Management's Discussion and Analysis

For the Period Ending
December 31, 2022

TAGOIL.COM

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following Management's Discussion and Analysis ("MD&A") is dated February 28, 2023, for the nine months ended December 31, 2022 and should be read in conjunction with the condensed consolidated interim financial statements for the same period and the audited conslidated financial statements for the year ended March 31, 2022.

The condensed consolidated interim financial statements for the nine months ended December 31, 2022, have been prepared in accordance with International Financial Reporting Standards ("IFRS") specifically IAS 34, Interim Financial Reporting, as issued by the International Accounting Standards Board ("IASB"), and its interpretations. Results for the nine month period ended December 31, 2022, are not necessarily indicative of future results. All figures are expressed in thousands of Canadian dollars unless otherwise stated.

ABOUT TAG OIL LTD.

TAG Oil Ltd. ("TAG" or the "Company") is an international oil and gas exploration, development and production company.

On February 21, 2023, the Company issued 125,000 common shares for stock options exercised at a price of $0.50 per share.

On February 13, 2023, the Company granted 3,600,000 stock options that are exercisable for a period of five years from the date of grant at a price of $0.70 per share, namely to its directors and senior officers.

On February 1, 2023, the Company issued 249,999 common shares for stock options exercised at a price of $0.25, $0.45 and $0.70 per share.

On February 1, 2023, the Company issued 156,250 common shares for warrants exercised at a price of $0.16 per share.

On January 6, 2023, the Company issued 130,000 common shares for stock options exercised at a price of $0.50 per share.

On November 4, 2022, the Company completed a public offering of 63,250,000 common shares of the Company, at a price of $0.40 per common share for aggregate gross proceeds of $25.3 million. The aggregate fees paid in connection with the offering was $1.9 million.

On September 22, 2022, the Company was awarded a petroleum services agreement (the "PSA") for the development of the unconventional Abu Roash "F" ("ARF") reservoir in the Badr Oil Field ("BED-1"), Western Desert, Egypt, by Badr Petroleum Company ("BPCO"), subject to various conditions. The two financial conditions being a signature bonus of US$3.0 million ($4.0 million) paid to BPCO and a performance letter of guarantee (the "Letter of Guarantee") of US$6.0 million ($8.3 million) in favor of BPCO for work commitments to be completed. The PSA was formally signed on October 13, 2022.

During the year ended March 31, 2022, the Company granted 100,000 shares for stock options exercisable at $0.25 per share and granted 700,000 stock options to various consultants. These stock options are exercisable until June 28, 2026, at a price of $0.45 per share.

The Company has been pursuing consolidation opportunities through the potential acquisition of assets and/or companies in the initial focus area of the Middle East and North Africa.

THIRD QUARTER FINANCIAL AND OPERATING HIGHLIGHTS

- At December 31, 2022, the Company had $21.4 million in cash and cash equivalents and $24.0 million in working capital.
- No production for the quarter ended December 31, 2022.
- Capital expenditures totaled $4.5 million for the quarter ended December 31, 2022.

BUSINESS ENVIRONMENT, THE IMPACT OF COVID-19 AND THE RUSSIAN CONFLICT

As reported in OPEC's OMOR February 2023 report the oil futures market crude oil futures prices bounced back in January from low levels recorded in December, as selling pressure in futures and financial markets eased and market sentiment turned positive on optimism about easing COVID-19 restrictions and the reopening of the Chinese economy, raising hopes of a strong economic and oil demand recovery. Oil price gains were consolidated by data showing better-than-expected Chinese economic figures in 4Q22. A sharp drop in US dollar value against a basket of major currencies to its lowest point since April added support, with data showing inflation in the US falling in December, feeding hopes that the US Federal Reserve would slow its interest rate hikes. Between January 1–25, the US dollar index fell by about 3%.

Oil futures were also supported by improving supply/demand fundamentals in the short term amid signs of a demand recovery in China and the prospect of a supply disruption of gasoil, particularly in Europe, ahead of theEU ban on Russian petroleum products. This was exacerbated by worries that workers' strikes in France could reduce the supply of petroleum products.

In March 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization.

The latest actual data points from 2H22 according to OPEC's OMOR February 2023 report confirm that the global growth dynamic was better-than-expected towards the end of last year, with the US economy exhibiting an ongoing solid consumer spending pattern and the Euro-zone avoiding a declining economy despite its energy market related challenges. The 2022 global economic growth dynamic has been revised up slightly to stand at 3.1%. With some of this momentum expected to carry over into 2023. In addition to the anticipated positive effects from China's reopening, the global growth forecast for 2023 was also revised up slightly to 2.6%. While the current economic momentum could be deemed to provide a sound base for this year's economic growth pattern, the dynamic of an annual slow-down compared to 2022 remains evident with inflation still high and with likely further lifts in key interest rates, particularly in the Euro-zone.

While OECD economies are generally doing well and China is benefitting from its re-opening, India is likely to perform relatively well in 2023, following strong growth in 2022. Additional support should come from India's just released annual budget that includes income tax cuts and a rise in government spending. Brazil and Russia are forecast to face challenging environments in 2023, albeit for differing reasons, but they should also benefit from government support measures and an ongoing robust commodities market.

Downside risks are apparent and may include further geopolitical tensions in Eastern Europe, China's ongoing domestic challenges amid the pandemic and potential spillovers from China's still fragile real estate sector. Also, the effects of China's rebound, as a result from the reopening efforts, could lead to more sustained global inflation, causing continued monetary tightening actions. In addition, very high global debt levels, in particularly those related to sovereign debt, but also in the private sectors of various economies could impact the growth dynamic.

Upside potential may come from the US Federal Reserve (Fed) successfully managing a soft landing. This is the most likely outcome in the US, given the expected inflation slowdown and the sufficient underlying demand dynamic. An even stronger-than-anticipated rebound in China is another possibility. Moreover, in the Euro-zone an even more accentuated extension of the relatively better-than-expected dynamic from 2H22 may continue into

2023. A slight further easing of commodity prices in 2023, compared to annual averages in 2022, and a resolution of the tensions in Eastern Europe may provide further upside potential. Finally, inflation may subside more rapidly than expected, providing central banks with more room for an accommodative monetary policy.

The Russian invasion of Ukraine continues to cause a lot of uncertainty in the economic environment for oil producers in 2023 and increased the volatility in price and supply. Both price and supply have been impacted by sanctions on Russian companies and individuals, including oil and gas producers which is expected to continue over the short term. Over the long term it is expected that markets will return to a less volatile state subject to the outcome of the conflict.

OUTLOOK AND RESPONSE TO COVID-19

The British Columbia and Alberta work environments have returned to pre-pandemic conditions. Travel restriction and increased precautions have been removed and progress and timing of most activities are returning to normal. The Company does not currently have any personnel in New Zealand and Australia. TAG is commencing exploration and evaluation operations in BED-1, Western Desert, Egypt, pursuant the PSA and has established an Egyptian branch office. The Company is continuing to seek out and evaluate other new opportunities in the Middle East and North Africa.

The Company has sufficient liquidity to operate beyond the next twelve months. The Company completed an offering for aggregate gross proceeds of $25.3 million on November 4, 2022 and continues to receive royalty payments, and is entitled to event specific payments on the achievement of certain milestones, stemming from the sale of substantially all of TAG's Taranaki Basin assets and operations in New Zealand (the "NZ Transaction").

RESULTS FROM OPERATIONS

During the year ended March 31, 2022, the Company granted 100,000 shares for stock options exercisable at $0.25 per share and granted 700,000 stock options to various consultants. These stock options are exercisable until June 28, 2026, at a price of $0.45 per share.

On September 22, 2022, the Company was awarded the PSA for the development of the unconventional ARF reservoir in BED-1, Western Desert, Egypt, by BPCO, subject to various conditions. The two financial conditions being a signature bonus of US$3.0 million ($4.0 million) paid to BPCO and a Letter of Guarantee of US$6.0 million ($8.3 million) in favor of BPCO for work commitments to be completed. The PSA was formally signed on October 13, 2022.

On November 4, 2022, the Company completed a public offering of 63,250,000 common shares of the Company, at a price of $0.40 per common share for aggregate gross proceeds of $25.3 million. The aggregate fees paid in connection with the offering was $1.9 million.

On January 6, 2023, the Company issued 130,000 common shares for stock options exercised at a price of $0.50 per share.

On January 26, 2023, the Company has commenced the re-completion and evaluation operations of the BED 1-7 vertical well. These initial operations are part of TAG Oil's Phase 1 development program of the unconventional Abu Roash "F" ("ARF") reservoir in the BED-1located in the Western Desert, Egypt. Current operations on BED 1-7 include conditioning the open-hole section of the well with a cemented production liner, re-completing the ARF and conducting a Diagnostic Fracture Injection Test (DFIT) to provide information on the geo-mechanical properties and imaging the natural fracture network in the ARF reservoir. Once this initial stage had been completed, the Company will implement hydraulic fracture stimulation to improve permeability and productivity, followed by well flow-back and a production cycle to assess the potential of oil recovery from the ARF in BED-1.

On February 1, 2023, the Company issued 249,999 common shares for stock options exercised at a price of $0.25, $0.45 and $0.70 per share.

On February 1, 2023, the Company issued 156,250 common shares for warrants exercised at a price of $0.16 per share.

On February 13, 2023, the Company granted 3,600,000 stock options that are exercisable for a period of five years from the date of grant at a price of $0.70 per share, namely to its directors and senior officers.

On February 21, 2023, the Company issued 125,000 common shares for stock options exercised at a price of $0.50 per share.

SUMMARY OF QUARTERLY INFORMATION

Canadian, except per share or boe	**Dec 31, 2022**	Sept 30, 2022	Jun 30, 2022	Mar 31, 2022	Dec 31, 2021	Sept 30, 2021	June 30, 2021	Mar 31, 2021
Net production volumes (boe/d)	**0**	0	0	0	0	0	0	0
Total revenue	**-**	-	-	-	-	-	-	-
Operating costs	**-**	-	-	-	-	-	-	-
Depletion, depreciation and accretion	**(41)**	(40)	(40)	(32)	(28)	(30)	(32)	(35)
Foreign exchange gain (loss)	**188**	569	166	(153)	(87)	323	(332)	502
Interest and other income	**210**	62	24	4	4	37	61	(65)
Stock-based compensation	**(175)**	(33)	(53)	(46)	(78)	(84)	(72)	(62)
General and administative	**(2,487)**	(788)	(664)	(842)	(662)	(832)	(608)	(848)
Exploration expense and other income	**-**	(110)	(139)	31	(437)	(380)	(87)	(139)
Gain on lease modification	**-**	-	-	6	-	-	-	-
(Loss) gain on royalty valuation and other interests	**(155)**	791	603	1,173	75	54	(23)	(2,769)
Interest and penalties recovered	**-**	-	-	-	-	-	-	89
Net (loss) income before tax	**(2,460)**	451	(103)	141	(1,213)	(912)	(1,093)	(3,327)
Income tax	**-**	-	-	-	-	-	-	-
Net (loss) income	**(2,460)**	451	(103)	141	(1,213)	(912)	(1,093)	(3,327)
(Loss) income per share – basic	**(0.02)**	0.00	(0.00)	0.00	(0.01)	(0.01)	(0.01)	(0.04)
(Loss) income per share – diluted	**(0.02)**	0.00	(0.00)	0.00	(0.01)	(0.01)	(0.01)	(0.04)
Adjusted net loss*(1)*	**(2,305)**	(340)	(706)	(1,038)	(1,288)	(966)	(1,070)	(550)
Capital expenditures	**4,499**	15	4	243	12	347	1	-
Cash flow used in o*perating activities*	**(2,207)**	(803)	(837)	(885)	(1,109)	(1,142)	(950)	(940)

(1) Adjusted net (loss) income is a non-GAAP measure. It represents earnings before impairment expense and write-offs. See non-GAAP measures for further explanation.

The Company has not incurred any operating costs for the quarter ended December 31, 2022, for the quarter ended March 31, 2022 and the quarter ended December 31, 2021. The Company is currently incurring exploration costs while carrying out preliminary evaluation work on properties in North Africa and the Middle East.

Net loss before tax for the quarter ended December 31, 2022, was $2,460 compared to net income before tax of $451 for the quarter ended September 30, 2022. The adjusted net loss is $2,305 for the quarter ended December 31, 2022, compared with $340 for the quarter ended September 30, 2022. The adjusted net loss compared to the prior quarter is primarily due to an increase in general and administrative of $2,487 up from $788 and decrease in foreign exchange of $188 down from $569. Net loss before tax for the quarter ended December 31, 2022 was $2,460 compared to $1,213 for the quarter ended December 31, 2021. The adjusted net loss is $2,305 for the quarter ended December 31, 2022, compared to $1,288 for the quarter ended December 31, 2021. The increase in general and administrative of $2,487 compared to $662 and foreign exchange gain of $188 compared to foreign exchange loss of $87 and for the quarter ended December 31, 2021. The main increase in general and administrative consists of bonuses paid in the amount of $1,213 and business development of $468

General and Administrative Expenses ("G&A")

	Three months ended		Nine months ended	
	Dec 31, 2022	Dec 31, 2021	**Dec 31, 2022**	Dec 31, 2021
Consulting and director fees	**133**	77	**299**	223
Filing, listing and transfer agent	**40**	38	**86**	69
Insurance	**34**	9	**70**	39
Letter of guarantee fee	**49**	-	**49**	-
Office and administration	**83**	33	**165**	113
Professional fees	**189**	5	**277**	184
Rent	**10**	4	**28**	38
Reports	**26**	-	**26**	-
Shareholder relations and communications	**485**	121	**710**	293
Travel	**133**	42	**247**	137
Wages and salaries	**1,305**	333	**1,982**	1,006
Oil and Gas G&A expenses	**2,487**	662	**3,939**	2,102

General and administrative costs increased to $2,487 for the quarter ended December 31, 2022 from $662 for the quarter ended December 31, 2021. The increase is due to bonuses paid which are included in wages and salaries of $972, increase in business development in shareholder relations and communications of $364, professional fees of $184, increase of travel of $91 and consulting and director fees of $56.

Stock-based Compensation

	Three months ended		Nine months ended	
	Dec 31, 2022	Dec 31, 2021	**Dec 31, 2022**	Dec 31, 2021
Stock-based compensation	**175**	78	**261**	234

Stock-based compensation costs are non-cash charges, which reflect the theoretical estimated value of stock options granted. The Company applies the Black-Scholes option pricing model using the closing market prices on the grant dates and to date the Company has calculated option benefits using a volatility ratio and a risk-free interest rate. The theoretical fair value of the option benefit is amortized on a diminishing basis over the vesting period of the options, generally being a minimum of two years.

In the quarter ended December 31, 2022, the Company granted 1,150,000 stock options and no options were exercised. In the quarter ended December 31, 2021, the Company did not grant any stock options and no options were exercised.

Stock-based compensation increased to $175 in the quarter ended December 31, 2022, compared $78 for the quarter ended December 31, 2021. The increase in total stock-based compensation costs is due to options granted and vested in the current period.

Depletion, Depreciation and Accretion ("DD&A")

	Three months ended		Nine months ended	
	Dec 31, 2022	Dec 31, 2021	**Dec 31, 2022**	Dec 31, 2021
Depletion, depreciation and accretion	**41**	28	**121**	90

DD&A expenses increased for the quarter ended December 31, 2022 to $41 compared with $28 for the quarter ended December 31, 2021. The slight increase is due to the Company's purchases of office equipment in the quarter ended December 31, 2022 of $33 compared to $12 in the quarter ended December 31, 2021.

Foreign Exchange Gain (Loss)

	Three months ended		Nine months ended	
	Dec 31, 2022	Dec 31, 2021	**Dec 31, 2022**	Dec 31, 2021
Foreign exchange gain (loss)	**188**	(87)	**923**	(96)

The foreign exchange gain for the quarter ended December 31, 2022 was a result of movement of the USD against the NZD and CDN.

Net Loss Before Tax, Income Tax and Net Loss After Tax

	Three months ended		Nine months ended	
	Dec 31, 2022	Dec 31, 2021	**Dec 31, 2022**	Dec 31, 2021
Net loss before tax	**(2,460)**	(1,213)	**(2,112)**	(3,218)
Income tax	**-**	-	**-**	-
Net loss after tax	**(2,460)**	(1,213)	**(2,112)**	(3,218)
Loss per share – basic and diluted ($)	**(0.02)**	(0.01)	**(0.02)**	(0.04)

Cash Flow

	Three months ended		Nine months ended	
	Dec 31, 2022	Dec 31, 2021	**Dec 31, 2022**	Dec 31, 2021
Operating cash flow *(1)*	**(2,207)**	(1,109)	**(3,847)**	(3,201)
Cash used in operating activities	**(2,739)**	(1,269)	**(4,398)**	(3,150)
Operating cash flow per share – basic and diluted ($)	**(0.02)**	(0.01)	**(0.04)**	(0.03)

(1) Operating cash flow is a non-GAAP measure. It represents cash flow from operating activities before changes in working capital. See non-GAAP measures for further explanation.

Operating cash outflow increased to $2,207 for the quarter ended December 31, 2022 compared to $1,109 for the quarter ended December 31, 2021. The increase is primarily due to bonus payments and business development costs incurred in the current quarter.

CAPITAL EXPENDITURES

Capital expenditures consisted of exploration and evaluation assets of $4,417 for the quarter ended December 31, 2022. Capital leases, computer and office equipment and leasehold improvements of $33 for the quarter ended December 31, 2022 and $12 for the quarter ended December 31, 2021.

FUTURE CAPITAL EXPENDITURES

The Company had the following commitments for capital expenditure at December 31, 2022:

Contractual Obligations	Total	Less than One Year	Two to Five Years	More than Five Years
Operating leases *(1)*	622	233	389	-
Other long-term obligations	-	-	-	-
Total contractual obligations	622	233	389	-

(1) The Company has commitments related to corporate office lease signed in Vancouver and Calgary, Canada.

The Company expects to manage its working capital on hand to meet its commitments in the recently signed PSA and any future selective development and exploration opportunities. Commitments and work programs are subject to change as dictated by cashflow.

LIQUIDITY AND CAPITAL RESOURCES

	Dec 31, 2022	Dec 31, 2021
Cash and cash equivalents	**21,420**	14,087
Working capital	**23,981**	15,783
Contractual obligations, next twelve months	**233**	163
Revenue	**-**	-
Cashflow used in operating activities for the three months ended	**(2,739)**	(1,269)

As of the date of this report, the Company is monitoring its funding requirements and may adjust its current operations to ensure anticipated cash flow from the recent financing, NZ Transaction royalty and event specific payments allows the Company to meet its commitments for the next twelve months. The Company has cash available, and it continues to monitor cash on hand and cash flow. TAG will focus on the recently signed PSA and continue to pursue opportunities with the goal of acquiring concessions leading to exploration, productions, and reserves.

The Company may require a source of financing in the event of adding any additional material commitments or any additional agreements or acquisitions.

NON-GAAP MEASURES

The Company uses certain terms for measurement within this MD&A that do not have standardized meanings prescribed by generally accepted accounting principles ("GAAP"), including IFRS, and these measurements may differ from other companies and accordingly may not be comparable to measures used by other companies.

The term "adjusted net loss" is not a recognized measure under the applicable IFRS. Management of the Company believes that this term is useful to provide shareholders and potential investors with additional information, in addition to net income activities as defined by IFRS, for evaluating the Company's recurring operating performance, excluding the impact of non-cash impairment charges.

Operating Margin

	Three months ended		Nine months ended	
	Dec 31, 2022	Dec 31, 2021	**Dec 31, 2022**	Dec 31, 2021
Depletion, depreciation and accretion	**(41)**	(28)	**(121)**	(90)
Foreign exchange gain (loss)	**188**	(87)	**923**	(96)
General and administative	**(2,438)**	(662)	**(3,890)**	(2,102)
Interest and other income	**210**	4	**296**	102
Stock-based compensation	**(175)**	(78)	**(261)**	(234)
Exploration expense	**-**	(437)	**(249)**	(904)
Gain on royalty valuation and other interests	**(155)**	75	**1,239**	106
Net loss before tax	**(2,411)**	(1,213)	**(2,063)**	(3,218)

Adjusted net loss

	Three months ended		Nine months ended	
	Dec 31, 2022	Dec 31, 2021	**Dec 31, 2022**	Dec 31, 2021
Adjusted net loss	**(2,256)**	(1,288)	**(3,302)**	(3,158)
(Loss) gain on royalty valuation	**(155)**	75	**1,239**	(43)
Net loss before tax	**(2,411)**	(1,213)	**(2,063)**	(3,201)

Reconcilation of Operating Cash Flow

The term "cash flow from operating activities" as determined in accordance with IFRS. Cash flow from operations is a measure that represents cash generated from operating activities before changes in non-cash working capital. Management considers this a key measure as it demonstrates the Company's ability to generate the cash flows necessary to fund future growth through capital investment. Funds flow from operations does not have any standardized meaning under IFRS and therefore may not be comparable to similar measures used by other companies.

	Three months ended		Nine months ended	
	Dec 31, 2022	Dec 31, 2021	**Dec 31, 2022**	Dec 31, 2021
Cash used in operating activities	**(2,739)**	(1,269)	**(4,398)**	(3,158)
Changes in non-cash working capital	**532**	160	**551**	(43)
Operating cash flow	**(2,207)**	(1,109)	**(3,847)**	(3,201)

OFF-BALANCE SHEET ARRANGEMENTS AND PROPOSED TRANSACTIONS

The Company has no off-balance sheet arrangements or proposed transactions other than the transactions disclosed in this MD&A.

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The financial instruments on the Company's balance sheet include cash, accounts receivable and accounts payable. The carrying value of these instruments approximates their fair value due to the short term nature of the instruments. The Company manages its risk through its policies and procedures, but other than as described above has not generally used derivative financial instruments to manage risks.

RELATED PARTY TRANSACTIONS

As required under IAS 24, related party transactions include compensation paid to the Company's CEO, COO, Executive Chairman and CFO as well as to the remaining board members as part of the ordinary course of the Company's business. The Company reports that no related party transactions have occurred during the reporting period other than ongoing compensation as disclosed in the table below.

The Company is of the view that the amounts incurred for services provided by related parties approximates what the Company would incur to arms-length parties for the same services. Compensation paid to key management is as follows:

	Three months ended		**Nine months ended**	
	Dec 31, 2022	Dec 31, 2021	**Dec 31, 2022**	Dec 31, 2021
Stock-based compensation	**11**	62	**57**	134
Management wages and director fees	**1,100**	222	**1,574**	711
Total management compensation	**1,111**	284	**1,631**	845

The breakdown for the related party transactions during the nine months ended December 31, 2022:

Related Party	**Role**	**Salaries**	**Stock-based compensation**	**Total**
Abdel Badwi	Executive Chairman and Director	555	21	576
Toby Pierce	CEO and Director	405	-	405
Suneel Gupta	VP and COO	323	16	339
Barry MacNeil	CFO	210	-	210
Gavin Wilson	Independent Director	27	-	27
Keith Hill	Independent Lead Director	27	-	27
Tom Hickey	Independent Director	27	2	29
Shawn Reynolds	Independent Director	-	18	18
		1,574	57	1,631

SHARE CAPITAL

a. At December 31, 2022, there were 155,016,252 common shares, 8,650,000 stock options outstanding and 6,250,000 warrants outstanding.

b. At February 28, 2023, there were 155,677,501 common shares, 11,745,001 stock options outstanding and 6,093,750 warrants outstanding.

The Company has one class of common shares. No class A or class B preference shares have been issued.

SUBSEQUENT EVENTS

During the subsequent period end, the Company issued 504,999 common shares for stock options exercised for various prices from $0.25 to $0.70 per share.

During the subsequent period end, the Company issued 156,250 common shares for warrants exercised at a price of $0.16 per share.

During the subsequent period end, the Company granted 3,600,000 stock options that are exercisable for a period of five years from the date of grant at a price of $0.70 per share, namely to its directors and senior officers.

SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the condensed consolidated interim financial statements requires management to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues, expenses and the disclosure of contingencies. Such estimates primarily relate to unsettled transactions and events as of the date of the condensed consolidated interim financial statements. These estimates are subject to measurement uncertainty. Actual results could differ from and affect the results reported in these condensed consolidated interim financial statements.

Areas of judgment that have the most significant effect on the amounts recognized in these condensed consolidated interim financial statements are recoverability, deferred tax assets and liabilities and functional currency.

Key sources of estimation uncertainty that have the most significant effect on the amounts recognized in these condensed consolidated interim financial statements are recoverability, deferred tax assets and liabilities, determination of the fair values of stock-based compensation and assessment of contingencies.

Income taxes

The calculation of income taxes requires judgment in applying tax laws and regulations, estimating the timing of the reversals of temporary differences, and estimating the reliability of deferred tax assets. These estimates impact current and deferred income tax assets and liabilities, and current and deferred income tax expense (recovery).

Stock-based compensation

The calculation of stock-based compensation requires estimates of volatility, forfeiture rates and market prices surrounding the issuance of stock options. These estimates impact stock-based compensation expense and stock-based payment reserve.

Functional currency

The determination of a subsidiary's functional currency often requires significant judgment where the primary economic environment in which they operate may not be clear. This can have a significant impact on the consolidated results of the Company based on the foreign currency translation methods used.

Contingencies

Contingencies are resolved only when one or more events transpire. As a result, the assessment of contingencies inherently involves estimating the outcome of future events.

FUTURE CHANGES IN ACCOUNTING POLICIES

None noted.

CHANGES IN ACCOUNTING POLICIES

None noted.

BUSINESS RISKS AND UNCERTAINTIES

The Company, like all companies in the international oil and gas sector, is exposed to a variety of risks which include title to oil and gas interests, the uncertainty of finding and acquiring reserves, funding and developing those reserves and finding storage and markets for them. In addition there are commodity price fluctuations, interest and exchange rate changes and changes in government regulations. The oil and gas industry is intensely competitive and the Company must compete against companies that have larger technical and financial resources. The Company works to mitigate these risks by evaluating opportunities for acceptable funding, considering farm-out opportunities that are available to the Company, operating in politically stable countries, aligning itself with joint venture partners with significant international experience and by employing highly skilled personnel. The Company also maintains a corporate insurance program consistent with industry practice to protect against losses due to accidental destruction of assets, well blowouts and other operating accidents and disruptions. The oil and gas industry is subject to extensive and varying environmental regulations imposed by governments relating to the protection of the environment and the Company is committed to operate safely and in an environmentally sensitive manner in all operations.

There have been no significant changes in these risks and uncertainties during the period ended December 31, 2022.

Please also refer to “Forward Looking Statements”.

MANAGEMENT’S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

The Company's management is responsible for establishing and maintaining adequate internal control over financial reporting. Any system of internal control over financial reporting, no matter how well designed, has inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

There have been no changes in the Company's internal control over financial reporting during the period ended December 31, 2022, that have materially affected, or are reasonably likely to materially affect, its internal control over financial reporting.

The following pertains to the Company’s MD&A for the period ended December 31, 2022, confirming that the Company is in compliance with disclosure controls and procedures and internal controls over the financial reporting period.

The Company’s management, with the participation of its CEO and CFO, have evaluated the effectiveness of the Company’s disclosure controls and procedures. Based on that evaluation, the Company’s CEO and CFO have concluded that, as of the end of the year covered by this report, the Company’s disclosure controls and procedures were effective to provide reasonable assurance that the information required to be disclosed by the Company in reports it files is recorded, processed, summarized and reported, within the appropriate time periods. Required information is accumulated and communicated to management, including the CEO and CFO, as appropriate to allow timely decisions regarding required disclosure.

The Company's management, including the CEO and the CFO, are responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is a process designed by, or under the supervision of, the Company's CEO and CFO and effected by the board, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of condensed consolidated interim financial statements for external purposes in accordance with IFRS. The Company's internal control over financial reporting includes those policies and procedures that:

- pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets and liabilities of the Company;
- provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with IFRS, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the company; and
- provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the condensed consolidated interim financial statements.

The Company's management assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2022. In making the assessment, it used the criteria set forth in the Internal Controls Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on their assessment, management has concluded that, as of December 31, 2022, the Company's internal control over financial reporting was effective based on those criteria.

Additional information relating to the Company is available on Sedar at www.sedar.com.

FORWARD LOOKING STATEMENTS

The MD&A contains forward-looking statements within the meaning of securities laws, including the "safe harbour" provisions of Canadian securities legislation. Forward-looking statements and information concerning anticipated financial performance are based on management's assumptions using information currently available. Material factors or assumptions used to develop forward-looking information include drilling programs and results, facility and pipeline construction operations and enhancements, potential business prospects, growth strategies, the ability to add production and reserves through development and exploration activities, the ability to reduce costs and extend commitments, projected capital costs, government legislation, well performance, the ability to market production, the commodity price environment and quality differentials and exchange rates. Management also assumes that the Company will continue to be able to maintain permit tenures in good standing, that the Company will be able to access equity capital when required and that the Company will maintain access to necessary oil and gas industry services and equipment to conduct its operations. Although management considers its assumptions to be reasonable based on these factors, they may prove to be incorrect.

Forward-looking information is often, but not always, identified by the use of words such as "anticipate", "assume", "believe", "estimate", "expect", "forecast", "guidance", "may", "plan", "predict", "project", "should", "will", or similar words suggesting future outcomes. Forward-looking statements in this MD&A include, but are not limited to, statements with respect to oil and natural gas operations and acquisitions; statements regarding boe/d production capabilities; and other statements set out herein. Also included in this MD&A are forward-looking statements regarding the achievement of any of the event specific payments and the benefits to TAG of the gross overriding royalties. In making the forward-looking statements in this release, TAG has applied certain factors and assumptions that are based on information currently available to TAG as well as TAG's current beliefs and assumptions made by TAG, including that the NZ Transaction will benefit TAG, that TAG's New Zealand business that it sold will continue to be operated in a way that is beneficial to TAG and results in the achievement of the event specific payments and payment pursuant to the gross overriding royalty.

Because forward-looking information addresses future events and conditions, it involves risks and uncertainties that could cause actual results to differ materially from those contemplated by the forward-looking information. These risks and uncertainties include, but are not limited to: access to capital, commodity price volatility; well performance and marketability of production; transportation and refining availability and costs; exploration and development costs; infrastructure costs; the recoverability of reserves; reserves estimates and valuations; the Company's ability to add reserves through development and exploration activities; accessibility of services and equipment; fluctuations in currency exchange rates; and changes in government legislation and regulations. Risks with respect to the NZ Transaction include the risk that TAG's New Zealand business that it sold will not be operated in a way that is beneficial to TAG or results in the achievement of the event specific payments pursuant to the gross overriding royalty.

The forward-looking statements contained herein are as of December 31, 2022 and are subject to change after this date. Readers are cautioned that the foregoing list of factors that may affect future results is not exhaustive and as such undue reliance should not be placed on forward-looking statements. Except as required by applicable securities laws, with the exception of events or circumstances that occurred during the period to which the MD&A relates that are reasonably likely to cause actual results to differ materially from material forward-looking information for a period that is not yet complete that was previously disclosed to the public, the Company disclaims any intention or obligation to update or revise these forward-looking statements, whether as a result of new information, future events or otherwise.

Disclosure provided herein in respect of boe (barrels of oil equivalent) may be misleading, particularly if used in isolation. A boe conversion ratio of 6 Mcf:1bbl is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.

CORPORATE INFORMATION

DIRECTORS AND OFFICERS

Abdel (Abby) Badwi,
Executive Chairman and Director
Alberta, Canada

Toby Pierce, CEO and Director
British Columbia, Canada

Keith Hill, Director
Florida, USA

Thomas Hickey, Director
Maisons-Laffitte, France

Shawn Reynolds, Director
New Jersey, USA

Gavin Wilson, Director
Zurich, Switzerland

Suneel Gupta, VP and COO
Alberta, Canada

Barry MacNeil, CFO
British Columbia, Canada

Giuseppe (Pino) Perone,
General Counsel and Corporate Secretary
British Columbia, Canada

CORPORATE OFFICE

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Suite 1710
Vancouver, British Columbia
Canada V6E 3S7
Telephone: 1-604-682-6496
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BANKER

Bank of Montreal
Vancouver, British Columbia

LEGAL COUNSEL

Blake, Cassels & Graydon LLP
Vancouver, British Columbia

AUDITORS

Deloitte
Chartered Professional Accountants
Calgary, Alberta

REGISTRAR AND TRANSFER AGENT

Computershare Investor Services Inc.
100 University Avenue, 9th Floor
Toronto, Ontario
Canada M5J 2Y1

Telephone: 1-800-564-6253
Facsimile: 1-866-249-7775

The Annual General Meeting was held on December 1, 2022 at 10:00 am in Vancouver, British Columbia, Canada.

SHARE LISTING

TSX Venture Exchange *(TSX-V)*
Trading Symbol: TAO
OTCQX Trading Symbol: TAOIF

SHAREHOLDER RELATIONS

Telephone: 604-682-6496
Email: ir@tagoil.com

SHARE CAPITAL

At February 28, 2023, there were 155,677,501 shares issued and outstanding.
Fully diluted: 173,516,252 shares.

WEBSITE

www.tagoil.com

SUBSIDIARIES (at December 31, 2022)

TAG Energy International Ltd.
TAG Petroleum Egypt Ltd. (Cyprus)
TAG Petroleum Egypt Ltd. (Egypt Branch)
TAG Oil (NZ) Limited
TAG Oil (Offshore) Limited
Trans-Orient Petroleum Ltd.
Orient Petroleum (NZ) Limited
CX Oil Limited