

**TRANSATLANTIC MINING CORP.**

**CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

**JUNE 30, 2017 and 2016**

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

	June 30, 2017 (\$)	December 31, 2016 (\$)
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash	24,849	104,909
Receivables (Note 9)	85,305	8,614
Prepaid expenses	55,029	104,503
	<b>165,183</b>	<b>218,026</b>
<b>Non-Current Assets</b>		
Exploration and evaluation assets (Note 5)	822,958	822,675
Equipment (Note 4)	894,010	890,962
Reclamation bonds (Note 5)	69,395	69,395
<b>Total Assets</b>	<b>1,951,546</b>	<b>2,001,058</b>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued liabilities (Note 10)	4,408,919	2,451,203
Current portion of long term loan payable (Note 11)	5,797	5,797
Loan payable	2,100	2,100
	<b>4,416,816</b>	<b>2,459,100</b>
<b>Non-Current Liabilities</b>		
Long-term loan payable (Note 11)	41,111	44,497
<b>Total Liabilities</b>	<b>4,457,927</b>	<b>2,503,597</b>
<b>SHAREHOLDERS' DEFICIENCY</b>		
Share capital (Note 7)	17,499,718	17,499,718
Shares to be issued (Note 7)	306,483	209,693
Share-based payment reserve (Note 7)	1,957,067	1,957,067
Deficit	(22,269,649)	(20,169,017)
<b>Total Deficiency</b>	<b>(2,506,381)</b>	<b>(502,539)</b>
<b>Total Liabilities and Deficiency</b>	<b>1,951,546</b>	<b>2,001,058</b>

Nature of operations and going concern (Note 1)

\_\_\_\_\_  
*"Bernie Sostak"*, Director  
Bernie Sostak

\_\_\_\_\_  
*"Ray Parry"*, Director  
Ray Parry

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

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

	For the three months ended June 30, 2017		For the three months ended June 30, 2016	
<b>REVENUE</b>	\$	-	\$	-
<b>MINERAL PROPERTY EXPENSES</b> (Note 5)		449,563		777,446
<b>ADMINISTRATION EXPENSES</b>				
Administrative costs		530		1,918
Amortization (Note 4)		62,450		12,366
Corporate communications		3,833		-
Consulting (recovery) (Note 6)		43,320		(87)
Filing fees		15,389		18,537
Management fees (Note 6)		90,070		195,000
Office		15,854		12,122
Professional fees		60,788		65,408
Project investigation costs (recovery)		133		(145)
Promotion (recovery)		6		(30)
Travel		3,326		40,343
<b>Total administration expenses</b>		295,699		345,432
<b>Loss before other items</b>		(745,262)		(1,122,878)
<b>OTHER ITEM</b>				
Foreign exchange loss		(6,835)		(26,496)
<b>NET AND COMPREHENSIVE LOSS</b>		<b>(752,097)</b>		<b>(1,149,374)</b>
Loss per common share – basic and diluted	\$	(0.03)	\$	(0.10)
Weighted average number of common shares – basic and diluted		21,516,518		11,805,440

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

**TRANSATLANTIC MINING CORP.**  
**CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN DEFICIENCY**  
FOR THE SIX MONTHS ENDED JUNE 30, 2017 AND 2016  
(Expressed in Canadian dollars)

	Share Capital		Share-based	Shares to	Deficit	Total
	Shares	Amount (\$)	payment reserve (\$)	be issued (\$)	(\$)	Deficiency (\$)
Balance, December 31, 2015	11,475,769	11,737,369	954,278	768,871	(13,712,400)	(251,882)
Shares to be issued (Note 7)	-	-	-	(720,502)	-	(720,502)
Private Placement	2,000,000	1,257,322	742,678	-	-	2,000,000
Net and comprehensive loss for the period	-	-	-	-	(2,148,534)	(2,148,534)
Balance, June 30, 2016	13,475,769	12,994,691	1,696,956	48,369	(15,860,934)	(1,120,918)
Balance, December 31, 2016	21,516,518	17,499,718	1,957,067	209,693	(20,169,017)	(502,539)
Shares to be issued (Note 7)	-	-	-	96,790	-	96,790
Net and comprehensive loss for the period	-	-	-	-	(2,100,632)	(2,100,632)
Balance, June 30, 2017	21,516,518	17,499,718	1,957,067	306,483	(22,269,649)	(2,506,381)

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 June 30, 2017 (\$)	For the three months ended June 30, 2016 (\$)	For the six months ended June 30, 2017 (\$)	For the six months ended June 30, 2016 (\$)
<b>OPERATING ACTIVITIES</b>				
Net loss	(752,097)	(1,149,374)	(2,100,632)	(2,148,534)
Adjustment for non-cash items:				
Amortization	62,450	12,366	109,302	16,458
Net changes in non-cash working capital items:				
Receivables	(75,544)	(78,132)	(76,691)	(68,711)
Prepaid expenses	19,536	9,317	49,474	21,240
Accounts payable and accrued liabilities	587,543	622,806	1,954,330	1,003,803
Net operating cash flows	(158,112)	(583,017)	(64,217)	(1,175,744)
<b>INVESTING ACTIVITIES</b>				
Acquisition of plant and equipment	(43,138)	(28,668)	(112,350)	(45,364)
Mineral property acquisition costs	(2)	(33,033)	(283)	(33,033)
Net investing cash flows	(43,140)	(61,701)	(112,633)	(78,397)
<b>FINANCING ACTIVITIES</b>				
Private placements	-	2,000,000	-	2,000,000
Loan payable	-	299,978	-	299,978
Shares to be issued	51,110	(1,175,223)	96,790	(720,502)
Net financing cash flows	51,110	1,124,755	96,790	1,579,476
<b>Change in cash</b>	<b>(150,142)</b>	<b>480,037</b>	<b>(80,060)</b>	<b>325,335</b>
<b>Cash, beginning</b>	<b>174,991</b>	<b>35,319</b>	<b>104,909</b>	<b>190,021</b>
<b>Cash, ending</b>	<b>24,849</b>	<b>515,356</b>	<b>24,849</b>	<b>515,356</b>

Supplemental non-cash transactions (Note 8)

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

**TRANSATLANTIC MINING CORP.**  
**NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**FOR THE SIX MONTHS ENDED JUNE 30, 2017 AND 2016**

**1. NATURE OF OPERATIONS AND GOING CONCERN**

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

The accompanying consolidated interim financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities and commitments in the normal course of business. The Company’s continued existence is dependent upon its ability to raise additional capital, the continuing support of its creditors, and ultimately the attainment of profitable operations and positive cash flows. Failure to obtain sufficient financing will have an adverse effect on the financial position of the Company and its ability to continue as a going concern. These factors indicate the existence of a material uncertainty that may cast significant doubt about the Company’s ability to continue as a going concern. These 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 six months ended June 30, 2017, the Company incurred an operating loss of \$2,100,632 (2016 - \$2,148,534), and as at June 30, 2017 had a working capital deficit of \$4,251,633 (December 31, 2016 - \$2,241,074). 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 August 29, 2017.

***Statement of compliance with International Financial Reporting Standards***

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

***Consolidation***

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

***Significant estimates and assumptions***

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

**TRANSATLANTIC MINING CORP.**  
**NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**FOR THE SIX MONTHS ENDED JUNE 30, 2017 AND 2016**

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

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

The Company's principal accounting policies are outlined below:

(a) Foreign currency translation

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

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

**TRANSATLANTIC MINING CORP.**  
**NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**FOR THE SIX MONTHS ENDED JUNE 30, 2017 AND 2016**

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

(b) Share-based payments

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

(c) Environmental rehabilitation

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

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

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

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

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

(d) Exploration and evaluation assets

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

**TRANSATLANTIC MINING CORP.**  
**NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**FOR THE SIX MONTHS ENDED JUNE 30, 2017 AND 2016**

**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 6 years.

(f) Income taxes

Current income tax:

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

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

Deferred income tax:

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

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

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

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

**TRANSATLANTIC MINING CORP.**  
**NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**FOR THE SIX MONTHS ENDED JUNE 30, 2017 AND 2016**

**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.

**TRANSATLANTIC MINING CORP.**  
**NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**FOR THE SIX MONTHS ENDED JUNE 30, 2017 AND 2016**

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

(i) Financial instruments (continued)

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 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.

**TRANSATLANTIC MINING CORP.**  
**NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**FOR THE SIX MONTHS ENDED JUNE 30, 2017 AND 2016**

**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 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.

**TRANSATLANTIC MINING CORP.**  
**NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**FOR THE SIX MONTHS ENDED JUNE 30, 2017 AND 2016**

**4. EQUIPMENT**

	(\$)
<b>Cost:</b>	
Balance, December 31, 2015	69,821
Additions	911,031
Balance, December 31, 2016	980,852
Additions*	112,350
Balance, June 30, 2017	1,093,202
<b>Amortization:</b>	
Balance, December 31, 2015	6,377
Charge for the year	83,513
Balance, December 31, 2016	89,890
Charge for the period	109,302
Balance, ending	199,192
<b>Balance, December 31, 2016</b>	<b>890,962</b>
<b>Balance, June 30, 2017</b>	<b>894,010</b>

\*Additions during the period include mobile equipment, mining equipment and mill equipment.

**5. EXPLORATION AND EVALUATION ASSETS**

	Monitor Property (\$)	St. Lawrence Project (\$)	Alder Mountain Project (\$)	Total for the Six months ended June 30, 2017 (\$)	Total for the year ended December 31, 2016 (\$)
<b>Acquisition costs</b>					
Balance, beginning	441,988	46,354	334,333	822,675	375,142
Additions	283	-	-	283	447,533
<b>Balance, ending</b>	<b>442,271</b>	<b>46,354</b>	<b>334,333</b>	<b>822,958</b>	<b>822,675</b>

(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, of which US\$700,000 has been incurred, an additional US\$700,000 was incurred by February 6, 2016 and a further US\$700,000 is to be incurred by February 5, 2017 (completed); and
- (iii) issue 400,000 common shares of the Company in stages, of which 100,000 common shares were issued upon TSXV acceptance (issued with a fair value of \$130,000), 100,000 common shares on the first anniversary (issued with a fair value of \$125,000), 100,000 common shares on the second anniversary (issued with a fair value of \$10,000) and the final 100,000 common shares on the third anniversary (issued with a fair value of \$75,000) (Note 7).

**TRANSATLANTIC MINING CORP.**  
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**FOR THE SIX MONTHS ENDED JUNE 30, 2017 AND 2016**

**5. EXPLORATION AND EVALUATION ASSETS (CONTINUED)**

(a) Monitor Property (continued)

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

On May 1<sup>st</sup> 2017 it was announced that the expenditure commitments had been met for the project to form an 80:20 position effective December 31 2016

At June 30, 2017, the Company has a refundable performance bond of \$28,417 (US \$21,164) (December 31, 2016 - \$28,417) for security of drilling activity requirements for the property.

(b) St. Lawrence Property

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

As consideration, the Company must issue 130,000 common shares of the Company (issued with a fair value \$19,500) and a 1% net smelter royalty ("NSR") from any production from the Monitor property and St. Lawrence property.

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

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

At June 30, 2017, the Company has a refundable performance bond of \$13,776 (US \$10,260) (December 31, 2016 - \$13,776) for security of drilling activity requirements for the property.

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**5. EXPLORATION AND EVALUATION ASSETS (CONTINUED)**

(c) Gnaweeda Gold Project

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

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

On July 4, 2014, the Company entered into an agreement with an arm's-length party to dispose of its Gnaweeda Gold Project. As consideration, the Company 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. The Company was also entitled to receive a further AUD\$500,000 upon establishment of a Joint Ore Reserves Committee-compliant mineral resource of at least 150,000 ounces of gold. Additionally, the Company is to receive AUD \$250,000 for every consecutive 50,000 ounces of poured gold sourced from the property, capped at 200,000 ounces of poured gold, for a total of AUD\$1,000,000.

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

(d) Ansongo Manganese Project

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

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

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

(e) Alder Mountain Project

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

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

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**5. EXPLORATION AND EVALUATION ASSETS (CONTINUED)**

(e) Alder Mountain Project (continued)

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

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

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

On May 4, 2017, the Company has entered into an exclusive agreement to lease and purchase the Kearsage claim group (KCG) in Madison country in the state of Montana. These claims are approximately four miles from the U.S. Grant mine and mill complex currently leased by the Company, and add to the consolidation strategy of the district that the Company is undertaking with a historical estimate stated as 600,000 ounces (no tonnes and grade stated) of gold by previous operators.

The Company has been granted an exclusive right to all data and information on the KCG for a period of eight (8) months whereby full due diligence can be conducted for consideration of US\$60,000. The First Renewal Term is of twelve months following the expiry of the due diligence period for consideration of US\$40,000. The Second Renewal term of ten years following the expiry of the First Renewal Term for consideration of US\$8,333.33 per month until Transatlantic reaches commercial production of a minimum of 30,000 ore tons per month.

- Following achievement of commercial production of 30,000 ore tons per month the lease payments will increase to the greater of:-
  - US\$200,000 annually (payable monthly at US\$16,666.67), or
  - A five (5) percent Net Smelter Royalty ("NSR")
- Following achievement of commercial production of 100,000 ore tons per month the lease payments will increase to the greater of:-
  - US\$300,000 annually (Payable monthly at US\$25,000), or
  - A ten (10) per cent NSR

Transatlantic has the option to purchase KCG at any time with the payment of US\$6,000,000 less any payments made in respects to the lease payments and the initial payment of US\$60,000, first and second renewal terms.

At June 30, 2017, the Company has refundable performance bonds of \$27,202 (US \$20,595) (December 31, 2016 - \$27,202) for security of drilling activity requirements for the property.

On August 28<sup>th</sup> 2017 and as a subsequent event to the quarter it was announced that the Company had closed the purchase of the US Grant Mine.

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**5. EXPLORATION AND EVALUATION ASSETS (CONTINUED)**

(e) Alder Mountain Project (continued)

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

	<b>For the Six Months Ended June 30, 2017</b>		
	<b>Alder Mountain</b>	<b>Monitor Property</b>	<b>Total</b>
	<b>Project</b>		
	<b>(\$)</b>	<b>(\$)</b>	<b>(\$)</b>
Assays and analysis	21,803	-	21,803
Drilling	20,757	-	20,757
Consultants	2,286	-	2,286
Expense reimbursement	(450,394)	(3,188)	(453,582)
Field costs	127,641	-	127,641
Geologists, geophysical contractors, geotechnical	(14,994)	-	(14,994)
Land lease	5,004	-	5,004
Other rentals	49,943	-	49,943
Rent	42,965	-	42,965
Repairs and maintenance	46,153	-	46,153
Salaries and wages	1,452,605	26,286	1,478,891
Supplies	78,196	-	78,196
Utilities	86,105	-	86,105
Travel, accommodation and fuel	64,866	-	64,866
<b>Total</b>	<b>1,532,936</b>	<b>23,098</b>	<b>1,556,034</b>

	<b>For the Six Months Ended June 30, 2016</b>		
	<b>St. Lawrence</b>	<b>Monitor Property</b>	<b>Total</b>
	<b>Project</b>		
	<b>(\$)</b>	<b>(\$)</b>	<b>(\$)</b>
Assays and analysis	9,779	-	9,779
Field costs	26,852	8,591	35,443
Geologists, geophysical contractors, geotechnical	67,526	-	67,526
Other rentals	58,090	-	58,090
Rent	68,209	-	68,209
Salaries and wages	901,291	3,862	905,153
Supplies	155,757	-	155,757
Utilities	17,214	-	17,214
Travel, accommodation and fuel	48,020	-	48,020
<b>Total</b>	<b>1,352,738</b>	<b>12,453</b>	<b>1,365,191</b>

**6. RELATED PARTY TRANSACTIONS AND KEY MANAGEMENT COMPENSATION**

The following table summarizes services provided by related parties:

	<b>Six Months Ended</b>	<b>Six Months Ended</b>
	<b>June 30, 2017</b>	<b>June 30, 2016</b>
	<b>(\$)</b>	<b>(\$)</b>
Management (a)	180,000	180,000
Consulting (b)	30,000	180,000
	<b>210,000</b>	<b>360,000</b>

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**6. RELATED PARTY TRANSACTIONS AND KEY MANAGEMENT COMPENSATION (CONTINUED)**

(a) The Company paid management fees of \$180,000 (2016 - \$120,000) to the CEO of the Company.

The Company paid management fees of \$Nil (2016 - \$60,000) to directors of the Company.

(b) The Company paid consulting fees of \$30,000 (2016 - \$180,000) to directors of the Company.

(c) During the year ended December 31, 2016, the Company granted 18,500,000 incentive stock options to CEO, CFO and directors of the Company (Note 7).

As of June 30, 2017, \$2,222,992 (December 31, 2016 - \$806,108) 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

Six months ended June 30, 2017

On May 2, 2017, the Company has consolidated its capital on the basis of 10 old shares for one new share. No fractional shares will be issued under the consolidation, and any fraction will be rounded down to the nearest whole number. The shares began trading on a consolidated basis on May 3, 2017.

Year Ended December 31, 2016

On June 15, 2016, the Company closed a private placement consisting of 2,000,000 units at \$1.00 per unit for gross proceeds of \$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 \$1.25 for a period of three years. The Company also issued 42,000 finders' warrants in connection with the placement. The Company allocated a fair value of \$17,903 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 0.5% and an expected volatility of 109%.

On October 13, 2016, the Company closed its private placement consisting of 7,940,749 units at \$.50 per unit for gross proceeds of \$3,970,375. 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 \$1.00 for a period of two years. The Company also paid finders' fees of \$120,890, agreed to issue 80,470 shares with a fair value of \$60,353 (recorded as shares to be issued, and issued subsequently) and granted 168,840 finders' warrants having the same terms and conditions as the warrants comprised in the units. The Company allocated a fair value of \$83,881 to the finder's warrants using the Black-Scholes Option Pricing Model with the following assumptions: expected life of 2 years, expected dividend yield of 0%, a risk-free interest rate of 0.58% and an expected volatility of 148%.

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**7. ISSUED CAPITAL**

(b) Share capital transactions (continued)

On September 16, 2016, the Company issued 100,000 common shares with a fair value of \$75,000 pursuant to the Monitor property agreement (Note 5).

During the six months ended June 30, 2017, the Company received \$96,790 in share subscriptions toward future private placements.

(c) Stock options

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

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

	Options	Weighted Average Exercise Price (\$)
<b>Balance, December 31, 2014 and 2015</b>	<b>228,600</b>	<b>1.00</b>
Granted	2,150,000	1.00
Expired	(178,600)	1.00
<b>Balance, December 31, 2016 and June 30, 2017</b>	<b>2,200,000</b>	<b>1.00</b>

As at June 30, 2017, the following stock options were outstanding and exercisable:

Number	Weighted Average Exercise Price (\$)	Expiry Date	Weighted Average Remaining Contractual Life (in years)
50,000	1.00	December 14, 2017	0.01
2,150,000	1.00	June 22, 2021	0.96
<b>2,200,000</b>	<b>1.00</b>		<b>0.97</b>

(d) Warrants

	Warrants	Weighted Average Exercise Price (\$)
<b>Balance, December 31, 2014</b>	<b>2,151,333</b>	<b>1.20</b>
Issued	346,061	1.00
Expired	(1,317,999)	1.20
<b>Balance, December 31, 2015</b>	<b>1,179,395</b>	<b>1.10</b>
Issued	4,857,756	1.10
Expired	(833,333)	1.10
<b>Balance, December 31, 2016 and June 30, 2017</b>	<b>5,203,818</b>	<b>1.10</b>

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**7. ISSUED CAPITAL (CONTINUED)**

(d) Warrants (continued)

As at June 30, 2017 the following warrants were outstanding and exercisable:

<b>Number</b>	<b>Weighted Average Exercise Price (\$)</b>	<b>Expiry Date</b>	<b>Weighted Average Remaining Contractual Life (in years)</b>
346,061	0.30	October 5, 2018	0.08
2,042,000	1.30	June 15, 2019	0.77
2,646,916	1.00	September 16, 2018	0.62
168,840	1.00	September 16, 2018	0.04
<b>5,203,817</b>	<b>1.10</b>		<b>1.51</b>

(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 year ended December 31, 2016:

- The Company issued 100,000 common shares with a fair value of \$75,000 pursuant to the Monitor Property agreement (Note 5).
- The Company reallocated \$768,871 from subscriptions received to share capital (Note 7).
- The Company granted broker warrants with a fair value of \$101,764, and is obligated to issue 80,470 shares with a fair value of \$60,353 as a finders' fee.

**9. RECEIVABLES**

	<b>June 30, 2017</b>	<b>December 31, 2016</b>
	<b>(\$)</b>	<b>(\$)</b>
Other accounts receivable	70,581	-
Sales tax receivable	14,724	8,156
Due from director	-	458
<b>Total</b>	<b>85,305</b>	<b>8,614</b>

**10. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

	<b>June 30, 2017</b>	<b>December 31, 2016</b>
	<b>(\$)</b>	<b>(\$)</b>
Accounts payable	2,644,105	1,521,405
Accrued liabilities	18,941	41,118
Due to related parties (Note 6)	1,745,873	888,680
<b>Total</b>	<b>4,408,919</b>	<b>2,451,203</b>

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**11. LONG TERM LOAN PAYABLE**

On December 2, 2016, the Company entered into a vehicle loan payable in the amount of \$45,940, payable over 84 months. As at June 30, 2017, the current portion of the loan payable less deferred interest expense is \$5,797 (December 31, 2016 - \$5,797). As at June 30, 2017, the long-term loan payable less deferred interest expense is \$41,111 (December 31, 2016 - \$44,497).

**12. FINANCIAL INSTRUMENTS**

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

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

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

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

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

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

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

**Liquidity risk:** Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. Liquidity risk arises through the excess of financial obligations due over available financial assets at any point in time. The Company's objective in managing liquidity risk is to maintain sufficient readily available capital in order to meet its liquidity requirements. 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 and the United States. Management believes the foreign exchange risk derived from currency conversions from the Australian and American operations is not significant and does not hedge its foreign exchange risk.

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**12. FINANCIAL INSTRUMENTS (CONTINUED)**

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

	June 30, 2017	December 31, 2016
	(\$)	(\$)
Cash	25,980	26,686
Accounts payables	(94,645)	(61,116)
	(68,665)	(34,430)

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

	June 30, 2017	December 31, 2016
	(\$)	(\$)
Cash (Bank indebtedness)	(19,154)	77,853
Accounts payables	(1,855,655)	(1,415,537)
	(1,874,809)	(1,337,684)

Based on the above net exposures, as at June 30, 2017, a 5% change in the Australian dollar to Canadian dollar exchange rate would impact the Company's net loss by \$3,433 and by \$93,740 for a 5% change in the US dollar to Canadian dollar.

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

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

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

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

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**13. SEGMENTED INFORMATION**

***Operating segments***

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

***Geographic segments***

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

	June 30, 2017	December 31, 2016
	(\$)	(\$)
USA	1,716,968	1,713,637

**14. EVENTS AFTER THE REPORTING PERIOD**

**Private Placement**

On July 19, 2017, the Company announced that it will not proceed with the private placement originally announced on May 17, 2017. The Company will now conduct a financing to raise up to \$5-million, with the potential for oversubscriptions of up to an additional \$2.5-million, as set forth in the following, which will proceed in two phases.

The first phase of the financing will consist of the private placement of subscription receipts to raise up to \$2.2-million by the issuance of 22 million subscription receipts at 10 cents each. The proceeds of \$2.2-million will be placed in escrow, to be used to make the first instalment payment to acquire the U.S. Grant mine, as referred to hereafter. Upon closing of the U.S. Grant acquisition, the 22 million subscription receipts will be automatically converted into the same number of units for no additional consideration. Each unit will consist of one common share of the Company and one share purchase warrant, with each warrant entitling the holder to purchase one additional common share at a price of 15 cents, exercisable for one year from the date of closing. Should the U.S. Grant acquisition not close for any reason, the subscription proceeds will be returned to the investors. On August 29, 2017, the Company has received TSX Venture Exchange approval to close its first-phase financing.

The Company is continuing with the second phase of the financing, comprising up to 53 million units at a price of 10 cents per unit for additional proceeds of up to \$5.3-million. The units under the second phase financing are identical to the units issued upon conversion of the subscription receipts, as referred to in the foregoing.

Finders' fees in cash and/or securities are payable under both the first and the second phases of the financing. In addition to financing the acquisition of the U.S. Grant mine, the proceeds of the offering will be used for the purposes set forth in the May 17, 2017, news release. The offering is subject to the approval of the TSX Venture Exchange.

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**14. EVENTS AFTER THE REPORTING PERIOD (CONTINUED)**

Debt settlement

The Company will settle debt of up to \$2-million by the issuance of common shares at a price of 10 cents, resulting in the issuance of up to 20 million common shares. A portion of the debt will be settled with non-arm's-length parties who will receive shares only. Arm's-length parties may receive units at 10 cents, with each unit consisting of one common share and one warrant entitling the holder to purchase one additional common share at a price of 15 cents, exercisable for one year. The debt settlement is subject to the approval of the TSX Venture Exchange.

U.S. Grant mine

The Company is proceeding with the closing of its acquisition of the U.S. Grant mine. In order to effect the closing, the Company must pay to the vendors \$1.65-million (U.S.), which will be financed through the private placement of subscription receipts referred to in the foregoing for ownership title. On August 29, 2017, the Company has received exchange approval to close its acquisition of the U.S. grant mine property in Montana. The closing funds in the amount of \$1.65-million (U.S.) were provided by the proceeds of the subscription receipt financing. Under the original mining lease and option to purchase agreement, the Company will be required to make a further payment of \$2-million (U.S.) on the first anniversary of closing, and a further \$2-million (U.S.) on the second anniversary of closing. The remaining payments will be secured by a mortgage on the property in favour of the vendors.