuate as a result of changes in foreign exchange rates. The Company has an exposure to US dollars ("USD") that are subject to fluctuations as a result of exchange rate variations to the extent that transactions are made in this currency. The Company does not hedge its foreign exchange risk.

The Company has no financial instruments held in foreign currencies.

12. Financial risk management (continued)

Valuation of financial instruments

All financial instruments measured at fair value are categorized into one of three hierarchy levels, described below, for disclosure purposes. Each level is based on the transparency of the inputs used to measure the fair values of assets and liabilities:

- Level 1 – Values based on unadjusted quoted prices in active markets that are accessible at the measurement date for identical assets or liabilities;
- Level 2 – Values based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full term of the asset or liability; and
- Level 3 – Values based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement.

The carrying values of cash and cash equivalents, amounts receivable, and accounts payable and accrued liabilities approximate their fair values because of the short period to maturity of these instruments.

13. Capital management

The Company manages its capital to ensure that there are adequate capital resources to safeguard the Company's ability to continue as a going concern through the optimization of its capital structure. The capital structure consists of shareholders' equity comprising of share capital, share purchase warrants, contributed surplus and deficit. The basis for the Company's capital structure is dependent on the Company's expected business growth and changes in business environment.

In order to facilitate the management of capital and the exploration of its mineral properties, the Company prepares annual expenditure budgets which are updated as necessary and are reviewed and periodically approved by the Company's Board of Directors. To maintain or adjust the capital structure, the Company may issue new equity, option its mineral properties for cash and/or expenditure commitments from optionees, enter into joint venture arrangements, or dispose of mineral properties.

The Company's investment policy is to hold excess cash in interest bearing bank accounts and money market funds. The Company is not subject to externally imposed capital requirements.

There have been no changes made to the capital management policy during the year.

14. Comparative figures

Certain comparative figures have been reclassified to conform to the financial statement presentation for the current period.

15. Subsequent event

On April 3 2019, the Company entered into a loan agreement for $100,000 with Fabio Capponi, the Company's CEO. The loan is divided into two tranches of $50,000 each with the first $50,000 tranche transferred to the Company on April 3, 2019. The second tranche has not yet been drawn. The Company agreed to repay the loan together with interest accruing from the date of transfer at a rate of 2.75% per annum, being the current USD LIBOR 12 month interest rate. The principal plus accrued interest will be repaid under certain conditions in full in cash, unless the parties to the loan agree otherwise.