

TG WORLD ENERGY CORP.

MARCH 31, 2006 AND 2005

MANAGEMENT DISCUSSION AND ANALYSIS

May 29 2006

The following interim Management's Discussion and Analysis (MD&A) updates our annual MD&A included in our 2005 Annual Report to Shareholders, to which readers are referred and should be read in conjunction with the interim consolidated Financial Statements for the 3-month period ended March 31 2006 and 2005. No update is provided where an item is not material or there has been no material change from the discussion in our annual MD&A.

The interim Consolidated Financial Statements for the period ending March 31, 2006 were reviewed by the Company's independent auditors; those for the period ending March 31, 2005 were not.

Description of the Business

TG World Energy Corp. ("TG" or the "Company") is a Canadian junior oil and gas exploration and development company whose two main assets are a 100% owned United States subsidiary, TG World, Inc whose only asset is a working interest in oil and gas leases located on the Alaska North Slope and TG World Petroleum Limited ("TG World"), a 100% owned Bahamian subsidiary whose only asset is its interest in the Establishment Agreement (EA) and licenses with the Republic of Niger in the Tenere area.

Alaska

The Company has entered into a joint venture agreement (the "JVA") with Brooks Range Petroleum Corporation ("BRPC") a wholly owned subsidiary of Alaska Venture Capital Group, LLC ("AVCG"), effective March 18, 2006. Under the terms of the JVA, the Company has acquired a 25 – 35% interest in almost all of BRPC/AVCG's existing and recently awarded oil and gas leases (the "properties"), located on the Alaska North Slope and has agreed to participate with BRPC/AVCG in the exploration and development of these properties. The areal extent of leases is approximately 167,033 net acres and contains eight geological prospects.

The parties have also entered into an exploration joint venture alliance (JV) respecting a more extensive exploration and development program on a large designated area containing all other State of Alaska governed petroleum leases onshore and offshore the North Slope between the National Petroleum Reserve Alaska (NPRA) in the west and the Alaskan National Wildlife Reserve (ANWR) in the east and in which BRPC/AVCG currently has no petroleum lease ownership. This will provide an area of new venture opportunity for the JV a deemed "Area of Mutual Interest" or "AMI".

The term of the JV runs until March of 2010, and continues thereafter unless terminated by either party.

The parties plan to conduct a series of exploration projects on the properties (and on any other that may be acquired in the future by the JV) including the drilling of four wells during the period 2006-2009 at a total estimated cost of US\$46.9 million (Cdn\$54.7 million), including the costs of land, seismic, supporting prospect generation, general and administration costs and geological and geophysical activities. The Company estimates its share of the costs of this four-year exploration program to be US\$17 million (Cdn\$19.83 million), payable as follows: (a) upon execution of the JV, an initial payment of US\$1.953 million (Cdn\$2.278 million) for a 35% working interest share of an 80% net revenue interest in all of BRPC/AVCG's Gwydyr Bay acreages and 25% working interest share of an 80% net revenue interest in all the other BRPC/AVCG's properties. The US\$1.953 million (Cdn\$2.278 million) was payable as to US\$1.46475 million (Cdn\$1.70834 million) in cash and US\$488,250 (Cdn\$569,446) by issuance of 443,809 common shares in TG World Energy Corp. at a deemed value of US\$1.10 (Cdn\$1.28) per common share (shares are subject to a four month hold); and (b) a series of subsequent payments in the estimated total amount of US\$15.46 million (Cdn\$18.03 million) as a further contribution to the costs of the program. TG World Energy Corp. has

the right to participate or not in each part of the planned programs, but if it decides not to participate in any portion will lose its property interest in the lands subject to that part of the program only.

The 2006-07 winter season activities include the shooting of 3D surveys, purchasing more existing 3D seismic, acquiring more leases, drilling of the first well and possibly more wells.

BRPC/AVCG, the JV operator, has assembled an impressive strategic acreage position in one of the under explored, great petroliferous provinces of North America with many excellent opportunities to explore for and find new oil pools in the 20-200 million bbl range using the newer technologies that are now available. Discoveries when made can be quickly brought on stream. Our entry is a major growth step for TG World Energy Corp. It is a strategic step that brings balance to our other major asset, our Tenere Project in Niger.

Tenere, Niger

TG World's only asset is its 20% interest in the Establishment Agreement (EA) and licenses 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) TG World's share of costs for an agreed Minimum Work Program (the 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. TG World will also be carried for any seismic done over and above the 1500 km up to the drilling of the second exploration well. TG World will be required to repay its carried costs to CNPCIT, without interest, out of a share of its future production from the Tenere Block, only if the program results in petroleum production. In December 2004 CNPCIT paid TG World US\$1 million (CDN\$1,235,700) for past costs as part of the arrangements.

The Tenere Block initial seismic acquisition program, operated by CNPCIT and consisting of 1,686 line km was completed early in 2005. CNPCIT reported that it achieved all objectives for the seismic acquisition program.

CNPCIT initiated a further program to acquire an additional 865 kilometers of new 2D seismic data on the Tenere Block, completed early in 2006, as well as reprocessing and interpreting 3,822 km of vintage seismic. TG World is carried for the cost of the additional seismic. CNPCIT advised TG World that the new data was acquired to further evaluate and confirm specific prospects on the Tenere block, and to tie in the structure and the stratigraphy of the Tenere Block with adjacent areas.

The decision to acquire additional seismic data reflects CNPCIT's commitment to the Tenere program. The operator is devoting considerable effort and resources to the program and is aggressively acquiring geophysical data keyed to confirming the best prospects for the three-well drilling obligation contemplated by the Minimum Work Program and to reducing overall technical risk in drilling wells.

TG announced that its independent interpretation has confirmed that the data acquired by CNPCIT is high quality. This enabled the Company to fully participate in the decision-making meeting (Tenere Operating Committee Meeting) held in mid-December in Beijing. At this meeting, decisions were made concerning key elements of the Annual Work Program and Budget for 2006.

In December 2005, TG announced that the locations of the two exploration wells for drilling in 2006/7 have been approved. The target depths of the two wells are 4,035 meters and 3,671 meters. Drilling is expected to start as soon as equipment can be mobilized and drill sites prepared. A further 1000 km of 2D seismic is planned for 2006 and will likely be done before the drilling of the second exploratory well to infill several prospects and extend seismic data to the north where sufficient seismic is lacking. Up to 150 sq. km of additional 3D seismic data in the event of a discovery is also budgeted on a conditional basis.

Overview of Consolidated Financial Highlights

	3 months ended	
	Mar 31, 2006	Mar 31, 2005
	\$	\$
Net loss	182,419	377,808
Net loss per share – basic and diluted	0.0039	0.0145
Share capital	7,226,432	3,335,208
Working capital (deficiency)	18,926	(985,731)
Total assets	3,483,350	152,839
Convertible debentures	-	662,907
Other liabilities	258,858	1,138,570
Shareholders' equity	<u>3,224,492</u>	<u>(985,730)</u>

The improvement in operating expenses of \$195,389 for this 2006 1st quarter versus 2005 is explained as follows:

Loss (increase)decrease due to:	\$
Stock based compensation	(68,743)
Capitalization of Tenere project costs	95,738
Interest expense	23,099
Debenture discount amortization	32,459
Interest income	11,717
Bonus payments in 2005 and other items	<u>101,119</u>
	195,389

Stock based compensation was \$90,518 in first quarter 2006 compared to \$21,775 in 2005 due to the new options granted later in 2005.

The decision taken in the fourth quarter of 2005 to capitalize the costs of the work program in the Tenere project in Niger and other prospective work programs means that such costs are no longer charged to the Statement of loss.

In the first quarter of 2005, the Board of Directors, based on the recommendation of the compensation committee of the board, awarded Seajay Management Enterprises Ltd. ("Seajay") a management bonus of \$50,000 and Global Solutions Ltd. a management bonus of \$25,000 for their efforts in successfully negotiating the arrangement with CNPC and the Niger government. In the same quarter, a retroactive fee adjustment of \$75,000 was paid to Seajay in recognition of its reduced fees in 2004.

Shares issued on completion of Brokered Private Placement Financing

During the year ended December 31, 2005, shares issued on the completion of the private placement financing contributed a net of \$2,307,209 to shareholder equity. In this first quarter of 2006, shares issued on the exercise of warrants under this private placement financing contributed a net of \$125,260 to shareholder equity. Details of this financing are outlined in the commentary on Liquidity and Capital Resources in this MD&A

Shares issued on signing the Alaska Joint Venture Agreement

In this 1st quarter of 2006, 443,809 shares issued on the signing of the Alaska Joint Venture Agreement contributed a net of \$563,346 to shareholder equity. Details of this Joint Venture Agreement are outlined in the commentary on Description of the Business in this MD&A.

Options exercised

Shares issued on the exercise of options in this quarter contributed a net of \$26,054 to shareholder equity.

Petroleum and Natural Gas (P&NG) Assets

In 2003, the Company wrote down \$2,030,586, its P&NG 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 was assigned to the new Tenere Exploration Agreement executed in 2004.

As a result of the suite of agreements signed with the Government of Niger and the China National Oil and Gas Exploration and Development Corp. and the issuance of the new Exploration Agreement and licenses, the certainty of ultimate recoverability of this capital asset has improved. Accordingly, the costs incurred on the Niger project in 2005 have been capitalized (see note 4 to the 2005 Consolidated Financial Statements). Costs on this project in the first quarter of 2006 amounting to \$40,843 have been capitalized (see note 3 to the March 31, 2006 Interim Consolidated Financial Statements)

As a result of the Joint Venture Agreement entered into on the Alaska project (see commentary in the Description of the Business in this MD&A), costs of \$2,346,001 were capitalized in this 1st quarter of 2006.

Accounts Receivable

Accounts receivable of \$61,700 represent recoverable traveling and lodging expenses incurred by TG World personnel to attend Operating and Technical Committee meetings in Beijing. Under the terms of the Tenere Operating Agreement, CNPCIT, as Operator, is required to pay such costs for the account of the joint venture.

Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities decreased to \$231,162 in 2006 from \$271,442 at December 31, 2005. The change is caused by fluctuations in amounts due for services provided in the normal course of business.

Amounts due to Related Parties

Amounts due to related Parties decreased to \$27,696 in 2006 from \$44,312 at December 31, 2005. The change is caused by fluctuations in amounts due for services provided in the normal course of business.

Selected Quarterly Information

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

	2006		2005		2004			
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Expenses:								
General and administrative	104	(567)	294	109	301	372	480	284
Stock-based compensation	91	100	61	22	22	53	(7)	5
Amortization of debenture discount	0	0	15	21	32	(1)	43	16
Depreciation	-	-	-	-	-	-	-	-
Interest	-	0	10	16	23	38	47	30
Foreign exchange loss	-	(1)	-	-	-	39	1	-
Write-off capital assets	-	-	-	-	-	-	-	-
Cost recovery	-	-	-	-	-	(1,236)	-	-
Interest income	(13)	(14)	(9)	(1)	(1)	-	-	-
Net loss (gain)	182	(482)	371	167	377	(735)	564	335
Net loss (gain) per share (basic)	(0.004)	(0.014)	0.012	0.005	0.015	(0.026)	0.026	0.016
	2006		2005		2004			
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Share capital	7,226	6,512	6,526	3,808	3,335	2,846	2,826	2,646
Warrants	416	440	440	-	-	-	-	-
Working capital (deficiency)	19	1,869	2,070	(711)	(986)	(1,074)	(962)	(472)
P&NG assets	3,206	769	-	-	-	-	-	-
Total assets	3,483	2,954	2,216	9	153	255	36	14
Convertible debentures	-	-	-	-	-	-	(886)	(984)
Other liabilities	-	-	-	-	-	-	-	-
Shareholders' equity	3,225	2,638	2,070	(711)	(986)	(1,074)	(1,848)	(1,456)

The following discussion highlights some of the more significant factors that impacted the results in the eight most recently completed quarters ended Mar 31, 2006

In the fourth quarter of 2005 the expense reduction resulting in a positive outcome compared to the fourth quarter of 2004 was mainly due to reduced legal fees and the capitalization of the Tenere, Niger project expenses and other prospective work programs currently being pursued. First quarter 2006 general and administrative costs were lower than earlier quarters in 2005 and 2004 due to the fact that project costs are not charged to the loss statement but capitalized.

Fluctuations in the quarterly net loss were primarily driven by the higher general and administrative costs in the first quarter 2005 and the third and fourth quarters of 2004 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 2005, the capitalization of \$768,976 of project costs resulted in a gain for the quarter. Similarly, the cost recovery of US\$1.0 million in the fourth quarter of 2004, 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 of new standards for "stock-based compensation and other stock-based payments" that require the Company to record the fair value of all share options granted. 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 higher stock based compensation cost in the third and fourth quarters of 2005 and further increase in the first quarter of 2006 reflects the cost of new options awarded in the third quarter of 2005.

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. The increase in share capital in the third quarter of 2005 is due to conversion of debentures, exercise of warrants and issue of shares under the brokered private placement financing. The increase in share capital in the first quarter of 2006 is due to the exercise of warrants and shares issued under the Alaska Joint Venture Agreement.

The increase in capital assets in the 4th quarter of 2005 and first quarter of 2006 is due to the capitalization of the payment for the working interest in Alaska, and work programs in Niger and Cambodia.

The working capital deficiency has been eliminated and replaced by positive working capital starting in the third quarter of 2005 as a result of the cash generated by the private placement financing and the exercise of warrants. The decrease of working capital in first quarter 2006 is due to payment of US\$1.46475 million for the working interest in the Alaskan venture.

Liquidity and Capital Resources

Dilution

The fully-diluted number of shares outstanding at March 31, 2006 and December 31, 2005 were as follows:

Fully-Diluted Shares Outstanding	March 31, 2006	December 31, 2005
Common shares issued	47,654,042	46,957,606
Stock options outstanding	5,021,668	5,155,000
Common shares issuable from warrants issued in 2005	2,078,662	2,197,957
Total common shares if all options and warrants are exercised	54,754,372	54,310,563

As at December 31, 2005 the Company had \$2,123,390 in cash and working capital of \$1,869,336. As anticipated, all debentures were converted to common shares, and all warrants outstanding from the 2003 private placement were exercised before they expired, resulting in the purchase of additional shares which, in conjunction with the new July 2005 private placement, provided additional net funds to the treasury amounting to \$4,105,796

TG World's 20% share of the Minimum Work Program of 1500 km (increased to 1688 km), the acquisition of an additional 865 km of seismic and three exploration wells including project G & A is paid for (i.e. carried) by CNPCIT with minor exceptions. The Company had continuing overhead and other costs in acquiring/reviewing other projects and, accordingly, raised additional funds through a brokered private placement financing completed in July 2005.

Brokered Private Placement Financing

On July 21, 2005, the Company completed a brokered private placement of an aggregate of 3, units to subscribers at a price of \$0.70 per unit for gross proceeds to the Company of \$2,577,200.

Each Unit consists of one common share and one-half of one share purchase warrant. Each full purchase warrant entitles 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 Company issued a total of 2,197,957 share purchase warrants valued at \$439,592. This amount, shown under warrants in the equity section of the balance sheet at December 31, 2005, will be transferred to share capital as and when the warrants are exercised.

During the quarter, an amount of \$23,859 was transferred from warrants to share capital as a consequence of warrants exercised.

As at March 31, 2006, the Company had \$216,084 in cash and working capital of \$18,926. Cash outflows for operations and investments in new projects net of proceeds from financing activities resulted in a decrease of \$1,907,306 in cash.

Further capital must be raised in order to continue the Alaskan program, to permit flexibility to the Niger project if an oil discovery is made in the initial drilling program, and possibly to acquire additional assets resulting from continuing technical studies

Related Party Transactions

In the first quarter of 2006, fees charged by Seajay for management, secretarial and administration services amounted to \$45,000 and charges by TVI Pacific Inc. for rent and office maintenance costs amounted to \$7,614 and \$2,607 respectively (see note 4 to the March 31, 2006 Interim Consolidated Financial Statements).

Material Contracts and Commitments

The Company's main assets are its wholly-owned subsidiaries, TG World Petroleum Ltd. and TG World, Inc.

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. 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 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 TG World 20% interest in the Tenere EA. The third party shall pay its 4% share of the Company's cost. In the second quarter of 2006, an arrangement was negotiated whereby the Company issued 750,000 treasury shares of TG World Energy Corp to the third party in lieu of the \$150,000 minimum payment and continuing obligation to pay 4% share of value received from the TG World 20% interest in the Tenere EA.

TG World, Inc. holds a 25 – 35% working interest in almost all of BRPC/AVCG's existing and recently awarded oil and gas leases on the Alaska North Slope and is committed to participate in a series of exploration projects as described in the Description of the business section of this MD&A.

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 jurisdictions in which it operates. The Company has identified certain risks pertinent to its business including: exploration and reserve risks, drilling and operating risks, costs and availability of materials and services, capital markets and the requirement for additional capital, loss of or changes to production sharing, joint venture or related agreements, economic and sovereign risks, possibility of less developed legal systems, reliance on CNPC and BRPC/AVCG relationships, market risk, volatility of future oil and gas prices and foreign currency risk.

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

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 audited financial statements and annual MD&A on the recommendation of the Audit Committee. The interim financial statements and MD&A are reviewed by the Company's independent auditors and approved by the Audit Committee.

Outlook

The outlook for 2006 is positive. The Company has an ownership interest in two active projects, one in Alaska and one in Niger. Two exploratory wells are scheduled for drilling in Tenere, Niger in 2006 and at least one in Alaska in 2007. The results will be reported in due course.

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.

May 29, 2006