

Transnational Group, Inc. and Subsidiary

Quarterly Report

November 30, 2015

Transnational Group Inc. and Subsidiary
(formerly Transnational Automotive Group Inc)
Consolidated Balance Sheet
November 30, 2015 and 2014
(internally prepared and unaudited)

	<u>November 30, 2015</u>	<u>November 30, 2014</u>
Assets		
Cash	\$ 10,328	\$ 5,864
Trade and other receivables	31,343	
Advance on Acquisition	150,000	
Prepaid Expenses - Claims	10,160	
Mining Equipment	17,147	
Deposit on Mining Rights		100,000
Mining Equipment awaiting shipment	900,000	
TOTAL ASSETS	<u>\$ 1,118,978</u>	<u>\$ 105,864</u>
Liabilities and Stockholders' Equity/(Deficit)		
Liabilities		
Loans and advances from Stockholders	\$ 455,900	\$ 412,900
Accrued liabilities	20,004	
Payables to stockholders including interest and other	342,075	317,421
Total Liabilities	\$ 817,979	\$ 730,321
Stockholders' Equity/(Deficit)		
Preferred Stock - \$.001 par value 100,000,000 shares authorized - none issued		
Common Stock - \$.001 par value 200,000,000 shares authorized		
Issued and outstanding:		
38,060,508 shares at November 30, 2015	89,552	
32,960,508 shares at November 30, 2014		84,452
Treasury shares		
2,000,000 shares at November 30, 2015		
0 shares at November 30, 2014		
Additional Paid in Capital	17,313,896	16,187,746
Accumulated Deficit	(16,926,979)	(16,721,185)
Foreign Currency Loss	(175,470)	(175,470)
Total Stockholders' Equity/(Deficit)	<u>300,999</u>	<u>(624,457)</u>
Total Liabilities and Stockholders' Equity/(Deficit)	<u>\$ 1,118,978</u>	<u>\$ 105,864</u>

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

Transnational Group Inc. and Subsidiary
(formerly Transnational Automotive Group Inc)
Consolidated Statement of Income/(loss)
For the Three Months and Nine Months Ended November 30, 2014
(internally prepared and unaudited)

	3 months ended November 30, 2014	9 months ended November 30, 2014
Revenues	<u>\$ -</u>	<u>\$ -</u>
Project Acquisition and Development Costs	29,631	29,631
General and administrative expenses	22,893	108,146
Interest Expense	<u>12,652</u>	<u>31,043</u>
Income (loss) before taxes	\$ (65,176)	\$ (168,820)
Income tax provision/(benefit)	<u> </u>	<u> </u>
Net (loss)	<u>\$ (65,176)</u>	<u>\$ (168,820)</u>

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

Transnational Group Inc. and Subsidiary
(formerly Transnational Automotive Group Inc)
Consolidated Statement of Income/(loss)
For the Three Months and Nine Months Ended November 30, 2015
(internally prepared and unaudited)

	3 months ended November 30, 2015	9 months ended November 30, 2015
Revenues	<u>\$ 49,000</u>	<u>\$ 85,000</u>
Costs of Production	158,438	206,730
Project Acquisition and Development Costs	30,930	44,928
General and administrative expenses	41,734	136,095
Interest Expense	<u>8,977</u>	<u>26,931</u>
Income (loss) before taxes	\$ (191,079)	\$ (329,684)
Income tax provision/(benefit)	<u> </u>	<u> </u>
Net (loss)	<u>\$ (191,079)</u>	<u>\$ (329,684)</u>

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

Transnational Group Inc. and Subsidiary
(formerly Transnational Automotive Group Inc.)
Consolidated Statement of Stockholders' Deficit
For the three months and nine months ended November 30, 2014 and 2015
(internally prepared and unaudited)

Nine months ended September 30, 2014

	Shares	Amount	Additional Paid-in capital	Accumulated Deficit	Comprehensive Loss
Balance, March 1, 2014	31,700,508	\$ 54,812	\$ 16,137,286	\$ (16,552,365)	\$ (175,470)
Shares purchased by investors	240,000	28,440	31,560		
Shares issued for services	20,000	200	19,800		
Shares issued upon note conversion	1,000,000	1,000	(900)		
net (loss)			(168,820)		
Balance, November 30, 2014	<u>32,960,508</u>	<u>\$ 84,452</u>	<u>\$ 16,187,746</u>	<u>\$ (16,721,185)</u>	<u>\$ (175,470)</u>

Nine months ended November 30, 2015

	Shares outstanding	treasury	Amount	Additional Paid-in capital	Accumulated Deficit	Comprehensive Loss
Balance, March 1, 2015	32,960,508		\$ 84,452	\$ 16,187,746	\$ (16,597,295)	\$ (175,470)
sale of shares to investors	5,100,000		5,100	1,126,150		
acquisition of shares from shareholder		2,000,000				
net (loss)					(329,684)	
Balance, November 30, 2015	<u>38,060,508</u>	<u>2,000,000</u>	<u>\$ 89,552</u>	<u>\$ 17,313,896</u>	<u>\$ (16,926,979)</u>	<u>\$ (175,470)</u>

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Transnational Group Inc. and Subsidiary
(formerly Transnational Automotive Group Inc)
Consolidated Statement of Stockholders' Deficit
For the three months and nine months ended November 30, 2014 and 2015
(internally prepared and unaudited)

<u>Three months ended November 30, 2014</u>					
	Shares	Amount	Additional Paid-in capital	Accumulated Deficit	Comprehensive Loss
Balance, August 31, 2014	31,940,508	\$ 83,252	\$ 16,168,846	\$ (16,656,009)	\$ (175,470)
shares issued for services	20,000	200	19,800		
shares issued upon note conversion	1,000,000	1,000	(900)		
net (loss)				(65,176)	
Balance, November 30, 2014	<u>32,960,508</u>	<u>\$ 84,452</u>	<u>\$ 16,187,746</u>	<u>\$ (16,721,185)</u>	<u>\$ (175,470)</u>

<u>Three months ended November 30, 2015</u>						
	Shares outstanding	Shares treasury	Amount	Additional Paid-in capital	Accumulated Deficit	Comprehensive Loss
Balance, August 31, 2015	38,060,508		\$ 89,552	\$ 17,313,896	\$ (16,735,900)	\$ (175,470)
acquisition of shares from shareholder		2,000,000				
net (loss)					(191,079)	
Balance, November 30, 2015	<u>38,060,508</u>	<u>2,000,000</u>	<u>\$ 89,552</u>	<u>\$ 17,313,896</u>	<u>\$ (16,926,979)</u>	<u>\$ (175,470)</u>

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

Transnational Group Inc. and Subsidiary
(formerly Transnational Automotive Group Inc)
Consolidated Statement of Cash Flow
For the three months and nine months ended November 30, 2015
(internally prepared and unaudited)

	three months ended November 30, 2015	nine months ended
Cash flows from operating activities		
Net loss	\$ (191,079)	\$ (329,684)
Adjustments to reconcile net income to cash provided by operating activities		
Depreciation	903	903
Increase/(decrease) in receivables	(2,907)	(31,343)
Increase in accrued liabilities	13,977	20,004
Stock issued for services		
Increase in claims filed	<u>3,052</u>	<u>(10,160)</u>
Net cash provided (used in) operating activities	<u>\$ (176,054)</u>	<u>\$ (350,280)</u>
Cash flows from investing activities		
Equipment Purchases (including that paid for by stock issuance)		\$ (918,050)
Cash flows from financing activities		\$ (918,050)
Increase in loans from shareholders, net of conversions	15,000	40,000
Changes in payables to shareholders	(5,268)	11,927
Shares purchased by investors		1,131,250
Decrease in subscription receivable	15,612	
Conversion of accrued shareholder debt interest to capital stock		
Net cash from financing activities	<u>25,344</u>	<u>1,183,177</u>
Net increase/(decrease) in cash	<u>\$ (150,710)</u>	<u>\$ (85,153)</u>
cash balance, beginning of period	<u>161,038</u>	<u>95,481</u>
cash balance, end of period	<u><u>\$ 10,328</u></u>	<u><u>\$ 10,328</u></u>

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

Transnational Group Inc. and Subsidiary
(formerly Transnational Automotive Group Inc)
Consolidated Statement of Cash Flow
For the three months and nine months ended November 30, 2014
(internally prepared and unaudited)

	three months ended <u>November 30, 2014</u>	nine months ended
Cash flows from operating activities		
Net loss	\$ (65,176)	\$ (168,820)
Adjustments to reconcile net income to cash provided by operating activities		
Stock issued for services		20,000
Net cash provided (used in) operating activities	<u>\$ (65,176)</u>	<u>\$ (148,820)</u>
Cash flows from investing activities		
Deposit on land purchase	(100,000)	(100,000)
Cash flows from financing activities		
Increase in loans from shareholders, net of conversions	135,000	144,900
Changes in payables to shareholders	12,653	31,044
Shares purchased by investors		60,000
Conversion of accrued shareholder debt interest to capital stock		<u>100</u>
Net cash from financing activities	147,653	236,044
Net increase/(decrease) in cash	\$ 82,477	\$ 87,224
cash balance, beginning of period	<u>23,387</u>	<u>18,640</u>
cash balance, end of period	<u><u>\$ 105,864</u></u>	<u><u>\$ 105,864</u></u>

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

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, TAMG Minerals, Inc. Any significant intercompany transactions have been eliminated in consolidation. The Company commenced reporting for the period ended November 30, 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. 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 include loans and 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 agreed to reimburse the shareholders for these expenditures.

While the Company attempted to salvage its prior plan of operations in Cameroon, the Company commenced developing additional plans of operations.

Operations continued in 2013 with some management changes. In June, 2015, the TAMG Minerals Inc., a wholly-owned subsidiary of the Company signed a binding letter of intent to operate a

decorative rock quarry. Operations at the quarry commenced in July 2015. Results of the operations of that activity are included in the attached financial statements.

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 \$810 of unpaid interest into 8.1 million shares of stock. In September of 2015, the note balance was \$147,900. In September, \$127,900 of the principal balance of the note was modified to a non-convertible promissory note in the amount of \$127,900 with a maturity of January 1, 2019, bearing interest of 10% per annum payable quarterly beginning in the first quarter of 2016.

In September, 2014 the Company borrowed an additional \$135,000 from this shareholder with interest accruing at one percent per month. No interest has been paid on this note.

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 \$270 for 2,700,000 shares of stock.

In December, 2013, the Board of Directors authorized the issuance of a promissory note for \$159,174 representing 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 and matures on January 1, 2019. Interest is due and payable quarterly beginning January 1, 2016.

Transnational Group Inc. and Subsidiary
 (previously Transnational Automotive Group Inc.)
 Notes to Consolidated Financial Statements
 November 30, 2015
 (internally prepared and unaudited)

The Company is indebted to the various shareholders for \$776,133 as of November 30, 2015 which includes \$230,907 of interest. No interest was paid in the three months ended November 30, 2015 nor at any other time.

As of November 30, 2015, debt to shareholders was as follows:

Note @ 1% per month interest due on Jan 1, 2019.....	\$159,174
Convertible note @ 10% interest due in June, 2016.....	84,900
Note @ 10% per annum interest due January 1, 2019.....	127,900
Other advances.....	<u>60,100</u>
Total	\$432,074
Accrued interest.....	230,907

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. 2 million of the above options have been recalled, revoked or forfeited. Thus, such options cannot be exercise to be turned into shares

As of November 30, 2015, 1,750,000 options 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 June and August of 2015, the Company sold 100,000 shares of restricted common shares in a private placement to an individual at \$.3125 per share. A finder's fee was paid in connection with this transaction.

In August of 2015, the Company issued 5 million shares of restricted common stock to Exa Resources LLC for \$200,000 in cash and \$900,000 in mining equipment to be delivered to one of its operations. A finder's fee was paid in connection with the cash portion of this transaction. An additional finder's fee will be due upon delivery and installation of the equipment. As part of the agreement, Exa acquired options to purchase up to 4 million shares at \$.45 per share.

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.

The Company is actively involved in negotiations with several other 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.

In May, 2015 the Company and a shareholder filed a lawsuit against another Company- Lanix Exploration- and three individuals for breach of contract and other actions relating to money advanced in connection with mining claims being acquired by the Company. The Company is seeking recovery of the advance, fees and other damages.

As of the filing of this disclosure, the action against the defendant is set for default judgment on February 8, 2016. The company continues to pursue its legal remedies against the individual defendants while waiting to obtain a Judgment against Lanix Exploration Inc.

In connection with the acquisition of operating rights in the quarry mine, the Company is obligated to pay minimum annual royalties of \$60,000 to the mine owner. The royalties are payable in equal monthly installments for 10 years. The Company has options to renew the agreement under the same terms and conditions for two additional five year periods.

A former attorney of the Company has threatened a lawsuit over denial by the Company to the former attorney demand to be allowed to exercise certain stock options which were authorized for issuance in 2013 but never issued. The options were to have been issued in exchange for the optionee's provision of certain future services to the Company. Company management believes that the services which had been agreed to were never provided and that no option was ever issued. The Company is reviewing the situation, but at this time, the Company intends to contest the claim vigorously.

An alleged shareholder contends that the Company is required to remove the restriction on the 500,000 shares of restricted stock that were issued to him and to permit him to exercise the option that was not issued to him to receive unrestricted common stock. On November 25, 2015, the shareholder filed civil action No. EC064665 in the Los Angeles Superior Court, against the Company, an officer and director and against an adviser to the Company. The action seeks to compel the Company to remove the restriction on the unearned shares and to issue the million options as unrestricted common stock. The Company believes that the shareholder's claims are without merit and intends to defend his action vigorously.

Income Taxes

Prior to reactivation in 2013, the Company had last filed income tax returns for the year ended February 29, 2008. Since reactivation, the Company has filed the delinquent returns for all years.

Acquisitions

In June, 2015 the Company's subsidiary signed a binding letter of intent with the owners of Marble Mountain, Inc, a mine in Utah wherein the Company would assume operations of the mine in return for guaranteed minimum royalty payments based on the results of the mine operations. In July, 2015, the Company commenced operations of the mine. The letter of intent provides the Company with a right to terminate the agreement within the initial 90 days.