

TRANSATLANTIC MINING CORP.
CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2015 and 2014



DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Transatlantic Mining Corp.

We have audited the accompanying consolidated financial statements of Transatlantic Mining Corp., which comprise the consolidated statements of financial position as at December 31, 2015 and 2014, and the consolidated statements of comprehensive loss, changes in shareholders' equity and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Transatlantic Mining Corp. as at December 31, 2015 and 2014, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the consolidated financial statements which describes certain conditions that indicate the existence of a material uncertainty that may cast significant doubt about Transatlantic Mining Corp.'s ability to continue as a going concern.

A handwritten signature in black ink that reads "DMCL".

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, Canada
April 29, 2016

TRANSATLANTIC MINING CORP.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Expressed in Canadian dollars)

	December 31, 2015 (\$)	December 31, 2014 (\$)
ASSETS		
Current Assets		
Cash	190,021	428
Receivables (Note 9)	9,421	542,006
Prepaid expenses	35,009	23,740
	234,451	566,174
Non-Current Assets		
Equipment (Note 4)	63,444	-
Exploration and evaluation assets (Note 5)	375,142	269,989
Reclamation bond (Note 5)	43,491	-
Total Assets	716,528	836,163
LIABILITIES		
Current Liabilities		
Accounts payable and accrued liabilities (Note 10)	968,410	794,106
Total Liabilities	968,410	794,106
EQUITY		
Share capital (Note 7)	11,737,369	9,047,914
Shares to be issued (Note 7)	768,871	1,930,830
Share-based payment reserve (Note 7)	954,278	633,496
Deficit	(13,712,400)	(11,570,183)
Total Equity	251,882	42,057
Total Liabilities and Equity	716,528	836,163

Nature of operations and going concern (Note 1)

Events after the reporting period (Note 15)

 "Bernie Sostak" , Director
 Bernie Sostak

 "Rob Tindall" , Director
 Rob Tindall

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

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

	For the year ended December 31, 2015 (\$)	For the year ended December 31, 2014 (\$)
MINERAL PROPERTY EXPENSES (Notes 5 and 6)	1,212,821	179,582
ADMINISTRATION EXPENSES		
Administrative costs	4,160	7,008
Amortization (Note 4)	6,377	-
Corporate communications	4,311	854
Consulting	19,075	981,781
Filing fees	39,368	53,711
Management fees (Note 6)	300,000	119,840
Office	37,889	24,570
Professional fees (Note 6)	272,300	222,835
Project investigation costs	20,238	215,034
Promotion	10,496	21,346
Travel	188,337	108,981
Total administration expenses	902,551	1,755,960
Loss before other items	2,115,373	1,935,542
OTHER ITEMS		
USDA settlement (Note 5)	-	50,641
Loss on disposition of exploration and evaluation asset (Note 5)	-	3,191,290
Impairment of receivable (Note 5)	-	582,670
Write-off of accounts	(11,559)	-
Foreign exchange loss	38,404	36,120
	26,844	3,860,721
NET AND COMPREHENSIVE LOSS	2,142,217	5,796,263
Loss per common share – basic and diluted	0.02	0.07
Weighted average number of common shares – basic and diluted	87,982,856	78,755,801

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

TRANSATLANTIC MINING CORP.
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2015 AND DECEMBER 31, 2014
(Expressed in Canadian dollars)

	Share Capital		Shares to be issued	Share-based payment reserve	Deficit	Total Equity
	Shares	Amount (\$)				
Balance, December 31, 2013	77,950,322	8,922,914	607,744	633,496	(5,773,920)	4,390,234
Shares issued for acquisition of exploration and evaluation assets (Notes 5 and 7)	1,000,000	125,000	-	-	-	125,000
Shares to be issued (Note 7)	-	-	1,323,086	-	-	1,323,086
Net and comprehensive loss	-	-	-	-	(5,796,263)	(5,796,263)
Balance, December 31, 2014	78,950,322	9,047,914	1,930,830	633,496	(11,570,183)	42,057
Shares issued for acquisition of exploration and evaluation assets (Notes 5 and 7)	3,800,000	59,500	-	-	-	59,500
Shares issued (Note 7)	32,007,371	2,950,737	(1,930,830)	-	-	1,019,907
Finder's warrants (Note 7)	-	(320,782)	-	320,782	-	-
Shares to be issued (Note 7)	-	-	768,871	-	-	768,871
Net and comprehensive loss	-	-	-	-	(2,142,217)	(2,142,217)
Balance, December 31, 2015	114,757,693	11,737,369	768,871	954,278	(13,712,400)	251,882

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

TRANSATLANTIC MINING CORP.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Canadian dollars)

	For the year ended December 31, 2015 (\$)	For the year ended December 31, 2014 (\$)
OPERATING ACTIVITIES		
Net loss	(2,142,217)	(5,796,263)
Adjustment for non-cash items:		
Amortization	6,377	-
Loss on disposition of exploration and evaluation asset	-	3,191,290
Impairment of receivable	-	582,670
Write-off of accounts	(11,559)	-
Net changes in non-cash working capital items:		
Receivables	532,585	(2,672)
Prepaid expenses	(11,269)	5,610
Advances made to a related party	-	(60,390)
Due from a related party	-	110,668
Advances	-	50,000
Accounts payable and accrued liabilities	185,863	440,509
Net operating cash flows	(1,440,220)	(1,478,578)
INVESTING ACTIVITIES		
Proceeds received on disposition of exploration and evaluation asset	-	5,000
Purchase of equipment	(69,821)	-
Mineral property acquisition costs	(45,653)	-
Reclamation bond	(43,491)	-
Net investing cash flows	(158,965)	5,000
FINANCING ACTIVITIES		
Shares issued	1,019,907	-
Shares to be issued	768,871	1,323,086
Net financing cash flows	1,788,778	1,323,086
Change in cash	189,593	(150,492)
Cash, beginning	428	150,920
Cash, ending	190,021	428

Supplemental non-cash transactions (Note 8)

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

TRANSATLANTIC MINING CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND DECEMBER 31, 2014

1. NATURE OF OPERATIONS AND GOING CONCERN

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

The accompanying financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities and commitments in the normal course of business. The Company’s continued existence is dependent upon its ability to raise additional capital, the continuing support of its creditors, and ultimately the attainment of profitable operations and positive cash flows. Failure to obtain sufficient financing will have an adverse effect on the financial position of the Company and its ability to continue as a going concern. These factors indicate the existence of a material uncertainty that may cast significant doubt about the Company’s ability to continue as a going concern. These financial statements do not give effect to adjustments that might be necessary to the carrying values, classification of assets and liabilities, and the reported operating results should the Company be unable to continue as a going concern. For the year ended December 31, 2015 the Company incurred an operating loss of \$2,142,217 (2014 - \$5,796,263), and as at December 31, 2015 had a working capital deficit of \$733,959 (2014 – \$227,932). 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 financial statements were approved for issue by the board of directors on April 29, 2016.

Statement of compliance with International Financial Reporting Standards

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”).

Consolidation

These consolidated financial statements include the records of the Company and its wholly-owned subsidiaries Archean Star Resources Australia Pty Ltd (“ASA”), incorporated in Australia and Transatlantic Idaho Corp., incorporated on March 17, 2015 in the USA. All intercompany transactions, balances and any unrealized gains and losses from intercompany transactions are eliminated in preparing the consolidated financial statements.

Significant estimates and assumptions

The preparation of 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.

TRANSATLANTIC MINING CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND DECEMBER 31, 2014

2. BASIS OF PRESENTATION (CONTINUED)

Significant estimates and assumptions (continued)

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

Significant judgments

The preparation of financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments in applying the Company's financial statements include:

- the assessment of the Company's ability to continue as a going concern and whether there are events or conditions that may give rise to significant uncertainty; and
- the determination of the functional currency of the parent company and its subsidiaries.

Basis of presentation

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The Company's principal accounting policies are outlined below:

(a) Foreign currency translation

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

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

(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

TRANSATLANTIC MINING CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND DECEMBER 31, 2014

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Share-based payments (continued)

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

(c) Environmental rehabilitation

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

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

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

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

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

(d) Exploration and evaluation assets

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

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

TRANSATLANTIC MINING CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND DECEMBER 31, 2014

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Equipment

Equipment is stated at historical cost less accumulated depreciation and accumulated impairment losses.

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

Depreciation and amortization are calculated on a straight-line method to charge the cost, less residual value, of the assets to their residual values over their estimated useful lives over a term of 2 to 3 years.

(f) Income taxes

Current income tax:

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

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

Deferred income tax:

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

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

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

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

TRANSATLANTIC MINING CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND DECEMBER 31, 2014

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Loss per share

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

(h) Comprehensive income (loss)

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

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

(i) Financial instruments

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

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

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

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

TRANSATLANTIC MINING CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND DECEMBER 31, 2014

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Financial instruments (continued)

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not suitable to be classified as financial assets at fair value through profit or loss, loans and receivables or held-to-maturity investments and are subsequently measured at fair value. These are included in current assets to the extent they are expected to be realized within 12 months after the end of the reporting period. Unrealized gains and losses are recognized in other comprehensive income, except for impairment losses and foreign exchange gains and losses on monetary financial assets.

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

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

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

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

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

(j) Impairment of non-financial assets

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

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

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

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

TRANSATLANTIC MINING CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND DECEMBER 31, 2014

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Warrants

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

(l) Segment reporting

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

(m) Comparative figures

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

(n) Accounting standards issued but not yet effective

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

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

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

TRANSATLANTIC MINING CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND DECEMBER 31, 2014

4. EQUIPMENT

	Exploration Equipment (\$)
Cost:	
Balance, beginning	-
Additions	69,821
Balance, ending	69,821
Amortization:	
Balance, beginning	-
Charge for the year	6,377
Balance, ending	6,377
Balance, December 31, 2014	-
Balance, December 31, 2015	63,444

5. EXPLORATION AND EVALUTATION ASSETS

	Monitor Property (\$)	St. Lawrence Project (\$)	Total for the year ended December 31, 2015 (\$)	Total for the year ended December 31, 2014 (\$)
Acquisition costs				
Balance, beginning	269,989	-	269,989	3,802,403
Additions	71,813	33,340	105,153	125,000
Disposition	-	-	-	(3,657,414)
Balance, ending	341,802	33,340	375,142	269,989

(a) Monitor Property

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

- (i) pay US\$25,000 in cash (paid);
- (ii) incur property expenditures of US\$2.1 million over three years, of which US\$700,000 has been incurred, an additional US\$700,000 is to be incurred by February 6, 2016 (subsequently incurred) and a further US\$700,000 is to be incurred by February 5, 2017; and
- (iii) issue 3,000,000 common shares of the Company in stages, of which 1,000,000 common shares were issued upon TSXV acceptance (issued with a fair value of \$130,000), a further 1,000,000 common shares on the first anniversary (issued with a fair value of \$125,000) and the final 1,000,000 common shares on the second anniversary (issued with a fair value of \$10,000) (Note 7).

TRANSATLANTIC MINING CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND DECEMBER 31, 2014

5. EXPLORATION AND EVALUTATION ASSETS (CONTINUED)

(a) Monitor Property (continued)

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

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

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

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

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

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

At December 31, 2015, the Company has a refundable performance bond of \$29,206 (US \$21,164) (2014 - \$Nil) for security of drilling activity requirements for the property.

(b) St. Lawrence Property

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

As consideration, the Company must issue 1,300,000 common shares of the Company (issued with a fair value \$19,500) and pay a 1% net smelter royalty ("NSR") from any production from the Monitor property and St. Lawrence property (Note 7).

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

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

At December 31, 2015, the Company has a refundable performance bond of \$14,285 (US \$10,260) (2014 - \$Nil) for security of drilling activity requirements for the property.

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5. EXPLORATION AND EVALUTATION ASSETS (CONTINUED)

(c) Gnaweeda Gold Project

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

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

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

(d) Ansongo Manganese Project

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

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

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

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5. EXPLORATION AND EVALUATION ASSETS (CONTINUED)

Exploration and evaluation asset expenses are as follows:

For the year ended December 31, 2015

	Monitor property (\$)
Assays and analysis	17,991
Drilling	419,287
Field costs	21,318
Geologists, geophysical contractors, geotechnical	642,523
Other rentals	38,383
Recoveries	(15,262)
Supplies	83,594
Travel, accommodation and fuel	4,987
Total	1,212,821

For the year ended December 31, 2014

	Monitor property (\$)	Gnaweeda Gold project (\$)	Total (\$)
Administrative	1,107	-	1,107
Assays and analysis	7,248	-	7,248
Field costs	1,069	23	1,092
Geologists, geophysical contractors, geotechnical	36,767	8,897	45,664
Holding costs	15,931	59,162	75,093
Insurance	-	1,485	1,485
Other rentals	-	10,461	10,461
Shipping	5,674	-	5,674
Travel, accommodation and fuel	31,120	638	31,758
Total	98,916	80,666	179,582

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6. RELATED PARTY TRANSACTIONS

The following table summarizes services provided by related parties:

	Year Ended December 31, 2015 (\$)	Year Ended December 31, 2014 (\$)
Management (a)	300,000	119,840
Professional fees (b)	-	48,436
Consulting (c)	406,198	630,497
	706,198	798,773

(a) The Company paid management fees of \$Nil (2014 - \$29,840) to a company controlled by the previous Chief Executive Officer.

The Company paid management fees of \$240,000 (2014 - \$90,000) to the Chief Executive Officer.

The Company paid management fees of \$60,000 (2014 - \$Nil) to a director of the Company.

(b) The Company paid accounting fees of \$Nil (2014 - \$48,436) to a company controlled by the previous Chief Financial Officer.

(c) The Company paid or accrued geological consulting fees of \$406,198 (2014 - \$149,103) in mineral property expenses to a director of the Company.

The Company paid consulting fees of \$Nil (2014 - \$481,394) to a former director of the Company.

The Company has identified certain directors and certain senior officers as its key management personnel. The compensation costs for key management personal for the years ended December 31, 2015 and 2014 are as follows:

	December 31, 2015 (\$)	December 31, 2014 (\$)
Management fees	300,000	90,000

During the year ended December 31, 2014, the Company wrote off \$582,670 receivable from Tassiga, which is related to a former director and Chief Executive Officer (Note 5).

As of December 31, 2015, \$554,313 (2014 - \$352,354) is due to related parties for the services above, which is included in accounts payable and accrued liabilities (Note 10).

Amounts due to/from related parties are unsecured, non-interest bearing and have no fixed terms of repayment.

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7. ISSUED CAPITAL

(a) Authorized

Unlimited number of common shares without par value.

(b) Share Capital Transactions

Year ended December 31, 2015

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

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

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

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

During the year ended December 31, 2015, the Company received \$768,871 in share subscriptions toward a private placement which has not closed at December 31, 2015.

Year ended December 31, 2014

On March 12, 2014, the Company issued 1,000,000 common shares with a fair value of \$125,000 pursuant to the Monitor property agreement (Note 5).

The Company received \$1,323,086 in share subscriptions toward a private placement. The shares subscribed for were issued during the year ended December 31, 2015.

During the year ended December 31, 2013, the Company received \$607,744 in share subscriptions toward a private placement. The shares subscribed for were issued during the year ended December 31, 2015.

(c) Stock options

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

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7. ISSUED CAPITAL (CONTINUED)

(c) Stock options (continued)

	Options	Weighted average exercise price (\$)
Balance, December 31, 2013	3,286,000	0.12
Expired/cancelled	(1,000,000)	0.16
Balance, December 31, 2014 and 2015	2,286,000	0.10

As at December 31, 2015, the following stock options were outstanding and exercisable:

Number	Weighted average exercise price (\$)	Expiry Date	Weighted average remaining contractual life (in years)
1,786,000	0.10	April 9, 2017	1.00
500,000	0.10	December 14, 2017	0.43
2,286,000	0.10		1.42

(d) Warrants

	Warrants	Weighted average exercise price (\$)
Balance December 31, 2013	22,096,665	0.12
Expired	(583,333)	0.12
Balance December 31, 2014	21,513,332	0.12
Issued	3,460,611	0.10
Expired	(13,179,999)	0.12
Balance December 31, 2015	11,793,944	0.11

As at December 31, 2015, the following warrants were outstanding and exercisable:

Number	Weighted average exercise price (\$)	Expiry Date	Weighted average remaining contractual life (in years)
8,333,333	0.08	December 14, 2016 *	0.68
3,460,611	0.03	October 5, 2018	0.81
11,793,944	0.11		1.49

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

(e) Share-based payment reserve

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

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8. NON-CASH TRANSACTIONS

During the year ended December 31, 2015:

- a) The Company issued 2,500,000 common shares with a fair value of \$40,000 pursuant to the Monitor Property agreement (Note 5).
- b) The Company issued 1,300,000 common shares with a fair value of \$19,500 pursuant to the St. Lawrence Lease Agreement (Note 5).
- c) The Company reallocated \$1,930,830 from subscriptions received to share capital (Note 7).
- d) The Company recorded a fair value of \$320,782 for finder's warrants (Note 7).

During the year ended December 31, 2014:

- a) The Company issued 1,000,000 common shares with a fair value of \$125,000 pursuant to the Monitor Property agreement (Note 5).

9. RECEIVABLES

	December 31, 2015	December 31, 2014
	(\$)	(\$)
Sales tax receivable	9,421	25,188
Receivable for disposition of Gnaweeda Gold project (Note 5)	-	516,818
Total	9,421	542,006

During the year ended December 31, 2014, the Company wrote off \$23,480 in drilling grant receivable as it related to the disposition of the Gnaweeda Property (Note 5).

10. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	December 31, 2015	December 31, 2014
	(\$)	(\$)
Accounts payable	347,511	421,752
Accrued liabilities	38,940	20,000
Due to related parties (Note 5)	581,959	352,354
Total	968,410	794,106

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11. INCOME TAXES

	December 31, 2015 (\$)	December 31, 2014 (\$)
Net loss	(2,142,217)	(5,796,263)
Statutory tax rate	26%	26%
Expected income tax recovery	(556,977)	(1,507,028)
Non-deductible items	10,767	16,765
Effect of differences in tax rates	-	(151,152)
Change in unrecognized deferred tax assets	546,210	1,641,415
Deferred income tax recovery	-	-

The significant components of the Company's deferred income tax assets and liabilities are as follows:

	December 31, 2015 (\$)	December 31, 2014 (\$)
Non-capital losses	2,261,739	2,006,409
Capital losses	947,774	947,774
Share issuance costs	41,803	63,980
Equipment	1,658	-
Exploration and evaluation assets	505,054	193,655
Less: Valuation allowance	(3,758,028)	(3,211,818)
Net deferred income tax asset	-	-

The Company has non-capital losses of approximately \$4,997,000 (2014 - \$4,037,000) available to offset deferred income for income tax purposes which commence expiring in 2031 and \$3,200,000 (2014 - \$3,189,000) of non-capital losses with no expiry date. Due to the uncertainty of realization of these loss carry-forwards, the benefit is not reflected in the financial statements as the Company has provided a full valuation allowance for the potential deferred tax assets resulting from these loss carry-forwards.

12. FINANCIAL INSTRUMENTS

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

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

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

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

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

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13. MANAGEMENT OF CAPITAL AND FINANCIAL RISK

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

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

Liquidity risk: Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. Liquidity risk arises through the excess of financial obligations due over available financial assets at any point in time. The Company's objective in managing liquidity risk is to maintain sufficient readily available capital in order to meet its liquidity requirements. Funding risk is the risk that market conditions will impact the Company's ability to raise capital through equity markets under acceptable terms and conditions. Under current market conditions, both liquidity and funding risk are assessed as high.

Currency risk: Currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Company's functional currency is the Canadian dollar. The Company is exposed to currency exchange rate risk to the extent of its activities in Australia and the USA. Management believes the foreign exchange risk derived from currency conversions from the Australian and USA 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:

	December 31, 2015	December 31, 2014
	(\$)	(\$)
Cash	53,305	11
Receivables	-	516,818
Accounts payables	(56,708)	(122,197)
	(3,403)	394,632

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

	December 31, 2015	December 31, 2014
	(\$)	(\$)
Cash	116,275	-
Accounts payables	(409,688)	-
	(293,413)	-

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13. MANAGEMENT OF CAPITAL AND FINANCIAL RISK (CONTINUED)

Currency risk (continued):

Based on the above net exposures, as at December 31, 2015, a 5% change in the Australian dollar to Canadian dollar exchange rate would impact the Company's net loss by \$170 and by \$14,671 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 year.

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 two geographical segments, Australia and USA.

Geographic segments

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

	December 31, 2015	December 31, 2014
	(\$)	(\$)
USA	375,142	269,989

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15. EVENTS AFTER THE REPORTING PERIOD

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

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

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

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

Subsequent to December 31, 2015, the Company received \$265,000 in share subscriptions towards a private placement which has not yet closed.