

**TRANSATLANTIC MINING CORP.**  
**(FORMERLY ARCHEAN STAR RESOURCES INC.)**  
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**MANAGEMENT DISCUSSION AND ANALYSIS**

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*Accompanying the June 30, 2018 Consolidated Interim Financial Statements*

*This Management Discussion and Analysis (“MD&A”), prepared as of August 29, 2018, should be read in conjunction with the Company’s consolidated interim financial statements and the accompanying notes for the six months ended June 30, 2018 and related notes thereto, which have been reported in Canadian dollars, and prepared in accordance with International Financial Reporting Standards (“IFRS”).*

This discussion relates to the operations of Transatlantic Mining Corp. (formerly Archeon Star Resources Inc. (the “Company”), its wholly owned Australian based subsidiary, Archeon Star Resources Australia Pty Ltd. (“ASA”), and its wholly owned Idaho based subsidiary, Transatlantic Idaho Corp. (“TIC”), and its wholly owned subsidiary, Transatlantic Contracting Corp. (“TCC”) during the period up to the date of this report, being August 29, 2018.

Additional information, including press releases, has been filed electronically through the System for Electronic Document Analysis and Retrieval (“SEDAR”) and is available under the Company’s profile at [www.sedar.com](http://www.sedar.com).

**FORWARD LOOKING INFORMATION**

This MD&A contains certain forward-looking statements and information relating to the Company that are based on the beliefs of management as well as assumptions made by and information currently available to the Company. When used in this document, the words “*anticipate*”, “*believe*”, “*estimate*”, “*expect*” and similar expressions, as they relate to the Company or management, are intended to identify forward-looking statements. This MD&A contains forward-looking statements relating to, among other things, regulatory compliance, the sufficiency of current working capital, the estimated cost and availability of funding for the continued exploration and development of exploration properties. Such statements reflect the current views of management with respect to future events and are subject to certain risks, uncertainties and assumptions. Many factors could cause the actual results, performance or achievements to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which reflect Management’s analysis only as of the date hereof. Readers should be aware that the Company is under no obligation to publicly release the results of any revision to these forward-looking statements, which may not reflect circumstances, or occurrences of unanticipated events after the date of this document.

## CORPORATE OVERVIEW

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The Company was amalgamated under the *Business Corporations Act* (British Columbia) by Certificate of Amalgamation dated January 28, 2011.

On January 28, 2011, the Company was amalgamated under a Plan of Arrangement whereby the Gnaweeda Gold Project (“**Gnaweeda Project**”) was spun off from Kent Exploration Inc. (“**Kent**”) (now Bayhorse Silver Inc.), a TSX.V company, as a non-taxable dividend to its shareholders of record on January 25, 2011.

The Company is engaged in the review and acquisition of exploration of mineral property interests with a view to developing the assets into future economic mining activities. The Company’s registered and head office is located at Suite 800 - 1199 West Hastings Street, Vancouver, British Columbia, V6E 3T5.

The current activities summarized in the quarter for the Company are:

- Alder Mountain Project : Geological Modelling of the US Grant Vein
- Kearsarge Gold Project : Compiled Historical Drilling Results
  - Big Vein Highlighted drillhole grades (\*\*):**
    - Hole # 70 -1-94** 5.9 metres (17.6 feet ) at **31.15 g/t Au (1.0 Oz/t Au)- True width 5.9 m**
    - 70 -3-94** 7.5 metres (22.6 feet ) at **48.23 g/t Au (1.55 Oz/t Au)- True width 6.0 m**
    - \* **KS-01** 5.0 metres (15.0 feet ) at **60.27 g/t Au (1.94 Oz/t Au)- True width 4.3 m**
  - Kearsarge Vein highlighted drillhole grades(\*\*):**
    - Hole # UGKS-9-94** 3.3 metres (9.8 feet )at **35.26 g/t Au (1.13 Oz/t Au) -True width 1.6 m**
    - 96-2** 1.3 metres (4.0 feet ) at **30.47 g/t Au (0.98 Oz/t Au)- True width 1.3 m**
    - \* **KS-02** 3.3 metres (10.0 feet )at **10.23 g/t Au (0.33 Oz/t Au)- True width 2.7 m**
- Monitor Copper Gold Project: No Activity
- Business Development : Review of additional Projects
- Finance : Advancing the finance for mine development

At the end of the quarter, the share structure for the Company was 61,672,428 common shares.

By the Arrangement Agreement (the “Arrangement”) dated March 12, 2010, effectively closing on January 28, 2011, the Company acquired a 100% interest of ASA, an Australian subsidiary of Kent Exploration Inc. (“Kent”) (now Bayhorse Silver Inc.), for the issuance of 15,313,295 common shares at fair value of \$0.15 to Kent’s shareholders on a basis of 4:1. As part of the Arrangement, Kent also agreed to receive 100,000 common shares of the Company to settle ASA’s shareholder loan in the amount of \$164,833.

The transaction has been accounted for using the purchase method of accounting as an acquisition of assets by the Company. The allocation of the purchase price is based on the assets acquired and liabilities assumed measured at the carrying values, which approximated their fair values, at the date of the acquisition.

On July 4, 2014, the Company entered into an agreement with an arm's-length party to dispose of its Gnaweeda property, comprising interests in five tenements in Western Australia. As consideration for the property, the Company received a deposit of AUD \$5,000 and received a further AUD \$495,000 in the nine months ended September 30, 2015. The Company received a further AUD \$500,000 upon establishment of a Joint Ore Reserves Committee-compliant mineral resource of at least 150,000 ounces of gold on the 1st August 2016. The company is further entitled 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 million. At December 31, 2014, the Company recognized a receivable of \$516,818 (AUD \$495,000 plus GST of AUD \$50,000) for the payment received after December 31, 2014. The Company realized a loss on sale of the property of \$3,191,290, which includes write off of related receivables of \$23,480 and prepaid expenses of \$8,565.

On December 29, 2014, the Company filed a draft valuation of its Gnaweeda property with the TSX.V with respect to the disposition of the property, and obtained TSX.V approval on March 31, 2015.

During the year ended December 31, 2014 and pursuant to a resolution passed by shareholders, the Company changed its name from Archean Star Resources Inc. to Transatlantic Mining Corp.

The Company's shares trade on the TSX Venture Exchange ("TSX.V") under the symbol "TCO".

## **OVERALL PERFORMANCE / DISCUSSION OF OPERATIONS**

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The Company's business is the acquisition, financing, and exploration of prospective mineral properties in areas of low political risk, close to support facilities and with ready, all weather access for future mine development in the district.

The Company has purchased the Alder Mountain (US Grant) Gold Project and title in Madison County in Montana in the USA effective August 28, 2017. It has also met expenditure commitments now to acquire an 80% interest in a Mining Lease on the Monitor Copper Gold Project in the Coeur D'Alene Mining District, Idaho effective December 31, 2017. The Company also extended the due diligence period 12 months effective January 1, 2018 at the prospective Kearsarge Gold Project 8 kilometres to the south of the Alder Mountain Gold Project and US Grant Processing facility.

### ***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 (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).

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).

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 June 30, 2018, the Company has a refundable performance bond of \$28,417 (US \$21,164) (December 31, 2017 - \$28,417) for security of drilling activity requirements for the property.

For the year ended December 31 2016, AMCOR had agreed to the financial consideration for the 80 % position of \$2.1 M USD being met.

The Company has focused on getting the drill permits ready for new drill programs and metallurgical testing of mineralized rock coming from the St. Lawrence and Monitor properties. One possible option for treating mineralized materials is to send it to the US Grant processing facility which has an existing flotation circuit that has been upgraded by Transatlantic in the previous year.

### ***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 returns (“NSR”) royalty 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, 2018, the Company has a refundable performance bond of \$13,776 (US \$10,260) (December 31, 2017 - \$13,776) for security of drilling activity requirements for the property.

Up to the date of this MD&A, all tenements are in good standing with the relevant statutory bodies.

	<b>June 30, 2018</b> <b>(\$)</b>
<b>Monitor Project</b> <i>Acquisition Costs</i>	467,222
<b>St. Lawrence Project</b> <i>Acquisition Costs</i>	46,354
<b>Alder Mountain Project</b> <i>Acquisition Costs</i>	7,142,587

Mineral property expenses for the six months ended June 30, 2018 are as follows:

	<b>For the Six Months Ended June 30, 2018</b>		
	<b>Alder Mountain Project (\$)</b>	<b>Monitor Property (\$)</b>	<b>Total (\$)</b>
Assays and analysis	2,072	-	2,072
Consultants	11,172	-	11,172
General and administrative field cost	34,602	-	34,602
Geologists, geophysical contractors, geotechnical	3,374	-	3,374
Land lease	4,793	-	4,793
Rent	38,343	-	38,343
Repairs and maintenance	27,407	-	27,407
Salaries and wages	19,938	-	19,938
Supplies	1,269	-	1,269
Utilities	7,796	-	7,796
Travel, accommodation and fuel	3,170	-	3,170
<b>Total</b>	<b>153,936</b>	<b>-</b>	<b>153,936</b>

### ***Gnaweeda Gold Project***

The Gnaweeda Project is located 35 kilometers NE of the town of Meekatharra in the Murchison Province of Western Australia. Twenty kilometers to the west, the Meekatharra-Wydege Greenstone Belt hosts several >1 million ounce gold deposits, including the Big Bell, Meekatharra, and Reedy deposits.

Gnaweeda hosts several gold prospects on two contiguous tenements over a 28 kilometer strike length of highly prospective rocks in the Archean-age Gnaweeda Greenstone Belt, including small historic gold workings at Bunarra and several gold prospects discovered by Newcrest Mining in the 1990s. Numerous other targets have been identified from geophysics.

Two new tenements, a 6 square kilometer addition in the north-west of Tenement E51/927 to cover an extension of a geophysical/structural anomaly, and a 6 square kilometer addition on the east side of Tenement E51/926 to cover a geophysical anomaly that extends off that tenement have been added to Gnaweeda.

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 property, comprising interests in five tenements in Western Australia. As consideration for the property, the Company received a deposit of AUD \$5,000 and received a further AUD \$495,000 upon closing subsequent to the year end. The Company has received a

further AUD \$500,000 upon establishment of a Joint Ore Reserves Committee-compliant mineral resource of at least 150,000 ounces of gold on 1<sup>st</sup> August 2016. It will be entitled to a further 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. At December 31, 2014, the Company recognized a receivable of \$516,818 (AUD \$495,000 plus GST of AUD \$50,000) for the payment received after year end. The Company realized a loss on sale of the property of \$3,191,290, which includes write off of related receivables of \$23,480 and prepaid expenses of \$8,565.

On December 29, 2014 the Company filed a draft valuation of its Gnaweeda property with the TSXV with respect to the disposition of the property, and obtained TSXV approval on March 31, 2015.

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.

### ***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 (“Ansongo Manganese Project”), with a three-year option to acquire up to 70% of the project.

The vendor of the Ansongo Project is a private company in which Gregor Theiser, a previous director of the company, is interested. 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 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.

### ***Alder Mountain Project***

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

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

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

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

On September 30, 2016, the Company signed a binding agreement with the owners of a 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. The Company may extend the initial term for up to an additional 12 months to December 31, 2018 for rent of US\$40,000. The Company can then extend the agreement for a second renewal term to December 31, 2028 for rent of US\$8,333 per month. Such rent payments will be applied to the purchase price. At any time during the initial and extension term, the Company may exercise its option to purchase the KCG for a purchase price of US\$6,000,000, less rent payments and US\$60,000 paid to the claim owner for personal property.

On August 28, 2017, the Company received exchange approval to close its acquisition of the U.S. Grant Mine property in Montana. The remaining payments will be secured by a mortgage on the property in favour of the vendors. On August 28, 2017, the short and long-term portions have been discounted to US\$1,882,132 from US\$1,995,060 and US\$1,779,993 from US\$2,000,000, respectively, at a 6% discount rate and will be accreted up to the face values over the term of the debt. As at June 30, 2018, the outstanding balance was \$4,919,482 (US\$3,735,937) (December 31, 2017 - \$4,686,733) of which \$2,528,344 (US\$1,920,067) (December 31, 2017 - \$2,408,724) is due on August 28, 2018 and \$2,391,138 (US\$1,815,870) (December 31, 2017 - \$2,278,009) is due on August 28, 2019. During the year ended December 31, 2017, the Company recorded accretion on the short and long-term portions of \$49,262 (US\$37,935) and \$46,589 (US \$35,877), respectively.

At June 30, 2018, the Company has refundable performance bonds of \$27,202 (US \$20,595) (December 31, 2017 - \$27,202) for security of drilling activity requirements for the property.

## Summary of Alder Mountain Project Activities

The project is best described currently as an exploration and mine development project with the current surface drilling supporting the geological model for gold mineral extraction. The mine is being reviewed for start up from the Sherman portal with final costings being determined off the trial mining and estimates for modern mining equipment. This is part of the working capital raise being sought and advanced at the quarter end.

The US Grant mine is permit ready and is one of the two opportunities to advance mine development and large bulk mining parcels with finance completion. This was well in progress at quarter end with the permitting process commencing also on the second gold project at the Kearsarge 5 km from the Grant Mine.

The Company continues to review other propositions that can add value to the processing facility and that compliments its activities in the region with its own operational expertise.

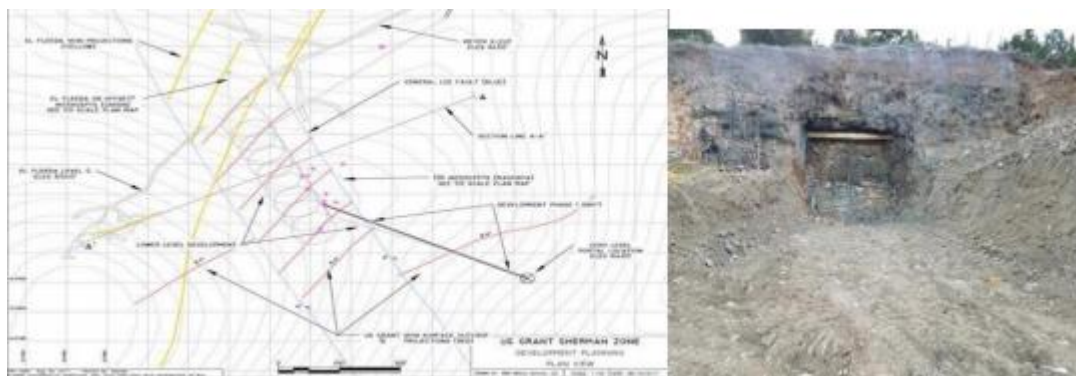
## Location

The mine is located in the historical mining district of Virginia City, Montana USA. This is an area with a history of alluvial and underground gold 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. The processing facility can and is a strategic facility for this region.

## Sherman Mine Development

The mine has a plan in place to develop to the vein drilled by Transatlantic with a new underground mining access, the Sherman Decline. This will be undertaken with the company's own heavy equipment and contract labour going forward when financing completed. The Sherman decline will be utilized to access the yet unmined Sherman vein, an offset and extension of the U.S. Grant vein. The decline can be driven rapidly with modern trackless gear to enable subsequent development of the Sherman vein to obtain a bulk sample in the order of plus 40,000 tons initially. The portal development is complete, 165 metres (540 feet) of a 3.6-metre-by-3.6-metre (12 feet by 12 feet) ramp is planned to access the first sublevel of the vein mineralization. After the secondary escape way and initial vein exploration are completed, the mining of this mineralized zone can continue to the extent of the current and known drilling.

The following plan outlines the Sherman mine development with the short access to the mineralized vein. This is within 1 kilometre of the US Grant processing facility.



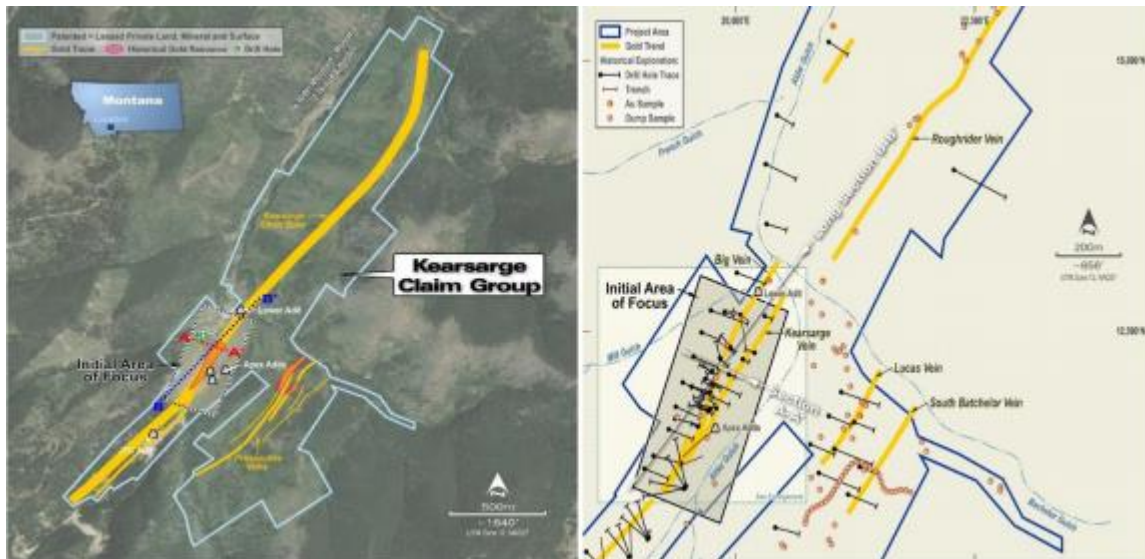
Further drilling has now been planned for the extension of the unmined Sherman vein and testing the historically mined gold bearing El Fleeda vein approximately 150 m to the north.

### Summary of Kearsarge Gold Project

The Kearsarge has more historical holes drilled outside the Kennecott “Historical Resource estimate” of 600,000 ounces in 1995. The Kearsarge Claim Group contains over 700 acres and 33 claims of private patented land. The project is 8 (5 miles) kilometres from the US Grant Mine. The following summary drill results indicate the initial area of focus is highly mineralized and now compiled :

- **Big Vein Highlighted drillhole grades (\*\*)** :
  - Hole # 70 -1-94 5.9 metres (17.6 feet ) at 31.15 g/t Au (1.0 Oz/t Au)- True width 5.9 m
  - 70 -3-94 7.5 metres (22.6 feet ) at 48.23 g/t Au (1.55 Oz/t Au)- True width 6.0 m
  - \* KS-01 5.0 metres (15.0 feet ) at 60.27 g/t Au (1.94 Oz/t Au)- True width 4.3 m
  
- **Kearsarge Vein highlighted drillhole grades(\*\*)** :
  - Hole # UGKS-9-94 3.3 metres (9.8 feet )at 35.26 g/t Au (1.13 Oz/t Au) -True width 1.6 m
  - 96-2 1.3 metres (4.0 feet ) at 30.47 g/t Au (0.98 Oz/t Au)- True width 1.3 m
  - \* KS-02 3.3 metres (10.0 feet )at 10.23 g/t Au (0.33 Oz/t Au)- True width 2.7 m

The following diagram highlights the plan view and initial area of focus for compiled drilling within a large shear zone and exploration opportunity outside this focus area.



*Plan View of the Kearsarge highlighting drilling and initial area of focus*

Mineralization appears to be open on strike and down dip with more information now been sourced from different libraries including now photos of the diamond drill core. The following long section indicates large exploration opportunity for adding additional ounces down dip, along strike, along with additional veining outside the initial area of focus for additional upside exploration.



## Bay Horse Project

There was no activity this quarter and no further activity is planned by the Company.

### SUMMARY OF QUARTERLY RESULTS

A summary of financial results for the eight most recently completed quarters ending June 30, 2018:

	<b>Revenue</b> <b>(\$)</b>	<b>General &amp; Administrative and Other Expenses</b> <b>(\$)</b>	<b>Exploration Expenses (Recovery)</b> <b>(\$)</b>	<b>Net Loss and Comprehensive Loss</b> <b>(\$)</b>	<b>Loss per Share</b> <b>(\$)</b>
Jun-30-2018	-	537,628	107,536	645,164	0.01
Mar-31-2018	-	464,069	46,400	510,469	0.01
Dec-31-2017	-	370,517	(136,464)	234,053	0.00
Sep-30-2017	-	493,874	158,766	652,640	0.02
Jun-30-2017	-	302,534	449,563	752,097	0.03
Mar-31-2017	-	242,064	1,106,471	1,348,535	0.06
Dec-31-2016	-	570,917	1,429,629	2,000,546	0.10
Sept-30-2016	-	1,075,377	1,232,160	2,307,537	0.17

## **RESULTS OF OPERATIONS**

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### *Six months ended June 30, 2018*

The Company has earned a revenue of \$Nil during the six months ended June 30, 2018 compared to \$Nil during the six months ended June 30, 2017. Exploration expenditures of \$153,936 were lower by \$1,402,098 than the \$1,556,034 incurred during the six months ended June 30, 2017 due to decreased exploration activity.

General and administration expenses during the six months ended June 30, 2018 totaled \$628,629 which were higher by \$89,533 than the \$539,096 in the same period in 2017. This is mainly due to an increase in amortization of \$39,915, increase in corporate communications of \$4,645, increase in management fees of \$24,479, increase in promotion of \$408, increase in travel of \$12,588, increase in professional fees of \$21,233 and an increase in project investigation cost of \$1,341. Partially offsetting those increases were decreases in administrative cost of \$168, consulting fees of \$6,189, filing fees of \$5,801 and office costs of \$2,918. Overall, expenses increased during the current period as a result of the increase in the Company's activities during the current period

### *Three months ended June 30, 2018*

The Company has earned a revenue of \$Nil during the three months ended June 30, 2018 compared to \$Nil during the three months ended June 30, 2017. Exploration expenditures of \$107,536 were lower by \$342,027 than the \$449,563 incurred during the three months ended June 30, 2017 due to decreased exploration activity.

General and administration expenses during the three months ended June 30, 2018 totaled \$372,967 which were higher by \$77,268 than the \$295,699 in 2017. This is mainly due to an increase amortization costs of \$12,934, increase in corporate communications of \$4,375, increase in management fees of \$14,577, increase in professional fees of \$33,100, increase in project investigation cost of \$10,910, increase in promotion of \$416 and an increase in travel of \$12,846. Partially offsetting those increases were decreases in administrative costs of \$76, consulting fees of \$3,064, filing fees of \$4,853 and office cost of \$3,897. Overall, expenses increased during the current period as a result of the increase in the Company's activities during the current period.

## **LIQUIDITY AND CAPITAL RESOURCES**

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As of June 30, 2018, the Company had working capital deficit of \$6,536,754 compared to a working capital deficit of \$6,012,472 as of the year ended December 31, 2017.

On June 15, 2016, the Company closed its private placement consisting of 2,000,000 units at \$1.00 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 \$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 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.

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

On October 13, 2016, the Company closed its private placement consisting of 7,940,749 units at \$0.50 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%.

On August 28, 2017, the Company closed the first tranche of financing consisting of 22,000,000 units at \$0.10 per unit for gross proceeds of \$2,200,000. Each unit consists of one common share and one share purchase warrant, with each warrant entitling the holder to purchase one additional common share at a price of \$0.15, exercisable for three years from the date of closing. \$330,000 was allocated to the warrants using the residual method. The Company also paid finders' fees of \$147,230, and issued 1,137,500 finders' warrants in connection with the placement. The Company allocated a fair value of \$60,322 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 1.34% and an expected volatility of 121%.

On September 6, 2017, the Company closed the second tranche of financing consisting of 18,155,910 units at \$0.10 per unit for gross proceeds of \$1,815,591. Each unit consists of one common share and one share purchase warrant, with each warrant entitling the holder to purchase one additional common share at a price of \$0.15, exercisable for three years from the date of closing. \$363,118 was allocated to the warrants using the residual method.

The Company also paid finders' fees of \$127,091 and issued 1,270,913 finders' warrants in connection with the placement. The Company allocated a fair value of \$62,764 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 1.51% and an expected volatility of 122%.

During the six months ended June 30, 2018, the Company received \$376,920 in share subscriptions toward future private placements.

During the year ended December 31, 2017, the Company received \$107,726 in share subscriptions toward future private placements.

During the year ended December 31, 2016, the Company received \$149,340 in share subscriptions toward future private placements.

During the year ended December 31, 2015, the Company issued 250,000 common shares with a fair value of \$40,000 pursuant to the Monitor Property agreement.

During the year ended December 31, 2015, the Company issued 130,000 common shares with fair value of \$19,500 pursuant to the St. Lawrence Property Lease Agreement.

The Company issued a total of 3,200,737 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. Recorded as a charge to share capital is \$250,000, representing shares issued for proceeds which the Company has not received. In relation to the issuance of common shares, the Company issued 346,061 finder's warrants, exercisable at \$1.00 per warrant until October 5, 2018. The Company allocated a fair value of \$320,782 to the finder's warrants under 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%.

The Company is in the mineral exploration and development business and is exposed to a number of risks and uncertainties inherent to the mineral resource industry. This activity is capital intensive at all stages and subject to fluctuations in metal prices, market sentiment, currencies, inflation and other risks. The Company currently has no source of material revenue, and relies primarily on equity financings to fund its exploration, development and administrative activities. Material increases or decreases in the Company's liquidity will be substantially determined by the success or failure of its exploration and development activities, as well as its continued ability to raise capital. The current recessionary credit conditions have severely limited the Company's ability to raise financing through its usual methods and if these conditions persist they will materially decrease the Company's liquidity and capital resources.

The Company's ability to continue as a going concern is dependent on continued financial support from its shareholders, and the ability of the Company to raise equity. While management has been successful in obtaining additional sources of finance in the past, there can be no assurance that it will be able to do so in the future.

## **RELATED PARTY TRANSACTIONS**

The following table summarizes services provided by related parties:

	<b>Six Months Ended June 30, 2018 (\$)</b>	<b>Six Months Ended June 30, 2017 (\$)</b>
Management (a)	180,000	180,000
Consulting (b)	60,000	30,000
	<b>240,000</b>	<b>210,000</b>

- (a) The Company paid management fees of \$180,000 (2017 - \$180,000) to the CEO of the Company.
- (b) The Company paid consulting fees of \$60,000 (2017 - \$30,000) to directors of the Company.

As of June 30, 2018, \$2,962,053 (December 31, 2017 - \$2,916,254) is due to related parties for the services above, which is included in accounts payable and accrued liabilities. Amounts due to/from related parties are unsecured, non-interest bearing and have no fixed terms of repayment.

## **FINANCIAL INSTRUMENTS**

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value hierarchy establishes three levels to classify the inputs to valuation techniques used to measure fair value, by reference to the reliability of the inputs used to estimate the fair values.

### Level 1

Level 1 applies to assets or liabilities for which there are quoted prices in active markets for identical assets or liabilities.

### Level 2

Level 2 applies to assets or liabilities for which there are inputs other than quoted prices that are observable for the asset or liability such as quoted prices for similar assets or liabilities in active markets; quoted prices for identical assets or liabilities in markets with insufficient volume or infrequent transactions (less active markets); or model-derived valuations in which significant inputs are observable or can be derived principally from, or corroborated by, observable market data.

### Level 3

Level 3 applies to assets or liabilities for which there are unobservable inputs to the valuation methodology that are significant to the measurement of the fair value of the assets or liabilities.

As at June 30, 2018, the Company believes that the carrying values of accounts payable, accrued liabilities, and loan payable approximate their fair values because of their nature and relatively short maturity dates or durations.

**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.

**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 from HRB. The risk associated with its receivables is minimal.

Currency risk: Currency risk is the risk that the value of financial instruments denominated in foreign currencies will fluctuate due to changes in foreign exchange rates. 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 the Australia and in the United States. The Company's currency risk is presently limited to approximately \$170,218 of net exposure denominated in Australian dollars and approximately \$472,719 of net exposure denominated in U.S. dollars. Based on this exposure as at June 30, 2018, a 5% change in the Australian dollar to Canadian dollar exchange rate would impact the Company's net loss by \$8,511 and by \$23,636 for a 5% change in the US dollar to Canadian dollar. Management believes the foreign exchange risk derived from currency conversions from the Australian and U.S. operations is not significant and does not hedge its foreign exchange risk.

Future changes in exchange rates could have a material effect on the Company's business, financial condition and results of operations.

Interest rate risk: Interest rate risk is not significant as the Company's assets and liabilities do not bear any interest.

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.

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 and early production development 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.

## SHARE CAPITAL

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The Company's authorized share capital consists of an unlimited number of common shares without par value. As of June 30, 2018 and the date of this report, the total number of issued and outstanding common shares is 61,672,428 common shares.

### Options

As at June 30, 2018 and the date of this report, the following stock options 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>
<b>1,650,000</b>	<b>1.00</b>	<b>June 22, 2021</b>	<b>2.97</b>

### Warrants

As at June 30, 2018 and the date of this report, 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	0.00
2,042,000	1.30	June 15, 2019	0.04
23,137,500	0.15	August 28, 2020	1.05
2,646,916	1.00	September 16, 2018	0.01
168,840	1.00	September 16, 2018	0.00
19,376,823	0.15	September 6, 2020	0.89
<b>47,718,140</b>	<b>0.25</b>		<b>1.99</b>

## CHANGES IN ACCOUNTING POLICIES

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### *Accounting standards adopted during the period*

As of January 1, 2018, the Company adopted the new and amended IFRS pronouncements in accordance with transitional provisions outlined in the respective standards. The adoption of these standards did not have a material impact on the consolidated results, financial position or accounting policies of the Company. Significant standards adopted include the following:

#### **IFRS 9, Financial Instruments (“IFRS 9”)**

IFRS 9 addresses the classification, measurement and recognition of financial assets and financial liabilities and supersedes the guidance relating to the classification and measurement of financial instruments in IAS 39, Financial Instruments: Recognition and Measurement (“IAS 39”).

IFRS 9 requires financial assets to be classified into three measurement categories on initial recognition: those measured at fair value through profit and loss, those measured at fair value through other comprehensive income and those measured at amortized cost. Investments in equity instruments are required to be measured by default at fair value through profit or loss. For financial

liabilities, the standard retains most of the IAS 39 requirements.

### **IFRS 15, Revenue from Contracts with Customers (“IFRS 15”)**

The new revenue standard introduces a single principles-based, five-step model for the recognition of revenue when control of goods is transferred to, or a service is performed for, the customer. IFRS 15 also requires enhanced disclosures about revenue to help users better understand the nature, amount, timing and uncertainty of revenue and cash flows from contracts with customers.

#### *Accounting standards issued but not effective*

A number of new standards, amendments to standards and interpretations, are not yet effective for the period ending June 30, 2018, and have not been applied in preparing these consolidated interim financial statements. The Company considers the following standard the most significant and is not a complete list of new pronouncements that may impact the financial statements.

### **IFRS 16 Leases (“IFRS 16”)**

IFRS 16 will replace IAS 17 Leases. IFRS 16 specifies how to recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Application of the standard is mandatory for annual periods beginning on or after January 1, 2019, with early application permitted. The Company continues to assess the impact of adopting this standard on its consolidated financial statements.

### **OFF BALANCE SHEET ARRANGEMENTS**

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The Company has no off balance sheet arrangements.

### **MANAGEMENT CHANGES**

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On March 2, 2015, the Company announced that Steve Hodgson has joined the Board of Directors as an independent director. On November 7, 2016, Steve Hodgson resigned as an independent director.

On January 22, 2016, the Company announced that Michael Hulmes has joined the Board of Directors.

On November 7, 2016, the Company announced the appointment of Ray Parry to the Board of Directors as an independent director.

On January 20, 2017, Rob Tindall resigned as director and Chief Executive Officer of the Company.

### **SUBSEQUENT EVENT**

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Negotiations continue on the US grant project second mortgage installment of \$2.0 M USD for deferment which was due in August and as such is now in default subject to a newly arranged commercial set of terms for that payment. New financial arrangements have been sent to the TSX

as part of the open raise for approvals.