



TG World Energy Corp.

Management's Discussion and Analysis

**For the Three and Six Months Ended
June 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 six months ended June 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 six months ended June 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 August 18, 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 335,498 gross acres over 10 prospect areas, representing about 25% of exploration leases on State lands within the proven oil fairway. The JV agreement expires in March 2010; however, 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 formations 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

The JV plans to secure a drilling rig for the next season, for a proposed multi-well drilling program. Drilling is most likely to be in the Gwydyr Bay Prospect Area on exploration prospects located near the North Shore #1 well.

The JV commenced a pre-development study based upon the assumed success of the North Shore #1 well and exploration efforts in the nearby area. Early studies will facilitate a shorter time lag to any possible oil production in the event of exploration success.

The JV is currently processing the newly acquired Tofkat area 3-D seismic data. Final seismic results will not be available until the end of 2008. Exploration drilling prospects interpreted from the data will most likely be drilled in the 2009/2010 winter season.

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 qualifying expenditures. The credits are issued in the form of transferable credit certificates that can be either sold back to the State for full value, or transferred to other parties who can utilize them, usually at a negotiated discount. In June 2007, TG filed a claim in the amount of approximately US\$3.6 million in connection with its Qualified Exploration Expenditures ("QEE") up to June 2007. The credit was sold to the State of Alaska for its full value and payment was received in October 2007. In relation to its QEE in the third quarter of 2007, the Company applied for credits of US\$0.8 million, of which US\$0.2 million was sold to the State and payment was received in May 2008. The Company received an additional \$0.4 million in August 2008 and expects to receive the remaining \$0.2 million in April 2009. The Company records credits for which there is strong evidence of collection, such as receipt of the Government's tax credit certificates. With respect to QEE in the fourth quarter of 2007, the Company applied for additional credits of US\$4.3 million in March 2008; however did not record the credits until June 2008 when the tax credit certificates were received. Of the amount, US\$3.4 million is receivable immediately, and the remaining US\$0.9 million is receivable in June 2009. In August 2008, the Company applied for credits of US\$2.7 million for its QEE in the first and second quarters of 2008.

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.



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. Facai-1 is expected to spud in the second half of 2008, security conditions permitting. The well will be at no cost to the Company.

The approved budget includes a second exploration well, Oasis-1, scheduled to spud December 2008, 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 until the early September 2008. 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)

	2008		2007				2006	
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Net loss	390	142	72	297	463	252	389	214
Net loss per share (basic)	0.003	0.001	0.001	0.004	0.006	0.004	0.007	0.004
Working capital	16,666	16,482	25,184	7,577	6,228	10,057	15,178	20,892
P&NG assets	35,611	35,799	26,806	20,521	21,755	17,874	12,177	6,360
Total assets	52,765	57,790	55,245	31,951	31,970	28,183	27,649	27,526
Shareholders' equity	52,063	52,069	51,803	28,098	27,984	27,932	27,355	27,251

The following discussion highlights some of the more significant factors that changed results over the past eight quarters ended June 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 third quarter of 2006 and 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.

TG WORLD ENERGY CORP.
Management's Discussion and Analysis
For the three and six months ended June 30, 2008 and 2007



For the three and six-month periods ending June 30, 2008, the net loss decreased \$72,473 and \$182,564 respectively, when compared to the comparable periods in 2007:

	Six month period	Three month period
Loss increase (decrease) due to:		
Management service charges - wages	(7,643)	(46,533)
Management service charges – placement fees	30,350	-
Professional fees	(16,824)	(35,324)
Stock based compensation expense	52,258	21,043
General and administrative costs	(50,350)	(33,260)
Interest income	17,499	72,246
Foreign exchange	(207,854)	(50,645)
	<u>(182,564)</u>	<u>(72,473)</u>

Stock based compensation was \$787,925 and \$379,307 during the six and three-month periods ended June 30, 2008, of which \$212,106 and \$93,952 was 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 six-month period ended June 30, 2008 a total of \$13.1 million (June 30, 2007 – \$9.6 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	\$ 490,954
Seismic	2,729,359
Drilling and completion	9,323,417
Capitalized consulting and travel costs	530,933
Stock based compensation	101,214
Asset retirement cost	(144,647)
PPT credits	(4,335,786)
	<u>8,695,444</u>
Niger:	
Seismic	(73,561)
Capitalized consulting and travel costs	73,184
Stock based compensation	110,892
	<u>110,515</u>

There was a recovery on the Niger seismic acquisition due to the adjustment of an accrual to the actual payment made on the item.

Accounts Receivable

The accounts receivable of \$5.1 million represent mainly PPT credits claimed from the State of Alaska for qualified expenditures. During the current quarter, there was approximately \$4.3 million recorded for the tax credit certificates received on the Q4 2007 claim. The remaining receivable relates mainly to GST receivable on purchases of supplies and services.



Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities decreased \$2.6 million compared to the balance at December 31, 2007. At the end of December, an accrual was required for expenditures during the 2007 period included in the December 2007 and January 2008 cash calls. This was a large accrual due to the high level of activity during the winter months. The accrual at June 30, 2008 relates to the June 2008 cash call, which is smaller in comparison as the winter program wound down in May 2008.

Liquidity and Capital Resources

As at June 30, 2008, the Company had \$12.0 million in cash and cash equivalents and a working capital surplus of \$16.7 million to fund the Company's capital programs. Equity financing is the Company's main source of funds.

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

	August 18, 2008	June 30, 2008	December 31, 2007
Common shares issued	122,127,538	122,127,538	122,060,870
Stock options outstanding	6,788,230	6,788,230	6,854,898

During the second quarter, there were 66,668 options exercised for cash proceeds of \$6,667.

Related Party Transactions

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

During the six-month period ending June 30, 2008, Seajay Management Enterprises Ltd. ("Seajay") charged the Company \$254,895 (June 30, 2007 - \$145,800) 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 six-months ending June 30, 2008, TVI Pacific Inc. ("TVI") charged \$54,388 (June 30, 2007 - \$37,083) 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.



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 June 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; (vi)



the anticipated depth of the Facai-1 well; and (vii) 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 the anticipated depth of the Facai-1 well is based upon data collected in connection with the drilling of prior wells on the Ténéré Block, interpretation of that data, interpretation of available seismic data and advice received from the operator of the Ténéré Concession. 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.

August 18, 2008



Corporate Head Office:

Suite 2000, 736 – 6 Ave. SW
Calgary, Alberta, Canada T2P 3T7
Telephone: (403) 265-4506
Facsimile: (403) 264-7028
Email: info@tgworldenergy.com
Web: www.tgworldenergy.com

Corporate Directory:

Clifford M. James, President and CEO
Telephone: (403) 265-4506
Facsimile: (403) 264-7028
Email: info@tgworldenergy.com

Edward (Ted) W. Best, Chairman
Telephone: (403) 265-4506
Facsimile: (403) 264-7028
Email: info@tgworldenergy.com

Paul Moon, Director of Corporate Communications
Telephone: (403) 265-4506
Facsimile: (403) 264-7028
Email: info@tgworldenergy.com

Registrar and Transfer Agent:

Computershare Trust Company of Canada
600, 530 – 8th Ave. SW
Calgary, Alberta, Canada T2P 3S8
Telephone: (403) 267-6800

Share Listing:

TSX Venture Exchange Symbol: TGE

Auditors:

PricewaterhouseCoopers LLP
3100, 111 – 5th Ave. SW
Calgary, Alberta, Canada T2P 5L3



TG World Energy Corp.

Consolidated Financial Statements
For the three and six months ended
June 30, 2008 and 2007
(unaudited)



	June 30, 2008	December 31, 2007
Assets		
Current assets		
Cash and cash equivalents	\$ 12,029,751	\$ 27,543,796
Short term investments	10,265	8,081
Accounts receivable and prepaid expenses	5,113,699	726,966
	<u>17,153,715</u>	<u>28,278,843</u>
Long-term receivable	-	160,109
Petroleum and natural gas properties (note 3)	35,611,405	26,805,708
	<u>\$ 52,765,120</u>	<u>\$ 55,244,660</u>
Liabilities and Shareholders' Equity		
Current liabilities		
Accounts payable and accrued liabilities	\$ 449,718	\$ 3,059,741
Due to related parties (note 4)	38,478	35,512
	<u>488,196</u>	<u>3,095,253</u>
Asset retirement obligation (note 5)	213,633	346,268
	<u>701,829</u>	<u>3,441,521</u>
Shareholders' Equity		
Share capital (note 6(b))	53,611,925	53,603,258
Contributed surplus (note 6(f))	5,700,740	4,919,175
Deficit	(7,248,282)	(6,716,018)
Accumulated other comprehensive loss	(1,092)	(3,276)
	<u>52,063,291</u>	<u>51,803,139</u>
	<u>\$ 52,765,120</u>	<u>\$ 55,244,660</u>

Contingencies (note 8)

See accompanying notes to the unaudited interim consolidated financial statements.

Approved by the Board of Directors:

"Clifford M. James"
 Clifford M. James, Director

"James C. Smith"
 James C. Smith, Director

TG World Energy Corp.

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



	Three months ended June 30		Six months ended June 30	
	2008	2007	2008	2007
Interest income	\$ 47,833	\$ 115,836	\$ 255,324	\$ 262,399
Expenses				
General and administrative	402,764	494,744	946,799	932,083
Foreign exchange loss (gain)	35,193	83,689	(159,211)	45,144
	437,957	578,433	787,588	977,227
Net loss	(390,124)	(462,597)	(532,264)	(714,828)
Change in fair value of investments	1,092	-	2,184	873
Comprehensive loss	\$ (389,032)	\$ (462,597)	\$ (530,080)	\$ (713,955)
Net loss per share				
Basic and diluted (note 7)	(0.003)	(0.006)	(0.004)	(0.010)
Weighted average number of common shares				
Basic and diluted (note 7)	122,075,522	71,799,759	122,068,237	71,585,576
Deficit, beginning of period	\$ (6,858,158)	\$ (5,885,012)	\$ (6,716,018)	\$ (5,632,781)
Net loss	(390,124)	(462,597)	(532,264)	(714,828)
Deficit, end of period	\$ (7,248,282)	\$ (6,347,609)	\$ (7,248,282)	\$ (6,347,609)
Accumulated other comprehensive income (loss), beginning of period	\$ (2,184)	\$ 873	\$ (3,276)	\$ -
Other comprehensive income	1,092	-	2,184	873
Accumulated other comprehensive income (loss), end of period	\$ (1,092)	\$ 873	\$ (1,092)	\$ 873

See accompanying notes to the unaudited interim consolidated financial statements.

TG World Energy Corp.

Unaudited Interim Consolidated Statements of Cash Flows

June 30, 2008 and 2007

(expressed in Canadian dollars)



	Three months ended June 30		Six months ended June 30	
	2008	2007	2008	2007
Cash provided by (used in):				
Operating activities:				
Net loss for the period	\$ (390,124)	\$ (462,597)	\$ (532,264)	\$ (714,828)
Items not involving cash:				
Stock-based compensation expense	285,355	264,312	575,819	523,561
Amortization	131	-	263	-
Accretion	(1,739)	-	(3,493)	-
Unrealized foreign exchange (gain)/loss	(50,276)	83,689	(49,600)	45,144
	(156,653)	(114,596)	(9,275)	(146,123)
Changes in non-cash working capital	205,861	(39,645)	(96,351)	(44,676)
	49,208	(154,241)	(105,626)	(190,799)
Financing activities:				
Due to related parties	(18,377)	(39,604)	2,966	1,480
Shares issued for warrants and options	6,667	121,000	6,667	560,738
Share issue costs	(3,117)	-	(4,360)	-
	(14,827)	81,396	5,273	562,218
Investing activities:				
Expenditures on petroleum and natural gas properties	(4,061,070)	(3,834,454)	(13,064,141)	(9,365,112)
Petroleum production tax credits	4,335,784	-	4,335,784	-
Short-term investments	-	-	-	4,935,450
	274,714	(3,834,454)	(8,728,357)	(4,429,662)
Changes in non-cash working capital	(9,427,614)	3,783,944	(6,731,859)	3,783,944
	(9,152,900)	(50,510)	(15,460,216)	(645,718)
Effect of foreign exchange rates on cash	8,582	-	46,524	-
Decrease in cash and cash equivalents	(9,109,937)	(123,355)	(15,514,045)	(274,299)
Cash and cash equivalents, beginning of period	21,139,688	10,237,980	27,543,796	10,388,924
Cash and cash equivalents, end of period	\$ 12,029,751	\$ 10,114,625	\$ 12,029,751	\$ 10,114,625
Supplemental information:				
Interest received	\$ 48,691	\$ 101,970	\$ 275,616	\$ 315,617

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

	June 30, 2008	December 31, 2007
Alaska	\$ 33,154,044	\$ 24,458,599
Niger	2,455,868	2,345,353
Other	2,509	2,509
	35,612,421	26,806,461
Accumulated amortization	(1,016)	(753)
	\$ 35,611,405	\$ 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 in ten prospective areas.

During 2007, the Company applied for Petroleum Production Tax Credits (“PPTC”) from the State of Alaska, which are credited against capital expenditures. The Company has received US\$3,791,522 (\$3,862,044) and accrued US\$4,855,253 (\$4,945,561). The Company has not yet applied for credits for qualifying expenditures in the first and second quarters of 2008.

Niger

CNPC International Tenere Ltd. (“CNPCIT”), the operator, carried nearly 100% of TG World’s 20% share of costs for the minimum work program, which consist 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. Security conditions permitting, the operator plans to drill the third well in the last half of 2008. 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 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 June 30		Six months ended June 30	
	2008	2007	2008	2007
Management, secretarial and administrative services charged by Seajay	\$ 92,440	\$ 72,900	\$ 254,895	\$ 145,800
Rent and office maintenance cost charged by TVI	26,999	18,174	54,388	37,083
	\$ 119,439	\$ 91,074	\$ 309,283	\$ 182,883

5) Asset retirement obligation

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

	Six months ended June 30, 2008		Year ended December 31, 2007	
Balance, beginning of period	\$	346,268	\$	-
Change in estimates		(184,676)		-
Additions		40,029		346,268
Accretion expense		7,294		-
Foreign currency translation		4,718		-
Balance, end of period	\$	213,633	\$	346,268
Key assumptions:				
Inflation rate		2%		2%
Credit adjusted risk free rate		8%		8%
Undiscounted estimated cash flow required to settle obligation		417,187		619,032

6) Share capital

a) Authorized

Unlimited number of common shares.

b) Issued

	Six months ended June 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	66,668	13,027	666,671	272,637
On exercise of warrants	-	-	268,525	465,921
Balance, end of period	122,127,538	\$ 53,611,925	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 June 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:

	June 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	(66,668)	(0.10)	(666,671)	0.27
Expired	-	-	(41,662)	1.36
Forfeited	-	-	(41,667)	1.63
Options outstanding, end of period	6,788,230	\$ 1.10	6,854,898	\$ 1.09
Options exercisable, end of period	3,876,737	\$ 1.10	2,935,366	\$ 1.03

Options outstanding and exercisable at June 30, 2008:

Exercise price	Number outstanding	Weighted average remaining contractual life (years)	Exercisable
\$ 0.10	715,000	0.6	715,000
0.58	1,930,000	4.2	482,500
0.60	50,000	1.5	50,000
0.62	250,000	4.0	83,333
0.99	1,035,000	2.1	948,750
1.10	208,230	2.8	138,820
1.56	100,000	3.7	41,667
1.70	250,000	3.5	104,167
1.90	2,250,000	3.2	1,312,500
\$ 1.10	6,788,230	3.1	3,876,737

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

	June 30, 2008	December 31, 2007
Balance, beginning of period	\$ 4,919,175	\$ 1,014,016
Stock-based compensation	787,925	1,601,786
Options forfeited	-	(24,695)
Transfer to share capital on exercise of options	(6,360)	(92,923)
Transfer from warrants upon expiry	-	2,420,991
Balance, end of period	\$ 5,700,740	\$ 4,919,175

6) Share capital (continued)

There were no options granted during the six months ended June 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 six months ended June 30, 2008, a total of \$787,925 (June 30, 2007 – \$782,071) of stock-based compensation was charged, of which \$212,106 (June 30, 2007 – \$258,510) was capitalized. For the three months ended June 30, 2008, a total of \$379,307 (June 30, 2007 – \$393,567) of stock-based compensation was charged, of which \$93,952 (June 30, 2007 – \$129,255) was capitalized.

7) Per share amounts

The basic weighted average number of common shares outstanding for the six months ended June 30, 2008 was 122,068,237 (June 30, 2007 – 71,585,576) and for the three months ended June 30, 2008 was 122,075,522 (June 30, 2007 – 71,799,759). 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 anti 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.

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.

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.

9) Capital disclosures (continued)

	June 30, 2008	December 31, 2007
Debt	488,196	3,095,253
Equity	52,064,383	51,806,415
Assets	40,725,104	27,692,783
Debt-to-equity	0.01	0.06
Debt-to-assets	0.01	0.11
Working capital surplus	16,665,519	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 June 30, 2008.

	Financial assets held for trading	Loans and receivables	Other financial liabilities	Total carrying value
Cash and cash equivalents	\$ 12,029,751	\$ -	\$ -	\$ 12,029,751
Short term investments	10,265	-	-	10,265
Accounts receivable and prepaid expenses	-	5,113,699	-	5,113,699
Accounts payable and accrued liabilities	-	-	(449,718)	(449,718)
Due to related parties	-	-	(38,478)	(38,478)
	\$ 12,040,016	\$ 5,113,699	\$ (488,196)	\$ 16,665,519

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 June 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.

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.

10) Financial instruments (continued)

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 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.

Corporate Head Office:

Suite 2000, 736 – 6 Ave. SW
Calgary, Alberta, Canada T2P 3T7
Telephone: (403) 265-4506
Facsimile: (403) 264-7028
Email: info@tgworldenergy.com
Web: www.tgworldenergy.com

Corporate Directory:

Clifford M. James, President and CEO
Telephone: (403) 265-4506
Facsimile: (403) 264-7028
Email: info@tgworldenergy.com

Edward (Ted) W. Best, Chairman
Telephone: (403) 265-4506
Facsimile: (403) 264-7028
Email: info@tgworldenergy.com

Paul Moon, Director of Corporate Communications
Telephone: (403) 265-4506
Facsimile: (403) 264-7028
Email: info@tgworldenergy.com

Registrar and Transfer Agent:

Computershare Trust Company of Canada
600, 530 – 8th Ave. SW
Calgary, Alberta, Canada T2P 3S8
Telephone: (403) 267-6800

Share Listing:

TSX Venture Exchange Symbol: TGE

Auditors:

PricewaterhouseCoopers LLP
3100, 111 – 5th Ave. SW
Calgary, Alberta, Canada T2P 5L3