Transnational Group Inc. and subsidiary
(previously Transnational Automotive Group, Inc.)
Notes to consolidated financial statements
November 30, 2014
(internally prepared and unaudited)

General

The accompanying financial statements have been prepared from the books and records of the Company. Although not subject to independent review and audit, in the opinion of management, the financials reflect all adjustments known to management necessary to fairly reflect the results of operations and financial position of the Company for the periods presented.

Consolidation

The reported results include that of the Company and its wholly-owned subsidiary, Transnational Minerals Group, Inc. Any significant intercompany transactions have been eliminated in consolidation.

The Company commenced reporting for the period ended November 30, 2013. Consequently, there are certain periods in the current fiscal year that have no comparative results available for prior periods in 2013.

Name Change

In January, 2014, the Company changed its name from Transnational Automotive Group, Inc. to Transnational Group, Inc. Management believes that the changed name more accurately reflects the present business of the Company.

Description of Business

Previously operating as Transnational Automotive Group Inc, the Company and its subsidiaries were engaged in the development and operation of mass public transportation in Cameroon Africa in 2008. The Company sustained substantial losses which in the wake of the financial crisis of 2008 could no longer be funded. Operations were abandoned or taken over by the host country due to difficulties with local financing and with local management. All assets on the Company's balance sheet as of the reporting date of November 30, 2008, the last reporting date prior to 2013, were taken over by the host country, the local management or were lost.

Most liabilities reported on the November 30, 2008 balance sheet became unenforceable obligations as a result of the expiration on enforceability under the various statutes of limitations.

Liabilities reported on the accompanying financial statements consist of advances from shareholders directly to the Company or for expenditures made by shareholders, mostly for legal fees, in connection with lawsuits and other past business activities of the Company. The Company's Board of Directors has accepted liability for these expenditures.

The Company resumed its plan of operations in late 2013. Those plans include the acquisition and development of interests in the financial, consulting and natural resources sectors, focusing on development properties, urban and rural infrastructures, and exploitation of natural resources through partnerships and joint ventures.

Notes Payable and Shareholder Advances

In 2008, the Company borrowed $150,000 from a shareholder through a promissory note with annual interest payments at 10%. Required interest payments were not made. In 2013, the note was amended and the maturity date was extended to September 2016. In addition, the Company granted conversion rights to the shareholder at $.0001 per share. Conversion rights are subject to the approval of the Board of Directors and other conditions and limitations. In November, 2013, the Board approved the conversion of $270 of unpaid interest into 2.7 million shares of stock.

Beginning in 2008, shareholders advanced funds to the Company directly or paid expenses of the Company, principally legal fees in connection with lawsuits in which the Company was a party, and to fund operations.

In June, 2012, $85,000, representing a portion of the above advances from a shareholder, was converted to a promissory note due in June 2016, bearing annual simple interest of 10%. A portion of the note and accrued interest may be convertible into shares of the Company's stock at $.0001 per share, subject to the approval of the Board of Directors and other conditions and limitations. Under the terms of the note agreement, the noteholders must give the Company 60 days' notice of their intent to convert the note to stock. In addition, there are restrictions on the number of shares available for conversion. Upon receiving notice, the Company can either prepay the note within the 60 day notice period or allow the conversion to occur subject to those restrictions and limitations. No interest has been paid on these notes since their issuance. In November of 2013, shareholders elected to convert accrued interest of $810 for 8,100,000 shares of stock.

In December, 2013, the Board of Directors authorized the issuance of a promissory note for the balance of these advances not already covered by the $85,000 note issued in June of 2012 (see above). The note and advances will bear interest at an annual interest rate of 10% per annum simple interest, retroactive to the date of the advance.

The Company is indebted to the various shareholders for $730,321 as of November 30, 2014 which includes $317,421 of interest and advanced expenses not yet formally converted into a note. An additional advance of $135,000 was made during the quarter ended November 30, 2014. No interest was paid in nine months ended November 30, 2014 nor at any other time.

In September, 2014, the Board of Directors approved the designation of 10,000 shares of preferred stock as Series A Preferred stock, the holders of which have 1000 times the votes of each share of common stock. No shares of the Series A Preferred stock have been issued.

In September, 2014, the Board ratified the conversion of advances from a shareholder to a promissory note at 10% interest due in September 2015 in the amount of $135,000.

Equity Transactions

In January, 2012, the Company declared a reverse 300-to-one stock split, reducing the number of shares outstanding.

The Company had 15,692,273 warrants outstanding to purchase its common stock as of February 29, 2008. The warrants had a weighted average exercise price of $1.50. No warrants were exercised, and all expired by 2012.

In November and December, 2013, the Company entered consulting contracts with certain shareholders, board members and managers, issuing 20,533,600 shares in compensation.

In November, 2013, certain shareholders who were also noteholders of the Company exercised their conversion rights to convert $1,080 of accrued interest into shares of the Company's common stock. 10,800,000 shares were issued to those noteholders upon that conversion.

In November, 2013, the Company issued options to purchase 4.5 million shares of its common stock exercisable over three years at $.01 per share to certain managers, directors and shareholders. The options vest in successive anniversary dates of the grants over 3 years – 40% at the end of the first anniversary year; 30% at the end of the second anniversary year; 30% at the end of the third anniversary year.

As of November 30, 2014 1.8 million of the shares were exercisable.

In June of 2014, the Company issued 1 million shares of unrestricted common stock to a holder of an interest in a convertible note previously issued by the Company. The shares were issued in a partial conversion of $100 of principal of the note.

In July, 2014, the company issued 20,000 shares of restricted common stock to a provider of services to the company. The services were value at $10,000.

In September, 2014, the Board of Directors approved the designation of 10,000 shares of preferred stock as Series A Preferred stock, the holders of which have 1000 times the votes of each share of common stock. No shares of the Series A Preferred stock have been issued.

In September, 2014, the Company borrowed $135,000 from a shareholder issuing a promissory note at 1% monthly interest. Principal and interest are due in September 2015.

Commitments and Contingencies

Prior to 2012, the Company was involved in several lawsuits over various aspects of its operations. Those lawsuits have all been settled or resolved. Management believes there are no further legal actions pending against the Company.

The Company is actively involved in negotiations with several parties to acquire interests in natural resource properties and in other business activities. Certain of these negotiations have included issuance of letters of intent which, when conditions are met, would require the Company to fund the activities of these ventures. Such funding would require the raising of additional capital by the Company. It cannot be ascertained whether any of these negotiations will be successful.

Income Taxes

The Company had last filed income tax returns for the year ended February 29, 2008. Since reactivation, the Company filed returns for the years ended February 28, 2013 and February 29, 2014. The Company is delinquent in its filing of Federal and State tax returns that were due in the intervening years.

The returns for the open years are in the process of preparation. Due to the losses incurred during those years, management believes that there will be little or no tax liability due when those returns are filed.

The Company had a net operating loss carryforward of $3.8 million as of February 29, 2008. Subsequent transactions including the loss of assets and the cancellation of debt will result in a change in the balance of the carryforward. The change cannot be estimated at this time.