



TG World Energy Corp.

First Quarter Report
For the period ended March 31, 2007



TG WORLD ENERGY CORP.

March 31, 2007 AND 2006

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following interim Management's Discussion and Analysis (MD&A) updates our annual MD&A included in our 2006 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 2007 and 2006. 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 periods ending March 31, 2007 and 2006 were reviewed by the Company's independent auditors.

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

In the first quarter ended March 31, 2007, the Company's share of joint venture exploration seismic and well drilling and completion costs amounted to \$5,553,114. More details on capitalized costs are given in note 3 to the interim financial statements for this period.

The Company 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, TG has acquired a 25 – 35% interest in almost all of BRPC/AVCG's existing 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 leases acquired were approximately 167,033 acres to the JVA and contain eight geological prospects. After the formation of the JVA, an additional 5,123 acres of new leases were acquired.

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 Arctic National Wildlife Reserve (ANWR) in the east and in which BRPC/AVCG had no petroleum lease ownership. This provides an area of new venture opportunity for the JV in the deemed "Area of Mutual Interest" or "AMI". On March 9, 2007 the Alaska JV acquired 126,990 gross acres on the North Slope of Alaska increasing its gross acres from 182,394 acres to 309,384 acres for a 70% increase in acreage.

The term of the JVA 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 JVA) including the drilling of four wells during the period 2007-2009.

Joint Venture exploration expenses for 2007 are estimated to be US\$44.5 million (Cdn\$51.175 million) with the Company's net share being US\$16.5 million (Cdn\$18.975 million). This activity includes geological/geophysical and general office overhead, land rentals, new lease purchases, 3-D seismic data purchases, new 3-D seismic acquisition, the drilling of 2 exploration wells and pre-drill expenses for the 2008 winter drilling season. The sum of the 2007 drilling and the 2008 pre-drill costs are 62% of the 2007 total expected expenditure. The Company is paying 50% of the costs of the Sak River-1 exploration well and 46% of the costs of the proprietary 3-D seismic program over the Gwydyr Bay leases; this will fulfill the 3-D seismic funding commitment and one of the four exploration well funding commitments the Company undertook when entering the Joint Venture Agreement. The Company has the option to not drill any of the four wells, but would surrender its interest in the prospect block. The Company also paid 35% of the North Shore #1 well which is not part of the four option wells.

In October 2006, the JV group was successful bidder for 39,660 acres in the Alaska North Slope area wide lease on shore sale and the Beaufort Sea near-shore, state lease sale. The acquisition consolidates BRPC/AVCG's acreage block in the Gwydyr Bay prospect's area where the JV partners drilled two wells this winter from onshore surface locations to offshore targets. The first well was drilled in February and the second in March 2007. The acquisition also consolidates acreage surrounding its Titania prospect in the Colville River area. The Titania prospect is south of the large 500 million barrel Alpine Field. Acreage was also acquired in a new prospect area north of the Alpine Field. In March 2007, the group acquired 126,990 gross acres of Alaska State leases from Bachner Leasehold Acquisition in 4 prospect areas: (Gwydyr Bay Area; Colville Delta Area west of the Kuparuk River Unit; Pt. Thomson Area west of the Arctic National Wildlife Refuge ("ANWR"); Camden Bay Area surrounding The ARCO Stinson #1 well, a certified producing well). The group paid an undisclosed sum of cash and granted an undisclosed overriding royalty on the lands. These additional acquisitions will increase the planned expenditures over and above the initial JV estimate.

The operator of the Alaskan joint venture drilled 2 exploration wells this winter, targeting oil prospects north of the Prudhoe Bay oil field in the Gwydyr area. The North Shore #1 well tested a Kuparuk oil prospect on a lease acquired by farmout. TG's working interest is 35%. Approximately 70 feet of oil charged Ivishak sandstone was encountered. There was insufficient time to test the well during the 2006/2007 drilling season. The well was cased for testing as a potential oil producer. The second exploratory well, Sak River #1, located one and a half miles from the North Shore #1, tested separate Kuparuk and Ivishak oil prospects. The well is currently being suspended for the possibility of drilling an exploratory sidetrack well during the 2008 drilling season. No oil bearing horizons were encountered in the suspended Sak River #1.

A 130 square mile 3-D seismic program covering the Gwydyr project area was completed by March 31, 2007.

Tenere, Niger

TG's other asset is its 20% interest in the Establishment Agreement (EA) and licenses consisting of 17.3 million acres 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'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 will also be carried for any seismic done over and above the 1500 km up to and including the completion of the second exploration well. TG 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 2D seismic acquisition program, consisting of 1,686 line km was completed early in 2006. CNPCIT completed in 2006 an additional 912 kilometers of new 2D seismic data to provide additional

regional and prospect specific coverage, as well as reprocessing and interpreting 3,822 km of vintage seismic. A further 1200 km of new 2D seismic to infill several prospects and extend seismic data to the north portion of the block where sufficient seismic is lacking was completed recently. CNPCIT plans to undertake a further 700 km of 2D seismic. Up to 150 sq.km. of 3D seismic data in the event of a discovery is also budgeted on a conditional basis for 2007.

The acquisition of the additional seismic data reflects CNPCIT's commitment to the Tenere program. TG's independent interpretation has established that the data acquired by CNPCIT is of high quality.

The first exploratory well Saha-1, commenced drilling on October 30, 2006 in the southwest corner of the Tenere Trough and reached a total depth of 3,500 meters in January 2007. The well was sited on the footwall of a large rotated fault block, the main producing traps in the Sudan and Chad rift basins, and tested the Sokor, Madama, Yougou and Donga formations. Drill stem tests were conducted over two intervals. Although oil flowed from one interval, water was also encountered, but the well is not capable of commercial production. The test over the second interval was apparently incomplete. The well was abandoned. Good reservoir sandstones were encountered in the primary objectives, the Sokor, Madama and Yougou formations and also in the Donga formation. Two source bed intervals were also encountered to confirm the existence of a working hydrocarbon system.

The second exploration well Fachi West-1, spudded on April 7, 2007 at a location close to the graben centre, 27 kms to the north of Saha-1 and southwest of the 1970's-vintage Fachi-1 well. The well will be drilled to a depth of 3,200 meters and will test the Sokor, Madama, Yougou and Donga formation sandstones.

The location of the third exploratory well will be chosen after further analysis and integration of the drilling results and extensive seismic data following the completion of the second exploration well.

Information respecting the nature of ongoing and anticipated drilling activities on the Tenere Concession and Alaska leases, the work required to support those activities and the timing of such drilling activities, constitute forward-looking information. Readers should review the cautionary statement respecting forward-looking information that appears at the end of this Management Discussion and Analysis report.

Overview of Consolidated Financial Highlights

	3 months ended	
	Mar 31, 2007	Mar 31, 2006
	\$	\$
Net loss	252,231	182,419
Net loss per share – basic and diluted	0.0035	0.0039
Share capital	30,028,476	7,226,432
Working capital	10,057,381	18,926
Total assets	28,182,661	3,483,350
Shareholders' equity	<u>27,931,645</u>	<u>3,224,492</u>

The increase in net loss of \$69,812 for this 2007 first quarter versus 2006 is due mainly to the following:

Loss (increase) decrease due to:	\$
Stock based compensation	168,731
Investor Relations consulting, other costs	35,272
Interest and other income	(134,191)

Stock based compensation was \$259,249 in first quarter 2007 compared to \$90,518 in 2006 due to new options granted late in 2006.

Shares issued on completion of Brokered Private Placement Financing

During the year ended December 31, 2006, shares issued on the completion of the private placement financing of August 2006 contributed a net of \$18,905,187 to shareholder equity. In this first quarter of 2007, shares issued on the exercise of warrants under this private placement financing contributed a net of \$393,000 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 the first quarter of 2006, 443,809 shares issued on the signing of the Alaska Joint Venture Agreement contributed a net of \$569,446 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 \$40,213 to shareholder equity.

Petroleum and Natural Gas (P&NG) Assets

In the three months ended March 31, 2007 \$5,694,709 was capitalized (2006 – 2,346,001). This expenditure was incurred mainly in Alaska and its main components are:

Exploration - seismic – North Shore - Alaska	3,184,428
Drilling and completion – drilling costs – North Shore Alaska	2,368,686
Deferred capital costs	12,340
Stock based compensation	<u>129,255</u>
	5,694,709

(See note 3 to the March 31, 2007 Interim Consolidated Financial Statements).

Accounts Receivable

Accounts receivable of \$58,187 represent mainly accrued interest on short term investments maturing in the next quarter.

Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities decreased to \$168,359 in 2007 from \$252,687 at December 31, 2006. 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 increased to \$82,657 in 2007 from \$41,573 at December 31, 2006. 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)

	2007		2006		2005			
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Net loss (gain)	252	389	214	226	182	(482)	371	167
Net loss (gain) per share (basic)	0.004	0.007	0.004	0.005	0.004	(0.014)	0.012	0.005
Working capital (deficiency)	10,057	15,178	20,892	218	19	1,869	2,070	(711)
P&NG assets	17,874	12,177	6,380	4,289	3,206	769	-	-
Total assets	28,182	27,649	27,526	4,709	3,483	2,954	2,216	9
Shareholders' equity	27,932	27,355	27,251	4,507	3,225	2,638	2,070	(711)

The following discussion highlights some of the more significant factors that impacted the results in the eight most recently completed quarters ended March 31, 2007:

- Net loss for Q1 2007 is higher than Q4 2006 mainly due to increase in stock based compensation as a result of additional stock options being granted late in the third quarter of 2006.
- Interest income generated from short term investing of the proceeds from the August 23, 2006 Private Placement is partly offsetting the increase in expenses. The increase in share capital, working capital and total assets in the last 3 quarters is also due to this Private Placement.
- The net gain in Q4 2005 was due to the capitalization of the Tenere costs.

Liquidity and Capital Resources

The diluted number of shares outstanding at March 31, 2007 and December 31, 2006 were as follows:

	March 31, 2007	December 31, 2006
Diluted Shares Outstanding		
Common shares issued	71,610,870	71,125,674
Stock options outstanding	5,208,227	5,074,898
Common shares issuable from warrants issued in 2005	665,076	671,601
Common shares issuable from warrants issued in 2006	9,209,400	9,471,400
Total common shares if all options and warrants are exercised	86,693,573	86,343,573

As at March 31, 2007 the Company had \$10,237,980 in cash and working capital of \$10,057,381.

TG World's 20% share of the Minimum Work Program of 1500 km, the acquisition of additional seismic prior to the completion or abandonment of the second well and three exploration wells including G&A is paid for (i.e. carried) by CNPCIT with minor exceptions. The Company will have continuing overhead and other costs in reviewing current projects and capital costs as the Niger and Alaska projects progress. (see Alaska comments under "Alaska").

Brokered Private Placement Financing

On August 23, 2006 TG completed a private placement of an aggregate of 18,942,800 units at a price of \$1.20 per unit for gross proceeds to the Company of \$22,731,360 (net \$21,195,730).

Each unit consisted of one common share of TG and one half of one common share purchase warrant. A full warrant will entitle the holder to acquire one common share of the Corporation at any time until the date that is 12 months following closing of the offering at an exercise price of \$1.50 per share (subject to customary anti-dilution adjustments).

The Company issued a total of 9,471,400 share purchase warrants valued at \$2,353,066. This amount, included under warrants in the equity section of the balance sheet, will be transferred to share capital as and when the warrants are exercised. During the quarter, an amount of \$65,091 was transferred from warrants to share capital as a consequence of warrants exercised.

Related Party Transactions

In the first quarter of 2007, fees charged by Seajay Management Enterprises Ltd. ("Seajay") for management, secretarial and administration services amounted to \$55,500. Seajay is a company controlled by an officer of the Company. Charges by TVI Pacific Inc. ("TVI") for rent and office maintenance costs amounted to \$17,227 and \$1,682 respectively. An officer and director of the Company is president, CEO, Chairman and director of TVI. Charges are covered by contracts approved by the independent directors of the Board. (See note 4 to the March 31, 2007 Interim Consolidated Financial Statements).

Material Contracts and Commitments

TG World holds a 20% interest in the CNPCIT operated Tenere Permit, and CNPCIT is committed to carry TG'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.

TG holds a 25 – 35% working interest share of an 80% net revenue interest in almost all of BRPC/AVCG's existing and recently awarded oil and gas leases on the Alaska North Slope and plans to participate in a series of exploration projects as described in the Description of the Business section of this MD&A.

As part of the successful negotiations leading to the Joint Venture Agreement on the Alaska properties the Company agreed to pay to a third party a Performance Remuneration as provision for their services in the negotiation process. This remuneration consists of a Transaction Bonus of US\$50,000 in cash and US\$50,000 in shares of the Company and a 2.0% gross overriding royalty interest share of TG's interest in all hydrocarbons that are produced, saved and sold from the existing and initially awarded oil and gas leases on the Alaska North Slope. The agreement is currently being finalized.

Accounting Estimates

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.

The carrying value of petroleum and natural gas properties is limited to the future expected cash flows from the properties. If it is determined that carrying values of petroleum and natural gas properties cannot be recovered from future cash flows, the asset is written down to its estimated fair value via a charge to earnings.

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, 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 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.

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. Terms of References define Audit Committee and Compensation and Governance Committees. The Company has a defined Board Mandate. All consultant contracts (Seajay, TVI, Global Solutions and Paterson) are current and approved by independent members of the Board. A top down Risk Analysis that identifies level of risk and potential impact has been prepared.

Outlook

Two further exploratory well are scheduled for drilling in Tenere, Niger in 2007/2008 (one of which, the West Fachi-1 has spudded). In Alaska, further exploratory drilling is expected to be undertaken in the 2007/2008 drilling season.

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, 2007



TG WORLD ENERGY CORP.

March 31, 2007 AND 2006

INTERIM CONSOLIDATED BALANCE SHEETS

(unaudited)

All amounts in C\$

	March 31, 2007	December 31, 2006
ASSETS		
Current assets		
Cash and cash equivalents	\$ 10,237,980	\$ 10,388,924
Short term investments (note 2)	12,230	4,946,807
Accounts receivable and accrued interest	58,187	136,244
	10,308,397	15,471,975
Petroleum and natural gas properties (note 3)	17,874,264	12,177,046
	\$ 28,182,661	\$ 27,649,021
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities	\$ 168,359	\$ 252,687
Due to related parties (note 4)	82,657	41,573
	251,016	294,260
Shareholders' equity		
Share capital (note 5(b))	30,028,476	29,486,139
Warrants (note 5(c))	2,420,991	2,487,387
Contributed surplus (note 5(e))	1,366,317	1,014,016
Deficit	(5,885,012)	(5,632,781)
Accumulated other comprehensive income (note 2)	873	
	27,931,645	27,354,761
	\$ 28,182,661	\$ 27,649,021

**INTERIM CONSOLIDATED STATEMENTS OF LOSS, COMPREHENSIVE LOSS AND DEFICIT
(unaudited)**
All amounts in C\$

	Three months ended March 31	
	2007	2006
Interest and other income	\$ 146,563	\$ 12,372
Expenses		
General and administrative	437,339	194,791
Unrealized foreign exchange loss(gain)	(38,545)	-
	252,231	182,419
Net loss and comprehensive loss for the period	(252,231)	(182,419)
Deficit, beginning of the period	(5,632,781)	(4,621,453)
Deficit, end of period	\$ (5,885,012)	\$ (4,803,872)
Net loss per share – basic and diluted	\$ 0.0035	\$ 0.0039

See notes to the Financial Statements

INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited)

All amounts in C\$

	Three months ended March 31	
	2007	2006
Cash provided by (used in):		
Operating activities		
Net loss for the period	\$(252,231)	\$(182,419)
Add items not involving cash:		
Stock based compensation expense	259,249	90,518
Unrealized Foreign Exchange loss(gain)	(38,545)	
	(31,527)	(91,901)
Changes in non-cash working capital	(5,031)	(40,280)
	(36,558)	(132,181)
Financing activities		
Due to related parties	41,084	(16,616)
Shares issued for warrants and options	439,738	114,733
	480,822	98,117
Investing activities		
Expenditures on petroleum and natural gas properties	(5,530,658)	(1,873,242)
Short term investments	4,935,450	
	(595,208)	(1,873,242)
Decrease in cash	(150,944)	(1,907,306)
Cash at beginning of period	10,388,924	2,123,390
Cash at end of period	\$10,237,980	\$ 216,084

Notes to the Financial Statements (unaudited)

1. Basis of Presentation

These unaudited interim consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles for interim financial statements follow the same accounting policies and methods of application as the audited consolidated financial statements for the year ended December 31, 2006. These financial statements should be read in conjunction with those audited consolidated financial statements and management's discussion and analysis for the year ended December 31, 2006.

2. New Accounting Policies

On January 1, 2007, the Company adopted the Canadian Institute of Chartered Accountants Handbook Section 1530 "Comprehensive Income", Section 3251 "Equity", Section 3855 "Financial Instruments – Recognition and Measurement" and Section 3865 "Hedges". As required by the new standards, prior periods have not been restated.

Comprehensive Income

The new standards introduce comprehensive income, which consists of net income and other comprehensive income (OCI). OCI includes changes in fair value of "available for sale" investments.

The cumulative changes in OCI are included in accumulated other comprehensive income ("AOCI"), which is presented as a new category within shareholders' equity in the Consolidated Balance Sheet.

	3 months ended March 31	
	<u>2007</u>	<u>2006</u>
Interim Consolidated Statements of Accumulated Other		
Comprehensive income (Unaudited):		
Accumulated other comprehensive income at beginning of period	\$ 7,861	-
Gain(loss) in fair value of investments during period	<u>\$ (6,988)</u>	<u>-</u>
Accumulated other comprehensive income (loss) at end of period	<u>\$ 873</u>	<u>-</u>

Financial Instruments

The financial instrument standard establishes the recognition and measurement criteria of financial assets, financial liabilities and derivatives. All financial instruments are required to be measured at fair value on initial recognition of the instrument, except for certain related party transactions. Measurement in subsequent periods depends on whether the financial instrument has been classified as held-for-trading, available-for-sale, held-to-maturity, loans and receivables, or other financial liabilities as defined by the standard.

Financial assets and financial liabilities held-for-trading are measured at fair value with changes in those fair values recognized in net income. Financial assets available-for-sale are measured at fair value, with changes in those fair values recognized in other comprehensive income. Financial assets "held-to-maturity", "loans and receivables" and "other financial liabilities" are measured at amortized cost using the effective interest method of amortization. The methods used by the Company in determining fair value of financial instruments are unchanged as a result of implementing the new standard.

Cash and cash equivalents are designated as “held-for-trading” and are measured at carrying value, which approximates fair value due to the short-term nature of these instruments. Cash equivalents are highly liquid with original maturities of three months or less.

Accounts receivable are designated as “loans and receivables”. Accounts payable and accrued liabilities, long-term liabilities and long-term debt are designated as “other financial liabilities”.

Investments are designated as “available for sale”. Gains or losses arising from a change in the fair value are recognized directly in OCI. When the investment is disposed of, amounts in OCI are transferred to the statement of loss.

3. Petroleum and natural gas properties

Costs capitalized are detailed below:

	Balance	Expenditure	Balance
	Dec 31, 2006	Jan/March 2007	March 31 2007
	\$	\$	\$
Alaska			
Land acquisitions and lease rentals	\$ 2,916,252	0	2,916,252
Exploration seismic	0	3,184,428	3,184,428
Drilling and completion	6,895,895	2,368,686	9,264,581
Deferred capital costs	682,950	12,340	695,290
Stock based compensation	0	59,395	59,395
	10,495,097	5,624,849	16,119,946
Niger			
Deferred capital costs	1,681,949	0	1,681,949
Stock based compensation	0	69,860	69,860
	1,681,949	69,860	1,751,809
Corporate	0	2,509	2,509
Total	12,177,046	5,697,218	17,874,264

Alaska

Exploration expenses on seismic and drilling costs in the first quarter amounted to \$5,553,114 representing the Company's share of expenses in the Alaska Joint Venture. \$12,340 of deferred capital costs were incurred representing Engineering and Geophysical consulting, legal fees and state franchise tax.

The Company has entered into a 4-year Joint Venture Agreement with Brooks Range Petroleum Corporation, a wholly owned subsidiary of Alaska Venture Capital Group, for an initial payment of US\$1.971 million (Cdn\$2.299 million) in cash and TG World Energy Corp. shares to explore oil and gas properties acquired on the Alaska North Slope amounting to 167,033 acres, and potential new properties in an Area of Mutual Interest. The US\$1.971 million (Cdn\$2.299 million) was payable as to US\$1.483 million (Cdn\$1.730 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. The Company's interest varies from 25% to 35% working interest share of an 80% net revenue interest in eight prospective areas. The 4-year program plan includes additional lease acquisitions, 3-D seismic, and four exploratory wells, the first of which was drilled in 2007.

As part of the successful negotiations leading to the Joint Venture Agreement on the Alaska properties the Company agreed to pay to a third party a Performance Remuneration as provision for their services in the negotiating process. This remuneration consists of a Transactions bonus of US\$50,000 (Cdn\$58,403) in cash and US\$50,000 (Cdn\$58,403) in shares of the Company and a New Venture Royalty Award consisting of a 2.0% overriding royalty interest share of the Company's interest in hydrocarbons that are produced, saved and sold from the existing and initially awarded oil and gas leases on the Alaska North Slope. The Transaction Bonus is included in accounts payable and accrued liabilities. The agreement is currently being finalized.

Eastern Niger

CNPC International Tenere Ltd. ("CNPCIT"), the operator, carries 100% (with minor exceptions) of TG World's 20% share of costs for the minimum work program, which consist of 1,500 km of seismic and three exploration wells. Any additional seismic (including acquisition, processing and interpretation) up to completion of the second well will also be carried by CNPCIT.

4. Related party transactions

The following table sets out the services that were provided by related parties and are recorded at exchange amount, which is the amount of consideration agreed to between the related parties:

	Three months ended March 31	
	2007	2006
Management, secretarial and administrative services charged by Seajay Management Enterprises Ltd.	\$55,500	\$45,000
Rent charged by TVI Pacific Inc.	17,227	7,614
Office Maintenance costs charged by TVI Pacific Inc.	1,682	2,607
	74,409	55,221

Services provided and fees charged by Seajay Management Enterprises Ltd. ("Seajay") and TVI Pacific Inc. ("TVI") are covered by contracts approved by the independent members of the Board of Directors. Seajay is a company controlled by an officer and director of the Company. An officer and director of the Company, is president, CEO, Chairman and director of TVI.

5. Share capital

(a) Authorized:

Unlimited number of common shares.

(b) Common shares issued.

	Number of Shares	Amount
Balance December 31, 2006	71,125,674	\$ 29,486,139
Shares issued on exercise of warrants	268,525	465,921
Shares issued on exercise of options	216,671	76,416
Balance at March 31, 2007	71,610,870	30,028,476

(c) Private placement financing

On August 23, 2006, TG World Energy Corp. completed a private placement of an aggregate of 18,942,800 units at a price of \$1.20 per unit for gross proceeds to the Corporation of \$22,731,360 (net \$21,195,730).

Each unit consisted of one common share of TG World Energy Corp. and one half of one common share purchase warrant. A full warrant will entitle the holder to acquire one common share of the Company at any time until the date that is twelve months following closing of the offering at an exercise price of \$1.50 per share. The Company issued a total of 9,471,400 share purchase warrants valued at \$2,353,066. This amount, shown under warrants in the equity section of the balance sheet, will be transferred to share capital as and when the warrants are exercised or expire.

(d) Share options:

The Company has a share option plan pursuant to which options may be granted to directors, officers, employees and consultants of the Company. The options vest over periods of three years and expire no more than five years from the date of grant.



At March 31, 2007, the Company had the following share options:

	March 31, 2007		December 31, 2006	
	Options outstanding	Exercise price \$	Options outstanding	Exercise price \$
Outstanding, beginning of year:	5,074,898	1.17	5,155,000	0.43
Granted	350,000	1.66	2,650,000	1.82
Exercised	(216,671)	0.19	(2,505,102)	0.35
Cancelled			(225,000)	1.03
Outstanding, end of period	5,208,227	1.24	5,074,898	1.17
Exercisable, end of period	2,236,640	\$ 0.69	2,011,982	\$ 0.54

Exercise Price	Options Exercisable	Weighted Average Contractual Life	Options Outstanding	Weighted Average Contractual Life
\$ 0.10	885,835	2.0 years	885,835	2.0 years
\$ 0.37	350,000	0.1 years	350,000	0.1 years
\$ 0.60	33,333	3.0 years	50,000	3.0 years
\$ 0.99	532,081	2.5 years	1,064,162	2.5 years
\$ 1.10	52,058	4.2 years	208,230	4.2 years
\$ 1.90	383,333	4.5 years	2,300,000	4.5 years
\$ 1.70	0	5.0 years	250,000	5.0 years
\$ 1.56	0	5.0 years	100,000	5.0 years
	2,236,640	2.3 years	5,208,227	3.4 years

(e) Contributed surplus:

	March 31, 2007	December 31, 2006
Balance, beginning of year	\$ 1,014,016	\$ 308,401
Stock-based compensation	388,504	778,176
Transfer to share capital on exercise of options	(36,203)	(72,561)
Balance, end of period	\$ 1,366,317	\$ 1,014,016

For the three months ended March 31, 2007, the Company recorded \$388,504 (2006 – \$90,518) of stock-based compensation expense with a corresponding increase in contributed surplus. Of the total stock based compensation expense, the Company has capitalized \$129,255 for the three month period ended March 31, 2007 (2006 – Nil).

(f) Warrants:

The Company had the following warrants outstanding:

	March 31, 2007		December 31, 2006	
	Number of common shares reserved	Exercise price \$	Number of common shares reserved	Exercise price \$
Expiring July 20, 2007	665,076	1.00	671,601	1.00
Expiring August 23, 2007	9,209,400	1.50	9,471,400	1.50
	9,874,476		10,143,001	

	March 2007	December 2006
Balance – Beginning of year	\$2,487,387	\$439,592
Warrants issued	-	2,353,066
Warrants exercised	(66,396)	(305,271)
Balance – End of period	2,420,991	2,487,387

6. Per share amounts

The basic weighted average number of common shares outstanding during the quarter ended March 31, 2007 was 71,366,002 (2006 – 47,654,042). 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 anti-dilutive.

7. Financial assets and liabilities:

(a) Fair values:

The fair values of cash, accounts receivable and current liabilities approximate their carrying values.

(b) Currency risks:

TG World is exposed to exchange rate fluctuations in relation to its costs on the Niger and Alaska projects and for services it must purchase in foreign currencies.



Corporate Head Office:

Suite 2000, 736 – 6 Ave. SW
Calgary, Alberta, Canada T2P 3T7
Telephone: (403) 265-4506
Facsimile: (403) 264-7028
Email: info@tgworldenergy.com
Web: www.tgworldenergy.com

Corporate Directory:

Clifford M. James, President and CEO
Telephone: (403) 265-4506
Facsimile: (403) 264-7028
Email: info@tgworldenergy.com

Edward (Ted) W. Best, Corporate Director
Telephone: (403) 265-4506
Facsimile: (403) 264-7028
Email: info@tgworldenergy.com

Paul Moon, Director of Corporate
Communications
Telephone: (403) 265-4506
Facsimile: (403) 264-7028
Email: info@tgworldenergy.com

Registrar and Transfer Agent:

Computershare Trust Company of Canada
600, 530 – 8th Ave. SW
Calgary, Alberta, Canada T2P 3S8
Telephone: (403) 267-6800

Share Listing:

TSX Venture Exchange Symbol: TGE

Auditors:

PricewaterhouseCoopers LLP
3100, 111 – 5th Ave. SW
Calgary, Alberta, Canada T2P 5L3