



TG World Energy Corp.

Management's Discussion and Analysis

**For the Three and Nine Months Ended
September 30, 2008 and 2007**



The discussion and analysis that follows is intended to provide a summary of TG World Energy Corp. ("TG" or the "Company") results for the three and nine months ended September 30, 2008 and 2007, as well as its financial position and future plans. It should be read in conjunction with the unaudited interim consolidated financial statements for the three and nine months ended September 30, 2008 and 2007, in addition to the audited financial statements for the years ended December 31, 2007 and 2006. All numbers in this discussion and analysis are expressed in Canadian dollars unless otherwise indicated. Additional information is available on TG's website at www.tgworldenergy.com or on SEDAR's website at www.sedar.com. Information in this MD&A is as of November 26, 2008.

Description of the Business

TG is a Calgary-based, junior international oil and gas exploration company. The Company owns working interests in oil and gas properties located in Alaska and in the Republic of Niger.

Alaska

On March 18, 2006, the Company entered into a joint venture ("JV") agreement with Brooks Range Petroleum Corporation ("BRPC"), a wholly owned subsidiary of Alaska Venture Capital Group, LLC ("AVCG"). Under the terms of the JV agreement, TG acquired a 25–35% interest in a majority of BRPC's existing oil and gas leases located on the Alaska North Slope. The total acreage controlled by the JV is 341,258 gross acres, representing about 25% of exploration leases on State lands within the proven oil fairway. The JV agreement expires in March 2010; however, it may continue thereafter unless terminated by either party. The Company and BRPC also entered into an exploration joint venture alliance, covering a defined Area of Mutual Interest, to pursue additional exploration and development opportunities in Alaska.

Winter 2007/2008 Program

The North Shore #1 well, located in the Gwydyr Bay prospect area, was drilled and cased during the 2006/2007 winter program and re-entered on January 10, 2008. The Ivishak and Sag River formations were perforated and completed behind sliding sleeves. The Ivishak Formation was successfully tested and flowed oil for 16 hours. The final five hours of testing recorded a stable oil flow rate of 2,092 barrels of oil per day ("bopd") from a 22 foot interval of completion perforations. The testing of the Sag River formation has not yet been completed due to operational difficulties. Coiled tubing separated and was trapped in the casing; therefore, a full production test was not possible due to restricted access to the perforated section of the Sag River Formation. A limited flow and pressure build-up test program resulted in an estimated oil flow rate of 2 barrels/hour. Pressure transient analysis and several step-rate pump-in tests indicate that the 22 foot interval of completion perforations was severely damaged. Predicted rates with no damages to the perforations were calculated to be 500 to 1,000 bopd. The State requires cessation of operations when warm weather emerges - the drilling rig was released on May 7, 2008. The well was suspended after recovery of 700 feet of the tubing, leaving several thousand feet of coiled tubing in the hole. TG has a 35% working interest in the area and paid 35% of the well costs.

On February 11, 2008, the joint venture spudded the Tofkat #1 exploratory well, located in the Tofkat prospect area. The well encountered ten feet of gross and six feet of net oil pay in the Kuparuk formation. Three shallower intervals also recovered oil, but were interpreted as tight reservoirs. Two sidetrack appraisal wells were drilled to the southeast and northwest of the discovery well but the Kuparuk was tight in both wells. The wellbore was plugged back to the surface casing and suspended for possible re-entry as a future production well. Under the terms of the JV agreement, the Company paid 35.7% of the well costs to earn a 25% working interest in the complete Tofkat prospect area.



The JV acquired 210 square miles of 3-D seismic data over portions of its lease holdings in the Tofkat area prospects, for which TG paid 25% of the cost.

Outlook

A number of oil accumulation targets has been mapped by the 3-D seismic in the Gwydyr area (TG interest 35%), and the JV has commenced a pre-development study upon an assumed success of the North Shore #1 well and drilling success for these other mapped oil targets at Gwydyr.

Due in large part to the uncertainty created by the world financial crisis and the drop in oil prices, but also pending further analysis of the well, seismic results and preliminary engineering studies in the area, the Company has decided to postpone its participation in the drilling and development programs previously planned for the 2009 exploration season in the Gwydyr area (35%). Discussions are ongoing with the operator Brooks Range Petroleum Corp and other Alaska Joint Venture Participants with respect to the nature and extent of the 2008/2009 Alaska winter program. The Company has agreed to participate in the seismic acquisition program planned for the South Thomson area (TG interest 25%) and continue to participate in the ongoing processing and interpretation of seismic data acquired last season in the greater Tofkat area (TG interest 25%), with a view to identifying possible drilling prospects for the 2009/ 2010 winter drilling program. Final seismic results are not expected to be available until the end of 2008.

Petroleum Production Tax Credits

Under the terms of the Alaska Oil and Gas Petroleum Production Tax ("PPT") Credit program, TG is entitled to a credit in the amount of 45–65% of Qualified Exploration Expenditures ("QEE"). The credits are issued in the form of transferable credit certificates that can be either sold back to the State of Alaska for full value, or transferred to other parties who can utilize them, usually at a negotiated discount. The Company's practice has been to sell all claims back to the State. The Company records credits for which there is strong evidence of collection, such as receipt of the Government's tax credit certificates.

Claim Date	Reason for claim	Amount (\$US)	Funds Received (\$US)	Date Claim Received	Claims Outstanding	Expected Receipt Date
June 2007	QEE up to Q2 2007	3,621,696	3,621,696	October 2007	-	
November 2007	Q3 2007 QEE	339,650	169,825	May 2008	169,825	Q2 2009
November 2007	2007 seismic	432,612	432,612	August 2008	-	
March 2008	2007 year end loss	4,260,604	3,346,465	October 2008	914,139	Q3 2009
August 2008	Q1 & Q2 2008 QEE	2,676,509	-		2,676,509	50% in each of Q1 2009 & Q1 2010

The claim made in August 2008 has not been recorded in accounts receivable as the Company has yet to receive the Government's tax credit certificate. The Company will apply for credits from third quarter 2008 qualifying expenditures in the first quarter of 2009.



Ténéré, Niger

The Company has a 20% interest in an Establishment Agreement ("EA") and licenses consisting of 17.3 million acres within the Republic of Niger in the Ténéré area. An 80% interest is retained by CNPC International Ténéré Ltd. ("CNPCIT"), who is the operator of the Ténéré project.

Under a separate agreement signed with CNPCIT in 2004, CNPCIT will pay 100% of TG's share of costs for the Minimum Work Program of the EA's First Exploration Period, including project related general and administrative costs. The major components of the Program are acquiring, processing, and interpreting a minimum of 1,500 km of seismic data, and drilling three exploration wells. TG was also carried for additional seismic performed up to the completion of the second exploration well. If the project results in petroleum production, TG will be required to repay its carried costs to CNPCIT, without interest, from a portion of its share of future production from the Ténéré Block.

To date, CNPCIT has reprocessed 5,717 km of vintage seismic data located across the Ténéré Block. In addition, CNPCIT acquired 3,965 km of new 2-D seismic data, which was 2,465 km in excess of the minimum commitment. CNPCIT paid all costs as the acquisition was prior to the completion of the second exploration well. CNPCIT has also drilled and abandoned two of the three required exploration wells.

Outlook

The Company has approved the drilling of the Facai-1 well, which will be located 100 km to the north of a previous well, Saha-1. Facai-1 will test Cretaceous sandstones in an anticlinal trap. The commencement date of Facai-1 is unknown at this time because of the security conditions. The well will be at no cost to the Company.

The approved budget includes a second exploration well, Oasis-1 and a third well to be selected from a further six mapped prospects, both subject to favourable security conditions. After the completion of Facai-1 and upon review of additional geological studies, the Company will decide whether it will participate in these two additional exploratory wells by paying its 20% share of costs, or elect to participate by paying a penalty after the wells have been drilled, in the event of positive results. Election may be made on a well by well basis.

The Company has the option to participate in an additional 2,000 km seismic program proposed by CNPCIT. The Company agreed to participate in a minimum of 800 km of the program. Due to security problems, the seismic operations have been postponed, pending the expiry of the Niger Government's suspension of all industrial operations in the Sahara region, currently in force. Once operations resume, TG's share of the cost is expected to be about US\$1.2 million. Further participation will be dependent upon ongoing geological studies.

Selected Quarterly Information

(in thousands of Canadian dollars, except per share information)

	Q3	2008 Q2	Q1	Q4	2007			2006 Q4
					Q3	Q2	Q1	
Net loss	169	390	142	72	297	463	252	389
Net loss per share (basic)	0.001	0.003	0.001	0.001	0.004	0.006	0.004	0.007
Working capital	16,325	16,666	16,482	25,184	7,577	6,228	10,057	15,178
P&NG assets	36,124	35,611	35,799	26,806	20,521	21,755	17,874	12,177
Total assets	52,587	52,765	57,790	55,245	31,951	31,970	28,183	27,649
Shareholders' equity	52,222	52,063	52,069	51,803	28,098	27,984	27,932	27,355

The following discussion highlights some of the more significant factors that changed results over the past eight quarters ended September 30, 2008:



- The American currency has been unstable, resulting in fluctuations in the unrealized foreign exchange account from monetary assets and liabilities, as well as through the translation of integrated foreign subsidiaries.
- Working capital and shareholders' equity increased in the fourth quarter of 2007 due to share issuances in connection with private placement financings. Working capital decreases in other quarters are a result of investment in P&NG assets and general and administrative costs incurred in excess of interest income.
- Total P&NG assets generally increased over each quarter due to continual investment in the Alaska and Niger projects. The slight decreases in the third quarter of 2007 and the second quarter of 2008, in comparison to prior periods, are the receipt of PPT credits which were netted against P&NG expenditures.

For the three and nine-month periods ending September 30, 2008, the net loss decreased \$127,939 and \$310,503 respectively, when compared to the comparable periods in 2007:

	Nine month period	Three month period
Loss increase (decrease) due to:		
Management service charges - wages	(35,890)	(28,248)
Management service charges – placement fees	30,350	-
Professional fees	(13,793)	3,030
Stock based compensation expense	24,419	(27,839)
General and administrative costs	(192)	50,524
Interest income	54,629	37,130
Foreign exchange	(370,026)	(162,536)
	<u>(310,503)</u>	<u>(127,939)</u>

Stock based compensation was \$1,099,498 and \$311,573 during the nine and three-month periods ended September 30, 2008, of which \$285,984 and \$73,878 were capitalized. The increase in total expensed stock-based compensation from comparable periods in 2007 is due to new options granted late in 2006 and throughout 2007.

Changes in other items of expenditure reflect variations in normal levels of business activity and new service contract rates for services provided by related parties approved by the independent directors of the Board. See comments under Related Party Transactions in this MD&A.

Petroleum and Natural Gas (P&NG) Assets

During the nine-month period ended September 30, 2008 a total of \$13.5 million (September 30, 2007 – \$12.7 million) in expenditures were capitalized, before consideration of the PPT credits of \$4.3 million that were credited against these expenditures. Below is a summary of the Company's main capital expenditures in the period:

Alaska:	
Land acquisitions and lease rentals	\$ 503,592
Seismic	2,756,075
Drilling and completion	9,525,635
Capitalized consulting and travel costs	705,782
Stock based compensation	137,804
Asset retirement cost	(144,647)
PPT credits	(4,335,785)
	<u>\$ 9,148,456</u>
Niger:	
Seismic	\$ (73,561)
Capitalized consulting and travel costs	92,114
Stock based compensation	148,180
	<u>\$ 166,733</u>



There was a recovery on the Niger seismic acquisition due to the adjustment of an accrual to reflect final actual costs.

Accounts Receivable

Accounts receivable of \$4.7 million consists primarily of PPT credits (99%) claimed from the State of Alaska for qualified expenditures. The remaining receivable (1%) relates mainly to GST receivable on purchases of supplies and services.

Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities decreased \$3.0 million compared to the balance at December 31, 2007. Accruals vary throughout the year depending on drilling activity, typically rising as activity levels peak in the winter months and declining through the spring and summer months.

Liquidity and Capital Resources

As at September 30, 2008, the Company had a working capital surplus of \$16.3 million, including cash and cash equivalents of \$11.7 million, to fund its capital programs. The Company has sufficient cash and excess working capital to fund operations in the foreseeable future. The Company's investment policy is to secure excess cash in low risk government T-bills and Canadian Banker's Acceptances. Equity financing is the Company's main source of funds.

The number of common shares and equity instruments outstanding were as follows:

	November 26, 2008	September 30, 2008	December 31, 2007
Common shares issued	122,327,538	122,327,538	122,060,870
Stock options outstanding	6,538,230	6,492,398	6,854,898

During the third quarter 200,000 options were exercised for cash proceeds of \$20,000. For the nine months ending September 30, 2008, 266,668 options were exercised for cash proceeds of \$26,667.

Related Party Transactions

All related party transactions are approved by the independent directors of the Board.

During the nine-month period ending September 30, 2008, Seajay Management Enterprises Ltd. ("Seajay") charged the Company \$364,704 (September 30, 2007 - \$221,062) for management, secretarial, and administration services. The increase in the current period is due to the addition of staff members required by the Company. Seajay is a company controlled by an officer of the Company.

For the nine-months ending September 30, 2008, TVI Pacific Inc. ("TVI") charged \$105,334 (September 30, 2007 - \$55,624) for rent and office maintenance costs. An officer and director of TG is also the President, CEO, Chairman, and a director of TVI.

Material Contracts, Commitments, and Contingencies

As a part of the negotiations leading to the Joint Venture Agreement on the Alaska properties, the Company agreed to pay to a third party a 2% overriding royalty interest share of the Company's interest in hydrocarbons from the initially awarded oil and gas leases on the Alaska North Slope. In addition, the third party will receive a 1.25% overriding royalty of the Company's interest in



hydrocarbons from leases acquired by the joint venture in the area of mutual interest, subsequent to the initially awarded leases on the Alaska North Slope. The third party has filed a claim against the Company alleging entitlement to 2.5% gross overriding ownership interest of the Company's interest in all leases on the Alaska North Slope. Legal proceedings are at an early stage and it is premature to make any conclusions respecting the final outcome.

The Company holds a 20% interest in the CNPCIT operated Ténéré Permit, and CNPCIT is currently committed to carry TG's cost of the Minimum Work Program. However, the Ténéré EA provides options for two additional three year terms that would include additional seismic and exploratory well commitments for which the Company would pay its share. The term of the existing Ténéré EA has been extended by the Niger Government due to the prevailing security conditions.

In August 2008 the Company applied to the State of Alaska for PPT credits of US\$2,676,509 for qualifying expenditures from the first and second quarters of 2008. The Company expects the approval process to be smooth and approval is anticipated during the first quarter of 2009.

Integrity of Disclosure

The Company's management maintains appropriate information systems, procedures and controls to ensure that information used internally and disclosed externally is complete and reliable.

The Board of Directors is responsible for ensuring that management fulfills its responsibilities. The Audit Committee fulfills its role of ensuring the integrity of the reported information through its review of the interim and audited financial statements. The Board of Directors approves the annual audited financial statements and MD&A on the recommendation of the Audit Committee. The interim financial statements and MD&A are reviewed by the Company's independent auditors and approved by the Audit Committee.

The Company has approved and distributed to all staff a series of policy papers that include Code of Business Conduct and Ethics, Whistle Blower Policy and Procedures, Insider Trading and Reporting Guidelines, Disclosure Policy, and Board Control System. The Terms of References define Audit Committee, Compensation and Governance Committee, and Disclosure Committee. The Company has a defined Board Mandate. Management prepares a top down risk analysis that identifies level of risk and potential impact.

The Company's Chief Executive Officer and Chief Financial Officer have concluded, based on their evaluation as of September 30, 2008, that the Company's disclosure controls and procedures are effective to provide reasonable assurance that material information related to the Company, is made known to them by others within the company. It should be noted that while the Company's Chief Executive Officer and Chief Financial Officer believe that disclosure controls and procedures provide a reasonable level of assurance, they do not expect that the disclosure controls and procedures will prevent all errors and fraud. A control system, no matter how well conceived or operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met.

Business Risks and Uncertainties

The Company's business is subject to risks inherent in oil and gas exploration and development operations. In addition, there are risks associated with the Company's current and future operations in the foreign jurisdictions in which it operates. The Company has identified certain risks pertinent to its business including: exploration and reserve risks; drilling and operating risks; costs and availability of materials and services; capital markets and the requirement for additional capital; loss of or changes to production sharing, joint venture or related agreements; economic



and sovereign risks; less developed legal systems; reliance on joint venture partner relationships; market risk; volatility of future oil and gas prices; and foreign currency risk.

The Company must rely on the management efficiencies and technical skills of its joint venture partners BRPC and CNPCIT as operators of the Alaska and Ténéré projects respectively.

Advisory Regarding Forward-Looking Statements

Certain information set out in this discussion and analysis constitutes forward-looking information. Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "plan", "continue", "estimate", "expect", "may", "will", "intend", "could", "might", "should", "believe" and similar expressions. In particular, this Management's Discussion and Analysis includes forward-looking information respecting: (i) anticipated operations in relation to the North Shore #1 well and the Tofkat #1 well; (ii) expectations regarding future seismic surveys in Alaska and Niger and the use of this data; (iii) the drilling of additional exploration wells and other exploration activities in Alaska; (iv) potential development scenarios in Alaska; (v) the timing and commencement of a proposed third exploration well on the Ténéré block in Niger; and (vi) the Company's responsibility for costs under the Establishment Agreement in relation to its operations in Niger.

Forward-looking statements are based upon the opinions and expectations of management of the Company as at the effective date of such statements and, in some cases, information supplied by third parties. Although the Company believes that the expectations reflected in such forward-looking statements are based upon reasonable assumptions and that information received from third parties is reliable, it can give no assurance that those expectations will prove to have been correct. Forward-looking statements are subject to certain risks and uncertainties that could cause actual events or outcomes to differ materially from those anticipated or implied by such forward-looking statements. These factors include, but are not limited to, such things as political and civil unrest and the occurrence of other events of force majeure (including exacerbation of the local security situation in parts of Niger and government responses to that security situation), the volatility of prices for oil and gas and other commodities, commodity supply and demand, fluctuations in currency and interest rates, inherent risks associated with the exploration and development of oil and gas properties, ultimate recoverability of reserves, timing, results and costs of exploration and development activities, availability of financial resources or third-party financing, availability of drilling and related equipment and new laws and regulations (domestic and foreign).

Forward-looking statements respecting anticipated operations in relation to the Tofkat #1 well, anticipated operations in relation to the North Shore #1 well, expectations concerning 3-D seismic surveys and the use of the data, the drilling of additional wells and other exploration activities, and potential development scenarios in Alaska are based upon information obtained during the drilling of the Tofkat #1 well, initial tests on the Tofkat #1 well, testing completed to date in relation to the North Shore #1 well, the current exploration plan developed by the Alaska Joint Venture Participants, the budget for exploration activities approved by the Alaska Joint Venture Participants (which is subject to change) and the length of the applicable winter drilling seasons in Alaska. Forward-looking information respecting the timing of commencement of drilling of the third well on the Ténéré Block, and additional seismic operations and the use of that data are based upon advice received from the operator of the Ténéré Concession, CNPC International Ténéré Ltd., which, in turn, is based, among other things, upon the current budget, development plans and overall strategy for exploration of the Ténéré Concession developed by CNPC International Ténéré Ltd., all of which are subject to change, and the security situation in various parts of Niger, over which neither the operator nor the Company has any control. Forward-looking information respecting future obligations of the Company and the Company's responsibility for the costs of certain exploration activities is based upon the terms of the Establishment Agreement entered into in relation to the Ténéré Block and agreements entered into with CNPC International (Ténéré) Ltd.



Accordingly, readers should not place undue reliance upon the forward-looking statements contained in this MD&A and such forward-looking statements should not be interpreted or regarded as guarantees of future outcomes. The forward-looking statements of TG World Energy Corp. contained in this MD&A are expressed qualified, in their entirety, by this cautionary statement. Additional information relating to various risk factors to which TG is exposed in the conduct of its business (and which may affect the expectations or outcomes reflected in the forward-looking statements contained in this MD&A) are described in publicly available documents filed by the Company with certain securities regulatory authorities in Canada, which are available through SEDAR at www.SEDAR.com and the Company's website at www.tgworldenergy.com.

November 26, 2008



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TG World Energy Corp.

Consolidated Financial Statements

**For the three and nine months ended
September 30, 2008 and 2007
(unaudited)**



	September 30, 2008	December 31, 2007
Assets		
Current assets		
Cash and cash equivalents	\$ 11,731,203	\$ 27,543,796
Short term investments	6,552	8,081
Accounts receivable and prepaid expenses	4,725,495	726,966
	<u>16,463,250</u>	<u>28,278,843</u>
Long-term receivable	-	160,109
Petroleum and natural gas properties (note 3)	36,123,835	26,805,708
	<u>\$ 52,587,085</u>	<u>\$ 55,244,660</u>
Liabilities and Shareholders' Equity		
Current liabilities		
Accounts payable and accrued liabilities	\$ 68,327	\$ 3,059,741
Due to related parties (note 4)	69,953	35,512
	<u>138,280</u>	<u>3,095,253</u>
Asset retirement obligation (note 5)	226,505	346,268
	<u>364,785</u>	<u>3,441,521</u>
Shareholders' Equity		
Share capital (note 6(b))	53,651,003	53,603,258
Contributed surplus (note 6(f))	5,993,233	4,919,175
Deficit	(7,417,131)	(6,716,018)
Accumulated other comprehensive loss	(4,805)	(3,276)
	<u>52,222,300</u>	<u>51,803,139</u>
	<u>\$ 52,587,085</u>	<u>\$ 55,244,660</u>

Subsequent event (note 3)
 Contingencies (note 8)

See accompanying notes to the unaudited interim consolidated financial statements.

TG World Energy Corp.

Unaudited Interim Consolidated Statements of Operations, Comprehensive Loss,
Deficit, and Accumulated Other Comprehensive Loss
September 30, 2008 and 2007
(in Canadian dollars)



	Three months ended September 30		Nine months ended September 30	
	2008	2007	2008	2007
Interest income	\$ 59,221	\$ 97,941	\$ 314,545	\$ 360,340
Expenses				
General and administrative	421,632	421,241	1,368,431	1,353,324
Foreign exchange loss (gain)	(193,562)	(26,512)	(352,773)	18,632
	228,070	394,729	1,015,658	1,371,956
Net loss	(168,849)	(296,788)	(701,113)	(1,011,616)
Loss in fair value of investments	(3,713)	(2,839)	(1,529)	(9,828)
Comprehensive loss	\$ (172,562)	\$ (299,627)	\$ (702,642)	\$ (1,021,444)
Net loss per share				
Basic and diluted (note 7)	(0.001)	(0.004)	(0.006)	(0.014)
Weighted average number of common shares				
Basic and diluted (note 7)	122,160,147	72,048,648	122,099,210	71,741,925
Deficit, beginning of period	\$ (7,248,282)	\$ (6,347,609)	\$ (6,716,018)	\$ (5,632,781)
Net loss	(168,849)	(296,788)	(701,113)	(1,011,616)
Deficit, end of period	\$ (7,417,131)	\$ (6,644,397)	\$ (7,417,131)	\$ (6,644,397)
Accumulated other comprehensive income (loss), beginning of period	\$ (1,092)	\$ 873	\$ (3,276)	\$ 7,862
Other comprehensive loss	(3,713)	(2,839)	(1,529)	(9,828)
Accumulated other comprehensive loss, end of period	\$ (4,805)	\$ (1,966)	\$ (4,805)	\$ (1,966)

See accompanying notes to the unaudited interim consolidated financial statements.

TG World Energy Corp.

Unaudited Interim Consolidated Statements of Cash Flows
September 30, 2008 and 2007
(expressed in Canadian dollars)



	Three months ended September 30		Nine months ended September 30	
	2008	2007	2008	2007
Cash provided by (used in):				
Operating activities:				
Net loss for the period	\$ (168,849)	\$ (296,788)	\$ (701,113)	\$ (1,011,616)
Items not involving cash:				
Stock-based compensation expense	237,696	265,535	813,515	789,096
Amortization	132	-	395	-
Accretion	(2,008)	-	(5,501)	-
Unrealized foreign exchange (gain) loss	(183,742)	(30,336)	(233,342)	14,808
	(116,771)	(61,589)	(126,046)	(207,712)
Changes in non-cash working capital	(60,181)	10,292	(156,532)	(34,384)
	(176,952)	(51,297)	(282,578)	(242,096)
Financing activities:				
Due to related parties	31,475	(6,550)	34,441	(5,070)
Shares issued for warrants and options	20,000	18,500	26,667	579,238
Share issue costs	-	-	(4,360)	-
Contributed surplus	-	-	-	-
	51,475	11,950	56,748	574,168
Investing activities:				
Expenditures on petroleum and natural gas properties	(415,117)	(2,971,877)	(13,479,258)	(12,336,987)
Petroleum production tax credits	-	4,381,680	4,335,784	4,381,680
Short-term investments	-	-	-	4,935,450
	(415,117)	1,409,803	(9,143,474)	(3,019,857)
Changes in non-cash working capital	212,279	(4,483,811)	(6,519,580)	(699,869)
	(202,838)	(3,074,008)	(15,663,054)	(3,719,726)
Effect of foreign exchange rates on cash	29,767	-	76,291	-
Decrease in cash and cash equivalents	(298,548)	(3,113,355)	(15,812,593)	(3,387,654)
Cash and cash equivalents, beginning of period	12,029,751	10,114,625	27,543,796	10,388,924
Cash and cash equivalents, end of period	\$ 11,731,203	\$ 7,001,270	\$ 11,731,203	\$ 7,001,270
Supplemental information:				
Interest received	\$ 59,602	\$ 135,486	\$ 335,218	\$ 451,104

See accompanying notes to the unaudited interim consolidated financial statements.



1) Basis of presentation

TG World Energy Corp. (the “Company”) is engaged in the business of international petroleum exploration and development with the major focus on Niger, through its wholly owned subsidiary, TG World Petroleum Limited (“TG World”) and Alaska, through its wholly-owned subsidiary, TG World Energy, Inc. (“TG Inc.”). The unaudited interim consolidated financial statements include the accounts of the Company and its wholly owned subsidiary companies. All significant intercompany balances and transactions have been eliminated.

2) Significant accounting policies

These unaudited interim consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles for interim financial statements and follow the same accounting policies and methods of application as the audited consolidated financial statements for the year ended December 31, 2007, except as disclosed below. These financial statements should be read in conjunction with those audited consolidated financial statements for the year ended December 31, 2007.

a) Capital disclosures

In December 2006, the CICA issued Section 1535, “Capital Disclosures,” which establishes guidelines for the disclosure of information regarding a company’s capital and how it is managed. Enhanced disclosure with respect to the objectives, policies, and processes for managing capital and quantitative disclosure about what a company regards as capital are required. The Company adopted the standard on January 1, 2008.

b) Financial instruments, hedging relationship and other comprehensive income

In December 2006, the CICA issued Section 3862, “Financial Instruments Disclosures” and Section 3863, “Financial Instruments Presentation”. Section 3862 and Section 3863 replace 3861, “Financial Instruments – Disclosure and Presentation”. Section 3862 requires increased disclosures regarding the risks associated with financial instruments and how these risks are managed. Section 3863 carries forward standards for presentation of financial instruments and non-financial derivatives and provides additional guidance for the classification of financial instruments, from the perspective of the issuer, between liabilities and equity. The Company adopted these standards on January 1, 2008.

3) Petroleum and natural gas properties

	September 30, 2008		December 31, 2007	
Alaska	\$	33,607,055	\$	24,458,599
Niger		2,512,086		2,345,353
Other		5,842		2,509
		36,124,983		26,806,461
Accumulated amortization		(1,148)		(753)
	\$	36,123,835	\$	26,805,708



3) Petroleum and natural gas properties (continued)

Alaska

The Company has a Joint Venture Agreement with Brooks Range Petroleum Corporation (“BRPC”), a wholly-owned subsidiary of Alaska Venture Capital Group, to explore oil and gas properties acquired on the Alaska North Slope. The Company’s working interests vary from 25% to 35% of an 80% net revenue interest.

The Company applies for Petroleum Production Tax Credits (“PPTC”) from the State of Alaska, which are credited against capital expenditures when Government tax credit certificates are received. The Company has received US\$4,224,133 (\$4,477,159) up to September 30, 2008 and accrued an additional US\$4,422,641 (\$4,693,058), of which US\$3,346,465 was received in October 2008. The Company applied for credits of US\$2,676,509 in August 2008 for qualifying expenditures from the first and second quarters of 2008, of which the State of Alaska has yet to issue the tax credit certificates. The Company will apply for credits from third quarter 2008 qualifying expenditures in the first quarter of 2009.

Niger

CNPC International Tenere Ltd. (“CNPCIT”), the operator, carries nearly 100% of TG World’s 20% share of costs for the minimum work program, which consists of 1,500 km of seismic and three exploration wells. The seismic program has been completed and two of the three wells have been drilled. As soon as security conditions permit the operator plans to drill the third well. The Company has the option to drill an additional two exploration wells and participate in an additional 2,000 km of seismic, of which the Company has committed to a minimum of 800 km. The Company would be responsible for its own 20% share of costs on the additional seismic program and the two option exploration wells.

4) Related party transactions

Under the normal course of business, the Company acquires services at exchange amounts that approximate fair market value from Seajay Management Enterprises Ltd. (“Seajay”) and TVI Pacific Inc. (“TVI”) under contracts approved by the independent members of the Board of Directors. The Company’s President and CEO is also an officer and director of Seajay and TVI.

	Three months ended September 30		Nine months ended September 30	
	2008	2007	2008	2007
Management, secretarial and administrative services charged by Seajay	\$ 109,809	\$ 75,262	\$ 364,704	\$ 221,062
Rent and office maintenance cost charged by TVI	50,946	18,541	105,334	55,624
	\$ 160,755	\$ 93,803	\$ 470,038	\$ 276,686

5) Asset retirement obligation

The following table reconciles the asset retirement obligation associated with the Company's properties in Alaska:

	Nine months ended September 30, 2008		Year ended December 31, 2007	
Balance, beginning of period	\$	346,268	\$	-
Change in estimates		(184,676)		-
Additions		40,029		346,268
Capitalized accretion		11,339		-
Foreign currency translation		13,545		-
Balance, end of period	\$	226,505	\$	346,268
Key assumptions:				
Inflation rate		2%		2%
Credit adjusted risk free rate		8%		8%
Undiscounted estimated cash flow required to settle obligation		434,103		619,032

6) Share capital

a) Authorized

Unlimited number of common shares.

b) Issued

	Nine months ended September 30, 2008		Year ended December 31, 2007	
	Number	Amount	Number	Amount
Common shares				
Balance, beginning of period	122,060,870	\$ 53,603,258	71,125,674	\$ 29,486,139
Shares issued:				
On issuance of private placement	-	(4,360)	50,000,000	23,378,561
On exercise of options	266,668	52,105	666,671	272,637
On exercise of warrants	-	-	268,525	465,921
Balance, end of period	122,327,538	\$ 53,651,003	122,060,870	\$ 53,603,258

c) Private placement financing

In November 2007, the Company completed a private placement of 50,000,000 common shares at \$0.50 per share for gross proceeds of \$25,000,000 and net proceeds of \$23,378,561 after \$1,621,439 of direct expenses. During the period ended September 30, 2008, the Company incurred additional share issue costs related to the private placement.

d) Share options

The Company has a share option plan pursuant to which options may be granted to directors, officers, employees, and consultants of the Company. The options vest over periods of three years and expire no more than five years from the date of grant.

6) Share capital (continued)

The following table summarizes information about options outstanding and exercisable:

	September 30, 2008		December 31, 2007	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Options outstanding, beginning of period	6,854,898	\$ 1.09	5,074,898	\$ 1.17
Granted	-	-	2,530,000	0.73
Exercised	(266,668)	(0.10)	(666,671)	(0.27)
Expired	-	-	(41,662)	(1.36)
Forfeited	(95,832)	(1.18)	(41,667)	(1.63)
Options outstanding, end of period	6,492,398	\$ 1.13	6,854,898	\$ 1.09
Options exercisable, end of period	4,166,175	\$ 1.16	2,935,366	\$ 1.03

Options outstanding and exercisable at September 30, 2008:

Exercise price	Number outstanding	Weighted average remaining contractual life (years)	Exercisable
\$ 0.10	515,000	0.3	515,000
0.58	1,892,498	4.0	639,165
0.60	50,000	1.3	50,000
0.62	250,000	3.7	104,167
0.99	1,035,000	1.9	1,035,000
1.10	208,230	2.6	156,173
1.56	41,670	3.4	41,670
1.70	250,000	3.3	125,000
1.90	2,250,000	2.9	1,500,000
\$ 1.13	6,492,398	2.9	4,166,175

e) Warrants

During 2007, there were 268,525 warrants exercised for proceeds of \$399,525. The remaining 9,874,476 warrants expired on August 23, 2007. The fair value of exercised warrants of \$66,396 was transferred to share capital and the fair value of expired warrants of \$2,420,991 was transferred to contributed surplus.

f) Stock-based compensation and contributed surplus

	September 30, 2008		December 31, 2007	
Balance, beginning of period	\$	4,919,175	\$	1,014,016
Stock-based compensation		1,123,384		1,601,786
Options forfeited		(23,886)		(24,695)
Transfer to share capital on exercise of options		(25,440)		(92,923)
Transfer from warrants upon expiry		-		2,420,991
Balance, end of period	\$	5,993,233	\$	4,919,175

6) Share capital (continued)

There were no options granted during the nine months ended September 30, 2008. For the year ended December 31, 2007, the average risk-free interest rate was 4%; expected life was 5 years; and expected volatility was 79%. The weighted average fair value of stock options granted in 2007 is \$0.47 per share.

During the nine months ended September 30, 2008, a total of \$1,099,498 (September 30, 2007 – \$1,177,317) of stock-based compensation was charged, of which \$285,984 (September 30, 2007 – \$388,222) was capitalized. For the three months ended September 30, 2008, a total of \$311,573 (September 30, 2007 – \$395,246) of stock-based compensation was charged, of which \$73,878 (September 30, 2007 – \$129,712) was capitalized.

7) Per share amounts

The basic weighted average number of common shares outstanding for the nine months ended September 30, 2008 was 122,099,210 (September 30, 2007 – 71,741,925) and for the three months ended September 30, 2008 was 122,160,147 (September 30, 2007 – 72,048,648). No addition is made to the basic weighted average number of shares when calculating diluted weighted average number of shares as the diluted per share amounts are not dilutive.

8) Contingencies

As a part of the negotiations leading to the Joint Venture Agreement on the Alaska properties, the Company agreed to pay a third party a 2% overriding royalty interest share of the Company's interest in hydrocarbons from the initially awarded oil and gas leases on the Alaska North Slope. In addition, the third party will receive a 1.25% overriding royalty of the Company's interest in hydrocarbons from leases acquired by the joint venture in the area of mutual interest, subsequent to the initially awarded leases on the Alaska North Slope. The third party has filed a claim against the Company alleging entitlement to 2.5% gross overriding ownership interest of the Company's interest in all leases on the Alaska North Slope. Legal proceedings are at an early stage and it is premature to make any conclusions respecting the final outcome.

In August 2008 the Company applied to the State of Alaska for PPT credits of US\$2,676,509 for qualifying expenditures from the first and second quarters of 2008. The Company expects the approval process to be smooth and approval is anticipated during the first quarter of 2009.

9) Capital disclosures

The Company's objective when managing capital is to maintain balance sheet strength to ensure the Company's strategic objectives are met while providing an appropriate return to shareholders relative to the risk of the Company's underlying assets.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new shares, issue debt, and make adjustments to its capital expenditures program.

9) Capital disclosures (continued)

The Company does not have externally imposed capital requirements. Consistent with other capital intensive companies, the Company monitors capital on the basis of the debt-to-equity ratio, the debt-to-assets ratio, and the working capital surplus. Debt is calculated as the sum of accounts payable and accrued liabilities and due to related parties. Equity comprises all components of equity other than amounts in accumulated other comprehensive income. Assets are defined as petroleum and natural gas properties and receivables.

	September 30, 2008	December 31, 2007
Debt	\$138,280	\$3,095,253
Equity	\$52,227,105	\$51,806,415
Assets	\$40,849,330	\$27,692,783
Debt-to-equity	0.003	0.060
Debt-to-assets	0.003	0.112
Working capital surplus	\$16,324,970	\$25,183,590

10) Financial instruments

a) Analysis of total financial assets and financial liabilities

The tables below set out the Company's classification for each of its financial assets and liabilities at September 30, 2008.

	Held for trading	Available for sale	Loans and receivables	Other financial liabilities	Total carrying value
Cash and cash equivalents	\$ 11,731,203	\$ -	\$ -	\$ -	\$ 11,731,203
Short term investments		6,552	-	-	6,552
Accounts receivable and prepaid expenses		-	4,725,495	-	4,725,495
Accounts payable and accrued liabilities		-	-	(68,327)	(68,327)
Due to related parties		-	-	(69,953)	(69,953)
	\$ 11,731,203	\$ 6,552	\$ 4,725,495	\$ (138,280)	\$ 16,324,970

b) Fair values of financial assets and financial liabilities

The carrying value of the Company's financial assets and liabilities consisting of cash and cash equivalents, short term investments, accounts receivable and prepaid expenses, accounts payable and accrued liabilities, and due to related parties approximate their fair value at September 30, 2008 and 2007 due to their short term nature.

c) Currency risk

The Company faces currency risks mainly due to the substantial cross-border element of its operations. The Company's head office is located in Canada and it obtains its financing in Canadian dollars. However, the Company's main expenditures are denominated in US dollars. There are no forward sales, and the Company does not engage in currency hedging activities.

10) Financial instruments (continued)

The Company publishes its consolidated financial statements in Canadian dollars and as a result, it is also subject to foreign currency exchange translation risk in respect of the results and underlying net assets of its foreign operations.

d) 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 is to ensure that it will have sufficient liquidity to meet its liabilities when due, under both normal and stressed circumstances.

The Company continues to be a development stage enterprise and engages in exploration and development of properties located in Alaska and Eastern Niger. As such, the Company currently has no producing petroleum and natural gas properties and no production revenue. However, currently the Company has substantial current assets in excess of its current liabilities. The Company will continue to monitor its capital and operating expenditures to ensure financial obligations can be met when they fall due.

e) Credit risk

The Company does not have a significant concentration of credit risk on its outstanding receivables as they are mainly due from government agencies. The Company maintains its cash and investments (T-bills and bankers' acceptances) in accounts from highly reputable banks, which are approved by the Board of Directors. The Company currently does not have a policy to mitigate credit risk.

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