

TRANSATLANTIC MINING CORP.

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2021 and 2020



DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Transatlantic Mining Corp.

Opinion

We have audited the consolidated financial statements of Transatlantic Mining Corp. (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2021 and 2020, and the consolidated statements of comprehensive income (loss), changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 to the financial statements, which describes matters and conditions which indicate the existence of a material uncertainty that may cast doubt about the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises the information included in Management's Discussion and Analysis.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Otto Ehinger.

DMCL

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, BC

May 2, 2022



An independent firm
associated with Moore
Global Network Limited

TRANSATLANTIC MINING CORP.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
As at December 31,
(Expressed in Canadian dollars)

	2021 (\$)	2020 (\$)
ASSETS		
Current Assets		
Cash	568,068	774,448
Receivables (Notes 6 and 11)	2,844,458	1,707,534
Prepaid expenses	77,530	19,733
Investment (Note 7)	4,341,340	6,057,633
	7,831,396	8,559,348
Non-Current Assets		
Long-term receivable (Note 6)	-	2,193,646
Equipment (Note 4)	138,580	192,670
Reclamation bonds (Note 5)	135,709	51,050
Exploration and evaluation assets (Note 5)	1,562,807	924,997
	9,668,492	11,921,711
LIABILITIES		
Current Liabilities		
Accounts payable and accrued liabilities (Notes 9 and 12)	4,391,131	5,338,085
Current income tax payable (Note 13)	625,652	862,063
Deferred tax liability (Note 13)	454,576	-
	5,471,359	6,200,148
SHAREHOLDERS' EQUITY		
Share capital (Note 10)	21,495,847	21,375,847
Share-based payment reserve (Note 10)	4,405,872	4,405,872
Deficit	(21,704,586)	(20,060,156)
	4,197,133	5,721,563
	9,668,492	11,921,711

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 financial statements.

TRANSATLANTIC MINING CORP.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
FOR THE YEARS ENDED DECEMBER 31,
(Expressed in Canadian dollars)

	2021	2020
MINERAL PROPERTY EXPENSES (Notes 5 and 9)	\$ 837,121	\$ 956,684
ADMINISTRATION EXPENSES		
Accretion and accrued interest	2,597	169,908
Administrative costs	9,459	1,781
Amortization (Note 4)	91,649	124,834
Corporate communications	10,452	9,929
Consulting fees (Note 9)	21,498	217
Filing fees	17,802	15,951
Management fees (Note 9)	69,388	55,481
Office	12,598	25,202
Professional fees	59,217	30,167
Project investigation costs	19,856	59
Share-based compensation (Notes 9 and 10)	-	559,920
Travel	8,048	7,818
Total administration expenses	322,564	1,001,267
Loss before other items	(1,159,685)	(1,957,951)
OTHER ITEMS		
Change in fair value of investments (Note 7)	(559,176)	(2,567,497)
Foreign exchange loss	(32,567)	(932,075)
Gain on sale of assets (Notes 4 and 6)	-	13,093,818
Gain on debt settlement (Notes 10 and 12)	184,400	-
Loss on sale of Endomines shares (Note 7)	(94,245)	(107,751)
Gain on receivable modification (Note 6)	26,860	-
Interest income (Note 6)	207,425	50,424
Other income	1,881	2,683
Write-off (recovery) of accounts payable	-	23,456
	(265,422)	9,563,058
NET AND COMPREHENSIVE INCOME (LOSS) BEFORE TAX	(1,425,107)	7,605,107
Income tax expense (Note 13)	219,323	862,063
NET INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS)	\$ (1,644,430)	\$ 6,743,044
Earnings (loss) per common share – basic	\$ (0.02)	\$ 0.08
Earnings (loss) per common share – diluted	\$ (0.02)	\$ 0.07
Weighted average number of common shares – basic	84,472,334	83,639,916
Weighted average number of common shares – diluted	84,472,334	101,328,650

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

TRANSATLANTIC MINING CORP.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in Canadian dollars)

	Share Capital		Share-based payment and other reserves	Deficit	Total equity
	Shares	Amount (\$)			
Balance, December 31, 2019	83,639,916	21,375,847	3,845,952	(26,803,200)	(1,581,401)
Share-based compensation (Note 10)	-	-	559,920	-	559,920
Net and comprehensive income for the year	-	-	-	6,743,044	6,743,044
Balance, December 31, 2020	83,639,916	21,375,847	4,405,872	(20,060,156)	5,721,563
Shares issued for debt settlement (Note 10)	3,000,000	120,000	-	-	120,000
Net and comprehensive loss for the year	-	-	-	(1,644,430)	(1,644,430)
Balance, December 31, 2021	86,639,916	21,495,847	4,405,872	(21,704,586)	4,197,133

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

TRANSATLANTIC MINING CORP.
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31,
(Expressed in Canadian dollars)

	2021	2020
	(\$)	(\$)
OPERATING ACTIVITIES		
Net income (loss) for the year	(1,644,430)	6,743,044
Adjustment for non-cash items:		
Amortization	91,649	124,834
Accretion	-	158,669
Change in fair value of shares consideration	559,176	2,567,497
Gain on sale of assets	-	(13,093,818)
Gain on debt settlement	(184,400)	-
Gain on receivable modification	(26,860)	-
Loss on sale of Endomines shares	94,245	107,751
Interest income	(207,425)	(50,424)
Foreign exchange loss (gain)	101,020	1,023,980
Share-based compensation	-	559,920
Recovery (write-off) of accounts payable	-	(23,456)
Net changes in non-cash working capital items:		
Receivables	1,263,786	-
Prepaid expenses	(57,797)	(1,940)
US Grant payable	-	(651,300)
Accounts payable and accrued liabilities	(642,554)	750,079
Income tax payable	219,323	862,063
Net operating cash flows	(434,267)	(923,101)
INVESTING ACTIVITIES		
Proceeds from sale of mineral properties	-	1,737,986
Proceeds from sale of investment	1,441,236	394,108
Purchase of equipment	(38,021)	(5,398)
Purchase of investment	(421,720)	-
Reclamation bonds	(82,379)	-
Mineral properties	(637,810)	(290,979)
Assets held for sale additions	-	(171,416)
Net investing cash flows	261,306	1,664,301
Foreign exchange impact on cash	(33,419)	-
Change in cash	(172,961)	741,200
Cash, beginning	774,448	33,248
Cash, ending	568,068	774,448

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

TRANSATLANTIC MINING CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

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 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 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 year ended December 31, 2021, the Company had net loss of \$1,644,430, and as at December 31, 2021 had working capital of \$2,360,037. Management’s plan includes continuing to pursue additional sources of financing through equity offerings, suitable debt financing and/or other financing arrangements and where practical, to reduce 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 and may impact future funding. Management continues to monitor the situation.

2. BASIS OF PRESENTATION

These consolidated financial statements were approved for issue by the board of directors on May 2, 2022.

Statement of compliance with International Financial Reporting Standards

These consolidated financial statements have been prepared using accounting policies in compliance with International Financial Reporting Standards (“IFRS”) as issued by International Accounting Standards Board (“IASB”), and interpretations of the IFRS Interpretations Committee (“IFRIC”).

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.

During the year ended December 31, 2020, management dissolved the following subsidiaries: Transatlantic Idaho Corp. (“TIC”), Alder Mountain Milling Corp. (“AMM”), and Transatlantic Equipment Corp. (“TEC”). As a result, the Company no longer consolidates TIC, AMM and TEC.

TRANSATLANTIC MINING CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

2. BASIS OF PRESENTATION (CONTINUED)

Consolidation (continued)

Accordingly, the Company has derecognized the assets and liabilities of TIC, AMM, and TEC carrying amounts on December 31, 2020.

Significant estimates and assumptions

The preparation of the consolidated 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 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 applied in 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 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 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 consolidated 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 FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

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 income (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 share-based payment 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 reviewed 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 FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

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 income (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 FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

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 year. 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-dilutive.

(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 securities measured at fair value through other comprehensive income and foreign currency 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 (loss). Accordingly, net income (loss) equals comprehensive income (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.

TRANSATLANTIC MINING CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Financial instruments (continued)

Classification (continued)

The following table shows the classification under IFRS 9:

Financial assets/liabilities	IFRS 9 classification
Cash	FVTPL
Receivables	Amortized cost
Long-term receivable	Amortized cost
Investment	FVTPL
Accounts payable	Amortized cost

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 income (loss). Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the consolidated statements of comprehensive income (loss) in the period in which they arise.

Impairment of financial assets at amortized cost

The Company recognizes 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 income (loss), as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

TRANSATLANTIC MINING CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Financial instruments (continued)

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 income (loss). However, gains and losses on derecognition of financial assets classified as FVTOCI remain within accumulated other comprehensive income (loss).

Financial liabilities

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

(j) Assets held for sale

Judgment is required in determining whether an asset meets the criteria for classification as "assets held for sale" in the consolidated 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.

TRANSATLANTIC MINING CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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.

(n) Leases

Effective January 1, 2019, the Company adopted IFRS 16, *Leases*. 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. 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.

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) 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, 2019	54,494	1,178,967	1,233,461
Addition	-	5,398	5,398
Disposal (Note 6)	(57,731)*	(375,049)**	(432,780)
Foreign exchange movement	3,237	-	3,237
Balance, December 31, 2020	-	809,316	809,316
Addition	-	38,021	38,021
Balance, December 31, 2021	-	847,337	847,337
Amortization:			
Balance, December 31, 2019	32,866	822,444	855,310
Charge for the year	975	123,859	124,834
Disposal (Note 6)	(36,563)*	(355,365)**	(391,928)
Foreign exchange movement	2,722	25,708	28,430
Balance, December 31, 2020	-	616,646	616,646
Charge for the period	-	91,649	91,649
Foreign exchange movement	-	462	462
Balance, December 31, 2021	-	708,757	708,757
Balance, December 31, 2020	-	192,670	192,670
Balance, December 31, 2021	-	138,580	138,580

*During the year ended December 31, 2020, the Company settled the vehicle loan payable and transferred its ownership to a third party that resulted to a gain of \$19,623.

**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 with a net book value of \$12,405 (Note 6).

5. EXPLORATION AND EVALUATION ASSETS

	Golden Jubilee Project (\$)	Miller Mine Gold Project (\$)	Monitor Property (\$)	St. Lawrence Property (\$)	Total (\$)
Acquisition costs					
Balance, December 31, 2019	-	-	518,855	72,581	591,436
Additions	222,810	31,805	68,422	10,524	333,561
Balance, December 31, 2020	222,810	31,805	587,277	83,105	924,997
Additions	475,050	106,522	30,062	26,176	637,810
Balance, December 31, 2021	697,860	138,327	617,339	109,281	1,562,807

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5. EXPLORATION AND EVALUATION ASSETS (CONTINUED)

(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 the 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.

The Company exercised the option to earn 80% interest and a joint venture is 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 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 December 31, 2021, the Company incurred \$227,765 (2020 - \$153,076) in accumulated expenditures related to St. Lawrence Property.

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5. EXPLORATION AND EVALUATION ASSETS (CONTINUED)

(b) St. Lawrence Property (continued)

As of December 31, 2021, the Company has paid all required lease payments for the years 2019, 2020 and 2021.

At December 31, 2021, the Company has a refundable performance bond of \$Nil (2020 - \$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.

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 by purchaser on sale of property)(Note 6).

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.

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5. EXPLORATION AND EVALUATION ASSETS (CONTINUED)

(c) Alder Mountain Project (continued)

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 and recognized a gain on sale of properties in the consolidated statement of comprehensive income (loss). Pursuant to the agreement, Endomines assumed all the obligations post July 31, 2020.

During the year ended December 31, 2020, the Company paid \$651,300 (US\$500,000) to the Seller of U.S. Grant Mine and Mill. During the year ended December 31, 2020, the Company recorded accretion expense of \$154,510 (US\$113,191). As at December 31, 2020, the outstanding balance of the loan was \$Nil.

At December 31, 2021, the Company has refundable performance bonds of \$19,018 (US\$14,500) (2020 - \$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 December 31, 2020, the Company has paid all required lease payments for 2019 and 2020 to the date of disposal and assignment (Note 6). During the year ended December 31, 2020, the Company paid \$171,416 (US\$125,032) in lease payments.

On September 24, 2020, the Company closed the transaction to sell the Kearsarge gold project and recognized a gain on sale of properties in the consolidated statement of comprehensive income (loss) (Note 6).

(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, extended to October 31, 2020. As at December 31, 2021, funds have been spent on due diligence for property sampling the old development, reviewing old data, including drill set up and report reviews.

TRANSATLANTIC MINING CORP.
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5. EXPLORATION AND EVALUATION ASSETS (CONTINUED)

(e) Miller Mine Gold Project (continued)

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. 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.

During the year ended December 31, 2020, the Company exercised the First Renewal Term and paid US\$25,000 in cash. The remaining consideration for entering the First Renewal Term of US\$75,000 was paid on April 20, 2021.

On April 22, 2021, Alder Mountain Milling Corporation ("AMM") with the agreement and acknowledgement of Olympus Resources LLC ("Lessor"), assigned, sold, set over and conveyed unto Transatlantic Montana Corporation ("TMC") all of the lessee's right, title and interest in and to the Mining Lease, including without limitation, the leasehold estate created thereby under the Mining Lease dated July 2, 2019. TMC agreed to assume certain obligations of the lessee under the Mining Lease.

(f) Golden Jubilee Project

On December 14, 2020, the Company entered into a Letter of Intent ("LOI") to purchase the Golden Jubilee Project consisting of 22 unpatented mining claims situated in Granite County, Montana, along with any and all equipment and assets situated on or used in connection with the exploration of such mining claims. The property is subject to an underlying lease agreement incorporating a 3% net smelter royalty.

The Company will pay US\$550,000 to the seller in tranches as follows:

- US\$100,000 due upon completion of due diligence (paid).
- US\$25,000 due on December 14, 2020 (paid).
- US\$375,000 due on February 15, 2021 (paid).
- US\$50,000 due October 30, 2021 (paid).

On March 11, 2021, the Company completed the purchase of 100% of the Golden Jubilee Project.

At December 31, 2021, the Company has refundable performance bonds of \$116,691 (US\$92,042) (2020 - \$Nil) for security of drilling activity requirements for the property.

On December 14, 2021, the Company has entered an agreement for the option to purchase the lease rights over the Golden Jubilee mine from the Gunsinger Group Inc. ("Gunsinger"). The option to purchase consideration of US\$2,200,000 is by way of a gold production royalty along with its obligated agreements in Granite county, Montana, United States. The mining leases cover approximately 292 acres in area and include the existing Golden Jubilee mine. The Company had previously secured the underlying ownership rights to the property from Profile US Inc. on March 11, 2021, subject to the Gunsinger Group's lease rights. The completion of the option to purchase will give the Company complete ownership over the property including the Red Lion mill site.

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5. EXPLORATION AND EVALUATION ASSETS (CONTINUED)

(f) Golden Jubilee Project (continued)

The following summarizes key points to the transaction:

- Payment of US\$2,200,000 for mining and exploration rights financed by the payment royalty between US\$100 and US\$300 per ounce of gold dependent on the realized gold price, to be fully satisfied by December 1, 2027;
- An additional set of payments of US\$250,000 made on each milestone gold production of 20,000, 30,000 and 40,000 ounces; and
- There are obligations to comply with an underlying Gunsinger lease agreement and rights to the use of the Red Lion mill site, including incurring US\$300,000 in exploration and mine development in each of the first four mining seasons, with each mining season defined as a minimum six months of mining, uninterrupted by State or Federal Regulators for reasons beyond the Company's control.

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

	For the Year Ended December 31, 2021				
	Golden Jubilee Project	Monitor	St. Lawrence	Miller Mine	Total
	(\$)	(\$)	(\$)	(\$)	(\$)
Assays and analysis	-	-	-	5,131	5,131
Consultants (Note 9)	44,119	19,087	8,439	114,785	186,430
Drilling	90,350	-	-	21,234	111,584
General and administrative field cost	8,225	6,421	4,419	48,075	67,140
Management fees (Note 9)	45,000	63,000	48,000	87,000	243,000
Meals and entertainment	4,058	71	-	-	4,129
Planning and surveying	13,732	1,178	1,178	4,984	21,072
Professional fees	13,444	15,932	12,656	24,066	66,098
Rent	11,719	-	-	43,399	55,118
Repairs and maintenance	-	-	-	25,461	25,461
Salaries and wages	8,941	-	-	19,981	28,922
Travel, accommodation and fuel	280	304	-	22,452	23,036
Total	239,868	105,993	74,692	416,568	837,121

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5. EXPLORATION AND EVALUATION ASSETS (CONTINUED)

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

For the Year Ended December 31, 2020							
	Golden Jubilee Project	Alder Mountain	Monitor	St. Lawrence	Kearsarge Gold	Miller Mine	Total
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
Assays and analysis	-	-	-	-	13,669	18,861	32,530
Consultants (Note 9)	-	90,532	14,447	8,620	58,876	182,871	355,346
General and administrative field cost	652	34,533	3,177	2,969	4,740	27,945	74,016
Management fees (Note 9)	-	63,000	45,000	45,000	72,000	135,000	360,000
Meals and entertainment	-	143	-	-	-	-	143
Planning and surveying	-	-	-	-	-	1,951	1,951
Professional fees	-	42,479	12,350	12,350	20,726	32,219	120,124
Rent	-	-	-	-	-	3,634	3,634
Report and data compilation	-	-	-	-	1,660	-	1,660
Repairs and maintenance	-	2,609	-	-	-	-	2,609
Utilities recovery	-	(2,265)	-	-	-	-	(2,265)
Travel, accommodation and fuel	-	888	1,715	-	425	3,908	6,936
Total	652	231,919	76,689	68,939	172,096	406,389	956,684

6. ASSETS HELD FOR SALE

	Alder Mountain Project	Kearsarge Gold Project	Total
	(\$)	(\$)	(\$)
Balance, December 31, 2019	7,142,587	37,210	7,179,797
Additions	-	171,416	171,416
Sold during the year ended December 31, 2020	(7,142,587)	(208,626)	(7,351,213)
Balance, December 31, 2020 and 2021	-	-	-

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). A summary of the purchase consideration for the assets was as follows:

- Shares of Endomines common stock 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) (received, Note 7);
- Cash payment of US\$550,000 (received);
- Cash payment of US\$2,000,000 (due May 31, 2020); and
- Further payment of US\$2,000,000 due on or before September 28, 2022, or first gold produced on these assets, whichever is earlier.

Endomines has paid to the Company a total of US\$1,390,299 in cash, as part of a US\$2,000,000 payment that was originally due May 31, 2020, and which was later extended to July 31, 2020. On September 16, 2020 and June 10, 2021, the Company entered into an amended and restated agreement with Endomines whereby Endomines agreed to pay the unpaid balance of US\$609,701 in fourteen equal instalments of US\$46,224 beginning on July 1, 2021 to August 1, 2022.

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6. ASSETS HELD FOR SALE (CONTINUED)

As at the date these financial statements were authorized, all monthly payments due from Endomines have been received by the Company. The unpaid balance from time to time carries interest at the rate of 4% and is secured against the purchased properties. The present value of the unpaid balance is US\$631,241 discounted at 4%. The Company recognized a gain on modification of \$26,860 (US\$21,540) in the consolidated statement of comprehensive income (loss) during the year ended December 31, 2021. During the year ended December 31, 2021, the Company recognized \$13,048 (US\$10,409) as interest income (2020 - \$Nil). At December 31, 2021, the balance receivable is \$461,867 (US\$364,306) (2020 - \$1,707,534 (US\$1,341,136)).

The long-term US\$2,000,000 owing was discounted to its present value of US\$1,683,360 at a rate of 9% and is being accreted over time. During the year ended December 31, 2021, the Company recognized \$194,377 (US\$155,065) as interest income (2020 - \$50,424 (US\$39,579)). As of December 31, 2021, the balance is \$2,380,933 (US\$1,878,004) (2020 - \$2,193,646 (US\$1,722,939)).

As at December 31, 2021, the balance owing from Endomines including the long-term balance is \$2,842,800 (US\$2,242,310) (2020 - \$3,901,180 (US\$3,064,075)) (Note 11).

The transaction did not close on the agreed closing date. As a result the Company required Endomines to pay certain other additional obligations totalling US\$619,166 and Endomines agreed and make the payments during the year ended December 31, 2020.

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

	Alder Mountain Project (\$)	Kearsarge Gold Project (\$)	Total (\$)
Purchase price			
Estimated value of common shares to be received	7,906,394	39,398	7,945,792
Cash payment of \$716,430 (US\$550,000)	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
Estimated 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

On September 24, 2020, the Company closed the sale and purchase agreement with Endomines and recognized a gain on sale of properties of \$13,074,195 in the consolidated statement of comprehensive income (loss) during the year ended December 31, 2020. The gain on sale of properties was computed as follows:

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6. ASSETS HELD FOR SALE (CONTINUED)

	(\$)
Consideration received	
Value of Endomines shares less discount for the escrow period	9,773,802
Cash payments received (US\$550,000)	716,430
Portion of US\$2,000,000 paid (US\$668,565)	868,332
Portion of US\$2,000,000 unpaid (US\$1,331,435)	1,796,586
Long-term consideration receivable (US\$2,000,000)	2,255,029
Additional cash received due to late closing	153,224
Fair value of the consideration	15,563,403
Value of assets sold	
U.S. Grant Mine and Mill	7,142,587
Kearsarge Gold	208,626
Equipment carrying amount	12,405
Total assets sold	7,363,618
Value of obligations transferred	
US Grant payable US\$3,750,000	5,023,500
US Grant discount US\$111,295	(149,090)
Total obligations transferred	4,874,410
Total gain on sale of properties	13,074,195

7. INVESTMENT

	Number of Shares	Fair Value (\$)
Common shares of Endomines		
Balance, December 31, 2019	-	-
Common shares received	15,392,535	10,483,479
Discount for escrowed shares at inception	-	(709,677)
Sale of shares	(912,590)	(621,543)
Change in fair value of shares, net of accretion of discount	-	(2,567,497)
Foreign exchange movement	-	(527,129)
Balance, December 31, 2020	14,479,945	6,057,633
Addition in shares	1,127,384	421,720
Distribution of subscription rights	14,479,945	-
Sale of subscription rights	(13,279,945)	-
Sale of shares	(3,460,390)	(1,535,481)
Exercise of subscription rights	(1,200,000)	-
Change in fair value of shares, net of accretion of discount	-	(559,176)
Foreign exchange movement	-	(43,356)
Balance, December 31, 2021	12,146,939	4,341,340

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7. INVESTMENT (CONTINUED)

On September 24, 2020, the Company closed the sale and purchase agreement with Endomines. In connection with the closing, the Company received 15,392,535 shares in Endomines at a 10-day volume-weighted average price (VWAP) price of 4.60 Swedish Krona per share (the majority of these shares had an escrow period of six months as per the asset sales agreement).

During the year ended December 31, 2020, the Company sold 912,590 shares for proceeds of \$394,108 and realized a loss of \$107,751. During the year ended December 31, 2021, the Company sold 13,279,945 subscription rights and 3,460,390 shares for total proceeds of \$1,441,236 and realized a loss of \$94,245. At December 31, 2021, the market value of the investment decreased and an unrealized loss of \$559,176 (2020 - \$2,567,497) was recognized in consolidated statement of comprehensive income (loss). The investment is valued based on the quoted price of Endomines on the Stockholm Stock Exchange.

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). As of December 31, 2020, the vehicle lease liability has been settled. A summary of the lease liability is as follows:

	December 31, 2020
	(\$)
Total minimum lease payments	38,904
Portion representing interest to be expensed over remaining term of lease	(2,810)
Principal outstanding	36,094
Interest expensed	2,810
Settlement of lease liability	(38,904)
Balance, December 31, 2020 and 2021	-

9. RELATED PARTY TRANSACTIONS AND KEY MANAGEMENT COMPENSATION

The following table summarizes services provided by related parties:

	2021	2020
	(\$)	(\$)
Management (a)	270,000	360,000
Consulting and director fees (b)	87,388	115,481
Share-based compensation (c)	-	399,944
	357,388	875,425

(a) The Company accrued management fees of \$270,000 (2020 - \$360,000) to the CEO of the Company, of which \$243,000 (2020 - \$360,000) is included in property expenditures.

(b) The Company accrued consulting fees of \$45,000 (2020 - \$60,000), of which \$40,500 (2020 - \$60,000) is included in property expenditures, and director fees of \$42,388 (2020 - \$55,481) to directors of the Company.

(c) During the year ended December 31, 2020, the Company granted 10,000,000 incentive stock options to the directors of the Company (Note 10). The stock-based compensation related to these options was \$399,944.

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9. RELATED PARTY TRANSACTIONS AND KEY MANAGEMENT COMPENSATION (CONTINUED)

As of December 31, 2021, \$3,580,672 (2020 - \$3,548,460) 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

On September 21, 2021, the Company issued 3,000,000 common shares with a fair value of \$120,000 pursuant to debt settlement agreement with former CEO and director of the Company to settle outstanding debt of \$208,879. A gain on debt settlement of \$88,879 was recognized in the consolidated statements of comprehensive income (loss) during the year ended December 31, 2021 (Note 12).

There were no shares issued during the year ended December 31, 2020.

(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 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.

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 (Note 9) and 4,000,000 stock options to employees at \$0.05 per share with an expiry date of June 23, 2024. The fair value of the stock options was estimated to be \$559,920 and was determined using the Black-Scholes Option Pricing Model and the following weighted average assumptions: share price of \$0.045, expected share price volatility of 170.68%, expected life of 3.58 years and risk-free interest rate of 0.43% per annum.

	Options	Weighted Average Exercise Price (\$)
Balance, December 31, 2019	1,150,000	1.00
Granted	14,000,000	0.05
Balance, December 31, 2020	15,150,000	0.12
Expired	(1,150,000)	1.00
Balance, December 31, 2021	14,000,000	0.05

As at December 31, 2021, the following stock options were outstanding and exercisable:

Number	Weighted Average Exercise Price (\$)	Expiry Date	Weighted Average Remaining Contractual Life (in year)
14,000,000	0.05	June 23, 2024	2.48

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10. ISSUED CAPITAL (CONTINUED)

(d) Warrants

	Warrants	Weighted Average Exercise Price (\$)
Balance, December 31, 2019	45,103,058	0.15
Expired	(42,564,324)	0.15
Balance, December 31, 2020	2,538,734	0.15
Expired	(2,538,734)	0.15
Balance, December 31, 2021	-	-

As at December 31, 2021, the Company had no share purchase warrants outstanding.

(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

	December 31, 2021 (\$)	December 31, 2020 (\$)
Receivable from Endomines (Note 6)	2,842,800	1,707,534
Other receivables	1,658	-
Total	2,844,458	1,707,534

During the years ended December 31, 2021 and 2020, the Company did not recognize any provision for expected credit loss on the receivable from Endomines. As at the date these financial statements were authorized, all monthly payments due from Endomines have been received by the Company. The Company assesses the collectability of receivables on an individual basis using quantitative and qualitative information available to management. The expected credit loss reflects current and forward-looking information on economic factors affecting the ability of the customers to make regular monthly payments on the receivables.

12. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	December 31, 2021 (\$)	December 31, 2020 (\$)
Accounts payable (Note 10)	620,526	1,559,446
Accrued liabilities	161,735	204,758
Sales tax payable	28,198	25,421
Due to related parties (Note 9)	3,580,672	3,548,460
Total	4,391,131	5,338,085

During the year ended December 31, 2021, a gain on debt settlement of \$88,879 was recognized pursuant to shares for debt settlement agreement with former CEO and director of the Company (Note 10) and \$95,521 through cash payments to certain creditors in the consolidated statements of comprehensive income (loss).

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13. INCOME TAXES

	December 31, 2021	December 31, 2020
	(\$)	(\$)
Net income (loss) before tax	(1,425,107)	7,605,107
Statutory tax rate	25.88%	26.04%
Expected income tax expense (recovery)	(368,632)	1,980,233
Effect of dissolution of subsidiaries	-	16,499
Deferral of gain on sale of assets	454,576	-
Non-deductible items	328,295	112,271
Share issue costs not recognized	-	(151,178)
Change in unrecognized deferred tax assets	(194,916)	(1,095,762)
Income tax expense (recovery)	219,323	862,063

Income tax expense includes current income tax of \$120,602 (2020 - \$862,063) and deferred tax of \$98,721 (2020 - \$Nil).

The significant components of the Company's deferred income tax assets and liabilities are as follows:

	December 31, 2021	December 31, 2020
	(\$)	(\$)
Non-capital losses – Canada	3,520,904	2,907,584
Non-capital losses – United States	119,590	-
Non-capital losses - Australia	1,180,992	1,166,587
Capital losses – Canada	313,344	-
Capital losses – Australia	799,964	799,964
Share issuance costs	92,293	139,564
Equipment and other	(32,190)	495,990
Exploration and evaluation assets	(610,221)	524,479
Less: Valuation allowance	(5,839,252)	(6,034,168)
Net deferred income tax asset (liability)	(454,576)	-

The Company has non-capital losses of approximately \$13,610,000 (2020 - \$10,768,000) available to offset deferred income for income tax purposes which commence expiring in 2032 and \$3,937,000 (2020 - \$3,800,000) of non-capital losses with no expiry date. Due to the uncertainty of realization of these loss carry-forwards, the benefit is not reflected in the financial statements as the Company has provided a full valuation allowance for the potential deferred tax assets resulting from these loss carryforwards.

14. FINANCIAL INSTRUMENTS

The Company has determined the estimated fair values of its financial instruments based upon appropriate valuation methodologies.

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.

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14. FINANCIAL INSTRUMENTS (CONTINUED)

The fair value of cash is based on level 1 inputs and approximates its carrying value due to the immediate or short-term maturity of these financial instruments; the fair value of the Company's investment securities, which are publicly traded, was estimated using level 1 inputs being the quoted market price.

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 on 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. \$2,842,800 of the current receivable are due from Endomines and is collateralized by the purchased properties. The risk associated with its receivables is moderate.

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:

	December 31, 2021	December 31, 2020
	(\$)	(\$)
Cash	22,344	2,603
Accounts payable	(334,713)	(399,873)
	(312,369)	(397,270)

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

	December 31, 2021	December 31, 2020
	(\$)	(\$)
Cash	248,062	653,070
Receivables	2,842,800	1,797,341
Long-term receivable	-	2,193,646
Accounts payable	(443,663)	(869,260)
	2,647,199	3,774,797

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14. FINANCIAL INSTRUMENTS (CONTINUED)

Based on the above net exposures, as at December 31, 2021, a 5% change in the Australian dollar to Canadian dollar exchange rate would impact the Company's net loss by \$15,618 and by \$132,360 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 year.

15. 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:

	December 31, 2021	December 31, 2020
	(\$)	(\$)
USA	1,837,096	1,168,717

16. LITIGATION

The Company is involved in litigation and disputes arising from the normal course of operations. Management is of the opinion that the outcome of any potential litigation will not have a material adverse impact on the Company's financial position or results of operations. At December 31, 2021, the Company has accrued for what it believes is a reasonable amount with respect to any litigation claims.