

TRANSATLANTIC MINING CORP.

**CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019 and 2018**

NOTICE OF NO AUDITOR REVIEW OF 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 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 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 interim financial statements by an entity's auditor.

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

	September 30, 2019 (\$) (Unaudited)	December 31, 2018 (\$) (Audited)
ASSETS		
Current Assets		
Cash	31,836	127,211
Receivables (Note 8)	3,164	42,537
Prepaid expenses	14,096	19,743
	49,096	189,491
Non-Current Assets		
Exploration and evaluation assets (Note 5)	7,790,225	7,736,583
Equipment (Note 4)	425,451	660,338
Reclamation bonds (Note 5)	50,510	49,666
Total Assets	8,315,282	8,636,078
LIABILITIES		
Current Liabilities		
Accounts payable and accrued liabilities (Notes 6 and 9)	4,317,390	3,617,949
Current portion of US Grant acquisition (Note 5)	5,297,200	5,456,800
Current portion of long-term loan payable (Note 10)	5,797	5,797
Loan payable	-	2,100
	9,620,387	9,082,646
Non-Current Liabilities		
Long-term loan payable (Note 10)	26,078	29,259
Total Liabilities	9,646,465	9,111,905
SHAREHOLDERS' DEFICIENCY		
Share capital (Note 7)	21,375,847	21,375,847
Share-based payment reserve (Note 7)	3,845,952	3,845,952
Deficit	(26,552,982)	(25,697,626)
Total Shareholders' Deficiency	(1,331,183)	(475,827)
Total Liabilities and Shareholders' Deficiency	8,315,282	8,636,078

Nature of operations and going concern (Note 1)

"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
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2019 AND 2018
(Expressed in Canadian dollars)
(Unaudited)

	For the three months ended September 30, 2019	For the three months ended September 30, 2018	For the nine months ended September 30, 2019	For the nine months ended September 30, 2018
MINERAL PROPERTY EXPENSES (Note 5)	\$ 292,109	\$ 377,675	\$ 499,451	\$ 531,611
ADMINISTRATION EXPENSES				
Administrative costs	968	632	1,645	1,477
Amortization (Note 4)	57,834	76,055	201,639	225,272
Corporate communications	4,351	2,331	4,898	11,100
Consulting fees (recovery) (Note 6)	(10,458)	(40,462)	1,057	39,794
Filing fees	19,732	34,573	35,803	46,271
Management fees (recovery) (Note 6)	(49,421)	(71,156)	41,832	138,405
Office	195	7,225	228,284	32,173
Professional fees (recovery)	(12,038)	(10,677)	27,311	104,461
Project investigation costs	-	82	235	11,125
Promotion	-	422	1,049	1,266
Travel	25,015	14,287	25,015	30,597
Total administration expenses	36,178	13,312	568,768	641,941
Loss before other items	(328,287)	(390,987)	(1,068,219)	(1,173,552)
OTHER ITEMS				
Foreign exchange gain (loss)	(78,907)	157,725	226,334	(216,376)
Loss on sale of asset (Note 4)	-	-	(13,471)	-
Gain on debt settlement	-	-	-	1,033
	(78,907)	157,725	212,863	(215,343)
NET AND COMPREHENSIVE LOSS	\$ (407,194)	\$ (233,262)	\$ (855,356)	\$ (1,388,895)
Loss per common share – basic and diluted	\$ (0.00)	\$ (0.00)	\$ (0.01)	\$ (0.02)
Weighted average number of common shares – basic and diluted	83,639,916	61,672,428	83,639,916	61,672,428

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

TRANSATLANTIC MINING CORP.
CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN DEFICIENCY
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019 AND 2018
(Expressed in Canadian dollars)

	Share Capital		Share-based payment and other reserves (\$)	Shares to be issued (\$)	Deficit (\$)	Total deficiency (\$)
	Shares	Amount (\$)				
Balance, December 31, 2017	[1] 61,852,431	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	61,852,431	20,424,784	2,773,271	673,255	(24,545,237)	(673,927)
Balance, December 31, 2018	[2] 83,639,916	21,375,847	3,845,952	-	(25,697,626)	(475,827)
Net and comprehensive loss for the period	-	-	-	-	(855,356)	(855,356)
Balance, September 30, 2019	83,639,916	21,375,847	3,845,952	-	(26,552,982)	(1,331,183)

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

[1] The opening balance has been adjusted by 180,003 shares, which represents a correction of a double counted number of shares in a 2016 private placement. No additional value was attributed to these shares therefore the amount in share capital was not affected.

[2] The opening balance in number of shares outstanding does not include 2,000,000 shares issued in error. The Company is in the process of having the shares returned for cancellation in cooperation with the other party.

TRANSATLANTIC MINING CORP.
CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2019 AND 2018
(Expressed in Canadian dollars)
(Unaudited)

	For the three months ended September 30, 2019 (\$)	For the three months ended September 30, 2018 (\$)	For the nine months ended September 30, 2019 (\$)	For the nine months ended September 30, 2018 (\$)
OPERATING ACTIVITIES				
Net loss for the period	(407,194)	(233,262)	(855,356)	(1,388,895)
Adjustment for non-cash items:				
Amortization	57,834	76,055	201,639	225,272
Loss on sale of asset	-	-	13,471	-
Unrealized foreign exchange gain	62,993	-	(165,016)	-
Net changes in non-cash working capital items:				
Receivables	(37)	(4,414)	39,373	(10,107)
Prepaid expenses	(7,346)	7,910	5,647	76,192
US grant payable	-	(83,311)	-	149,438
Accounts payable and accrued liabilities	310,692	308,270	697,341	601,660
Net operating cash flows	16,942	71,248	(62,901)	(346,440)
INVESTING ACTIVITIES				
Acquisition of equipment	-	(712)	-	(6,348)
Proceeds from sale of asset	-	-	24,349	-
Mineral property acquisition costs	(26,909)	(39,435)	(53,642)	(39,435)
Net investing cash flows	(26,909)	(40,147)	(29,293)	(45,783)
FINANCING ACTIVITIES				
Loan payable	375	(2,753)	(3,181)	(5,032)
Shares to be issued	-	(21,084)	-	355,836
Net financing cash flows	375	(23,837)	(3,181)	350,804
Change in cash	(9,592)	7,264	(95,375)	(41,419)
Cash, beginning	41,428	31,560	127,211	80,243
Cash, ending	31,836	38,824	31,836	38,824

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, 2019 AND 2018

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 400 - 837 West Hastings Street, Vancouver, British Columbia, V6C 3N6. 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, 2019, the Company incurred an operating loss of \$855,356 (2018 - \$1,388,895), and as at September 30, 2019 had a working capital deficit of \$9,571,291 (December 31, 2018 - \$8,893,155). Management’s plan includes continuing to pursue additional sources of financing through equity offerings, greater than 3-year loans as gold pre-payment and additional combinations thereof, and where practical, has and continues reducing overhead costs.

2. BASIS OF PRESENTATION

These consolidated interim financial statements were approved for issue by the board of directors on November 29, 2019.

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 Standards (“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

TRANSATLANTIC MINING CORP.
NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019 AND 2018

2. BASIS OF PRESENTATION (CONTINUED)

Significant estimates and assumptions (continued)

assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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 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 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 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, 2019 AND 2018

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, 2019 AND 2018

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, 2019 AND 2018

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 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 or 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,

TRANSATLANTIC MINING CORP.
NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019 AND 2018

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
Other accounts receivable	Amortized cost	Amortized cost
Accounts payable	Amortized cost	Amortized cost
US Grant acquisition payable	Amortized cost	Amortized cost
Loan payable	Amortized cost	Amortized cost

The adoption of IFRS 9 resulted in no impact to the opening accumulated deficit 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 comprehensive 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 comprehensive loss in the period in which they arise.

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.

TRANSATLANTIC MINING CORP.
NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019 AND 2018

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- (i) Change in accounting policies (continued)

Financial instruments (continued)

Impairment of financial assets at amortized cost (continued)

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's credit risk has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in the consolidated statements of comprehensive 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 comprehensive 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 comprehensive 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.

IFRS 16, Leases ("IFRS 16")

IFRS 16 replaces IAS 17 *Leases*. IFRS 16 specifies how to recognize, measure, present and disclose leases. The standard provides a single lease 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. The adoption of IFRS 16 did not have a material impact on the Company's consolidated financial statements.

TRANSATLANTIC MINING CORP.
NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019 AND 2018

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Impairment of non-financial assets

At each 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.

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 issued as part of units. 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 have been reclassified to conform with current period presentation.

(n) Accounting standards issued but not yet effective

There are no other IFRS or International Financial Reporting Interpretations Committee interpretations that are not yet effective that would be expected to have a material impact on the Company's consolidated financial statements.

TRANSATLANTIC MINING CORP.
NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019 AND 2018

4. EQUIPMENT

	(\$)
Cost:	
Balance, December 31, 2017	1,304,330
Additions*	3,784
Balance, December 31, 2018	1,308,114
Disposal	(74,653)
Balance, September 30, 2019	1,233,461
Amortization:	
Balance, December 31, 2017	345,669
Charge for the year	302,107
Balance, December 31, 2018	647,776
Charge for the period	201,639
Disposal	(40,508)
Foreign exchange movement	(897)
Balance, September 30, 2019	808,010
Balance, December 31, 2018	660,338
Balance, September 30, 2019	425,451

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

During the nine months ended September 30, 2019, the Company sold a mobile equipment that resulted to a loss of \$13,471 (2018 - \$Nil).

5. EXPLORATION AND EVALUATION ASSETS

	Monitor Property (\$)	St. Lawrence Property (\$)	Alder Mountain Project (\$)	Kearsarge Gold Project (\$)	Total for the nine months ended September 30, 2019 (\$)	Total for the year ended December 31, 2018 (\$)
Acquisition costs						
Balance, beginning	491,925	63,199	7,142,587	38,872	7,736,583	7,656,163
Additions	26,976	9,386	-	17,280	53,642	80,420
Balance, ending	518,901	72,585	7,142,587	56,152	7,790,225	7,736,583

(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

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5. EXPLORATION AND EVALUATION ASSETS (CONTINUED)

(a) Monitor Property (continued)

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).

In exchange for the amendment noted below, 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 completed; 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.

(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.

As of September 30, 2019, the Company has paid all required lease payments for 2018.

At September 30, 2019, the Company has a refundable performance bond of \$14,165 (US\$10,260) (December 31, 2018 - \$13,321) for security of drilling activity requirements for the property.

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5. EXPLORATION AND EVALUATION ASSETS (CONTINUED)

(c) 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.

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 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 of the obligation 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., received a notice of default regarding its scheduled US\$2,000,000 mortgage payment due on the U.S. Grant property. The Company will work with the mortgage holder to restructure the remaining mortgage obligation and or new finance arrangements to meet the obligation going forward.

Should the Company pay the mortgage payment due from 2018, the Company will not be subject to any other interest or penalties under the agreement, with the exception of default proceeding costs of the mortgagor from February 2019 onwards. Should the Company not pay the mortgage payment due from 2018, the loss to the Company will be equal to the carrying cost of the project of \$7,790,225 less the carrying cost of the remaining mortgage payments due of \$5,297,200 (US\$4,000,000), or \$2,493,025. As at September 30, 2019, the outstanding balance was \$5,297,200 (US\$4,000,000) (December 31, 2018 - \$5,456,800) of which \$2,648,600 (US\$2,000,000) (December 31, 2018 - \$2,728,400) was due on August 28, 2018 and \$2,648,600 (US\$2,000,000) (December 31, 2018 - \$2,728,400) was due on August 28, 2019. During the year

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5. EXPLORATION AND EVALUATION ASSETS (CONTINUED)

(c) Alder Mountain Project (continued)

ended December 31, 2018, the Company recorded accretion expense of \$342,146 (US\$264,063) (2017 - \$95,851 (US\$73,812)).

At September 30, 2019, the Company has refundable performance bonds of \$36,345 (US\$27,439) (December 31, 2018 - \$36,345) for security of drilling activity requirements for the property.

(d) Kearsarge Gold Project

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 (paid US\$30,000 as at December 31, 2018). 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 July 31, 2019, the Company elected to exercise its second renewal term for up to 10 years of the exclusive agreement to lease and purchase the KCG after due diligence work was completed, including recent drilling results of 20 metres at 8.64 grams per tonne (g/t) gold (Au) (true width of 11.9 metres at 8.64 g/t Au).

- A second renewal term of 10 years following the expiry of the first renewal term for consideration of US\$100,000 per year until the Company reaches commercial production of a minimum of 30,000 ore tons per month:
 - Following achievement of commercial production of 30,000 ore tons per month, the lease payments will increase to the greater of the following as a payment or the greater thereof: US\$200,000 annually or a 5% net smelter royalty (NSR) payment, whichever is greater; and
 - Following achievement of commercial production of 100,000 ore tons per month, the lease payments will increase to the greater of the following: US\$300,000 annually or a 10% NSR payment royalty.
- The Company has the option to purchase the KCG at any time with the payment of US\$6,000 less any payments made in respect to the lease payments above and the initial payment of US\$100,000 first and second renewal terms.

At September 30, 2019, US\$2,000 of required lease payments for 2019 remained outstanding. The Company is in discussion with the landowner regarding the required payments to be completed by year end 2019 and has not received any formal termination notice. During the nine months ended September 30, 2019, the Company has paid \$17,280 (US\$13,000).

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5. EXPLORATION AND EVALUATION ASSETS (CONTINUED)

(e) Miller Mine Gold Project

On July 2, 2019, the Company entered into an exclusive agreement to lease and purchase the Miller Mine in the Broadwater County in the State of Montana, USA. This will be after an initial due diligence period including the Company election to lease and purchase with a profit share arrangement consideration.

The Company has been granted an exclusive due diligence right to data and information for the Miller Mine Patented and Unpatented claims to August 15, 2019, extended to October 15, 2019. The Company intends on commencing drilling around the historical drilling which was conducted by Jericho Mines Ltd. In 1968-69 as reported by Hemsworth on July 2, 1969:

- A First Renewal Term of 24 months following the expiry of the due diligence period for consideration of \$100,000 in cash or square equivalent between \$0.05 and \$0.10 at the Company's election subject to TSX approval. On that election should it occur, the Company to spend \$100,000 in the first renewal term.
- A Second Renewal Term of 24 months on the expiry of the First Renewal Term for consideration of \$100,000 with a minimum \$100,000 spend in that period.
- Should mining occur at any time, there will be an 8.5% payment royalty on ounces produced until the cumulative lease reaches US\$4,500,000 for change in ownership to 100% of the Company and a perpetual 1% gold NSR to the vendor thereafter.

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

	For the Nine Months Ended September 30, 2019					Total (\$)
	Alder Mountain Project (\$)	Monitor Property (\$)	St. Lawrence Property (\$)	Kearsarge Gold Project (\$)	Miller Mine Project (\$)	
Assays and analysis	-	-	-	-	4,572	4,572
Consultants (Note 6)	37,414	12,777	3,307	19,057	24,533	97,088
General and administrative field cost	7,855	2,746	904	7,250	2,552	21,307
Management fees (Note 6)	90,000	40,500	13,500	108,000	18,000	270,000
Meals and entertainment	-	-	51	175	414	640
Professional fees	51,595	8,396	2,799	22,857	3,150	88,797
Rent	-	-	-	-	2,034	2,034
Repairs and maintenance	28	-	-	-	-	28
Supplies	339	-	-	-	-	339
Utilities	3,795	-	-	-	-	3,795
Travel, accommodation and fuel	1,040	-	2,719	4,807	2,285	10,851
Total	192,066	64,419	23,280	162,146	57,540	499,451

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5. EXPLORATION AND EVALUATION ASSETS (CONTINUED)

	For the Nine Months Ended September 30, 2018				Total (\$)
	Alder Mountain Project (\$)	Monitor Property (\$)	St. Lawrence Property (\$)	Kearsarge Gold Project (\$)	
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

6. RELATED PARTY TRANSACTIONS AND KEY MANAGEMENT COMPENSATION

The following table summarizes services provided by related parties:

	Nine Months Ended September 30, 2019 (\$)	Nine Months Ended September 30, 2018 (\$)
Management (a)	270,000	270,000
Consulting and director fees (b)	86,832	88,905
	356,832	358,905

(a) The Company paid management fees of \$270,000 (2018 - \$270,000) to the CEO of the Company.

(b) The Company paid consulting fees of \$45,000 (2018 - \$45,000) and director fees of \$41,832 (2018 - \$43,905) to directors of the Company.

As of September 30, 2019, \$2,652,130 (December 31, 2018 - \$2,137,168) is due to related parties, being directors of the Company, for the services above, which is included in accounts payable and accrued liabilities (Note 9). Amounts due to/from related parties are unsecured, non-interest bearing and have no fixed terms of repayment.

During the year ended December 31, 2018, the Company settled amounts due to related parties through the issuance of 12,500,000 common shares at a fair value of \$562,500 (Note 7).

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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 1 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, 2019

There were no shares issued during the nine months ended September 30, 2019.

Year Ended December 31, 2018

On October 29, 2018, the Company closed the third tranche of financing consisting of 6,178,750 units for proceeds of \$617,875. 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. \$339,831 was allocated to the warrants using the residual method. The Company also paid cash finders fees of \$29,375 in connection with the third tranche of the financing.

On the same date, the Company closed a shares-for-debt offering, pursuant to which debt in total amount of \$1,526,416 was settled through the issuance of a total of 15,608,735 common shares. In addition, a total of 2,538,734 share purchase warrants were issued to certain creditors who are at arm's-length to the Company. The fair value of shares was estimated to be \$702,394 and the fair value of warrants estimated to be \$72,850. The Company recorded a gain on debt settlement of \$91,173 on the consolidated statement of comprehensive loss. Two of the creditors with whom debt was settled are directors of the Company, and, accordingly, the settlement with these individuals was a related party transaction. These directors settled through the issuance of 12,000,000 and 500,000 common shares at a fair value of \$540,000 and \$22,500, respectively (Note 6). As a portion of the debt settled constituted the settlement of a loan from a shareholder, and the gain was charged to reserves.

(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.

	Options	Weighted Average Exercise Price (\$)
Balance, December 31, 2017	2,150,000	1.00
Cancelled	(1,000,000)	1.00
Balance, September 30, 2019 and December 31, 2018	1,150,000	1.00

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7. ISSUED CAPITAL (CONTINUED)

(c) Stock options (continued)

As at September 30, 2019, the following stock options were outstanding and exercisable:

Number	Weighted Average Exercise Price (\$)	Expiry Date	Weighted Average Remaining Contractual Life (in years)
1,150,000	1.00	June 22, 2021	1.72

(d) Warrants

	Total outstanding Warrants	Weighted Average Exercise Price (\$)
Balance, December 31, 2017	47,768,141	0.25
Issued	8,717,484	0.15
Expired	(3,161,817)	0.92
Balance, December 31, 2018	53,323,808	0.19
Expired	(2,042,000)	1.30
Balance, September 30, 2019	51,281,808	0.15

As at September 30, 2019, the following warrants were outstanding and exercisable:

Number	Weighted Average Exercise Price (\$)	Expiry Date	Weighted Average Remaining Contractual Life (in years)
6,178,750	0.15	October 29, 2019	0.01
23,137,500	0.15	August 28, 2020	0.41
19,426,824	0.15	September 6, 2020	0.36
2,538,734	0.15	October 29, 2021	0.10
51,281,808	0.15		0.88

(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. RECEIVABLES

	September 30, 2019	December 31, 2018
	(\$)	(\$)
Other accounts receivable	3,164	10,460
Sales tax receivable	-	32,077
Total	3,164	42,537

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9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	September 30, 2019	December 31, 2018
	(\$)	(\$)
Accounts payable	1,508,534	1,329,581
Accrued liabilities	141,200	151,200
Sales tax payable	15,526	-
Due to related parties (Note 6)	2,652,130	2,137,168
Total	4,317,390	3,617,949

10. 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, 2019, the current portion of the loan payable less deferred interest expense is \$5,797 (December 31, 2018 - \$5,797). As at September 30, 2019, the long-term loan payable less deferred interest expense is \$26,078 (December 31, 2018 - \$29,259).

11. FINANCIAL INSTRUMENTS

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.

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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11. 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, 2019	December 31, 2018
	(\$)	(\$)
Cash	23,139	24,895
Accounts payable	(259,375)	(236,653)
	(236,236)	(211,758)

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

	September 30, 2019	December 31, 2018
	(\$)	(\$)
Cash	255	50,740
Accounts payable	(924,611)	(769,411)
US Grant acquisition	(5,297,200)	(5,456,800)
Long-term loan payable	(31,875)	(29,259)
	(6,253,431)	(6,204,730)

Based on the above net exposures, as at September 30, 2019, a 5% change in the Australian dollar to Canadian dollar exchange rate would impact the Company's net loss by \$11,812 and by \$312,672 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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12. 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, 2019	December 31, 2018
	(\$)	(\$)
USA	8,266,186	8,446,587

13. LITIGATION

The Company may from time to time be subject to litigation. At September 30, 2019, the Company has accrued for what it believes is a reasonable amount with respect to any litigation claims.

The Company has completed successful mediation on the Alder Mountain Project – US Grant where it was in default for payment with new deferred payments to be formally executed in November 2019 for 2020 and 2021 milestones.