



TG World Energy Corp.

Management's Discussion and Analysis

**For the Three and Nine Months Ended
September 30, 2010 and 2009**



The discussion and analysis that follows is intended to provide a summary of the consolidated results of TG World Energy Corp. ("TG World" or the "Company") for the three and nine months ended September 30, 2010 and 2009, as well as its consolidated financial position and future plans. It should be read in conjunction with the interim consolidated financial statements for the three and nine months ended September 30, 2010 and 2009. All dollar amounts set out in this discussion and analysis are expressed in Canadian currency unless otherwise indicated. The Company's indirect interests in oil and gas properties and prospects in the Philippines, Alaska, and Niger are held through wholly owned subsidiaries of the Company -- TG World (BVI) Corp., a British Virgin Islands company, in the case of the Philippine interests; TG World Energy, Inc., a Delaware corporation, in the case of the Alaska interests; and TG World Petroleum Limited, a Bahamas company, in the case of the Niger interests. In this management's discussion and analysis, TG World (BVI) Corp. is referred to as TG Philippines, TG World Energy, Inc. is referred to as TG Alaska and TG World Petroleum Limited is referred to as TG Niger. Additional information is available on the TG World website at www.tgworldenergy.com or on SEDAR's website at www.sedar.com. Information in this Management's Discussion and Analysis ("MD&A") is as of Nov 22, 2010.

Description of the Business

TG World is engaged in the business of international petroleum exploration and development with the major areas of focus currently being the Philippines, through its wholly-owned subsidiary, TG Philippines, Alaska, through its wholly-owned subsidiary, TG Alaska, and Niger, through its wholly owned subsidiary, TG Niger.

Philippines

On March 10, 2010, TG Philippines signed a farm-in agreement for a 12.5% equity interest in SC54A located in the North West Palawan Basin offshore of the Philippines. SC54A is a 335 square mile 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.

Project partners in SC54A include project operator Nido Petroleum Limited of Perth, Australia (Nido) at 42.4% working interest, Kairiki Energy of Perth, Australia (Kairiki) at 30.1% and Trafigura Ventures III B.V. of Singapore (Trafigura) at 15%.

Consideration for the Company's interest totals US\$11,166,667, with US\$5,256,804 paid on execution of the farm-in agreement and US\$3,039,971 paid in Q3 2010 following first crude oil off-take. The balance is payable in stages following subsequent crude off-takes. TG Philippines has also funded its share of project costs which have totaled US\$7,514,290 (net of oil sale revenue of US\$1,827,682) as at September 30, 2010. In addition, CAD \$456,603 has been capitalized in general and administrative costs.

On May 30, 2010 the Tindalo-1 well successfully flowed first oil to surface. The well was on stream for approximately 97 days until September 5, 2010 and produced 194,336 barrels of oil (bbl) before the well was suspended due to water influx. At this time the Joint Venture commenced a sidetrack well with the goal of eliminating the water.



Following the successful cementing of the vertical wellbore, a 590 feet sidetrack at a 74 degree angle was drilled to the south-southwest of Tindalo-1. Stimulation of the new sidetrack well was undertaken using a coiled tubing unit to deploy acid within the well. Following three acid soaks, well productivity improved to maximum flow rates of 9,000 barrels of fluid per day (Bfpd); however, the water cut increased to 75% of flow over time. The operator conducted detailed production logging of the well in an attempt to identify the locations of water influx into the wellbore. In November 2010 the well was again suspended and the production completion is being reinstalled. If successful, production could resume in late November.

Well testing continues to indicate oil-in-place estimates of 11 million barrels. This is supported by testing and buildup pressure data. The first crude oil cargo of 194,336 bbl (24,292 bbl net to TG Philippines) was offloaded from the FSO on September 20, 2010 and delivered to a buyer in South Korea. Since this cargo shipment an additional 54,000 bbl (6,750 bbl net to TG Philippines) has been produced and is currently stored on the FSO.

Outlook

Subsequent to the quarter-end, the operator's technical team has acquired diagnostic data that indicates that the water influx is mostly likely due to failure of the packer system failing to provide adequate isolation from the previous vertical Tindalo-1 well or communication within the open hole section with a high permeability fracture. Following an assessment, the Joint Venture has agreed to workover the well and re-run the liner and provide mechanical isolation of sections of the liner annulus. Workover activities commenced in early November and are anticipated to conclude shortly.

Alaska

In 2006, TG Alaska entered into a joint venture ("JV") agreement with Alaska Venture Capital Group, LLC ("AVCG") and Brooks Range Petroleum Corporation ("BRPC"), a wholly owned subsidiary of AVCG. Under the terms of the JV agreement, TG Alaska holds a 20% to 35% working interest in certain oil and gas leases located on the Alaska North Slope. The total acreage in which TG World has a working interest is approximately 220,000 gross acres. The JV agreement had an initial term until March 2010, however it shall continue in full force and effect unless terminated by either party giving to the other party not less than ninety (90) days written notice to terminate the agreement on any anniversary date of the agreement. As at the date of this MD&A, no such notice has been given and the JV agreement continues. TG Alaska and AVCG/BRPC have also entered into an exploration JV alliance, covering a defined area of mutual interest, to pursue additional exploration and development opportunities in Alaska. AVCG, Brooks Range Development Corp. and Ramshorn Investments Inc., a subsidiary of Nabors Drilling, are the Company's partners in the JV.

The JV has development at various stages in four hydrocarbon potential areas in Alaska: North Tarn, Beechey Point Unit (Gwydyr Bay), Tofkat, and Slugger/South Thomson.

North Tarn

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, one of the largest producing oil fields on the North Slope of Alaska.

In the first half of 2011 the JV intends to drill one exploration well with a potential of an additional sidetrack well. 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 which will be drilled to an estimated depth of approximately 6,500 feet. TG Alaska will pay a 35.7% interest in the first well to earn a 20% interest in the leases.

Beechey Point Unit (“BPU”)

In September 2009, the JV received approval from the Department of Natural Resources in Alaska for its BPU application, establishing a plan of development for twenty-five leases comprising a total of 53,000 acres in the Gwydyr Bay area. TG Alaska holds a 35% interest in the BPU.

In January 2010, the Sak River #1a exploration well was drilled by the JV. The well did not encounter hydrocarbons and was suspended and deemed unsuccessful. TG Alaska elected not to participate in further drilling in the BPU area in 2010 and as a result 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. TG Alaska will retain a net profit interest in the North Shore #1 well and the Sak River #1a well in the BPU.

As a result of the Sak River #1a well and the subsequent relinquishment of certain leases in the BPU, TG Alaska realized a write-down on its Alaskan assets in the amount of \$22,000,000 in Q1 2010. The amount is based on pre-drilling, drilling, seismic and completion expenditures and capitalized general and administrative costs on the relinquished lands.

Subsequent to the relinquishment of certain interests in the BPU, TG Alaska holds an interest in approximately 35,000 gross acres in the Gwydyr Bay area which are still deemed prospective. The JV continues to assess the area for future development.

Tofkat

In 2008, the JV drilled the Tofkat #1 exploratory well. The initial well encountered ten feet of gross and six feet of net oil pay in the Kuparuk formation based on wireline log interpretation and supported by light oil samples recovered with MDT. Two offset drilling targets were also drilled, however, both were unsuccessful. The initial wellbore was plugged back and abandoned without production testing. Since that time, the JV has shot approximately 87 square miles of seismic in the Tofkat area. The seismic was unable to map the Tofkat #1 oil play as the reservoir was too thin. Additional analysis of the Kuparuk prospect at Tofkat #1 is ongoing in an attempt to determine the commerciality of this oil play. The JV has added to its land position around Tofkat and is in the process of identifying possible additional targets. TG Alaska has a 25% working interest in the Tofkat area.



Slugger – South Thomson

TG Alaska holds a 25% interest in the JV's 35,000 square mile acreage position in the South Thomson area of Alaska. South Thomson sits on the north-east corner of the North Slope of Alaska, immediately south of the Point Thomson Field being explored by Exxon-Mobil. The JV intends to acquire additional 2-D seismic on the South Thomson lands to further develop its strategy in the area.

The JV continues to monitor exploratory activity at the Point Thomson Field, which is currently underway. It is also encouraged by recent successes at the Badami Unit oil play that sits adjacent to the JV's acreage at South Thomson.

Petroleum Production Tax Credits ("PPTC")

Under the terms of the Alaska Oil and Gas PPTC program, TG Alaska is entitled to credits in the amount of 45% to 65% of its qualified expenditures. The credits are issued in the form of transferable credit certificates that are sold back to the State of Alaska for their full value. In its consolidated financial statements, the Company records credits for which there is strong evidence of collection, such as receipt by TG Alaska of the Government's tax credit certificates.

TG Alaska received US\$2,387,759 in PPTC from the State in Q3 2010 of which US\$1,458,401 are recorded as accounts receivable as at September 30, 2010. TG Alaska received US\$529,043 in Q4 2010 and expects to receive the balance in Q1 2011.

Outlook

TG Alaska and its JV partners are preparing to drill the prospective North Tarn well in the first or second quarter of 2011. TG Alaska has a working interest in approximately 220,000 gross acres on the North Slope and is analyzing various strategies and plans for further development.

Ténéré, Niger

TG Niger holds a 20% interest in an oil and gas exploration license with CNPCIT in the Ténéré Block in Niger, Africa. The Ténéré Block is a 17.3 million acre block located in a geological subsurface rift basin adjacent to CNPC's Agadem Block.

Under terms and conditions of the partner agreements, CNPCIT is obligated to pay 100% of TG Niger's share of costs for the minimum work program of the first exploration period, including project related general and administrative costs. The major components of the program are acquiring, processing, and interpreting a minimum of 900 miles of seismic data, and drilling three exploration wells. If the project results in petroleum production, TG Niger 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 3,500 miles of vintage seismic data located across the Ténéré Block. In addition, CNPCIT acquired 2,500 miles of new 2-D seismic data, which was 1,500 miles in excess of the minimum commitment. CNPCIT paid all costs as the seismic acquisition was done prior to the completion of the second exploration well. CNPCIT has also drilled two of the three required exploration wells under the project agreements with TG Niger – Saha-1 and West Fachi-1. The wells were drilled in 2006 and 2007 and had hydrocarbon shows but were abandoned.

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In 2007, the government of Niger issued a 'security warning' for Northern Niger. The area affected included the Ténéré Block and as a result minimal oil and gas activity occurred for a period of approximately two years. The security warning was lifted by the government in November 2009. At the March 2010 project partner meeting in Beijing, China CNPCIT updated TG Niger on the security issues along with a proposed timetable for the drilling of the third well. Dependent on the security situation in Niger, CNPCIT intends to begin preparation for drilling of the third well in late 2010 with a tentative spud date of Q1 or Q2 2011.

Outlook

TG Niger has approved the drilling of the Facai-1 well, which will be located 65 miles to the north of the previous well, West Fashi-1. Facai-1 will test a different play concept than that of the previous two wells. The well will be at no cost to TG Niger. The well is planned to be drilled to approximately 12,000 feet to test Cretaceous sandstones in an anticlinal trap. Seismic data AVO analysis indicates a hydrocarbon signature at the target reservoir zone. The Facai-1 well is expected to spud in Q2 2011.

Selected Quarterly Information

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

	2010			2009				2008 Q4
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	
Net loss (gain)	1,246	564	23,146	513	794	934	207	(214)
Net loss (gain) per share - basic	.010	0.005	0.189	0.003	0.007	0.008	0.002	(0.002)
Working capital	459	(214)	3,587	13,517	18,349	16,500	17,189	17,794
P&NG assets	30,839	28,970	26,016	37,886	33,533	35,920	34,311	33,623
Total assets	34,465	32,492	36,835	54,711	52,785	53,602	53,844	53,324
Shareholders' equity	27,844	28,445	28,924	51,204	51,635	52,157	52,872	52,755

The following discussion highlights some of the more significant factors that changed results over the past eight reporting quarters ended September 30, 2010:

- Significant movement in the CAD / USD foreign currency exchange rate has resulted in fluctuations in the foreign exchange gain/loss, in the consolidated statement of operations, from monetary assets and liabilities, as well as through the translation of the financial statements of integrated foreign subsidiaries.
- In Q3 2010 the Company issued short and long term debt to fund capital expenditures. In Q2 2010 working capital was in a deficit position as compared to the past reporting quarters primarily due to capital expenditures in TG Philippines project as well as inclusion of \$1,528,618 of debt payable in current liabilities.
- Total P&NG assets generally increased over each quarter due to continual investment in the Alaska, Philippine, and Niger projects. In Q2 and Q3 2010 significant capital investment was made in the Philippines project that resulted in increased value of PN&G assets each quarter. In Q1 2010 the Company purchased assets in the Philippines for \$8,248,113 but also realized a write-down of Alaska P&NG assets of \$22,000,000 that resulted in the significant decrease in asset value. The slight decreases in the third

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quarter of 2009 and the second and fourth quarters of 2008, in comparison to other periods, reflect the receipt of PPT credit certificates which were netted against P&NG expenditures.

For the nine months ended September 30, 2010 the Company's net loss is \$24,956,154 versus a net loss of \$1,934,739 for the same period in 2009, an increase of \$23,021,415. For the three months ended September 30, 2010 TG World recorded a loss of \$1,246,091 compared to a net loss of \$793,781 for the three months ended September 30, 2009, an increase of \$452,310.

Below is a summary of the changes in the net loss for each period:

	Three month period	Nine month period
<u>Loss increase (decrease) due to:</u>		
Write-down of petroleum and natural gas assets	-	\$22,000,000
Stock based compensation expense	(138,147)	(394,746)
General and administrative costs	134,942	584,706
Net interest expense (net of interest income)	675,576	1,407,314
Foreign exchange	(220,061)	(575,859)
	\$452,310	\$23,021,415

Stock based compensation was \$94,300 and \$286,409 for the three and nine months ended September 30, 2010 respectively (September 30, 2009 - \$273,495 and \$816,719), of which \$32,608 and \$96,760 (September 30, 2009 - \$73,656 and \$232,325) was capitalized. The decrease in total expensed stock-based compensation from comparable periods in 2009 is due to the difference in stock based compensation associated with options granted in 2006 (fulfillment of stock based compensation expense on 2006 options occurred in Q3 2009) versus options granted in 2008 and 2009.

General and administrative expense was \$427,491 and \$1,318,468 for the three and nine months ended September 30, 2010 respectively compared to \$301,584 and \$742,797 respectively for the same period in 2009. The increase in general and administrative expense is primarily due to legal and financing charges incurred upon issuance of the short and long term debt. The change in general and administrative expense has been presented above net of other loss of \$9,035 and amortization expense of \$1,141 and \$3,422 for the three and nine months ended September 30, 2010 respectively.

Net interest expense (income) for the three and nine months ended September 30, 2010 was \$664,394 and \$1,359,019 respectively compared to (\$11,182) and (\$48,295) respectively for the same period in 2009. This represents an increase of interest expense of \$675,576 and \$1,407,314 for the three and nine months ended September 30, 2010 respectively resulting from the interest expense on the TG World debt and lower interest income. In Q3 2010 the Company issued short and long term debt for total proceeds of US\$6,000,000. A portion of the proceeds were used to repay the outstanding debt which was recorded at fair value of \$747,344. Due to the early repayment of the debt the Company recognized additional interest expense of \$452,084 as a result of the write-off of the discount on the valuation of the debt.

Changes in foreign exchange result from differences in the relative change in the US and Canadian dollars.

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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 months ended September 30, 2010 a total of \$17,472,034 (September 30, 2009 – \$3,923,988) in expenditures were capitalized, before the write-down of Alaskan assets of \$22,000,000 and consideration of the PPT credits of \$2,517,531 (September 30, 2009 - \$4,020,015).

Below is a summary of the Company's main consolidated capital expenditures in the period:

	Nine months ended September 30	
	2010	2009
Alaska:		
Land acquisitions and lease rentals	\$ 205,267	\$ 97,000
Seismic	91,926	584,644
Drilling and completion	1,868,503	863,007
Write-down of P&NG assets	(22,000,000)	-
Capitalized general and administrative costs	450,530	2,178,082
PPT Credits	(2,517,531)	(4,020,015)
	\$ (21,901,305)	\$ (297,282)
Niger:		
Seismic	\$ (71,003)	\$ -
Capitalized general and administrative costs	39,006	201,255
	\$ (31,997)	\$ 201,255
Philippines:		
Acquisition	\$ 8,424,243	-
Drilling and completion	7,899,706	-
Capitalized general and administrative costs	456,603	-
Oil sale revenue	(1,892,747)	-
	\$ 14,887,805	\$ -

Expenditures in TG Alaska for land, seismic and drilling are \$621,045 higher for the nine months ending September 30, 2010 compared to the same period in 2009. In 2009 there was a recovery in TG Alaska on the Alaska land acquisitions and rentals (\$109,650) due to a refund of lease rental costs. Seismic costs incurred in 2009 related to final costs to interpret data from the Tofkat region. In 2010 TG Alaska incurred drilling costs for testing of the Sak River #1a well, whereas in 2009 costs were minimal due to the inactivity in Alaska.

Seismic costs are negative in Niger due to the reversal of an accrual from December 2008.

On March 10, 2010, TG Philippines signed a farm-in agreement for a 12.5% equity interest in SC54A area for the total consideration of US\$11,166,667. US\$5,256,804 was paid on execution of the farm-in agreement and US\$3,039,971 was paid in Q3 2010 following first crude oil off-take. The balance is payable in stages following subsequent crude off-takes. TG Philippines has also funded its share of project costs which have totaled US\$7,514,290 (net of oil sale revenue of US\$1,827,682) as at September 30, 2010. In addition, CAD \$456,603 has been capitalized in general and administrative costs.



Accounts Receivable

At September 30, 2010 accounts receivable of \$1,755,802 (December 31, 2009 - \$5,964,386) consists primarily of PPT credits claimed from the State of Alaska for qualified expenditures. The remaining receivable relates to prepaid expenses and GST receivable on purchases of supplies and services.

Current Liabilities

At September 30, 2010 current liabilities were \$3,167,283 (December 31, 2009 - \$3,307,844), of which \$524,848 (December 31, 2009 - \$3,256,958) is accounts payable and \$37,333 (December 31, 2009 - \$50,886) is due to related parties. At September 30, 2010 accounts payable is significantly lower than the previous year due to BRPC cash call included in accounts payable of \$205,960 as compared to \$3,053,742 at December 31, 2009.

Also included in the current liabilities is the short term debt of \$1,042,020 (December 31, 2009 - \$nil) and current portion of the long term debt of \$1,563,062 (December 31, 2009 - \$nil). The short term debt is due by May 30, 2011 and the current portion of long term debt represents 30% of the debt repayable in part or full at any time over the course of a year. No debt was outstanding as at December 31, 2009.

Liquidity and Capital Resources

At September 30, 2010, the Company had a consolidated working capital surplus of \$458,875 (December 31, 2009 - \$13,517,310), including cash and cash equivalents of \$1,870,356 (December 31, 2009 - \$10,856,400), to fund its capital programs. The Company's cash balance has since decreased and working capital has changed to a deficit position. Accordingly, management is pursuing other financial alternatives to fund the Company's operations. There are no assurances that the company will be successful in obtaining the additional financing. The Company's investment policy is to secure excess cash in low risk, liquid investments. Equity and debt financing is the Company's main source of funds.

On August 30, 2010 the Company closed short and long term secured debt for total gross proceeds of US\$6,000,000 (CAD \$6,252,248). In connection with the closing of the long-term loan, the Company has issued the Lender common share purchase warrants that allow for the purchase of up to an aggregate of 12 million common shares of the Company at a purchase price of CAD \$0.10. The warrants expire on August 30, 2012.

In January 2010 the Company closed a secured loan facility for \$7,500,000. In connection with the closing of the loan facility, the Company has issued the Lender common share purchase warrants that allow for the purchase of up to 10 million common shares of the Company. The warrants expire on January 15, 2012 and have an exercise price of \$0.25. The balance of this loan facility was paid back in full using the short term financing as at August 30, 2010.

At September 30, 2010 the Company's outstanding long term loan balance was recorded at amortized cost as \$4,711,541. The Company also accrued interest expense of \$41,136 payable on December 31, 2010.

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

	November 18, 2010	September 30, 2010	December 31, 2009
Common shares issued	122,335,870	122,335,870	122,335,870
Stock options outstanding	10,088,230	10,088,230	12,023,230
Warrants	22,000,000	22,000,000	-

During the three and nine months ended September 30, 2010 no options were exercised.

Related Party Transactions

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

During the three and nine months ended September 30, 2010, Seajay Management Enterprises Ltd. ("Seajay") charged the Company \$85,491 and \$295,790 respectively (September 30, 2009 - \$100,396 and \$286,241) for management, secretarial, and administration services. Seajay is a company controlled by an Officer of the Company.

For the three and nine months ended September 30, 2010, TVI Pacific Inc. ("TVI") charged \$30,595 and \$104,605 respectively (September 30, 2009 - \$38,999 and \$124,734) for rent and office maintenance costs. An Officer and Director of TG World is also the President, CEO, Chairman, and a Director of TVI.

Off Balance Sheet Arrangements

The Company does not have any off balance sheet arrangements.

Material Contracts, Commitments, and Contingencies

As a part of the negotiations associated with the JV Agreement on the Alaska properties, TG Alaska agreed to pay to a third party a 2% overriding royalty interest share of TG Alaska'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 TG Alaska's interest in hydrocarbons from leases acquired by the JV 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 TG Alaska'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 with respect to the final outcome.

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



Critical Accounting Estimates and Policies

Certain estimates are necessary until amounts are finalized pursuant to transactional or legal proceedings. Due to the inherent uncertainty involved in making estimates, actual results reported in future periods could differ significantly from those estimates.

- The Company and its subsidiaries are subject to various legal proceedings and claims that arise in the ordinary course of business operations. The Company periodically reviews these claims to determine if amounts should be accrued in its consolidated financial statements or if specific disclosure is warranted.
- The carrying values of P&NG assets are based on whether or not the value is greater than the future expected return from the property. If it is determined that carrying values of assets cannot be recovered, the unrecoverable amounts are written off against current earnings. Estimates must be made in establishing future revenues and the depletion and depreciation of property, plant and equipment as well as assessing the fair value of the liability for asset retirement obligations relating to the Alaska wells.
- The Company applies the fair value method, using the Black-Scholes option pricing model when stock options and warrants are granted. Management estimates the volatility, expected life and risk-free interest rates in using the model to assess the fair value of stock options.
- Income taxes are calculated based on management's best estimates and interpretation of the Income Tax Act. These taxes are subject to assessment by the Canada Revenue Agency and Alberta Finance, which may affect the financial statements in future years.

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 annual financial statements are audited by the Company's independent auditors.

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 the period ended on these financial statements and MD&A, 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 current and future operations in the foreign jurisdictions in which the Company's subsidiaries operate. The Company has identified certain risks pertinent to its business including:

- a) ***Exploration and Reserve Risk*** - Exploration, appraisal and development of oil and gas reserves are speculative and involve a significant degree of risk. While the subsidiaries of the Company are partners with operators who are well established in the regions we operate and those operators have successful management teams and experience in the regions of operation, there can be no assurances that exploration or appraisal of the properties in which the subsidiaries hold rights will be successful.
- b) ***Drilling and Operating Risk*** - Exploration and development activities may be delayed or adversely affected by factors beyond the control of the Company. These include adverse climate conditions, availability of materials and competent labour to perform services, the performance of JV partners on whom the subsidiaries may be reliant, and compliance with current and future government regulations. Drilling may result in dry holes or wells that do not produce sufficiently to justify commercial production.

In the Philippines, TG Philippines is exposed to drilling and operating offshore and potential typhoon conditions in the area. Delays in drilling from such conditions can increase drilling expenditures.

In Alaska, TG Alaska is confined to a winter operating program typically between the months of January and April. A late freeze up and/or early breakup could have a negative impact on TG Alaska's exploration program. With exploration success and proper infrastructure in place, exploration and operating activities can proceed year round.

In Niger, TG Niger is exposed to the harsh elements of drilling in a desert environment. Severe heat and sand storms can cause delays in drilling resulting in increased drilling expenditures.

- c) ***Costs and Availability of Materials and Services*** – The Company may face difficulties in obtaining adequate materials and services at an economical price in the regions in which it operates. The Alaskan region is very competitive and some producers that are larger than TG Alaska may have greater access to materials and services. There are security concerns in the Niger region and such, access to materials and services in the region could be limited from time to time.
- d) ***Environmental Risk*** – The oil and gas industry is subject to extensive environmental regulations within each of the jurisdictions in which it operates. As a non-operator, the Company is reliant on each of its jurisdictional operators to ensure compliance with local environmental regulation. The Company regularly discusses the environmental practices



of its operators at partnership meetings to ensure regulatory compliance is maintained. The Company believes it fully complies with existing regulations; however, it cannot predict any changes to existing regulations and the impact they could have on the Company.

To mitigate risk further in Alaska, TG Alaska contracts independent drilling specialists to review the operator's well design. It is also mandatory that all operators in Alaska belong to the Clean Seas Emergency Spill Consortium to ensure quick response in the event of an oil spill.

- e) ***Capital Markets and the Requirement for Additional Capital*** - The Company's main source of financing has been through the capital markets. The Company believes it has access to sufficient capital to finance future operations. The Company is in the process to gain access to additional capital; however, the tightening within the capital markets over the past few years could negatively impact the Company's ability to raise additional sources of funds to finance future projects.
- f) ***Loss of or Changes to Production Sharing, Joint Venture or Related Agreements*** – The Company and its subsidiaries are subject to changes in JV or related agreements that could have a positive or negative impact on operations. Changes could result from actions of other JV partners or from the Company and its subsidiaries itself as a result of non-performance related to financial obligations or participation in JV activities. Management will accept changes that are in the best interests of the Company and its subsidiaries.
- g) ***Economic, Political and Legal Risk*** – TG World's operations are in foreign jurisdictions and as such, may be subject to economic, social and/or political risks including, but not limited to, terrorism, revolution, hyperinflation, change of laws affecting existing programs or foreign ownership, government participation, taxation, profit repatriation, working conditions, exploration licensing and petroleum export licensing and export duties.

In Alaska, TG Alaska depends on the continuation of the PPTC program to assist in financing on-going operations. While there are no indications at this time that this program will be eliminated, any elimination would have a significant effect on TG Alaska.

Some of the jurisdictions in which TG World operates have a less developed legal system than jurisdictions with more established economies which may result in risks such as: (i) effective legal redress in the courts of such jurisdiction, whether in respect of a breach of law or regulation or in an ownership dispute, being more difficult to obtain; (ii) a higher degree of discretion on the part of governmental authorities; (iii) the lack of judicial or administrative guidance on interpreting applicable rules and regulations; (iv) inconsistencies or conflicts between various laws, regulations, decrees, orders and resolutions; or (v) relative inexperience of the judiciary and courts in such matters. There can be no assurance that joint ventures, licenses, license applications or other such legal arrangements will not be adversely affected by the actions of government authorities or others and the effectiveness and enforcement of such arrangements in this jurisdiction cannot be assured.



- h) Reliance on JV Partner Relationships* – In conducting business, the Company and its subsidiaries will rely on continuing existing strategic relationships and possibly forming new ones with other entities. The Company and its subsidiaries could be materially affected by changes to such relationships or difficulties in forming new ones.

Additionally, the Company and its subsidiaries rely on the relationships our joint venture partners have with the local governments in the jurisdictions in which our business operates. Adverse relationships between these parties could have a significant effect on future operations.

- i) Market Risk* – In the event of successful development of oil and gas reserves, the marketing of TG World subsidiaries prospective production of oil and gas from such reserves will be dependent on market fluctuations and the availability of processing and refining facilities and transportation infrastructure, including roads, access to ports, shipping facilities, pipelines and the pipeline capacity at economic tariff rates which TG World subsidiaries may have limited or no control.

In Niger, TG Niger will be dependent on the ability of CNPCIT and the Niger government to negotiate international agreements for pipeline construction and operation.

- j) Volatility of Future Oil and Gas Prices* - The demand for, and price of, oil and gas is highly dependent on a variety of factors beyond the control of the Company, such as international supply and demand, weather conditions, the price and availability of alternative fuels, actions taken by governments and international cartels, and global economic and political developments. International oil and gas prices have fluctuated widely in recent years and may continue similar patterns going forward. The changes in these commodity prices will have an effect on future earnings as well as impact future business decisions in determining what programs to proceed with. The Company has not entered into any forward contracts to protect itself from fluctuations in oil and gas prices as it has not had any production revenue to date.

- k) Foreign Currency Risk* – The Company's operations are exposed to fluctuations in foreign currency exchange rates. Variations in the foreign currency exchange rates could have a significant positive or negative impact. The Company manages its foreign currency exchange risk by maintaining foreign currency bank accounts and receivable accounts to offset foreign currency payables and planned expenditures. The Company does not engage in hedges to protect itself further from foreign currency exchange rate fluctuations.

- l) Dependence on Key Personnel* – The Company relies extensively on the expertise of specific management personnel. The loss of key personnel could have a materially adverse effect on the Company. Additionally, the Company must rely on the management efficiencies and technical skills of its joint venture partners BRPC, CNPCIT and Nido as operators of the Alaska, Ténéré and SC54A projects respectively.

New Accounting Pronouncements

International Financial Reporting Standards (“IFRS”) – in 2008 the Accounting Standards Board of Canada (AcSB) announced that accounting standards in Canada are to converge with IFRS.



The AcSB has indicated that Canadian publicly accountable enterprises will be required to report under IFRS by the first quarter of 2011 with appropriate comparative data from the prior year. Under IFRS, the primary audience is capital markets and as a result there is significantly more disclosure required, particularly for quarterly reporting. Further, while IFRS is a conceptual framework similar to Canadian GAAP, there are significant differences in accounting policy which must be addressed.

The Company has commenced development of its IFRS changeover plan, which includes project structure and governance, resourcing and training, analysis of key GAAP differences and a phased plan to assess accounting policies under IFRS as well as potential IFRS 1 exemptions. The Company has analyzed the impact IFRS may have on our financial statements and anticipates the impact will be minimal.



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 MD&A includes forward-looking information respecting, but not limited to: (i) anticipated operations in relation to all Alaskan wells; (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 Company's responsibility for costs under the Establishment Agreement in relation to its operations in Niger; (vii) current and future activities in Service Contract 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 #1 and #1a wells, testing completed to date 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 PPT 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 SC54A 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 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 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 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 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 22, 2010



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Dean Callaway, Vice President Finance, CFO and
Corporate Secretary

Corporate Directors:

Wayne G. Thomson, Chairman
Michael Ames
Gordon J. Hoy
David Moscovitz
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Share Listing:

TSX Venture Exchange Symbol: TGE

Auditors:

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Bankers:

HSBC Bank Canada

Solicitors:

Bennett Jones LLP
McCarthy Tetrault LLP
Perkins Coie LLP



TG World Energy Corp.

Consolidated Financial Statements

**For the Three and Nine Months Ended
September 30, 2010 and 2009**

TG World Energy Corp.
 Unaudited Interim Consolidated Balance Sheets
 As at September 30, 2010
 (in Canadian dollars)



	September 30, 2010	December 31, 2009
Assets		
Current assets		
Cash and cash equivalents	\$ 1,870,356	\$ 10,856,400
Short term investments	-	4,368
Accounts receivable and prepaid expenses (note 4)	1,755,802	5,964,386
	<u>3,626,158</u>	<u>16,825,154</u>
Petroleum and natural gas properties (note 4)	30,839,284	37,885,815
	<u>\$ 34,465,442</u>	<u>\$ 54,710,969</u>
Liabilities and Shareholders' Equity		
Current liabilities		
Accounts payable and accrued liabilities	\$ 524,848	\$ 3,256,958
Short-term debt (note 7)	1,042,040	-
Current portion of long-term debt (note 7)	1,563,062	-
Due to related parties (note 5)	37,333	50,886
	<u>3,167,283</u>	<u>3,307,844</u>
Long-term debt (note 7)	3,148,479	-
Asset retirement obligations (note 6)	305,241	198,930
	<u>6,621,003</u>	<u>3,506,774</u>
Shareholders' Equity		
Share capital (note 8(b))	53,652,382	53,652,382
Warrants (note 8 (d))	1,303,000	-
Contributed surplus (note 8(e))	7,496,241	7,209,832
Deficit	(34,607,184)	(9,651,030)
Accumulated other comprehensive loss	-	(6,989)
	<u>27,844,439</u>	<u>51,204,195</u>
	<u>\$ 34,465,442</u>	<u>\$ 54,710,969</u>

Going concern (note 2)
 Contingencies (note 12)

See accompanying notes to consolidated financial statements.

TG World Energy Corp.Unaudited Interim Consolidated Statements of Operations, Comprehensive Loss,
Deficit, and Accumulated Other Comprehensive Loss

For the Three and Nine Months Ended September 30, 2010 and 2009

(in Canadian dollars)



	Three months ended September 30		Nine months ended September 30	
	2010	2009	2010	2009
Interest and other income / (loss)	\$ (8,581)	\$ 11,182	\$ 7,554	\$ 48,295
Expenses				
Write-down of petroleum and natural gas properties (note 4)	-	-	22,000,000	-
General and administrative	427,491	301,584	1,318,468	742,797
Stock-based compensation	61,692	199,839	189,648	584,394
Interest expense	664,848	-	1,375,608	-
Foreign exchange loss (gain)	83,479	303,540	79,984	655,843
	1,237,510	804,963	24,963,708	1,983,034
Net loss	(1,246,091)	(793,781)	(24,956,154)	(1,934,739)
Gain (loss) in fair value of investments	9,173	(1,747)	6,989	(1,310)
Comprehensive loss	\$ (1,236,918)	\$ (795,528)	\$ (24,949,165)	\$ (1,936,049)
Net loss per share				
Basic and diluted	(0.010)	(0.007)	(0.204)	(0.016)
Weighted average number of common shares				
Basic and diluted (note 8)	122,335,870	122,327,538	122,335,870	122,327,538
Deficit, beginning of period	\$ (33,361,093)	\$ (8,344,296)	\$ (9,651,030)	\$ (7,203,338)
Net loss	(1,246,091)	(793,781)	(24,956,154)	(1,934,739)
Deficit, end of period	\$ (34,607,184)	\$ (9,138,077)	\$ (34,607,184)	\$ (9,138,077)
Accumulated other comprehensive loss, beginning of period	\$ (9,173)	\$ (6,770)	\$ (6,989)	\$ (7,207)
Other comprehensive gain (loss)	9,173	(1,747)	6,989	(1,310)
Accumulated other comprehensive loss, end of period	\$ -	\$ (8,517)	\$ -	\$ (8,517)

See accompanying notes to consolidated financial statements.

TG World Energy Corp.

Unaudited Interim Consolidated Statements of Cash Flows
For the Three and Nine Months Ended September 30, 2010 and 2009
(expressed in Canadian dollars)



	Three months ended September 30		Nine months ended September 30	
	2010	2009	2010	2009
Cash provided by (used in):				
Operating activities:				
Net loss for the period	\$ (1,246,091)	\$ (793,781)	\$ (24,956,154)	\$ (1,934,739)
Items not involving cash:				
Write-down of petroleum and natural gas properties	-	-	22,000,000	-
Stock-based compensation expense	61,692	199,839	189,648	584,394
Amortization	1,141	1,208	3,422	3,152
Accretion	567,527	916	794,557	(10,873)
Unrealized foreign exchange (gain)/loss	57,291	298,655	98,079	675,373
	(558,440)	(293,163)	(1,870,448)	(682,693)
Changes in non-cash working capital	226,758	(91,489)	(56,339)	181,892
	(331,682)	(384,652)	(1,926,787)	(500,801)
Financing activities:				
Due to related parties	4,121	(10,747)	(13,553)	2,174
Debt financing	5,724,248	-	12,449,248	-
Debt repayment	(2,066,812)	-	(7,500,000)	-
Warrants	528,000	-	1,303,000	-
	4,189,557	(10,747)	6,238,695	2,174
Changes in non-cash working capital	7,500	-	41,135	-
	4,197,057	(10,747)	6,279,830	2,174
Investing activities:				
Expenditures on petroleum and natural gas properties	(5,329,467)	(1,597,275)	(17,265,026)	(3,755,418)
Petroleum production tax credits	2,517,531	4,020,015	2,517,531	4,020,015
	(2,811,936)	2,422,740	(14,747,495)	264,597
Changes in non-cash working capital	(2,314,762)	(4,183,247)	1,512,813	(1,006,152)
	(5,126,698)	(1,760,507)	(13,234,682)	(741,555)
Effect of foreign exchange rates on cash	(66,341)	(179,203)	(104,405)	(407,417)
Increase (decrease) in cash and cash equivalents	(1,327,664)	(2,335,109)	(8,986,044)	(1,647,599)
Cash and cash equivalents, beginning of period	3,198,020	15,704,086	10,856,400	15,016,576
Cash and cash equivalents, end of period	\$ 1,870,356	\$ 13,368,977	\$ 1,870,356	\$ 13,368,977
Supplemental information:				
Interest received	\$ 172	\$ 6,514	\$ 6,793	\$ 35,727
Interest paid	\$ 89,821	\$ -	\$ 530,140	\$ -

See accompanying notes to consolidated financial statements.



1) BASIS OF PRESENTATION

TG World Energy Corp. (the “Company”) was incorporated under the Business Corporations Act (Alberta) on July 10, 2001. The Company is engaged in the business of international petroleum exploration and development with the major areas of focus being the Philippines, through its wholly owned subsidiary TG World (BVI) Corp. (“TG Philippines”), Alaska, through its wholly-owned subsidiary, TG World Energy, Inc. (“TG Alaska”) and Niger, through its wholly owned subsidiary, TG World Petroleum Limited (“TG Niger”). The 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) GOING CONCERN

Management has prepared these consolidated financial statements in accordance with Canadian Generally Accepted Accounting Principles (“GAAP”) applicable to a going concern, which contemplates that assets will be realized and liabilities discharged in the normal course of business as they come due. To this point, all exploration activities and the majority of overhead costs have been funded by equity and debt issuances. At September 30, 2010, the Company had a working capital surplus of \$458,875 and has accumulated a deficit of \$34,607,184 since inception. The Company’s cash balance has since decreased and working capital has changed to a deficit position. Accordingly, management is pursuing other financial alternatives to fund the Company’s operations so it can continue as a going concern. There are no assurances that the company will be successful in obtaining the additional financing.

The Company's ability to continue as a going concern is dependent upon its ability to access sufficient capital to complete exploration and development activities, identify commercial oil and gas reserves and to ultimately have profitable operations. These financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary if the Company was unable to realize its assets and settle its liabilities as a going concern in the normal course of operations. Such adjustments could be material.

3) SIGNIFICANT ACCOUNTING POLICIES

Preparation of Financial Statements

These unaudited interim consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles (“GAAP”) for interim financial statements and follow the same accounting policies and methods of application as the audited annual consolidated financial statements for the year ended December 31, 2009. These financial statements should be read in conjunction with those audited annual consolidated financial statements for the year ended December 31, 2009.

The preparation of financial statements in conformity with Canadian GAAP requires management to make estimates and assumptions regarding certain assets, liabilities and expenses. Such estimates include those related to depreciation, accretion, asset retirement obligations, the fair value of assets and financial instruments, and litigation. Actual results could differ from estimated amounts.

Future Accounting Pronouncements

In 2008 the Accounting Standards Board of Canada (AcSB) announced that accounting standards for publicly accountable enterprises in Canada are to converge with International Financial Reporting Standards (“IFRS”). The Company will be required to report under IFRS in the first quarter of 2011 with appropriate comparative data from the prior year. Under IFRS there is significantly more disclosure required, particularly for quarterly



reporting. Further, while IFRS is a conceptual framework similar to Canadian GAAP, there are significant differences in accounting policy which must be addressed. The Company has a plan and has analyzed the impact IFRS may have on our financial statements. The Company expects the impact on its financial statements to be minimal.

First Time Adoption of IFRS (“IFRS 1”) provides entities adopting IFRS for the first time with a number of optional exemptions and mandatory exceptions in certain areas to the general requirement for full retrospective application of IFRS. Management is analyzing the various accounting policy choices available and will implement those determined to be the most appropriate, which at this time are summarized as follows:

- Business Combinations – IFRS 1 would allow the Company to use IFRS rules on a prospective basis rather than re-stating all business combinations.
- Property, Plant and Equipment (“PP&E”) – IFRS 1 provides the option to value PP&E assets at their deemed cost being the Canadian GAAP net book value assigned to these assets. Since the Company’s assets are unproved, all assets are deemed Exploration and Evaluation expenditures and will be re-classified to intangible assets. These assets will not be depleted and must be assessed for impairment when indicators suggest the possibility of impairment.
- Share-based payments – IFRS 1 allows the Company to use Canadian GAAP for options granted prior to 2002 or for options that have fully vested prior to January 1, 2010.
- Cumulative translation differences – IFRS 1 allows for all translation differences to be deemed zero upon transition.
- Decommissioning liabilities – IFRS 1 allows for prospectively measuring Asset Retirement Obligations at the time of adoption instead of reversing historical recorded amounts.
- Borrowing costs – IFRS 1 allows for prospective application pertaining to the capitalization of borrowing costs.

4) PETROLEUM AND NATURAL GAS PROPERTIES

	September 30, 2010	December 31, 2009
Philippines	\$ 14,887,804	\$ -
Alaska	13,097,674	34,998,979
Niger	2,840,614	2,872,611
Other	22,967	20,578
	30,849,059	37,892,168
Accumulated amortization	(9,775)	(6,353)
	\$ 30,839,284	\$ 37,885,815

For the three months ended September 30, 2010 the Company has capitalized \$283,089 (September 30, 2009 - \$1,370,943) of general and administrative costs. For the nine months ended September 30, 2010 the Company has capitalized \$946,139 (nine months ended September 30, 2009 - \$2,379,337) of general and administrative costs.

Philippines

On March 10, 2010 the Company signed farm-in agreements to acquire a 12.5% equity interest in Service Contract 54A in the Philippines, which includes two offshore development ready oil discoveries. Consideration totals US\$11,166,667, with US\$5,256,804 paid on execution of the farm-in agreement and US\$3,039,971 paid in Q3 2010 following first crude oil off-take. The balance is payable in stages following subsequent crude off-takes.

TG World Energy Corp.

Notes to Unaudited Interim Consolidated Financial Statements

September 30, 2010 and 2009

(in Canadian dollars)



TG Philippines has also funded its share of project costs which have totalled US\$7,514,290 (net of oil sale revenue of US\$1,827,682) as at September 30, 2010. In addition, approximately CAD \$456,603 has been capitalized as general and administrative costs.

Alaska

TG Alaska has a Joint Venture Agreement with Alaska Venture Capital Group (“AVCG”) and Brooks Range Petroleum Corporation (“BRPC”), a wholly-owned subsidiary of AVCG, to explore joint venture oil and gas properties held on the Alaska North Slope. TG Alaska’s working interests vary from 20% to 35%. The carrying value of the asset represents unproved properties. In Q1 2010, the Company realized a write-down of \$22,000,000 on assets in the Gwydyr region of the North Slope as a result of the unsuccessful Sak River #1a well and the subsequent relinquishment of certain leases in the Beechy Point Unit.

TG Alaska 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. As at September 30, 2010 TG Alaska has accrued US\$1,458,401 (CAD \$1,501,861) in PPTC of which US\$529,043 (CAD \$544,808) was received in Q4 2010. The balance is expected to be received in Q1 2011.

Niger

TG Niger is a party to an Establishment Agreement with the Chinese National Petroleum Company International Ténéré Ltd. (“CNPCIT”), a wholly owned subsidiary of the Chinese National Petroleum Company (“CNPC”), to explore oil and gas properties on the Ténéré Block in Niger, Africa. CNPCIT is the operator and carries nearly 100% of TG Niger’s 20% share of costs for the Minimum Work Program. The carrying value of the asset represents unproved properties.

5) RELATED PARTY TRANSACTIONS

The Company receives management, secretarial and administrative services from Seajay Management Enterprises Ltd. (“Seajay”) and TVI Pacific Inc. (“TVI”) under contracts approved by the independent members of the Board of Directors. The amounts are recorded at fair market value. The Company’s President and CEO is also an officer and director of Seajay and TVI. At September 30, 2010 the Company had an account payable to Seajay for \$28,117 (December 31, 2009 - \$30,177) and an account payable to TVI for \$9,216 (December 31, 2009 - \$20,709). The balances were paid in Q4, 2010.

The following table presents transactions with related parties during the year.

	Three months ended		Nine months ended	
	September 30 2010	2009	September 30 2010	2009
Management, secretarial and administrative services charged by Seajay	\$ 85,491	100,396	295,790	286,241
Rent and office maintenance costs charged by TVI	30,595	38,999	104,605	124,734
	\$ 116,086	139,395	400,395	410,975

TG World Energy Corp.

Notes to Unaudited Interim Consolidated Financial Statements
 September 30, 2010 and 2009
 (in Canadian dollars)

**6) ASSET RETIREMENT OBLIGATIONS**

The following table reconciles the asset retirement obligation:

	Nine months ended September 30, 2010	Year ended December 31, 2009
Balance, beginning of year/period	\$ 198,930	\$ 266,659
Accretion expense	5,729	(26,247)
Additions	106,907	-
Foreign currency translation	(6,325)	(41,482)
Balance, end of year/period	\$ 305,241	\$ 198,930
Key assumptions:		
Inflation rate	2%	2%
Credit adjusted risk free rate	8%	8%
Undiscounted estimated cash flow required to settle obligation	421,612	305,985

The Company's asset retirement obligations result from net ownership interests in petroleum and natural gas assets. The Company estimates that these obligations will be paid within the next 15 years, with the majority of costs anticipated by 2022. The reclamation cost assumptions were adjusted downward in 2009 as a result of updated cost projections received from the operator.

7) FINANCING**Short term debt**

On August 30, 2010 the Company closed a short term secured loan for total gross proceeds of US\$1,000,000 (CAD \$1,042,040). The loan bears interest at an annual rate of 18%, is secured by the Company's assets, and is repayable in part or full at any time over a 9 month term.

The Company used the short term financing to pay back its outstanding loan balance of \$1,199,428 which was issued on January 15, 2010. The Company recognized an expense of \$452,084 as a result of the write-off of the discount on the valuation of the debt.

Long term debt

On August 30, 2010 the Company also closed a secured loan for total gross proceeds of US\$5,000,000 (CAD \$5,210,208). The loan bears interest at an annual rate of 16%, is secured by the Company's assets and is repayable in part or full at any time over an 18 month term. In connection with the closing of the loan, the Company has issued the Lender common share purchase warrants that allow for the purchase of up to an aggregate of 12 million common shares of the Company at a purchase price of CAD \$0.10. The warrants expire on August 30, 2012.

Of the US\$5,000,000 (CAD \$5,210,208) gross proceeds received, the Company assigned CAD \$4,682,208 to the debt and CAD \$528,000 to the warrants based on each instruments' relative fair value. The amount assigned to the debt is being accreted to the principal amount using the effective interest rate of 10% over the full term to maturity and the warrants are included in the shareholders equity.

At September 30, 2010 the Company's outstanding loan balance was recorded at amortized cost as \$4,711,541. The Company also accrued interest expense of \$41,136 payable on November 30, 2010.



8) SHARE CAPITAL

a) Authorized

An unlimited number of common shares.

b) Issued and outstanding

Common shares	Nine months ended September 30, 2010		Year ended December 31, 2009	
	Number	Amount	Number	Amount
Balance, beginning of year/period	122,335,870	\$ 53,652,382	122,327,538	\$ 53,651,003
Shares issued:				
On exercise of options	-	-	8,332	1,379
Balance, end of year/period	122,335,870	\$ 53,652,382	122,335,870	\$ 53,652,382

c) Common share option plan

The Company has a share option plan pursuant to which options may be granted to directors, officers, employees, and consultants of the Company. The number of common shares issuable under the Company's share option plan cannot exceed 10% of the issued and outstanding common shares of the Company. The number of common shares issuable to any one person under the plan cannot exceed 5% of the issued and outstanding common shares from time to time. The maximum number of common shares issuable to consultants of the Company or employees conducting investor relations cannot exceed 2% of the issued and outstanding common shares in any twelve month period. The exercise price of each option is equal to the greater of \$0.10 or the closing market price of the Company's stock the day prior to the grant date or a price higher than the closing market price deemed appropriate by the board of directors. The options vest in equal quarterly instalments over three years and expire no more than five years from the date of grant.

The following table summarizes information about options outstanding and exercisable:

	September 30, 2010		December 31, 2009	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Options outstanding, beginning of year/period	12,023,230	\$ 0.60	9,128,230	\$ 0.83
Granted	100,000	0.15	4,760,000	0.12
Exercised	-	-	(8,332)	(0.12)
Expired	(715,000)	(0.96)	(515,000)	(0.10)
Cancelled	(1,170,000)	(1.61)	-	-
Forfeited	(150,000)	(0.12)	(1,341,668)	(0.65)
Options outstanding, end of year/ period	10,088,230	\$ 0.46	12,023,230	\$ 0.60
Options exercisable, end of year/ period	6,079,460	\$ 0.69	5,906,980	\$ 1.07

Note – Options cancelled during the period ended September 30, 2010 were fully vested.

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Options outstanding and exercisable as at September 30, 2010:

Exercise price	Number outstanding	Weighted average remaining contractual life (years)	Exercisable
\$ 0.15	100,000	4.7	8,333
0.16	150,000	4.2	37,500
0.12	6,575,000	3.7	2,770,397
0.58	1,655,000	2.0	1,655,000
1.90	1,400,000	0.94	1,400,000
1.10	208,230	0.57	208,230
\$ 0.46	10,088,230	3.0	6,079,460

There were 100,000 options granted during the nine months ended September 30, 2010 (September 30, 2009 – 4,610,000). The following table sets out the assumptions used in applying the Black-Scholes model:

	Nine months ended September 30, 2010	Year ended December 31, 2009
Risk-free interest rate – average	2.59%	2.31%
Expected life (in years)	5	5
Expected volatility	109%	103%
Weighted average fair value	\$0.12	\$0.09

For the three months ended September 30, 2010, a total of \$94,300 (September 30, 2009 – \$273,495) of stock-based compensation was charged, of which \$32,608 (September 30, 2009 – \$73,656) was capitalized. During the nine months ended September 30, 2010, a total of \$286,409 (September 30, 2009 – \$816,719) of stock-based compensation was charged, of which \$96,760 (September 30, 2009 – \$232,325) was capitalized.

d) Warrants

In August 2010 the Company issued 12 million common share purchase warrants in connection with a debt financing, with a total fair value of \$528,000. Each warrant is convertible into one common share at an exercise price of \$0.10 per share. The warrants expire on August 30, 2012.

In January 2010 the Company issued 10 million common share purchase warrants in connection with a debt financing, with a total fair value of \$775,000. Each warrant is convertible into one common share at an exercise price of \$0.25 per share. The warrants expire on January 15, 2012.

e) Contributed surplus

	September 30, 2010	December 31, 2009
Balance, beginning of year	\$ 7,209,832	\$ 6,314,250
Stock-based compensation	289,357	1,008,813
Options forfeited	(2,948)	(112,852)
Transfer to share capital on exercise of options	-	(379)
Balance, end of year/ period	\$ 7,496,241	\$ 7,209,832



9) PER SHARE AMOUNTS

The basic weighted average number of common shares outstanding for the nine months ended September 30, 2010 was 122,335,870 (September 30, 2009 – 122,327,538). 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.

10) CAPITAL MANAGEMENT

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, due to related parties and current plus long-term debt. 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, 2010	December 31, 2009
Debt	6,315,762	\$3,307,844
Equity	27,844,439	\$51,211,184
Assets	32,595,086	\$43,850,201
Debt-to-equity	0.227	0.065
Debt-to-assets	0.194	0.075
Working capital surplus	\$458,875	\$13,517,310

11) FINANCIAL INSTRUMENTS

a) 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, accounts payable and accrued liabilities, and due to related parties approximate their fair value at September 30, 2010 and December 31, 2009 due to their short term nature.

The secured loan is measured at amortized cost using the effective interest rate method. The fair value of the loan does not equate to the book value due to the recent occurrence of the transaction.

b) Currency risk

The Company faces currency risks mainly due to the substantial cross-border element of its operations. The Company is a publicly traded Canadian company and it obtains its financing in both Canadian dollars and US



dollars. 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. A 1% change in the foreign currency exchange rate would result in a change, based on period end balances, of cash and cash equivalents of \$1,515 and a change of accounts payable and accrued liabilities of \$9,049.

c) 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's financing arrangement is secured by all the assets and re-payment of the loan is based on receipt of PPTCs from the State of Alaska. The elimination of the PPTC program could have a detrimental effect on the Company's ability to meet its obligation to the lender.

The Company continues to be a development stage enterprise and engages in exploration and development of properties located in Alaska, Niger and the Philippines. As such, TG Alaska, TG Niger and TG Philippines currently have no producing petroleum and natural gas properties and no production revenue. The Company's current assets are greater than its current liabilities with a current ratio multiple of 1.14. The Company will continue to monitor its capital and operating expenditures to ensure financial obligations can be met when they fall due.

d) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company does have a significant concentration of credit risk on its outstanding receivables; however, they are mainly due from government agencies. The timing of cash receipts from the State of Alaska has recently become more predictable as the Department of Revenue has recently altered its procedures for issuing PPTCs. The State of Alaska no longer requires forward spend to file for the Tax Credit Certificate. In addition, PPTCs are issued within 120 days of the application submission which can be sold back to the state immediately for the first half of the credit and second half can be claimed in the following calendar year. The Company views amounts in accounts receivable as current in nature. Long term receivables reflect discounted fair value PPTCs to be received after one year.

The Company maintains its cash and investments (Treasury bills and bankers' acceptance notes) in accounts from highly reputable banks, which are approved by the Board of Directors.

e) Price risk

Price risk is the risk the Company faces from changes in commodity prices. Since the Company's business is trading a marketable commodity, the Company is exposed to market rates for that commodity in terms of potential revenue it generates and how the price of the commodity impacts business decisions to ensure the Company aligns itself strategically with changes in the marketplace to ensure profitability.

12) CONTINGENCIES

As a part of the negotiations leading to the Joint Venture Agreement on the Alaska properties, TG Alaska agreed to pay a third party a 2% overriding royalty interest share of TG Alaska's interest in hydrocarbons from the

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initially awarded oil and gas leases on the Alaska North Slope. In addition, the third party will receive a 1.25% overriding royalty of TG Alaska'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 TG Alaska'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 September 2009 TG Alaska settled all outstanding legal disputes with AVCG and BRPC. With the execution and delivery of the settlement agreement, the current litigation between AVCG/ BRPC and TG Alaska, and related claims and counterclaims has been dismissed with prejudice. The current Joint Venture Agreement expired in March 2010, however it continues in full force and effect as neither contract party has given the other party written notice to terminate the Agreement (not less than ninety (90) days on any anniversary date of this Agreement).

TG Niger holds a 20% interest in the CNPCIT operated Ténéré Permit, and CNPCIT is currently committed to carry TG Niger's cost of the Minimum Work Program for the current term. However, the Ténéré Establishment Agreement (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 current term of the existing Ténéré EA has been extended by the Niger Government due to the security conditions and force majeure that prevailed in the region.

As at September 30, 2010 there were no pending PPTC applications with the State of Alaska for approval.

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Solicitors:

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