



TG World Energy Corp.

Management's Discussion and Analysis

For the period ended September 30, 2007



TG WORLD ENERGY CORP.

September 30, 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 and 9-month periods ended September 30, 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. Information in this MD&A is as of November 26, 2007.

All amounts are in Canadian dollars except where otherwise stated.

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 World Energy Corp's ("TG" or the "Company") 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.

Description of the Business

TG is a Canadian junior oil and gas exploration and development company which holds a working interest in oil and gas leases located on the Alaska North Slope and an interest in the Establishment Agreement (EA) and licenses with the Republic of Niger in the Ténéré area of Central Africa

Alaska

Background

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.

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".

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

2007 Activities

In the nine months ended September 30, 2007, the Company's share of joint venture exploration seismic and well drilling and completion costs amounted to \$11,862,224. More details on capitalized costs are given in note 3 to the Interim Financial Statements for this period.

The JV has increased its gross acres from 309,384 in the second quarter to 336,822 acres at September 30, 2007 due to the addition of 27,438 acres of leases in the Big Island Prospect Area. It is anticipated that the JV will bid on open leases in the AMI in future State lease sales.

The Company's share of JV expenses for all of 2007 is estimated to be US\$15.7 million. This is an increase of US\$1.3 million since the previous forecast in the second quarter due to increased final costs for North Shore #1 well, and actual pre-drill expenses for 2008 wells. This activity included geological/geophysical and general office overhead, land rentals, new lease purchases, new 3-D seismic acquisition, the drilling of 2 exploration wells and pre-drill expenses for the 2008 winter drilling season.

The joint venture drilled 2 exploration wells in the 2006/2007 drilling season from onshore locations to offshore targeted oil prospects north of the Prudhoe Bay oil field in the Gwydyr area. The North Shore #1 well encountered approximately 70 feet of oil charged Ivishak sandstone. 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 was 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.

2007/2008 Program

The JV is planning an active winter 2007/08 exploration program. Nabors Rig 27-E has been secured for a 120 day winter drilling program and is expected to be mobilized once ice roads are opened by the State – about January 1, 2008. The completion and testing of the North Shore #1 well, drilled during the 2006/07 winter season, will be the first operation of the winter schedule. The North Shore #1 well reached a final total vertical depth of 10,319 feet (13,309 feet measured depth) in the Ivishak formation and was cased as a potential oil producer. The North Shore #1 well bottom hole location is approximately 1,100 feet west of the 1974 Mobil Gwydyr Bay South #1 well, which was reported to have flowed at an average of 2,263 bopd on production test from the Ivishak formation. TG World has a 35% working interest in the North Shore #1 well.

3-D seismic data acquired by the JV in 2007 over the Gwydyr Bay Prospect Area has identified two satellite prospects to North Shore #1 that can be reached from the North Shore #1 drilling pad. The first satellite prospect is expected to be drilled after Tofkat #1 well operations are completed. TG World has a 35% working interest in the satellite prospects. The first North Shore satellite, if successful, could be a catalyst for North Shore field development.

The JV participants expect a third exploration well will be selected for drilling during the 2007/08 season from prospects in the Gwydyr Bay Area to be identified using the proprietary 3-D seismic data. Final prospect selection is awaiting delivery and interpretation of the pre-stack depth migrated seismic. TG World has a 35% working interest in the relevant leases.

The Tofkat #1 exploration well, located within the Titania Prospect Area, is scheduled to be drilled after North Shore #1 well operations are completed. The Kuparuk sandstones are the reservoir target for this seismically defined Tofkat #1. If it is an oil discovery, the JV may then choose to drill a sidetrack well this winter season to help delineate reservoir extent. Under the terms of the JV arrangements, the Company will, by paying 35.7% of the well costs, earn a 25% working interest in the complete Titania Prospect Area.

The JV plans to acquire up to 200 square miles of 3-D seismic data over portions of its lease holdings in the Slugger and Titania/Big Island Prospect Areas during the 2007/2008 winter season. Prospects developed from these surveys would be candidates for drilling in the 2008/09 and 2009/10 winter seasons. TG World is paying 25% of the costs of the seismic program.

TG World's share of 2008 Alaska expenses is estimated to be US\$16.2 million; this total includes North Shore #1 completion & testing, the costs of three additional exploration wells (on a D&A basis), 200 square miles of proprietary 3-D seismic surveys, land costs, G&A costs, and pre-drill exploration well expenses for the 2008/09 winter season. TG World's share of possible expenses in the event of exploration success are not included in this total; these range from US\$0.8mm for the testing & completion of the North Shore satellite prospect to US\$3mm for the sidetracking, completion, and testing of a Tofkat #1 oil discovery.

Petroleum Production Tax Credits

Under the terms of the Alaska Oil and Gas Production Tax Credits ("PPT") program, TG is entitled to a credit in the amount of 40-60% of qualifying expenditures. In June 2007, TG filed a claim in the amount of approximately US\$3.6 million in connection with its Qualified Exploration Expenditures ("QEE"). TG also filed a further claim in the amount of approximately US\$0.8 million in connection with additional QEE incurred in 2007. The credits are issued in the form of transferable credit certificates that can be either sold back to the State for full value provided certain conditions are met, or transferred to other parties who can utilize them, usually at a negotiated discount.

The June 2007 credit for US\$3.6 million net to TG was sold to the State of Alaska for full value and payment was received in October 2007. The 2007/2008 winter program is estimated to generate further PPT credits.

On November 16, 2007, the State of Alaska passed new legislation revising the terms and conditions of the Petroleum Production tax rates and the exploration and production tax credits. While some amendments (increasing the tax rate and decreasing the allowable use of year-end losses from 100% to 50% per year) will adversely affect the Company; other amendments (increasing the rate of credit on year-end losses from 20% to 25%) will be favorable. The Company is currently evaluating the impact of this new legislation on its operations.

Ténéré, Niger

Background

TG also holds a 20% interest in the EA and licenses consisting of 17.3 million acres with the Republic of Niger in the Ténéré area. An 80% interest is retained by CNPC International Ténéré Ltd. ("CNPCIT"), who is the operator of the Ténéré project.

Under the arrangements CNPCIT will pay (i.e. carry) 100% (with minor exceptions) of 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 1,500 km of seismic and drilling three exploration wells. TG is also carried for any seismic done over and above the 1,500 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 Ténéré Block, only if the program results in petroleum production.

The Ténéré 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 1,200 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. CNPCIT commenced a further 700 km of 2D

seismic in 2007 but has shut down after completing 168 km because of summer heat. No further seismic has been completed in the third quarter. TG pays its 20% interest costs in any further seismic as CNPCIT has completed two exploration wells.

2007 Activities

The first exploratory well Saha-1, commenced drilling in October 2006 in the southwest corner of the Ténéré Trough and reached a total depth of 3,500 meters in January 2007. The well tested the Sokor, Madama, Yougou and Donga formations. Although oil flowed from one interval tested in the Yougou, water was also encountered. The well was not capable of commercial production and was abandoned.

The second exploration well Fachi West-1, spudded in April 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 was drilled to a depth of 3,400 meters and tested the Sokor, Madama, Yougou and Donga formation sandstones. No drill stem tests were run, and the well was abandoned.

Good reservoir sandstones were encountered in the primary objectives, the Sokor, Madama and Yougou formations and sandstone was also encountered in the Donga formation in the two wells. Source bed intervals were also encountered to confirm the existence of a working hydrocarbon system. The Sokor and Madama reservoirs lacked adequate seals.

2007/2008 Program

A preliminary selection of the prospect to be drilled as the third commitment exploration well has been made by CNPCIT. The prospect is located approximately 25 kms to the north-west of the 1970s vintage Fachi-1 well, along the continuation of the Fachi High horst block. The prospect is designed to test the Cretaceous-age Donga sandstone as its primary reservoir target. This is a new play resulting from technical analysis of the Saha-1 well, which tested oil in non-commercial quantities from a reservoir in the shallower Yougou formation. CNPCIT has spent the past six months integrating the results of the first two Ténéré exploration wells, Saha-1 and Fachi West-1, with the 4,155.5 kms of proprietary & 7,969 kms of reprocessed vintage 2-D seismic data.

CNPCIT advises they may wish to acquire additional infill 2-D seismic data coverage before finalizing the third well location. TG World has approved its participation in 573 kms of the unfinished 2007 program and budgeted for 2008 US\$1 million for its 20% share of costs. An additional seismic program proposed by CNPCIT will be reviewed and discussed at year-end Operations Committee meetings.

Seismic operations have been delayed from the planned third quarter 2007 start-up. The delay is due to security concerns raised by incidents that took place earlier this year in the Agadez region. The operator is working with the Niger authorities to put in place increased security for both the seismic and well operations. At this time it is uncertain when seismic operations may commence; start-up could be in the fourth quarter of 2007, or may be delayed further.

If the third well is deemed technically robust without infill seismic, it is estimated to take two months to construct the well site and move the rig from the Fachi West-1 drilling site. If the third well requires infill seismic data, a further 2 months is needed before spud. Commencement of well operations is subject to the same security issues as the seismic program.



Overview of Consolidated Financial Highlights

	3 months ended		9 months ended	
	Sept. 30, 2007	Sept. 30, 2006	Sept. 30, 2007	Sept. 30, 2006
	\$	\$	\$	\$
Net loss	296,788	213,999	1,011,616	622,335
Net loss per share – basic and diluted	0.0041	0.0041	0.0141	0.0120
Share capital	30,224,695	29,372,820	30,224,695	29,372,820
Working capital	7,577,159	20,891,540	7,577,159	20,891,540
Total assets	31,951,146	27,525,732	31,951,146	27,525,732
Shareholders' equity	<u>28,097,734</u>	<u>27,251,263</u>	<u>28,097,734</u>	<u>27,251,263</u>

The increase in net loss of \$389,281 for the nine months of 2007 versus 2006 is due mainly to the following:

Loss increase (decrease) due to:	\$
Stock based compensation expense	438,488
Investor relations fees, consulting, and shareholder services	44,681
Business travel and accommodation	17,283
Management fees and secretarial services	82,875
Insurance	29,625
Rent	23,386
Accounting, audit and legal fees	8,438
Other items	15,513
Interest and other income	<u>(271,008)</u>
	\$ <u>389,281</u>

Stock based compensation expense was \$789,095 in the nine months ending September 30, 2007 compared to \$350,608 in 2006 due to new options granted late in 2006.

Increases in other items of expenditure reflect variations in normal levels of business activity and new service contract rates for services provided by related parties approved by the independent directors of the Board. See comments under Related Party Transactions in this MD&A.

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 the 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. No warrants were exercised in the second and third quarters. All outstanding warrants have now expired and the fair values of the expired warrants have been transferred to contributed surplus.

Options exercised

Shares issued on the exercise of options in this quarter contributed a net of \$25,239 to shareholder equity bringing the total contributed in the first nine months of 2007 to \$272,635

Petroleum and Natural Gas (P&NG) Assets

In the nine months ended September 30, 2007, \$12,725,209 was capitalized (2006 – \$5,590,747). Petroleum Production Tax Credits (“PPTC”) in the amount of \$4,381,680 were credited against this cost to record PPTC receivable from the State of Alaska. Of this PPTC, \$3.6 million was received in October 2007.

The Company’s capital expenditure was incurred mainly in Alaska and its main components are:

Alaska:	
Land acquisitions and lease rentals	\$ 370,778
Seismic	3,162,938
Drilling and completion	8,699,286
Capitalized consulting and travel costs	36,500
Stock based compensation	<u>178,468</u>
	\$12,447,970
PPTC	<u>(4,381,680)</u>
	\$ 8,066,290
Niger:	
Capitalized consulting and travel costs	64,976
Stock based compensation	<u>209,754</u>
	274,730
Corporate	<u>2,509</u>
	<u>\$ 8,343,529</u>

(See note 3 to the September 30, 2007 Interim Consolidated Financial Statements)

Accounts Receivable

Accounts receivable of \$4,419,910 represent mainly \$4,381,680 of Petroleum Production Tax Credit (\$3.6 MM of which was received in October) and GST receivable on purchases of supplies and services.

Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities increased to \$3,816,909 in September 2007 from \$252,687 at December 31, 2006. The change is mainly due to an accrual for drilling services completed but not yet paid for at the end of the quarter.

Amounts due to Related Parties

Amounts due to related Parties decreased to \$36,503 in September 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
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Net loss (gain)	297	463	252	389	214	226	182	(482)
Net loss (gain) per share (basic)	0.004	0.006	0.004	0.007	0.004	0.005	0.004	(0.014)
Working capital	7,577	6,228	10,057	15,178	20,892	218	19	1,869
P&NG assets	20,521	21,755	17,874	12,177	6,380	4,289	3,206	769
Total assets	31,951	31,970	28,182	27,649	27,526	4,709	3,483	2,954
Shareholders' equity	28,098	27,984	27,932	27,355	27,251	4,507	3,225	2,638

The following discussion highlights some of the more significant factors that impacted the results in the eight most recently completed quarters ended September 30, 2007:

- Variations in net loss mainly due to difference in stock based compensation due to stock options granted offset partly by increases in unrealized foreign exchange gains and income from short term investments.
- The net gain in Q4 2005 was due to the capitalization of the Ténéré costs.
- Working capital and P&NG assets in the third quarter 2007 stayed basically at the same level as the second quarter in spite of expenses incurred, due to the Petroleum Production Tax Credit. Q3 2006 increase was due to equity financing.
- P&NG assets have increased as a result of costs associated with our Alaska exploration program being capitalized.

Liquidity and Capital Resources

The diluted number of shares outstanding at September 30, 2007 and December 31, 2006 were as follows:

	Sept. 30 2007	December 31, 2006
Diluted Shares Outstanding		
Common shares issued	72,060,870	71,125,674
Stock options outstanding	6,938,227	5,074,898
Common shares issuable from warrants issued in 2005	0	671,601
Common shares issuable from warrants issued in 2006	0	9,471,400
Total common shares if all options and warrants are exercised	78,999,097	86,343,573

As at September 30, 2007 the Company had \$7,001,270 in cash and working capital of \$7,577,159.

Private Placement Financing

On November 22, 2007 the Company completed a private placement financing under the terms of which it issued 50 million shares at a price of \$0.50 per common share for gross proceeds of \$25 million before expenses.

On completion of this issue, the Company has 122,060,870 shares outstanding and cash of approximately \$30 million. These funds, together with Petroleum Production Tax Credits to be earned under the State of Alaska's exploration credit program, will be employed to fund the Company's capital programs.

Related Party Transactions

In the third quarter of 2007, fees charged by Seajay Management Enterprises Ltd. ("Seajay") for management, investor relations, secretarial and administration services amounted to \$75,262. 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 \$16,859 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 September 30, 2007 Interim Consolidated Financial Statements).

Material Contracts and Commitments

TG World holds a 20% interest in the CNPCIT operated Ténére Permit, and CNPCIT is committed to carry TG's cost of a Minimum Work Program of 1,500 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 Ténére 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.

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.

In this exploration stage, TG is capitalizing all costs incurred on the acquisition exploration and development of petroleum and natural gas properties. 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 Ténéré 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, Paterson and Chelico) 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

One further exploratory well is scheduled for drilling in Ténéré, Niger in 2008 and further seismic work will be undertaken. In Alaska, technical and management meetings to determine the 2008 winter program have been held. It is expected that several wells will be drilled in the 2007/2008 winter program and further seismic obtained.

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

November 26, 2007



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TG World Energy Corp.

Third Quarter Report
For the period ended September 30, 2007

INTERIM CONSOLIDATED BALANCE SHEETS
(unaudited)

All amounts in C\$	September 30, 2007	December 31, 2006
ASSETS		
Current assets		
Cash and cash equivalents	\$ 7,001,270	\$ 10,388,924
Short term investments (note 2)	9,391	4,946,807
Accounts receivable and accrued interest	4,419,910	136,244
	<u>11,430,571</u>	<u>15,471,975</u>
Petroleum and natural gas properties (note 3)	20,520,575	12,177,046
	<u>31,951,146</u>	<u>27,649,021</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities	3,816,909	252,687
Due to related parties (note 4)	36,503	41,573
	<u>3,853,412</u>	<u>294,260</u>
Shareholders' equity		
Share capital (note 5(b))	30,224,695	29,486,139
Warrants (note 5(e))	0	2,487,387
Contributed surplus (note 5(d))	4,519,402	1,014,016
Deficit	(6,644,397)	(5,632,781)
Accumulated other comprehensive income (note 2)	(1,966)	-
	<u>28,097,734</u>	<u>27,354,761</u>
	<u>\$ 31,951,146</u>	<u>\$ 27,649,021</u>

INTERIM CONSOLIDATED STATEMENTS OF LOSS, COMPREHENSIVE LOSS AND DEFICIT
(unaudited)

All amounts in C\$	Three months ended September 30		Nine months ended September 30	
	2007	2006	2007	2006
Interest and other income	\$ 97,941	\$ 75,173	\$ 360,340	\$ 89,333
Expenses				
General and administrative	421,241	291,040	1,353,324	712,686
Foreign exchange (gain)loss	(26,512)	(1,868)	18,632	(1,018)
	<u>394,729</u>	<u>289,172</u>	<u>1,371,956</u>	<u>711,668</u>
Net loss	(296,788)	(213,999)	(1,011,616)	(622,335)
Loss in value of investments during the period	(2,839)	-	(9,827)	-
Comprehensive loss	<u>(299,627)</u>	<u>(213,999)</u>	<u>(1,021,443)</u>	<u>(622,335)</u>
Net loss per share – basic and diluted	\$ (0.0041)	\$ (0.0041)	\$ (0.00141)	\$ (0.0120)
Deficit, beginning of the period	(6,347,609)	(5,029,789)	(5,632,781)	(4,621,453)
Net loss	(296,788)	(213,999)	(1,011,616)	(622,335)
Deficit, end of period	<u>\$(6,644,397)</u>	<u>\$ (5,243,788)</u>	<u>\$(6,644,397)</u>	<u>\$ (5,243,788)</u>

See notes to the Financial Statements

INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited)

All amounts in C\$	Three months ended September 30		Nine months ended September 30	
	2007	2006	2007	2006
Cash provided by (used in):				
Operating activities				
Net loss for the period	\$(296,788)	\$(213,999)	\$(1,011,616)	\$ (622,335)
Add items not involving cash:				
Stock based compensation expense	265,535	170,623	789,096	350,608
Unrealized Foreign Exchange (gain)loss	(30,336)	(10,273)	14,808	(10,273)
	(61,589)	(53,649)	(207,712)	(282,000)
Changes in accounts payable and receivable	10,292	(344,728)	(34,384)	80,776
	(51,297)	291,079	(242,096)	(201,224)
Financing activities				
Due to related parties	(6,550)	-	(5,070)	-
Shares issued for warrants and options	18,500	1,529,720	579,238	2,081,977
Shares issued upon private placement	-	19,082,509	-	19,082,509
Warrants issued upon private placement	-	2,175,745	-	2,175,745
	11,950	22,787,974	574,168	23,340,231
Investing activities				
Expenditures on petroleum and natural gas properties	(2,971,877)	(2,068,852)	(12,336,987)	(4,194,162)
Short term investments	-	(9,881,950)	4,935,450	(9,881,950)
Changes in accounts payable and receivable	(102,131)	(266,805)	3,681,811	-
	(3,074,008)	(12,217,607)	(3,719,726)	(14,076,112)
(Decrease)increase in cash	(3,113,355)	10,861,446	(3,387,654)	9,062,895
Cash at beginning of period	10,114,625	324,839	10,388,924	2,123,390
Cash at end of period	7,001,270	2,199,601	7,001,270	2,199,601

See notes to the financial statements

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, except as described in note 2 below, 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.

	Three months ended Sept. 30		Nine months ended Sept. 30	
	2007	2006	2007	2006
Interim Consolidated Statements of Accumulated Other Comprehensive income (Unaudited):				
Accumulated other comprehensive income at beginning of period	\$873	-	\$7,861	-
Gain(loss) in fair value of investments during period	\$(2,839)	-	\$(9,827)	-
Accumulated other comprehensive income (loss) at end of period	\$(1,966)	-	\$(1,966)	-

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	Expenditures	Balance
	Dec 31, 2006	2007	Sept 30, 2007
Alaska			
Land acquisitions and lease rentals	\$ 2,916,252	\$ 370,778	\$ 3,287,030
Exploration seismic	0	3,162,938	3,162,938
Drilling and completion	6,895,895	8,699,286	15,595,181
Capitalized consulting and travel costs	682,950	36,500	719,450
Stock based compensation	0	178,468	178,468
	10,495,097	12,447,970	22,943,067
Petroleum Production Tax Credit (PPT)	-	(4,381,680)	(4,381,680)
	10,495,097	8,066,290	18,561,387
Niger			
Capitalized consulting and travel costs	1,681,949	64,976	1,746,925
Stock based compensation	0	209,754	209,754
	1,681,949	274,730	1,956,679
Corporate	0	2,509	2,509
Total	12,177,046	8,343,529	20,520,575

Alaska

The Company qualifies to receive Petroleum Production Tax Credits (PPTC) from the State of Alaska as an inducement for it to continue with its exploration program. The application for the qualified expenditures incurred in 2006 and up to June 2007 has been approved and a payment of \$3,608,297 (US\$3,621,697) was received in October 2007. The Company has also applied for credits in the amount of US\$776,255 for qualified expenditures up to October 2007, has recorded a receivable for these credits and reduced the capital cost of the Alaska project by the same amount.

Eastern Niger

CNPC International Ténéré 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. All seismic (including acquisition, processing and interpretation) up to completion of the second well was also carried by CNPCIT. As the two exploration wells have been drilled, TG will not be carried on any further seismic.

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		Nine months ended	
	September		September	
	2007	2006	2007	2006
Management, investor relations, secretarial and admin services charged by Seajay Management Enterprises Ltd.	\$75,262	\$62,506	\$221,062	\$152,506
Rent charged by TVI Pacific Inc.	16,859	9,789	50,578	27,192
Office Maintenance costs charged by TVI Pacific Inc.	1,682	2,607	5,046	7,821
	\$93,803	\$74,902	\$276,686	\$187,519

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 a 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	666,671	272,635
Balance at September 30, 2007	72,060,870	\$ 30,224,695

(c) 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 September 30, 2007, the Company had the following share options:

	September 30, 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	2,530,000	0.73	2,650,000	1.82
Exercised	(666,671)	0.27	(2,505,102)	0.35
Cancelled			(225,000)	1.03
Outstanding, end of period	6,938,227	1.10	5,074,898	1.17
Exercisable, end of period	2,469,540	\$ 1.00	2,011,982	\$ 0.54

Exercise Price	Options Exercisable	Weighted Average Contractual Life	Options Outstanding	Weighted Average Contractual Life
\$ 0.10	785,835	1.3 years	785,835	1.3 years
\$ 0.60	41,667	2.3 years	50,000	2.3 years
\$ 0.99	709,441	2.8 years	1,064,162	2.8 years
\$ 1.10	86,763	3.5 years	208,230	3.5 years
\$ 1.90	766,667	4.0 years	2,300,000	4.0 years
\$ 1.70	41,667	4.5 years	250,000	4.5 years
\$ 1.56	16,667	4.5 years	100,000	4.5 years
\$ 0.62	20,833	4.9 years	250,000	4.9 years
\$ 0.58	0	5.0 years	1,930,000	5.0 years
	2,469,540	2.8 years	6,938,227	3.8 years

(d) Contributed surplus:

	September 30, 2007	December 31, 2006
Balance, beginning of year	\$ 1,014,016	\$ 308,401
Transfer expired warrants	2,420,992	-
Stock-based compensation	1,177,317	778,176
Transfer to share capital on exercise of options	(92,923)	(72,561)
Balance, end of period	\$ 4,519,402	\$ 1,014,016

For the nine months ended September 30, 2007, the Company recorded \$1,177,317 (2006 – \$350,608) of stock-based compensation with a corresponding increase in contributed surplus. Of the total stock based compensation, the Company has capitalized \$388,222 for the nine month period ended September 30, 2007 (2006 – Nil).

The following table sets out the assumptions used in applying the Black Scholes model to determine the fair value of options granted in 2007:

Risk-free interest rate	4%
Volatility	60%
Expected life in years	5
Average fair value per option	\$ 0.44

(e) Warrants:

9,874,476 warrants outstanding exercisable at \$1.00 and \$1.50 expired unexercised on July 20, 2007 and August 23, 2007. The value of \$2,420,992 attributed to these warrants has been transferred to contributed surplus in this third quarter.

6. Per share amounts

The basic weighted average number of common shares outstanding for the nine months ended September 30, 2007 was 71,741,925 (2006 – 51,576,111) and for the quarter ended September 30, 2007, 72,048,648 (2006 – 59,290,652). 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.

8. Subsequent events:

(a) Private placement financing:

On November 22, 2007 the Company completed a private placement financing under the terms of which it issued 50 million common shares at a price of \$0.50 per common share for gross proceeds of \$25 million before expenses.

(b) 2007/2008 Alaska winter program approved:

As of the date of these financial statements, TG World has committed to spend US\$8.5 million before PPTC as its share of winter 2007/2008 Alaska seismic, exploration wells and completion expenses.

November 26, 2007

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