

TRANSATLANTIC MINING CORP.

**CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2020 and 2019**

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, 2020 (\$) (Unaudited)	December 31, 2019 (\$) (Audited)
ASSETS		
Current Assets		
Cash	626,687	33,248
Receivables (Note 11)	-	243
Prepaid expenses	13,475	17,793
Investment (Note 7)	10,341,630	-
	10,981,792	51,284
Non-Current Assets		
Equipment (Note 4)	209,036	356,523
Right-of-use asset (Notes 4 and 8)	12,690	21,628
Reclamation bonds (Note 5)	51,050	51,050
Exploration and evaluation assets (Note 5)	628,430	591,436
Assets held for sale (Notes 5 and 6)	-	7,179,797
Total Assets	11,882,998	8,251,718
LIABILITIES		
Current Liabilities		
Accounts payable and accrued liabilities (Notes 9 and 12)	5,093,444	4,569,123
Current portion of US Grant payable (Note 5)	-	1,007,237
Current portion of lease liability (Note 8)	13,131	12,039
	5,106,575	5,588,399
Non-Current Liabilities		
Long-term portion of US Grant payable (Note 5)	-	4,221,099
Lease liability (Note 8)	24,684	23,621
Total Liabilities	5,131,259	9,833,119
SHAREHOLDERS' EQUITY (DEFICIENCY)		
Share capital (Note 10)	21,375,847	21,375,847
Share-based payment reserve (Note 10)	3,845,952	3,845,952
Deficit	(18,470,060)	(26,803,200)
Total Shareholders' Equity (Deficiency)	6,751,739	(1,581,401)
Total Liabilities and Shareholders' Equity (Deficiency)	11,882,998	8,251,718

Nature of operations and going concern (Note 1)
Subsequent event (Note 16)

"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 INCOME (LOSS)
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2020 AND 2019
(Expressed in Canadian dollars)
(Unaudited)

	For the three months ended September 30, 2020	For the three months ended September 30, 2019	For the nine months ended September 30, 2020	For the nine months ended September 30, 2019
MINERAL PROPERTY EXPENSES (Note 5)	\$ 324,243	\$ 292,109	\$ 723,898	\$ 499,451
ADMINISTRATION EXPENSES				
Accretion and accrued interest (Notes 5 and 8)	1,184	-	156,526	-
Administrative costs	515	968	1,351	1,645
Amortization (Note 4)	49,663	57,834	135,553	201,639
Corporate communications	2,397	4,351	7,248	4,898
Consulting fees (Note 9)	-	(10,458)	221	1,057
Filing fees	1,199	19,732	13,593	35,803
Management fees (recovery) (Note 9)	14,292	(49,421)	41,202	41,832
Office	16,341	195	17,472	228,284
Professional fees (recovery)	(3,659)	(12,038)	3,216	27,311
Project investigation costs	-	-	60	235
Promotion	-	-	-	1,049
Travel	887	25,015	5,006	25,015
Total administration expenses	82,819	36,178	381,448	568,768
Loss before other items	(407,062)	(328,287)	(1,105,346)	(1,068,219)
OTHER ITEMS				
Foreign exchange gain (loss)	395,655	(78,907)	62,252	226,334
Gain (loss) on sale of properties (Notes 4 and 6)	9,350,075	-	9,350,075	(13,471)
Other income	2,708	-	2,708	-
Write-off of accounts payable	23,451	-	23,451	-
	9,771,889	(78,907)	9,438,486	212,863
NET AND COMPREHENSIVE INCOME (LOSS)	\$ 9,364,827	\$ (407,194)	\$ 8,333,140	\$ (855,356)
Earnings (loss) per common share – basic and diluted	\$ 0.11	\$ (0.00)	\$ 0.10	\$ (0.01)
Weighted average number of common shares – basic and diluted	83,639,916	83,639,916	83,639,916	83,639,916

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, 2020 AND 2019
(Expressed in Canadian dollars)

	Share Capital		Share-based payment and other reserves (\$)	Deficit (\$)	Total equity (deficiency) (\$)
	Shares	Amount (\$)			
Balance, December 31, 2018	[1] 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)
Balance, December 31, 2019	[1] 83,639,916	21,375,847	3,845,952	(26,803,200)	(1,581,401)
Net and comprehensive income for the period	-	-	-	8,333,140	8,333,140
Balance, September 30, 2020	83,639,916	21,375,847	3,845,952	(18,470,060)	6,751,739

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

TRANSATLANTIC MINING CORP.
CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2020 AND 2019
(Expressed in Canadian dollars)
(Unaudited)

	For the three months ended September 30, 2020 (\$)	For the three months ended September 30, 2019 (\$)	For the nine months ended September 30, 2020 (\$)	For the nine months ended September 30, 2019 (\$)
OPERATING ACTIVITIES				
Net income (loss) for the period	9,364,827	(407,194)	8,333,140	(855,356)
Adjustment for non-cash items:				
Amortization	49,663	57,834	135,553	201,639
(Gain) loss on sale of properties	(9,350,075)	-	(9,350,075)	13,471
Accretion and accrued interest	1,184	-	155,726	-
Unrealized foreign exchange (gain) loss	(534,308)	62,993	(303,597)	(165,016)
Write-off of accounts payable	(23,451)	-	(23,451)	-
Net changes in non-cash working capital items:				
Receivables	-	(37)	243	39,373
Prepaid expenses	(7,485)	(7,346)	4,318	5,647
US Grant payable	(681,400)	-	(1,332,700)	-
Accounts payable and accrued liabilities	197,789	310,692	547,772	697,341
Net operating cash flows	(983,256)	16,942	(1,833,071)	(62,901)
INVESTING ACTIVITIES				
Proceeds from sale of equipment	-	-	-	24,349
Proceeds from sale of mineral properties	1,370,465	-	2,463,504	-
Mineral property acquisition costs	144,945	(26,909)	(36,994)	(53,642)
Net investing cash flows	1,515,410	(26,909)	2,426,510	(29,293)
FINANCING ACTIVITY				
Loan payable	-	375	-	(3,181)
Net financing cash flows	-	375	-	(3,181)
Change in cash	532,154	(9,592)	593,439	(95,375)
Cash, beginning	94,533	41,428	33,248	127,211
Cash, ending	626,687	31,836	626,687	31,836

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, 2020 AND 2019

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, 2020, the Company incurred net income of \$8,333,140 (2019 - net loss of \$855,356), and as at September 30, 2020 had a working capital of \$5,875,217 (December 31, 2019 - deficit of \$5,537,115). 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.

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. The impact on the Company is not currently determinable but management continues to monitor the situation.

2. BASIS OF PRESENTATION

These consolidated interim financial statements were approved for issue by the board of directors on November 30, 2020.

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 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 financial statements.

TRANSATLANTIC MINING CORP.
NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2020 AND 2019

2. BASIS OF PRESENTATION (CONTINUED)

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.

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 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.

TRANSATLANTIC MINING CORP.
NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2020 AND 2019

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Foreign currency translation (continued)

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.

(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.

TRANSATLANTIC MINING CORP.
NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2020 AND 2019

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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.

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.

TRANSATLANTIC MINING CORP.
NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2020 AND 2019

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Income taxes (continued)

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.

(g) Earnings (Loss) per share

Basic earnings (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) Financial instruments

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, 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 following table shows the classification under IFRS 9:

Financial assets/liabilities	IFRS 9 classification
Cash	Amortized cost
Accounts payable	Amortized cost
US Grant acquisition payable	Amortized cost

TRANSATLANTIC MINING CORP.
NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2020 AND 2019

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Financial instruments (continued)

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.

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.

TRANSATLANTIC MINING CORP.
NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2020 AND 2019

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Asset held for sale

Judgment is required in determining whether an asset meets the criteria for classification as "assets held for sale" in the consolidated interim statements of financial position. Criteria considered by management include the existence of and commitment to a plan to dispose of the assets, the expected selling price of the assets, the expected timeframe of the completion of the anticipated sale and the period of time any amounts have been classified within assets held for sale. The Company reviews the criteria for assets held for sale each quarter and reclassifies such assets to or from this financial position category as appropriate. In addition, there is a requirement to periodically evaluate and record assets held for sale at the lower of their carrying value and fair value less costs to sell.

(k) 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.

(l) 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.

(m) 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.

TRANSATLANTIC MINING CORP.
NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) Comparative figures

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

(o) Leases

Effective January 1, 2019, the Company adopted IFRS 16, *Leases*, which specifies how to recognize, measure, present and disclose leases. The standard introduces a single lessee accounting model and requires a lessee to recognize a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. The Company's accounting policy under IFRS 16 is as follows: At inception of a contract, the Company assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. This policy is applied to contracts entered into, or changed, on or after January 1, 2019. The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured based on the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred, and estimate of costs to dismantle and remove or to restore the underlying asset or the site on which it is located, less any lease incentives received. The right-of-use assets are subsequently amortized from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term using the straight-line method. The lease term includes consideration of an option to renew or to terminate if the Company is reasonably certain to exercise that option.

In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising mainly from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, renewal or termination option due to a significant event or change in circumstances. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero. Under IAS 17, *Leases* ("IAS 17"), the Company's accounting policy was as follows: The determination of whether an arrangement was (or contained) a lease was based on the substance of the arrangement at the inception of the lease. The arrangement was, or contained, a lease if fulfilment of the arrangement was dependent on the use of a specific asset and the arrangement conveyed a right to use the asset, even if that asset was not explicitly specified in an arrangement. A lease was classified at the inception date as a finance lease or an operating lease. A lease that transferred substantially all the risks and rewards incidental to ownership to the Company was classified as a finance lease. Finance leases were capitalized at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments were apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges were recognized in net finance expenses (income) in net loss. A leased asset was depreciated over the term of the lease. An operating lease was a lease other than a finance lease. Operating lease payments were recognized in net loss on a straight-line basis over the lease term. Lease incentives received were recognized as an integral part of the total lease expense, over the term of the lease.

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) Leases (continued)

Impact of transition to IFRS 16

Effective January 1, 2019 the Company adopted IFRS 16 using the modified retrospective approach. Accordingly, comparative figures as at and for the year ended December 31, 2018 have not been restated and continue to be reported under IAS 17 and IFRIC 4, determining whether an arrangement contains a lease ("IFRIC 4"). As at January 1, 2019, the Company had no operating leases. For equipment leases previously classified as finance leases under IAS 17, the Company measured the right-of-use asset and lease liability as previously accounted for without adjustment.

(p) 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.

4. EQUIPMENT

	Right-of-Use Asset (Note 8) (\$)	Equipment (\$)	Total (\$)
Cost:			
Balance, December 31, 2018	54,494	1,253,620	1,308,114
Disposal	-	(74,653)	(74,653)
Balance, December 31, 2019	54,494	1,178,967	1,233,461
*Disposal (Note 5)	-	(374,357)	(374,357)
Balance, September 30, 2020	54,494	804,610	859,104
Amortization:			
Balance, December 31, 2018	23,165	624,611	647,776
Charge for the year	11,483	239,825	251,308
Disposal	-	(40,508)	(40,508)
Foreign exchange movement	(1,782)	(1,484)	(3,266)
Balance, December 31, 2019	32,866	822,444	855,310
Charge for the period	8,823	126,730	135,553
*Disposal (Note 5)	-	(355,105)	(355,105)
Foreign exchange movement	115	1,505	1,620
Balance, September 30, 2020	41,804	595,574	637,378
Balance, December 31, 2019	21,628	356,523	378,151
Balance, September 30, 2020	12,690	209,036	221,726

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

*On September 24, 2020, the Company closed the sale of U.S. Grant Mine and Mill and lease assignment for the Kearsarge Gold project (the "assets") including the property and equipment located in the assets (Notes 5 and 6).

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5. EXPLORATION AND EVALUATION ASSETS

	Monitor Property (\$)	St. Lawrence Property (\$)	Alder Mountain Project (\$)	Kearsarge Gold Project (\$)	Total (\$)
Acquisition costs					
Balance, December 31, 2018	491,925	63,199	7,142,587	38,872	7,736,583
Additions	26,930	9,382	-	(1,662)	34,650
Assets held for sale (Note 6)	-	-	(7,142,587)	(37,210)	(7,179,797)
Balance, December 31, 2019	518,855	72,581	-	-	591,436
Additions	26,470	10,524	-	171,416	208,410
Assets held for sale (Note 6)	-	-	-	(171,416)	(171,416)
Balance, September 30, 2020	545,325	83,105	-	-	628,430

(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, all of which have been issued in prior years.

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

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 issued 130,000 common

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5. EXPLORATION AND EVALUATION ASSETS (CONTINUED)

(b) St. Lawrence Property (continued)

shares of the Company (issued with a fair value of \$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 at September 30, 2020, the Company incurred \$146,884 (December 31, 2019 - \$84,137) in accumulated expenditures related to St. Lawrence Property.

As of September 30, 2020, the Company has paid all required lease payments for 2018 and 2019 and had an outstanding amount owing to the landowner with finance to be cleared of US\$7,500 for the 2020 year end with personal issues and timing to be further addressed.

At September 30, 2020, the Company has a refundable performance bond of \$14,705 (US\$10,260) (December 31, 2019 - \$14,705) for security of drilling activity requirements for the property.

(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). The Company extended the initial term for 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 had not exercised its option to purchase, the agreement would 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 (paid);
- 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 August 28, 2017, the Company received TSXV approval to close its acquisition of the U.S. Grant Mine. The remaining payments were 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 were 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 were being 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.

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5. EXPLORATION AND EVALUATION ASSETS (CONTINUED)

(c) Alder Mountain Project (continued)

On November 5, 2019, Transatlantic Montana Corp. entered into amended and restated purchase and sale agreement (the "Agreement") with Madison Mining Corporation, Elite Property CA and Carmen Renee Dugan (the "Sellers"). Under the amended agreement, the balance of the purchase price is payable as follows:

- US\$500,000 shall be paid on or before January 7, 2020 (paid);
- US\$500,000 shall be paid on or before July 1, 2020 (paid); and
- US\$3,250,000 shall be paid on or before January 31, 2021 (assumed).

During the year ended December 31, 2019, the remaining payments of the purchase price were discounted to \$5,228,336 (US\$4,025,513) from \$5,519,899 (US\$4,250,000), at a 6% discount rate and were being accreted up to the face values over the term of the debt. The Company recognized a gain on debt modification of \$9,020 (US\$6,945) in the consolidated statement of comprehensive loss during the year ended December 31, 2019. The remaining payments were secured by a mortgage on the property in favour of the vendors. On April 21, 2020, the Company entered into an agreement with Endomines Idaho, LLC ("Endomines") to sell the U.S. Grant Mine and Mill (Note 6). On September 24, 2020, the Company closed the sale of U.S. Grant Mine and Mill. Pursuant to the agreement, Endomines assume all the obligations post July 31, 2020, or thereabout.

During the nine months ended September 30, 2020, the Company paid \$1,332,700 (US\$1,000,000) to the Seller of U.S. Grant Mine and Mill. During the nine months ended September 30, 2020, the Company recorded accretion expense of \$154,510 (US\$113,191) (2019 - \$Nil). As at September 30, 2020, the outstanding balance was \$Nil (December 31, 2019 - \$5,228,336 (US\$4,025,513)).

At September 30, 2020, the Company has refundable performance bonds of \$36,345 (US\$27,439) (December 31, 2019 - \$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). The Company can then extend the agreement for a second renewal term to December 31, 2028 for rent of US\$8,333 per month until the Company reaches commercial production of a minimum of 30,000 ore tons per month, after which the rent will increase based on production. 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.

At September 30, 2020, the Company has paid all required lease payments for 2019. During the nine months ended September 30, 2020, the Company has paid \$171,416 (US\$125,032) to the owner whilst also spending funds in the project data.

On April 21, 2020, the Company entered into an agreement with Endomines to sell the Kearsarge gold project (Note 6) and closed the transaction on September 24, 2020.

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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 with an option to purchase the Miller Mine in the Broadwater County of Montana. The agreement is subject to an initial due diligence period including the Company's 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 on the Miller Mine Patented and Unpatented claims to August 15, 2019 and extended further to October 31, 2020. To September 30, 2020, funds have been spent on the property sampling the old development, reviewing old data, including drill set up and report reviews commenced. The terms of the agreement include:

- A First Renewal Term of 24 months following the expiry of the due diligence period for consideration of \$100,000 in cash or shares equivalent at a per share amount of between \$0.05 and \$0.10 at the Company's election, subject to TSX-V approval. The Company is also to spend a further \$100,000 in development 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 spent in that period.
- Should mining occur at any time, an 8.5% royalty on ounces produced must be paid. During the term of the agreement, the Company may purchase the property for US\$4,500,000, less the payments made above, and a perpetual 1% gold NSR to the vendor thereafter.

On August 17, 2020, the Company continued and extended its activities on an agreement to lease and purchase the Miller Mine.

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

For the Nine Months Ended September 30, 2020						
	Alder Mountain (\$)	Monitor (\$)	St. Lawrence (\$)	Kearsarge Gold (\$)	Miller Mine (\$)	Total (\$)
Assays and analysis	-	-	-	13,798	15,951	29,749
Consultants (Note 9)	84,532	11,286	7,130	57,818	128,096	288,862
General and administrative field cost	4,043	2,588	2,380	4,150	15,299	28,460
Management fees (Note 9)	54,000	36,000	36,000	63,000	81,000	270,000
Meals and entertainment	144	-	-	-	-	144
Professional fees	36,082	10,580	10,580	18,957	21,603	97,802
Report and data compilation	-	-	-	1,660	-	1,660
Rent	-	-	-	-	3,536	3,536
Repairs and maintenance	2,634	-	-	-	-	2,634
Utilities recovery	(2,397)	-	-	-	-	(2,397)
Travel, accommodation and fuel	606	1,715	-	425	702	3,448
Total	179,644	62,169	56,090	159,808	266,187	723,898

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5. EXPLORATION AND EVALUATION ASSETS (CONTINUED)

For the Nine Months Ended September 30, 2019						
	Alder Mountain	Monitor	St. Lawrence	Kearsarge Gold	Miller Mine	Total
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
Assays and analysis	-	-	-	-	4,572	4,572
Consultants (Note 9)	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 9)	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

6. ASSETS HELD FOR SALE

During the year ended December 31, 2019, the Company commenced plans to sell certain properties, and on April 21, 2020, the Company entered into an agreement with Endomines to sell the U.S. Grant Mine and Mill in conjunction with the lease assignment of the Kearsarge Gold Project (the “assets”) (Note 5). Summary of the purchase consideration for the assets are as follows:

- Shares of the third party with a market value of 95% of the value of the Company's issued and outstanding shares at an agreed value of \$0.10 per share (Transatlantic shares outstanding x 95% x \$0.10) in Endomines common stock at \$4.60 Swedish krona (“SKE”) or 10 day VWAP at closing whichever is the lower price (received, Note 7);
- Cash payment of US\$550,000 (received);
- Cash Payment of US\$2,000,000 (To be received 60 days from closing due December 1, 2020); and
- Further payment of US\$2,000,000 due on or before September 28, 2022, or first gold produced on these assets to whichever is the earlier.

The Company reclassified the assets from exploration and evaluation assets to assets held for sale as at December 31, 2019 (Note 5). The value was determined based on the lower of the asset's carrying amount and fair value less costs to sell, and is computed as follows:

	Alder Mountain Project	Kearsarge Gold Project	Total
	(\$)	(\$)	(\$)
Purchase price			
Value of common shares	7,906,394	39,398	7,945,792
Cash payment of \$716,430 (US\$550,000 at 1.3026)	708,587	7,843	716,430
US\$2,000,000 at 1.2988	2,569,160	28,440	2,597,600
Present value of US\$2,000,000 at 1.2988, discounted at 9%	2,162,411	23,937	2,186,348
Fair value of the consideration to be received	13,346,552	99,618	13,446,170
Carrying amount of the assets	7,142,587	37,210	7,179,797

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6. ASSETS HELD FOR SALE (CONTINUED)

Since the fair value of the consideration to be received is greater than its carrying amount, the assets are not impaired. The Company reclassified from exploration and evaluation assets and recognized \$7,179,797 as assets held for sale as at December 31, 2019.

On September 24, 2020, the Company closed the sale and purchase agreement with Endomines and recognized a gain on sale of properties of \$9,350,075 in the statement of comprehensive income during the nine months ended September 30, 2020. The gain on sale of properties is computed as follows:

	(\$)
Consideration received	
Value of Endomines shares 15,367,535 at US\$0.5045 (4.60 SEK) at 1.3339	10,341,630
Total cash payments received (US\$1,832,891)	2,463,504
Fair value of the consideration received	12,805,134
Value of assets acquired	
U.S. Grant Mine and Mill	7,142,587
Kearsarge Gold	208,626
Property and equipment, net	778
Total assets acquired	7,351,991
Value of obligations assumed	
US Grant payable US\$3,250,000 at 1.3374	4,346,550
US Grant discount US\$111,295 at 1.3374	(148,846)
Total obligations assumed	4,197,704
Net assets	3,154,287
Gain on sale of properties	9,650,847
FX movement on US Grant payable	(300,772)
Total gain on sale of properties	9,350,075

7. INVESTMENT

Common shares of Endomines	Number of Shares	Cost (\$)	Fair Value (\$)
Balance, December 31, 2018 and 2019	-	-	-
Common shares received at US\$0.5045 (4.60 SEK) at 1.3339	15,367,535	10,341,630	10,341,630
Balance, September 30, 2020	15,367,535	10,341,630	10,341,630

On September 24, 2020, the Company closed the sale and purchase agreement with Endomines. In connection with the closing, the Company received shares in Endomines of 15,138,387 at a 10-day volume-weighted average price (VWAP) price of 4.60 SKE per share (the majority of this shareholding position has an escrow period of six months as per the asset sales agreement).

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8. LEASE LIABILITY

On December 2, 2016, the Company entered into a vehicle loan payable in the amount of US\$45,940, for a monthly lease payment of US\$547, payable over 84 months. As at January 1, 2019, the Company adopted IFRS 16, and classified the carrying value of vehicle as right-of-use asset and recognized a lease liability (previously presented as loan payable) on the statement of financial position (Note 4).

A summary of the lease liability is as follows:

	September 30, 2020	December 31, 2019
	(\$)	(\$)
Total minimum lease payments	40,759	39,686
Portion representing interest to be expensed over remaining term of lease	(2,944)	(4,026)
Principal outstanding	37,815	35,660
Less: current portion	(13,131)	(12,039)
Non-current portion	24,684	23,621

9. RELATED PARTY TRANSACTIONS AND KEY MANAGEMENT COMPENSATION

The following table summarizes services provided by related parties:

	Nine Months Ended	Nine Months Ended
	September 30, 2020	September 30, 2019
	(\$)	(\$)
Management (a)	270,000	270,000
Consulting and director fees (b)	86,202	86,832
	356,202	356,832

(a) The Company accrued management fees of \$270,000 (2019 - \$270,000) to the CEO of the Company.

(b) The Company accrued consulting fees of \$45,000 (2019 - \$45,000) and director fees of \$41,202 (2019 - \$41,832) to directors of the Company.

As of September 30, 2020, \$3,336,679 (December 31, 2019 - \$2,789,595) is due to related parties, being directors of the Company, for the services above, which is included in accounts payable and accrued liabilities (Note 12). Amounts due to related parties are unsecured, non-interest bearing and have no fixed terms of repayment.

10. ISSUED CAPITAL

(a) Authorized

Unlimited number of common shares without par value.

(b) Share capital transactions

There were no shares issued during the nine months ended September 30, 2020 and year ended December 31, 2019.

(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

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10. ISSUED CAPITAL (CONTINUED)

(c) Stock options (continued)

shares reserved for issuance will not exceed 10% of the Company's issued and outstanding common shares or fixed 20% as approved by Shareholders. 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, December 31, 2018 and 2019 and September 30, 2020	1,150,000	1.00

As at September 30, 2020, the following stock options were outstanding and exercisable:

Number	Weighted Average Exercise Price (\$)	Expiry Date	Weighted Average Remaining Contractual Life (in year)
1,150,000	1.00	June 22, 2021	0.73

(d) Warrants

	Total outstanding Warrants	Weighted Average Exercise Price (\$)
Balance, December 31, 2018	53,323,808	0.19
Expired	(8,220,750)	0.44
Balance, December 31, 2019	45,103,058	0.15
Expired	(42,564,324)	0.15
Balance, September 30, 2020	2,538,734	0.15

As at September 30, 2020, the following warrants were outstanding and exercisable:

Number	Weighted Average Exercise Price (\$)	Expiry Date	Weighted Average Remaining Contractual Life (in years)
2,538,734	0.15	October 29, 2021	1.08

(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.

11. RECEIVABLES

	September 30, 2020 (\$)	December 31, 2019 (\$)
Sales tax receivable	-	243
Total	-	243

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12. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	September 30, 2020	December 31, 2019
	(\$)	(\$)
Accounts payable	1,600,028	1,599,133
Accrued liabilities	141,725	166,000
Sales tax payable	15,012	14,395
Due to related parties (Note 9)	3,336,679	2,789,595
Total	5,093,444	4,569,123

13. 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.

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

	September 30, 2020	December 31, 2019
	(\$)	(\$)
Cash	5,889	25,444
Accounts payable	(334,200)	(279,118)
	(328,311)	(253,674)

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13. FINANCIAL INSTRUMENTS (CONTINUED)

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

	September 30, 2020	December 31, 2019
	(\$)	(\$)
Cash	614,024	3,793
Accounts payable	(919,250)	(950,036)
US Grant payable	-	(5,228,336)
	(305,226)	(6,174,579)

Based on the above net exposures, as at September 30, 2020, a 5% change in the Australian dollar to Canadian dollar exchange rate would impact the Company's net loss by \$16,416 and by \$15,261 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.

14. 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, 2020	December 31, 2019
	(\$)	(\$)
USA	901,206	8,200,434

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15. LITIGATION

The Company may from time to time be subject to litigation. At September 30, 2020, 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 of payment on original terms, with new payments set for 2020 and 2021. On September 24, 2020, the Company closed the sale of U.S. Grant Mine and Mill. Pursuant to the agreement, Endomines assume all the obligations of the Company to the Sellers of U.S. Grant (Note 5).

16. SUBSEQUENT EVENT

On November 27, 2020, the Company granted 14,000,000 stock options of which 10,000,000 have been allocated to the directors of the Company and 4,000,000 stock options to employees at \$0.05 per share with an expiry date of June 23, 2024.