

TG WORLD ENERGY CORP.

MARCH 31, 2005 AND 2004

MANAGEMENT DISCUSSION AND ANALYSIS

May 31, 2005

The following interim Management's Discussion and Analysis (MD&A) updates our annual MD&A included in our 2004 Annual Report to Shareholders, 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 MD&A

The Consolidated Financial Statements ending March 31, 2005 and Management Discussion and Analysis have not been reviewed by auditors.

Description of the Business

TG World Energy Corp. is a Canadian junior international 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"), a subsidiary of China National Petroleum Corporation, 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 1,500 km of 2D seismic and drilling three exploration wells. The Company will also be carried for any seismic done over and above the 1,500 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 more than two thirds complete. CNPCIT has acquired more than 1,080 km of new data, of the minimum 1,500 km program. The 1,080 km mark was reached on May 9, 2005, after commencement of shooting on January 11, 2005.

Responding to ongoing analysis, CNPCIT has advised TG World that it will add 188 additional km of line acquisition to the total program. As per its agreement with CNPCIT, TG World will be carried for the additional cost of the program.

The data is currently being processed at an in-country processing centre that CNPCIT has established in Niamey, the Niger capital. Both companies are pleased with the quality of the data that has been acquired so far. TG World is independently processing some of the data in Calgary.

Overview of Consolidated Financial Highlights

	3 months ended	
	March 31, 2005	March 31, 2004
General and administrative, expenses	323,254	225,292
Amortization of debenture discount	32,459	18,059
Interest expense	23,099	30,030
Interest income	(888)	(440)
Foreign exchange (gain) loss	(116)	506
Net loss	377,808	273,447
Net loss per share – basic and diluted	(0.0145)	(0.0135)
Share capital	3,335,208	2,645,568
Working capital (deficiency)	(985,731)	(188,661)
Capital assets	-	-
Total assets	152,839	74,117

Convertible debentures	-	(938,087)
Other liabilities	-	-
Shareholders' equity	(985,730)	(1,126,748)

Expenses

The increase in expenses is attributable mainly to a performance bonus payment (\$150,000) to management for successfully concluding the arrangement with CNPC and the Niger government (see note 2 to the consolidated interim financial statements).

Net loss

TG World's first quarter consolidated net loss was \$377,808, or \$0.0145 basic and diluted net loss per share. This is an increase of \$104,361 over net loss of \$273,447 or \$0.0135 per share for the first quarter of 2004.

Working Capital

The working capital deficiency (\$985,731) consists primarily of interest payable on the debentures (\$180,210) and debentures due this year (\$543,958). On the basis of current market conditions, it is anticipated that all debentures will be converted to shares extinguishing this debt.

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 \$480,907 in 2005 from \$163,529 in 2004 - due primarily to the inclusion of the debenture interest of \$180,210 in current liabilities in 2005 and an increase of \$137,000 in legal expenses related to the settlement agreements reached in 2004 with Government of Niger and CNPC and related companies.

Convertible Debentures

During 2003, the Company issued \$1,000,000 of convertible debentures (none in 2004). 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 100,000 warrants were exercised in 2004, converting to 100,000 shares. As a result of the debenture conversion the liability component of \$155,637 and equity component of \$34,363 were reclassified to share capital.

During the quarter, shares issued for convertible debentures contributed \$309,641 to shareholder's equity and warrants exercised contributed a further amount of \$179,999. The debentures maturing on March 31, 2005 in the amount of \$150,000 were all converted to common shares of the Company on maturity. Convertible debentures in the amounts of \$230,000 and \$350,000 will mature on June 20, 2005 and September 30, 2005, respectively.

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.

As of March 31, 2005, \$420,000 of convertible debentures has been converted to 6,416,661 common shares of the Company and it is expected that the remaining outstanding debentures will be converted at maturity date. If these debentures are converted to common shares on maturity or earlier, a further increase in share capital will be realized.

The remaining convertible debentures on the Company's balance sheet are classified as current debt of \$543,958.

Selected Quarterly Information

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

	2005		2004		2003				
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Expenses:									
General and administrative	301	372	480	284	220	694	112	128	92
Stock-based compensation	22	53	(7)	5	5	13	4	4	4
Amortization of debenture discount	32	(1)	43	16	18	(71)	87	39	-
Depreciation	-	-	-	-	-	-	-	-	-
Interest	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)	-	-	-	-	-	-	-	-
Net loss (gain)	377	(735)	564	335	273	2,684	215	171	96
Net loss (gain) per share (basic)	0.015	(0.030)	0.026	0.016	0.014	0.136	0.011	0.008	0.005

	2005		2004		2003				
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Share capital	3,335	2,846	2,826	2,646	2,646	2,646	2,677	2,673	2,669
Working capital (deficiency)	(986)	(1,074)	(962)	(472)	(189)	(3)	(264)	(71)	34
Capital assets	-	-	-	-	-	-	2,421	2,341	2,110
Total assets	153	255	36	14	74	261	2,435	2,392	2,282
Convertible debentures	-	-	(886)	(984)	(938)	(856)	(186)	(100)	(150)
Other liabilities	-	-	-	-	-	-	-	-	-
Shareholders' equity	(986)	(1,074)	(1,848)	(1,456)	(1,127)	(858)	1,971	2,170	1,993

First Quarter Discussion

In the first quarter of 2005 and the 2004 year, fluctuations in the quarterly net loss were primarily driven by the higher general and administrative costs in the current quarter 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 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 quarter of 2005 is higher than the first quarter of 2004 for the same reason.

The increases in share capital in the third and fourth quarters of 2004 and the first quarter 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 of \$150,000 closed on March 31, 2003 and the second tranche of \$250,000 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 March 31, 2005 and December 31, 2004 were as follows:

	March 31, 2005	December 31, 2004
Fully-Diluted Shares Outstanding		
Common shares issued	28,325,901	24,175,913
Stock options outstanding	4,055,000	4,005,000
Common shares issuable upon convertible debenture conversions	9,158,327	11,533,320
Common shares issuable from warrant exercises	6,033,333	7,566,662
Total common shares if all options and warrants are exercised and debentures converted	47,572,561	47,280,895

As at March 31, 2005 the Company had \$139,091 in cash and a working capital deficit of \$985,731 which was discussed previously under working capital. On the basis of current market conditions, it is anticipated that all warrants will be exercised before they expire on June 20 and September 30, resulting in the purchase of additional shares (6,033,333), which will provide additional funds of \$610,000 to the treasury.

The Company's 20% share of the Minimum Work Program of 1500 km (to increase to 1688 km) of seismic and three exploration wells including project G & A is paid for (i.e. carried) by CNPCI with

minor exceptions. The Company will have continuing overhead and other costs and may have to raise new funds.

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 2005 and 2004 respectively, and rent in the amount of \$7,155 and \$6,147 respectively to TVI Pacific Inc. In addition management and project services were undertaken by Global Solutions Ltd. in the amount of \$7,500 in 2005 and 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 and Global Solutions performance bonuses in the amounts of \$125,000 and \$25,000 respectively for successfully negotiating the arrangement with CNPC and the Niger government (see note 2 to the interim consolidated financial statements).

Material Contracts and Commitments

The Company's only 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 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 the 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 seismic program commenced on January 11, 2005 and is progressing well. As of May 9, 2005, 1080 km had been shot. 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