
TransGlobe Internet and
Telecom Co., Ltd.
Financial Statements
Years ended November 30, 2019 and 2018
(Expressed in Canadian Dollars)



Independent Auditor's Report

To the Shareholders of TransGlobe Internet and Telecom Co., Ltd.

Opinion

We have audited the financial statements of TransGlobe Internet and Telecom Co., Ltd. (the "Company"), which comprise the statements of financial position as at November 30, 2019 and November 30, 2018, and the statements of operations and comprehensive loss, statements of changes in equity and statements of cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at November 30, 2019 and November 30, 2018, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial statements, which indicates that the Company had a cumulative deficit of \$2,937,457 as at November 30, 2019 (cumulative deficit of \$2,910,207 as at November 30, 2018). As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises the information included in Management's Discussion and Analysis.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.



Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



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We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Gordon Cummings.

Vancouver, B.C.
August 14, 2020

A handwritten signature in black ink that reads "D&H Group LLP". The signature is written in a cursive, flowing style.

Chartered Professional Accountants

TransGlobe Internet and Telecom Co., Ltd.

Statements of Financial Position

November 30, 2019 and 2018

(Expressed in Canadian Dollars)

	2019	2018
	\$	\$
Assets		
Current		
Cash	-	-
Total assets	-	-
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	141,805	134,555
Convertible debentures (Note 7)	200,000	200,000
Shareholders' loans (Note 6)	<u>255,393</u>	<u>235,393</u>
	<u>597,198</u>	<u>569,948</u>
Shareholders' equity		
Share capital (Note 8)	2,272,170	2,272,170
Reserves (Note 9)	68,089	68,089
Deficit	<u>(2,937,457)</u>	<u>(2,910,207)</u>
Total shareholders' equity	<u>(597,198)</u>	<u>(569,948)</u>
Total liabilities and shareholders' equity	-	-

Nature of operations and going concern (Note 1)

Event after the reporting period (Note 11)

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

Approved on behalf of the Board

signed "Binyomin Posen", Director

signed "Yazeed Esnan", Director

TransGlobe Internet and Telecom Co., Ltd.

Statements of Operations and Comprehensive Loss

Years ended November 30, 2019 and 2018

(Expressed in Canadian Dollars)

	2019	2018
	\$	\$
Expenses		
Professional fees	7,250	7,250
Bank charges and interest	<u>20,000</u>	<u>20,000</u>
Net loss and comprehensive loss for the year	<u>(27,250)</u>	<u>(27,250)</u>
Basic and diluted net loss per common share	<u>(0.00)</u>	<u>(0.00)</u>
Weighted average number of shares outstanding - basic and diluted	10,287,588	10,287,588

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

TransGlobe Internet and Telecom Co., Ltd.

Statements of Changes in Equity

For the years ended November 30, 2019 and 2018

(Expressed in Canadian dollars)

	Share capital #	Share capital \$	Reserves \$	(Deficit) \$	Total \$
Balance, November 30, 2017	10,287,588	2,272,170	68,089	(2,882,957)	(542,698)
Loss and comprehensive loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>(27,250)</u>	<u>(27,250)</u>
Balance, November 30, 2018	10,287,588	2,272,170	68,089	(2,910,207)	(569,948)
Loss and comprehensive loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>(27,250)</u>	<u>(27,250)</u>
Balance, November 30, 2019	10,287,588	2,272,170	68,089	(2,937,457)	(597,198)

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

TransGlobe Internet and Telecom Co., Ltd.

Statements of Cash Flows

Years ended November 30, 2019 and 2018

(Expressed in Canadian Dollars)

	2019	2018
	\$	\$
Cash flows used in operating activities		
Net loss for the year	(27,250)	(27,250)
Changes in non-cash working capital accounts		
Accounts payable and accrued liabilities	7,250	7,250
Shareholders' loans	<u>20,000</u>	<u>20,000</u>
Cash flow used in operating activities	<u>-</u>	<u>-</u>
Decrease in cash and cash equivalents for the year	<u>-</u>	<u>-</u>
Cash, beginning of the year	<u>-</u>	<u>-</u>
Cash, end of the year	<u>-</u>	<u>-</u>

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

TransGlobe Internet and Telecom Co., Ltd.

Notes to the Financial Statements

Years ended November 30, 2019 and 2018

(Expressed in Canadian Dollars)

1. Nature of operations and going concern

TransGlobe Internet and Telecom Co., Ltd. (the "Company") was incorporated under the laws of British Columbia, Canada on June 24, 1999 and was in the business of providing Voice-Over Internet Protocol ("VOIP") long distance telephone services until November 30, 2012. The Company became inactive on December 1, 2012. The Company's shares were listed at the TSX-Venture Exchange (the "Exchange"), but trading in the Company's shares was suspended by the Exchange during the year ended November 30, 2013 due to the issuance by a cease trade order for the Company's failure to meet its filing requirements. The address of its head and registered office is 108 West Cordova Street, Vancouver, B.C., V6B 0G6.

On November 18, 2014, the Company announced that it had 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 outlined the general terms and conditions pursuant to which the Company and Rain Forest would be willing to complete a transaction that would result in a reverse take-over of the Company by the shareholders of Rain Forest. The LOI was negotiated at arm's length and was effective as of November 12, 2014. Completion of the transaction was subject to a number of conditions, including but not limited to, the Exchange's acceptance. 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.

These financial statements of the Company were approved and authorized for issue by the Board of Directors (the "Board") on August 14, 2020.

The Company has a cumulative deficit of \$ 2,937,457 (November 30, 2018 - \$ 2,910,207) and a working capital deficiency of \$ 597,198 (November 30, 2018 - \$ 569,948). 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.

These 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. 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 inappropriate 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.

2. Basis of presentation and adoption of IFRS

Statement of compliance

The financial statements of the Company have been prepared in accordance 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").

Basis of measurement

These 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. The financial statements are prepared using the accrual basis of accounting except cash flow information and are presented in Canadian dollars, which is the Company's functional and presentation currencies.

TransGlobe Internet and Telecom Co., Ltd.

Notes to the Financial Statements

Years ended November 30, 2019 and 2018

(Expressed in Canadian Dollars)

2. Basis of presentation and adoption of IFRS - continued

This summary of significant accounting policies of the financial statements is a description of the accounting methods and practices that have been used in the preparation of these 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 financial statements.

Principles of consolidation

These financial statements report the accounts of the Company. All subsidiaries were dissolved during the period 2006 to 2013.

3. Summary of 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 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 financial statements are as follows:

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.

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. As at November 30, 2019 and 2018 the Company did not have any cash or cash equivalents.

Current and deferred 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.

Notes to the Financial Statements

Years ended November 30, 2019 and 2018

(Expressed in Canadian Dollars)

3. Summary of 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.

Financial Instruments

(i) *Classification*

The Company classifies its financial instruments in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive income ("FVOCI") or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL.

(ii) *Measurement*

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

Financial assets and liabilities carried at FVTPL are initially recorded at fair value. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in comprehensive income (loss) in the period in which they arise.

Financial assets and liabilities carried at FVOCI are initially recorded at fair value. Unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVOCI are included in comprehensive income (loss) in the period in which they arise.

TransGlobe Internet and Telecom Co., Ltd.

Notes to the Financial Statements

Years ended November 30, 2019 and 2018

(Expressed in Canadian Dollars)

3. Summary of significant accounting policies - continued

(iii) *Impairment of financial assets at amortized cost*

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the expected credit loss has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. Regardless of whether credit risk has increased significantly, the loss allowance for trade receivables without a significant financing component classified at amortized cost, are measured using the lifetime expected credit loss approach. The Company shall recognize in the statements of comprehensive income (loss), as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

(iv) *Derecognition*

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in the statements of comprehensive income (loss).

Adoption of New Accounting Standards

(i) *IFRS 9 - Financial instruments ("IFRS 9")*

The Company adopted all of the requirements of IFRS 9 as of December 1, 2018. IFRS 9 replaces IAS 39 *Financial Instruments: Recognition and Measurement* ("IAS 39"). IFRS 9 utilizes a revised model for recognition and measurement of financial instruments and a single, forward looking "expected loss" impairment model. As a result of the adoption of IFRS 9, management has changed its accounting policy for financial assets retrospectively, for assets that continued to be recognized at the date of initial application.

The table below summarizes the classification and carrying amount changes upon transition from IAS 39 to IFRS as at December 1, 2018.

		\$		\$
	Original under IAS 39		New under IFRS 9	
	Classification	Carrying amount	Classification	Carrying amount
Accounts payable and accrued liabilities	Other financial liabilities	134,555	Amortized cost	134,555
Convertible debentures	Other financial liabilities	200,000	Amortized cost	200,000
Shareholders' loans	Other financial liabilities	235,393	Amortized cost	235,393

As the standard permits on transition to IFRS 9, the Company has not restated prior periods with respect to the new amortized cost measurement for financial assets and impairment requirements.

The adoption of IFRS 9 resulted in no impact to the opening accumulated deficit or to the opening deficit on December 1, 2018.

TransGlobe Internet and Telecom Co., Ltd.

Notes to the Financial Statements

Years ended November 30, 2019 and 2018

(Expressed in Canadian Dollars)

3. Summary of significant accounting policies - continued

(ii) IFRS 15 - *Revenue from contracts with customers* ("IFRS 15")

The Company adopted all of the requirements of IFRS 15 as of December 1, 2018. This new accounting pronouncement establishes principles for reporting the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers.

There was no impact on the Company's financial statements upon the adoption of IFRS 15, as the Company does not have any revenue from contracts with customers.

New standards and interpretations not yet adopted

Certain new standards, interpretations and amendments to existing standards have been issued by the IASB or IFRIC that are mandatory for accounting periods beginning after December 1, 2019, or later periods. The following have not yet been adopted and are being evaluated to determine their impact on the Company.

(i) IFRIC 23 - *Uncertainty over income tax treatments* ("IFRIC 23") was issued in June 2017 and clarifies the accounting for uncertainties in income taxes. The interpretation committee concluded that an entity shall consider whether it is probable that a taxation authority will accept an uncertain tax treatment. If an entity concludes it is probable that the taxation authority will accept an uncertain tax treatment, then the entity shall determine taxable profit (tax loss), tax bases, unused tax losses and credits or tax rates consistently with the tax treatment used or planned to be used in its income tax filings. If an entity concludes it is not probable that the taxation authority will accept an uncertain tax treatment, the entity shall reflect the effect of uncertainty in determining the related taxable profit (tax loss), tax bases, unused tax losses and credits or tax rates. IFRIC 23 is effective for annual periods beginning on or after January 1, 2019. Earlier adoption is permitted.

(ii) IFRS 16 - *Leases* ("IFRS 16"). IFRS 16 is effective for reporting periods beginning on or after January 1, 2019. IFRS 16 specifies how to recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17.

Management has assessed the effect of the new standard on the Company's accounting policies and financial statement presentation, and has found that no changes are required.

4. Capital management

The Company considers its capital to consist of shareholders' equity. The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the business objectives of the Company. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

TransGlobe Internet and Telecom Co., Ltd.

Notes to the Financial Statements

Years ended November 30, 2019 and 2018

(Expressed in Canadian Dollars)

5. Financial instruments and risk management

Categories of financial assets and financial liabilities

Financial instruments are classified into one of the following three categories: fair value through profit or loss ("FVTPL"); fair value through other comprehensive income ("FVOCI"); and amortized cost. The carrying values of the Company's financial instruments are classified into the following categories:

Financial instrument	Category	November 31, 2019 \$	November 31, 2018 \$
Accounts payable and accrued liabilities	Amortized cost	141,805	134,555
Convertible debentures	Amortized cost	200,000	200,000
Shareholders' loans	Amortized cost	255,393	235,393

Fair value

IFRS 7 establishes a fair value hierarchy for financial instruments measured at fair value that reflects the significance of inputs in making fair value measurements as follows:

- § Level 1 - applied to assets or liabilities for which there are quoted prices in active markets for identical assets or liabilities.
- § Level 2 - applies to assets or liabilities for which there are inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly such as quoted prices for similar assets or liabilities in active markets or indirectly such as quoted prices for identical assets or liabilities in markets with insufficient volume or infrequent transactions
- § Level 3 - applies to assets or liabilities for which there are unobservable market data

The recorded amount for accounts payable, convertible debentures and shareholders' loans approximate their fair value due to their short-term nature.

The Company's risk exposures and the impact on the Company's financial instruments are summarized below. There have been no changes in the risks, objectives, policies and procedures from previous periods.

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. The liabilities are denominated in Canadian dollars.

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, if any, in large Canadian financial institutions.

TransGlobe Internet and Telecom Co., Ltd.

Notes to the Financial Statements

Years ended November 30, 2019 and 2018

(Expressed in Canadian Dollars)

5. Financial instruments and risk management - continued

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.

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 was to ensure that it had sufficient liquidity to meet liabilities when due. As at November 30, 2019, the Company had a cash and cash equivalents balance of \$ Nil (2018 - \$ Nil) to settle current liabilities of \$ 597,198 (2018 - \$ 569,948).

6. Related party disclosures

Related parties include directors, officers, close family members, certain consultants and enterprises that are controlled by these individuals as well as certain persons performing similar functions.

In accordance with IAS 24, key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including any directors (executive and non-executive) of the Company.

Soon Kim, the previous CEO of the Company, held convertible debt of \$ 100,000 and interest of \$ 50,000, and shareholder loans of \$ 81,166 at November 30, 2019. Soon Kim, or companies controlled by Soon Kim, held payables and accruals of \$ 127,304 at November 30, 2019. Youn Soo Lee, the previous CFO of the Company, held convertible debt of \$ 100,000, interest of \$ 50,000 and shareholder loans of \$ 74,227 at November 30, 2019.

The Company did not pay any remuneration to directors and key management personnel for the years ended November 30, 2019 or November 30, 2018.

There were no amounts due to related parties at November 30, 2019 or November 30, 2018.

Any amounts due to shareholders are non-interest bearing, unsecured and due on demand, except for the convertible debentures.

7. Convertible debentures

During the year ended November 30, 2011, the Company, the directors of the Company and a spouse of 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 (upon a maturity date of November 14, 2014, debentures became due on demand), convert principal in an amount of \$ 300,000 into common shares of the Company at a price of \$ 0.10 per share. The convertible debentures bear interest at 10% per annum.

An amount of \$ 100,000 was charged to net loss upon the sale of a part of the business during the year ended November 30, 2014.

During the year ended November 30, 2019, \$ 20,000 was charged to interest expense (2018 - \$ 20,000).

TransGlobe Internet and Telecom Co., Ltd.

Notes to the Financial Statements

Years ended November 30, 2019 and 2018

(Expressed in Canadian Dollars)

8. Share capital

Authorized

Unlimited number of 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, 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 years ended November 30, 2019 and 2018, no stock options have been granted.

Stock options transactions for the year ended November 30, 2019 and the year ended November 30, 2018 are as follows:

	Number of options for common share #	Weighted average exercise price \$
Outstanding, November 30, 2013 and 2014	1,000,000	0.05
Expired, November 30, 2016	(1,000,000)	0.05
Outstanding, November 30, 2018 and 2019	-	

9. Reserves

During the year ended November 30, 2019, stock-based compensation has been recorded in the amount of \$ Nil (2018 - \$ 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 operations and comprehensive 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.

TransGlobe Internet and Telecom Co., Ltd.

Notes to the Financial Statements

Years ended November 30, 2019 and 2018

(Expressed in Canadian Dollars)

10. Income taxes

The Company's deferred tax assets are:

	2019	2018
	\$	\$
Tax loss carry forwards	7,861	7,861
Total deferred tax assets	7,861	7,861
Unrecognized deferred tax assets	(7,861)	(7,861)
Total deferred tax assets	-	-
	2019	2018
	\$	\$
Income (loss) before income taxes	(27,250)	(27,250)
Statutory income tax rates	26.5%	26.5%
Income taxes (recovery) based on statutory income tax rates	(7,221)	(7,221)
Adjustments		
Benefits not recognized	<u>7,221</u>	<u>7,221</u>
	-	-

At November 30, 2019, the Company has non-capital losses for income tax purposes of approximately \$ 30,000, expiring between 2029 and 2039, which may be used to offset future taxable income. As at November 30, 2019, the net amount which would give rise to a deferred income tax asset has not been recognized as it is not probable that such benefit will be utilized in future years.

11. Event after the reporting period

Subsequent to November 30, 2019, the Company completed a non-brokered private placement of 145,000,000 common shares for gross proceeds of \$ 145,000.