

**TG WORLD ENERGY CORP.**  
**INTERIM CONSOLIDATED BALANCE SHEETS**  
(unaudited)

All amounts in C\$	September 30, 2006	December 31, 2005
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 11,186,285	\$ 2,123,390
Short term investments	9,881,950	
Accounts receivable	97,774	61,700
	<u>21,166,009</u>	<u>2,185,090</u>
<b>Oil and Gas properties and equipment (note 3)</b>	<b>6,359,723</b>	<b>768,976</b>
	<u><b>\$ 27,525,732</b></u>	<u><b>\$ 2,954,066</b></u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	\$ 262,824	\$ 271,442
Due to related parties (note 4)	11,645	44,312
	<u>274,469</u>	<u>315,754</u>
<b>Shareholders' equity</b>		
Share capital (note 5(b))	29,372,820	6,511,772
Warrants (note 5(c&f))	2,503,687	439,592
Contributed surplus (note 5(e))	618,544	308,401
Deficit	(5,243,788)	(4,621,453)
	<u>27,251,263</u>	<u>2,638,312</u>
	<u><b>\$ 27,525,732</b></u>	<u><b>\$ 2,954,066</b></u>

**INTERIM CONSOLIDATED STATEMENTS OF LOSS AND DEFICIT**  
(unaudited)

All amounts in C\$	Three months ended September 30		Nine months ended September 30	
	2006	2005	2006	2005
Interest Income	\$ 75,173	\$ 9,394	\$ 89,333	\$ 10,328
<b>Expenses</b>				
General and administrative	\$ 291,040	\$ 355,338	\$ 712,686	\$ 809,173
Amortization of debenture discount	-	15,091	-	68,501
Interest expense	-	9,536	-	48,624
Unrealized foreign exchange gain	(10,273)		(10,273)	
Foreign exchange (gain) loss	8,405	567	9,255	442
	<u>289,172</u>	<u>380,532</u>	<u>711,668</u>	<u>926,740</u>
Net loss	213,999	371,138	622,335	916,412
Deficit, beginning of the period	5,029,789	4,733,028	4,621,453	4,187,754
Deficit, end of period	<u><b>\$ 5,243,788</b></u>	<u>\$ 5,104,166</u>	<u><b>\$ 5,243,788</b></u>	<u>\$ 5,104,166</u>
Net loss per share – basic and diluted	\$ 0.0041	\$ 0.0121	\$ 0.0120	\$ 0.0298

**See notes to the Financial Statements**

**TG WORLD ENERGY CORP.**  
**INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**(unaudited)**

All amounts in C\$	Three months ended September 30		Nine months ended September 30	
	2006	2005	2006	2005
<b>Cash provided by (used for):</b>				
<b>Operating</b>				
Net loss for the period	\$ (213,999)	\$(371,138)	\$ (622,335)	\$ (916,412)
Add items not involving cash:				
Stock based compensation expense	170,623	60,627	350,608	104,177
Amortization of debenture discount	-	15,091	-	68,501
Debenture interest accrued	-	(33,104)	-	-
Unrealized foreign exchange gain/loss	(10,273)	-	(10,273)	-
	<u>(53,649)</u>	<u>(328,524)</u>	<u>(282,000)</u>	<u>(743,734)</u>
Changes in non-cash operating working capital	344,728	(217,268)	80,776	(280,094)
	<u>291,079</u>	<u>(545,792)</u>	<u>(201,224)</u>	<u>(1,023,828)</u>
<b>Financing</b>				
Shares issued upon exercise of options and warrants	1,529,720	2,762,080	2,081,977	3,112,079
Shares issued upon private placement	19,082,509	-	19,082,509	-
Warrants issued upon private placement	2,175,745	-	2,175,745	-
	<u>22,787,974</u>	<u>2,736,925</u>	<u>23,340,231</u>	<u>2,975,140</u>
<b>Investing</b>				
Acquisitions of property and equipment	(2,068,852)	-	(4,194,162)	-
Change in non-cash working capital	(266,805)	-	-	-
Short term investments	(9,881,950)	-	(9,881,950)	-
	<u>(12,217,607)</u>	<u>-</u>	<u>(14,076,112)</u>	<u>-</u>
Increase in cash and cash equivalents	10,861,446	2,191,133	9,062,895	1,951,312
<b>Cash and cash equivalents at beginning of period</b>	<u>324,839</u>	<u>8,468</u>	<u>2,123,390</u>	<u>248,289</u>
<b>Cash and cash equivalents at end of period</b>	<u>\$11,186,285</u>	<u>\$2,199,601</u>	<u>\$ 11,186,285</u>	<u>\$ 2,199,601</u>

**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 and follow the same accounting policies and methods of application as the audited consolidated financial statements for the year ended December 31, 2005. These financial statements should be read in conjunction with the audited consolidated financial statements and management's discussion and analysis for the year ended December 31, 2005.

## 2. Nature of operations

The Company's assets consist of oil and gas properties located in Eastern Niger, and interests on the Alaska North Slope, both of which are in the exploration stage.

## 3. Oil and Gas properties and Equipment

	September 30, 2006			December 31, 2005
	Cost	Accumulated depreciation and write down	Net book value	
Oil & Gas Properties				
Alaska	\$ 4,736,280	\$ -	\$ 4,736,280	\$ 151,026
Niger	1,516,586	-	1,516,586	594,152
Other	97,009	-	97,009	23,798
Computer Software	9,848	-	9,848	-
	<u>\$ 6,359,723</u>	<u>\$ -</u>	<u>\$ 6,359,723</u>	<u>\$ 768,976</u>

No general and administrative expenses were capitalized in the first nine months of 2006 (2005 – nil).

In March 2006 the Company entered into a 4-year Joint Venture Agreement (“JVA”) with Brooks Range Petroleum Corporation, a wholly owned subsidiary of Alaska Venture Capital Group, for an initial payment of US\$1.953 million (Cdn\$2.278 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 to the JVA, and potential new properties in an Area of Mutual Interest. The US\$1.953 million (Cdn\$2.278 million) was paid as to US\$1.465 million (Cdn\$1.708 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 4 exploratory wells, the first of which will be drilled in 2006/2007. The Company estimates its share of the costs of this four-year exploration program to be US\$17.416 million (Cdn\$19.827 million) which includes the Cdn \$4.331 already paid.

As part of the successful negotiations leading to the JVA 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 Transaction Bonus of US\$50,000 in cash and US\$50,000 in shares of the Company and a New Venture Royalty Award consisting of an overriding royalty interest share of the Company'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 Transaction Bonus is included in Accounts payable and accrued liabilities.

#### 4. Related party transactions

The following table sets out the services that were provided by related parties:

	Three months ended		Nine months ended	
	September 30		September 30	
	<b>2006</b>	2005	<b>2006</b>	2005
Management, secretarial and administrative service charged by Seajay Management Enterprises Ltd.	<b>\$ 62,506</b>	\$105,000	<b>\$152,506</b>	\$260,000
Rent charged by TVI Pacific Inc.	<b>9,789</b>	7,614	<b>27,192</b>	22,383
Office maintenance costs charged by TVI Pacific Inc.	<b>2,607</b>	2,607	<b>7,821</b>	8,781

Services provided and fees charged by Seajay Management Enterprises Ltd. and TVI Pacific Inc. are covered by contracts approved by the independent members of the Board of Directors and are recorded at exchange amounts.

As at September 30, 2006, the amount of \$11,645 due to related parties represents balances due for reimbursable expenses and unpaid fees for services rendered.

#### 5. Share capital

##### (a) Authorized:

Unlimited number of common shares.

##### (b) Common shares issued.

	<b>Number of Shares</b>	<b>Amount</b>
		<b>\$</b>
Balance December 31, 2005	46,957,606	\$ 6,511,772
Shares issued on exercise of warrants	1,444,857	1,239,419
Transfer fair value of shares issued on exercise of warrants		288,971
Shares issued on exercise of options	2,463,332	842,558
Transfer fair value of shares issued on exercise of options		40,466
Shares issued to Alaska Joint Venture partners (note 3)	443,809	569,446
Agreement to extinguish the Successful Fee Arrangement (note 8)	750,000	975,000
<u>Shares issued on Private Placement financing</u>	<u>18,942,800</u>	<u>18,905,188</u>
<b>Balance at September 30, 2006</b>	<b>71,002,404</b>	<b>\$ 29,372,820</b>

**(c) Private placement financing**

On July 21, 2005, the Company completed a brokered private placement of an aggregate of 3,681,715 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, will be transferred to share capital as and when the warrants are exercised.

During the third quarter, an amount of \$239,748 (YTD \$288,971) was transferred from warrants to share capital as a consequence of warrants exercised.

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 \$21,258,253).

Each unit consisted of one common share of TG World Energy Corp. and one half of one common share purchase warrant. A full warrant entitles 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.

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.

**(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.

The Company had the following share options outstanding:

	September 30, 2006		December 31, 2005	
	Options outstanding	Exercise price \$	Options outstanding	Exercise price \$
Outstanding, beginning of year:	5,155,000	0.43	4,005,000	0.28
Granted	2,650,000	1.82	1,150,000	0.97
Exercised	(2,463,332)	0.34	-	-
Cancelled	(125,000)	0.34		
Outstanding, end of period	5,216,668	0.87	5,155,000	0.43
Exercisable, end of period	1,619,168	\$ 0.38	3,532,083	\$ 0.33

The fair value of options granted in the second and third quarters of 2006 was \$0.77 and \$1.33 per share respectively. The following assumptions were used in applying the Black- Scholes model to determine the fair value of these options:

Risk-free interest rate:	4%	Expected life in years:	5
Expected volatility:	88%	Dividend yield:	0

Options outstanding and exercisable at September 30, 2006

Exercise Price	Options Exercisable	Weighted Average Contractual Life	Options Outstanding	Weighted Average Contractual Life
\$ 0.10	850,834	2.3 years	1,081,668	2.3 years
\$ 0.37	350,000	0.1 years	350,000	0.1 years
\$ 0.60	25,000	3.3 years	50,000	3.3 years
\$ 0.99	351,667	4.0 years	1,085,000	4.0 years
\$ 1.10	41,667	4.7 years	250,000	4.7 years
\$ 1.90	0	5.0 years	2,400,000	5.0 years
	1,619,168	2.1 years	5,216,668	3.9 years

(e) Contributed surplus:

	September 30, 2006	December 31, 2005
Balance, beginning of year	\$ 308,401	\$ 103,900
Stock-based compensation	350,608	204,501
Transfer to share capital on exercise of options	(40,465)	-
Balance, end of period	\$ 618,544	\$ 308,401

(f) Warrants:

The Company had the following warrants outstanding:

	September 30, 2006		December 31, 2005	
	Number of common shares reserved	Exercise price \$	Number of common shares reserved	Exercise price \$
Expiring July 20, 2007 (exercisable at one warrant per common share)	753,100	1.00*	2,197,957	0.85/1.00*
Expiring August 23, 2007 (exercisable at one warrant per common share)	9,471,400	1.50	-	-
Total number of common shares Reserved	10,224,500		2,197,957	

\* The exercise price was \$0.85 per common share if exercised by July 20, 2006 and \$1.00 per common share if exercised after July 20, 2006 and before July 20, 2007. During the nine months ending September 30, 2006, 1,444,857 warrants were exercised.

	September 30 2006	December 31, 2005
Balance, beginning of year	\$ 439,592	\$ -
Warrants issued	2,353,066	439,592
Warrants exercised	(288,971)	-
<b>Balance, end of period</b>	<b>\$ 2,503,687</b>	<b>\$ 439,592</b>

## 6. Per share amounts

At September 30, 2006 there were 71,002,404 common shares outstanding compared with 46,957,606 common shares at December 31, 2005. The weighted average number of common shares issued and outstanding at September 30, 2006 and September 30, 2005 were 51,576,111 and 30,729,393 respectively. 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 instruments:

### (a) Fair values:

The fair values of cash and cash equivalents, short term investments, 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.

## 8. Success Fee Arrangement

In the second quarter of 2006, an arrangement was negotiated whereby the Company issued 750,000 treasury shares of TG World Energy Corp to a third party in lieu of a Success Fee Arrangement which consisted of a \$150,000 minimum payment and continuing obligation to pay 4% share of value received from the TG World 20% interest in the Tenere EA. The \$1.30 closing market price of the shares on the date of settlement was used to calculate the amount capitalized in the accounts.

## 9. Subsequent Events

On October 30, 2006 drilling of the Saha-1 Exploration Well, the first of three exploration wells, on the Tenere Concession, Niger commenced. CNPCIT has recently completed a further 1200 km of 2D seismic in the northern part of Tenere acreage. The Company's 20% share of costs of the new seismic and the three exploration wells is carried by CNPCIT.

On October 26, 2006 TG World's Alaska partner, Alaska Venture Capital Group, LLC, announced successful bids of \$836,800, (TG World's share ranges from 25% - 35%), in the Alaska North Slope area wide lease sale and the Beaufort Sea near-shore, state lease sale.