TG WORLD ENERGY CORP.

JUNE 30, 2005 AND 2004

MANAGEMENT DISCUSSION AND ANALYSIS

The following interim Management's Discussion and Analysis (MD&A) updates our annual MD&A included in our 2004 Annual Report to Shareholders, and our interim MD&A for the first quarter of 2005, to which readers are referred. No update is provided where an item is not material or there has been no material change from the discussion in our annual and quarterly MD&A's.

The Management Discussion and Analysis and Financial Statements for the quarter ending June 30, 2005 have not been reviewed by the Company's auditors.

Description of the Business

TG World Energy Corp. is a Canadian junior oil and gas exploration and development company whose main asset is TG World Petroleum Limited, a 100% owned Bahamian subsidiary. TG World's only asset is its 20% interest in the Establishment Agreement (EA) with the Republic of Niger in the Tenere area. An 80% interest is retained by CNPC International Tenere Ltd. ("CNPCIT"), who is the operator of the Tenere project.

Under the arrangements concluded in 2004, CNPCIT will pay (i.e. carry) 100% (with minor exceptions) of TG World's share of costs for an agreed Minimum Work Program, including project related G & A costs. The major components of the Program are acquiring, processing and interpreting a minimum of 1500 km of seismic and drilling three exploration wells. The Company will also be carried for any seismic done over and above the 1500 km up to the drilling of the second exploration well. The Company will be required to repay its carried costs of the Minimum Work Program to CNPCIT, without interest, out of a share of TG's future production from the Tenere Block, only if the program results in petroleum production.

The Tenere Block seismic acquisition program, operated by CNPCIT is now complete. CNPCIT has reported that it achieved all objectives for the seismic acquisition program as of June 18, 2005 through the acquisition of 1,686.525 line km after commencing shooting on January 11, 2005. CNPCIT achieved an overall rate of 10.67 km/day, despite unseasonably severe heat in the Tenere desert this year.

CNPCIT is now processing the data at its in-house processing centre in Niamey, the capital of Niger. As of June 30, 2005, approximately 1000 km of data had already been processed.

TG World has independently processed certain data in Calgary for purposes of control and comparison, and feedback to CNPCIT. As previously reported, the data acquired during the program is judged by both parties to be of high quality.

CNPCIT has obtained previously shot seismic data covering the Tenere trough which will be reprocessed and integrated into the recently program seismic.

The majority of the seismic data acquired by the program was prospect or lead-specific. The two companies will be proceeding to interpretation with a view to identifying potential drilling locations.

Overview of Consolidated Financial Highlights

	3 months ended		6 months ended	
	June 30, 2005	June 30, 2004	June 30, 2005	June 30, 2004
EXPENSES				
General and administrative	130,582	288,531	453,836	513,824
Amortization of debenture discount	20,951	15,893	53,410	33,952
Interest expense	15,989	30,000	39,088	60,030
Interest income	(46)	(5)	(934)	(445)
Foreign exchange (gain) loss	(9)	(6)	(125)	500
Net loss	167,466	334,413	545,274	607,861
Net loss per share – basic and diluted	(0.0052)	(0.016)	(0.0171)	(0.030)

Share capital	3,807,755	2,645,568	3,807,755	2,645,568
Working capital (deficiency)	(711,422)	(472,303)	(711,422)	(472,303)
Capital assets	-	-	-	-
Total assets	8,871	14,363	8,871	14,363
Convertible debentures	-	(983,980)	-	(983,980)
Other liabilities	-	-	-	-
Shareholders' equity	(711,422)	(1,456,283)	(711,422)	(1,456,283)

TG World's second quarter consolidated net loss was $167,466, or $0.0052 basic and diluted net loss per share. This is a decrease of $166,947 compared to net loss of $334,413 or $0.016 per share for the second quarter of 2004. The decrease in 2005 expenses is attributable mainly to legal costs incurred in 2004 to resolve the dispute with CNOC and related parties.

For the six month period ended June 30, 2005, consolidated net loss was $545,274 or $0.0171 basic and diluted net loss per share, compared to net loss of $607,861 for the same period in 2004 ($0.030 per share) or a decrease of $62,587. The decrease in 2005 is attributable mainly to legal costs incurred in 2004.

Shares issued for convertible debentures and warrants

During the quarter, shares issued for convertible debentures contributed $302,549 to shareholder's equity, and warrants exercised contributed a further amount of $169,998. The debentures maturing on March 31, 2005 and June 20, 2005 in the amounts of $150,000 and $250,000 respectively were converted to common shares of the Company on maturity. Convertible debentures in the amount of $330,000 will mature on September 30, 2005. Of the total debentures issued for $1 million in 2003, $670,000 has been converted to common shares of the Company and it is expected that the remaining outstanding debentures will be converted by maturity date. If these debentures are converted to common shares on or before maturity, a further increase in share capital will be realized and working capital deficiencies will be increased.

Capital Assets

In 2003, the Company wrote down $2,030,586, its capital assets related to its previously held Tenere EA, (see Notes 2 & 4 to the 2004 Consolidated Financial Statements) due to uncertainty associated with the ultimate recoverability of the Company's capital assets which were in dispute with the Government of Niger and CNPC group of companies. No value has been assigned to the new Tenere Exploration Agreement executed in 2004.

Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities increased to $379,350 in 2005 from $340,289 in 2004, despite the reduction in legal fees in 2005, due mainly to the inclusion of the debenture interest of $191,432 in current liabilities in 2005.

Convertible Debentures

During 2003, the Company issued $1,000,000 of convertible debentures (none in 2004 or 2005). The debentures were recorded in debt and equity using their relative fair values. An option-pricing model was used to determine the fair value of the equity component of the debentures. In 2004 over the term of the debentures, an amount equal to the equity component was added to the debt component as a charge to earnings each period.

In 2004 debentures in the amount of $190,000 were converted to 3,800,000 common shares to leave a principal balance of $810,000. In addition 625,000 warrants were exercised in 2004. As a result of the debenture conversion the liability component of $115,637 and equity component of $34,363 were reclassified to share capital. During the quarter ended March 31, 2005, the debenture holders converted debentures with a principal balance of $230,000 into 2,616,661 common shares at an average $0.088 per common share, leaving a principal balance outstanding of $580,000. As a result, both the liability component of $188,589 and the equity component of $41,411 of the convertible debentures, which were converted, have been reclassified to share capital.

During the quarter ended June 30, 2005, the debenture holders converted debentures with a principal balance of $250,000 into 2,316,659 common shares at an average of $0.108 per common share, leaving a principal balance outstanding of $330,000. As a result, both the liability component of $197,452 and the equity component of $52,548 of the convertible debentures, which were converted, have been reclassified to share capital.

The remaining convertible debentures on the Company's balance sheet are classified as current debt of $ 314,909.

Selected Quarterly Information

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

	2005		2004				2003	
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Expenses:								
General and administrative	109	301	372	480	284	220	694	112
Stock-based compensation	22	22	53	(7)	5	5	13	4
Amortization of debenture discount	21	32	(1)	43	16	18	(71)	87
Depreciation	-	-	-	-	-	-	-	-
Interest	16	23	38	47	30	30	17	12
Foreign exchange loss	-	-	39	1	-	-	-	-
Write-off capital assets	-	-	-	-	-	-	2,031	-
Cost recovery	-	-	(1,236)	-	-	-	-	-
Interest income	(1)	(1)	-	-	-	-	-	-
Net loss (gain)	167	377	(735)	564	335	273	2,684	215
Net loss (gain) per share (basic)	0.005	0.015	(0.030)	0.026	0.016	0.014	0.136	0.011

	2005		2004				2003	
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Share capital	3,808	3,335	2,846	2,826	2,646	2,646	2,646	2,677
Working capital (deficiency)	(711)	(986)	(1,074)	(962)	(472)	(189)	(3)	(264)
Capital assets	-	-	-	-	-	-	-	2,421
Total assets	9	153	255	36	14	74	261	2,435
Convertible debentures	-	-	-	(886)	(984)	(938)	(856)	(186)
Other liabilities	-	-	-	-	-	-	-	-
Shareholders’ equity	(711)	(986)	(1,074)	(1,848)	(1,456)	(1,127)	(858)	1,971

The following discussion highlights some of the more significant factors that impacted the results in the eight most recently completed quarters ended June 30, 2005

In the second quarter of 2005 the expense reduction compared to the second quarter of 2004 was mainly due to reduced legal fees. Fluctuations in the quarterly net loss were primarily driven by the higher general and administrative costs in the first quarter and the third and fourth quarters of 2004 and the fourth quarter of 2003 due to bonus payments and increased legal costs in concluding our settlement with the Government of Niger and CNPC group of companies. In the fourth quarter of 2004, the cost recovery of US1.0 million resulted in a gain for the quarter.

The higher stock based compensation expense recorded in the fourth quarter of 2004 reflects the Company’s adoption, with retroactive effect to share options granted since January 2002, of new standards for “stock-based compensation and other stock-based payments” that now require the Company to record the fair value of all share options granted since January 1, 2002. Stock based compensation expense in the first and second quarters of 2005 is higher than the first and second quarters of 2004 for the same reason.

The increases in share capital in the third and fourth quarters of 2004 and the first and second quarters of 2005 reflect the conversion of debentures to common shares and the exercise of warrants.

Liquidity and Capital Resources

The Company completed three private placements during 2003. The first tranche closed on March 31, 2003 and the second tranche closed on June 20, 2003. The financing involved the issuance of Units consisting of a $10,000 unsecured convertible debenture bearing interest at the greater of Royal Bank of Canada prime rate plus 4% per annum or 12% per annum and 83,333 common share purchase warrants. Each two warrants entitle the warrant holder to purchase one common share at an exercise price of $0.12 per share for a period of two years from the anniversary of the closing date. The term to maturity of the convertible debenture is the earlier of the two year anniversary from the closing date or conversion by the holder or redemption by the Company. The Company may call the debenture for redemption, upon giving the holder 15 days notice, when the weighted average trading price of the common shares of the Company for any 22 consecutive business days equals or exceeds $0.37. The debenture holder is entitled to convert all or part of the debenture (principal only) into common shares of the Company at any time up to two years from the anniversary of the closing date at no additional cost to the holder. The conversion rate for either redemption by the Company or retraction by the holder is 83,333 common shares for each $10,000 investment amount.

The third private placement closed on December 11, 2003 and raised $600,000. The financing involved the issuance of Units consisting of a $10,000 unsecured convertible debenture bearing interest at the greater of Royal Bank of Canada prime rate plus 4% per annum or 12% per annum and 100,000 common share purchase warrants. Each full warrant entitles the warrant holder to purchase one common share at an exercise price of $0.10 per share up to September 30, 2005. The term to maturity of the convertible debenture is the earlier of September 30, 2005 or conversion by the holder or redemption by the Company. The Company may call the debenture for redemption, upon giving the holder 15 days notice, when the weighted average trading price of the common shares of the Company for any 22 consecutive business days equals or exceeds $0.37. The debenture holder is entitled to convert all or part of the debenture (principal only) into common shares of the Company at any time up to September 30, 2005 at no additional cost to the holder. The conversion rate for either redemption by the Company or retraction by the holder is 200,000 common shares for each $10,000 investment amount.

The funds raised through the aforementioned private placements were used for working capital purposes and largely to resolve the legal issues with the CNPC group of companies and Niger government. The issues were successfully completed in 2004.

As part of the settlement agreements, TG World was paid by CNPCIT US$1.0 million (CDN$1,235,700) in 2004.

The fully-diluted number of shares outstanding at June 30, 2005 and December 31, 2004 were as follows:

Fully-Diluted Shares Outstanding	June 30, 2005	December 31, 2004
Common shares issued	32,275,891	24,175,913
Stock options outstanding	4,055,000	4,005,000
Common shares issuable upon convertible debenture conversions	6,600,000	11,533,320
Common shares issuable from warrant exercises	4,400,000	7,566,662
Total common shares if all options and warrants are exercised and debentures converted	47,330,891	47,280,895

As at June 30, 2005 the Company had $8,467 in cash and a working capital deficit of $711,422 which consists primarily of debentures ($314,909), interest payable on debentures ($191,432) and $187,918 to related parties for services rendered. It is anticipated that all debentures will be converted to common shares, thereby extinguishing this debt, and on the basis of current market conditions, that all warrants will be exercised before they expire on September 30, resulting in the purchase of additional shares, which will provide additional funds to the treasury.

The Company's 20% share of the Minimum Work Program of 1500 km (increased to 1686 km) of seismic and three exploration wells including project G & A is paid for (i.e. carried) by CNPCIT with minor exceptions. The Company will have continuing overhead and other costs and may have to raise new funds.

Brokered Private Placement Financing

On July 21, 2005, the Company announced the completion of its brokered private placement of an aggregate of 3,571,000 units (the “Units”) of the Corporation (the “Offering”) to subscribers (the “Subscribers”) at a price of $0.70 per unit for gross proceeds to the Corporation of $2,500,000

Each Unit consists of one common share and one-half of one share purchase warrant. Each full purchase warrant entitled the holder thereof to acquire one common share, at a price of $0.85 per share if the warrant is exercised within the first twelve months following closing and at $1.00 per share if the warrant is exercised at any time during the second year following closing.
The Units were offered for sale to accredited investors on a commercially reasonable efforts basis (the “Offering”) by Canaccord Capital Corporation acting as agent (the “Agent”).

Pursuant to the terms of the formal agency agreement (the “Agency Agreement”) entered into between the Agent and the Corporation, the Corporation paid a commission to the Agent equal to 8% of the gross proceeds of the Offering and issued 357,100 share purchase warrants, on the same terms and conditions as the share purchase warrants issued to Subscribers, to the Agent, representing 10% of the number of Units sold by the Agent pursuant to the Offering.

In addition, pursuant to the terms of the Agency Agreement, the Agent exercised its option to receive, in lieu of a portion of its commission otherwise payable in cash, 110,715 Units (consisting of 110,725 common shares and 55,357 share purchase warrants) on the same terms and price as the Units issued to Subscribers.

Under this financing arrangement, 3,681,715 shares were issued on July 21, 2005. If all the warrants are exercised, an additional 1,840,857 shares would be issued for a total of 4,722,572 additional shares, which, when added to the 47,330,891 June 30 2005 diluted share balance, brings the total diluted share number for the Company to 52,053,463 shares.

The proceeds received net of issuing expenses amounted to $2,363,424.50 and will be used to meet working capital requirements. Cash in excess of immediate requirements is invested in short term notes.

Related Party Transactions

Related party transactions were undertaken with respect to management, secretarial and administration services supplied by Seajay Management Enterprises Ltd. in the amount of $15,000 in each of the first and second quarters of 2005 and 2004 respectively. Rent was paid to TVI Pacific Inc. in the amount of $7,614 and $6,147 for the second quarter of 2005 and 2004 respectively. In addition, management and project services were undertaken by Global Solutions Ltd. in the amount of $40,000 in 2005 and $15,000 in 2004 respectively. All such expenditures were performed under service contracts approved by the Board of Directors and reviewed for appropriateness and approved by company management. In the first quarter of 2005, the Board of Directors, acting on the recommendation of the compensation committee of the Board, awarded Seajay a retroactive management fee of $75,000 and both Seajay and Global Solutions performance bonuses, in the amounts of $50,000 and $25,000 respectively, for successfully negotiating the arrangements with CNPC and the Niger government.

The Board of Directors in January 2005 committed to Seajay Management and Global Solutions to review their contracts with an effective date of January 1, 2005

Material Contracts and Commitments

The Company’s main asset is its wholly-owned subsidiary, TG World Petroleum Limited (TG World). TG World's only asset is the Establishment Agreement (EA) with Niger relating to the Tenere Block and the obligation of CNPCIT to carry certain work on the EA.

TG World holds a 20% interest in the CNPCIT operated Tenere Permit, and CNPCIT is committed to carry TG World’s cost of a Minimum Work Program of 1500 km of seismic and drilling of three exploration wells. The estimated cost of TG World's share of this program is US$11 million. Under the terms of the EA this program will fulfill the work program obligations for the first term of almost four years. The Tenere EA also provides options for two additional three year terms that would include additional seismic and exploration well commitments.

Under a Success Fee Arrangement with a third party, the Company has agreed to reserve and pay to a third party for the successful settlement of the outstanding legal matters with CNPC and its related parties and the Government of Niger a minimum fee of $150,000 or greater of 4% of the value received for the Company's 20% interest in the Tenere EA. The third party shall pay its 4% share of the Company's cost. A definitive agreement has not yet been prepared. The minimum $150,000 is not payable until a definitive agreement is signed by both parties.

Critical Accounting Policies and Estimates

Significant and Changed Accounting Policies

> **Asset retirement obligation** – TG adopted the new accounting standards regarding asset retirement obligations effective January 1, 2004. Adoption of the new standard had no impact on the consolidated financial statements of the Company.
>
> **Stock-based compensation** – Effective January 1, 2004, TG adopted the revised Canadian accounting standard requiring the fair value method of accounting for stock option grants.
>
> **Impairment of long-lived assets** – Effective January 1, 2004, TG adopted the new accounting standard for impairment of long-lived assets which established new rules for the recognition, measurement, and disclosure of the impairment of long-lived assets (excluding oil and gas assets). The new standard harmonizes Canadian and U.S. GAAP. There was no impact to TG's consolidated financial statements upon initial adoption of the Canadian standard.

Accounting Estimates

TG's management is responsible for applying judgment in preparing accounting estimates. Certain estimates and related disclosures included within the consolidated financial statements are particularly sensitive because of their significance to the consolidated financial statements and because of the possibility that future events affecting them may differ significantly from Management's current judgments. The following are significant accounting estimates:

In regard to stock-based compensation TG has estimated the volatility, expected life and risk-free interest rates of the stock-based compensation.

Business Risks and Uncertainties

The Company's business is subject to risks inherent in oil and gas exploration and development operations. In addition, there are risks associated with the Company's current and future operations in the foreign jurisdiction in which it operates. The Company has identified certain risks pertinent to its business including: exploration and reserve risks, drilling and operating risks, costs and availability of materials and services, capital markets and the requirement for additional capital, loss of or changes to production sharing, joint venture or related agreements, economic and sovereign risks, possibility of less developed legal systems, reliance on CNPC relationships, market risk, volatility of future oil and gas prices and foreign currency risk.

The Company must rely on CNPCIT management efficiencies and technical skills as operator of the Tenere project.

Outlook

The Tenere Block seismic acquisition program, operated by CNPCIT is now complete. CNPCIT has reported that it achieved all objectives for the seismic acquisition program as of June 18, 2005 through the acquisition of 1,686 line km after commencing shooting on January 11, 2005. CNPCIT achieved an overall rate of 10.67 km/day, despite unseasonably severe heat in the Tenere desert this year.

The objectives of the program are to define better the structures already identified and to prioritize the prospects for drilling. Seismic shooting, processing and interpretation are expected to be finished in the fall. Planning for the drilling of the exploration wells has commenced.

Advisory Regarding Forward-Looking Statements

This discussion and analysis contains forward-looking statements. Forward-looking statements are subject to numerous known and unknown risks and uncertainties, some of which are beyond TG's control, including the impact of general economic conditions, industry conditions, volatility of commodity prices, currency exchange rate fluctuations, reserve estimates, environmental risks, and competition from other explorers, stock market volatility and ability to access sufficient capital. TG's actual results could differ materially from those anticipated in the forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements.

Additional information is available on TG's website at www.tgworldenergy.com or on SEDAR's website at www.sedar.com

August 19, 2005