TURNER VALLEY OIL & GAS INC
Form 10KSB/A
June 09, 2006

FORM 10-KSB/A

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, 2005

Turner Valley Oil & Gas, Inc.

Nevada	91-1980526
(Jurisdiction of Incorporation)	(I.R.S. Employer Identification No.)

NEW ADDRESS
604-700 West Pender, Vancouver B.C., Canada V6C 1G8
(Address of principal executive offices) (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 [ ] (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.)

As of 12/31/05, the number of shares of common stock outstanding was 53,385,,970.

As of 12/31/05, the number of shares held by non-affiliates was approximately 49,980,179 shares, with a market value of $2,998,811 based on low bid of $0.06

Exhibit Index is found on page 16

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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 Corporation, is described in our previous annual and quarterly reports. During 2005 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.

	$ Value	Shares
Form 10K 12/31/04		48,535,970
5/10/05: Registered Services, @$0.20, to officers, directors, and professional services	570,000	2,850,000
10/24/05: Registered Services @$0.13 to officers, directors, and professional services	260,000	2,000,000
Corrected/Adjusted Total		53,385,970

(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 2005. 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.

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 standardly 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 Discussion, Item 6.

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ITEM 2. Description of Property.

We have a new headquarters office as listed above. Please see Management Discussion, Item 6.

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.

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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 2002	None	None	None
2nd 2002	None	None	None
3rd 2002	2.30	1.75	8,000
4th 2002	5.05	2.20	22,000
1st 2003	8.00	1.30	36,960
2nd 2003	1.05	0.25	31,320
3rd 2003	0.51	0.05	15,567,840
4th 2003	0.62	0.38	57,099,320
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

Source: Yahoo Finance

(b) Holders. There are approximately 200 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 2004-2005. On July 15, 2004, we issued new 4,603,570 investment shares, pursuant to section 4(2), for cash to investors who had previously subscribed and paid for their shares. The basis for reliance on section4(2) is as follows: the placement was made privately, without any advertising or public solicitation, to persons with pre-existing relationships with management, and persons having access to the kinds of information about our company, which registration would have disclosed. We made no issuances of unregistered common stock in 2005.

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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 therby 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, 2005, we had royalty revenues of $1,640 from our working interest in the Strachan property. The decrease in royalties was caused by repairs and maintenance that stopped production; however, we expect production to resume in 2006. We added working interests in oil and gas producing properties during 2005, as described following. All our properties are geographically and physically independent of one another. They are all located in the Western Canada Geologic Basin centered in Alberta, Canada.

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.

On September 23, 2005, we (through our wholly-owned Canadian subsidiary) entered a farmout agreement with Odin Capital, Inc. of Calgary, Alberta. The terms of the 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: approximately $ Canadian 6.3 million 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 of the Shunda formation in Section 10, Township 38, Range 9W5M.

3. A 0.966% omterest in the rights below the base of the Shauda formation in sections 15 and 16, Township 38, Range 9W5M, down to the base of the deepest formation penetrated.

The total costs are anticipated to be approximately $190,483.00 for our interest, under the terms of the agreement.

General and Administrative costs for the year now ended decreased by 10% to $699,980, when compared to $746,824, for the previous year. The improvement was due to an overall reduction in expenditures.

The Net Loss for the year just ended was $(472,917) as compared to a Net Loss of $(784,001) for the previous year, ended 2004. 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 $237,825. This was a related transaction, in that we are a substantial shareholder of WIN. Pleas see our previous reporting for disclosure about WIN.

(1) ***Liquidity*****.** Our net working capital for the year ended December 31, 2005 increased to $51,778, compared to a deficiency of $(15,712) for the year ended December 31, 2004. The increase in working capital was caused by the proceeds of the sale in partial sale of our investment in WIN.

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 cas 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.

Cautionary Statements

There can be no assurance that we will be successful in raising capital through private placements or otherwise. Even if we are successful in raising capital through the sources specified, there can be no assurances that any such financing would be available in a timely manner or on terms acceptable to us and our current shareholders. Additional equity financing could be dilutive to our then existing shareholders, and any debt financing could involve restrictive covenants with respect to future capital raising activities and other financial and operational matters. While Management has expressed confidence in the attainment of profitability sooner, rather than later, projects and even reasonable expectations are not outcomes yet. There is no absolute assurance that even our best laid plans and most diligent operations will succeed.

There are no legal or practical restriction on the ability to transfer funds between parent and subsidiary companies. There are no known trends or uncertainties, excepting those disclosed herein, which will have a material impact on revenues.

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.

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, 2002 be included and filed with the Securities and Exchange Commission.

Audited Financial Statements for the years ended December 31, 2005, 2004, 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.

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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.

		Annual Compensation			Long Term Compensation Awards		Payouts	
a Name and Principal Position	b Year	c Salary ($)	d Bonus ($)	e Other Annual Compen-sation ($)	f Restric-ted Stock Awards ($)	g Securi-ties Under-lying Options SARs (#)	h LTIP Payouts ($)	i All Other Compen-sation ($)
Christopher Paton-Gay, Chairman, CEO	2005	0	0	0	84,500	0	0	0
	2004		0	0	277,000	0	0	0
	2003	12,500	0	0	20,0000	0	0	0
Donald Jackson Wells, Director	2005	0	0	0	9,750	0	0	0
	2004	0	0	0	25,000	0	0	0
	2003	0	0	0	5,000	0	0	0
Joseph A. Kane Director	2005	0	0	0	9,750	0	0	0
	2004	0	0	0	25,000	0	0	0
	2003	0	0	0	5,000	0	0	0

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 RoadChairman/CEO Duncan B.C. CanadaDirector	3,404,191	6.38
Donald Jackson Wells 3131 S.W. Freeway #46 Houston TX 77098Director	800	0.00
Joseph Kane 3131 S.W. Freeway #46 Houston TX 77098/Director	800	0.00
All Officers and Directors as a Group	3,405,791	6.38
Total Issued and Outstanding	53,385,970	100.00
All Affiliates	(3,405,791)	(6.38)
Indicated Total Non-Affiliate Ownership	49,980,179	93.62

(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 a date within 90 days of the filing date of 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-14(c) and 15d-14(c)) 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 wee 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.

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

(31) Certification pursuant to 18 USC Section 302.

(32) Certification pursuant to 18 USC Section 1350.

(AC-99.1) Audit Committee Report

(AFK-05) Audited Financial Statements for the years ended December 31, 2005, 2004 and from Inception.

(b) Exhibits. 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.

(c) Form 8-K Reports. We filed an 8k during the period of this report.

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: March 31, 2006
/s/Christopher Paton-Gay
Christopher Paton-Gay
president/director/Sole Officer

Exhibit 31

Section 302 Certification

CERTIFICATIONS PURSUANT TO SECTION 302

I, Christorpher Paton-Gay, certify that:

1. I have reviewed this annual report on Form 10-KSB of Turner Valley, Oil and Gas, Inc.;

2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the small business issuer as of, and for, the periods presented in this report;

4. The small business issuer's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the small business issuer and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the small business issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the small business issuer's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the small business issuer's internal control over financial reporting that occurred during the small business issuer's most recent fiscal quarter (the small business issuer's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the small business issuer's internal control over financial reporting; and

5. The small business issuer's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the small business issuer's auditors and the audit committee of the small

business issuer's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the small business issuer's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the small business issuer's internal control over financial reporting.

Dated: March 31, 2006
/s/Christopher Paton-Gay
Christopher Paton-Gay
president/director/Sole Officer

Exhibit 32

CERITIFICATION PURSUANT TO 18 USC SECTION 1350

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CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

CERTIFICATION OF CUSTODIAN

In connection with the Annual Report of *Turner Valley Oil & Gas, Inc.*., a Nevada corporation (the "Company"), on 10-KSB for the year ended December 31, 2005 as filed with the Securities and Exchange Commission (the "Report"), I, Christorpher Paton-Gay, Sole Officer of the Company, certify, pursuant to 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. 1350), that to my knowledge:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: March 31, 2006
/s/Christopher Paton-Gay
Christopher Paton-Gay
president/director/Sole Officer

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Attachment AC-99.1

Audit Committe Report

Turner Valley Oil & Gas, Inc.

3131 Southwest Freeway #36,
Houston TX, 77098
Form Type: 10-KSB

AUDIT COMMITTEE REPORT

The Audit Committee of Turner Valley Oil & Gas, Inc. is composed of the Corporation's Board of Directors. The members of the Committee are Christopher Paton-Gay, Donald Jackson Wells and Joseph A. Kane. The Committee recommended, subject to stockholder ratification, the selection of the Corporation's independent accountants.

Management is responsible for the Corporation's internal controls and the financial reporting process. The independent accountants are responsible for performing an independent audit of the Corporation's consolidated financial statements in accordance with the generally accepted auditing standards and to issue a report thereon. The Committee's responsibility is to monitor and oversee these processes.

In this context, the Committee has met and held discussions with management and the independent accountants. Management represented to the Committee that the Corporation's financial statements were prepared in accordance with generally accepted accounting principles, and the Committee has reviewed and discussed the consolidated financial statements with management and the independent accountants. The Committee discussed with the independent accountants matters required to be discussed by the Statement on Auditing Standards No. 61.

The Corporation's independent accountants also provided to the Committee the written disclosures required by Independence Standards Board Standard No. 1, and the Committee discussed with the independent accountant that firms independence.

Based upon Committee's discussion with management and the independent accountants and the Committee's review of the representation of management and the report of the independent accountants to the Committee, the Committee recommended that the audited consolidated financial statements be included in the Corporation's Annual Report on Form 10-KSB for the year ended December 31, 2005, filed with the Securities and Exchange Commission.

Dated: March 31, 2006
/s/Christopher Paton-Gay
Christopher Paton-Gay
president/director/Sole Officer

Attachment AFK-04

Audited Financial Statements
of
Turner Valley Oil & Gas, Inc.

for the years ended
December 31, 2005, 2004
and from inception

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

CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2005 and 2004

C O N T E N T S

INDEPENDENT AUDITORS' REPORT

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, 2005 and 2004 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, 2005. 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, 2005 and 2004 and the consolidated results of their operations and their cash flows for the periods ended December 31, 2005 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 Companies 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, 2006

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TURNER VALLEY OIL & GAS, INC.
Consolidated Balance Sheets

ASSETS

	December 31, 2005	December 31, 2004
CURRENT ASSETS		
Cash	$ 78,848	$ 22,191
Accounts receivable	2,546	4,809
Total Current Assets	81,394	27,000
OIL AND GAS PROPERTIES USING FULL COST ACCOUNTING		
Properties subject to amortization	212,996	48,942
Accumulated amortization	(10,767)	(10,767)
Net Oil and Gas Properties	202,229	38,175
OTHER ASSETS		
Investments	155,651	181,585
Total Other Assets	155,651	181,585
TOTAL ASSETS	$ 439,274	$ 246,760
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable	$ 5,958	$ 19,053
Notes payable, related party	23,658	23,659
Total Current Liabilities	29,616	42,712
Total Liabilities	29,616	42,712
STOCKHOLDERS' EQUITY		
Common stock, 100,000,000 shares authorized of $0.001 par value, 53,385,984 and 48,535,984 shares issued and outstanding, respectively	53,387	48,536
Capital in excess of par value	4,185,323	3,559,673

Subscription receivable		-		(48,750)
Accumulated other comprehensive income		(4,810)		(4,085)
Deficit accumulated during the development stage		(3,824,242)		(3,351,326)
Total Stockholders' Equity		409,658		204,048
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$	439,274	$	246,760

The accompanying notes are an integral part of these financial statements.

TURNER VALLEY OIL & GAS, INC.
Consolidated Statements of Operations

	For the Twelve Months Ended December 31, 2005	2004	From Inception on April 21, 1999 Through December 31, 2005
REVENUE			
Royalties received	$ 1,640	$ 8,421	$ 11,061
Total Revenue	1,640	8,421	11,061
EXPENSES			
Cost of production	42,403	9,350	50,614
Depletion	-	10,767	20,767
General and administrative	669,980	746,824	4,054,795
Total Expenses	712,383	766,941	4,126,176
NET OPERATING LOSS	(710,743)	(758,520)	(4,115,115)
OTHER INCOME (EXPENSE)			
Other income	237,825		243,043
Abandonment of oil and gas property	-	(25,481)	(71,072)
Interest expense	-	-	(3,668)
Total Other Income (Expense)	237,825	(25,481)	168,303
NET PROFIT/(LOSS)	$ (472,917)	$ (784,001)	$ (3,946,812)
BASIC LOSS PER COMMON SHARE	$ (0.01)	$ (0.02)	
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING	50,743,518	44,823,103	
COMPREHENSIVE INCOME (LOSS)			
NET LOSS	$ (472,917)	$ (784,001)	$ (3,946,812)

OTHER COMPREHENSIVE INCOME (LOSS)						
Foreign Currency Translation		(725)		(2,367)		(3,561)
COMPREHENSIVE INCOME (LOSS)	$	(473,642)	$	(786,368)	$	(3,950,373)

The accompanying notes are an integral part of these financial statements.

Turner Valley Oil & Gas Corporation
Statement of Stockholders' Equity
December 31, 2005

	Shares	Amount	Additional Paid-in-Capital	Comprehensive Income	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	528,570	529	184,471			

share						
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**
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)**	**(3,351,326)**	**(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)**	**(3,824,243)**	**0**

The accompanying notes are an integral part of these financial statements.

TURNER VALLEY OIL & GAS, INC.
Consolidated Statements of Cash Flows

	For the Twleve Months Ended December 31, 2005	2004	From Inception on April 21, 1999 Through December 31, 2005
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net loss	$ (472,917)	$ (784,001)	$ (3,824,242)
Adjustments to reconcile net loss to net cash used in operating activities:			
Depletion	-	10,767	10,767
Loss on abandonment of property	-	25,481	25,481
Gain on sale of Investment	(237,825)		(237,825)
Common stock issued for services rendered	630,501	680,649	3,306,461
Non-cash Effect from Foreign Currency Transalation	-	(2,367)	(4,805)
Changes in operating assets and liabilities:			
Increase (Decrease) in accounts receivable	2,263	(4,809)	(164,058)
Increase (Decrease) in accounts payable - related Party		23,659	23,659
Increase in accounts payable and accrued expenses	(13,094)	18,754	587,158
Net Cash Used in Operating Activities	(91,072)	(31,867)	(277,404)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Proceeds from sale of investments	263,758	56,706	320,464
Investing in new Oil & Gas working interests	(164,054)		(164,054)
Expenditures for oil and gas property development		(12,042)	(312,714)
Net Cash Used in Investing Activities	99,704	44,664	(156,304)
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

EFFECT OF CURRENCY EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		(725)				(1,194)
NET INCREASE (DECREASE) IN CASH		56,657		12,797		78,848
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD		22,191		9,394		-
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$	78,848	$	22,191	$	78,848

The accompanying notes are an integral part of these financial statements.

TURNER VALLEY OIL & GAS, INC.

Consolidated Statements of Cash Flows (Continued)

	For the Twelve Months Ended December 31, 2005	For the Twelve Months Ended December 31, 2004	From Inception on April 21, 1999 Through December 31, 2005
SUPPLEMENTAL CASH FLOW INFORMATION			
CASH PAID FOR:			
Interest	$ -	$ -	$ -
Income taxes	$ -	$ -	$ -
NON-CASH FINANCING ACTIVITIES			
Common stock issued for services rendered	$ 630,501	$ 680,649	$ 3,306,461
Common stock issued for retirement of payables	$ -	$ -	$ 326,599

The accompanying notes are an integral part of these financial statements.

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TURNER VALLEY OIL & GAS CORPORATION
(a Development Stage Company)
Notes to the Financial Statements
December 31, 2005 and 2004

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, 2005 and 2004 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, 2005, the Company recorded depletion of $10,000 on its property.

C. Basis of Consolidation

The consolidated financial statements include the accounts of NetParts.Com, Inc. and Turner Valley Oil & Gas Corporation. All significant inter-company accounts and transactions have been eliminated in the consolidation.

TURNER VALLEY OIL & GAS CORPORATION
(a Development Stage Company)
Notes to the Financial Statements
December 31, 2005 and 2004

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, 2005:			
Basic EPS			
Income (loss) to common stockholders	$(472,917)	50,743,518	$(0.01)
For the year ended December 31, 2004:			
Basic EPS			
Income (loss) to common stockholders	$(784,001)	44,823,103	$(0.02)

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.

TURNER VALLEY OIL & GAS CORPORATION

(a Development Stage Company)

Notes to the Financial Statements

December 31, 2005 and 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Income Taxes (continued)

	December 31, 2005	December 31, 2004
Deferred tax assets:		
Net operation loss carry-forwards	$ 3,946,812	$ 3,373,000
Total Deferred Tax Assets	1,341,787	1,147,000
Valuation allowance for deferred tax assets	(1,341,787)	(1,147,000)
	$ -	$ -

At December 31, 2005, the Company has net operating losses of $3,946,812 which begin to expire in 2019.

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.

H. New Technical Pronouncements

On December 16, 2004, the FASB issued SFAS No. 123(R), *Share-Based Payment* , which is an amendment to SFAS No. 123, *Accounting for Stock-Based Compensation.* This new standard eliminates the ability to account for share-based compensation transactions using Accounting Principles Board ("APB") Opinion No. 25, *Accounting for Stock Issued to Employees,* and generally requires such transactions to be accounted for using a fair-value-based method and the resulting cost recognized in our financial statements. This new standard is effective for awards that are granted, modified or settled in cash in interim and annual periods beginning after June 15, 2005. In addition, this new standard will apply to unvested options granted prior to the effective date. The Company will adopt this new standard effective for the fourth fiscal quarter of 2005, and has not yet determined what impact this standard will have on its consolidated financial position or results of operations.

TURNER VALLEY OIL & GAS CORPORATION
(a Development Stage Company)
Notes to the Financial Statements
December 31, 2005 and 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. New Technical Pronouncements (continued)

In November 2004, the FASB issued SFAS No. 151, *Inventory Costs — an amendment of ARB No. 43, Chapter 4*. This Statement amends the guidance in ARB No. 43, Chapter 4, "Inventory Pricing," to clarify the accounting for abnormal amounts of idle facility expense, freight, handling costs, and wasted material (spoilage). Paragraph 5 of ARB 43, Chapter 4, previously stated that ". . . under some circumstances, items such as idle facility expense, excessive spoilage, double freight, and rehandling costs may be so abnormal as to require treatment as current period charges. . . ." This Statement requires that those items be recognized as current-period charges regardless of whether they meet the criterion of "so abnormal." In addition, this Statement requires that allocation of fixed production overheads to the costs of conversion be based on the normal capacity of the production facilities. This statement is effective for inventory costs incurred during fiscal years beginning after June 15, 2005. Management does not believe the adoption of this Statement will have any immediate material impact on the Company.

In December 2004, the FASB issued SFAS No. 152, *Accounting for Real Estate Time-sharing* Transactions, which amends FASB statement No. 66, Accounting for Sales of Real Estate, to reference the financial accounting and reporting guidance for real estate time-sharing transactions that is provided in AICPA Statement of Position (SOP) 04-2, Accounting for Real Estate Time-Sharing Transactions. This statement also amends FASB Statement No. 67, Accounting for Costs and Initial Rental Operations of Real Estate Projects, to state that the guidance for (a) incidental operations and (b) costs incurred to sell real estate projects does not apply to real estate time-sharing transactions. The accounting for those operations and costs is subject to the guidance in SOP 04-2. This Statement is effective for financial statements for fiscal years beginning after June 15, 2005. Management believes the adoption of this Statement will have no impact on the financial statements of the Company.

In December 2004, the FASB issued SFAS No.153, *Exchange of Nonmonetary Assets*. This Statement addresses the measurement of exchanges of nonmonetary assets. The guidance in APB Opinion No. 29, Accounting for Nonmonetary Transactions, is based on the principle that exchanges of nonmonetary assets should be measured based on the fair value of the assets exchanged. The guidance in that Opinion, however, included certain exceptions to that principle. This Statement amends Opinion 29 to eliminate the exception for nonmonetary exchanges of similar productive assets and replaces it with a general exception for exchanges of nonmonetary assets that do not have commercial substance. A nonmonetrary exchange has commercial substance if the future cash flows of the entity are expected to change significantly as a result of the exchange. This Statement is effective for financial statements for fiscal years beginning after June 15, 2005. Earlier application is permitted for nonmonetary asset exchanges incurred during fiscal years beginning after the date of this statement is issued. Management believes the adoption of this Statement will have no impact on the financial statements of the Company.

TURNER VALLEY OIL & GAS CORPORATION
(a Development Stage Company)
Notes to the Financial Statements
December 31, 2005 and 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. New Technical Pronouncements (continued)

The implementation of the provisions of these pronouncements is not expected to have a significant effect on the Company's consolidated financial statement presentation.

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.

I. Financial Instruments

The recorded amounts of financial instruments, including cash equivalents, accounts payable and short term notes approximate their market values as of December 31, 2005 and 2004. 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. 121, 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, 2005 the impairment charge was $Nil, and at December 31, 2004 the impairment charge was $71,072.

TURNER VALLEY OIL & GAS CORPORATION
(a Development Stage Company)
Notes to the Financial Statements
December 31, 2005 and 2004
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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 is $10,767. The remaining properties recorded at $192,700 was sold for common stock in Win Energy, see Note 5.

NOTE 4 - STOCK TRANSACTIONS

During 2005, the Company issued 5,000,000 shares pursuant to an S-8 Registration Statement. These shares were issued for services totaling $540,000.

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.

TURNER VALLEY OIL & GAS CORPORATION
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Notes to the Financial Statements
December 31, 2005 and 2004

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.

NOTE 4 - STOCK TRANSACTIONS (Continued)

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.

NOTE 5 - INVESTMENTS AND SALE OF OILS & GAS PROPERTIES

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.

WIN Energy is a closely held private company and therefore has no listing stock price or published market value, therefore, 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.

TURNER VALLEY OIL & GAS CORPORATION
(a Development Stage Company)
Notes to the Financial Statements
December 31, 2005 and 2004

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.

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,	
	2005	2004
Balance, beginning of year	$(4,085)	$ (1,718)
Effect of currency exchange rate changes	524	(2,367)
Balance, end of year	$(3,561)	$(4,085)

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 President Christopher Paton-Gay is also the Chairman of Win Energy.

TURNER VALLEY OIL & GAS CORPORATION
(a Development Stage Company)
Notes to the Financial Statements
December 31, 2005 and 2004

S.F.A.S. 69 SUPPLEMENTAL DISCLOSURES

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

	December 31, 2005	December 31, 2004
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	$ 28,175	$ 38,175

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

	For the Years Ended December 31, 2005	For the Years Ended December 31, 2004
Acquisition of Properties		
Proved	$ -	$ -
Unproved	-	-
Exploration Costs	-	-
Development Costs	212,996	48,942

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, 2005	For the Years Ended December 31, 2004
Sales	$ 1,640	$ 8,421
Production costs	(2,564)	(9,350)
Depreciation and depletion	(10,000)	(10,767)
Results of operations for producing activities (excluding corporate overhead and interest costs)	$ (10,924)	$ (11,696)

TURNER VALLEY OIL & GAS CORPORATION
(a Development Stage Company)
Notes to the Financial Statements
December 31, 2005 and 2004

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

(4) Reserve Quantity Information

	Oil BBL	Gas MMCF
Proved developed and undeveloped reserves:		
Balance, December 31, 2003	-	4.67
Change in estimates - - Production	-	.99
Balance, December 31, 2004	-	3.68

Proved developed reserves:	Oil BBL	Gas MMCF
Beginning of the year ended December 31, 2004	-	4.68
End of the year ended December 31, 2004	-	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.