

TRANSATLANTIC MINING CORP.

**CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2021 and 2020**

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instruments 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the interim financial statements have not been reviewed by an auditor.

The accompanying unaudited consolidated interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these consolidated interim financial statements in accordance with the standards by the Chartered Professional Accountants of Canada for a review of the interim financial statements by an entity's auditor.

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

	March 31, 2021 (\$) (Unaudited)	December 31, 2020 (\$) (Audited)
ASSETS		
Current Assets		
Cash	800,152	774,448
Receivable (Notes 6 and 11)	766,710	1,707,534
Prepaid expenses	28,866	19,733
Investment (Note 7)	5,374,770	6,057,633
	6,970,498	8,559,348
Non-Current Assets		
Long-term receivable (Note 6)	2,213,860	2,193,646
Equipment (Note 4)	179,615	192,670
Reclamation bonds (Note 5)	50,531	51,050
Exploration and evaluation assets (Note 5)	1,412,678	924,997
Total Assets	10,827,182	11,921,711
LIABILITIES		
Current Liabilities		
Accounts payable and accrued liabilities (Notes 9 and 12)	5,244,781	5,338,085
Income tax payable	851,433	862,063
	6,096,214	6,200,148
Total Liabilities	6,096,214	6,200,148
SHAREHOLDERS' EQUITY		
Share capital (Note 10)	21,375,847	21,375,847
Share-based payment reserve (Note 10)	4,405,872	4,405,872
Deficit	(21,050,751)	(20,060,156)
Total Shareholders' Equity	4,730,968	5,721,563
Total Liabilities and Shareholders' Equity	10,827,182	11,921,711

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

_____, *"Bernie Sostak"*, Director
Bernie Sostak

_____, *"Ray Parry"*, Director
Ray Parry

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

TRANSATLANTIC MINING CORP.
CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE LOSS
FOR THE THREE MONTHS ENDED MARCH 31,
(Expressed in Canadian dollars)
(Unaudited)

	2021	2020
MINERAL PROPERTY EXPENSES (Notes 5 and 9)	\$ 137,243	\$ 173,133
ADMINISTRATION EXPENSES		
Accretion and accrued interest	2,598	79,024
Administrative costs	2,617	412
Amortization (Note 4)	23,521	43,848
Corporate communications	2,150	2,001
Consulting fees (Note 9)	9,489	-
Filing fees	4,663	7,818
Management fees (Note 9)	23,672	13,245
Office	5,652	662
Professional fees	7,879	-
Project investigation costs	5,368	-
Travel	1,297	2,273
Total administration expenses	88,906	149,283
Loss before other items	(226,149)	(322,416)
OTHER ITEMS		
Change in fair value of investments (Note 7)	(1,160,627)	-
Foreign exchange gain (loss)	(81,418)	(589,139)
Gain on debt settlement	58,821	-
Gain on sale of Endomines shares (Note 7)	394,113	-
Interest income (Note 6)	47,586	-
Write-off of accounts payable	(22,921)	-
	(764,446)	(589,139)
NET AND COMPREHENSIVE LOSS	\$ (990,595)	\$ (911,555)
Loss per common share – basic	\$ (0.01)	\$ (0.01)
Loss per common share – diluted	\$ (0.01)	\$ (0.01)
Weighted average number of common shares – basic	83,639,916	83,639,916
Weighted average number of common shares – diluted	101,328,650	111,696,397

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

TRANSATLANTIC MINING CORP.
CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY (DEFICIENCY)
FOR THE THREE MONTHS ENDED MARCH 31, 2021 AND 2020
 (Expressed in Canadian dollars)

	Share Capital		Share-based payment and other reserves	Deficit	Total equity (deficiency)
	Shares	Amount (\$)	(\$)	(\$)	(\$)
Balance, December 31, 2019	83,639,916	21,375,847	3,845,952	(26,803,200)	(1,581,401)
Net and comprehensive loss for the period	-	-	-	(911,555)	(911,555)
Balance, March 31, 2020	83,639,916	21,375,847	3,845,952	(27,714,755)	(2,492,956)
Balance, December 31, 2020	83,639,916	21,375,847	4,405,872	(20,060,156)	5,721,563
Net and comprehensive loss for the period	-	-	-	(990,595)	(990,595)
Balance, March 31, 2021	83,639,916	21,375,847	4,405,872	(21,050,751)	4,730,968

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

TRANSATLANTIC MINING CORP.
CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDED MARCH 31,
(Expressed in Canadian dollars)
(Unaudited)

	2021	2020
	(\$)	(\$)
OPERATING ACTIVITIES		
Net loss for the period	(990,595)	(911,555)
Adjustment for non-cash items:		
Amortization	23,521	43,848
Accretion	-	79,024
Change in fair value of shares consideration	1,160,627	-
Gain on debt settlement	(58,821)	-
Gain on sale of Endomines shares	(394,113)	-
Interest income	(47,586)	-
Foreign exchange loss	113,561	434,643
Write-off of accounts payable	22,921	-
Net changes in non-cash working capital items:		
Receivables	917,793	243
Prepaid expenses	(9,133)	6,109
US Grant payable	-	(651,300)
Accounts payable and accrued liabilities	(57,404)	317,604
Net operating cash flows	680,771	(681,384)
INVESTING ACTIVITIES		
Proceeds from sale of mineral properties	-	716,430
Proceeds from sale of investment	265,076	-
Purchase of equipment	(10,307)	-
Purchase of investment	(422,155)	-
Mineral properties acquisition costs	(487,681)	(52,932)
Net investing cash flows	(655,067)	663,498
Change in cash	25,704	(17,886)
Cash, beginning	774,448	33,248
Cash, ending	800,152	15,362

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 THREE MONTHS ENDED MARCH 31, 2021 AND 2020

1. NATURE OF OPERATIONS AND GOING CONCERN

Transatlantic Mining Corp. (the "Company") was incorporated under the Business Corporations Act (British Columbia). The Company is engaged in the acquisition and exploration of mineral property interests. The Company's registered and head office is located at Suite 400 - 837 West Hastings Street, Vancouver, British Columbia, V6C 3N6. The Company's shares are listed on the TSX Venture Exchange ("TSXV") under the symbol "TCO".

The accompanying consolidated interim financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities and commitments in the normal course of business. The Company's continued existence is dependent upon its ability to raise additional capital, the continuing support of its creditors, and ultimately the attainment of profitable operations and positive cash flows. Failure to obtain sufficient financing will have an adverse effect on the financial position of the Company and its ability to continue as a going concern. These factors indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. These consolidated interim financial statements do not give effect to adjustments that might be necessary to the carrying values, classification of assets and liabilities, and the reported operating results should the Company be unable to continue as a going concern. For the three months ended March 31, 2021, the Company had net loss of \$990,595 (2020 - \$911,555), and as at March 31, 2021 had a working capital of \$874,284 (December 31, 2020 - \$2,359,200). Management's plan includes continuing to pursue additional sources of financing through equity offerings, greater than 3-year loans as gold pre-payment and additional combinations thereof, and where practical, to reduce overhead costs.

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

2. BASIS OF PRESENTATION

These consolidated interim financial statements were approved for issue by the board of directors on May 31, 2021.

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 Standards ("IFRS") as issued by International Accounting Standards Board ("IASB"), and interpretations of the IFRS Interpretations Committee ("IFRIC"). Therefore, these consolidated interim financial statements comply with International Accounting Standards ("IAS") 34 "Interim Financial Reporting".

Consolidation

These consolidated 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.

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

TRANSATLANTIC MINING CORP.
NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2021 AND 2020

2. BASIS OF PRESENTATION (CONTINUED)

Consolidation (continued)

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

Significant estimates and assumptions

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

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

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

Significant judgments

The preparation of consolidated interim financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments applied in the Company's consolidated financial statements include the assessment of the Company's ability to continue as a going concern and whether there are events or conditions that may give rise to significant uncertainty; and the determination of the functional currency of the parent company and its subsidiaries.

Basis of presentation

These consolidated interim financial statements have been prepared on a historical cost basis except for certain financial instruments that have been measured at fair value. In addition, these consolidated interim financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Company's principal accounting policies are outlined below:

(a) Foreign currency translation

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

TRANSATLANTIC MINING CORP.
NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2021 AND 2020

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Foreign currency translation (continued)

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

(b) Share-based payments

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

(c) Environmental rehabilitation

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

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

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

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

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

TRANSATLANTIC MINING CORP.
NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2021 AND 2020

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Exploration and evaluation assets

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

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

(e) Equipment

Equipment is stated at historical cost less accumulated depreciation and accumulated impairment losses. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of a significant replaced part is derecognized. All other repairs and maintenance are charged to the consolidated statement of loss and comprehensive loss during the financial period in which they are incurred. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized in profit or loss.

Depreciation and amortization are calculated on a straight-line method to charge the cost, less residual value, of the assets to their residual values over their estimated useful lives over a term of 2 to 6 years.

(f) Income taxes

Current income tax:

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

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

Deferred income tax:

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

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

TRANSATLANTIC MINING CORP.
NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2021 AND 2020

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Income taxes (continued)

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

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

(g) Earnings (loss) per share

Basic earnings (loss) per share is computed by dividing the net loss by the weighted average number of outstanding shares in issue during the reporting 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 securities measured at fair value through other comprehensive income, 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 (loss). Accordingly, net income (loss) equals comprehensive income (loss).

(i) Financial instruments

Classification

The Company classifies its financial instruments in the following categories: at fair value through profit or loss ("FVTPL"), at fair value through other comprehensive income (loss) ("FVTOCI") or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or the Company has opted to measure them at FVTPL.

TRANSATLANTIC MINING CORP.
NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2021 AND 2020

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Financial instruments (continued)

Classification (continued)

The following table shows the classification under IFRS 9:

Financial assets/liabilities	IFRS 9 classification
Cash	Amortized cost
Receivable from Endomines	Amortized cost
Investment	FVTPL
Accounts payable	Amortized cost
US Grant payable	Amortized cost

Measurement

Financial assets at FVTOCI

Elected investments in equity investments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently they are measured at fair value, with gains and losses recognized in other comprehensive income (loss).

Financial assets and liabilities at amortized cost

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

Financial assets and liabilities at FVTPL

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

Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost.

At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset's credit risk has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in the consolidated statements of comprehensive loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

TRANSATLANTIC MINING CORP.
NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2021 AND 2020

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Financial instruments (continued)

Derecognition

Financial assets

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in the consolidated statements of comprehensive income (loss). However, gains and losses on derecognition of financial assets classified as FVTOCI remain within accumulated other comprehensive income (loss).

Financial liabilities

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

(j) Assets held for sale

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

(k) Impairment of non-financial assets

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

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

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

TRANSATLANTIC MINING CORP.
NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2021 AND 2020

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

(l) Warrants

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

(m) Segment reporting

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

(n) Leases

Effective January 1, 2019, the Company adopted IFRS 16, *Leases*. At inception of a contract, the Company assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured based on the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred, and estimate of costs to dismantle and remove or to restore the underlying asset or the site on which it is located, less any lease incentives received. The right-of-use assets are subsequently amortized from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term using the straight-line method. The lease term includes consideration of an option to renew or to terminate if the Company is reasonably certain to exercise that option.

In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising mainly from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, renewal or termination option due to a significant event or change in circumstances. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

TRANSATLANTIC MINING CORP.
NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2021 AND 2020

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) Accounting standards issued but not yet effective

There are no other IFRS or International Financial Reporting Interpretations Committee interpretations that are not yet effective that would be expected to have a material impact on the Company's consolidated financial statements.

4. EQUIPMENT

	Right-of-Use Asset (Note 8) (\$)	Equipment (\$)	Total (\$)
Cost:			
Balance, December 31, 2019	54,494	1,178,967	1,233,461
Addition	-	5,398	5,398
Disposal (Note 6)	(57,731)*	(375,049)**	(432,780)
Foreign exchange movement	3,237	-	3,237
Balance, December 31, 2020	-	809,316	809,316
Addition	-	10,307	10,307
Balance, March 31, 2021	-	819,623	819,623
Amortization:			
Balance, December 31, 2019	32,866	822,444	855,310
Charge for the year	975	123,859	124,834
Disposal (Note 6)	(36,563)*	(355,365)**	(391,928)
Foreign exchange movement	2,722	25,708	28,430
Balance, December 31, 2020	-	616,646	616,646
Charge for the period	-	23,521	23,521
Foreign exchange movement	-	(159)	(159)
Balance, March 31, 2021	-	640,008	640,008
Balance, December 31, 2020	-	192,670	192,670
Balance, March 31, 2021	-	179,615	179,615

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

**On September 24, 2020, the Company closed the sale of U.S. Grant Mine and Mill and lease assignment for the Kearsarge Gold project (the "assets") including the property and equipment located in the assets with a net book value of \$12,405 (Note 6).

5. EXPLORATION AND EVALUATION ASSETS

	Golden Jubilee Project (\$)	Miller Mine Gold Project (\$)	Monitor Property (\$)	St. Lawrence Property (\$)	Total (\$)
Acquisition costs					
Balance, December 31, 2019	-	-	518,855	72,581	591,436
Additions	222,810	31,805	68,422	10,524	333,561
Balance, December 31, 2020	222,810	31,805	587,277	83,105	924,997
Additions	475,050	-	-	12,631	487,681
Balance, March 31, 2021	697,860	31,805	587,277	95,736	1,412,678

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5. EXPLORATION AND EVALUATION ASSETS (CONTINUED)

(a) Monitor Property

On February 5, 2013, as amended on March 12, 2015, the Company entered into an option and joint venture agreement with American Cordillera Mining Corporation ("AMCOR"), and Northern Adventures LLC ("NALLC") whereby it has the right to earn 80% of AMCOR's 100% leasehold interest in a Purchase Option Mining Lease Agreement between AMCOR and NALLC on the Monitor Property, located in Idaho, USA. In order for the Company to earn the 80% interest in the Monitor Property, subject to certain underlying royalties, the Company must:

- (i) pay US\$25,000 in cash (paid);
- (ii) incur property expenditures of US\$2,100,000 over three years (completed); and
- (iii) issue 400,000 common shares of the Company in stages, all of which have been issued in prior years.

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

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

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

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

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

(b) St. Lawrence Property

On June 25, 2015, the Company entered into a Lease Agreement for a parcel of land (the "St. Lawrence Property") on the Montana/Idaho border. The term of the lease is for 25 years, with an option to renew for a further 25 years. As consideration, the Company issued 130,000 common shares of the Company (issued with a fair value of \$19,500) and a 1% net smelter royalty ("NSR") from any production from the Monitor Property and St. Lawrence Property.

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

The landowner may also terminate the lease after three years if the Company has not incurred by that time at least US\$100,000 in expenditures on the St. Lawrence Property. As at March 31, 2021, the Company incurred \$178,735 (December 31, 2020 - \$153,076) in accumulated expenditures related to St. Lawrence Property.

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5. EXPLORATION AND EVALUATION ASSETS (CONTINUED)

(b) St. Lawrence Property (continued)

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

At March 31, 2021, the Company has a refundable performance bond of \$14,705 (US\$10,260) (December 31, 2020 - \$14,705) for security of drilling activity requirements for the property.

(c) Alder Mountain Project

On January 18, 2016, the Company entered into a Mining Lease and Option to Purchase Agreement to lease the U.S. Grant Mine located in the County of Madison, Montana, for an initial term of 4 months, commencing January 18, 2016 until May 17, 2016. The Company was obligated to pay a non-refundable rent of US\$50,000 prior to the initial term (paid). The Company extended the initial term for an additional 12 months to May 18, 2017 for rent of US\$25,000 per month. Such rent payments will be applied to the purchase price. If after the initial and extension term, the Company had not exercised its option to purchase, the agreement would terminate.

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

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

On August 28, 2017, the Company received TSXV approval to close its acquisition of the U.S. Grant Mine. The remaining payments were secured by a mortgage on the property in favour of the vendors. On August 28, 2017, the short and long-term portions of the obligation were discounted to US\$1,882,132 from US\$1,995,060 and US\$1,779,993 from US\$2,000,000, respectively, at a 6% discount rate and were being accreted up to the face values over the term of the debt.

On August 23, 2018, the Company's wholly owned subsidiary, Transatlantic Montana Corp., received a notice of default regarding its scheduled US\$2,000,000 mortgage payment due on the U.S. Grant property.

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

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

During the year ended December 31, 2019, the remaining payments of the purchase price were discounted to \$5,228,336 (US\$4,025,513) from \$5,519,899 (US\$4,250,000), at a 6% discount rate and were being accreted up to the face values over the term of the debt. The Company recognized a gain on debt modification of \$9,020 (US\$6,945) in the consolidated statement of comprehensive loss during the year ended December 31, 2019. The remaining payments were secured by a mortgage on the property in favour of the vendors.

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5. EXPLORATION AND EVALUATION ASSETS (CONTINUED)

(c) Alder Mountain Project (continued)

On April 21, 2020, the Company entered into an agreement with Endomines Idaho, LLC ("Endomines") to sell the U.S. Grant Mine and Mill (Note 6). On September 24, 2020, the Company closed the sale of U.S. Grant Mine and Mill and recognized a gain on sale of properties in the consolidated statement of comprehensive income (loss). Pursuant to the agreement, Endomines assumed all the obligations post July 31, 2020.

During the year ended December 31, 2020, the Company paid \$651,300 (US\$500,000) to the Seller of U.S. Grant Mine and Mill. During the year ended December 31, 2020, the Company recorded accretion expense of \$154,510 (US\$113,191) (2019 - \$42,874 (US\$32,311)). As at December 31, 2020, the outstanding balance of the loan was \$Nil (2019 - \$5,228,336 (US\$4,025,513)).

At March 31, 2021, the Company has refundable performance bonds of \$35,826 (US\$27,439) (December 31, 2020 - \$36,345) for security of drilling activity requirements for the property.

(d) Kearsarge Gold Project

On May 4, 2017, the Company entered into an exclusive agreement to lease and purchase the Kearsarge claim group ("KCG") in Madison country in the state of Montana. These claims are approximately four miles from the U.S. Grant Mine. The Company may extend the initial term for up to an additional 12 months to December 31, 2018 for rent of US\$40,000 (paid). The Company can then extend the agreement for a second renewal term to December 31, 2028 for rent of US\$8,333 per month until the Company reaches commercial production of a minimum of 30,000 ore tons per month, after which the rent will increase based on production. Such rent payments will be applied to the purchase price. At any time during the initial and extension term, the Company may exercise its option to purchase the KCG for a purchase price of US\$6,000,000, less rent payments and US\$60,000 paid to the claim owner for personal property.

On July 31, 2019, the Company elected to exercise its second renewal term for up to 10 years of the exclusive agreement to lease and purchase the KCG after due diligence work was completed.

At December 31, 2020, the Company has paid all required lease payments for 2019 and 2020 to the date of disposal. During the year ended December 31, 2020, the Company paid \$171,416 (US\$125,032) in lease payments.

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

(e) Miller Mine Gold Project

On July 2, 2019, the Company entered into an exclusive agreement to lease with an option to purchase the Miller Mine in the Broadwater County of Montana. The agreement is subject to an initial due diligence period including the Company's election to lease and purchase with a profit share arrangement consideration. The Company has been granted an exclusive due diligence right to data and information on the Miller Mine Patented and Unpatented claims to August 15, 2019, extended to October 31, 2020. As at March 31, 2021, funds have been spent on due diligence for property sampling the old development, reviewing old data, including drill set up and report reviews.

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5. EXPLORATION AND EVALUATION ASSETS (CONTINUED)

(e) Miller Mine Gold Project (continued)

The terms of the agreement include:

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

During the year ended December 31, 2020, the Company exercised the First Renewal Term and paid US\$25,000 in cash. A further US\$75,000 is payable on or before April 15, 2021 (paid in cash subsequently, Note 16).

(f) Golden Jubilee Project

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

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

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

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

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

	For the Three Months Ended March 31, 2021				
	Golden Jubilee Project (\$)	Monitor Property (\$)	St. Lawrence Property (\$)	Miller Mine Gold Project (\$)	Total (\$)
Consultants (Note 9)	4,105	7,057	3,127	10,328	24,617
General and administrative field cost	691	2,073	1,382	11,081	15,227
Management fees (Note 9)	9,000	27,000	18,000	27,000	81,000
Professional fees	1,575	4,725	3,150	4,725	14,175
Rent	-	-	-	2,224	2,224
Total	15,371	40,855	25,659	55,358	137,243

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5. EXPLORATION AND EVALUATION ASSETS (CONTINUED)

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

	For the Three Months Ended March 31, 2020					
	Alder Mountain	Monitor	St. Lawrence	Kearsarge Gold	Miller Mine	Total
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
Consultants (Note 9)	27,155	4,019	3,158	21,197	2,250	57,779
General and administrative field cost	1,526	1,123	916	1,833	916	6,314
Management fees (Note 9)	22,500	13,500	13,500	27,000	13,500	90,000
Professional fees	7,390	2,363	2,363	4,725	2,363	19,204
Utilities recovery	(2,380)	-	-	-	-	(2,380)
Travel, accommodation and fuel	-	1,715	-	385	116	2,216
Total	56,191	22,720	19,937	55,140	19,145	173,133

6. ASSETS HELD FOR SALE

	Alder Mountain Project	Kearsarge Gold Project	Total
	(\$)	(\$)	(\$)
Balance, December 31, 2019	7,142,587	37,210	7,179,797
Additions (Note 5)	-	171,416	171,416
Sold in year	(7,142,587)	(208,626)	(7,351,213)
Balance, December 31, 2020 and March 31, 2021	-	-	-

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

- Shares of Endomines common stock with a market value of 95% of the value of the Company's issued and outstanding shares at an agreed value of \$0.10 per share (Transatlantic shares outstanding x 95% x \$0.10) (received, Note 7);
- Cash payment of US\$550,000 (received);
- Cash payment of US\$2,000,000 (due May 31, 2020); and
- Further payment of US\$2,000,000 due on or before September 28, 2022, or first gold produced on these assets, whichever is earlier.

Endomines was unable to make the first US\$2,000,000 payment in full, the Company and Endomines agreed that Endomines would pay for certain other additional obligations totalling US\$619,166. As at March 31, 2021, the current amount of \$766,710 (US\$609,710) was still owing from Endomines. The Company is currently in negotiations with Endomines regarding the remaining unpaid current portion.

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6. ASSETS HELD FOR SALE (CONTINUED)

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

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

Since the fair value of the consideration to be received was greater than the carrying amount, the assets were not impaired.

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

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

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6. ASSETS HELD FOR SALE (CONTINUED)

The long-term US\$2,000,000 owing has been discounted to its present value of US\$1,683,360 at a rate of 9% and is being accreted over time. During the three months ended March 31, 2021, the Company recognized \$47,586 (US\$37,586) as interest income. At March 31, 2021, the long-term balance owing is \$2,213,860 (US\$1,760,525) (December 31, 2020 - \$2,193,646 (US\$1,722,939)).

7. INVESTMENT

Common shares of Endomines	Number of Shares	Fair Value (\$)
Balance, December 31, 2019	-	-
Common shares received	15,392,535	10,483,479
Discount for escrowed shares at inception	-	(709,677)
Sale of shares	(912,590)	(621,543)
Change in fair value of shares, net of accretion of discount	-	(2,567,497)
Foreign exchange movement	-	(527,129)
Balance, December 31, 2020	14,479,945	6,057,633
Addition in shares	1,114,284	422,155
Distribution of rights	14,479,945	7,031,650
Sale of subscription rights	(13,279,945)	(6,365,075)
Sale of shares	(559,143)	(252,833)
Exercise of shares	(599,998)	(287,645)
Transfer of shares	(600,002)	-
Change in fair value of shares, net of accretion of discount	-	(1,160,627)
Foreign exchange movement	-	(70,488)
Balance, March 31, 2021	15,035,086	5,374,770

On September 24, 2020, the Company closed the sale and purchase agreement with Endomines. In connection with the closing, the Company received 15,392,535 shares in Endomines at a 10-day volume-weighted average price (VWAP) price of SEK4.60 per share (the majority of these shares had an escrow period of six months as per the asset sales agreement).

During the year ended December 31, 2020, the Company sold 912,590 shares for proceeds of \$394,108 and realized a loss of \$107,751. During the three months ended March 31, 2021, the Company sold 13,279,945 subscription rights and 559,143 shares for total proceeds of \$265,076 and realized a gain of \$394,113. At March 31, 2021, the market value of the investment decreased and an unrealized loss of \$1,160,627 (2020 - \$Nil) was recognized in consolidated statement of comprehensive loss.

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8. LEASE LIABILITY

On December 2, 2016, the Company entered into a vehicle loan payable in the amount of US\$45,940, for a monthly lease payment of US\$547, payable over 84 months. As at January 1, 2019, the Company adopted IFRS 16, and classified the carrying value of vehicle as right-of-use asset and recognized a lease liability (previously presented as loan payable) on the statement of financial position (Note 4). As of December 31, 2020, the vehicle lease liability has been settled. A summary of the lease liability is as follows:

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

9. RELATED PARTY TRANSACTIONS AND KEY MANAGEMENT COMPENSATION

The following table summarizes services provided by related parties:

	Three Months Ended March 31, 2021	Three Months Ended March 31, 2020
	(\$)	(\$)
Management (a)	90,000	90,000
Consulting and director fees (b)	29,672	28,245
	119,672	118,245

(a) The Company accrued management fees of \$90,000 (2020 - \$90,000) to the CEO of the Company, which is included in property expenditures.

(b) The Company accrued consulting fees of \$15,000 (2020 - \$15,000), which is included in property expenditures, and director fees of \$14,672 (2020 - \$13,245) to directors of the Company.

As of March 31, 2021, \$3,650,866 (December 31, 2020 - \$3,548,460) is due to related parties, being directors of the Company, for the services above, which is included in accounts payable and accrued liabilities (Note 12). Amounts due to related parties are unsecured, non-interest bearing and have no fixed terms of repayment. A 25% beneficial interest in the Golden Jubilee property is held by the CEO.

10. ISSUED CAPITAL

(a) Authorized

Unlimited number of common shares without par value.

(b) Share capital transactions

There were no shares issued during the three months ended March 31, 2021 and year ended December 31, 2020.

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10. ISSUED CAPITAL (CONTINUED)

(c) Stock options

The Company may from time to time, in its discretion, and in accordance with the TSXV requirements, grant to directors, officers, employees and consultants to the Company, non-transferable stock options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed 10% of the Company's issued and outstanding common shares or fixed 20% as approved by Shareholders. Options will be exercisable for a period of up to 10 years from the date of grant. The option price shall be not less than the discounted market price on the grant date, and the expiry date shall be set by the board at the time of grant of the option.

On November 27, 2020, the Company granted 14,000,000 stock options of which 10,000,000 have been allocated to the directors of the Company (Note 9) and 4,000,000 stock options to employees at \$0.05 per share with an expiry date of June 23, 2024. The fair value of the stock options was estimated to be \$559,920 and was determined using the Black-Scholes Option Pricing Model and the following weighted average assumptions: share price of \$0.045, expected share price volatility of 170.68%, expected life of 3.58 years and risk-free interest rate of 0.43% per annum.

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

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

Number	Weighted Average Exercise Price (\$)	Expiry Date	Weighted Average Remaining Contractual Life (in year)
1,150,000	1.00	June 22, 2021	0.02
14,000,000	0.05	June 23, 2024	2.98
15,150,000	0.12		3.00

(d) Warrants

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

As at March 31, 2021, the following warrants were outstanding and exercisable:

Number	Weighted Average Exercise Price (\$)	Expiry Date	Weighted Average Remaining Contractual Life (in year)
2,538,734	0.15	October 29, 2021	0.58

(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.

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11. RECEIVABLES

	March 31, 2021	December 31, 2020
	(\$)	(\$)
Receivable from Endomines (Note 6)	766,710	1,707,534
Total	766,710	1,707,534

12. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	March 31, 2021	December 31, 2020
	(\$)	(\$)
Accounts payable	1,404,285	1,559,446
Accrued liabilities	161,200	204,758
Sales tax payable	28,430	25,421
Due to related parties (Note 9)	3,650,866	3,548,460
Total	5,244,781	5,338,085

13. FINANCIAL INSTRUMENTS

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

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

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

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

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

Credit risk: Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash accounts and its receivables. This risk is managed through the use of a major bank that is a high credit quality financial institution as determined by rating agencies. Both the current receivable of \$766,710 and the long-term receivable of \$2,213,860 are due from Endomines. The risk associated with its receivables is moderate.

Liquidity risk: Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. Liquidity risk arises through the excess of financial obligations due over available financial assets at any point in time. The Company's objective in managing liquidity risk is to maintain sufficient readily available capital in order to meet its liquidity requirements. Liquidity risk is assessed as high.

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13. FINANCIAL INSTRUMENTS (CONTINUED)

Currency risk: Currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Company's functional currency is the Canadian dollar. The Company is exposed to currency exchange rate risk to the extent of its activities in Australia and the United States. Management believes the foreign exchange risk derived from currency conversions from the Australian and American operations is not significant and does not hedge its foreign exchange risk.

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

	March 31, 2021	December 31, 2020
	(\$)	(\$)
Cash	1,219	2,603
Accounts payable	(362,063)	(399,873)
	(360,844)	(397,270)

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

	March 31, 2021	December 31, 2020
	(\$)	(\$)
Cash	455,569	653,070
Receivables	766,710	1,797,341
Long-term receivable	2,213,860	2,193,646
Accounts payable	(672,909)	(869,260)
	2,763,230	3,774,797

Based on the above net exposures, as at March 31, 2021, a 5% change in the Australian dollar to Canadian dollar exchange rate would impact the Company's net loss by \$18,042 and by \$138,162 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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NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2021 AND 2020

14. SEGMENTED INFORMATION

Operating segments

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

Geographic segments

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

	March 31, 2021	December 31, 2020
	(\$)	(\$)
USA	1,642,824	1,168,717

15. LITIGATION

The Company may from time to time be subject to litigation. At March 31, 2021, the Company has accrued for what it believes is a reasonable amount with respect to any litigation claims.

16. SUBSEQUENT EVENTS

On April 20, 2021, the Company paid the funds of US\$75,000 towards entering the First Renewal term in acquiring 100% interest of the Miller Mine (Note 5).

On April 22, 2021, Alder Mountain Milling Corporation ("AMM") with the agreement and acknowledgement of Olympus Resources LLC ("Lessor"), assigned, sold, set over and conveyed unto Transatlantic Montana Corporation ("TMC") all of the lessee's right, title and interest in and to the Mining Lease, including without limitation, the leasehold estate created thereby under the Mining Lease dated July 9, 2019. TMC agreed to assume all of the obligations of the lessee under the Mining Lease.