TRANSATLANTIC MINING CORP.
(FORMERLY ARCHEAN STAR RESOURCES INC.)

CONSOLIDATED INTERIM FINANCIAL STATEMENTS

JUNE 30, 2014 and 2013

TRANSATLANTIC MINING CORP.
(FORMERLY ARCHEAN STAR RESOURCES INC.)
CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian dollars)

	June 30, 2014 ($)	**December 31, 2013 ($)**
ASSETS		
Current Assets		
Cash and cash equivalents (Note 12)	68,407	150,920
HST / GST receivable and other receivable (10)	69,750	69,645
Prepaid expenses	19,008	37,915
Advances made to a related party (Note 6)	618,100	522,280
Due from Bayhorse Silver Inc. (Note 6, 9)	-	110,668
Advances	50,000	50,000
	825,265	**941,428**
Non-Current Assets		
Mineral property (Note 4, 5)	3,932,403	3,802,403
Total Assets	**4,757,668**	**4,743,831**
LIABILITIES		
Current Liabilities		
Accounts payable and accrued liabilities (Note 11)	229,981	353,597
Total Liabilities	**229,981**	**353,597**
EQUITY		
Issued capital (Note 7)	8,916,925	8,922,914
Shares to be issued (Note 7)	1,779,921	607,744
Contributed surplus (Note 7)	633,496	633,496
Deficit	(6,802,655)	(5,773,920)
Total Equity	**4,527,687**	**4,390,234**
Total Liabilities and Equity	**4,757,668**	**4,743,831**

Nature of operations and going concern (Note 1)
Events after the reporting period (Note 16)

“*Bernie Sostak*", Director
Bernie Sostak

“*Gregor Theiser*”, Director
Gregor Theiser

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

TRANSATLANTIC MINING CORP.
(FORMERLY ARCHEAN STAR RESOURCES INC.)
CONSOLIDATED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Expressed in Canadian dollars)

	For the three months ended June 30, 2014 $	For the three months ended June 30, 2013 $	For the six months ended June 30, 2014 $	For the six months ended June 30, 2013 $
MINERAL PROPERTY EXPENSES (Note 5 and 6)	26,432	479,115	83,218	644,904
ADMINISTRATION EXPENSES				
Bank charges	2,365	(4,591)	3,706	(4,071)
Corporate communications	2,510	23,797	2,510	45,369
Consulting	206,181	99,905	488,211	99,905
Filing fees	12,548	22,682	40,334	36,877
Management fees (Note 6)	(10,250)	9,000	29,840	18,000
Miscellaneous	-	1,753	-	-
Office (Note 6)	6,762	34,868	16,363	60,229
Professional fees (Note 6)	72,065	226,499	116,336	286,098
Project investigation costs	34,768	-	171,010	-
Promotion	20,517	-	20,517	1,441
Travel	268	33,062	21,902	46,459
Total administration expenses	347,734	446,975	910,729	590,307
Loss before other items	374,166	926,090	993,947	1,235,211
Foreign exchange	7,772	-	34,788	-
LOSS AND COMPREHENSIVE LOSS FOR THE PERIOD	381,938	926,090	1,028,735	1,235,211
Basic and diluted loss per common share	0.00	0.02	0.01	0.02
Weighted average number of common shares	78,950,322	67,625,322	78,558,057	67,625,322

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

TRANSATLANTIC MINING CORP.
(FORMERLY ARCHEAN STAR RESOURCES INC.)

CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED JUNE 30, 2014 AND JUNE 30, 2013

(Expressed in Canadian dollars)

	Issued Capital		Contributed Surplus	Deficit	Shares to be issued	Equity
	Shares	Amount ($)	($)	($)		($)
Balance, December 31, 2012	63,700,322	6,612,517	447,904	(3,085,511)	-	3,974,910
Shares issued for cash	2,925,000	349,500	-	-	-	349,500
Shares issued for acquisition	1,000,000	55,000	-	-	-	55,000
Loss and comprehensive loss for the period	-	-	-	(1,235,211)		(1,235,211)
Subscription payable	-	-	2,000,000	-	-	2,000,000
Balance, June 30, 2013	67,625,322	7,017,017	2,447,904	(4,320,722)	-	5,144,199
Balance, December 31, 2013	77,950,322	8,922,914	633,496	(5,773,920)	607,744	4,390,234
Shares issued for acquisition	1,000,000	130,000	-	-	-	130,000
Shares issuance costs - cash	-	(135,989)	-	-	-	(135,989)
Shares to be issued	-	-	-	-	1,172,177	1,172,177
Loss and comprehensive loss for the period	-	-	-	(1,028,735)	-	(1,028,735)
Balance, June 30, 2014	78,950,322	8,916,925	633,496	(6,802,655)	1,779,921	4,527,687

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

TRANSATLANTIC MINING CORP.
(FORMERLY ARCHEAN STAR RESOURCES INC.)
CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
(Expressed in Canadian dollars)

	For the three months ended June 30, 2014 $	For the three months ended June 30, 2013 $	For the six months ended June 30, 2014 $	For the six months ended June 30, 2013 $
OPERATING ACTIVITIES				
Loss for the period	(381,938)	(926,090)	(1,028,735)	(1,235,211)
Net changes in non-cash working capital items:				
HST / GST receivable and other receivable	(4,778)	(171,407)	(105)	(211,400)
Accounts payable and accrued liabilities	(178,339)	194,437	(123,616)	181,441
Prepaid expenses	5,443	(185,727)	18,907	(187,165)
Advances	(2,400)	(21,037)	(95,820)	12,774
Net operating cash flows	(562,012)	(1,109,824)	(1,229,369)	(1,439,561)
FINANCING ACTIVITIES				
Changes in Due to/from Bayhorse Silver Inc.	-	(47,219)	110,668	(38,597)
Shares to be issued	8,424	2,000,000	1,172,177	2,000,000
Shareholder loan	-	-	-	(1,756)
Shares issued for cash (note 7)	-	397,000	-	404,500
Share issuance costs	(644)	-	(135,989)	-
Net financing cash flows	7,780	2,349,781	1,146,856	2,364,147
Increase/(Decrease) in cash	(554,232)	1,239,957	(82,513)	924,586
Cash and cash equivalents, beginning of period (Note 12)	622,639	(18,097)	150,920	297,274
Cash and cash equivalents, end of period (Note 12)	68,407	1,221,860	68,407	1,221,860

Supplemental non-cash transactions (Note 8)

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Transatlantic Mining Corp. (formerly Archean Star Resources Inc.) (the "Company") was amalgamated under the Business Corporations Act (British Columbia) on January 28, 2011 as a result of an amalgamation under the Arrangement Agreement (the "Arrangement") (Note 4). These consolidated financial statements include the records of the Company's wholly owned Australian based subsidiary, Archean Star Resources Australia Pty Ltd ("ASA").

The Company is engaged in the acquisition and exploration of mineral property interests. The Company's registered and head office is located at Suite 800 - 1199 West Hastings Street, Vancouver, British Columbia, V6E 3T5.

The accompanying financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities and commitments in the normal course of business. The Company's continued existence is dependent upon its ability to raise additional capital, the continuing support of its creditors, and ultimately the attainment of profitable operations and positive cash flows. Failure to obtain sufficient financing or other appropriate arrangements would have an adverse effect on the financial position of the Company and its ability to continue as a going concern. These financial statements do not give effect to adjustments that might be necessary to the carrying values, classification of assets and liabilities, and the reported operating results should the Company be unable to continue as a going concern. For the six months ended June 30, 2014 the Company incurred an operating loss of $1,028,735 (June 30, 2013 - $1,235,211), and as at June 30, 2014 had a working capital surplus of $595,284 (December 31, 2013 - $587,831).

Management's plan includes continuing to pursue additional sources of financing through equity offerings, and where practical, reducing overhead costs.

2. BASIS OF PRESENTATION

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

These financial statements were approved for issue by the board of directors on August 29, 2014.

The preparation of financial statements requires management to make judgments, 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.

2. BASIS OF PRESENTATION (CONTINUED)

Judgments made by management in the application of IFRS that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the current and following fiscal years are discussed in Notes 3(d) and 3 (e).

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared under the historical cost convention, except for the revaluation of certain financial instruments, and the value assigned to mineral properties acquired.

The Company's principal accounting policies are outlined below:

(a) Basis of Consolidation

These consolidated financial statements incorporate the financial statements of the Company and the entity controlled by the Company (its 100% owned Australian subsidiary). Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. All intercompany transactions, balances and any unrealized gains and losses from intercompany transactions are eliminated in preparing the consolidated financial statements.

(b) Foreign Currency Translation

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Share Based Payments

The Company may grant stock options to buy common shares of the Company to directors, officers, employees, and consultants. The board of directors grants such options exercisable over periods of up to ten years to buy shares at a price not less than the market price prevailing on the date the options are granted less applicable discount permitted by the Exchange Policies and approved by the Board.

The fair value of these options is measured at the grant date, using the Black-Scholes option pricing model, and is recognized over the period that the options are vested. The fair value is recognized as an expense with a corresponding increase in equity. The amount recognized as expense is adjusted to reflect the number of options expected to vest.

(d) Critical Accounting Estimates

Critical accounting estimates are estimates and assumptions used by management that may result in material adjustments to the carrying amount of assets and liabilities within the next financial year.

(i) Impairment of non-financial assets

Please refer to Note 3(l).

(ii) Rehabilitation provision

Once an economically commercial deposit has been determined the Company will provide for the environmental rehabilitation of the deposit. Key factors used to determine the future value of this provision would include:

- an estimated rate of inflation, and
- an assumed mine life,

At this early stage of exploration there is limited surface disturbance and environmental costs. Therefore, the Company has not provided for rehabilitation at this time.

(e) Critical Accounting Judgments

Critical accounting judgments are accounting policies that have been identified as being complex on involving subjective judgments or assessments.

(i) Determination of functional currency

In accordance with IAS 21 The Effects of Changes in Foreign Currency Rates, management has determined that the functional currencies of the Company and its Australian subsidiary is the Canadian dollar.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) 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 resource 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 mining 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 resource assets with a corresponding entry to the rehabilitation provision. The Company's estimates are renewed annually for changes in regulatory requirements, discount rates, effects of inflation and changes in estimates.

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

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

(g) Mineral Property

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 the income statement as incurred except for expenditures associated with the acquisition of exploration and evaluation assets through a business combination or an asset acquisition. Costs incurred before the Company has obtained the legal rights to explore an area are recognized in profit and loss in the consolidated statements of comprehensive income or loss.

Capitalized costs, being acquisition costs, including general and administrative costs, are only allocated to the extent that these costs can be related directly to operational activities in the relevant area of interest where it is considered likely to be recoverable by future exploitation or sale where the activities have not reached a stage which permits a reasonable assessment of the existence of reserves.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Mineral Property (continued)

Although the Company has taken steps to verify title to the properties in which it has an interest, in accordance with industry standards for properties in the exploration stage, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements and non-compliance with regulatory requirements.

(h) Income Taxes

Deferred income tax is provided on all temporary differences at the Statement of financial position date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognized for all taxable temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled by the parent, investor or venturer and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax assets and unused tax losses can be utilized, except

- where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and.
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred income taxes are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred income tax assets is reviewed at each Statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the Statement of financial position date.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Loss per Share

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 computed similar to basic loss except that the weighted average number of outstanding shares includes additional shares for the assumed exercise of stock options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options and warrants were exercised and the proceeds from such exercises were used to acquire common stock at the average market price during the reporting periods. In a loss reporting period, potentially dilutive common shares are excluded from the loss per share calculation as the effect would be anti- dilute.

(j) Comprehensive Income (Loss)

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

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

(k) Financial Instruments

Financial assets and financial liabilities are recognised on the Company's Statement of Financial Position when the Company becomes a party to the contractual provisions of the instrument. The Company shall offset financial assets and financial liabilities if the Company has a legally enforceable right to set off the recognised amounts and interests and intends to settle on a net basis.

Financial assets and financial liabilities, except for certain non-current other receivables, other current investments and derivative financial instruments, are measured initially at fair value, plus directly attributable transaction costs, and thereafter at amortized cost. Certain non-current other receivables comprise available-for-sale investments which are measured at market prices where available. Where quoted market prices in an active market are not available, and where fair value cannot be reliably measured, unquoted equity instruments are measured at cost less impairment. Other current investments (classified under other financial assets) are designated as at fair value through profit and loss because they are managed and their performance is evaluated on a fair value basis in accordance with the Company's risk management and investment strategy.

Financial assets are classified into one of four categories:

- Fair value through profit or loss ("FVTPL")
- Held to maturity ("HTM")
- Available for sale ("AFS")
- Loans and receivables.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Financial Instruments (continued)

The classification is determined at initial recognition and depends on the nature and purpose of the financial asset.

(i) FVTPL financial assets

Financial assets are classified as FVTPL when the financial asset is held for trading or it is designated as FVTPL.

A financial asset is classified as held for trading if:

- It has been accumulated principally for the purpose of selling in the near future;
- It is a part of an identified portfolio of financial instruments that the Company manages and has as an actual pattern of short-term profit-taking; or
- It is a derivative that is not designated and effective as a hedging instrument.

Financial assets classified as FVTPL are stated at fair value with any resultant gain or loss recognized in the profit and loss. The net gain or loss recognized incorporates any dividend or interest earned on the financial asset. The Company does not have any assets classified as FVTPL financial assets.

(ii) HTM investments

HTM investments are recognized on a trade-date basis and are initially measured at fair value, including transaction costs. The Company does not have any assets classified as HTM investments.

(iii) AFS financial assets

Short-term investments and other assets held by the Company are classified as AFS and are stated at fair value. Gains and losses arising from changes in fair value are recognized directly in equity in the investments revaluation reserve. The Company does not have any assets classified as AFS financial assets.

(iv) Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

Loans and receivables are initially recognized at the transaction value and subsequently carried at amortized cost less impairment losses. The impairment loss of receivables is based on a review of all outstanding amounts at period end. Bad debts are written off during the period in which they are identified. Interest income is recognized by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Financial Instruments (continued)

(v) Effective interest method

The effective interest method calculates the amortized cost of a financial asset and allocates interest income over the corresponding period. The effective interest rate is the rate that discounts estimated future cash receipts over the expected life of the financial asset, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognized on an effective interest basis for debt instruments other than those financial assets classified as FVTPL.

(vi) Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each period end. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

Objective evidence of impairment could include the following:

- Significant financial difficulty of the issuer or counterparty
- Default or delinquency in interest or principal payments; or
- It has become probable that the borrower will enter bankruptcy or financial reorganization.

For financial assets carried at amortized cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the financial asset's original effective rate.

The carrying amount of all financial assets, excluding trade receivables, is directly reduced by the impairment loss. The carrying amount of trade receivables is reduced through the use of an allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

With the exception of AFS equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease relates to an event occurring after the impairment was recognized; the previously recognized impairment loss is reversed through profit and loss. On the date of impairment reversal, the carrying amount of the financial asset cannot exceed its amortized cost had impairment not been recognized.

(vii) De-recognition of financial assets

A financial asset is derecognized when:

- The contractual right to the asset's cash flow expire, or
- If the Company transfers the financial asset and substantially all risks and rewards of ownership to another entity.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Impairment of Non-Financial Assets

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

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

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

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

As at June 30, 2014, there are no indications of impairment.

(m) Warrants

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

(n) 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.

(o) Comparative Figures

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(p) Accounting Standards Newly Adopted

(i) IFRS 7, Financial Instruments Disclosures (Amendment), increases the disclosure with regards to the transfer of financial assets, especially if there is a disproportionate amount of transfer transactions that take place around the end of a reporting period. The amended standard is effective for annual periods on or after January 1, 2012.

(ii) IFRS 10, Consolidated Financial Statements, builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess.

(iii) IFRS 11, Joint Arrangements, describes the accounting for arrangements in which there is joint control; proportionate consolidation is not permitted for joint ventures (as newly defined). IFRS 11 replaces IAS 31 Interest in Joint Ventures and SIC 13 Jointly Controlled Entities — Non-Monetary Contributions by Venturers.

(iv) IFRS 13, Fair Value Measurement, is a comprehensive standard for fair value measurement and disclosure for use across all IFRS standards. The new standard clarifies that 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. Under existing IFRS, guidance on measuring and disclosing fair value is dispersed among the specific standards requiring fair value measurements and does not always reflect a clear measurement basis or consistent disclosures.

(v) IAS 1, Presentation of Financial Statements, has been amended to require entities to separate items presented in OCI into two groups, based on whether or not items may be recycled in the future. Entities that choose to present OCI items before tax will be required to show the amount of tax related to the two groups separately.

(q) Accounting Standards Issued But Not Yet Effective

Unless otherwise noted, the following revised standards and amendments are effective for the Company for annual periods beginning on or after January 1, 2014 (unless otherwise noted) with earlier application permitted. The Company has not yet assessed the impact of these standards and amendments or determined whether it will early adopt them.

(i) IFRS 9, Financial Instruments, was issued in November 2009 and addresses classification and measurement of financial assets. It replaces the multiple category and measurement models in IAS 39 for debt instruments with a new mixed measurement model having only two categories: amortized cost and fair value through profit or loss. IFRS 9 also replaces the models for measuring equity instruments. Such instruments are either recognized at fair value through profit or loss or at fair value through other comprehensive income. Where equity instruments are measured at fair value through other comprehensive income, dividends are recognized in profit or loss to the extent that they do not clearly represent a return of investment; however, other gains and losses (including impairments) associated with such instruments remain in accumulated comprehensive income indefinitely. Requirements for financial liabilities were added to IFRS 9 in October 2010 and they largely carried forward existing requirements in IAS 39, Financial Instruments – Recognition and Measurement, except that fair value changes due to credit risk for liabilities designated at fair value through profit and loss are generally recorded in other comprehensive income. This standard is effective for annual periods beginning on or after January 1, 2015.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(q) Accounting Standards Issued But Not Yet Effective (continued)

(ii) IAS 28, Investments in Associates and Joint Ventures (Amendment), is effective for annual periods beginning April 1, 2013 with early adoption permitted. Amendments to IAS 28 provide additional guidance applicable to accounting for interests in joint ventures or associates when a portion of an interest is classified as held-for-sale or when the Company ceases to have joint control or significant influence over an associate or joint venture.

When joint control or significant influence over an associate or joint venture ceases, the Company will no longer be required to re-measure the investment at that date. When a portion of interest in a joint venture or associate is classified as held-for-sale, the portion not classified as held-for-sale shall be accounted for using the equity method of accounting until the sale is completed, at which time the interest is reassessed for prospective accounting treatment.

(iii) IFRIC 20, Stripping Costs in the Production Phase of a Surface Mine, sets out principles for the recognition of production stripping costs in the balance sheet. The interpretation recognizes that some production stripping in surface mining activity will benefit future periods and sets out criteria for capitalizing such costs.

4. ACQUISITION OF SUBSIDIARY

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 1,000,000 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.

The allocation of the purchase price to the assets acquired and liabilities assumed is as follows:

	($)
Cash	199,452
Accounts receivable	35,263
Prepaid expenses	23,635
Mineral property	3,657,414
Accounts payable and accrued liabilities	(176,448)
Due to Kent Exploration Inc.	(1,442,322)
Net assets	2,296,994

Transactions undertaken by ASA are included in the consolidated financial statements from January 28, 2011.

5. MINERAL PROPERTY

	June 30, 2014 ($)	December 31, 2013 ($)
Gnaweeda Gold Project		
Acquisition costs	3,657,414	3,657,414
Monitor Project		
Acquisition costs	274,989	144,989
Total	3,932,403	3,802,403

(a) Gnaweeda Gold Project

On November 4, 2009, the Company's newly acquired subsidiary ASA and Teck Australia Pty Ltd. ("Teck") entered into an Option Agreement whereby the Company can earn 100% of Teck's interest in the following Chalice Gold Mines Ltd.'s ("Chalice") tenements ("Gnaweeda Gold Property") located in Western Australia:

(i) E51/ 926
(ii) E51/ 927
(iii) E51/1419
(iv) EL51/1420
(v) P51/2652

Upon Teck acquiring a 70% interest in the Gnaweeda Project, Chalice chose to become a joint venture participant with Teck. However, Chalice will not contribute to the exploration program and its interest in the joint venture will therefore dilute. Teck has earned an 87.07% interest in the tenements.

At any time after ASA exercises the option, Teck has the option to earn back a 75% interest provided that it delivers a notice to ASA and incurs aggregate expenditures of AUD$7.5 million before the fourth anniversary of such notice. If Teck exercises its option, ASA and Teck will form a joint venture to further develop the tenements and share the expenditures (ASA -25% and Teck – 75%). Should Teck elect not to form such a joint venture, it will be entitled to a 10% net profits interest royalty on the tenements.

In order to earn the interest, the Company has to spend AUD$3,000,000 over a four year period as follows:

(i) AUD$200,000 on or before March 31, 2010 (completed)
(ii) AUD$750,000 (including Phase I) on or before the 1st anniversary, November 4, 2010 (completed)
(iii) AUD$750,000 on or before the 2nd anniversary, November 4, 2011 (completed)
(iv) AUD$750,000 on or before the 3rd anniversary, November 4, 2012 (completed)
(v) AUD$750,000 on or before the 4th anniversary, November 4, 2013 (completed)

As at June 30, 2014, ASA spent AUD$2,878,495 (December 31, 2013 - AUD$2,852,878), before 12% charges on the expenditures for administrative services, on the Gnaweeda Gold Property (see Consolidated Schedule of Exploration Expenses for details). After the addition of the Allowable 12% administration charges, ASA has spent AUD$3,223,914 (December 31, 2013 – AUD$3,199,703) and has completed the property expenditure requirement for the third anniversary payment.

5. MINERAL PROPERTY (CONTINUED)

(a) Gnaweeda Gold Project (continued)

By spending in excess of AUD$3,000,000 in property expenditures, including the permitted 12% administration fee, on the Gnaweeda Gold Project within the time period as outlined in the Archean Option Agreement, entered into between the Company and Teck Australia Pty. Ltd, the Company has earned Teck's approximately 87.07% interest in Gnaweeda, subject to a 75% back in right by Teck, and the Company has provided Teck with a Notice of Exercise of the Option.

The value assigned to the acquisition of Gnaweeda in the amalgamation process was CDN$3,657,414, and was based on the past five years historical costs plus CDN$1,360,420, representing the difference between the value paid for the subsidiary and the fair value of the net assets of the subsidiary acquired.

The company has entered into an agreement with an arm's-length party to dispose of its Gnaweeda property, comprising interests in five tenements in the Northern Murchison region of Western Australia. As consideration for the property, the company has received a deposit of $5,000 (Australian) and will receive a further $495,000 (Australian) upon closing, a further $500,000 (Australian) upon establishment of a Joint Ore Reserves Committee-compliant mineral resource of at least 150,000 ounces of gold, and $250,000 (Australian) 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 $1-million (Australian).

The transaction is subject to the approval of the exchange.

(b) Monitor Property

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. 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 is a firm commitment; and

(iii) issue 3,000,000 common shares of the Company in stages, of which 1,000,000 common shares were issued upon TSX-V acceptance (issued), a further 1,000,000 (issued) common shares on the first anniversary of the Agreement, and the final 1,000,000 common shares on the second anniversary of the Agreement.

Transatlantic shall have the right to exercise a buyout clause and thereby purchase a 100% interest in the Property from NAALC, and thereby terminate the Mining Lease. Upon exercise of this Buy-out Option, AMCOR shall be obligated to contribute 20% of the cost of the acquisition of the Property.

5. MINERAL PROPERTY (CONTINUED)

(b) Monitor Property (continued)

If Transatlantic exercises the Option AMCOR shall receive a 20% carried Interest in the Mining Lease until such time as the earlier of:

(a) a NI 43-101 compliant Feasibility Study is done.

(b) Transatlantic has notified AMCOR in writing of its decision to proceed with Mining off the Property has occurred.

At this time, a Joint Venture shall automatically be deemed to be formed between Transatlantic and AMCOR, where AMCOR will hold a 20% Joint Venture Interest and Transatlantic will hold an 80% Joint Venture Interest in the Monitor claims.

During the six months ended June 30, 2014, the Company issued shares with a fair value of $130,000 (Note 8) as acquisition costs for the Monitor Property.

The minimum work commitment for 2013 was extended to December 31, 2014 due to problems getting permits issued by U.S. Forest Service.

(c) Asongo Manganese Project

The Company has signed a non-binding term sheet with Tassiga Ltd. pursuant to which Transatlantic proposes to initially acquire a 30-per-cent ownership in the Ansongo manganese project, with a three-year option to acquire up to 70 per cent of the project.

The term sheet contemplates the execution of a definitive agreement, on substantially the same terms as the term sheet. The transaction is subject to TSX Venture Exchange acceptance and shareholder approval.

The Company and Tassiga Ltd. (“Tassiga”) agreed to pursue the following transactions:

(i) the Company agrees to pay to Tassiga USD$3,500,000;

(ii) Tassiga agrees to transfer and assign 21,302 shares of Ecowas held by it, to the Company, and the Company agrees to accept the such shares;

(iii) the Company agrees to issue to Tassiga, or its nominee as permitted by applicable law, the number of common shares of the Company equal to $7,000,000 divided by (A) the volume weighted average price of the Company’s common shares trading on the TSX Venture Exchange for the previous ten (10) consecutive trading days or (B) $0.20 per common share, whichever is lower, and Tassiga agrees to accept such shares form the Company;

(iv) the Company will issue to Tassiga a right for a period of 36 (thirty-six) months to receive an additional 5,000,000 common shares of the Company at such time as the volume weighted average price of the Company’s common shares trading on the TSX Venture Exchange is $0.50 per share for at least ten (10) consecutive trading days; and

5. MINERAL PROPERTY (CONTINUED)

(b) Asongo Manganese Project (continued)

(v) Tassiga will grant to the Company an option for a period of 36 (thirty-six) months to acquire sufficient additional Ecowas common shares from Tassiga so that the Company's indirect interest in Sahara Manganese Ltd. reaches up to 70% with the terms of such option providing that:

(A) the option exercise price will be equal to [2,000,000] x [Prevailing Company Market Share Price]/[Number of Ecowas shares required to increased the Company's interest in Sahara Manganese Ltd. by 1%] and

(B) with mutual agreement, the Company can elect to pay the exercise price of the option in cash or an equivalent number of the Company's common shares.

Mineral property expenses are as follows:

	For the Six Months Ended June 30, 2014		
	Gnaweeda Gold Project	**Monitor Property**	**Total**
Acquisition and holding costs	15,179	7,922	23,101
Administrative	-	2,215	2,215
Assays and analysis	-	3,241	3,241
Geologists, geophysical	-	6,744	6,744
Insurance	1,496	-	1,496
Other Rentals	9,032	330	9,362
Shipping	-	5,674	5,674
Travel, accommodation and fuel	-	31,385	31,385
Total	**25,707**	**57,511**	**83,218**

	For the Period Ended June 30, 2013		
	Gnaweeda Gold Project	**Monitor Property**	**Total**
Acquisition and holding costs	46,921	86,849	133,770
Assays and analysis	-	9,345	9,345
Drilling contractor	115,161	-	115,161
Field costs and supplies	39,091	109,865	148,956
Geologists, geophysical contractors,	51,343	56,765	108,108
Insurance	9,280	-	9,280
Management Fees	-	42,000	42,000
Mobilization	636	23,074	23,710
Other	3,975	-	3,975
Other Rentals	7,950	-	7,950
Shipping	1,775	-	1,775
Travel, accommodation and fuel	11,351	29,523	40,874
Total	**287,483**	**357,421**	**644,904**

6. RELATED PARTY TRANSACTIONS

The following table summarizes services provided by related parties:

	Six Months Ended June 30, 2014 ($)	Six Months Ended June 30, 2013 ($)
Office (a)	-	19,500
Management (b)	29,840	60,000
Professional fees (c)	32,986	31,939
Mineral property expenses (d)	-	38,536
Consulting (e)	313,127	-
	375,953	**149,975**

(a) The Company paid an office provision fee of $Nil (June 2013 - $19,500) to Highcard Exploration Inc. ("Highcard"), a company controlled by the previous President of the Company.

(b) The Company paid management fees of $Nil (June 2013 - $60,000) to Highcard.

The Company paid management fees of $29,840 (June 2013 - $Nil) to AN Consulting, a company controlled by the previous Chief Executive Officer.

(c) The Company paid accounting fees totalling $Nil (June 2013 - $31,939) to Regan Accounting Ltd. ("Regan"), a company controlled by the previous Chief Financial Officer.

The Company paid accounting fees of $32,986 (June 2013 - $Nil) to Bridgemark Financial Corp. ("Bridgemark"), a company controlled by the current Chief Financial Officer.

(d) The Company paid to Gaeaorama, a company controlled by a previous director of the Company, mineral property expenses consisting of geological consulting fees of $Nil (June 2013 - $38,536).

(e) The Company paid consulting fees of $313,127 (June 2013 - $Nil) to Gregor Theiser, a director.

During the six months ended June 30, 2014, the Company made an advance of $95,820 to Element Commodities Ltd., a Company owned by a director.

As of June 30, 2014, $6,881 (December 31, 2013 - $28,722) is due to related parties for the services above.

As of December 31, 2013, $110,668 remains receivable from Kent Exploration Inc. (now Bayhorse Silver Inc.), a Company controlled by the previous President, Graeme O'Neill, and $14,733 remains receivable from the previous President due to a settlement (Note 9).

As of June 30, 2014, the amounts due from Bayhorse Silver Inc. and Graeme O'Neill have been received.

The above transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

7. ISSUED CAPITAL

(a) Authorized

Unlimited number of common shares without par value.

(b) Share Capital transactions

During the six months ended June 30, 2014, the Company received the equivalent of $1,172,177 for share subscriptions.

1,000,000 common shares were issued at $0.13 for the acquisitions costs for the Monitor Mine for gross consideration of $130,000.

During the year ended December 31, 2013, the Company issued the following securities:

Warrants were exercised for purchase of 2,975,000 common shares, which were issued at $0.12, for gross proceeds of $357,000.

A private placement of 10,000,000 common shares were issued at $0.20 for gross proceeds of $2,000,000.

Share issuance costs were $150,750. The Company granted 700,000 finders' warrants with a fair value of $68,549 determined using the Black-Scholes option valuation model. Assumptions used included a discount rate of 1.03%, an expected volatility of 145.03%, expected life 2 years and a dividend yield of Nil.

1,000,000 common shares were issued at $0.13 for the acquisitions costs for the Monitor Mine for gross consideration of $130,000.

275,000 common shares were issued upon the exercise of 275,000 stock options at $0.10 per unit for gross proceeds of $27,500. On exercise of such options, $15,196 has been reclassified to share capital from contributed surplus.

(c) Share-based Payments

The Board may from time to time authorize the issue of options to eligible persons. The option price under each option shall be not less than the discounted market price on the grant date. The expiry date for each option shall be set by the board at the time of issue of the option and shall not be more than ten years after the grant date. Options shall not be assignable (or transferable) by the optionee.

(i) Stock Options

The Company may from time to time, in its discretion, and in accordance with the TSX-V requirements, grant to directors, officers, employees and technical 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. Such 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.

7. ISSUED CAPITAL (CONTINUED)

(c) Share-based Payments (continued)

(i) Stock Options (continued)

	Options	Weighted average exercise price ($)
Balance December 31, 2012	**4,936,000**	**0.10**
Granted	800,000	0.18
Expired	(2,175,000)	0.11
Exercised	(275,000)	0.10
Balance December 31, 2013 & June 30, 2014	**3,286,000**	**0.12**

As at June 30, 2014, the following stock options were outstanding and exercisable:

Number	Weighted Average Exercise Price ($)	Expiry Date	Weighted Average Remaining Contractual Life (in years)
1,986,000	0.10	April 9, 2017	2.78
500,000	0.10	December 14, 2017	3.46
800,000	0.18	March 27, 2018	3.74
3,286,000	0.12		3.12

These options entitle the holder thereof the right to acquire one common share for each option held. The fair value of each option is estimated on the grant date using the Black-Scholes option valuation model assuming no expected dividends. The range of assumptions used in calculating fair value is as follows.

	2014	2013
Risk free interest rate	1.29%	1.24% - 1.59%
Expected life (in years)	5.00	4.00 - 5.00
Expected volatility	154.37	113.0 – 137.0
Expected dividend yield	0%	0%

For the year ended December 31, 2013, the Company recognized $132,239 (year ended December 31, 2012 - $164,942) in compensation expense which was charged to operations.

7. ISSUED CAPITAL (CONTINUED)

(c) Share-based Payments (continued)

(ii) Warrants

	Warrants	Weighted average exercise price ($)
Balance December 31, 2012	**32,778,664**	**0.12**
Expired	(8,406,999)	0.12
Granted	700,000	0.20
Exercised	(2,975,000)	0.12
Balance December 31, 2013 & June 30, 2014	**22,096,665**	**0.12**

As at June 30, 2014, the following warrants were outstanding and exercisable:

Number	Weighted Average Exercise Price ($)	Expiry Date	Weighted Average Remaining Contractual Life (in years)
12,479,999*	0.12	November 22, 2015*	1.40
8,916,666	0.12	December 14, 2014	0.46
700,000	0.20	May 22, 2015	0.89
22,096,665	0.12		1.03

*On October 29, 2013, the expiration date was extended from November 22, 2013 to November 22, 2015.

8. NON-CASH TRANSACTIONS

During the six months ended June 30, 2014:

a) The Company issued 1,000,000 common shares at 0.13 cents totaling $130,000 for acquisition of the Monitor mine.

During the year ended December 31, 2013:

a) The Company issued 1,000,000 common shares at 0.13 cents totaling $130,000 for acquisition of the Monitor mine.

b) The Company issued 700,000 finders' fee warrants with a fair value of $68,549 pursuant to private placements.

9. SETTLEMENT WITH PREVIOUS MANAGEMENT

During the year ended December 31, 2013, the Company entered into a settlement with previous management whereby the previous management agreed to sell, to a third party, common shares of the company and to repay the Company for amounts borrowed and owed. The difference between money received of $125,401 and net owed has been recorded as a net $7,688 gain from settlement.

10. RECEIVABLES

The Company's receivables are broken down as follows:

	June 30, 2014	December 31, 2013
Drilling grant receivable	$ 23,902	$ 22,379
Due from previous management (Note 6,9)	-	14,733
Sales tax receivable	45,848	32,533
Total	$ 69,750	$ 69,645

11. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

The Company's accounts payable and accrued liabilities are broken down as follows:

	June 30, 2014	December 31, 2013
Accounts payable	$ 223,100	$ 297,875
Accrued liabilities*	-	27,000
Due to related parties (Note 6)	6,881	28,722
Total	$ 229,981	$ 353,597

* As of December 31, 2013, $7,000 has been accrued for a legal settlement. This has been paid as of June 30, 2014.

12. CASH AND CASH EQUIVALENTS

	June 30, 2014	December 31, 2013
Cash at bank	$ 45,407	$ 127,920
Bank term deposits	23,000	23,000
	$ 68,407	$ 150,920

The term deposit carries an interest of 0.35% and expires on October 17, 2014.

13. FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash, due from Kent Exploration Inc. (now Bayhorse Silver Inc.), 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.

13. FINANCIAL INSTRUMENTS (CONTINUED)

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, 2014 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.

14. MANAGEMENT OF CAPITAL AND FINANCIAL RISK

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 and other mining grants recoverable from the Governments of Canada and Australia. The risk associated with its receivable 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. The Company’s currency risk is presently limited to approximately $558,034 of net exposure denominated in Australian dollars. Based on this exposure as at June 30, 2014, a 5% change in the exchange rate would give rise to a change in net loss of $27,902. Management believes the foreign exchange risk derived from currency conversions from the Australian operations is not significant and does not hedge its foreign exchange risk.

14. MANAGEMENT OF CAPITAL AND FINANCIAL RISK (CONTINUED)

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 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 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.

15. SEGMENTED INFORMATION

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

Geographic information as at June 30, 2014 and December 31, 2013 is as follows:

	June 30, 2014	December 31, 2013
	Mineral Property	Mineral Property
Australia	3,657,414	3,657,414
USA	274,989	144,989
Total	**3,932,403**	**3,802,403**

16. EVENTS AFTER THE REPORTING PERIOD

On July 4, 2014 The Company has entered into an agreement with an arm's-length party to dispose of its Gnaweeda property, comprising interests in five tenements in the Northern Murchison region of Western Australia. As consideration for the property, the company has received a deposit of $5,000 (Australian) and will receive a further $495,000 (Australian) upon closing, a further $500,000 (Australian) upon establishment of a Joint Ore Reserves Committee-compliant mineral resource of at least 150,000 ounces of gold, and $250,000 (Australian) 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 $1-million (Australian).

The transaction is subject to the approval of the exchange.

On July 4, 2014 The Company has entered into a letter agreement with respect to the acquisition of an interest in the Ansongo manganese project in Mali, West Africa, which replaces the term sheet originally announced December 18, 2013. Under the new letter agreement, the company can acquire, by outright purchase and the exercise of options, up to a 58.31-per-cent indirect interest in the Ansogo project by acquiring issued shares of Ansongo Ltd., which owns an indirect 70.419-per-cent interest in the project through various subsidiary companies, as follows:

- The company has agreed to purchase 3,335 Ansongo shares representing an indirect 4.70-per-cent interest in the Ansongo project for $1-million.

- The company has the option to purchase a further 18,259 Ansongo shares representing an indirect 25.72-per-cent interest in the Ansongo project by:

  - Incurring a minimum of $3-million in exploration and development expenditures, of which $500,000 is to be incurred within 90 days of exchange acceptance and a further $500,000 is to be incurred by June 12, 2015;

  - Issuing to the vendor 30 million common shares of the company.

- The company has the option to purchase a further 19,806 Ansongo shares representing an indirect 27.89-per-cent interest in the Ansongo project by issuing two million common shares of the company for each 1-per-cent indirect interest acquired, provided the market price for the company's shares at the time is at least 20 cents per share. If the market price is not at least 20 cents, the payment may be made in cash with the agreement of the parties at the rate of $400,000 or the market price at the date of exercise multiplied by two million, whichever is the greater. The number of Ansongo shares subject to the second option, and hence the indirect interest in the Ansongo project acquirable, is subject to reduction in certain circumstances specified in the agreement.

In addition to the foregoing, if after the exercise of the first option and prior to July 30, 2016, the market price for the company's shares is 50 cents or greater, the company is required to issue to the vendor an additional five million common shares of the company.

The vendor of the Ansongo property is a private company in which Gregor Theiser, a director of the company, is interested. Accordingly, the transaction is not an arm's-length transaction under TSX Venture Exchange policy