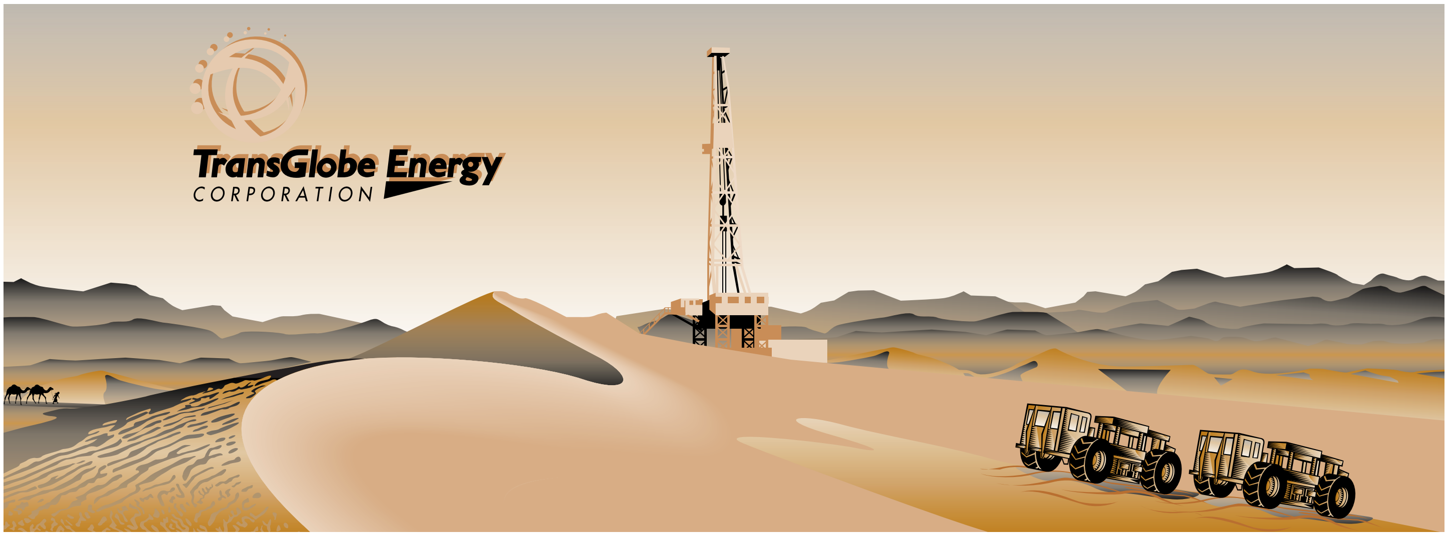

Third Quarter Report

FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2001

TransGlobe Energy Corporation ("TransGlobe" or the "Company") is pleased to announce its financial and operating results for the nine month period ended September 30, 2001. **All dollar values are expressed in United States dollars unless otherwise stated.** Per barrel of oil equivalent ("Boe") amounts have been calculated using a conversion of 10,000 cubic feet of natural gas to one barrel of oil.

HIGHLIGHTS

- Daily production of 1,306 barrels of oil equivalent for first nine months
- Record cash flow of $4,811,090 and earnings of $2,724,872 for first nine months
- 230 square km 3-D seismic acquisition program completed on Block S-1, Yemen
- Tasour 6 development well in Block 32, Yemen, commenced drilling on November 10
- Yemen seismic, drilling and production operations continuing without disruption
- Pipeline work underway to tie in new gas wells in Canada

FINANCIAL AND OPERATING UPDATE

	Three Months Ended Sept. 30			Nine Months Ended Sept. 30		
Financial	**2001**	2000	Change	**2001**	2000	Change
Oil and gas revenue net of royalties	**1,928,521**	415,792	364%	**6,906,606**	904,524	664%
Operating expense	**390,719**	93,671	317%	**1,168,551**	272,840	328%
General and administrative expense	**130,987**	488,799	(73)%	**451,177**	950,670	(53)%
Depletion and depreciation	**581,000**	138,650	319%	**2,070,000**	310,650	566%
Income taxes	**152,150**	-	-	**503,808**	-	-
Cash flow from operations	**1,266,471**	74,623	1,597%	**4,811,090**	(83,716)	-
Basic per share	**0.03**	0.00	-	**0.10**	0.00	-
Diluted per share	**0.02**	0.00	-	**0.09**	0.00	-
Net income (loss)	**685,471**	(299,027)	-	**2,724,872**	(634,660)	-
Basic and diluted per share	**0.01**	(0.01)	-	**0.05**	(0.02)	-
Capital expenditures	**1,758,329**	1,879,896	(6)%	**3,506,270**	2,911,386	20%
Working capital				**1,473,166**	1,282,345	15%
Common shares outstanding						
Basic (weighted average)				**50,589,446**	42,035,165	20%
Diluted (weighted average)				**51,148,975**	44,659,862	15%

Production						
Oil and liquids (Bpd)	**1,067**	125	754%	**1,192**	108	1,004%
Average price ($ per barrel)	**23.16**	27.54	(16)%	**23.41**	26.01	(10)%
Gas (Mcfpd)	**1,122**	597	88%	**1,143**	438	161%
Average price ($ per Mcf)	**2.24**	3.69	(39)%	**4.17**	2.97	40%
Total (Boed) (10 : 1)	**1,179**	185	537%	**1,306**	152	759%
Operating expense ($ per Boe)	**3.61**	5.85	(38)%	**3.28**	6.58	(50)%

EXPLORATION UPDATE

Block 32, Republic of Yemen (13.81087% working interest)
The 2001 seismic acquisition program, consisting of 120 kilometers of 2-D seismic, was completed in early August. The primary focus of this year's seismic program is to further define the Tasour field and to refine drilling locations on several prospects located in the northwestern portion of the Block 32 development area. The new seismic acquired over the Tasour field and the production performance has supported the drilling of at least one additional development well (Tasour #6) to deplete the field efficiently. Depending on the results of Tasour #6, one additional well may be drilled in the field in 2002. Drilling operations commenced on November 10 with the Tasour #6 development well. Tasour #6 is expected to be completed in December and will be followed by an exploration well in the northwest portion of the development block. The new seismic in the northwestern portion of the development area was shot to evaluate the trend mapped towards Block 32 from the non-owned Sharyoof discovery on the adjacent Block 53. Two Qishn wells were drilled on Block 53 at Sharyoof with well tests of 5,000 and 16,500 barrels of oil per day ("Bopd") respectively. The exploration prospect is called Asswairy #1 and is targeting a pool with a potential recovery of 20 million barrels. Now that the Tasour facilities and pipeline are operational they can be used to develop any new discoveries quickly, which significantly enhances future investment in Block 32.

Block S-1, Republic of Yemen (25% working interest)
The field acquisition of a 230 square kilometer 3-D seismic and surface geo-chemistry program was completed in October 2001. The completion of the data processing is projected for December 2001. Interpretation of this data and a large amount of seismic data traded with Jannah Hunt and Occidental will occupy the first quarter of 2002. The new exploration drilling program, along with an appraisal well on the Harmel structure, is planned for 2002. The 2001 3-D seismic program is designed to evaluate a potential trend of the Alif and Lam formations identified on existing 2-D seismic. The trend extends from the adjacent Jannah Hunt, Dhahab and Al Nasr oil fields (currently producing in excess of 40,000 Bopd) southeast to the discovery at An Nagyah drilled by the former licence holder, Shell. An exploration well is planned for this area in 2002. The proposed Harmel #2 appraisal well will be designed to test and evaluate the shallow oil zones encountered in Harmel #1. Assuming Harmel #2 encounters similar oil reservoirs to Harmel #1, a pilot project is planned to complete and equip both Harmel #1 and #2 for longer-term production to determine the feasibility of a full-scale commercial development. Although the production rates are low by Yemen standards, the Harmel structure's size and the shallow drilling depth enhance the economics of a potential development. The gas condensate discovery at An Naeem #1 and #2 will be further evaluated during 2002 to determine if an oil rim does indeed exist down dip. TransGlobe's management continues to view Block S-1 as highly prospective for large oil accumulations and will focus a significant amount of exploration effort on the area. It will take several years to evaluate the potential of Block S-1 due to the size of the block and the numerous potential reservoir zones.

Canada
At Morningside, Alberta, the Company is proceeding with the pipeline tie-in of two gas wells which are expected to produce 400-500 thousand cubic feet per day of natural gas ("Mcfpd") and 10-20 barrels per day of liquids net to the Company. In addition, the Company acquired an additional section of land in July (75% working interest) and will re-enter an abandoned well on the section for Mannville gas production. It is anticipated that the Morningside wells will be tied in for production by late December 2001.

The Company acquired a suspended oil well in a new property at Morinville, Alberta. The well was successfully re-completed as a dual zone gas well that tested in excess of 1,000 Mcfd. It is expected that the gas well (32% working interest) will be tied in for production by year end.

OPERATING UPDATE

Production
The production from the Tasour field in Block 32, Yemen, has exceeded our budgeted projections by 8% to date. The first full three quarters of production for the Tasour field yielded an average production rate of 1,136 Bopd to TransGlobe. The field commenced production in November 2000. The 2001 average production estimate for the Tasour field was increased to 7,800 Bopd (1,077 Bopd to TransGlobe), an 8% increase over the initial projection of 7,200 Bopd (994 Bopd to TransGlobe).

Production from Canada averaged 170 barrels of oil equivalent per day ("Boed") in the first three quarters of 2001 compared to 103 Boed in 2000 for the comparable period. The increase in production is attributable to two new gas wells brought into production at the end of 2000 and the acquisition/tie-in of a gas well at Nevis in July 2000. With the sale of the United States properties and the addition of gas production from new wells drilled or recompleted in Canada, 67% of TransGlobe's Canadian production was gas and 33% was oil and liquids in the first three quarters of 2001. Production in the United States averaged 49 Boed in the first three quarters of 2000, primarily oil, from four wells in Montana.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's discussion and analysis ("MD&A") should be read in conjunction with the unaudited interim financial statements for the three months and nine months ended September 30, 2001 and 2000 and the audited financial statements and MD&A for the year ended December 31, 2000 included in the Company's annual report. **All dollar values are expressed in United States dollars unless otherwise stated.**

Operating Results

Net income for the first nine months of 2001 was $2,724,872 ($0.05 per share) compared to a net loss of $634,660 in 2000 with cash flow from operations of $4,811,090 ($0.09 per share) compared to a deficiency of $83,716 respectively. The increase in net income and cash flow in 2001 is primarily a result of the addition of production from Block 32 in the Republic of Yemen.

Revenue net of royalties was $6,906,606 for the first nine months of 2001 compared to $904,524 for the same period in 2000 reflecting the impact of Yemen production on TransGlobe's operations. In 2001, revenues net of royalties were $5,556,696 and $1,349,910 from Yemen and Canada respectively. In 2000, revenues net of royalties amounted to $645,057 in Canada and $259,467 in the United States. The properties in the United States were divested in 2000 to fund activity in Yemen. Revenue in Canada increased due to a 40% increase in gas prices and a 65% increase in production. Gas prices averaged $4.17 per Mcf in Canada in 2001 and $2.97 per Mcf in 2000. Oil and liquid prices in Canada averaged $23.41 per barrel in 2001 and $26.01 per barrel in 2000. The average oil price for the Company's production in Yemen for the first nine months of 2001 was $23.39 per barrel. The Tasour field oil production is marketed by Nexen Marketing International Ltd. and the oil price is based on a Brent price less a quality/transportation differential between the Brent blend and the Yemen Masila crude oil blend.

Operating costs of $1,168,551 averaged $3.28 per Boe in the first nine months of 2001 compared to $272,840 ($6.58 per Boe) in 2000. The decrease on a relative basis is due to the Yemen Block 32 operations which averaged $2.72 per barrel in 2001 (Canada was $6.99 per barrel).

The netback was $16.09 per Boe during the first nine months of 2001. The comparable figure for the same period in 2000 was $15.22 per Boe. The increase in netbacks between periods is primarily due to the addition of Yemen production, the increase in Canadian gas prices and a reduction in per unit operating costs from Yemen.

General and administrative expenses were $451,177 ($1.27 per Boe) for the nine month period ended September 30, 2001 as compared to $950,670 in the comparable period. In 2000, costs of $460,000 were associated with legal fees and settlement cost incurred to defend the Company against a shareholder's claim in the State of Florida, relating to a 1996 private placement transaction concluded by previous management. In addition, the Company recognized a bad debt of $40,000 in 2000.

Depletion and depreciation was $2,070,000 for the first nine months of 2001 compared to $310,650 in 2000. The increase is attributable to the inclusion of a depletable base from Block 32 in the Republic of Yemen. The rate of depletion for the Yemen properties was 54% for the first three quarters reflecting the conservative proven reserves assigned to the Tasour field at year end 2000. Unproven properties in the amount of $11,823,000 were excluded from costs subject to depletion and depreciation representing all costs incurred in Block S-1 and costs on Block 32 relating to exploration and development not directly incurred on the currently producing property. These costs will be included in the depletable base over the period of the development term of 20-25 years as the Block is fully developed.

Current income tax in the amount of $503,808 represents income taxes incurred and paid under the laws of the Republic of Yemen pursuant to the production sharing agreement on Block 32 in the first nine months of 2001.

Capital Expenditures

Capital expenditures were $2,544,196 and $962,074 in Yemen and Canada respectively in 2001. Expenditures in Yemen were primarily for drilling and completing Tasour #5 and the seismic program on Block 32, costs for the Harmel long term production test and the 3-D seismic program on Block S-1. Canadian capital expenditures in 2001 relate to several Crown land purchases, drilling wells at Morningside and Elk Island, and recompletion costs in the Morinville, Morningside and Thorsby areas.

Liquidity And Capital Resources

TransGlobe expects to fund its capital requirements for the balance of 2001 and 2002 out of cash flow and debt, as required. At September 30, 2001, the Company had working capital of $1,473,166, a revolving credit facility of Cdn$2,500,000 and an acquisition credit facility of Cdn$2,000,000 to support its capital expenditure program. The Company has certain flexibility in adjusting its capital expenditure program should commodity price fluctuations affect cash flows and its ability to borrow funds.

OUTLOOK

The Company's growth strategy will continue to favor exploration and development on the Yemen properties. Field acquisition of seismic data is now complete on both our Yemen projects and a five to seven well high-impact drilling program is planned for the balance of 2001 and 2002. The first well in this program, Tasour #6, started drilling a few days ago on November 10. Immediately following Tasour #6, an exciting test of a new prospect, Asswairy #1, will be drilled with completion expected in January 2002. If successful, the Tasour #6 well could be tied in immediately and Asswairy#1 could be tied in by the second half of 2002. In Block S-1 it is expected that the 230 square kilometer 3-D seismic program will be processed by the end of 2001, with a multi-well drilling program consisting of an appraisal well at Harmel and several new exploration wells in 2002.

The Canadian focus will continue to be on the exploration and development of gas prospects in Central Alberta to capitalize on the strong North American natural gas prices. In addition to the tie-in of gaswells in the Morningside and Morinville areas, the company has acquired new mineral leases over the past six months and anticipates drilling at least two new wells in the next sixty days.

The recent world events have not disrupted our operations in the Republic of Yemen nor have they reduced our confidence in our ability to carry out future operations. The Company's management intends to continue with the successful business plan developed over the previous three years. That strategy is to focus the majority of our capital and efforts on our highly prospective projects in Yemen. We will continue to grow our expanding production base in both Yemen and Canada to provide a strong financial and operating platform for our international endeavors.

On Behalf of the Board

Ross G. Clarkson
President & Chief Executive Officer
November 19, 2001

Consolidated Statements of Operations

(Unaudited - Expressed in U.S. Dollars)

	Three Months Ended Sept. 30		Nine Months Ended Sept. 30	
	2001	2000	**2001**	2000
REVENUE				
Oil and gas revenue net of royalties	**$ 1,928,521**	$ 415,792	**$ 6,906,606**	$ 904,524
Interest income	**11,808**	6,301	**15,870**	6,852
	1,940,329	422,093	**6,922,476**	911,376
EXPENSES				
Operating	**390,719**	93,671	**1,168,551**	272,840
General and administrative	**130,987**	488,799	**451,177**	950,670
Interest expense on long-term debt	**2**	-	**4,068**	11,876
Depletion and depreciation	**581,000**	138,650	**2,070,000**	310,650
	1,102,708	721,120	**3,693,796**	1,546,036
Net income (loss) before income taxes	**837,621**	(299,027)	**3,228,680**	(634,660)
Income taxes	**152,150**	-	**503,808**	-
NET INCOME (LOSS) FOR THE PERIOD	**685,471**	(299,027)	**2,724,872**	(634,660)
DEFICIT, BEGINNING OF PERIOD	**(18,747,534)**	(21,765,555)	**(20,786,935)**	(21,429,922)
DEFICIT, END OF PERIOD	**$ (18,062,063)**	$ (22,064,582)	**$ (18,062,063)**	$ (22,064,582)
Net income (loss) per share				
Basic and diluted	**$ 0.01**	$ (0.01)	**$ 0.05**	$ (0.02)

Consolidated Balance Sheets

(Expressed in U.S. Dollars)

	September 30, 2001	December 31, 2000
ASSETS	**(Unaudited)**	
Current		
Cash	**$ 1,249,269**	$ 64,914
Accounts receivable	**681,422**	1,616,908
Prepaid expenses	**38,746**	51,110
	1,969,437	1,732,932
Capital assets		
Canada	**2,711,932**	2,001,858
Republic of Yemen	**13,336,270**	12,590,074
	$ 18,017,639	$ 16,324,864
LIABILITIES		
Current		
Accounts payable and accrued liabilities	**$ 496,271**	$ 1,541,952
Long-term debt	**-**	77,634
Provision for site restoration and abandonment	**102,209**	82,209
	598,480	1,701,795
SHAREHOLDERS' EQUITY		
Share capital	**35,481,222**	35,410,004
Deficit	**(18,062,063)**	(20,786,935)
	17,419,159	14,623,069
	$ 18,017,639	$ 16,324,864

APPROVED BY THE BOARD

Ross G. Clarkson, Director

Lloyd W. Herrick, Director

Consolidated Statements of Cash Flows

(Unaudited - Expressed in U.S. Dollars)

	Three Months Ended Sept. 30		Nine Months Ended Sept. 30	
	2001	2000	**2001**	2000
CASH FLOWS RELATED TO THE FOLLOWING ACTIVITIES:				
OPERATING				
Net income (loss)	**$ 685,471**	$ (299,027)	**$ 2,724,872**	$ (634,660)
Items not involving cash:				
Performance bonus expense paid in shares	**-**	-	**16,218**	-
Depletion and depreciation	**581,000**	138,650	**2,070,000**	310,650
Interest expense paid in shares	**-**	-	**-**	5,294
Non-cash portion of settlement	**-**	235,000	**-**	235,000
Cash flow from operations	**1,266,471**	74,623	**4,811,090**	(83,716)
Change in non-cash working capital	**145,742**	(124,152)	**770,394**	173,016
	1,412,213	(49,529)	**5,581,484**	89,300
FINANCING				
Issue of share capital	**27,500**	2,891,701	**55,000**	3,991,519
Issuance of convertible debentures	**-**	(8,802)	**-**	(8,802)
Repayment of long-term debt	**-**	-	**(77,634)**	-
Change in non-cash working capital	**-**	96,834	**-**	19,196
	27,500	2,979,733	**(22,634)**	4,001,913
INVESTING				
Purchase of capital assets				
Canada	**(273,951)**	(231,973)	**(962,074)**	(598,588)
United States	**-**	744	**-**	(15,440)
Yemen	**(1,484,378)**	(1,648,667)	**(2,544,196)**	(2,297,358)
Proceeds on disposal of oil and gas properties	**-**	10,000	**-**	10,000
Change in non-cash working capital	**231,860**	316,201	**(868,225)**	(178,844)
	(1,526,469)	(1,553,695)	**(4,374,495)**	(3,080,230)
NET INCREASE (DECREASE) IN CASH	**(86,756)**	1,376,509	**1,184,355**	1,010,983
CASH, BEGINNING OF PERIOD	**1,336,025**	74,080	**64,914**	439,606
CASH, END OF PERIOD	**$ 1,249,269**	$ 1,450,589	**$ 1,249,269**	$ 1,450,589
Cash flow from operations per share				
Basic	**$ 0.03**	$ 0.00	**$ 0.10**	$ 0.00
Diluted	**$ 0.02**	$ 0.00	**$ 0.09**	$ 0.00

Notes to the Consolidated Financial Statements

1. Basis of presentation

The interim consolidated financial statements of TransGlobe Energy Corporation ("TransGlobe" or the "Company") for the three month and nine month periods ended September 30, 2001 and 2000 have been prepared by management in accordance with accounting principles generally accepted in Canada on the same basis as the audited consolidated financial statements as at and for the year ended December 31, 2000, except as outlined in Note 2. These interim consolidated financial statements should be read in conjunction with the consolidated financial statements and the notes thereto in TransGlobe's annual report for the year ended December 31, 2000.

2. Earnings per share

Effective January 1, 2001 the Company retroactively adopted the new Canadian accounting recommendations for the computation and disclosure of earnings per share with the prior period being restated. Under the new standard, the treasury method for calculating diluted earnings per share must be used. This method assumes that any proceeds from the exercise of stock options and other dilutive instruments would be used to purchase common shares at the average market price during the period. During the periods presented, outstanding stock options and warrants are the only instruments that are dilutive to earnings per share. For the three month and nine month periods ended September 30, 2001, the diluted weighted average number of shares was 51,148,975 (2000 - 44,659,862). This change in accounting policy did not result in a change in the earnings per share and cash flow per share presented in either period.

3. Share capital

The Company is authorized to issue 100,000,000 common shares with no par value.

Continuity of common shares	**2001**	
	Shares	**Amount**
Balance, December 31, 2000	50,500,801	**$35,410,004**
Exercise of stock options, warrants and stock bonus	225,000	**71,218**
Balance, September 30, 2001	50,725,801	**$35,481,222**

4. Segmented information

	Three Months Ended Sept. 30		Nine Months Ended Sept. 30	
	2001	2000	**2001**	2000
Oil and gas revenue net of royalties				
Yemen	**$ 1,678,285**	$ -	**$ 5,556,696**	$ -
Canada	**250,236**	310,221	**1,349,910**	645,057
United States	**-**	105,571	**-**	259,467
	1,928,521	415,792	**6,906,606**	904,524
Operating				
Yemen	**281,410**	-	**843,371**	-
Canada	**109,309**	61,978	**325,180**	183,583
United States	**-**	31,693	**-**	89,257
	390,719	93,671	**1,168,551**	272,840
Depletion and depreciation				
Yemen	**488,000**	-	**1,798,000**	-
Canada	**93,000**	111,000	**272,000**	238,000
United States	**-**	27,650	**-**	72,650
	581,000	138,650	**2,070,000**	310,650
Segmented operations	**956,802**	183,471	**3,668,055**	321,034
Other income	**11,808**	6,301	**15,870**	6,852
General and administrative	**130,987**	488,799	**451,177**	950,670
Interest on long-term debt	**2**	-	**4,068**	11,876
Income taxes	**152,150**	-	**503,808**	-
Net income (loss)	**$ 685,471**	$ (299,027)	**$ 2,724,872**	$ (634,660)

Corporate Information

OFFICERS AND DIRECTORS

Robert A. Halpin
Director, Chairman of the Board

Ross G. Clarkson
Director, President & CEO

Lloyd W. Herrick
Director, Vice President & COO

Erwin L. Noyes
Director

Geoffrey C. Chase
Director

David C. Ferguson
Vice President, Finance & CFO

EXECUTIVE OFFICES

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TRANSFER AGENT AND REGISTRAR

Computershare Trust Company of Canada
Vancouver, Calgary, Toronto

LEGAL COUNSEL

Davis & Co.
Vancouver, British Columbia

BANKERS

National Bank of Canada
Calgary, Alberta

AUDITORS

Deloitte & Touche, LLP
Calgary, Alberta

EVALUATION ENGINEERS

Fekete Associates Inc.
Outtrim Szabo Associates Ltd.
Calgary, Alberta

STOCK EXCHANGE LISTING

TSE:	TGL
OTC-BB:	TGLEF

The above includes certain statements that may be deemed to be "forward-looking statements" within the meaning of the US Private Securities Litigation Reform Act of 1995. All statements in this release, other than statements of historical facts, that address future production, reserve potential, exploration drilling, exploitation activities and events or developments that the company expects are forward-looking statements. Although TransGlobe believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results or developments may differ materially from those in the forward-looking statements. Factors that could cause actual results to differ materially from those in forward-looking statements include oil and gas prices, exploitation and exploration successes, continued availability of capital and financing, and general economic, market or business conditions.