Western Atlas Resources Inc.

Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2018 and 2017

(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 enity's auditor.

WESTERN ATLAS RESOURCES INC.

Condensed Consolidated Interim Statements of Financial Position

(Unaudited - Expressed in Canadian dollars)

		March 31, 2018		December 31, 2017
ASSETS				
Current assets				
Cash and cash equivalents	$	505,981	$	436,923
Prepaid expenses		39,845		13,158
GST receivable		5,425		21,628
		551,251		471,709
Non-current assets				
Exploration & evaluation assets (Note 3)		1,026,948		968,636
Total assets	$	1,578,199	$	1,440,345
LIABILITIES and SHAREHOLDERS' EQUITY				
Current liabilities				
Accounts payable and accrued liabilities	$	42,977	$	42,745
		42,977		42,745
Shareholders' equity				
Share capital (Note 4)		1,663,671		1,663,671
Deficit		(128,449)		(266,071)
		1,535,222		1,397,600
Total liabilities and shareholders' equity	$	1,578,199	$	1,440,345

Going concern (note 1)

These financial statements were approved for issue by the Board of Directors on May 2, 2018.

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, 2018		Three months ended March 31, 2017
Operating activities				
General and administrative expenses	$	20,890	$	12,152
Salaries and benefits (Note 6)		32,907		-
Accounting and advisory services (Note 6)		58,500		-
Legal fees		-		1,456
Foreign echange loss		81		-
Net loss from continuing operations		112,378		13,608
Non-operating gain				
Break fee on termination of amalgamation agreement		250,000		-
		250,000		-
Comprehensive income (loss) for the period	$	137,622	$	(13,608)

Weighted average Class A Common Shares Outstanding	20,150,000	18,354,444
Loss per Class A Common share - basic and diluted	$0.01	$0.00
Weighted average Class B Common Shares Outstanding	12,083,333	1,491,667
Loss per Class B Common share - basic and diluted	$0.01	$0.00

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	Equity (Deficit)	Total
Balance January 1, 2018	20,150,000	$ 303,243	12,083,333	$ 1,360,428	32,233,333	$ 1,663,671	$ (266,071)	$ 1,397,600
Net income (loss) from continuing operations								
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
Balance January 1, 2017	10,050,000	243	150,000	428	10,200,000	$ 671	$ (822)	$ (151)
Net income (loss) from continuing operations								
for the three months ended March 31, 2017	-	-	-	-	-	-	(13,608)	(13,608)
Shares issued for cash	10,100,000	303,000	8,600,000	860,000	18,700,000	1,163,000	-	1,163,000
Balance March 31, 2017	20,150,000	$ 303,243	8,750,000	$ 860,428	28,900,000	$ 1,163,671	$ (14,430)	$ 1,149,241

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, 2018	Three months ended March 31, 2017
Cash flows provded by (used in):		
Operating activities		
Loss for the period	$ (112,378)	$ (13,608)
Changes in non-cash working capital items:		
Prepaid expenses	(26,687)	-
Undeposited funds	-	(3,000)
GST receivable	16,203	(17,081)
Accounts payable and accrued liabilities	232	239,696
Continuing operations	(122,630)	206,007
Extraordinary gain	250,000	-
Net cash provided (used) in operating activities	127,370	206,007
Investing activity		
Acquisition of exploration & evaluation assets (Note 3)	(58,312)	(307,361)
Net cash used in investing activities	(58,312)	(307,361)
Financing activity		
Issuance of share capital	-	1,078,000
Net cash provided by financing activities	-	1,078,000
Net increase in cash and cash equivalents	69,058	976,646
Cash and cash equivalents at beginning of period	436,923	-
Cash and cash equivalents at end of period	$ 505,981	$ 976,646

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

Western Atlas Resources has one wholly-owned subsidiary, 5530 Nunavut Inc., which was incorporated under the Business Corporations Act of Nunavut, and also registered under the Business Corporations Act of the Northwest Territories in November 2016. 5530 Nunavut Inc. holds Western Atlas Resources’ interest in the Meadowbank and the Committee Bay mineral properties in Nunavut, Canada.

The consolidated financial statements of the Company for both periods presented comprises the Company and its subsidiary (together referred to as the “Company” and individually as “Company entities”). The Company and its subsidiary are primarily involved in the discovery, acquisition and development of mineral deposits in premier mining jurisdictions. The company was incorporated in British Columbia on October 9, 2013, and became active in December 2016.

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, 2018 the Company had not achieved profitable operations, had an accumulated deficit of $128,449 (December 31, 2017 - $266,071) 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 mineral properties and has not yet determined whether they contain resources that are economically recoverable. The recoverability of amounts shown for mineral properties 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.

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

These condensed consolidated interim financial statements have been prepared 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"). The condensed consolidated financial statements do not include all of the information required for full annual financial statements and should therefore be read in conjuction with the Company's audited annual consolidated financial statements and the notes thereto for the year ended December 31, 2017.

(b) Accounting policies

These condensed consolidated financial statements are prepared using the same accounting policies and methods of application as those disclosed in Note 3 to the Company's audited annual consolidated financial statements for the year ended December 31, 2017.

(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.

Estimates

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 and the determination of mineral reserves. 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 the decision to proceed with development.

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

2. Basis of preparation (continued)

(e) 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.

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 will come into effect for annual periods beginning on or after January 1, 2018, with
required retrospective application and 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.

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.

3. Exploration & evaluation assets

Title to mineral properties involves certain inherent risks due to the difficulty 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, 2018 the Company has acquired by staking the mineral rights to properties in Nunavut, Canada.

Western Atlas's Meadowbank and Committee Bay properties include over 170,000 hectares of highly prospective and strategically located mining claims, along the minerals rich Greenstone belts in Nunavut, Canada. In the Meadowbank area, Western Atlas Resources properties are along trend and immediately adjacent to Agnico Eagle's Meadowbank producing gold mine, Amaruq gold deposit, and Aura Silver's Greyhound project. In the Committee Bay area, Western Atlas Resources properties are along trend to Auryn Resources's Three Bluffs deposit.

(a) Meadowbank Project

The Western Atlas Resources project in the Meadowbank area is comprised of 58,000 hectares of mineral claims along trend and immediately adjacent to Agnico Eagle's Meadowbank producing gold mine, Amaruq gold deposit, and Aura Silver's Greyhound project.

3. Exploration & evaluation assets (continued)

(b) Committee Bay Project

The Western Atlas Resources project in Committee Bay is comprised of over 114,000 hectares of mineral claims located along trend to Auryn Resources's Three Bluffs deposit.

At March 31, 2018 the following costs are capitalized as exploration and evaluation assets:

	Year ended December 31, 2017	Three months ended March 31, 2018	Total
43-101 Technical Reports	$ 74,318	$ 14,406	$ **88,724**
Field supplies and expenses	137,496	2,689	**140,185**
Geological services	95,289	748	**96,037**
GeoPhysical surveys	168,008	-	**168,008**
Laboratory Analysis	8,295	-	**8,295**
Recording and staking fees	381,916	-	**381,916**
Technical and geological consulting	76,303	21,610	**97,913**
Travel	27,011	18,859	**45,870**
	$ 968,636	$ 58,312	$ **1,026,948**

4. Share capital

(a) Authorized:

Unlimited number of Class A common voting shares without par value; and
Unlimited number of Class B common non-voting shares without par value.

(b) Issued and outstanding:

The Company has 20,150,000 Class A common shares and 12,083,333 Class B commons shares issued and outstanding at December 31, 2017 and March 31, 2018.

(c) On March 7, 2018, the Company approved a Stock Option Plan, and on March 16, 2018 granted 2,800,000 stock options in accordance with the terms of the Company's Stock Option Plan to directors, officers, employees and consultants of the Company.

The continuity of share purchase options at March 31, 2018 is as follows:

Exercise Price	Expiry date	December 31, 2017	Granted	Exercised	March 31, 2018
$0.15	March 16, 2020	-	2,800,000	-	2,800,000

As at March 31, 2018 there were 2,100,000 vested options with a weighted average exercise price of $0.15. The weighted average remaining contractual life of the vested options is 1.96 years.

5. 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, 2018 or the year ended December 31, 2017.

(b) As at March 31, 2018 the Company had $431 and at December 31, 2017 $12,745 in accounts payable and accrued liabilities which were related to exploration & evaluation assets.

(c) During the three months ended March 31, 2018 and the year ended December 31, 2017 no shares were issued for services rendered.

6. Related party transactions

At March 31, 2018 the Company had $4,200 payable (December 31, 2017 – $nil) to the officers of the Company related to advisory services to the Company. These expenditures were incurred in the normal course of business and measured at the exchange amount, which are the amounts agreed upon by the transacting parties. Amounts payable to related parties are non-interest bearing and without specific terms of repayment.

During the three months ended March 31, 2018, the Company paid $55,000 in accounting and advisory services, and salaries (Three months ended March 31, 2017 - $nil) to an officer and to a company controlled by an officer of the Company, which are included within accounting and advisery services, and salaries and benefits.

7. Segmented Information

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

8. Financial risk management

Overview

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.

8. Financial risk management (continued)

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

Liquidity risk (continued)

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.

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.

9. 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 period.

10. Comparative figures

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

11. Pending amalgamation transaction

On March 23, 2018, the Company entered into an Amalgamation Agreement with Pacific Topaz Resources Ltd. ("Pacific") and 1157818 B.C. Ltd. ("Subco"), pursuant to which the Company will amalgamate with Pacific's wholly owned Subco which will continue as one corporation wholly owned by Pacific following the amalgamation. Pursuant to the agreement, the Company's shareholders will be issued an aggregate of 40,001,566 common shares of Pacific at a deemed price of $0.125 per share, representing an exchange ratio of 1.2410 Pacific shares exchanged for 1 share of the Company (the"Exchange Ratio"), at the date of the amalgamation.

After giving effect to the amalgamation, it is expected that former Western Atlas Resources shareholders will hold approximately 65% of the issued and outstanding Pacific Shares. Consequently, the transaction contemplated by the amalgamation agreement constitutes a reverse take-over of Pacific by the Company.

Pursuant to the Amalganation, Pacific will consolidate its shares on a 2:1 basis and complete a private placement of subscription receipts at a post-Consolidation price of $0.20 per subscription receipt for aggregate gross proceeds of not less than $3,000,000. Subscription Receipts will be exchangeable for either:

(a) a flow-through share, exchangeable into one flow-through common share of the Resulting Issuer; or

11. Pending amalgamation transaction (continued)

(b) a non-flow-through unit, exchangeable into a unit of the Resulting Issuer, which is further exchangeable into one non-flow-through share plus one-half of a non-flow-through warrant, with each such whole warrant entitling the holder to purchase one share of the Resulting Issuer at $0.30 for 24 months.