Management's Discussion and Analysis

For the Period Ending March 31, 2023

TAGOIL.COM

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following Management's Discussion and Analysis ("MD&A") is dated July 31, 2023, for the years ended March 31, 2023 and should be read in conjunction with the audited consolidated financial statements for the years ended March 31, 2023 and 2022.

The audited consolidated financial statements for the year ended March 31, 2023, have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board, and its interpretations. Results for the year ended March 31, 2023, 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 (the "Company" or "TAG") is a Canadian international upstream oil and gas exploration and production company listed on the TSX Venture Exchange under the trading symbol "TAO". The Company is focused on oil and gas exploration and development opportunities in the Middle East and North Africa ("MENA"). TAG holds an interest in the Badr Oil Field ("BED-1"), a 26,000 acres concession located in the Western Desert, Egypt, through a Production Services Agreement ("PSA") with Badr Petroleum Company ("BPCO"). The Company also is entitled to a 2.5% royalty on gross revenue produced from the New Zealand assets previous sold and 3.0% gross overriding royalty on potential future gas production from its former Australian assets.

TAG's long-term plan is to deliver sustainable shareholder value through the evaluation of new acquisitions and joint venture opportunities primarily in Egypt and the broader MENA region, with the aim of expanding and identifying suitable additions to the Company's portfolio.

TAG will maintain its primary focus on the BED-1 field and continue to work on optimizing and unlocking shareholder value in other assets.

TAG CORPORATE

On July 19, 2023, the Company issued 1,562,500 shares for warrants exercised at a price of $0.16 per share.

On July 11, 2023, the Company granted 1,800,000 stock options that are exercisable for a period of five years from the date of grant at a price of $0.70 per share.

On June 26, 2023, the Company issued 2,187,500 common shares for warrants exercised at a price of $0.16 per share.

Between May 10, 2023, to May 24, 2023, the Company issued 770,000 common shares for stock options exercised at a price of $0.50 per share.

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 27, 2023, the Company granted 200,000 stock options that are exercisable for a period of five years from the date of grant at a price of $0.70 per share.

On February 9, 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.

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 December 15, 2022, the Company granted 1,150,000 stock options that are exercisable for a period of five years from the date of grant at a price of $0.70 per share.

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.

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 that are exercisable for a period of five years from the date of grant at a price of $0.45 per share.

RESULTS FROM OPERATIONS

On September 22, 2022, the Company was awarded the PSA for the development of the unconventional Abu Roash “F” (“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 performance 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 January 26, 2023, the Company commenced at BED-1 the re-completion and evaluation operations of the BED 1-7 vertical well. These initial operations are part of TAG’s phase 1 development program of ARF reservoir in the BED-1. On May 19, 2023, the BED 1-7 well started oil production from the ARF reservoir, and production stabilized at an average rate of ~140 bbl/d. Cumulative oil production from the well to June 19, 2023, was over 4,000 barrels of 23-degree API oil. The performance of the BED 1-7 well test has achieved the Company’s objectives for the well, and data collected from the well along with geomechanical and 3D seismic review will be implemented for the first horizontal well. On June 19, 2023, with regards to BED 1-7 well operations, the well started producing from the ARF reservoir with the ESP pump at rates of 150 to 200 barrels of fluid per day and continued to unload remaining fracture fluid with gradual increase of formation oil over the first week. During the first half of June, down-hole pump intake pressure and production stabilized at an average rate of 140 barrels of oil per day, and cumulative oil production to date is over 6,000 barrels of 23-degree API oil.

On June 19, 2023, the Company announced that it was successful in securing a suitable drilling rig for the first horizontal well, BED4-T100 (“T100”), designed with a multi-stage fracture stimulation completion of the ARF reservoir. The rig commenced mobilization from its current location in the Western Desert in mid-July and the T100 well is scheduled to commence drilling in August.

FINANCIAL SNAPSHOT

	For the years ended March 31,		
Canadian, except per share or boe.	**2023**	2022	2021
Oil production (bbl/d)	**0**	0	0
Gas production (MMcf/d)	**0**	0	0
Combined boe/d	**0**	0	0
Oil & gas revenue per boe	**$0.00**	$0.00	$0.00
Production and transportation and storage costs per boe	**($0.00)**	($0.00)	($0.00)
Royalties per boe	**($0.00)**	($0.00)	($0.00)
Operating netback per boe*(1)*	**$0.00**	$0.00	$0.00
Revenue	**$0**	$0	$0
Cashflow from operating activities	**($5,462)**	($4,084)	($3,918)
Net loss before tax	**($3,003)**	($3,077)	($11,958)
Income tax	**$0**	$0	$0
Net loss for the year	**($3,003)**	($3,077)	($11,958)
Loss per share – basic	**($0.03)**	($0.03)	($0.13)
Loss per share – diluted	**($0.03)**	($0.03)	($0.13)
Total assets	**$41,057**	$18,204	$20,501
Asset retirement obligation	**$0**	$0	$0
Deferred tax liability	**$0**	$0	$0
Shareholders equity	**$39,012**	$17,225	$19,996

(1) Operating netback is a non-GAAP measure. Operating netback is the operating margin the company receives from each boe sold. See non-GAAP measures for further explanation.

ANNUAL FINANCIAL

The Company concluded its negotiation of the PSA during the fiscal year for the development of the unconventional ARF reservoir in BED-1, Western Desert, Egypt. This marked the completion of the process that began in fiscal 2020 of transitioning from an exploration and production company focused on New Zealand and Australia to one focused on the MENA region. The fiscal years 2021 and 2022 were spent finalizing the sale of the Australian assets, reviewing new opportunities, and negotiating terms for the PSA.

The Company was able to complete its transition despite disruption of the world economic climate, first by COVID-19 and then by the Russia/Ukraine conflict. The Company has since completed the BED 1-7 recompletion activities, established an office, and hired staff in Egypt to support further development and production at BED-1.

The Company's assets increased $22.9m from $18.2m to $41.1m from the prior year and decreased $2.3m from $20.5m to $18.2m from fiscal 2020 to fiscal 2021. The increase in assets in the current year is mainly a result of the financing completed by the Company on November 4, 2022: 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 were $1.9 million. The decrease in assets from 2021 to 2022 of $2.3m resulted mainly from G&A expenditures incurred as the Company relinquished operations in New Zealand and Australia and entered into the PSA in Egypt.

Over the last three years, the Company has had no production and no revenue. The net loss for 2023 and 2022 has been $3.0m, largely due to the G&A of the company. In the year ended 2021, the Company incurred a net loss of $12.0m, mostly due to the loss on the sale of the exploration and production assets in the former jurisdiction.

OPERATING HIGHLIGHTS

- At March 31, 2023, the Company had $19.5 million in cash and cash equivalents and $21.6 million in working capital.
- No production for the year ended March 31, 2023.
- Capital expenditures totaled $6.6 million for the year ended March 31, 2023. The amount consists of exploration and evaluation, capital leases, computer and office equipment and leasehold improvements.

FOURTH QUARTER FINANCIAL AND OPERATING HIGHLIGHTS

- At March 31, 2023, the Company had $19.5 million in cash and cash equivalents and $21.6 million in working capital.
- No production for the quarter ended March 31, 2023.
- Capital expenditures totaled $2.1 million for the quarter ended March 31, 2023.

BUSINESS ENVIRONMENT

World oil market prospects for the second half of 2023 featured article in the OPEC OMOR June 2023 report. So far, both the US and the Euro-zone have experienced steady economic growth this year. Meanwhile, India, Brazil and Russia saw economic growths that clearly surpassed expectations. Moreover, the positive effects of China's reopening have continued supporting global economic growth. However, global economic growth in 2H23 continues navigating through uncertainties including elevated key-policy rates, persistently high core inflation and a continued tight labour market. Moreover, it is still unclear how the geopolitical conflict in Eastern Europe will be resolved.

Since the beginning of the year, the main economic support, at the global level, from the services sector, especially travel and transportation, tourism, leisure and hospitality. On the other hand, the manufacturing sector's dynamic has been very much lacklustre. This trend is expected to lead into the summer holiday season in the northern hemisphere, supported by still-sufficient disposable income levels, particularly in advanced economies. China is also benefitting from pent-up demand in the services sector after around three years of lockdowns. However, as the services sector-related spending tightens in 3Q23, inflation, financial tightening and rising geopolitical uncertainty, may dampen the growth dynamic towards the end of the year (OPEC, 2023).

As reported in OPEC's OMOR June 2023 report World economic growth is estimated at 3.3% for 2022 and forecast at 2.6% for 2023, both unchanged from the previous month's assessment. While economic activities have been steady so far in the 1H22, the global economy continues to navigate through uncertainties including high inflation, higher interest rates in the US and the Euro-zone, and high debt levels in many regions. The US economic growth forecast for 2023 is revised up by 0.1% to stand at 1.3%, following a growth of 2.1% for 2022. The Euro-zone's economic growth forecast for 2023 remains at 0.8%, following a growth of 3.5% for 2022. Japan's economic growth forecast remains at 1.0% for both 2022 and 2023. China's economic growth forecast remains at 5.2% for 2023, following a growth of 3.0% for 2022. India's 2022 economic growth estimate is unchanged at 6.7%, and the forecast for 2023 remains at 5.6%. Brazil's economic growth estimates for 2022 and 2023 are unchanged at 2.9% and 1.0%, respectively. Russia's growth is also unchanged, with an estimated contraction of 2.1% for 2022 and a forecast contraction of 0.5% for 2023 (OPEC, 2023).

The World Oil Demand according to OPEC's OMOR June 2023 report growth estimate for 2022 remains unchanged from last month's assessment, with y-o-y growth of 2.5 mb/d. For 2023, the forecast for world oil demand growth remains broadly unchanged at 2.3 mb/d. China, Latin America, and the Middle East have been revised up slightly, while OECD Europe, Other Asia and Africa have been adjusted slightly lower. The OECD is expected to grow by about 50 tb/d and the non-OECD by about 2.3 mb/d in 2023 (OPEC, 2023).

As reported in the OPEC OMOR June 2023 report, non-OPEC liquids supply is estimated to have grown by 1.9 mb/d in 2022, broadly unchanged from the previous month's assessment. The main drivers of liquids supply growth for 2022 were the US, Russia, Canada, Guyana, China and Brazil, while the largest declines were seen in Norway and Thailand. For 2023, non-OPEC liquids production growth remains unchanged from last month's assessment, at 1.4 mb/d, y-o-y. The main drivers of liquids supply growth are expected to be the US, Brazil, Norway, Canada, Kazakhstan and Guyana, while declines are expected primarily from Russia. Uncertainties remain related to US shale oil output potential and unplanned maintenance in 2023. OPEC NGLs and non-conventional liquids are forecast to grow by 0.1 mb/d in 2022 to average

5.39 mb/d and by 50 tb/d to average 5.44 mb/d in 2023. OPEC-13 crude oil production in May decreased by 464 tb/d m-o-m to average 28.06 mb/d, according to available secondary sources (OPEC, 2023).

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. TAG has commenced 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, stemming from the sale of substantially all of TAG's Taranaki Basin assets and operations in New Zealand (the "NZ Transaction").

SUMMARY OF QUARTERLY INFORMATION

Canadian, except per share or boe	**Mar 31, 2023**	Dec 31, 2022	Sept 30, 2022	Jun 30, 2022	Mar 31, 2022	Dec 31, 2021	Sept 30, 2021	June 30, 2021
Net production volumes (boe/d)	**0**	0	0	0	0	0	0	0
Total revenue	**-**	-	-	-	-	-	-	-
Operating costs	**-**	-	-	-	-	-	-	-
Depletion, depreciation and accretion	**(43)**	(41)	(40)	(40)	(32)	(28)	(30)	(32)
Foreign exchange (loss) gain	**(46)**	188	569	166	(153)	(87)	323	(332)
Interest and other income	**275**	210	62	24	4	4	37	61
Stock-based compensation	**(683)**	(175)	(33)	(53)	(46)	(78)	(84)	(72)
General and administative	**(1,378)**	(2,487)	(788)	(664)	(842)	(662)	(832)	(608)
Exploration expense and other income	**(6)**	-	(110)	(139)	31	(437)	(380)	(87)
Gain on lease modification	**-**	-	-	-	6	-	-	-
Gain (loss) on royalty valuation and other interests	**990**	(155)	791	603	1,173	75	54	(23)
Interest and penalties recovered	**-**	-	-	-	-	-	-	-
Net (loss) income before tax	**(891)**	(2,460)	451	(103)	141	(1,213)	(912)	(1,093)
Income tax	**-**	-	-	-	-	-	-	-
Net (loss) income	**(891)**	(2,460)	451	(103)	141	(1,213)	(912)	(1,093)
(Loss) income per share – basic	**(0.01)**	(0.02)	0.00	(0.00)	0.00	(0.01)	(0.01)	(0.01)
(Loss) income per share – diluted	**(0.01)**	(0.02)	0.00	(0.00)	0.00	(0.01)	(0.01)	(0.01)
Adjusted net loss*(1)*	**(1,881)**	(2,305)	(340)	(706)	(1,038)	(1,288)	(966)	(1,070)
Capital expenditures	**2,066**	4,499	15	4	243	12	347	1
Cash flow used in o*perating activities(1)*	**(1,179)**	(2,207)	(803)	(837)	(885)	(1,109)	(1,142)	(950)

(1) Adjusted net loss and cash flow used in operating activities are non-GAAP measure. Adjusted net lossrepresents earnings before impairment expense and write-offs. Cash flow used in operating activities represents cash flow from operating activities before changes in working capital. See non-GAAP measures for further explanation.

The Company has not incurred any operating costs for the quarter ended March 31, 2023, for the quarter ended December 31, 2022 and for the quarter ended March 31, 2022. The Company is currently incurring exploration costs while carrying out preliminary evaluation work on properties in Egypt.

Net loss before tax for the quarter ended March 31, 2023, was $891 compared to net loss before tax of $2,460 for the quarter ended December 31, 2022. The adjusted net loss is $1,881 for the quarter ended March 31, 2023, compared with $2,305 for the quarter ended December 31, 2022. The adjusted net loss compared to the prior quarter is primarily due to a derease in general and administrative of $1,378 down from $2,487 and a decrease in foreign exchange a loss of $46 down from a gain of $188. Net loss before tax for the quarter ended March 31, 2023, was $891 compared to net income before tax of $141 for the quarter ended March 31, 2022. The adjusted net loss is $1,881 for the quarter ended March 31, 2023, compared to $1,038 for the quarter ended March 31, 2022. The increase in general and administrative of $1,378 compared to $842 and foreign exchange loss of $46 compared to foreign exchange loss of $153 and for the quarter ended March 31, 2022.

General and Administrative Expenses ("G&A")

	Three months ended		Twelve months ended	
	Mar 31, 2023	Mar 31, 2022	**Mar 31, 2023**	Mar 31, 2022
Consulting and director fees	**475**	80	**774**	303
Filing, listing and transfer agent	**52**	30	**138**	99
Insurance	**45**	33	**115**	72
Letter of guarantee fee	**-**	-	**49**	-
Office and administration	**219**	38	**384**	151
Professional fees	**184**	93	**461**	277
Rent	**14**	12	**42**	50
Reports	**-**	-	**26**	-
Shareholder relations and communications	**147**	137	**857**	430
Travel	**213**	65	**460**	202
Wages and salaries	**29**	354	**2,011**	1,360
Oil and Gas G&A expenses	**1,378**	842	**5,317**	2,944

General and administrative costs increased to $1,378 for the quarter ended March 31, 2023, from $842 for the quarter ended March 31, 2022. The increase is due to additional consulting and director fees of $395, office and administration of $181, professional fees of $91, travel of $148 and offset by a decrease in wages and salaries of $325.

Stock-based Compensation

	Three months ended		Twelve months ended	
	Mar 31, 2023	Mar 31, 2022	**Mar 31, 2023**	Mar 31, 2022
Stock-based compensation	**683**	46	**944**	280

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 March 31, 2023, the Company granted 4,950,000 stock options and 504,999 options were exercised. In the quarter ended March 31, 2022, the Company did not grant any stock options and no options were exercised.

Stock-based compensation increased to $683 in the quarter ended March 31, 2023, compared $46 for the quarter ended March 31, 2022. 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		Twelve months ended	
	Mar 31, 2023	Mar 31, 2022	**Mar 31, 2023**	Mar 31, 2022
Depletion, depreciation and accretion	**43**	32	**164**	122

DD&A expenses increased for the quarter ended March 31, 2023, to $43 compared with $32 for the quarter ended March 31, 2022. The slight increase is due to the Company's purchases of office equipment in the quarter ended March 31, 2023 of $13 compared to $nil in the quarter ended March 31, 2022.

Foreign Exchange (Loss) Gain

	Three months ended		Twelve months ended	
	Mar 31, 2023	Mar 31, 2022	**Mar 31, 2023**	Mar 31, 2022
Foreign exchange (loss) gain	**(46)**	153	**877**	249

The foreign exchange loss for the quarter ended March 31, 2023, was a result of movement of the USD against the NZD and CDN.

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

	Three months ended		Twelve months ended	
	Mar 31, 2023	Mar 31, 2022	**Mar 31, 2023**	Mar 31, 2022
Net (loss) income before tax	**(891)**	141	**(3,003)**	(3,077)
Income tax	**-**	-	**-**	-
Net (loss) income after tax	**(891)**	141	**(3,003)**	(3,077)
(Loss) income per share – basic and diluted ($)	**(0.01)**	0.00	**(0.03)**	(0.03)

Cash Flow

	Three months ended		Twelve months ended	
	Mar 31, 2023	Mar 31, 2022	**Mar 31, 2023**	Mar 31, 2022
Operating cash flow *(1)*	**(1,179)**	(885)	**(5,026)**	(4,086)
Cash used in operating activities	**(1,064)**	(926)	**(5,462)**	(4,084)
Operating cash flow per share – basic and diluted ($)	**(0.01)**	(0.01)	**(0.05)**	(0.04)

(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 decreased to $1,179 for the quarter ended March 31, 2023, compared to $885 for the quarter ended March 31, 2022.

CAPITAL EXPENDITURES

Capital expenditures consisted of exploration and evaluation assets of $2,102 for the quarter ended March 31, 2023. Capital leases, computer and office equipment and leasehold improvements of $13 for the quarter ended March 31, 2023, and $243 for the quarter ended March 31, 2022.

FUTURE CAPITAL EXPENDITURES

The Company had the following commitments for capital expenditure at March 31, 2023:

Contractual Obligations	Total	Less than One Year	Two to Five Years	More than Five Years
Operating leases *(1)*	581	233	348	-
Other long-term obligations *(2)*	8,265	-	8,265	-
Total contractual obligations	8,846	233	8,613	-

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

(2) The Company has commitements under it's PSA related to exploration and evaluation in the BED-1 fiield in the Western Desert of Egypt.

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. The company is also obligated under the PSA to provide equal to US$50,000 at the beginning of each Financial Year towards training technology transfer.

LIQUIDITY AND CAPITAL RESOURCES

	Mar 31, 2023	Mar 31, 2022
Cash and cash equivalents	**19,458**	13,316
Working capital	**21,551**	15,374
Contractual obligations, next twelve months	**233**	233
Revenue	**-**	-
Cashflow used in operating activities for the years ended	**(5,462)**	(4,084)

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		Twelve months ended	
	Mar 31, 2023	Mar 31, 2022	**Mar 31, 2023**	Mar 31, 2022
Depletion, depreciation and accretion	**(43)**	(32)	**(164)**	(122)
Foreign exchange (loss) gain	**(46)**	(153)	**877**	(249)
General and administative	**(1,378)**	(842)	**(5,317)**	(2,944)
Interest and other income	**275**	4	**571**	106
Stock-based compensation	**(683)**	(46)	**(944)**	(280)
Exploration expense	**(6)**	31	**(255)**	(873)
Gain on royalty valuation and other interests	**990**	1,173	**2,229**	1,279
Gain on lease modification	**-**	6	**-**	6
Net loss before tax	**(891)**	141	**(3,003)**	(3,077)

Adjusted net (loss) income

	Three months ended		Twelve months ended	
	Mar 31, 2023	Mar 31, 2022	**Mar 31, 2023**	Mar 31, 2022
Adjusted net loss	**(1,881)**	(1,038)	**(5,232)**	(4,362)
Gain on lease modification	**-**	6	**-**	6
Gain on royalty valuation and other interests	**990**	1,173	**2,229**	1,279
Net (loss) income before tax	**(891)**	141	**(3,003)**	(3,077)

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		Twelve months ended	
	Mar 31, 2023	Mar 31, 2022	**Mar 31, 2023**	Mar 31, 2022
Cash used in operating activities	**(1,064)**	(926)	**(5,462)**	(4,084)
Changes in non-cash working capital	**(115)**	41	**436**	(2)
Operating cash flow	**(1,179)**	(885)	**(5,026)**	(4,086)

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, restricted cash and accounts payable. The carrying value of these instruments approximates their fair value due to the short term nature of the instruments. Royalties are classified as fair value through profit or loss. 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 approximate what the Company would incur to arms-length parties for the same services. Compensation paid to key management is as follows:

	Three months ended		Twelve months ended	
	Mar 31, 2023	Mar 31, 2022	**Mar 31, 2023**	Mar 31, 2022
Stock-based compensation	**563**	27	**620**	161
Management wages and director fees	**264**	237	**1,838**	948
Total management compensation	**827**	264	**2,458**	1,109

The breakdown for the related party transactions during the year ended March 31, 2023:

Related Party	Role	Salaries	Stock-based compensation	Total
Abdel Badwi	Executive Chairman and Director	615	187	802
Toby Pierce	CEO and Director	475	163	638
Suneel Gupta	VP and COO	262	33	295
Barry MacNeil	CFO	378	51	429
Gavin Wilson	Independent Director	36	65	101
Keith Hill	Independent Lead Director	36	33	69
Tom Hickey	Independent Director	36	35	71
Shawn Reynolds	Independent Director	-	53	53
		1,838	620	2,458

SHARE CAPITAL

a. At March 31, 2023, there were 155,677,501 common shares, 11,945,001 stock options outstanding and 6,093,750 warrants outstanding.

b. At July 27, 2023, there were 160,197,501 common shares, 12,975,001 stock options outstanding and 2,343,750 warrants outstanding.

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

SUBSEQUENT EVENTS

On July 19, 2023, the Company issued 1,562,500 shares for warrants exercised at a price of $0.16 per share.

On July 11, 2023, the Company granted 1,800,000 stock options that are exercisable for a period of five years from the date of grant at a price of $0.70 per share.

On June 26, 2023, the Company issued 2,187,500 common shares for warrants exercised at a price of $0.16 per share.

Between May 10, 2023 to May 24, 2023, the Company issued 770,000 common shares for stock options exercised at a price of $0.50 per share.

SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the consolidated 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 consolidated financial statements. These estimates are subject to measurement uncertainty. Actual results could differ from and affect the results reported in these consolidated financial statements.
Areas of judgment that have the most significant effect on the amounts recognized in these consolidated financial statements are recoverability, impairment and fair value of oil and gas properties, 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 consolidated financial statements are recoverability, impairment and fair value of oil and gas properties, deferred tax assets and liabilities, determination of the fair values of stock-based compensation and assessment of contingencies.

Property and Equipment, and Exploration and Evaluation

The recoverable amount for property and equipment and exploration and evaluation is the higher of fair value less costs to sell and value in use. In assessing fair value less costs to sell, the Company must estimate the price that would be received to sell the asset or cash-generating unit ("CGU") less any incremental costs directly attributable to the disposal. In assessing value in use, the estimated cash flows are discounted to their present value using an appropriate discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. Arriving at the estimated future cash flows involves significant judgments, estimates and assumptions, including those associated with the future cash flows of the CGU, determination of the CGU and discount rates.

Royalty and Other Interests

The calculation of Royalty and Other Interests requires estimates of future production, oil and gas prices, and quality discounts. These estimates impact royalty and other interests and gain on royalty valuation.

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 March 31, 2023.

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 March 31, 2023, 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 March 31, 2023, 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 March 31, 2023. 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 March 31, 2023, 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 gross overriding royalty.

The forward-looking statements contained herein are as of March 31, 2023, 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,
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British Columbia, Canada

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Deloitte
Chartered Professional Accountants
Calgary, Alberta

REGISTRAR AND TRANSFER AGENT
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100 University Avenue, 9th Floor
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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 July 27, 2023, there were 160,197,501 shares issued and outstanding.
Fully diluted: 175,516,252 shares.

WEBSITE
www.tagoil.com

SUBSIDIARIES (at March 31, 2023)
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