

TRANSGLOBE INTERNET AND TELECOM CO., LTD.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Six Months Ended May 31, 2015

UNAUDITED – Expressed in Canadian Dollars

TRANSGLOBE INTERNET AND TELECOM CO., LTD.

Condensed Interim Consolidated Statements of Financial Position

Unaudited – Prepared by Management

(Expressed in Canadian Dollars)

	May 31, 2015	November 30, 2014
ASSETS		
Current		
Cash	\$ -	\$ -
Assets Held for sale (Note 11)	-	-
	-	-
Equipment (Note 8)	-	-
	\$ -	\$ -
LIABILITIES		
Current		
Accounts Payable	\$ 93,105	\$ 72,204
Accrued Liabilities	22,500	20,000
Due to a related party (Note 5)	-	-
Liabilities associated with assets held for sale (Note 11)	-	-
Convertible debenture (Note 7)	200,000	200,000
Shareholders' loans (Note 6)	165,393	155,393
	480,998	447,597
Long-term		
Convertible debenture (Note 7)	-	-
	480,998	447,597
SHAREHOLDERS' DEFICIENCY		
Share capital (Note 9)	2,272,170	2,272,170
Reserves (Note 10)	68,089	68,089
Deficit	(2,821,257)	(2,787,856)
	(480,998)	(447,597)
	\$ -	\$-
Nature and continuation of operations (Note 1)		
_____"Soon Kim"_____ Director	_____"Paul Lee"_____ Director	

See accompanying notes to the consolidated financial statements.

TRANSGLOBE INTERNET AND TELECOM CO., LTD.

Condensed Interim Consolidated Statements of Loss and Comprehensive Loss

For the Six-Months Ended May 31, 2015 and May 31, 2014

Unaudited – Prepared by Management

(Expressed in Canadian Dollars)

	May 31, 2015	May 31, 2014
EXPENSES		
Bank charges and interest	\$10,000	\$15,000
Filing fees	10,400	10,000
Professional fees	13,000	12,500
	33,400	37,500
LOSS FROM CONTINUING OPERATIONS	(33,400)	(37,500)
LOSS FROM DISCONTINUED OPERATIONS	-	-
LOSS AND COMPREHENSIVE LOSS	(33,400)	(37,500)
BASIC AND FULL DILUTED LOSS PER SHARE	\$(0.00)	\$0.00
Weighted Average Number of Shares		
Outstanding-Basic and Diluted	10,287,588	10,287,588

See accompanying notes to the consolidated financial statements

TRANSGLOBE INTERNET AND TELECOM CO., LTD.

Condensed Interim Consolidated Statements of Changes in Shareholders' Deficiency

For the Three-Months Ended May 31, 2015

Unaudited – Prepared by Management

(Expressed in Canadian Dollars)

	Common Shares		Reserves	(Deficit)	Total (Deficiency)
	Number	Amount			
Balance, November 30, 2013	10,287,588	\$2,272,170	\$68,089	\$(3,137,061)	\$(796,802)
Loss and Comprehensive for the period	-	-	-	(18,749)	(18,749)
Balance, February 28, 2014	10,287,588	\$2,272,170	\$68,089	\$(3,155,810)	\$(815,551)
Balance, November 30, 2014	10,287,588	\$2,272,170	\$68,089	\$(2,787,856)	\$(447,597)
Loss and Comprehensive for the period	-	-	-	(33,400)	(33,400)
Balance, May 31, 2015	10,287,588	\$2,272,170	\$68,089	\$(2,821,256)	\$(480,997)

See accompanying notes to the consolidated financial statements

TRANSGLOBE INTERNET AND TELECOM CO., LTD.

Condensed Interim Consolidated Statements of Cash Flows

For the Six Months Ended May 31, 2015

Unaudited – Prepared by Management

(Expressed in Canadian Dollars)

	May 31 ,2015	May 31 ,2014
Cash Flows(Used In) Operating Activities		
Net loss from continuing operations	\$(33,400)	\$ (37,500)
Non-cash items:		
Accrued interest on convertible debts	10,000	15,000
Stock-based compensation	-	-
Changes in non-cash working capital items:	(23,400)	(22,500)
Accounts payable and accrued liabilities	23,400	22,500
Cash Flows(Used In) Operating Activities from Continuing operations	-	-
Cash Flows(Used In) Operating Activities from Discontinued operations	-	-
Cash Flows From (Used In) Investing Activities		
Short term investment	-	-
Cash Flows From (Used In) Investing Activities from Continuing Operations	-	-
Cash Flows From (Used In) Investing Activities from Discontinued Operations	-	-
Cash Flows From (Used In) Financing Activities		
Due to a related party	-	(1,399)
Funds from convertible debentures	-	-
Shareholder loans	-	-
Cash Flows From (Used In) Financing Activities from Continuing Operations	-	(1,399)
Cash Flows From (Used In) Financing Activities from Discontinued Operations	-	-
(Decrease) Increase in Cash and Cash equivalent	-	(1,399)
Cash(Bank Indebtedness), Beginning of Period	-	813
Cash (Bank Indebtedness), End of Period	\$ -	\$ 2,212
Supplemental disclosure of Cash flow information Cash paid for		
Interest	\$-	\$-
Income tax	\$-	\$-

See accompanying notes to the consolidated financial statements.

TRANSGLOBE INTERNET AND TELECOM CO., LTD.

Notes to the Condensed Interim Consolidated Financial Statements

For the Six Months Ended May 31, 2015

Unaudited –Prepared by Management, In Canadian Dollars

1. NATURE AND CONTINUANCE OF OPERATIONS

TransGlobe Internet and Telecom Co., Ltd.(the “Company” and its wholly-owned subsidiary companies, were incorporated under the laws of British Columbia, Canada and was in the business of providing Voice-Over Internet Protocol (“VOIP”) long distance telephone services until November 30, 2013, and became inactive since December 1, 2012 (Note 12). The address of its head and registered office is Suite 308 - 4501 North Road, Burnaby, B.C., V3N 4R7.

TransGlobe Internet and Telecom Co., Ltd.(the “Company” and its wholly-owned subsidiary companies, TransGlobe Internet and Telecom Co. Ltd., Giantel Inc., Korea Telecommunication Ltd. Giantel Telecom 2010 Inc. and Asean Cybernetics Inc., (collectively “the Company”). These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) applicable to a going concern, which assumes that the Company will be able to meet its obligations and continue its operations for its next fiscal year.

The Company has a cumulative deficit of \$2,821,256 (November 30, 2014 - \$2,787,856) and a working capital (deficiency) of \$(480,998) (November 30, 2014 - \$(447,597)). The Company has had losses from operations in the current and previous years and is experiencing significant cash flow problems, all of which casts significant doubt about the Company’s ability to continue as a going concern. The ability of the Company to continue as a going concern is dependent on the Company’s ability to generate future profitable operations and obtain additional financing to fund working capital requirements. There can be no assurance that the Company will be successful in any of these areas. The financial statements do not include any adjustments relating to the recoverability of assets and classification of assets and liabilities that might be necessary should the Company be unable to continue as a going concern.

Management recognizes that there are uncertainties that exist for the Company’s operations arising from the current economic downturn, but anticipates that operating cash flow requirements for the year can be met by operating revenue, equity financing and support from creditors and related parties.

These financial statements do not reflect the adjustments to the carrying values of assets and liabilities, the reported amounts of revenues and expenses and the classification of balance sheet items if the going concern assumption was in appropriate and these adjustments could be material. Management did not take these adjustments into account as it believes in the validity of the going concern assumption.

TRANSGLOBE INTERNET AND TELECOM CO., LTD.

Notes to the Condensed Interim Consolidated Financial Statements

For the Six Months Ended May 31, 2015

Unaudited –Prepared by Management, In Canadian Dollars

2. BASIS OF PRESENTATION AND ADOPTION OF IFRS.**Statement of Compliance**

These condensed interim consolidated financial statements, including comparatives, have been prepared in accordance with International Accounting Standards (“IAS”) 34, “Interim Financial Reporting” using accounting policies consistent with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and Interpretations issued by the International Financial Reporting Interpretations Committee (“IFRIC”). These interim financial statements do not include all of the information required of a full annual financial statement and are intended to provide users with an update in relation to events and transactions that are significant to an understanding of the changes in financial position and performance of the Company since the end of the last annual reporting period. It is therefore recommended these interim financial statements be read in conjunction with the audited annual financial statements of the Company for the most recent year ended November 30, 2014.

The date the Company’s Board of Directors approved these consolidated financial statements was May 26, 2015.

Basis of Presentation

These consolidated financial statements are presented in Canadian dollars, which is the Company’s functional and presentation currencies.

These consolidated financial statements have been prepared on a historical cost basis except for certain financial instruments which are measured at their fair value as explained in the accounting policies set out below. In addition, these interim financial statements have been prepared using the accrual basis of accounting except cash flow information. This summary of significant accounting policies of the consolidated financial statement is a description of the accounting methods and practices that have been used in the preparation of these consolidated financial statements and is presented to assist the reader in interpreting the statements contained herein. These accounting policies have been applied to all periods presented in these consolidated financial statements.

Principles of Consolidation

These consolidated financial statements the accounts of the Company and its wholly-owned subsidiaries (either dissolved or dormant as at February 28, 2015), TransGlobe Internet and Telecom Co. Ltd., Giantel Inc., Korea Telecommunication Ltd., Giantel Telecom 2010 Inc., and Asean Cybernetics Inc. All intercompany transactions and balances have been eliminated.

TRANSGLOBE INTERNET AND TELECOM CO., LTD.

Notes to the Condensed Interim Consolidated Financial Statements

For the Six Months Ended May 31, 2015

Unaudited –Prepared by Management, In Canadian Dollars

3. SIGNIFICANT ACCOUNTING POLICIES

Significant Accounting Judgment and Estimates

The preparation of financial statements in conformity with IFRS requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported revenues and expenses during the year.

Although management uses historical experience and its best knowledge of the amount, events or actions to form the basis for judgments and estimates, actual results may differ from these estimates.

The most significant accounts that require estimates as the basis for determining the stated amounts include the amortization of equipment, valuation of share-based payments and recognition of deferred income tax amounts.

Critical judgments and estimates exercised in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements are as follows:

Determination of functional currency

The Company determines the functional currency through an analysis of several indicators such as expenses and cash flow, financing activities, retention of operating cash flows, and frequency of transactions with the reporting entity.

Valuation of share-based payments

The Company uses the Black-Scholes Option Pricing Model for valuation of share-based payments. Option pricing models require the input of subjective assumptions including expected price volatility, interest rate, and forfeiture rate. Changes in the input assumptions can materially affect the fair value estimate and the Company's earnings and equity reserves.

Income taxes

In assessing the probability of realizing income tax assets, management makes estimates related to expectations of future taxable income, applicable tax opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on deposit and highly liquid short-term interest bearing securities with maturity at the date of purchase of three months or less.

TRANSGLOBE INTERNET AND TELECOM CO., LTD.

Notes to the Condensed Interim Consolidated Financial Statements

For the Six Months Ended May 31, 2015

Unaudited –Prepared by Management, In Canadian Dollars

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition

The Company records as revenue telecommunications services rendered measured by the minutes of traffic processed, after deducting an estimate of the traffic for which revenue will not be collected. Service discounts and incentives are accounted for as a reduction of revenue when granted, or where provided in relation to a service contract, rateably over the contract period.

Interest revenue is recorded when earned.

Income Taxes

Current income tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred income tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred income tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

TRANSGLOBE INTERNET AND TELECOM CO., LTD.

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Unaudited –Prepared by Management, In Canadian Dollars

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

A deferred income tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a future income tax asset will be recovered, it does not recognize the asset.

Share-Based Payments

The Company operates an employee stock option plan. Share based payments to employees are measured at the fair value of the instruments issued and amortized over the relevant vesting periods. Share based payments to non employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The fair value of options is determined using a Black-Scholes 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.

Earnings or Loss Per Share

Basic loss per share is calculated by dividing the net loss available to common shareholders by the weighted average number of shares outstanding during the year. Diluted earnings per share reflect the potential dilution of securities that could share in earnings of an entity. In a loss year, potentially dilutive common shares are excluded from the loss per share calculation as the effect would be anti dilutive. Basic and diluted loss per share are the same for the periods presented.

Comparative Figures

The comparative figures have been reclassified where necessary to conform with the current year's presentation.

TRANSGLOBE INTERNET AND TELECOM CO., LTD.

Notes to the Condensed Interim Consolidated Financial Statements

For the Six Months Ended May 31, 2015

Unaudited –Prepared by Management, In Canadian Dollars

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)**Financial Assets and Financial Liabilities**

Transaction costs directly attributable to the acquisition or issue of a financial asset or financial liability are added to the carrying amount of the financial asset or financial liability, and are amortized to operations using the effective interest rate method.

Financial InstrumentsFinancial Assets

The Company classifies its financial assets into one of the following categories, depending on the purpose for which the asset was acquired. The Company's accounting policy for each category is as follows:

(i) Fair Value Through Profit or Loss

This category comprises derivatives, or assets acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the statement of financial position at fair value with changes in fair value recognized in the statement of comprehensive loss.

(ii) Loans and Receivables

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at cost less any provision for impairment individually. Significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default.

(iii) Held-to-Maturity Investments

These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. These assets are measured at amortized cost using the effective interest method. If there is objective evidence that the investment is impaired, determined by reference to external credit ratings and other relevant indicators, the financial asset is measured at the present value of estimated future cash flows.

Any changes to the carrying amount of the investment, including impairment losses, are recognized in the income statement.

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3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(iv) Available-for-Sale Financial Assets

Non-derivative financial assets not included in the above categories are classified as available-for-sale. They are carried at fair value with changes in fair value recognized directly in equity. Where a decline in the fair value of an available-for-sale financial asset constitutes objective evidence of impairment, the amount of the loss is removed from equity and recognized in the statement of comprehensive loss. All financial assets except for those at fair value through profit or loss are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described above.

Financial Liabilities

The Company classifies its financial liabilities into one of two categories, depending on the purpose for which the asset was acquired. The Company's accounting policy for each category is as follows:

(i) Fair Value Through Profit or Loss

This category comprises derivatives, or liabilities acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the statement of financial position at fair value with changes in fair value recognized in the income statement.

(ii) Other Financial Liabilities

Other financial liabilities are measured after initial recognition at amortized cost using the effective interest method.

Classification

Cash and cash equivalents

Financial asset at fair value through profit or loss

Accounts payable and accrued liabilities,

Shareholders loan and Convertible debt

Other financial liabilities

TRANSGLOBE INTERNET AND TELECOM CO., LTD.

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Unaudited –Prepared by Management, In Canadian Dollars

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Instruments – (Continued)

Fair Value Hierarchy

The fair value hierarchy that prioritizes the inputs used to measure fair value is as follow:

- Level 1- quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2- inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3- inputs for the asset or liability that are not based on observable market data.

All of the Company's financial instruments measured at fair value are included in Level 1.

Impairment of Financial Assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. 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 assets, the estimated future cash flows of the investments have been negatively impacted. Evidence of impairment could include: significant financial difficulty of the issuer or counterparty; or default or delinquency in interest or principal payments; or likelihood that the borrower will enter bankruptcy or financial reorganization.

The carrying amount of financial assets is reduced by impairment loss directly for all financial assets with the exception of financial assets classified as loans and receivables, where the carrying amount is reduced through the use of an allowance account. When these assets are considered uncollectible, they are written off against the 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.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment loss been recognized.

At the end of each reporting period, the Company reviews the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss.

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Notes to the Condensed Interim Consolidated Financial Statements

For the Six Months Ended May 31, 2015

Unaudited –Prepared by Management, In Canadian Dollars

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Where such an indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. The recoverable amount is the higher of an asset's fair value less cost to sell and its 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 the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognized immediately in the statement of loss and comprehensive loss.

New accounting standards issued but not yet effective

Certain new standards, interpretations and amendments to existing standards have been issued by the IASB or the International Financial Reporting Interpretations Committee ("IFRIC") that are mandatory for accounting periods beginning on or after December 1, 2014, or later periods. Some updates that are not applicable or are not consequential to the Company may have been excluded from the list below.

IFRS 9, Financial Instruments: Classification and Measurement, issued in December 2009, effective for annual periods beginning on or after January 1, 2018, with early adoption permitted, introduces new requirements for the classification and measurement of financial instruments. Management anticipates that this standard will be adopted in the Company's financial statements for the period beginning December 1, 2018. The Company is currently evaluating the potential impact of the adoption of IFRS 9.

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4. RISK AND CAPITAL MANAGEMENT

The Company's Board of Directors have the overall responsibility for the establishment and oversight of the Company's risk management framework. Currently, the Company has limited human and financial resources. Management of the Company has established risk management policies to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits.

Currency Risk

Currency risk is the risk of a loss due to the fluctuation of foreign exchange rates and the effects of these fluctuations on foreign currency denominated monetary assets and liabilities. The Company currently operates in Canada only. Cash deposits, expenses and liabilities are denominated in the Canadian dollars. The Company does not hedge its currency exposure.

Credit Risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. The Company's limits its exposure to losses by holding cash in large Canadian financial institutions. Management believes that the credit risk concentration with respect to financial instruments above is remote.

Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows from a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed from time to time to interest rate risk as a result of holding fixed rate cash equivalent investments. The Company's exposure to interest rate risk is limited as its cash and cash equivalents and deposits are highly liquid with short-term maturities.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at February 28, 2015, the Company had a cash and cash equivalents balance of \$Nil (2014 - \$Nil) to settle current liabilities of \$464,297 (2014 - \$447,597). The Company's ability to continue operations is dependent on management's ability to secure additional financing. Management is continuing to pursue various financing initiatives in order to provide sufficient cash flow to finance operations.

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5. Due to a related party

As at May 31, 2015, \$NIL (2014 - \$Nil) owing to a company (Pro Omnis Telecommunication Ltd., Note 12) controlled by son of a director of the Company was included in due to a related party. These amounts are non-interest bearing, unsecured and due on demand.

6. RELATED PARTY TRANSACTIONS

The amounts due to the shareholders are non-interest bearing, unsecured and due on demand.

During the period ended May 31, 2015, the Company incurred accounting fees of \$ NIL (2014 - \$ NIL) with a company owned by a director of the Company.

Refer to Note 7 for convertible debenture agreement between the Company and the related parties.

All related party transactions are in the normal course of operations and have been measured at the agreed to amounts, which is the amount of consideration established and agreed to by the related parties.

7. CONVERTIBLE DEBENTURES

During the year ended November 30, 2011, the Company, the directors of the Company and a spouse of the a director entered into a convertible debenture agreement whereby the directors and the related individual, may at their sole option, at any time until three years from issuance dates, convert principal in an amount of \$300,000 into common shares of the Company at a price of \$0.10 per share. The convertible debenture bears interests at 10% per annum. The convertible debenture was a compound financial instrument and as such had been recorded as both a liability and an equity. The

liability component was valued first, and the difference between the proceeds of the debenture and the fair value of the liability was assigned to the equity component. \$Nil has been assigned to the equity component of convertible debentures. The amount of \$100,000 out of \$300,000 has been reclassified to liabilities associated with asset held for sale as at November 30, 2013 and then reallocated to income from discontinued operations on the statement of income upon the completion of the sale of the TTI business during the year ended November 30, 2014 (Note 12).

During the period ended May 31, 2015, \$10,000 was charged to interest expense (2014 - \$15,000).

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8. EQUIPMENT

The carrying value of \$85,545 on equipment has been reclassified to Assets held for sale on December 1, 2012 and then reallocated to income from discontinued operations on the statement of income upon the completion of the sale of the TTI business during the year ended November 30, 2014 (Note 12).

9. SHARE CAPITAL

Authorized

100,000,000 common shares without par value

100,000,000 common shares without par value

Stock Options

The Company issues share purchase options to directors, officers and employees of the Company and to persons who provide on-going services to the Company under an incentive share option plan. The exercise price of share purchase options will be no less than the closing price of the shares on the business day immediately preceding the date on which the option is granted less the discount permitted by the TSX Venture Exchange. Options granted by the Company will vest at the rate of 15% every three months from the grant date, except for options granted to investor relations consultants,

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9. SHARE CAPITAL (Continued)

which will vest at the rate of 25% every three months. Options will expire no later than ten years from the grant date, except that they will expire within thirty days when the holder is no longer qualified to hold the option (other than for cause, when the option will expire immediately).

During the period ended February 28, 2015 and 2014, no stock options have been granted.

The following table summarizes the stock options transactions for the year ended February 28, 2015 and the year ended November 30, 2014 as follows:

	Number of Shares		Weighted average Exercise Price
Outstanding, November 30, 2013	1,000,000	\$	0.05
Granted	-	\$	-
Outstanding, November 30, 2014 and May 31, 2015	1,000,000	\$	0.05

The following table summarizes information regarding the stock-options issued by the Company for the year ending May 31, 2015:

Exercise Price	Number of Shares Outstanding	Average Remaining Contractual Life(in Years)	Weighted Average Exercise price	Number of Options Exercisable	Weighted Average Exercisable price
0.05	1,000,000	0.75	0.05	1,000,000	0.05

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10. RESERVES

During the period ended May 31, 2015, stock-based compensation has been recorded in the amount of \$ Nil (2014 - \$ Nil) and included in reserves. The amount is management's estimate of the fair value of the stock options vested in the year, and has been expensed in the statement of income (loss) as stock-based compensation. Stock-based compensation value was determined using the Black-Scholes option pricing model. The fair value computed using the Black-Scholes model is only an estimate of the potential value of the individual options and the Company is not required to make payments for such transactions. Option pricing models require the input of highly subjective assumptions including the expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate, and therefore the existing models do not necessarily provide a reliable single measure of the fair value of the Company's stock options.

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**11. DISCONTINUED OPERATION, ASSETS HELD FOR SALE AND LIABILITIES
ASSOCIATED WITH ASSETS HELD FOR SALE**

By management agreement dated August 15, 2012 (the "GIS Agreement") between the Company and GIS Omnis Holdings Ltd. ("GIS", now called Pro Omnis Telecommunication Ltd.), the Company engaged GIS to manage and be responsible for the Company's voice-over internet protocol ("VoIP") pre-paid and post-paid long distance services, digital centrex lines and wholesale carrier service business (collectively the "TTI Business") for an initial one year term from December 1, 2012 to December 1, 2013 (the "Term"), with the option to extend the Term for an additional year to December 1, 2014. The Term of the GIS Agreement was extended for an additional one year on December 1, 2013.

Pursuant to the terms of the GIS Agreement, GIS was responsible for managing the TTI Business including, but not limited to, maintaining all Internet Telecommunications services, customer service, billings and accounts payable, marketing, product development and reporting to the Company on a quarterly basis of all income and expenses related to the TTI Business. GIS was fully responsible for any income, expenses and all losses related to the TTI Business during the Term of the GIS Agreement, effective December 1, 2012. Effective December 1, 2012, any assets generated from the TTI Business were controlled by and belong to GIS, and any liabilities incurred (related to the TTI Business) were obligation of GIS.

In consideration for its services, GIS was entitled to retain all operating income from the TTI Business up to \$30,000 per quarter. Any operating income in excess of \$30,000 per quarter should be split between the

Company and GIS on the basis of 25% to the Company and 75% to GIS, respectively. GIS was fully responsible for any and all losses related to the TTI Business during the Term of the GIS Agreement.

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Notes to the Condensed Interim Consolidated Financial Statements

For the Six Months Ended May 31, 2015

Unaudited –Prepared by Management, In Canadian Dollars

11. DISCONTINUED OPERATION, ASSETS HELD FOR SALE AND THE RELATED LIABILITIES (Continued)

The TITC business was operated under a name of GIS (not the Company) as GIS took all of responsibilities of the TITC business, effective December 1, 2012. And GIS reported all of income and expense related to the TITC business on its corporation tax returns and was responsible for any corporate, federal, provincial and business taxes related to the TITC Business. As a result, any assets, liabilities, income and expense related to the TITC business generated since December 1, 2012 were not included in these consolidated financial statements of the Company during the years ended November 30, 2014 and November 30, 2013.

It was a further term of GIS Agreement that during the Term and subject to approval of the Company's shareholders, GIS should have the right and option (the "GIS Option") to buy the TTI Business and all of its related assets from the Company for a purchase price equal to the amount of the Company's outstanding liabilities (excluding certain shareholders' loans and convertible debts) as shown on the Company's audited consolidated financial statements for the year ended November 30, 2012. GIS is a private company controlled by Simon Ahn. Simon Ahn and Peter Ahn are the adult children of Albert Ahn, a director of the Company.

On October 16, 2014, the Company completed the sale of the TTI Business to GIS in consideration for GIS' assumption of certain debts and liabilities of the Company. The assets and liabilities related to the TTI Business were reclassified to Assets held for sale and Liabilities associated with assets held for sale, respectively, as at November 30, 2013, and then reallocated to income from discontinued operation on statement of loss during the year ended November 30, 2014. The Company recognized a gain of \$131,421 on disposition of the TTI business during the year ended November 30, 2014.

TRANSGLOBE INTERNET AND TELECOM CO., LTD.

Notes to the Condensed Interim Consolidated Financial Statements

For the Six Months Ended May 31, 2015

Unaudited –Prepared by Management, In Canadian Dollars

11. DISCONTINUED OPERATION, ASSETS HELD FOR SALE AND THE RELATED LIABILITIES (Continued)

Assets Held for Sale

Assets Held for Sale:

Equipment	\$85,246 as at November 30, 2013
<u>Reallocated to statement of loss</u>	<u>(85,246)</u>
<u>Total</u>	<u>\$- as at November 30, 2014</u>

Liabilities Associated with Assets Held for Sale

Liabilities Associated with Assets Held for Sale:

Convertible debenture	\$100,000
<u>Shareholder's loan</u>	<u>116,667</u>
Total	\$216,667 as at November 30, 2013

Reallocated to statement of loss	(216,667)
Total	\$ - As at November 30, 2014

12. COMMITTEMENT

The Company has signed a binding letter of intent (the "LOI") with Rain Forest Adventures Holding Limited, a corporation existing under the laws of the British Virgin Islands ("Rain Forest"). The LOI outlines the general terms and conditions pursuant to which the Company and Rain Forest would be willing to complete a transaction that will result in a reverse take-over of the Company by the shareholders of Rain Forest. The LOI was negotiated at arm's length and is effective as of November 12, 2014. Completion of the transaction is subject to a number of conditions, including but not limited to, the TSX-V acceptance. There can be no assurance that the transaction will be completed as proposed or at all.

As of July 17, 2015, Rain Forest terminated its commitment to execute the merger due to its inability to raise private equity under reasonable terms and conditions.