

TRANSATLANTIC MINING CORP.

CONSOLIDATED INTERIM FINANCIAL STATEMENTS

SEPTEMBER 30, 2018 and 2017

NOTICE OF NO AUDITOR REVIEW OF CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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

The accompanying unaudited consolidated interim 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 consolidated interim financial statements in accordance with the standards by the Chartered Professional Accountants of Canada for a review of the consolidated interim financial statements by an entity's auditor.

TRANSATLANTIC MINING CORP.
CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian dollars)

	September 30, 2018 (\$)	December 31, 2017 (\$)
ASSETS		
Current Assets		
Cash	38,824	80,243
Receivables (Note 9)	33,556	23,449
Prepaid expenses	7,276	83,468
	79,656	187,160
Non-Current Assets		
Exploration and evaluation assets (Note 5)	7,695,598	7,656,163
Equipment (Note 4)	739,737	958,661
Reclamation bonds (Note 5)	69,395	69,395
Total Assets	8,584,386	8,871,379
LIABILITIES		
Current Liabilities		
Accounts payable and accrued liabilities (Note 10)	4,384,671	3,783,011
Current portion of US Grant acquisition (Note 5)	2,485,527	2,408,724
Current portion of long-term loan payable (Note 11)	5,797	5,797
Loan payable	2,100	2,100
	6,878,095	6,199,632
Non-Current Liabilities		
Long-term portion of US Grant acquisition (Note 5)	2,350,644	2,278,009
Long-term loan payable (Note 11)	29,574	34,606
Total Liabilities	9,258,313	8,512,247
SHAREHOLDERS' EQUITY (DEFICIENCY)		
Share capital (Note 7)	20,424,784	20,424,784
Shares to be issued (Note 7)	673,255	317,419
Share-based payment reserve (Note 7)	2,773,271	2,773,271
Deficit	(24,545,237)	(23,156,342)
Total Shareholders' Equity (Deficiency)	(673,927)	359,132
Total Liabilities and Shareholders' Equity (Deficiency)	8,584,386	8,871,379

Nature of operations and going concern (Note 1)
Subsequent events (Note 14)

 "Bernie Sostak" , Director
Bernie Sostak

 "Ray Parry" , Director
Ray Parry

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

TRANSATLANTIC MINING CORP.
CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE LOSS
(Expressed in Canadian dollars)

	For the three months ended September 30, 2018	For the three months ended September 30, 2017	For the nine months ended September 30, 2018	For the nine months ended September 30, 2017
MINERAL PROPERTY EXPENSES				
(Note 5)	\$ 377,675	\$ 158,766	\$ 531,611	\$ 1,714,800
ADMINISTRATION EXPENSES				
Administrative costs (recovery)	632	(24,563)	1,477	(23,550)
Amortization (recovery) (Note 4)	76,055	(2,202)	225,272	107,100
Corporate communications	2,331	8,128	11,100	12,252
Consulting fees (recovery) (Note 6)	(40,462)	204,748	39,794	291,193
Filing fees	34,573	3,845	46,271	21,344
Management fees (recovery) (Note 6)	(71,156)	99,923	138,405	285,005
Office	7,225	14,899	32,173	42,765
Professional fees (recovery)	(10,677)	55,850	104,461	149,755
Project investigation costs (recovery)	82	(148)	11,125	9,554
Promotion (recovery)	422	(7)	1,266	429
Travel	14,287	110,601	30,597	114,323
Total administration expenses	13,312	471,074	641,941	1,010,170
Loss before other items	(390,987)	(629,840)	(1,173,552)	(2,724,970)
OTHER ITEMS				
Foreign exchange gain (loss)	157,725	(22,800)	(216,376)	(28,302)
Gain on debt settlement	-	-	1,033	-
NET AND COMPREHENSIVE LOSS	\$ (233,262)	\$ (652,640)	\$ (1,388,895)	\$ (2,753,272)
Loss per common share – basic and diluted	\$ (0.00)	\$ (0.02)	\$ (0.02)	\$ (0.11)
Weighted average number of common shares – basic and diluted	61,672,428	29,494,540	61,672,428	24,185,636

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

TRANSATLANTIC MINING CORP.**CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY (DEFICIENCY)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2018 AND 2017
(Expressed in Canadian dollars)**

	Share Capital		Share-based Payment Reserve (\$)	Shares to be issued (\$)	Foreign Currency Translation (\$)	Deficit (\$)	Total Equity (Deficiency) (\$)
	Shares	Amount (\$)					
Balance, December 31, 2016	21,516,518	17,499,718	1,957,067	209,693	-	(20,169,017)	(502,539)
Shares to be issued (Note 7)	-	-	-	1,795,998	-	-	1,795,998
Private placement (Note 7)	22,000,000	2,041,010	-	-	-	-	2,041,010
FX translation adjustment	-	-	-	-	222,722	-	222,722
Net and comprehensive loss for the period	-	-	-	-	-	(2,753,272)	(2,753,272)
Balance, September 30, 2017	43,516,518	19,540,728	1,957,067	2,005,691	222,722	(22,922,289)	803,919
Balance, December 31, 2017	61,672,428	20,424,784	2,773,271	317,419	-	(23,156,342)	359,132
Shares to be issued (Note 7)	-	-	-	355,836	-	-	355,836
Net and comprehensive loss for the period	-	-	-	-	-	(1,388,895)	(1,388,895)
Balance, September 30, 2018	61,672,428	20,424,784	2,773,271	673,255	-	(24,545,237)	(673,927)

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

TRANSATLANTIC MINING CORP.
CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
(Expressed in Canadian dollars)

	For the three months ended September 30, 2018 (\$)	For the three months ended September 30, 2017 (\$)	For the nine months ended September 30, 2018 (\$)	For the nine months ended September 30, 2017 (\$)
OPERATING ACTIVITIES				
Net loss for the period	(233,262)	(652,640)	(1,388,895)	(2,753,272)
Adjustment for non-cash items:				
Amortization	76,055	(2,202)	225,272	107,100
Unrealized foreign exchange gain	-	222,722	-	222,722
Net changes in non-cash working capital items:				
Receivables	(4,414)	63,185	(10,107)	(13,506)
Prepaid expenses	7,910	(66,142)	76,192	(16,668)
US grant payable	(83,311)	-	149,438	-
Accounts payable and accrued liabilities	305,517	(878,987)	596,628	1,075,343
Net operating cash flows	68,495	(1,314,064)	(351,472)	(1,378,281)
INVESTING ACTIVITIES				
Acquisition of equipment	(712)	(45,693)	(6,348)	(158,043)
Mineral property acquisition costs	(39,435)	(2,196,569)	(39,435)	(2,196,852)
Net investing cash flows	(40,147)	(2,242,262)	(45,783)	(2,354,895)
FINANCING ACTIVITIES				
Private placements	-	2,041,010	-	2,041,010
Shares to be issued	(21,084)	1,699,208	355,836	1,795,998
Net financing cash flows	(21,084)	3,740,218	355,836	3,837,008
Change in cash	7,264	183,892	(41,419)	103,832
Cash, beginning	31,560	24,849	80,243	104,909
Cash, ending	38,824	208,741	38,824	208,741

Supplemental non-cash transactions (Note 8)

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

TRANSATLANTIC MINING CORP.
NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2018 AND 2017

1. NATURE OF OPERATIONS AND GOING CONCERN

Transatlantic Mining Corp. (the "Company") was incorporated under the Business Corporations Act (British Columbia). The Company is engaged in the acquisition and exploration of mineral property interests. The Company's registered and head office is located at Suite 800 - 1199 West Hastings Street, Vancouver, British Columbia, V6E 3T5. The Company's shares are listed on the TSX Venture Exchange ("TSXV") under the symbol "TCO".

The accompanying consolidated interim financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities and commitments in the normal course of business. The Company's continued existence is dependent upon its ability to raise additional capital, the continuing support of its creditors, and ultimately the attainment of profitable operations and positive cash flows. Failure to obtain sufficient financing will have an adverse effect on the financial position of the Company and its ability to continue as a going concern. These factors indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. These consolidated interim financial statements do not give effect to adjustments that might be necessary to the carrying values, classification of assets and liabilities, and the reported operating results should the Company be unable to continue as a going concern. For the nine months ended September 30, 2018, the Company incurred an operating loss of \$1,388,895 (2017 - \$2,753,272), and as at September 30, 2018 had a working capital deficit of \$6,798,439 (December 31, 2017 - \$6,012,472). Management's plan includes continuing to pursue additional sources of financing through equity offerings, and where practical, reducing overhead costs.

2. BASIS OF PRESENTATION

These consolidated interim financial statements were approved for issue by the board of directors on November 29, 2018.

Statement of compliance with International Financial Reporting Standards

These consolidated interim financial statements have been prepared using accounting policies in compliance with International Financial Reporting Standard ("IFRS") as issued by International Accounting Standards Board ("IASB"), and interpretations of the IFRS Interpretations Committee ("IFRIC"). Therefore, these consolidated interim financial statements comply with International Accounting Standard ("IAS") 34 "Interim Financial Reporting".

Consolidation

These consolidated interim financial statements include the records of the Company and its wholly-owned subsidiaries Archean Star Resources Australia Pty Ltd. ("ASA"), incorporated in Australia, and Transatlantic Idaho Corp., Transatlantic Contracting Corp., Transatlantic Montana Corp., Transatlantic Equipment Corp., and Alder Mountain Milling Corp., all incorporated in the USA. All intercompany transactions, balances and any unrealized gains and losses from intercompany transactions are eliminated in preparing the consolidated interim financial statements.

Significant estimates and assumptions

The preparation of the consolidated interim financial statements requires management to make estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, and revenue and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

TRANSATLANTIC MINING CORP.
NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2018 AND 2017

2. BASIS OF PRESENTATION (CONTINUED)

Significant estimates and assumptions (continued)

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if the review affects both current and future periods.

Estimates and assumptions where there is significant risk of material adjustments to assets and liabilities in future accounting periods include the recoverability of the carrying value of exploration and evaluation assets, fair value measurements for financial instruments, the recoverability and measurement of deferred tax assets, provisions for restoration and environmental obligations and contingent liabilities.

Significant judgments

The preparation of consolidated interim financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments in applying the Company's consolidated interim financial statements include:

- The assessment of the Company's ability to continue as a going concern and whether there are events or conditions that may give rise to significant uncertainty; and
- the determination of the functional currency of the parent company and its subsidiaries.

Basis of presentation

These consolidated interim financial statements have been prepared on a historical cost basis except for certain financial instruments that have been measured at fair value. In addition, these consolidated interim financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated interim financial statements have been prepared under the historical cost convention, except for the revaluation of certain financial instruments.

The Company's principal accounting policies are outlined below:

(a) Foreign currency translation

The financial statements for the Company and its subsidiaries are prepared using their functional currencies. Functional currency is the currency of the primary economic environment in which an entity operates. The presentation currency of the Company is the Canadian dollar. The functional currency of the Company and its subsidiaries is the Canadian dollar.

Transactions in foreign currencies are recorded at the rates of exchange prevailing at the dates of the transactions. At each statement of financial position date, monetary assets and liabilities are translated using the period end foreign exchange rate. Non-monetary assets and liabilities are translated using the historical rate on the date of the transaction. Non-monetary assets and liabilities that are stated at fair value are translated using the historical rate on the date that the fair value was determined. All gains and losses on translation of these foreign currency transactions are included in the consolidated statements of comprehensive loss.

TRANSATLANTIC MINING CORP.
NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2018 AND 2017

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Share-based payments

Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is recorded to the option reserve. The fair value of options is determined using a Black-Scholes Option Pricing Model. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

(c) Environmental rehabilitation

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of the mineral property when those obligations result from the acquisition, development or normal operations of the assets. The net present value of future rehabilitation cost estimates arising from decommissioning a site and other work is capitalized to exploration and evaluation assets along with a corresponding increase in the rehabilitation provision in the period incurred. Discount rates using pre-tax rate that reflect the time value of money are used to calculate the net present value. The rehabilitation asset is depreciated on the same basis as exploration and evaluation assets.

The Company's estimates of reclamation costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to exploration and evaluation assets with a corresponding entry to the rehabilitation provision. The Company's estimates are renewed annually for changes in regulatory requirements, discount rates, effects of inflation and changes in estimates.

Changes in the net present value, excluding changes in the Company's estimates of reclamation costs, are charged to profit and loss.

The net present value of restoration costs arising from subsequent site damage that is incurred on an ongoing basis during production are charged to comprehensive loss in the period incurred.

The costs of rehabilitation projects that were included in the rehabilitation provision are recorded against the provisions as incurred. The cost of ongoing current programs to prevent and control pollution is charged against profit and loss and incurred.

(d) Exploration and evaluation assets

Exploration and evaluation activity involves the search for mineral resources, the determination of technical feasibility and the assessment of commercial viability of an identified resource. Exploration and evaluation activity includes: 1) researching and analysing historical exploration data 2) gathering exploration data through topographical, geochemical and geophysical studies 3) exploratory drilling, trenching and sampling 4) determining and examining the volume and grade of the resource 5) surveying transportation and infrastructure requirements 6) conducting market and finance studies.

TRANSATLANTIC MINING CORP.
NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2018 AND 2017

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Exploration and evaluation assets (continued)

Exploration and evaluation costs are charged to profit and loss as incurred except for expenditures associated with the acquisition of exploration and evaluation assets, which are capitalized. Costs incurred before the Company has obtained the legal rights to explore an area are recognized in profit and loss in the consolidated statements of comprehensive loss.

(e) Equipment

Equipment is stated at historical cost less accumulated depreciation and accumulated impairment losses. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of a significant replaced part is derecognized. All other repairs and maintenance are charged to the consolidated statement of loss and comprehensive loss during the financial period in which they are incurred. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized in profit or loss.

Depreciation and amortization are calculated on a straight-line method to charge the cost, less residual value, of the assets to their residual values over their estimated useful lives over a term of 2 to 6 years.

(f) Income taxes

Current income tax:

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date, in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred income tax:

Deferred income tax is recognized, using the asset and liability method, on temporary differences at the reporting date arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

TRANSATLANTIC MINING CORP.
NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2018 AND 2017

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Loss per share

Basic loss per share is computed by dividing the net loss by the weighted average number of outstanding shares in issue during the reporting period. Diluted loss per share is calculated by the treasury stock method. Under the treasury stock method, the weighted average number of common shares outstanding for the calculation of diluted loss per share assumes that the proceeds to be received on the exercise of dilutive share options and warrants are used to repurchase common shares at the average market price during the period. In a loss reporting period, potentially dilutive common shares are excluded from the loss per share calculation as the effect would be anti-dilute.

(h) Comprehensive income (loss)

Comprehensive income (loss) is defined as the change in net assets that results from transactions and other events from non-owner sources and includes items that are not included in net profit (loss), such as unrealized gains and losses related to available for sale securities, gains and losses on certain derivative instruments and foreign currency and gains and losses resulting from the translation of self-sustaining foreign operations.

The Company has no items that are required to be reported in comprehensive income. Accordingly, net loss equals comprehensive loss.

(i) Change in accounting policies

Financial instruments

The Company has adopted all of the requirements of IFRS 9 *Financial Instruments* ("IFRS 9") as of January 1, 2018. IFRS 9 replaces IAS 39 *Financial Instruments: Recognition and Measurement* ("IAS 39"). IFRS 9 utilizes a revised model for recognition and measurement of financial instruments and a single, forward-looking "expected loss" impairment model. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward in IFRS 9, so the Company's accounting policy with respect to financial liabilities is unchanged.

As a result of the adoption of IFRS 9, management has changed its accounting policy for financial assets retrospectively, for assets that continued to be recognized at the date of initial application. The change did not impact the carrying value of any financial assets or financial liabilities on the transition date. The main area of change is the accounting for equity securities previously classified as fair value through profit and loss.

The following is the Company's new accounting policy for financial instruments under IFRS 9.

Classification

The Company classifies its financial instruments in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive income (loss) ("FVTOCI") or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost,

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- (i) Change in accounting policies (continued)

Financial instruments (continued)

Classification (continued)

unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or the Company has opted to measure them at FVTPL.

The Company completed a detailed assessment of its financial assets and liabilities as at January 1, 2018. The following table shows the original classification under IAS 39 and the new classification under IFRS 9:

Financial assets/liabilities	Original classification IAS 39	New classification IFRS 9
Cash	Amortized cost	Amortized cost
Receivables	Amortized cost	Amortized cost
Accounts payable and accrued liabilities	Amortized cost	Amortized cost
US Grant acquisition payable	Amortized cost	Amortized cost
Loan payable	Amortized cost	Amortized cost

The Company did not restate prior periods as it recognized the effects of retrospective application to shareholders' equity at the beginning of the 2018 annual reporting period, which also includes the date of initial application. The adoption of IFRS 9 resulted in no impact to the opening accumulated deficit nor to the opening balance of accumulated comprehensive income on January 1, 2018.

Measurement

Financial assets at FVTOCI

Elected investments in equity investments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently they are measured at fair value, with gains and losses recognized in other comprehensive income (loss).

Financial assets and liabilities at amortized cost

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transactions costs expensed in the consolidated statements of net income (loss). Realized and unrealized gains or losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the consolidated statements of net income (loss). Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the consolidated statements of net income (loss) in the period in which they arise.

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NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2018 AND 2017

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- (i) Change in accounting policies (continued)

Financial instruments (continued)

Impairment of financial assets at amortized cost

The Company recognized a loss allowance for expected credit losses on financial assets that are measured at amortized cost.

At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in the consolidated statements of net income (loss), as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

Derecognition

Financial assets

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in the consolidated statements of net income (loss). However, gains and losses on derecognition of financial assets classified as FVTOCI remain within accumulated other comprehensive income (loss).

Financial liabilities

The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. Generally, the difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in the consolidated statements of net income (loss).

Revenue from contracts with customers

IFRS 15, Revenue from Contracts with Customers ("IFRS 15")

The new revenue standard introduces a single principles-based, five-step model for the recognition of revenue when control of goods is transferred to, or a service is performed for, the customer. IFRS 15 also requires enhanced disclosures about revenue to help users better understand the nature, amount, timing and uncertainty of revenue and cash flows from contracts with customers. As the Company has no revenue, no impact on the Company's consolidated financial statements has resulted.

- (j) Impairment of non-financial assets

At each consolidated statement of financial position date, in accordance with IAS 36 "*Impairment of Assets*", the Company assesses whether there is any indication that any of those assets have suffered an impairment loss. If any indication exists, the Company estimates the asset's recoverable amount.

TRANSATLANTIC MINING CORP.
NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2018 AND 2017

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Impairment of non-financial assets (continued)

An impairment loss is recognized when the carrying amount of an asset, or its cash generating unit ("CGU"), exceeds its recoverable amount. Impairment losses are recognized in profit and loss for the reporting period. Impairment losses recognised in respect of cash generating units are allocated first to reduce the carrying amount of any goodwill allocated to those units, and then to reduce the carrying amount of other assets in the unit on a pro-rata basis.

An impairment loss for an individual asset or CGU shall be reversed if there has been a change in estimates used to determine the recoverable amount since the last impairment loss was recognised and is only reversed to the extent that the assets carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognised.

The recoverable amount is the greater of an asset's or CGU fair value less costs to sell, and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset. For an asset that does not generate largely independent cash inflows, the Company estimates the recoverable amount of the cash generating unit to which the asset belongs.

(k) Warrants

The Company uses the residual method for accounting for warrants. Under this method, warrants are assigned a value equal to the excess of the unit purchase price over the then prevailing market price of the Company's shares. When the units are priced at or below market there is no excess and the warrants are valued at Nil.

(l) Segment reporting

A reportable segment, as defined by 'IFRS 8 *Operating Segments*', is a distinguishable business or geographical component of the Company, which are subject to risks and rewards that are different from those of other segments. The Company considers its primary reporting format to be business segments. The Company considers that it has only one reportable segment, being the mineral exploration segment. As the political risks, likelihood of positive results, assets, liabilities and cash flows of the mineral exploration segment are substantially the same to those of the consolidated Company; no separate analysis has been provided.

(m) Comparative figures

Certain comparative figures may have been reclassified to conform with current period presentation.

(n) Accounting standards issued but not effective

IFRS 16 Leases ("IFRS 16")

IFRS 16 will replace IAS 17 *Leases*. IFRS 16 specifies how to recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Application of the standard is mandatory for annual periods beginning on or after January 1, 2019, with early application permitted. The Company continues to assess the impact of adopting this standard on its consolidated financial statements.

TRANSATLANTIC MINING CORP.
NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
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4. EQUIPMENT

	(\$)
Cost:	
Balance, December 31, 2016	980,852
Additions*	323,478
Balance, December 31, 2017	1,304,330
Additions*	6,348
Balance, September 30, 2018	1,310,678
Amortization:	
Balance, December 31, 2016	89,890
Charge for the year	255,779
Balance, December 31, 2017	345,669
Charge for the period	225,272
Balance, September 30, 2018	570,941
Balance, December 31, 2017	958,661
Balance, September 30, 2018	739,737

*Additions include mobile equipment, mining equipment and mill equipment.

5. EXPLORATION AND EVALUATION ASSETS

	Monitor Property (\$)	St. Lawrence Property (\$)	Alder Mountain Project (\$)	Total for the nine months ended September 30, 2018 (\$)	Total for the year ended December 31, 2017 (\$)
Acquisition costs					
Balance, beginning	467,222	46,354	7,142,587	7,656,163	847,909
Additions	24,548	14,887	-	39,435	6,808,254
Balance, ending	491,770	61,241	7,142,587	7,695,598	7,656,163

(a) Monitor Property

On February 5, 2013, as amended on March 12, 2015, the Company entered into an option and joint venture agreement with American Cordillera Mining Corporation (“AMCOR”), and Northern Adventures LLC (“NALLC”) whereby it has the right to earn 80% of AMCOR’s 100% leasehold interest in a Purchase Option Mining Lease Agreement between AMCOR and NALLC on the Monitor Property, located in Idaho, USA. In order for the Company to earn the 80% interest in the Monitor Property, subject to certain underlying royalties, the Company must:

- (i) pay US\$25,000 in cash (paid);
- (ii) incur property expenditures of US\$2,100,000 over three years (completed); and
- (iii) issue 400,000 common shares of the Company in stages, of which 100,000 common shares were issued upon TSXV acceptance (issued with a fair value of \$130,000), 100,000 common shares on the first anniversary (issued with a fair value of \$125,000), 100,000 common shares on the second anniversary (issued with a fair value of \$10,000) and the final 100,000 common shares on the third anniversary (issued with a fair value of \$75,000) (Note 7).

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5. EXPLORATION AND EVALUATION ASSETS (CONTINUED)

(a) Monitor Property (continued)

In exchange for the amendment, the Company paid additional consideration of 150,000 common shares (issued at a fair value of \$30,000) and US\$25,000 cash (paid).

The Company shall have the right to exercise a buyout clause and thereby purchase a 100% interest in the property from NALLC, and terminate the Purchase Option Mining Lease Agreement. Upon exercise of this buy-out option, AMCOR shall be obligated to contribute 20% of the cost of the acquisition of the property.

If the Company exercises the option, AMCOR shall receive a 20% carried interest until such time as the earlier of:

- (i) a NI 43-101 compliant Feasibility Study is done; and
- (ii) the Company has notified AMCOR in writing of its decision to proceed with mining of the property.

At this time, a joint venture shall automatically be deemed to be formed between the Company and AMCOR, where AMCOR will hold a 20% joint venture interest and the Company will hold an 80% joint venture interest in the Monitor claims.

At September 30, 2018, the Company has a refundable performance bond of \$28,417 (US\$21,164) (December 31, 2017 - \$28,417) for security of drilling activity requirements for the property.

(b) St. Lawrence Property

On June 25, 2015, the Company entered into a Lease Agreement for a parcel of land (the "St. Lawrence Property") on the Montana/Idaho border. The term of the lease is for 25 years, with an option to renew for a further 25 years. As consideration, the Company must issue 130,000 common shares of the Company (issued with a fair value \$19,500) and a 1% net smelter royalty ("NSR") from any production from the Monitor Property and St. Lawrence Property.

The Company is obligated to pay an annual maintenance fee of US\$10,000 upon the execution of the Lease Agreement (paid) and upon each anniversary date of the Lease Agreement. The landowner may terminate the lease agreement after seven years if the Company has not paid during that period NSR or equivalent cash payments totaling at least US\$150,000.

The landowner may also terminate the lease after three years if the Company has not incurred by that time at least US\$100,000 in expenditures on the St. Lawrence Property.

At September 30, 2018, the Company has a refundable performance bond of \$13,776 (US\$10,260) (December 31, 2017 - \$13,776) for security of drilling activity requirements for the property.

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5. EXPLORATION AND EVALUATION ASSETS (CONTINUED)

(c) Gnaweeda Gold Project

On November 4, 2009, the Company's subsidiary ASA and Teck Australia Pty Ltd. ("Teck") entered into an option agreement whereby the Company can earn 100% of Teck's 87.07% interest in Chalice Gold Mines Ltd.'s tenements ("Gnaweeda Gold Project") located in Western Australia.

During the year ended December 31, 2014, the Company completed the property expenditure requirements in order to earn Teck's interest in the Gnaweeda Gold Project.

On July 4, 2014, the Company entered into an agreement with an arm's-length party to dispose of its Gnaweeda Gold Project. As consideration, the Company received a deposit of AUD\$5,000 and recognized a receivable of \$516,818 (AUD\$495,000 plus GST of AUD\$50,000) at December 31, 2014, which was received during the year ended December 31, 2014. The Company was also entitled to receive a further AUD\$500,000 upon establishment of a Joint Ore Reserves Committee-compliant mineral resource of at least 150,000 ounces of gold. Additionally, the Company is to receive AUD \$250,000 for every consecutive 50,000 ounces of poured gold sourced from the property, capped at 200,000 ounces of poured gold, for a total of AUD\$1,000,000.

On August 1, 2016, the Company received \$492,700 (AUD\$500,000) from the Gnaweeda sale agreement as the acquirer announced a Joint Ore Reserves Committee-compliant mineral resource in excess of 150,000 ounces. This amount has been recognized as gain on disposition of property.

(d) Ansongo Manganese Project

On December 10, 2013, the Company signed a non-binding term sheet with Tassiga Ltd. ("Tassiga") pursuant to which the Company proposes to initially acquire a 30% ownership in the Ansongo Manganese project, with a three-year option to acquire up to 70% of the project.

The vendor of the Ansongo Manganese Project is a private company in which Gregor Theiser, a previous director of the Company, is a shareholder. Accordingly, the transaction was not an arm's-length transaction under TSXV policy.

On December 29, 2014, the Company received a notice of termination with respect to its agreement to acquire an interest in the Ansongo Manganese Project. Under the terms of the agreement, amounts paid of \$582,670 and expenses incurred of \$417,330, for a total of \$1,000,000 plus 10% interest is to be returned to the Company. The Company continues to assess its position with respect to the purported termination. As the recovery of the funds is uncertain, the receivable was written-off during the year ended December 31, 2014.

(e) Alder Mountain Project

On January 18, 2016, the Company entered into a Mining Lease and Option to Purchase Agreement to lease the U.S. Grant Mine located in the County of Madison, Montana, for an initial term of 4 months, commencing January 18, 2016 until May 17, 2016. The Company was obligated to pay a non-refundable rent of US\$50,000 prior to the initial term (paid) and may terminate the agreement within 3 days notice.

The Company may extend the initial term for up to an additional 12 months to May 18, 2017 for rent of US\$25,000 per month. Such rent payments will be applied to the purchase price. If after the initial and extension term, the Company has not exercised its option to purchase, the agreement will terminate.

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5. EXPLORATION AND EVALUATION ASSETS (CONTINUED)

(e) Alder Mountain Project (continued)

At any time during the initial and extension term, the Company may exercise its option to purchase the U.S. Grant Mine for a purchase price of US\$6,000,000. The purchase price shall be paid in installments, less rent payments noted above, as follows:

- US\$2,000,000 upon closing of the purchase;
- US\$2,000,000 one year after the date of closing of the purchase; and
- US\$2,000,000 two years after the date of closing.

On September 30, 2016, the Company signed a binding agreement with the owners of a neighboring claim that allows the Company access to recommission the Cornucopia shaft for use in ventilating the deepest reaches of U.S. Grant No. 3 level. In consideration of the right to construct the opening in the Cornucopia shaft and use the shaft for ventilation purposes, the Company shall pay the owner the sum of US\$30,000 in two payments of US\$15,000 on or before October 10, 2016 (paid), and \$15,000 on or before October 10, 2017 (subject to renegotiation). Provided that the payments are made by the Company, the term of the agreement shall be for three years from October 2016, through October 2019. Upon expiration of the initial term, the parties may renew the contract upon their mutual consent.

On May 4, 2017, the Company entered into an exclusive agreement to lease and purchase the Kearsarge claim group (KCG) in Madison country in the state of Montana. These claims are approximately four miles from the U.S. Grant Mine. The Company may extend the initial term for up to an additional 12 months to December 31, 2018 for rent of US\$40,000. The Company can then extend the agreement for a second renewal term to December 31, 2028 for rent of US\$8,333 per month. Such rent payments will be applied to the purchase price. At any time during the initial and extension term, the Company may exercise its option to purchase the KCG for a purchase price of US\$6,000,000, less rent payments and US\$60,000 paid to the claim owner for personal property.

On August 28, 2017, the Company received TSXV approval to close its acquisition of the U.S. Grant Mine property in Montana. The remaining payments will be secured by a mortgage on the property in favour of the vendors. On August 28, 2017, the short and long-term portions have been discounted to US\$1,882,132 from US\$1,995,060 and US\$1,779,993 from US\$2,000,000, respectively, at a 6% discount rate and will be accreted up to the face values over the term of the debt.

On August 23, 2018, the Company's wholly owned subsidiary, Transatlantic Montana Corp., has received a notice of default regarding its scheduled US\$2,000,000 mortgage payment recently due on the U.S. Grant property. The Company is currently working with the mortgage holder to restructure the remaining mortgage obligation. The Company has submitted filings to the TSX Venture Exchange with respect to a private placement financing and shares-for-debt settlement and is continuing to explore additional sources of financing.

As at September 30, 2018, the outstanding balance was \$4,836,171 (US\$3,735,937) (December 31, 2017 - \$4,686,733) of which \$2,485,527 (US\$1,920,067) (December 31, 2017 - \$2,408,724) was due on August 28, 2018 and \$2,350,644 (US\$1,815,870) (December 31, 2017 - \$2,278,009) is due on August 28, 2019. During the year ended December 31, 2017, the Company recorded accretion on the short and long-term portions of \$49,262 (US\$37,935) and \$46,589 (US \$35,877), respectively.

At September 30, 2018, the Company has refundable performance bonds of \$27,202 (US\$20,595) (December 31, 2017 - \$27,202) for security of drilling activity requirements for the property.

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5. EXPLORATION AND EVALUATION ASSETS (CONTINUED)

Exploration and evaluation asset expenses incurred on the properties are as follows:

	For the Nine Months Ended September 30, 2018			Total (\$)
	Alder Mountain Project (\$)	Monitor Property (\$)	St. Lawrence Property (\$)	
Assays and analysis	2,087	-	-	2,087
Consultants	63,387	25,589	6,188	95,164
General and administrative field cost	46,015	4,681	278	50,974
Geologists, geophysical contractors, geotechnical	3,399	-	-	3,399
Land lease	7,243	-	13,500	20,743
Management fees	108,000	54,000	-	162,000
Professional fees	69,941	20,812	6,014	96,767
Rent	38,629	-	-	38,629
Repairs and maintenance	28,064	-	-	28,064
Salaries and wages	20,087	-	-	20,087
Supplies	1,327	-	-	1,327
Utilities	9,176	-	-	9,176
Travel, accommodation and fuel	3,194	-	-	3,194
Total	400,549	105,082	25,980	531,611

	For the nine months ended September 30, 2017			Total (\$)
	Alder Mountain Project (\$)	Monitor Property (\$)	St. Lawrence Property (\$)	
Assays and analysis	14,957	-	-	14,957
Drilling	61,442	-	-	61,442
Consultants	8,758	-	-	8,758
Expense reimbursement	(361,204)	(3,124)	-	(364,328)
Field costs	214,522	-	-	214,522
Geologists, geophysical contractors, geotechnical	(4,884)	-	-	(4,884)
Land lease	7,354	-	-	7,354
Other rentals	55,796	-	-	55,796
Rent	46,806	-	-	46,806
Repairs and maintenance	49,194	-	-	49,194
Salaries and wages	1,373,142	26,966	-	1,400,108
Supplies	73,840	-	-	73,840
Utilities	88,475	-	-	88,475
Travel, accommodation and fuel	62,760	-	-	62,760
Total	1,690,958	23,842	-	1,714,800

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6. RELATED PARTY TRANSACTIONS AND KEY MANAGEMENT COMPENSATION

The following table summarizes services provided by related parties:

	Nine Months Ended September 30, 2018 (\$)	Nine Months Ended September 30, 2017 (\$)
Management (a)	270,000	280,000
Consulting (b)	90,000	45,000
	360,000	325,000

(a) The Company paid management fees of \$270,000 (2017 - \$280,000) to the CEO of the Company.

(b) The Company paid consulting fees of \$90,000 (2017 - \$45,000) to directors of the Company.

As of September 30, 2018, \$3,275,260 (December 31, 2017 - \$2,916,254) is due to related parties for the services above, which is included in accounts payable and accrued liabilities (Note 10). Amounts due to/from related parties are unsecured, non-interest bearing and have no fixed terms of repayment.

Subsequent to the period ended September 30, 2018, the Company settled amounts due to related parties totalling to \$1,250,000 through the issuance of 12,500,000 common shares at \$0.10 per share (Note 14).

7. ISSUED CAPITAL

(a) Authorized

Unlimited number of common shares without par value.

On May 2, 2017, the Company consolidated its capital on the basis of 10 old shares for one new share. No fractional shares were issued under the consolidation, and any fraction was rounded down to the nearest whole number. The shares began trading on a consolidated basis on May 3, 2017. All share, warrant and option information have been restated to reflect this consolidation.

(b) Share capital transactions

Nine Months Ended September 30, 2018

There were no shares issued during the nine months ended September 30, 2018.

Year Ended December 31, 2017

On August 28, 2017, the Company closed the first tranche of financing consisting of 22,000,000 units at \$0.10 per unit for gross proceeds of \$2,200,000. Each unit consists of one common share and one share purchase warrant, with each warrant entitling the holder to purchase one additional common share at a price of \$0.15, exercisable for three years from the date of closing. \$330,000 was allocated to the warrants using the residual method. The Company also paid finders' fees of \$147,230 and issued 1,137,500 finders' warrants in connection with the placement. The Company allocated a fair value of \$60,322 to the finder's warrants using the Black-Scholes Option Pricing Model with the following assumptions: expected life of 3 years, expected dividend yield of 0%, a risk-free interest rate of 1.34% and an expected volatility of 121%.

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7. ISSUED CAPITAL (CONTINUED)

(b) Share capital transactions (continued)

Year Ended December 31, 2017 (continued)

On September 6, 2017, the Company closed the second tranche of financing consisting of 18,155,910 units at \$0.10 per unit for gross proceeds of \$1,815,591. Each unit consists of one common share and one share purchase warrant, with each warrant entitling the holder to purchase one additional common share at a price of \$0.15, exercisable for three years from the date of closing. \$363,118 was allocated to the warrants using the residual method. The Company also paid finders' fees of \$127,091 and issued 1,270,913 finders' warrants in connection with the placement. The Company allocated a fair value of \$62,764 to the finder's warrants using the Black-Scholes Option Pricing Model with the following assumptions: expected life of 3 years, expected dividend yield of 0%, a risk-free interest rate of 1.51% and an expected volatility of 122%.

(c) Stock options

The Company may from time to time, in its discretion, and in accordance with the TSXV requirements, grant to directors, officers, employees and consultants to the Company, non-transferable stock options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed 10% of the Company's issued and outstanding common shares. Options will be exercisable for a period of up to 10 years from the date of grant. The option price shall be not less than the discounted market price on the grant date, and the expiry date shall be set by the board at the time of grant of the option.

On June 22, 2016, the Company granted 2,150,000 options to directors, officers and employees of the Company. The options vested immediately, are exercisable at \$1.00 per share and will expire on June 22, 2021. The fair value ascribed to the options was determined to be \$901,005 using the Black-Scholes Option Pricing Model with the following assumptions: expected dividend yield of 0%; Volatility of 105%; risk-free interest rate of 0.68% and expected life of five years.

	Options	Weighted Average Exercise Price (\$)
Balance, December 31, 2016	2,378,600	1.00
Expired	(228,600)	1.00
Balance, December 31, 2017	2,150,000	1.00
Cancelled	(500,000)	1.00
Balance, September 30, 2018	1,650,000	1.00

As at September 30, 2018, the following stock options were outstanding and exercisable:

Number	Weighted Average Exercise Price (\$)	Expiry Date	Weighted Average Remaining Contractual Life (in years)
1,650,000	1.00	June 22, 2021	2.72

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7. ISSUED CAPITAL (CONTINUED)

(d) Warrants

	Warrants	Weighted Average Exercise Price (\$)
Balance, December 31, 2016	5,203,817	1.10
Issued	42,514,323	0.15
Balance, December 31, 2017	47,718,140	0.25
Expired	(2,815,756)	1.00
Balance, September 30, 2018	44,902,384	0.20

As at September 30, 2018, the following warrants were outstanding and exercisable:

Number	Weighted Average Exercise Price (\$)	Expiry Date	Weighted Average Remaining Contractual Life (in years)
346,061	0.30	October 5, 2018	0.00
2,042,000	1.30	June 15, 2019	0.03
23,137,500	0.15	August 28, 2020	0.99
19,376,823	0.15	September 6, 2020	0.84
44,902,384	0.20		1.85

(e) Share-based payment reserve

The share-based payment reserve records items recognized as stock-based compensation expense and other share-based payments until such time that the stock options or warrants are exercised, at which time the corresponding amount will be transferred to share capital.

8. NON-CASH TRANSACTIONS

No non-cash transactions during the nine months ended September 30, 2018 and 2017.

During the year ended December 31, 2017:

The Company granted broker warrants with a fair value of \$123,086 (Note 7).

9. RECEIVABLES

	September 30, 2018 (\$)	December 31, 2017 (\$)
Other accounts receivable	3,093	2,998
Sales tax receivable	30,463	20,451
Total	33,556	23,449

10. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	September 30, 2018 (\$)	December 31, 2017 (\$)
Accounts payable	1,090,470	847,816
Accrued liabilities	18,941	18,941
Due to related parties (Note 6)	3,275,260	2,916,254
Total	4,384,671	3,783,011

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11. LONG TERM LOAN PAYABLE

On December 2, 2016, the Company entered into a vehicle loan payable in the amount of \$45,940, payable over 84 months. As at September 30, 2018, the current portion of the loan payable less deferred interest expense is \$5,797 (December 31, 2017 - \$5,797). As at September 30, 2018, the long-term loan payable less deferred interest expense is \$29,574 (December 31, 2017 - \$34,606).

12. FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash, receivables, accounts payable and loans payable. Cash and receivables are classified as loans and receivables, which are measured at amortized cost. Accounts payable and loans payable is designated as other financial liabilities, which are measured at amortized cost.

The fair value of the Company's financial assets and liabilities approximates the carrying amount.

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

Cash has been assessed on the fair value hierarchy described above and is considered to be Level 1.

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

Credit risk: Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is in its cash accounts and its receivables. This risk is managed through the use of a major bank that is a high credit quality financial institution as determined by rating agencies. The risk associated with its receivables is minimal.

Liquidity risk: Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. Liquidity risk arises through the excess of financial obligations due over available financial assets at any point in time. The Company's objective in managing liquidity risk is to maintain sufficient readily available capital in order to meet its liquidity requirements. Liquidity risk is assessed as high.

Currency risk: Currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Company's functional currency is the Canadian dollar. The Company is exposed to currency exchange rate risk to the extent of its activities in Australia and the United States. Management believes the foreign exchange risk derived from currency conversions from the Australian and American operations is not significant and does not hedge its foreign exchange risk.

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12. FINANCIAL INSTRUMENTS (CONTINUED)

The following is an analysis of Canadian dollar equivalent of financial assets and liabilities that are denominated in Australian dollars:

	September 30, 2018	December 31, 2017
	(\$)	(\$)
Cash	24,222	25,462
Accounts payable	(216,221)	(188,975)
	(191,999)	(163,513)

The following is an analysis of Canadian dollar equivalent of financial assets and liabilities that are denominated in US dollars:

	September 30, 2018	December 31, 2017
	(\$)	(\$)
Cash	4,731	8,520
Accounts payable	(506,376)	(578,618)
	(501,645)	(570,098)

Based on the above net exposures, as at September 30, 2018, a 5% change in the Australian dollar to Canadian dollar exchange rate would impact the Company's net loss by \$9,600 and by \$25,083 for a 5% change in the US dollar to Canadian dollar.

Industry risk: The Company is engaged primarily in the mineral exploration field and manages related industry risk issues directly. The Company is potentially at risk for environmental reclamation and fluctuations in commodity based market prices associated with resource property interests.

Management is of the opinion that the Company addresses environmental risk and compliance in accordance with industry standards and specific project environmental requirements.

Interest rate risk: Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Interest rate risk is not significant as the Company's assets and liabilities do not bear any interest.

Capital management: The Company manages its capital structure based on the funds available to the Company, in order to fund its general and administration expenses, support acquisition, maintenance, exploration, and development of mineral properties. The capital structure of the Company consists of equity and debt obligations, net of cash and cash equivalents. The Board of Directors has not established any quantitative return on capital criteria for management, instead relying on the expertise of the Company's management to sustain future development of the business. The properties in which the Company currently has interests are in the exploration stage so the Company is dependent on external financing to fund its activities. In order to carry out activities and administration, the Company will spend its existing working capital and raise additional amounts as needed. The Company is not subject to any externally imposed restrictions on capital. There were no changes in the Company's approach to capital management during the period.

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13. SEGMENTED INFORMATION

Operating segments

The Company had one reportable operating segment, being the acquisition, exploration, and disposition of interests in mineral properties located in one geographical segment, the USA.

Geographic segments

The following non-current assets, which consist of equipment and exploration and evaluation assets, are located in the following countries:

	September 30, 2018	December 31, 2017
	(\$)	(\$)
USA	8,504,730	8,684,219

14. SUBSEQUENT EVENTS

On November 2, 2018, the Company closed the third tranche of financing consisting of 8,178,750 units for proceeds of \$817,875. Each unit consist of one common share and one share purchase warrant, with each warrant entitling the holder to purchase one common share at a price of \$0.15, exercisable for a period of three years.

On the same date, the Company has received exchange approval of and closed on a shares-for-debt offering, pursuant to which debt in the total amount of \$1,560,873 was settled at \$0.10 per share, resulting in the issuance of a total of 15,608,730 common shares. In addition, a total of 2,234,654 warrants were issued to certain creditors who are at arm's-length to the Company. Each warrant will entitle the holder to purchase one common share at a price of \$0.15, exercisable for a period of three years. Two of the creditors with whom debt was settled are Mr. Sostak and Ray Parry, a director of the Company, and, hence, the settlement of debt with these individuals was a related party transaction. Mr. Sostak and Mr. Parry settled \$1,200,000 and \$50,000 in debt, respectively.