TURNER VALLEY OIL & GAS INC
Form 10KSB
April 17, 2007

FORM 10-KSB

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

x **ANNUAL REPORT PURSUANT TO SECTION 13 or 15(d)**
OF THE SECURITIES EXCHANGE ACT OF 1934

Commission File Number: 000-30891

For the Year ended December 31, 2006

Turner Valley Oil & Gas, Inc.

Nevada (Jurisdiction of Incorporation)	Optional (I.R.S. Employer Identification No.)
604-700 West Pender Street Vancouver Canada (Address of principal executive offices)	V6G 1G8 (Zip Code)

Registrant's telephone number, including area code: (604) 602-1650

Securities registered pursuant to Section 12(g) of the Act: Common Voting Equity Stock

Yes x No o (Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days.)

¨ (Indicate by check mark whether if disclosure of delinquent filers (§229.405) is not and will not to the best of Registrant's knowledge be contained herein, in definitive proxy or information statements incorporated herein by reference or any amendment hereto.)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
Yes o No x

Issuer's Revenues most recent fiscal year: None

As of 12/31/06 the number of shares of common stock outstanding was 58,535,970.

As of 12/31/06 the number of shares held by non-affiliates was approximately 57,484,370 shares, with a market value of $4,023,906 low bid of $0.07

Exhibit Index is found on page 10

CONTENTS

Table of Contents

INTRODUCTION

This Registrant (Reporting Company) has elected to refer to itself, whenever possible, by normal English pronouns, such as "We", "Us" and "Our". This Form 10-KSB may contain forward-looking statements. Such statements include statements concerning plans, objectives, goals, strategies, future events, results or performances, and underlying assumptions that are not statements of historical fact. This document and any other written or oral statements made by us or on our behalf may include forward-looking statements which reflect our current views, with respect to future events or results and future financial performance. Certain words indicate forward-looking statements, words like "believe", "expect", "anticipate", "intends", "estimates", "forecast", "projects", and similar expressions.

PART I

ITEM 1. Description of Business.

(a) Form and Year of Organization. Our Corporate organization and history is described in our previous annual and quarterly reports. During 2006 we issued share to Officers, Directors and service providers, pursuant to registration, Sections 5/6 of the Securities Act of 1933, with filings on Form S-8; and we also issued new investment shares pursuant to Section 4(2) of the Act.

The foregoing is illustrated more fully in the table on the following page.

Current Year Issuances		Valued at	Shares
Carried from 12/31/05			55,535,970
Issue 4/01/07: Registered for services	$	750,000	3,000,000
Total Issued and Outstanding 12/31/05	$	750,000	58,535,970

(b) Our Business. *Turner Valley Oil and Gas Inc.* (“TVOG”) is an emerging oil and gas Company. Since commencing operations as an Oil and Gas Company, in August of 2003, TVOG has incorporated a wholly owned Canadian subsidiary, TV Oil and Gas Canada Limited (Federal Canadian Registry). Our subsidiary has acquired a solid base of oil and gas properties located in the western basin of Alberta, Canada. These properties provide *Turner Valley Oil and Gas Inc.* with a firm foothold in the oil and gas sector. It is Management’s intent to continue to; add proven producing, development and exploration properties during 2007. As is the case with all of our properties, the Company has taken all necessary actions to commence operations on these properties as quickly as possible and this has been done. The nature of the oil and gas business requires that the Management and Board remain diligent in assessing risk and insisting that the Company’s Operators work in strict compliance with all prevailing legislation. This has been done.

Table of Contents

Risk Tolerance

Our risk tolerance would best be described as conservative in nature. Although we recognize that oil and commodity pricing is reaching all time highs we routinely apply flat pricing at a discount to market, in our risk analysis. We will only participate in programs that are; extremely well researched, fit within our financial capacity and have undergone stringent independent reviews. If a problem should occur at any time in the life of the property, Management has developed an exit strategy for each property that will allow us to cap our potential for loss. These exit stratagems are for internal use only.

Please see Management's Discussion and Analysis, Item 6 following.

DESCRIPTION OF OIL & GAS PROPERTIES

ITEM 2. Description of Property.

We enjoy the non-exclusive use of the offices of our Officers, and have no other miscellaneous property of our own. But please see Management's Discussion and Analysis, Item 6 following.

ITEM 3. Legal Proceedings.

There are no legal proceedings pending against we, as of the preparation of this Report.

ITEM 4. Submission of Matters to a Vote of Security Holders.

None.

PART II

ITEM 5. Market for Common Equity and Stockholder Matters.

(a) Market Information. The Common Stock of this Issuer has not been quoted Over the Counter on the Bulletin Board ("OTCBB") or the NQB Pink Sheets or otherwise, during the period of this report. Our common stock was cleared for quotation on the OTCBB on February 20, 2002 and had never before traded in brokerage transactions.

PERIOD	HIGH BID	LOW BID	VOLUME
1st 2004	0.58	0.24	41,233,640
2nd 2004	0.33	0.10	12,618,360
Reverse Split: Ten shares to One Share			
3rd 2004	0.18	0.12	4,784,580
4th 2004	0.34	0.12	22,427,460
1st 2005	0.38	0.21	59,337,300
2nd 2005	0.29	0.12	15,100,140
3rd 2005	0.19	0.12	11,437,060
4th 2005	0.14	0.06	10,552,140
1st 2006	0.23	0.06	13,434,000
2nd 2006	0.22	0.03	7,754,000

3rd 2006	0.14	0.07	6,864,000
4th 2006	0.11	0.07	9,134,000

Source: Yahoo Finance

Table of Contents

(b) Holders. There are approximately 100 shareholders of the our common stock, giving effect to shares held in brokerage accounts.

(c) Dividends. No dividends have been paid by us on the Common Stock or other Stock and no such payment is anticipated in the foreseeable future. We have not paid any cash dividends on our Common Stock, and do not anticipate paying cash dividends on our Common Stock in the next year. We anticipate that any income generated in the foreseeable future will be retained for the development and expansion of our business. Future dividend policy is subject to the discretion of the Board of Directors and will depend upon a number of factors, including future earnings, debt service, capital requirements, business conditions, the financial condition of we and other factors that the Board of Directors may deem relevant.

(d) Sales of Unregistered Common Stock 2006. We made no unregistered issuances in 2005 of 2006.

ITEM 6. Management's Discussion and Analysis or Plan of Operation.

(a) Plan of Operation. We have changed our plan of operations to a sole focus on; exploration for, development drilling for, and transmission facilities for the production and sale of oil and gas. To reflect this change, we changed our name to *Turner Valley Oil & Gas* Corporation, and incorporated a wholly owned Canadian subsidiary named T.V Oil & Gas Canada Limited. This Company is a Federal Canadian Registered Company and complies with all applicable laws within Canada.

Our financial statements contain the following additional material notes:

(Note 2-Going Concern) The Company's financial statements have been prepared assuming that the Company will continue as a going concern. The Company has suffered recurring operating losses and is dependent upon raising capital to continue operations. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. It is management's plan to raise additional funds to continue the explorations of the leases, and then to begin producing oil and/or gas/or both to sell under contract and thereby generate the necessary funds to continue operations.

(Note 3-Development Stage Company). We are a development stage company as defined in Financial Accounting Standards Board Statement 7. We are concentrating con raising capital and developing our business operations.

(b) Discussion and Analysis of Financial Condition and Results of Operations. During the year ended December 31, 2006, we had royalty revenues of $9,813 from our working interest in the Strachan property (December 31, 2005 $1,640). The increase in royalties was caused by a special assessment initiated by the Operator of the well. We added working interests in oil and gas producing properties during 2006, as described following. All our properties are geographically and physically independent of one another. They are located in the Western Canada Geologic Basin centered in Alberta, Canada and Mississippi, USA.

The Strachan Property. On August 20, 2003, we entered into a purchase agreement to acquire 1% interest in a producing gas well, located at 2-2-38-9W5 Red Deer, Alberta, Canada. The Strachan Prospect is located 80 miles NW of Calgary, Alberta. The gas production rate at the time of the acquisition fluctuated between 1.5 and 2 MMCF/Day (million cubic feet of gas per day). The Company's senior management has set out a rework program for this well. The rework program calls for an acid wash and acid stimulation of the producing formation. The Company has agreed to participate in the program. The program was completed on October 15, 2003 and as of October 20, 2003, the new production rates have stabilized at approximately 2.66 MMCF/Day, representing a 40% increase over initial production rates.

In addition to the preceding acquisition, we entered into a purchase agreement to acquire 0.5% interest in 10 Sections (6,400 acres) of drilling rights offsetting Sct. 22-38-9W-5. These offsetting sections have identified seismic anomalies in multiple cretaceous pay zones. The purchase price of the property was $45,114. The depletion for the year ended December 31, 2006 was $10,000. (December 31, 2005 $0)

Table of Contents

The Strachan Property - Leduc Formation

On September 23, 2005 Turner Valley Oil and Gas Inc. through its wholly owned subsidiary TV Oil and Gas Canada Limited, has entered into a farm-out agreement with Odin Capital Inc. of Calgary, Alberta.

The terms of the Farm-Out agreement are as follows:

In exchange for our paying 3.00% of all costs associated with drilling, testing and completing the test well (expected drilling cost - approx. $6.3 million Canadian to the 100% interest) on the property that is referred to as the Leduc Formation test well, we will have earned;

1) In the spacing unit for the Earning Well, a 1.500% interest in the petroleum and natural gas below the base of the Mannville excluding natural gas in the Leduc formation, and a 3.00% interest in the natural gas in the Leduc formation before payout subject to payment of an Overriding Royalty which is convertible upon payout at the Royalty Owners option to 50% of our interest.
2) A 1.200% interest in the rights below the base line of the Shunda formation in Section 10,Township 38, Range 9W5M
3) A 0.966% interest in the rights below the base of the Shunda formation in sections 15 & 16,Township 38,Range 9W5M, down to the base of the deepest formation penetrated.

ON July 6th, 2006, the Company purchased an additional 2% from its Chairman & CEO for a total cost of $190,882. The amount was paid in WIN stock at a value of $2 when the market value of the stock was $1.90.

Additionally, the Company incurred $44,405 of further costs associated with the exploration of the well during the quarter.

The total costs are to date are $525,544 for our interest, under the terms of our agreement.

The Strachan Prospect is located 80 miles NW of Calgary, Alberta. The Company expects testing of this prospect in the near future, which will enable the Company to determine whether to continue or abandon this project.

Mississippi Prospect

On August 23rd, 2006, the Company entered into a joint venture agreement with Griffin & Griffin Exploration, LLC. to acquire an interest in a drilling program comprising 50 natural gas and/or oil wells. The area in which the proposed wells are to be drilled is comprised of approximately 300,000 gross acres of land located between Southwest Mississippi and North East Louisiana. The proposed wells will be targeting the Frio and Wilcox Geological formations. The first 20 proposed wells are located within tie-in range of existing pipeline infrastructures. Turner Valley has agreed to pay 10% of all prospect fees, mineral leases, surface leases and drilling and completion costs to earn a net 8% share of all production zones to the base of the Frio formation and 7.5% of all production to the base of the Wilcox formation. Total Costs to date are $300,000. The Company is in the process of re-evaluating this project to determine if it continues to adhere to the Company's strategic objectives.

Table of Contents

General and Administrative costs

General and Administrative costs for the year now ended decreased by 6% to $713,345, when compared to $669,980, for the previous year. The increase was caused by an increase in rent and telephone costs which was partially offset by a reduction in costs associated with common stock issued for services rendered.

The Net Loss for the year just ended was $(287,236) as compared to a Net Loss of $(472,918) for the previous year ended 2005. The reduction in loss for the year was caused by the partial sale of our holding in WIN Energy, which resulted in other income of $426,295 (December 31, 2005 $237,825). At December 31, 2006, the Company owns 697,274 common shares of WIN Energy Corporation ("WIN") at a market price of $0.87 per share.

(c) ***Liquidity*****.** Our net working capital for the year ended December 31, 2006 decreased to $(418,555), compared to a surplus of $51,778 for the year ended December 31, 2005. The decrease in working capital was caused by investments in additional working interests and increases in the general overhead of the company.

To date we have not invested in derivative securities or any other financial instruments which involve a high level of complexity or risk. We expect that in the future, an excess cash will continue to be invested in credit quality, interest-bearing securities.

We believe cash from operating activities, and our existing cash sources may not be sufficient to meet our working capital requirements for the next 12 months. We will likely require additional funds to support our business plan. Management intends to raise additional working capital through debt and equity financing.

ITEM 7. Financial Statements.

The Audit Committee of this Corporation for this fiscal year consists of our Board of Directors. Management is responsible for our internal controls and the financial reporting process. Our independent auditors are responsible for performing an independent audit of our financial statements in accordance with generally accepted accounting standards and to issue a report thereon. It is the responsibility of our Board of Directors to monitor and oversee these processes. In this context the Committee has met and held discussions with management and the independent accountants. Management recommended to the Committee that our financial statements were prepared in accordance with generally accepted accounting principles, and the Committee has reviewed and discussed the financial statements with Management and such independent accountants, matters required to be discussed by Statement on Auditing Standards No. 61 (Communication with Audit Committees). Our independent accountants also provided to the Committee the written disclosures required by Independence Board Standard No. 1 (Independence Discussions with Audit Committees), and the Committee discussed with the independent accountants that firm's independence.

Table of Contents

Based upon the Committee's discussions, and review, of the foregoing, the Committee recommended that our audited financial statements in our Annual Report on Form 10-KSB for the year ended December 31, 2006 be included and filed with the Securities and Exchange Commission.

Audited Financial Statements for the years ended December 31, 2006, 2005, and from inception, April 14, 1999, are included and provided as Attachment AFK-04. These financial statements attached hereto and filed herewith are incorporated herein by this reference as though fully set forth herein.

ITEM 8. Changes In and Disagreements With Accountants on Accounting and Financial Disclosure.

None.

Table of Contents

PART III

ITEM 9. Directors and Executive Officers, Promoters and Control Persons.

The information required and appropriate for this Item is unchanged and found in our previous annual report. Officers and Directors serve until their successors might be elected or appointed. The time of the next meeting of shareholders has not been determined.

ITEM 10. Executive Compensation.

Summary Compensation, Table A. the disclosure of Executive compensation is now provided in the tabular form required by the Securities and Exchange Commission, pursuant to Regulation 228.402. Compensation consisted of registered stock (at bid) for services in lieu of cash.

					Long Term Compensation			
		Annual Compensation			Awards		Payouts	
a	b	c	d	e	f	g	h	i
Name and Principal Position	Year	Salary ($)	Bonus ($)	Other Annual Compen-sation ($)	Restric-ted Stock Awards ($)	Securi-ties Under-lying Options SARs (#)	LTIP Payouts ($)	All Other Compen-sation ($)
CHISTOPER PATON-GAY, Chairman, CEO	2006	0	0	0	0	0	0	660.0000
	2005	0	0	0	0	0	0	180,500
	2004		0	0	0	0	0	277,000
KULWANT SANDHER Treasurer, CFO	2006	0	0	0	0	0	0	72,000
	2005	0	0	0	0	0	0	116,000
	2004	0	0	0	0	0	0	97,500
DONALD JACKSON WELLS, Director	2006	0	0	0	0	0	0	23,750
	2005	0	0	0	0	0	0	29,750
	2004	0	0	0	0	0	0	37,000
JOSEPH A. KANE Director	2006	0	0	0	0	0	0	23,750
	2005	0	0	0	0	0	0	29,750
	2004	0	0	0	0	0	0	37,000

Table of Contents

ITEM 11. Security Ownership of Certain Beneficial Owners and Management.

To the best of Registrant's knowledge and belief the following disclosure presents the total security ownership of all persons, entities and groups, known to or discoverable by Registrant, to be the beneficial owner or owners of more than five percent of any voting class of Registrant's stock, along with the total beneficial security ownership of all Directors and Nominees, naming them, and by all Officers and Directors as a group, without naming them. Please refer to explanatory notes if any, for clarification or additional information. The Registrant has only one class of stock; namely Common Stock.

COMMON STOCK

NAME AND ADDRESS OF BENEFICIAL OWNER		SHARE OWNERSHIP	%
Christopher Paton-Gay 6160 Genoa Bay Road Duncan B.C. Canada	Chairman/CEO Director	2,285,000	3.90
Kulwant Sander 6160 Genoa Bay Road Duncan B.C. Canada	Treasurer/CFO	1,252,395	2.14
Donald Jackson Wells 3131 S.W. Freeway #46 Houston TX 77098	Director	75,800	0.13
Joseph Kane 3131 S.W. Freeway #46 Houston TX 77098	Director	75,800	0.13
All Officers and Directors as a Group		3,688,995	6.30
Total Issued and Outstanding		58,535,970	100.00
All Affiliates		(3,688,995)	(6.30)
Indicated Total Non-Affiliate Ownership		54,846,975	93.70

Table of Contents

(a) Changes in Control. There are no arrangements known to Registrant, including any pledge by any persons, of securities of Registrant, which may at a subsequent date result in a change of control of our Corporation. Specifically, we are not a candidate for any direct or reverse acquisition transactions, but are devoted to bringing our business plan to actualization and profitability.

ITEM 12. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures. Based upon an evaluation under supervision and with the participation of our management, as of the end of the period represented by this Annual Report on form 10-KSB, our principal executive officer and principal financial officer have concluded that our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e)) under the Securities Exchange Act of 1934, are effective to ensure that information required to be disclosed (in reports that we file or submit under that Exchange Act) is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms.

Changes in Internal Accounting. There were no significant changes in our internal controls or other factors that could significantly affect these controls subsequent to the date of their evaluation. There were no significant deficiencies or material weaknesses, and therefore there were no corrective actions taken. However, the design of any system of controls is based in part upon the assumptions about the likelihood of future events, and there is no certainty that any design will succeed in achieving its stated goal under all potential future considerations, regardless of how remote.

Table of Contents

ITEM 13. Attachments, Financial Statements, Exhibits, and Reports on Form 8-K.

(a) Attachments/Exhibits Hereto.

(31) CERTIFICATION PURSUANT TO 18 USC SECTION 302.

(32) CERTIFICATION PURSUANT TO 18 USC SECTION 1350.

(AC-99.1) AUDIT COMMITTEE REPORT

(AFK-06A) AUDITED FINANCIAL STATEMENTS for the years ended December 31, 2006, 2005 and from Inception.

(b) Exhibits Previously Filed. Please see our Previous Annual Report on Form 10-KSB, for the year ended December 31, 2001, for Exhibits: (3.1) ARTICLES OF INCORPORATION; (3.2) BY-LAWS, incorporated herein by this reference.

Signatures

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the individual capacities and on the date indicated.

Turner Valley Oil & Gas, Inc.

Dated: April 12, 2007

Christopher Paton-Gay	Donald Jackson Wells	Joseph Kane
Christopher Paton-Gay	Donald Jackson Wells	Joseph Kane

Table of Contents

Attachment AFK-06A

AUDITED FINANCIAL STATEMENTS

for the years ended
December 31, 2006, 2005
and from inception

Table of Contents

TURNER VALLEY OIL & GAS CORPORATION
(A Development Stage Company)

CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2006 and 2005

Table of Contents

C O N T E N T S

Table of Contents

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Stockholders and Board of Directors
Turner Valley Oil & Gas Corporation
Duncan B.C. Canada

We have audited the accompanying consolidated balance sheets of Turner Valley Oil & Gas Corporation (a Development Stage Company) as of December 31, 2006 and 2005 and the related consolidated statements of operations, stockholders' equity and comprehensive income and cash flows for the periods then ended and from inception on April 21, 1999 through December 31, 2006. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with standards of the PCAOB (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Turner Valley Oil & Gas Corporation as of December 31, 2006 and 2005 and the consolidated results of their operations and their cash flows for the periods then ended and from inception on April 21, 1999 through December 31, 2005, in conformity with accounting principles generally accepted in the United States of America.

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as going concerns. As discussed in Note 2 to the consolidated financial statements, the Company has suffered recurring operating losses, and is dependent upon financing to continue operations, which raises substantial doubt about its ability to continue as a going concern. Management's plans with regard to these matters are also described in Note 2. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Chisholm, Bierwolf & Nilson, LLC
Bountiful, Utah
March 28, 2007

Table of Contents

TURNER VALLEY OIL & GAS, INC.
(A Development Stage Company)
Consolidated Balance Sheets

ASSETS

	December 31, 2006	December 31, 2005
CURRENT ASSETS		
Cash	$ -	$ 78,848
Accounts receivable	8,910	2,546
Total Current Assets	8,910	81,394
OIL AND GAS PROPERTIES USING FULL COST ACCOUNTING		
Properties subject to amortization	28,177	38,175
Unproved properties	925,544	164,054
Net Oil and Gas Properties	953,721	202,229
OTHER ASSETS		
Investments - Marketable Securities available for sale	604,349	155,651
Total Other Assets	604,349	155,651
TOTAL ASSETS	$ 1,566,980	$ 439,274

LIABILITIES AND STOCKHOLDERS' EQUITY

	December 31, 2006	December 31, 2005
CURRENT LIABILITIES		
Bank Overdraft	$ 3,397	-
Accounts payable	400,410	$ 5,958
Notes payable, related party	23,658	23,658
Total Current Liabilities	427,465	29,616
Total Liabilities	427,465	29,616
Other Commitments or Contingencies	-	-
STOCKHOLDERS' EQUITY		
	58,537	53,387

Common stock, 100,000,000 shares authorized of $0.001 par value, 58,535,984 and 53,385,984 shares issued and outstanding, respectively				
Capital in excess of par value		4,697,173		4,185,323
Accumulated other comprehensive income		495,283		(4,810)
Deficit accumulated during the development stage		(4,111,478)		(3,824,242)
Total Stockholders' Equity		1,139,515		409,658
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$	1,566,980	$	439,274

4

Table of Contents

TURNER VALLEY OIL & GAS, INC.
(A Development Stage Company)
Consolidated Statements of Operations and Comprehensive Income/(Loss)

	For the Three Months Ended December 31, 2006	For the Three Months Ended December 31, 2005	For the Year Ended December 31, 2006	For the Year Ended December 31, 2005	From Inception on April 21, 1999 Through December 31, 2006
REVENUE					
Royalties received	$ 985	$ -	$ 9,813	$ 1,640	$ 20,874
EXPENSES					
Cost of production	-	-	-	42,403	51,753
Depletion	5,000	2,500	10,000	-	20,767
General and administrative	377,941	1,012	713,345	669,980	4,695,178
Total Expenses	382,941	3,512	723,345	712,383	4,767,698
NET OPERATING LOSS	(381,956)	(3,512)	(713,532)	(710,743)	(4,746,824)
OTHER INCOME (EXPENSE)					
Gain on sale of investments	366,134	237,825	426,295	237,825	638,638
Interest expense	-	-	-	-	(3,292)
Total Other Income (Expense)	366,134	237,825	426,295	237,825	635,346
NET PROFIT/(LOSS) BEFORE INCOME TAX	$ (15,822)	$ 234,313	$ (287,236)	$ (472,918)	$ (4,111,478)
Income tax	$ -	$ -	$ -	$ -	$ -
NET PROFIT/(LOSS)	$ (15,822)	$ 234,313	$ (287,236)	$ (472,918)	$ (4,111,478)
BASIC LOSS PER COMMON SHARE	$ (0.00)	$ 0.00	$ (0.01)	$ (0.01)	
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING	55,651,737	49,694,775	55,651,737	50,743,518	
COMPREHENSIVE INCOME (LOSS)					

NET LOSS	$ (15,822)	$ 234,313	$ (287,236)	$ (472,918)	$ (4,111,478)
OTHER COMPREHENSIVE INCOME (LOSS)					
Unrealized Gain on Marketable Securities			499,368	-	499,368
Foreign Currency Translation	-	-	(725)	(725)	(4,085)
COMPREHENSIVE INCOME (LOSS)	$ (15,822)	$ 234,313	$ 211,407	$ (473,643)	$ (3,616,195)

Table of Contents

Turner Valley Oil & Gas Corporation
(A Development Stage Company)
Statement of Stockholders' Equity and Comprehensive Income
September 30, 2006

	Shares	Amount	Additional Paid-in-Capital	Comprehensive Income/(Loss)	Retained Earnings	Subscription Receivable
Balance at inception April 21, 1999	0	0	0			
Shares issued for services during 1999	41,080	41	5,094			
Shares issued for cash during 1999	16,000	16	99,984			
Net Loss for the period ended December 31, 1999					(96,935)	
Balance at December 31, 1999	57,080	57	105,078	0	(96,935)	0
Net Loss for the period ended December 31, 2000					(27,242)	
Balance at December 31, 2000	57,080	57	105,078	0	(124,177)	0
Net Loss for the period ended December 31, 2001					(65,380)	
Balance at December 31, 2001	57,080	57	105,078	0	(189,557)	0
Shares issued for debt reduction during 2002	8,000	8	99,992			
Shares issued for services during 2002	2,190,150	2,190	1,092,885			
Net Loss for the period ended December 31, 2002					(1,240,008)	
Balance at December 31, 2002	2,255,230	2,255	1,297,955	0	(1,429,565)	0
Shares issued for services at $.02 per share	1,500,000	1,500	298,500			

Rounding of shares from reverse split	2,000	2	(2)			
Shares issued for accounts payable at $.05 Per share	8,000,000	8,000	392,000			
Shares issued for services at $.015 per share	31,729,200	31,729	444,209			
Shares issued for services at $.015 per share	9,487,504	9,488	132,825			
Shares issued pursuant to S-8 registration at $.05 per share	2,000,000	2,000	98,000			
Shares issued pursuant to S-8 registration at $.05 per share	650,000	650	31,850			
Cancellation of Common Stock	(16,691,520)	(16,692)	(220,459)			
Shares issued for cash at $.05 per share	3,000,000	3,000	147,000			
Shares issued for cash at $.30 per share	100,000	100	29,900			
Shares issued for cash at $.35 per share	528,570	529	184,471			
Foreign Currency Translation				(1,718)		
Net Loss for the period ended December 31, 2003	**0**	**0**	**0**		**(1,137,760)**	
Balance at December 31, 2003	**42,560,984**	**42,561**	**2,836,249**	**(1,718)**	**(2,567,325)**	**0**

Table of Contents

Turner Valley Oil & Gas Corporation
(A Development Stage Company)
Statement of Stockholders' Equity and Comprehensive Income
September 30, 2006 (Continued)

	Shares	Amount	Additional Paid-in-Capital	Comprehensive Income/(Loss)	Retained Earnings	Subscription Receivable
Shares issued pursuant to S-8 registration at $.20 per share	932,500	933	185,567			
Shares issued pursuant to S-8 registration at $.08 per share	1,597,500	1,598	126,202			
Shares issued pursuant to S-8 registration at $.08 per share	1,000,000	1,000	79,000			
Shares issued pursuant to S-8 registration at $.11 per share	85,000	85	9,265			
9/30/2004						
Shares issued pursuant to S-8 registration at $.20 per share	1,385,000	1,385	275,615			
Shares issued for Cash at $.05 per share	975,000	975	47,775			
Subscription Recievable						(48,750)
Foreign Currency Translation				**(2,367)**		
Net Loss for the period ended December 31, 2004	**0**	**0**	**0**	**0**	**(784,001)**	
Balance at December 31, 2004	**48,535,984**	**48,537**	**3,559,673**	**(4,085)**	**(3,351,325)**	**(48,750)**
Shares issued pursuant to S-8 registration at $.13 per share	2,850,000	2,850	367,650			
Shares issued pursuant to S-8 registration at $.13 per share	2,000,000	2,000	258,000			

Foreign Currency Translation				(725)		
Subscription Recievable						48,750
Net Loss for the period ended December 31, 2005					(472,917)	
Balance at December 31, 2005	**53,385,984**	**53,387**	**4,185,323**	**(4,810)**	**(3,824,242)**	**0**
Shares issued pursuant to S-8 registration at $.13 per share	2,000,000	2,000	258,000			
Shares issued pursuant to S-8 registration at $.08 per share	1,600,000	1,600	126400			
Shares issued pursuant to S-8 registration at $.08 per share	1,450,000	1,450	114,550			
Shares issued under Rule 144 at $0.13 per share	100,000	100	12,900			
Net Income for the year ended December 31, 2006				500,093	(287,236)	
Balance as at December 31, 2006	**58,535,984**	**58,537**	**4,697,173**	**495,283**	**(4,111,478)**	**0**

Table of Contents

TURNER VALLEY OIL & GAS, INC.
(A Development Stage Company)
Consolidated Statements of Cash Flows

	For the Year Ended December 31, 2006	2005	From Inception on April 21, 1999 Through December 31, 2006
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net loss	$ (287,234)	$ (472,917)	$ (4,111,478)
Adjustments to reconcile net loss to net cash used in operating activities:			
Depletion	(761,490)	-	20,767
Loss on abandonment of property	-	-	25,481
Gain on sale of Investment	(436,388)	(237,825)	(674,213)
Common stock issued for services rendered	517,000	630,501	4,241,960
Non-cash Effect from Foreign Currency Translation	725	(725)	(4,080)
Changes in operating assets and liabilities:			
Increase (Decrease) in bank Overdraft	3,397	-	3,397
Increase (Decrease) in accounts receivable	(6,364)	2,263	(289)
Increase (Decrease) in accounts payable - related Party		-	23,659
Increase in accounts payable and accrued expenses	394,450	(13,094)	291,782
Net Cash Used in Operating Activities	(575,904)	(91,797)	(183,014)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Proceeds from sale of investments	487,058	263,758	807,522
Investing in new Oil & Gas working interests	9,998	(164,054)	(825,544)
Expenditures for oil and gas property development		-	(312,714)
Net Cash Used in Investing Activities	497,056	99,704	(330,736)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from issuance of common stock	-	-	465,000
Receipt of subscription receivable	-	48,750	48,750
Net Cash Provided by Financing Activities	-	48,750	513,750
NET INCREASE (DECREASE) IN CASH	(78,848)	56,657	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	78,848	22,191	-

CASH AND CASH EQUIVALENTS AT END OF PERIOD	$	-	$	78,848	$	-

8

Table of Contents

TURNER VALLEY OIL & GAS, INC.
(A Development Stage Company)
Consolidated Statements of Cash Flows (Continued)

	For the Year Ended December 31, 2006	For the Year Ended December 31, 2005	From Inception on April 21, 1999 Through Dec-31 2006
SUPPLEMENTAL CASH FLOW INFORMATION			
CASH PAID FOR:			
Interest	$ -	$ -	$ -
Income taxes	$ -	$ -	$ -
NON-CASH FINANCING ACTIVITIES			
Common stock issued for services rendered	$ 517,000	$ 630,501	$ 3,709,460
Common stock issued for retirement of payables	$ -	$ -	$ 532,500

9

Table of Contents

TURNER VALLEY OIL & GAS CORPORATION
(a Development Stage Company)
Notes to the Financial Statements
December 31, 2006 and 2005

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Organization

The Company was incorporated under the laws of Nevada on April 21, 1999 as NetParts.com. The Company was originally organized to create a series of 16 specialized auto salvage yards whereby the salvageable components would be inventoried on a computer and listed on the internet. The Company, however, changed their operations and their name on July 24, 2003 to Turner Valley Oil & Gas Corporation. On August 1, 2003, the Company incorporated T.V. Oil & Gas Canada Limited, a wholly owned subsidiary, into the financial statements of the Company. The Company holds a working interest in an oil lease and an investment in an oil and gas entity.

B. Revenue and Cost Recognition

Oil and Gas Properties

The full cost method is used in accounting for oil and gas properties. Accordingly, all costs associated with acquisition, exploration, and development of oil and gas reserves, including directly related overhead costs, are capitalized. In addition, depreciation on property and equipment used in oil and gas exploration and interest costs incurred with respect to financing oil and gas acquisition, exploration and development activities are capitalized in accordance with full cost accounting. Capitalized interest for the years ended December 31, 2006 and 2005 was $0. All capitalized costs of proved oil and gas properties subject to amortization are being amortized on the unit-of-production method using estimates of proved reserves. Investments in unproved properties and major development projects not subject to amortization are not amortized until proved reserves associated with the projects can be determined or until impairment occurs. If the results of an assessment indicate that the properties are impaired, the amount of the impairment is added to the capitalized costs to be amortized. During the year ended December 31, 2006 and 2005, the Company recorded depletion of $10,000 and $0 on its property, respectively.

C. Basis of Consolidation

The consolidated financial statements include the accounts of Turner Valley Oil & Gas Corporation and T.V. Oil & Gas Canada Limited. All significant inter-company accounts and transactions have been eliminated in the consolidation.

Table of Contents

TURNER VALLEY OIL & GAS CORPORATION
(a Development Stage Company)
Notes to the Financial Statements
December 31, 2006 and 2005

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Earnings (Loss) Per Share

The computation of earnings per share of common stock is based on the weighted average number of shares outstanding at the date of the financial statements.

	Income (Loss) (Numerator)	Shares (Denominator)	Per-Share Amount
For the year ended December 31, 2006:			
Basic EPS			
Income (loss) to common stockholders	$ 212,132	55,651,737	$ 0.00
For the year ended December 31, 2005:			
Basic EPS			
Income (loss) to common stockholders	$ (472,918)	50,743,518	$ (0.01)

E. Cash and Cash Equivalents

The Company considers all highly liquid investments with maturities of three months or less to be cash equivalents.

F. Income Taxes

Income taxes are provided for the tax effects of transactions reported in the financial statements and consist of taxes currently due plus deferred taxes. Deferred taxes are provided on a liability method whereby deferred tax assets are recognized for deductible temporary differences and operating loss, tax credit carry-forwards, and deferred tax liabilities are recognized for taxable temporary differences. Temporary differences are the differences between the reported amounts of assets and liabilities and their tax bases. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax will not be realized. Deferred tax assets and liabilities are adjusted for the effects of changes in tax laws and rates on the date of enactment.

Table of Contents

TURNER VALLEY OIL & GAS CORPORATION
(a Development Stage Company)
Notes to the Financial Statements
December 31, 2006 and 2005

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Income Taxes (continued)

	December 31, 2006	December 31, 2005
Deferred tax assets:		
Net operation loss carry-forwards	$ 3,612,110	$ 3,946,812
Total Deferred Tax Assets	1,228,123	1,341,916
Valuation allowance for deferred tax assets	(1,228,123)	(1,341,916)
	$ -	$ -

At December 31, 2006, the Company has net operating losses of $3,612,110 which begin to expire in 2019.

The income tax provision differs from the amount of income tax determined by applying the U.S. federal and state income tax rates of 39% to pretax income from continuing operations for the years ended December 31, 2006 and 2005 due to the following:

	2006	2005
Book loss from operations	$ 72,125	$ - -
Not Used	(72,125)	
Common stock issued for services	175,780	308,856
Valuation allowance	(175,780)	(308,856)
	$ -	$ -

G. Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and revenues and expenses during the reporting period. In these financial statements assets and liabilities involve extensive reliance on management's estimates. Actual results could differ from those estimates.

Table of Contents

TURNER VALLEY OIL & GAS CORPORATION
(a Development Stage Company)
Notes to the Financial Statements
December 31, 2006 and 2005

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. New Technical Pronouncements

In May 2005, the FASB issued SFAS No. 154, ACCOUNTING CHANGES AND ERROR CORRECTIONS. This Statement replaces APB No. 20, ACCOUNTING CHANGES and FASB No. 3, REPORTING ACCOUNTING CHANGES IN INTERIM FINANCIAL STATEMENTS, and changes the requirements for the accounting for and reporting of a change in accounting principle. This Statement applies to all voluntary changes in accounting principle. It also applies to changes required by an accounting pronouncement in the unusual instance that the pronouncement includes specific transition provisions. When a pronouncement includes specific transition provisions, those provisions should be followed. This Statement requires retrospective application to prior periods' financial statements of changes in accounting principle, unless it is impracticable to determine either the period-specific effects or the cumulative effect of the change. The adoption of SFAS No. 154 did not have an impact on the Company's consolidated financial statements.

In February 2006, the FASB issued SFAS No. 155, ACCOUNTING FOR CERTAIN HYBRID FINANCIAL INSTRUMENTS AN AMENDMENT OF FASB STATEMENTS NO. 133 AND 140.This Statement amends FASB Statements No. 133, accounting for Derivative Instruments and Hedging Activities, and No. 140, Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities. This statement resolves issues addressed in Statement 133 Implementation Issued No. D1, "Application of Statement 133 to Beneficial Interests in Securitized Financial Assets." The adoption of SFAS No. 155 did not have an impact on the Company's consolidated financial statements.

In March 2006, the FASB issued SFAS No. 156, ACCOUNTING FOR SERVICING OF FINANCIAL ASSETS AN AMEDNMENT OF FASB STATEMENT No. 140. This Statement amends FASB Statement No. 140, Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities, with respect to the accounting for separately recognized servicing assets and servicing liabilities. The adoption of SFAS No. 156 did not have an impact on the Company's consolidated financial statements.

In September 2006, the FASB issued SFAS No. 157, FAIR VALUE MEASUREMENTS. This statement defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles (GAAP), and expands disclosures about fair value measurements. This Statement is effective for financial statements issued for fiscal years beginning after November 15, 2007, and interim periods within those fiscal years. The adoption of SFAS 157 did not have an impact on the Company's consolidated financial statements. The Company presently comments on significant accounting policies (including fair value of financial instruments) in Note 2 to the financial statements.

Table of Contents

TURNER VALLEY OIL & GAS CORPORATION
(a Development Stage Company)
Notes to the Financial Statements
December 31, 2006 and 2005

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. New Technical Pronouncements (continued)

In September 2006, the FASB issued SFAS No. 158, EMPLOYERS' ACCOUNTING FOR DEFINED BENEFIT PENSION AND OTHER POSTRETIREMENT PLANS AN AMENDMENT OF FASB STATEMENTS NO. 87, 88, 106 AND 132(R). This statement improves financial reporting by requiring an employer to recognize the overfunded or underfunded status of a defined benefit postretirement plan (other that a multiemployer plan) as an asset or liability in its statement of financial position and to recognize changes in that funded status in the year in which the changes occur through comprehensive income of a business entity or changes in unrestricted net assets of a not-for-profit organization. The adoption of SFAS No. 158 did not have an impact on the Company's consolidated financial statements.

I. Financial Instruments

The recorded amounts of financial instruments, including cash equivalents, accounts receivable, accounts payable and short term notes approximate their market values as of December 31, 2006 and 2005. The Company has no investments in derivative financial instruments.

J. Functional Currency & Foreign Currency Translation

The Company’s functional currency is the U.S. dollar. In accordance with the Statement of Financial Accounting Standard No. 52, *Foreign Currency Translation*, the assets and liabilities denominated in foreign currency are translated into U.S. dollars at the current rate of exchange existing at period end and revenues and expenses are translated at average monthly exchange rates. Related translation adjustments are reported as a separate component of stockholders’ equity, whereas, gains or losses relating from foreign currency transactions are included in the results of operations.

K. Impairment of Long-Lived Assets

In accordance with Financial Accounting Standards Board Statement No. 144, the Company records impairment of long-lived assets to be held and used or to be disposed of when indicators of impairment are present and the undiscounted cash flows estimated to be generated by those assets are less than the carrying amount. At December 31, 2006 the impairment charge was $Nil, and at December 31, 2005 the impairment charge was $Nil.

Table of Contents

TURNER VALLEY OIL & GAS CORPORATION
(a Development Stage Company)
Notes to the Financial Statements
December 31, 2006 and 2005

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Accounts Receivable

	2006	2005
Accounts Receivable	$ 8,911	$ 2,546
Less: Allowance for Doubtful Debts	-	-
Net Accounts Receivable	$ 8,891	$ 2,546

Management reviews its accounts receivable on a regular basis. If an account has a balance which is six months old, it is the policy of the company to record an allowance for doubtful accounts. The Company will continue to pursue all collection efforts. If at a later date, the account is deemed uncollectible, the account balance will be written off.

NOTE 2 - GOING CONCERN

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. The Company has suffered recurring operating losses and is dependent upon raising capital to continue operations. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. It is management's plan to raise additional funds to share in the exploration of leases individually as well as with WIN Energy, and then to begin extracting gas and oil to sell and generate the necessary funds to continue operations.

NOTE 3 - OIL & GAS PROPERTIES

Strachen Property

On August 20, 2003, the Company entered into a purchase agreement to acquire 1% interest in a producing gas well, located at 22-38-9W5 Red Deer, Alberta, Canada. During the end of 2003, the Company's senior management set out a rework program for this well. The rework program called for an acid wash and acid stimulation of the producing formation. The Company agreed to participate in the program which increased their interest to 6.67%. The program was completed on October 15, 2003 and extraction continued in 2004. As of December 31, 2003, $300,672 of costs have been capitalized under "Properties not subject to amortization". The Strachen Property has proved gas reserves of 3.68 MMCF.

During 2004, two of the Companies properties were deemed to be impaired and the Company abandoned these properties and wrote off $71,072 of capitalized costs. The Strachen Property began to be extracted and was therefore moved to Properties being amortized with a capitalized cost of $48,942. Accumulated amortization at December 31, 2005 and 2004 is $10,767, respectively. During the year ended December 31, 2005, the Company entered into farm-out agreement with Odin Capital for the Strachan Leduc formation. The costs recorded for the year ended December 31, 2005 are $164,054. The remaining properties recorded at $192,700 was sold for common stock in Win Energy, see Note 5.

Table of Contents

TURNER VALLEY OIL & GAS CORPORATION
(a Development Stage Company)
Notes to the Financial Statements
December 31, 2006 and 2005

NOTE 4 - STOCK TRANSACTIONS

During 2006, the Company issued 5,050,000 shares pursuant to an S-8 registration Statement and 100,000 shares under rule 144. These shares were issued for services totaling $517,000.

During 2005, the Company issued 4,800,000 shares pursuant to an S-8 Registration Statement. These shares were issued for services totaling $630,000.

During 2004, the Company issued 5,000,000 shares pursuant to an S-8 Registration Statement. These shares were issued for services totaling $680,650.

During 2004, the Company issued 975,000 shares pursuant to a Private Placement and received a subscription for the amount of $48,750. The proceeds were received subsequent to December 31, 2004.

On January 5, 2003, the Company issued 15,000,000 pre-split shares of common stock for services rendered on behalf of the Company totaling $298,500, and in satisfaction of accounts payable totaling $1,500.

On July 1, 2003, the Company enacted a 10 for 1 reverse split of its common stock. Stock has been retroactively restated to reflect this split.

During July 2003, the Company issued 39,729,200 post-split shares of common stock for settlement of $196,146 of accounts payable and services valued at $679,792.

In August 2003, the Company issued 9,487,504 post-split shares of common stock in settlement of $28,971 of accounts payable and services valued at $113,360.

On October 21, 2003, the Company issued 2,000,000 post-split shares of common stock for services rendered on behalf of the Company totaling $100,000.

On November 21, 2003, the Company issued 650,000 post-split shares of common stock valued at $32,500 for professional services rendered in behalf of the Company.

During 2003, the Company issued a total of 3,628,570 post-split shares of common stock for cash at a total value of $365,000.

In April 2002, the Company purposed a 2 for 1 forward split of its outstanding common stock. In October of 2002, the Company enacted a 25 for 1 reverse split of its common stock. During the year, 80,000 shares of common stock were issued to reduce a payable by $100,000. In October 2002, 21,901,500 shares of common stock were issued for services rendered totaling $1,095,075.

Table of Contents

TURNER VALLEY OIL & GAS CORPORATION
(a Development Stage Company)
Notes to the Financial Statements
December 31, 2006 and 2005

NOTE 5 - INVESTMENTS AND SALE OF OILS & GAS PROPERTIES

Pursuant to SFAS 115 "Accounting for Certain Investments in Debt and Equity Securities" management determines the appropriate classification of investment securities at the time they are acquired and evaluates the appropriateness of such classification at each balance sheet date. The classification of those securities and the related accounting policies are as follows:

Available-for-sale-securities: Available-for-sale securities consist of marketable equity securities not classified as trading securities. Available-for-sale securities are stated at fair value, and unrealized holding gains and losses, net of the related deferred tax effect, are reported as a separate component of stockholders' equity.

On May 25, 2004, the Company entered into an Asset Purchase Agreement with Win Energy Corporation ("WIN"), wherein T.V. Oil & Gas Canada, Ltd. sold all its interests held in the other ten sections of the Strachan Property, the Karr Property, the Turner Valley Project and the Triangle Lands. In return for this conveyance the Company received 1,300,303 shares of common stock in WIN.

The Company valued its investment in WIN at the carrying cost of the oil and gas properties conveyed of $192,700. Subsequent to this transaction the Company sold 75,000 shares with a basis of $11,115 ($.1482 per share) and realized proceeds of $56,706 thus crating a gain of $45,591.

During the 2005, the Company sold 175,000 shares of its investment in WIN Energy, realizing a gain of $237,825. The sale agreement includes a half warrant to enable the purchaser to purchase additional WIN shares at $1.75 per share until March 31, 2006.

During 2006, WIN Energy listed its shares on the Toronto Stock Exchange. The Company sold 253,029 shares of its investment in WIN Energy realizing a gain of $436,388 at a various prices. The Company re-valued its investment at an open market price of $0.87, creating an unrealized gain of $499,368 at December 31, 2006.

WIN Energy Corporation ("Win"), formed in 2004, is a Calgary based private corporation. The company is actively engaged in the exploration, development and production of petroleum, natural gas and natural gas liquids. Win's core area is in the triangle zone ("Triangle Zone"), which is located along the eastern edge of the Foothills Belt in southern Alberta, extending from Turner Valley, 25 miles southwest of Calgary, to Pincher Creek, near the Alberta-Montana border.

Table of Contents

TURNER VALLEY OIL & GAS CORPORATION
(a Development Stage Company)
Notes to the Financial Statements
December 31, 2006 and 2005

NOTE 6 - OTHER COMPREHENSIVE INCOME

The Company reports other comprehensive income in accordance with Statement of Financial Accounting Standards No. 130, "Reporting Comprehensive Income" ("SFAS No. 130"). SFAS No. 130 establishes standards for reporting in the financial statements all changes in equity during a period, except those resulting from investments by and distributions to owners. The cumulative effect of foreign currency translation adjustments to a cash account held by the Company in Canadian dollars, which is included in other comprehensive income in the stockholders' equity section, consisted of the following:

	December 31,			
		2006		2005
Balance, beginning of year	$	(4,810)	$	(4,085)
Unrealized gain on marketable securities	$	499,368	$	nil
Effect of currency exchange rate changes		725		(725)
Balance, end of year	$	495,283	$	(4,810)

NOTE 7 - RELATED PARTY TRANSACTION

The transaction with Win Energy as described in Note 5 was a related party transaction due to the fact that the Company's Chairman Christopher Paton-Gay was the Chairman of Win Energy.

The Company's Chairman has advanced funds to the Company as needed to cover operating costs. The Advances are non-interest bearing and due on demand. The detail to such advances is as follows:

	December 31,			
Note payable		2006		2005
Balance, beginning of year	$	23,658	$	35,000
Advances received	$	0	$	(11,866)
Effect of currency exchange rate changes	$	0	$	524
Balance, end of year	$	23,658	$	23,658

NOTE 8 - LEASE COMMITMENTS

The Company entered into a leased for its premises on February 17th, 2006. The term is for 42 months ending September 30, 2009. The lease commitments are as follows;

Year ended December 31, 2007	$	40,338
Year ended December 31, 2008	$	40,338
Year ended December 31, 2009	$	30,254

Table of Contents

TURNER VALLEY OIL & GAS CORPORATION
(a Development Stage Company)
Notes to the Financial Statements
December 31, 2006 and 2005

S.F.A.S. 69 SUPPLEMENTAL DISCLOSURES

(1) Capitalized Costs Relating to Oil and Gas Producing Activities

	December 31, 2006		December 31, 2005
Proved oil and gas producing properties and related lease and well equipment	$	48,942	$ 48,942
Accumulated depreciation and depletion		(20,767)	(10,767)
Net Capitalized Costs	$	28,177	$ 38,175

(2) Costs Incurred in Oil and Gas Property Acquisition, Exploration, and Development Activities

	For the Years Ended December 31, 2006	For the Years Ended December 31, 2005
Acquisition of Properties		
Proved	$ -	$ -
Unproved	264,054	-
Exploration Costs	-	-
Development Costs	661,490	164,054
Total Costs Incurred	$ 925,544	$ 164,054

The Company does not have any investments accounted for by the equity method.

(3) Results of Operations for Producing Activities

	For the Years Ended December 31, 2006	For the Years Ended December 31, 2005
Sales	$ 9,813	$ 1,640
Production costs	(10,000)	(2,564)
Depreciation and depletion	-	(10,000)
Results of operations for producing activities (excluding corporate overhead and interest costs)	$ (187)	$ (10,924)

Table of Contents

TURNER VALLEY OIL & GAS CORPORATION
(a Development Stage Company)
Notes to the Financial Statements
December 31, 2006 and 2005

S.F.A.S. 69 SUPPLEMENTAL DISCLOSURES (Continued)

(4) Reserve Quantity Information

	Oil BBL	Gas MMCF
Proved developed and undeveloped reserves:		
Balance, December 31, 2005	-	4.67
Change in estimates	-	-
Production	-	.99
Balance, December 31, 2006	-	3.68

Proved developed reserves:	Oil BBL	Gas MMCF
Beginning of the year ended December 31, 2006	-	4.67
End of the year ended December 31, 2006	-	3.68

The Company has reserve studies and estimates prepared on the properties acquired and developed. The difficulties and uncertainties involved in estimating proved oil and gas reserves makes comparisons between companies difficult. Estimation of reserve quantities is subject to wide fluctuations because it is dependent on judgmental interpretation of geological and geophysical data.