



# TG WORLD ENERGY CORP.

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Dear Shareholder,

June 2010

**Note: This letter should be read in conjunction with TG World's Q1 2010 Management's Discussion and Analysis and 2009 Annual Information Form, which can be found under the Company's profile on SEDAR at [www.sedar.com](http://www.sedar.com) or on the Company's website at [www.tgworldenergy.com](http://www.tgworldenergy.com). Readers are referred to the cautionary statement respecting forward-looking information that appears at the end of this letter.**

The past year at TG World Energy Corp. ("TG World" or the "Company") has been highlighted as a year of growth with the addition of a new project in the Philippines and as a year of disappointment as it relates to the Company's drilling results in Alaska. Niger, the third pillar of our asset base, has progressed due to the lifting of the two year security caution that has delayed drilling and other exploration field activities.

This note to the shareholders is intended to provide you with a brief overview of the situation and the forward plans of TG World. I encourage you to review our Annual Information Form that we filled in April of this year and our recently filed Q1 2010 Financial Statements and Management's Discussion & Analysis for a more detailed discussion of activities.

## **Philippines**

On March 10, 2010, TG Philippines signed a farm-in agreement for a 12.5% equity interest in Service Contract 54A ("SC 54A") located in the North West Palawan Basin offshore in the Philippines. SC 54A is a 867 square kilometre area that contains two development ready oil discoveries, Tindalo and Yakal, where aggregate contingent resources of 16 million barrels (P50) oil in place have been independently verified by ISIS Petroleum Consultants Pty Ltd. as of February 2009.

The Tindalo-1 well in the Philippines is in the process of going into production as I write this update. The project operator, Nido Petroleum Limited, has completed testing of the well which resulted in a maximum flow rate of 18,689 barrels of oil per day ("bopd") on natural flow without the assistance of a down-hole pump installed in the well to provide artificial lift. The well was initially put on production at a rate of ~15,000 bopd on June 6, 2010. Some water has been produced to surface that may be a natural phenomenon of the reservoir or may have been introduced during the drilling and completion process. The well will be tested at various flow rates during the extended well test to determine the optimum reservoir and watercut management strategy. The oil is processed onboard the "Aquamarine Driller" drilling rig and offloaded by floating hose to the moored floating storage and offloading vessel "Tove Knutsen". TG holds a 12.5% working interest in the well through its ownership in SC 54A.

In addition to continued operations at Tindalo, work will now be accelerated on the SC 54A area development planning. The Tindalo testing results will first be used to update subsurface models for a number of prospects and leads within the block to rank and prioritise subsequent targets for drilling and/or completion. In addition to a further three discoveries in SC 54A, 20 shallow water prospects with an estimated potential for over 200 million barrels of contingent resources in place have been identified.

We will continue to update you as events unfold with the well and forward plans in the Philippines.

## **Alaska**

In the 2009/2010 Alaska winter drilling season, TG Alaska participated in the drilling of one well at Sak River in the Beechy Point Unit ("BPU"). Unfortunately, the well was not successful and no commercial hydrocarbons were found. As a result, TG elected not to participate in the drilling of the North Shore #3

exploration well with our other Joint Venture (“JV”) partners in Alaska. Under the terms of the Settlement Agreement we had in place with our partners, TG Alaska relinquished its interest in the Sak River and North Shore drilling blocks along with Sections 10, 15 and 16 of Township 12 North, Range 13 East, all within the BPU. Total gross acreage relinquished by TG Alaska in this area is approximately 18,000 acres, which brings our interest within the BPU down to approximately 35,000 gross acres. TG Alaska now has a working interest in 228,600 gross acres on the Alaska North Slope. TG Alaska will retain its 35% interest in areas not relinquished in the BPU and also retains a net profit interest in the North Shore #1 and Sak River #1 and #1a wells should any of these wells have production in the future. At this time, a development in the BPU by the project partners is unclear. A development would obviously be needed for TG World to realize value from our net profits interest held.

Despite the discouraging drilling results in the BPU this year, we are very optimistic for the next drilling season in Alaska as the project partners have all agreed to drill the North Tarn well. In January 2010, the JV executed a Lease Acquisition and Participation Agreement with Eni Petroleum US LLC that covers six leases on the Alaska North Slope known as North Tarn. The North Tarn leases are located contiguous to the west side of the Kuparuk Field Unit containing the producing Tarn Field, one of the largest producing oil fields on the North Slope of Alaska.

The North Tarn exploration prospect is based on the mapping of 3-D seismic data. Two prospective reservoir zones, both productive in the adjacent Kuparuk Field Unit, will be tested by the well. The exploration well is to be drilled prior to the end of the 2011 winter drilling season with drilling depth estimated at approximately 6,500 feet. TG Alaska will pay a 35.7% interest in the first well to earn a 20% interest in the leases. Payment of this promoted interest will be the last in our commitment to Alaska Venture Capital Group LLC. Our participation in all future wells will be on a non-promoted basis.

In the South Thomson area, the JV is assessing the merits of shooting seismic in the next season. In our fourth area of focus, Tofkat, the JV has added to its lease holdings and is considering its alternatives. As you may also be aware from Company correspondence with you, Alaska continues to offer a very attractive fiscal regime with its Petroleum Production Tax Credit Program. TG World receives approximately 45% of its exploration drilling dollars and 65% of its seismic exploration dollars back from the Alaskan government under this program, thus substantially reducing the net expenditures for such exploration activities in Alaska.

## **Niger**

TG Niger holds a 20% interest in an oil and gas exploration licence with Chinese National Petroleum Corporation International Ténéré Ltd. (“CNPCIT”), a wholly owned subsidiary of the Chinese National Petroleum Corporation, in the Ténéré area in Niger, Africa. In March 2010, we met with our project partner in Beijing to discuss the government imposed security situation in the area and a proposed timetable for the drilling of the third and final well for which TG World’s costs are 100% carried. The Niger government recently lifted the security caution that had prohibited all exploration activities for the past two years. Subject to the security situation in Niger continuing to remain favourable, CNPCIT intends to begin preparation for drilling of the third well in late 2010 with a tentative spud date of Q1 2011.

## **Outlook and the Future**

Management and the Board of Directors of the Company believe that the future looks very promising for TG World. The management of your Company is focused on both increasing the value of TG World’s assets and having the value of your Company fairly reflected in its share price.

TG World has benefited from the strong support of our significant institutional shareholders who have continued to support our initiatives and provide guidance through this turbulent period. We look forward to continuing and strengthening these mutually beneficial relationships.

Lastly, I would like to sincerely thank directors Ted Best and Lloyd Flood, both of whom will not be standing for election this year. Ted and Lloyd have provided years of service to TG World in their role as Company Directors. Their wealth of experience and wisdom will be missed and all of TG World

appreciates their past services and valuable contributions to the organization. We wish them the very best for the future.

Best regards,

A handwritten signature in black ink, appearing to read "Clifford M. James". The signature is fluid and cursive, with a large initial "C" and "J".

Clifford M. James, President & Chief Executive Officer, June 2010

## CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

Certain information set out in this Letter 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 Letter includes forward-looking information respecting, but not limited to: (i) anticipated operations in relation to Alaska, Niger and the Philippines; (ii) expectations regarding future seismic surveys in Alaska, Niger and the Philippines 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 Company's responsibility for costs in relation to its operations in Niger; (vii) statements regarding the drilling of the North Tarn property in Alaska during the 2010-11 exploration season, and (viii) current and future exploration and development activities in SC 54A in the Philippines.

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 general economic conditions in Canada, the United States, Niger, the Philippines and elsewhere, 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 of oil and gas properties (including mechanical problems), ultimate recoverability of reserves, production, timing, results and costs of exploration and development activities, political or civil unrest, availability of financial resources or third-party financing, availability of equipment and personnel and new laws and regulations (domestic and foreign).

Forward-looking statements respecting anticipated operations in relation to all Alaska wells, 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 from the drilling of the Tofkat #1, Tofkat #1a, Tofkat #1b and Sak River wells, testing completed in relation to the North Shore #1 well, the current exploration plan developed by the Alaska JV Participants, the length of the applicable winter drilling seasons in Alaska and the timing and amount of Petroleum Production Tax Credits to be received from the State of Alaska. Forward-looking statements regarding the drilling of the North Tarn property in Alaska during the 2010/2011 exploration season are based upon the results of prior exploration activities, the status of discussions with the operator and other JV participants as to the nature and extent of the Alaska exploration program, advice received from the operator of the JV and the current budget for exploration and development activities in Alaska (which are subject to change). Forward-looking information respecting anticipated mobilization and drilling activities, and additional seismic operations and the use of that data, in the Ténéré Block in Niger are based on advice received from the operator, CNPCIT, and the current budget, exploration plans and overall strategy for the Ténéré Block (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 CNPCIT. Forward-looking statements respecting the development of the Tindalo and Yakal discoveries, future exploration and development in SC 54A and other potential opportunities between Nido and TG Philippines are based on the discussions carried out to date, the results of prior exploration and development activities, technical information provided to TG Philippines by Nido and the current budget and strategy for exploration and development activities (which are subject to change).

**Accordingly, readers should not place undue reliance upon the forward-looking statements contained in this Letter and such forward-looking statements should not be interpreted or regarded as guarantees of future outcomes.** The forward-looking statements of the Company contained in this Letter are expressed as qualified, in their entirety, by this cautionary statement. Additional information relating to various risk factors to which TG World 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 Letter) 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](http://www.SEDAR.com) and the Company's website at [www.tgworldenergy.com](http://www.tgworldenergy.com).