TRANSATLANTIC MINING CORP.

CONSOLIDATED INTERIM FINANCIAL STATEMENTS

SEPTEMBER 30, 2016 and 2015

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

	September 30, 2016 ($)	December 31, 2015 ($)
ASSETS		
Current Assets		
Cash and cash equivalents	1,659,034	190,021
Receivables (Note 9)	97,346	9,421
Prepaid expenses	116,570	35,009
	1,872,950	**234,451**
Non-Current Assets		
Exploration and evaluation assets (Note 5)	584,359	375,142
Equipment (Note 4)	218,510	63,444
Reclamation bond (Note 5)	41,219	43,491
Total Assets	**2,717,038**	**716,528**
LIABILITIES		
Current Liabilities		
Accounts payable and accrued liabilities (Note 10)	1,462,496	968,410
Loan payable	299,978	-
Total Liabilities	**1,762,474**	**968,410**
DEFICIENCY		
Share capital (Note 7)	12,964,529	11,737,369
Shares to be issued (Note 7)	3,771,006	768,871
Share-based payment reserve (Note 7)	2,387,500	954,278
Deficit	(18,168,471)	(13,712,400)
Total Deficiency	**954,564**	**(251,882)**
Total Liabilities and Deficiency	**2,717,038**	**716,528**

Nature of operations and going concern (Note 1)
Events after the reporting period (Note 14)

"Bernie Sostak", Director
Bernie Sostak

"Rob Tindall", Director
Rob Tindall

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

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

	For the three months ended September 30, 2016	For the three months ended September 30, 2015	For the nine months ended September 30, 2016	For the nine months ended September 30, 2015
MINERAL PROPERTY EXPENSES (Note 5)	$ 1,232,160	$ 379,567	$ 2,597,351	$ 603,102
ADMINISTRATION EXPENSES				
Administrative costs	5,939	697	9,389	2,437
Corporate communications	12,714	(10)	12,714	1,823
Amortization (Note 4)	(110)	-	16,348	-
Consulting (recovery)	372,191	(101,474)	374,854	14,234
Filing fees	15,072	4,571	49,545	33,604
Management fees (Note 6)	139,500	245,153	499,500	446,327
Office	25,523	6,470	49,436	23,433
Professional fees (Note 6)	53,211	60,045	200,061	180,649
Project investigation costs (recovery)	45	8,867	9,521	20,234
Promotion (recovery)	29,636	3,979	31,583	10,494
Share-based compensation	690,544	-	690,544	-
Travel	159,793	728	271,273	41,533
Total administration expenses	1,504,058	229,026	2,214,768	774,768
Loss before other items	2,736,218	608,593	4,812,119	1,377,870
OTHER ITEMS				
Gain on disposition of property (note 5)	(490,250)	-	(490,250)	-
Foreign exchange (gain)/ loss	61,569	(20,698)	134,202	(99,674)
NET AND COMPREHENSIVE LOSS FOR THE PERIOD	**2,307,537**	**587,895**	**4,456,071**	**1,278,196**
Basic and diluted loss per common share	$ 0.02	$ 0.01	$ 0.04	$ 0.01
Weighted average number of common shares	134,757,693	82,241,626	122,567,912	88,582,221

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 SIX MONTHS ENDED SEPTEMBER 30, 2016 AND SEPTEMBER 30, 2015
(Expressed in Canadian dollars)

	Share Capital		Share-based payment reserve	Shares to be issued	Deficit	Total Equity (Deficiency)
	Shares	Amount ($)	($)	($)	($)	($)
Balance, December 31, 2014	78,950,322	9,047,914	633,496	1,930,830	(11,570,183)	42,057
Shares issued for acquisition	2,500,000	312,500	-	-	-	312,500
Shares issued for St. Lawrence lease claim	2,800,000	350,000	-	-	-	350,000
Shares to be issued (Note 7)	-	-	-	1,421,033	-	1,421,033
Net and comprehensive loss for the period	-	-	-	-	(1,278,196)	(1,278,196)
Balance, September 30, 2015	84,250,322	9,710,414	633,496	3,351,863	(12,848,379)	847,394
Balance, December 31, 2015	114,757,693	11,737,369	954,278	768,871	(13,712,400)	(251,882)
Shares to be issued (Note 7)	-	(30,162)	-	3,002,135	-	2,971,973
Share-based compensation	-	-	690,544	-	-	690,544
Private placement	20,000,000	1,257,322	742,678	-	-	2,000,000
Net and comprehensive loss for the period	-	-	-	-	(4,456,071)	(4,456,071)
Balance, September 30, 2016	134,757,693	12,964,529	2,387,500	3,771,006	(18,168,471)	954,564

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

TRANSATLANTIC MINING CORP.

CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS

(Expressed in Canadian dollars)

	For the three months ended September 30, 2016 ($)	For the three months ended September 30, 2015 ($)	For the nine months ended September 30, 2016 ($)	For the nine months ended September 30, 2015 ($)
OPERATING ACTIVITIES				
Net loss	(2,307,537)	(587,895)	(4,456,071)	(1,278,196)
Items not involving cash:				
Amortization	(110)	-	16,348	-
Share-based compensation	690,544	-	690,544	-
Net changes in non-cash working capital items:				
Receivables	(19,213)	(1,105)	(87,924)	534,902
Prepaid expenses	(100,529)	(16,315)	(79,289)	(281,176)
Accounts payable and accrued liabilities	(509,717)	90,204	494,086	185,334
Net operating cash flows	(2,246,562)	(515,111)	(3,422,306)	(839,136)
INVESTING ACTIVITIES				
Purchase of equipment	(126,051)	(269)	(171,415)	(26,619)
Mineral property expenditures	(176,184)	-	(209,217)	(31,813)
Net investing cash flows	(302,235)	(269)	(380,632)	(58,432)
FINANCING ACTIVITIES				
Private placements	-	-	2,000,000	-
Loan payable	-	-	299,978	-
Shares to be issued	3,692,475	809,953	2,971,973	1,421,033
Net financing cash flows	3,692,475	809,953	5,271,951	1,421,432
Change in cash	1,143,678	294,573	1,469,013	523,465
Cash and cash equivalents, beginning	515,356	229,320	190,021	428
Cash and cash equivalents, ending	**1,659,034**	**523,893**	**1,659,034**	**523,893**

Supplemental non-cash transactions (Note 8)

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

1. NATURE OF OPERATIONS AND GOING CONCERN

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

The accompanying 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 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, 2016, the Company incurred an operating loss of $4,812,119 (September 30, 2015 - $1,278,196), and as at September 30, 2016 had a working capital of $110,476 (December 31, 2015 – working capital deficit of $733,959). Management's plan includes continuing to pursue additional sources of financing through equity offerings, and where practical, reducing overhead costs.

2. BASIS OF PRESENTATION

These consolidated interim financial statements were approved for issue by the board of directors on November 29, 2016.

Statement of compliance with International Financial Reporting Standards

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

Consolidation

These consolidated 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., incorporated on March 17, 2015 in the USA. All intercompany transactions, balances and any unrealized gains and losses from intercompany transactions are eliminated in preparing the consolidated financial statements.

Significant estimates and assumptions

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

2. BASIS OF PRESENTATION (CONTINUED)

Significant estimates and assumptions (continued)

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

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

Significant judgments

The preparation of 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 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 financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The Company's principal accounting policies are outlined below:

(a) Foreign currency translation

The financial statements for the Company and its subsidiary 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 subsidiary is the Canadian dollar.

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Share-based payments

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

(c) Environmental rehabilitation

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

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

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

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

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

(d) Exploration and evaluation assets

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Exploration and evaluation assets (continued)

Exploration and evaluation costs are charged to profit and loss as incurred except for expenditures associated with the acquisition of exploration and evaluation assets, which are capitalized. Costs incurred before the Company has obtained the legal rights to explore an area are recognized in profit and loss in the consolidated statements of comprehensive income or 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 statement of income and comprehensive income 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 3 years.

(f) Income taxes

Current income tax:

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

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

Deferred income tax:

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

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

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Loss per share

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

(h) Comprehensive income (loss)

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

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

(i) Financial instruments

The Company classifies its financial instruments in the following categories: at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale and financial liabilities. The classification depends on the purpose for which the financial instruments were acquired. Management determines the classification of its financial instruments at initial recognition.

Financial assets are classified at fair value through profit or loss when they are either held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortized cost. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets.

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Company’s intention to hold these investments to maturity. They are subsequently measured at amortized cost. Held-to-maturity investments are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period.

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not suitable to be classified as financial assets at fair value through profit or loss, loans and receivables or held-to-maturity investments and are subsequently measured at fair value. These are included in current assets to the extent they are expected to be realized within

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Financial instruments (continued)

12 months after the end of the reporting period. Unrealized gains and losses are recognized in other comprehensive income, except for impairment losses and foreign exchange gains and losses on monetary financial assets.

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortized cost.

Regular purchases and sales of financial assets are recognized on the trade-date – the date on which the Company commits to purchase the asset.

Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

At each reporting date, the Company assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a significant and prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen.

The Company does not have any derivative financial assets and liabilities.

(j) Impairment of non-financial assets

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

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

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Warrants

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

(l) Segment reporting

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

(m) Comparative figures

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

(n) Accounting standards issued but not yet effective

IFRS 9, Financial Instruments, is a partial replacement of IAS 39 "Financial Instruments: Recognition and Measurement". IFRS 9 introduces new requirements for the classification and measurement of financial assets, additional changes relating to financial liabilities, a new general hedge accounting standard which will align hedge accounting more closely with risk management. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2018 with early adoption permitted.

The Company has not early adopted this revised standard and is currently assessing the impact that it will have on its financial statements.

Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's financial statements.

4. EQUIPMENT

	Exploration Equipment ($)
Cost:	
Balance, December 31, 2015	69,821
Additions	171,415
Balance, September 30, 2016	241,236
Amortization:	
Balance, December 31, 2015	6,377
Charge for the period	16,348
Balance, ending	22,725
Balance, December 31, 2015	**63,444**
Balance, September 30, 2016	**218,510**

5. EXPLORATION AND EVALUATION ASSETS

	Monitor Property ($)	St. Lawrence Project ($)	Alder Mountain Project ($)	Total for the nine months ended September 30, 2016 ($)	Total for the year ended December 31, 2015 ($)
Acquisition costs					
Balance, beginning	341,802	33,340	-	375,142	269,989
Additions	25,133		184,084	209,217	105,153
Balance, ending	**366,935**	**33,340**	**184,084**	**584,359**	**375,142**

(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$2.1 million over three years, of which US$700,000 has been incurred, an additional US$700,000 is to be incurred by February 6, 2016 (subsequently incurred) and a further US$700,000 is to be incurred by February 5, 2017; and

(iii) issue 3,000,000 common shares of the Company in stages, of which 1,000,000 common shares were issued upon TSXV acceptance (issued with a fair value of $130,000), a further 1,000,000 common shares on the first anniversary (issued with a fair value of $125,000) and the final 1,000,000 common shares on the second anniversary (issued with a fair value of $10,000) (Note 7).

5. EXPLORATION AND EVALUTATION ASSETS (CONTINUED)

(a) Monitor Property (continued)

In exchange for the amendment, the Company paid additional consideration of 1,500,000 common shares (issued at a fair value of $30,000) and US$25,000 cash (paid) (Note 7).

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

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

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

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

During the year ended December 31, 2014, the Company paid a fine of $50,641 to the US Department of Agriculture ("USDA") to resolve a resource damage claim, which was recognized in comprehensive loss.

At September 30, 2016, the Company has a refundable performance bond of $27,761 (US $21,164) (December 31, 2015 - $29,206) for security of drilling activity requirements for the property.

(b) St. Lawrence Property

On June 25, 2015, the Company entered into a Lease Agreement for a parcel of land (the "St. Lawrence Property") on the Montana/Idaho border. The term of the lease is for 25 years, with an option to renew for a further 25 years.

As consideration, the Company must issue 1,300,000 common shares of the Company (issued with a fair value $19,500) and a 1% net smelter royalty ("NSR") from any production from the Monitor property and St. Lawrence property.

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

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

At September 30, 2016, the Company has a refundable performance bond of $13,458 (US $10,260) (December 31, 2015 - $14,285) for security of drilling activity requirements for the property.

5. EXPLORATION AND EVALUTATION ASSETS (CONTINUED)

(c) Gnaweeda Gold Project

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

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

On July 4, 2014, the Company entered into an agreement with an arm's-length party to dispose of its Gnaweeda Gold Project. As consideration, the Company had recognized a receivable of $516,818 (AUD $495,000 plus GST of AUD $50,000) at December 31, 2014, which was received during the year ended December 31, 2015 (Note 9). The Company was also entitled to receive a further AUD $500,000 upon establishment of a Joint Ore Reserves Committee-compliant mineral resource of at least 150,000 ounces of gold, which was received on August 1. Additionally AUD $250,000 for every consecutive 50,000 ounces of poured gold sourced from the property, capped at 200,000 ounces of poured gold for a total of AUD$1 million. During the year ended December 31, 2014, the Company realized a loss on sale of the property of $3,191,290, which included a write-off of related receivables of $23,480 and prepaid expenses of $8,565.

On August 1, 2016, the Company received $500,000 AUD from Gnaweeda Sale Agreement pursuant to the sale agreement with Doray Minerals. On July 24, 2016, Doray Minerals announced a maiden JORC resource in excess of 150,000 ounces. Under the sale agreement, this triggered a payment of $500,000 to Transatlantic.

(d) Ansongo Manganese Project

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

The vendor of the Ansongo Manganese project is a private company in which Gregor Theiser, a previous director of the Company, is a shareholder. Accordingly, the transaction is not an arm's-length transaction under TSXV policy (Note 6).

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

(e) Alder Mountain Project

On January 18, 2016, the Company entered a lease and exclusive option agreement to operate and potentially purchase the U.S. Grant mine at Virginia City, Montana.

Under the transaction the Company Pays $50,000 (U.S.) to lease the property for four months. During this time, the company will conduct appropriate due diligence to determine the potential of the property. After four months, the company may elect to either purchase the property on the terms below, or elect to lease the property for up to an additional 12 months at the rate of $25,000 (U.S.)

5. EXPLORATION AND EVALUTATION ASSETS (CONTINUED)

(e) Alder Mountain Project (continued)

per month. The company is entitled to any of the production or toll treating from the project during the lease period. After the initial four-month lease or at any time during the subsequent 12-month lease, if the company exercises that right, the company may exercise the option to purchase the mine, mill and all of the associated equipment, permits and rights comprising the U.S. Grant mine. Under the purchase, the company will pay a total of $6-million (U.S.) over three years, or earlier at the company's election. Payments are due and payable with reference to the date that the property is conveyed to the company following the company giving notice of exercise to the vendor, as follows:

- $2-million (U.S.) less all lease payments on the closing date;
- $2-million (U.S.) on or before the first anniversary of the closing date;
- $2-million (U.S.) on or before the second anniversary of the closing date.

On May 5, 2016, the Company announced an update to the US Grant Operations and activities as part of the Alder Mountain Project during the due diligence period that commenced on January 18th for a period of 4 months. The company is in the 12 month lease period with the option to purchase required to be exercised by the 18th May 2017.

The main highlights to the core activities include:

- Assaying of mine development samples from the 3 Level, including grades of 1.2m at 9.4 g/t Au and 672 g/t Ag
- Commencing drill programs
- Commencement of mining operations and process plant commissioning
- Validation support of previous metallurgical testwork

Location

The mine is located in the historical mining district of Virginia City, Montana USA. It is an area with a history of alluvial and underground mining and there are still a number of mines operating within the proximity of US Grant ranging from large open pit operations to smaller scale underground operations. Company Executive Chairman Bernie Sostak commented, “Transatlantic is pleased with the works satisfactorily completed to date from our team.”

Cornucopia agreement executed

On September 30, 2016, the Company signed a binding agreement with the owners of a neighbouring claim (Cabin claim) that allows the Company access to recommission the Cornucopia shaft for use in ventilating the deepest reaches of U.S. Grant No. 3 level. The new vent access will allow Transatlantic Mining to ventilate one of its primary production headings and maximize the safety and productivity from this area. In consideration of the right to construct the opening in the Cornucopia shaft and use the shaft for ventilation purposes:

Under the agreement the Company shall pay Smith Trust the sum of $30,000 in two payments of $15,000 on or before Oct. 10, 2016, and $15,000 on or before Oct. 10, 2017. Provided that the payments are made by the Company to Smith Trust as provided in the previous section, the term of this agreement shall be for three years from October, 2016, through October, 2019. Upon expiration of the initial term, the parties may renew the contract upon their mutual consent.

5. EXPLORATION AND EVALUTATION ASSETS (CONTINUED)

(e) Bay Horse Project

A wholly owned subsidiary of Transatlantic Mining Corporation – Transatlantic Contracting Services has been engaged to be the mining contractor on the Bayhorse Silver Project in Oregon.

Exploration and evaluation asset expenses are as follows:

	For the Nine Months Ended September 30, 2016			
	Bay Horse Project ($)	**US Grant Project ($)**	**Monitor Property ($)**	**Total ($)**
Assays and analysis	672	22,420	3,470	26,562
Drilling	-	10,425	-	10,425
Consultants	-	98,870	32,753	131,623
Expense (recovery)	(286,524)	-	-	(286,524)
Field costs	1,248	43,640	9,990	54,878
Geologists, geophysical contractors, geotechnical	-	18,477	11,982	30,459
Management	-	-	55,500	55,500
Other rentals	6,391	70,858	140	77,389
Rent	5,554	72,518	-	78,072
Repairs and maintenance	-	32,703	-	32,703
Salaries and wages	202,340	1,575,845	63,169	1,841,354
Supplies	34,003	359,094	-	393,097
Utilities	-	47,980	-	47,980
Travel, accommodation and fuel	27,525	73,849	2,459	103,832
Total	**(8,791)**	**2,426,679**	**179,463**	**2,597,351**

	For the Nine Months Ended September 30, 2015		
	Gnaweeda Gold Project ($)	**Monitor Property ($)**	**Total ($)**
Acquisition and holding costs	(34,711)	19,022	(15,689)
Assays and analysis	-	10,367	10,367
Drilling contractor	-	377,183	377,183
Field costs and supplies	-	50,239	50,239
Geologists, geophysical contractors, geotechnical	8,295	156,857	165,152
Other rentals	-	14,097	14,097
Travel, accommodation and fuel	-	1,753	1,753
Total	**(26,416)**	**629,518**	**603,102**

6. RELATED PARTY TRANSACTIONS

The following table summarizes services provided by related parties:

	Nine Months Ended September 30, 2016 ($)	**Nine Months Ended September 30, 2015 ($)**
Management (a)	225,000	135,000
Consulting (b)	270,000	341,327
Share-based compensation (c)	594,189	-
	1,089,189	**476,327**

(a) The Company paid management fees of $180,000 (2015 - $90,000) to Robert Tindall, the Chief Executive Officer.

The Company paid management fees of $45,000 (2015 - $45,000) to directors of the Company.

(b) The Company paid consulting fees of $270,000 (2015 - $341,327) to Bernie Sostak, a director.

(c) During the nine months ended September 30, 2016, the Company granted 18,500,000 incentive stock options to CEO, CFO and directors of the Company.

As of September 30, 2016, $429,446 (December 31, 2015 - $554,313) is due to related parties for the services above, which is included in accounts payable and accrued liabilities (Note 10). Amounts due to/from related parties are unsecured, non-interest bearing and have no fixed terms of repayment.

7. ISSUED CAPITAL

(a) Authorized

Unlimited number of common shares without par value.

(b) Share capital transactions

Nine months ended September 30, 2016

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 is obligated to pay a non-refundable rent of US$50,000 prior to the initial term (paid) and may terminate the agreement within 3 days notice.

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

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

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

7. ISSUED CAPITAL (CONTINUED)

(b) Share capital transactions (continued)

On June 15, 2016, the Company closed its private placement consisting of 20,000,000 units at $0.10 per unit and received $2,000,000. Each unit consists of one common share and one share purchase warrant, with each warrant entitling the holder to purchase one additional common share, exercisable at a price of $0.125 for a period of three years. The company also issued 420,000 share purchase warrants in connection with the placement.

During the nine months ended September 30, 2016, the Company received $3,002,135 in share subscriptions toward a private placement which has not closed at September 30, 2016.

<u>Year ended December 31, 2015</u>

On March 18, 2015, the Company issued 1,000,000 common shares with a fair value of $10,000 pursuant to the Monitor property agreement (Note 5).

On April 21, 2015, the Company issued 1,500,000 common shares with a fair value of $30,000 pursuant to the Monitor property agreement (Note 5).

On September 21, 2015, the Company issued 1,300,000 common shares with fair value of $19,500 pursuant to the St. Lawrence property lease agreement (Note 5).

The Company issued a total of 32,007,371 common shares for $1,930,830 in share subscriptions previously received and $1,019,907 in subscriptions received during the year ended December 31, 2015. In relation to the issuance of common shares, the Company issued 3,460,611 finder's warrants, exercisable at $0.10 per warrant until October 5, 2018. The Company allocated a fair value of $320,782 to the finder's warrants using the Black-Scholes Option Pricing Model with the following assumptions: expected life of 3 years, expected dividend yield of 0%, a risk-free interest rate of 0.52% and an expected volatility of 121.63%.

During the year ended December 31, 2015, the Company received $768,871 in share subscriptions toward a private placement which has closed at September 30, 2016.

(c) Stock options

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

	Options	**Weighted Average Exercise Price ($)**
Balance, December 31, 2015	**2,286,000**	**0.10**
Granted	21,500,000	0.10
Balance, December 31, 2015 and September 30, 2016	**23,786,000**	**0.10**

7. ISSUED CAPITAL (CONTINUED)

(c) Options (continued)

As at September 30, 2016, the following stock options were outstanding and exercisable:

Number	Weighted Average Exercise Price ($)	Expiry Date	Weighted Average Remaining Contractual Life (in years)
1,786,000	0.10	April 9, 2017	0.04
500,000	0.10	December 14, 2017	0.03
21,500,000	0.10	June 22, 2018	1.56
23,786,000	**0.10**		**1.63**

(d) Warrants

	Warrants	Weighted Average Exercise Price ($)
Balance, December 31, 2014	**21,513,332**	**0.12**
Issued	3,460,611	**0.10**
Expired	(13,179,999)	0.12
Balance, December 31, 2015	11,793,944	0.11
Issued	20,420,000	0.13
Balance, September 30, 2016	**32,213,944**	**0.11**

As at September 30, 2016, the following warrants were outstanding and exercisable:

Number	Weighted Average Exercise Price ($)	Expiry Date	Weighted Average Remaining Contractual Life (in years)
8,333,333	0.08	December 14, 2016*	0.05
3,460,611	0.03	October 5, 2018	0.22
20,420,000	0.13	June 15, 2019	1.72
32,213,944	0.11		1.99

*On December 14, 2015, the expiry date was extended from December 14, 2015 to December 14, 2016.

(e) Share-based payment reserve

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

8. NON-CASH TRANSACTIONS

During the nine months ended September 30, 2016:

a) The Company granted incentive stock options with a fair value of $690,544 to its board members, officers and consultants to acquire 21,500,000 common shares at a price of $0.10 per share for a period of two years.

8. NON-CASH TRANSACTIONS (CONTINUED)

During the year ended December 31, 2015:

b) The Company issued 2,500,000 common shares with a fair value of $40,000 pursuant to the Monitor Property agreement (Note 5).

c) The Company issued 1,300,000 common shares with a fair value of $19,500 pursuant to the St. Lawrence Lease Agreement (Note 5).

d) The Company reallocated $1,930,830 from subscriptions received to share capital (Note 7).

e) The Company recorded a fair value of $320,782 for finder's warrants (Note 7).

9. RECEIVABLES

	September 30, 2016 ($)	December 31, 2015 ($)
Sales tax receivable	5,821	9,421
Due from HRB	91,525	-
Total	**97,346**	**9,421**

10. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	September 30, 2016 ($)	December 31, 2015 ($)
Accounts payable	1,033,050	347,511
Accrued liabilities	-	38,940
Due to related parties (Note 6)	429,446	581,959
Total	**1,462,496**	**968,410**

11. FINANCIAL INSTRUMENTS

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

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

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

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

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

12. MANAGEMENT OF CAPITAL AND FINANCIAL RISK

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 Company's receivables relate to sales taxes from the Governments of Canada and Australia and a receivable for the disposition of the Gnaweeda property. 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. Funding risk is the risk that market conditions will impact the Company's ability to raise capital through equity markets under acceptable terms and conditions. Under current market conditions, both liquidity and funding risk are 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. Management believes the foreign exchange risk derived from currency conversions from the Australian 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, 2016 ($)	**December 31, 2015 ($)**
Cash and cash equivalents	141,062	53,305
Receivables	-	-
Accounts payables	(52,132)	(56,708)
	88,930	(3,403)

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

	September 30, 2016 ($)	**December 31, 2015 ($)**
Cash	305,466	116,275
Accounts payables	(795,663)	(409,688)
	(490,197)	(293,413)

Based on the above net exposures, as at September 30, 2016, a 5% change in the Australian dollar to Canadian dollar exchange rate would impact the Company's net loss by $4,447 and by $24,510 for a 5% change in the US dollar to Canadian dollar.

12. MANAGEMENT OF CAPITAL AND FINANCIAL RISK (CONTINUED)

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.

13. SEGMENTED INFORMATION

Operating segments

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

Geographic segments

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

	September 30, 2016 ($)	**December 31, 2015 ($)**
USA	584,359	375,142

14. EVENTS AFTER THE REPORTING PERIOD

On October 13, 2016, the Company closed its previously announced private placement in the amount of $3,970,375 consisting of 79,407,492 units at five cents per unit. Each unit consists of one common share and one-third share purchase warrant, with each warrant entitling the holder to purchase one additional common share, exercisable at a price of 10 cents for a period of two years. The company also issued finders' fees of $76,020 in cash, 804,700 shares and 1,788,633 share purchase warrants, having the same terms and conditions as the warrants comprised in the units, as finders' fees in connection with the placement. The shares and warrants issued in accordance with the foregoing are subject to a four-month hold period.