Management's Discussion and Analysis

For the Period Ending
June 30, 2023

TAGOIL.COM

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following Management's Discussion and Analysis ("MD&A") is dated August 29, 2023, for the three months ended June 30, 2023 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, 2023.

The condensed consolidated interim financial statements for the three months ended June 30, 2023, 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 three month period ended June 30, 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 August 24, 2023, the Company announced the closing of a bought-deal public offering of 20,240,542 common shares of the Company at a price of $0.58 per common share for aggregate gross proceeds of $11.74 million, including the partial exercise of the over-allotment option. The aggregate underwriters' fee paid to the underwriters in connection with the offering was $0.68 million.

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.

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. 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, 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. Mobilization of the rig was subsequently completed and the T100 well commenced drilling in August. Commencing the T100 drilling program marks a significant milestone in the Company's operations and ongoing commitment to unlocking the ARF reservoir's potential in BED-1. The Company anticipates that the T100 well will be completed by calendar Q4 2023.

The T100 well design includes a vertical pilot assessment well for potential coring, open-hole logging, formation imaging, pressure measurement and fluid sampling, followed by cement plug-back of lower vertical pilot hole and whip-stock drilling of build and lateral horizontal sections in the ARF reservoir. Information obtained during the drilling of the T100 well, including mud logging and drill cuttings to assess the reservoir quality across the lateral section, will be used in conjunction with the work completed on the geo-mechanical properties and 3D seismic interpretation in the area to design the well completion and fracture stimulation program. Performance from the T100 well will be used for planning and executing future drilling plans that the Company expects to initiate by calendar Q1 2024.

On November 4, 2022, the Company completed an offering of 63,250,000 common shares at a price of $0.40 per common share for aggregate net proceeds to the Company of $23,782,000. The following table provides an update on the anticipated use of proceeds raised in the November offering, along with the amounts expended:

Activity or Nature of Expenditure	Proposed use of Net Proceeds	Approximate Use of Proceeds to June 30, 2023	Variance	Comments
Operational and Drilling Budget for fourth quarter of 2022 and 2023 (comprised of well re-activations and exploration wells)				
One well re-activation	$2,000	$4,000	$(2,000)	Rig availability, material and service provider availability and fishing activities added additional costs.
One horizontal side-track	$5,500	$0	$5,500	Work on the horizontal side-track well is tentatively scheduled for Q2 2024.
One horizontal new well with a vertical pilot hole	$11,000	$0	$11,000	T100 is on track for completion in Q4 2023 and may exceed the estimated spend of $11,000.
Other Acquisition Opportunities	$1,500	$681	$819	The Company is continuing to look at other acquisition opportunities.
Equipment Inventory Orders for 2024	$250	$511	$(261)	Equipment inventory orders are exceeding the estimated amount of $250.
Unallocated Working Capital	$3,532	$3,532	$0	
Total	**$23,782**	**$8,724**	**$15,058**	

The Company is part way through the program laid out in the November Offering and is showing a variance of $15,058 as at June 30, 2023. The timing of the programs has been pushed out due to the availability of suitable rigs, material and service providers, and fishing and other activities in the executed portion of the program. Most of the variance in expenditures is slated for the horizontal well BED4-T100 with vertical pilot hole of $11,000, which has spudded in August of 2023 and should be complete by November 2023. It is anticipated that the actual cost may exceed the original cost estimates but not exceed the amount allocated in the current financing. The horizontal side-track well will be planned and executed by information obtained in drilling the BED4-T100 well and is expected to be completed by Q2 of 2024. The expected cost should be in the range of the $5,500 indicated but could be revised after the results of the BED4-T100 are known. Other potential acquisition opportunities are ongoing and will continue to be funded, but no definite prospect has been accepted. Equipment orders for the 2024 program have been placed and currently exceed the $250 allocated but are within the amounts allocated in the current financing. The Company expects that it will be able to complete the activities or expenditures as outlined in the November Offering.

FIRST QUARTER FINANCIAL AND OPERATING HIGHLIGHTS

- At June 30, 2023, the Company had $15.5 million in cash and cash equivalents and $17.9 million in working capital.
- Production revenue in the amount of US$0.2 million ($0.3 million) for the quarter ended June 30, 2023.
- Capital expenditures totaled $3.5 million for the quarter ended June 30, 2023.

BUSINESS ENVIRONMENT

World oil market prospects for the second half of 2023 featured article in the OPEC OMOR August 2023 report. The United States, Brazil and Russia experienced economic growth that surpassed initial expectations in 1H23. The pattern of sound growth in India seems to have a solid foundation as well. And while China appears to face-selective challenges currently, the prospect of counterbalancing measures by the government will likely support the economy to achieve this year's growth target. In contrast, the Euro-zone witnessed somewhat lower-than-expected growth in 1H23, mainly due to a decline in the industrial sector, due to a contraction in the German economy. Taking into account these mainly positive factors, the global GDP growth projection for 2023 was revised up slightly to stand at 2.7%.

Indeed, some signs have emerged that slowing inflation and the possibility of a consequently more accommodative monetary policy, ongoing robust private household consumption and stable commodity prices may lead 2024 growth to be slightly higher than previously expected. Latin American central banks, notably the central bank of Brazil (BCB), were early in adopting relatively aggressive monetary tightening in order to fight spiralling inflation. With the region's normalising inflation level, the BCB, along with the central bank of Chile, has now started to considerably lower key policy rates. Not only could this offer some guidance for advanced economies' central bank monetary policies, but it is also likely to provide support for the region's growth in 2H23 and even more so in 2024. In addition, Russia's progress in overcoming its economic challenges in 2023 is likely to lead to higher growth in 2024 as well. These effects have led to a slight upward revision in 2024 global GDP growth to 2.6%.

Despite the latest positive developments, several uncertainties regarding economic growth in 2H23 and 2024 require cautious monitoring. These include ongoing high inflation, the possibility of further monetary tightening, particularly in the US, the Euro-zone, and the UK, despite already elevated key interest rates, and the challenge of tight labour markets in advanced economies. Moreover, it is still unclear how and when the geopolitical conflict in Eastern Europe might be resolved. In light of high global interest rates, sovereign debt is a rising concern as well, as it is at a record high in many economies.

Upside potential may come from less-accentuated inflation, providing central banks with room for accommodative monetary policies towards the end of the year. Emerging Asia, particularly India, but also Brazil and Russia, could further surprise to the upside, with domestic demand and external trade accelerating. An even stronger-than-anticipated growth trend in China, supported by further fiscal and monetary stimulus, may provide additional support to global economic growth this year. Moreover, if the US continues to keep its 1H23 momentum, growth could turn out to be higher than expected.

As reported in OPEC's OMOR August 2023 report World economic growth is revised up slightly for both 2023 and 2024 to stand at 2.7% and 2.6%, respectively. US GDP growth for 2023 is revised up to stand at 1.8%, followed by 0.7% growth in 2024. Euro-zone economic growth for 2023 is revised down to stand at 0.6%, while growth in 2024 remains at 0.8%. Japan's GDP growth in 2023 remains at 1.1%, followed by growth of 1% in 2024. China's GDP growth remains at 5.2% in 2023 and 4.8% in 2024. India's GDP growth remains at 5.6% for 2023 and 5.9% for 2024. Brazil's GDP growth is revised up to 1.7% and is expected to increase by 1.2% in 2024. For Russia, both the 2023 and 2024 GDP growth forecasts are revised up to stand at 0.6% and 1.0%, respectively.

The world oil demand according to OPEC's OMOR August 2023 report growth estimate for 2023 is expected to grow by 2.4 mb/d, unchanged from the last month's assessment. Upward revisions to the 1Q23 based on actual data received for OECD America and OECD Europe were completely offset by downward revisions to 2Q23, mainly in Europe and Other Asia. In the OECD region, oil demand in 2023 is anticipated to rise by 74 tb/d, to an average of 46.0 mb/d, while in the non-OECD region, total oil demand is anticipated to rise by nearly 2.4 mb/d, to average 56.0 mb/d. For 2024, world oil demand is forecast to grow by a healthy 2.2 mb/d, unchanged from the previous assessment. The OECD is anticipated to expand by about 0.3 mb/d, with OECD Americas contributing the largest increase. The non-OECD is set to drive growth, increasing by around 2.0 mb/d, with China, the Middle East and Other Asia contributing the largest share, with further support from India, Latin America, and Africa.

As reported in the OPEC OMOR August 2023 report, non-OPEC liquids supply is expected to expand by 1.5 mb/d in 2023, a slight upward revision from the previous assessment. The main drivers of liquids supply growth for 2023 are expected to be the US, Brazil, Norway, Kazakhstan Guyana, and China, while the largest decline is expected from Russia. There remain uncertainties associated with US shale oil output potential and unplanned maintenance in 2023. For 2024, non-OPEC liquids production is projected to grow by 1.4 mb/d, unchanged from the previous assessment. For 2024, the main drivers for liquids supply growth are expected to be the US, Canada, Guyana, Brazil, Norway, and Kazakhstan, mainly due to existing project ramp-ups. The largest declines are expected from Mexico and Azerbaijan. OPEC NGLs and non-conventional liquids are forecast to grow by 46 tb/d in 2023 to an average of 5.4 mb/d and by another 65 tb/d to an average of 5.5 mb/d in 2024. In July, OPEC-13 crude oil production decreased by 836 tb/d m-o-m to an average of 27.31 mb/d, according to available secondary sources.

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 $11.74 million on August 21, 2023 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	**Jun 30, 2023**	Mar 31, 2023	Dec 31, 2022	Sept 30, 2022	Jun 30, 2022	Mar 31, 2022	Dec 31, 2021	Sept 30, 2021
Net production volumes (boe/d)	**44**	0	0	0	0	0	0	0
Total revenue	**307**	-	-	-	-	-	-	-
Operating costs	**-**	-	-	-	-	-	-	-
Depletion, depreciation and accretion	**(44)**	(43)	(41)	(40)	(40)	(32)	(28)	(30)
Foreign exchange (loss) gain	**(400)**	(46)	188	569	166	(153)	(87)	323
Interest and other income	**255**	275	210	62	24	4	4	37
Stock-based compensation	**(262)**	(683)	(175)	(33)	(53)	(46)	(78)	(84)
General and administative	**(1,353)**	(1,378)	(2,487)	(788)	(664)	(842)	(662)	(832)
Exploration expense and other income	**(54)**	(6)	-	(110)	(139)	31	(437)	(380)
Gain on lease modification	**-**	-	-	-	-	6	-	-
Gain (loss) on royalty valuation and other interests	**43**	990	(155)	791	603	1,173	75	54
Interest and penalties recovered	**-**	-	-	-	-	-	-	-
Net (loss) income before tax	**(1,508)**	(891)	(2,460)	451	(103)	141	(1,213)	(912)
Income tax	**-**	-	-	-	-	-	-	-
Net (loss) income	**(1,508)**	(891)	(2,460)	451	(103)	141	(1,213)	(912)
(Loss) income per share – basic	**(0.01)**	(0.01)	(0.02)	0.00	(0.00)	0.00	(0.01)	(0.01)
(Loss) income per share – diluted	**(0.01)**	(0.01)	(0.02)	0.00	(0.00)	0.00	(0.01)	(0.01)
Adjusted net loss*(1)*	**(1,551)**	(1,881)	(2,305)	(340)	(706)	(1,038)	(1,288)	(966)
Capital expenditures	**3,489**	2,066	4,499	15	4	243	12	347
Cash flow used in o*perating activities(1)*	**(727)**	(1,179)	(2,207)	(803)	(837)	(885)	(1,109)	(1,142)

(1) Adjusted net loss and cash flow used in operating activities are non-GAAP measure. Adjusted net loss represents 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 produced revenue for the quarter ended June 30, 2023 in the amount of $307 and $nil for the quarter ended March 31, 2023 and the quarter ended June 30, 2022. The Company is currently incurring exploration costs while carrying out preliminary evaluation work on properties in Egypt. The Company has not incurred any operating costs for the quarter ended June 30, 2023, for the quarter ended March 31, 2023 and for the quarter ended June 30, 2022

Net loss before tax for the quarter ended June 30, 2023, was $1,508 compared to net loss before tax of $891 for the quarter ended March 31, 2023. The adjusted net loss is $1,551 for the quarter ended June 30, 2023, compared with $1,881 for the quarter ended March 31, 2023. The adjusted net loss compared to the prior quarter is primarily due to a decrease in foreign exchange a loss of $400 down from a loss of $46 and offset by a decrease in stock-based compensation of $262 down from a $683 for the quarter ended March 31, 2023. Net loss before tax for the quarter ended June 30, 2023 was $1,508 compared to $103 for the quarter ended June 30, 2022. The adjusted net loss is $1,551 for the quarter ended June 30, 2023, compared to $706 for the quarter ended June 30, 2022. The increase is due to an increase in general and administrative of $1,353 compared to $664 for the quarter ended June 30, 2022 and foreign exchange loss of $400 compared to foreign exchange gain of $166 for the quarter ended June 30, 2022.

General and Administrative Expenses ("G&A")

	Three months ended		
	June 30, 2023	Mar 31, 2023	June 30, 2022
Consulting and director fees	**81**	100	74
Filing, listing and transfer agent	**10**	52	9
Insurance	**49**	45	18
Office and administration	**178**	219	29
Professional fees	**152**	184	23
Rent	**33**	14	9
Shareholder relations and communications	**287**	147	89
Travel	**195**	213	71
Wages and salaries	**368**	404	342
Oil and Gas G&A expenses	**1,353**	1,378	664

General and administrative costs increased to $1,353 for the quarter ended June 30, 2023, from $664 for the quarter ended June 30, 2022. The increase is due to additional insurance of $31, office and administration of $149, which is partly from the increased activity in the operations in Egypt, professional fees of $129 increased legal and tax advice required for continuing operations in Egypt, shareholder relations and communications of $198 which includes a business development on a new project in Egypt and travel of $124.

The disclosure in the Company's short form prospectus dated August 21, 2023, regarding notable changes in the Company's general and administrative expenses relating to office and administration expenses and consulting and director fees for March 31, 2023 are as follows:

"The Annual MD&A indicated that consulting and director fees were $475,000 for the quarter ended March 31, 2023, and $774,000 for the year ended March 31, 2023. Additionally, salaries and wages were recorded as $29,000 for the quarter ended March 31, 2023, and $2,011,000 for the year ended March 31, 2023.

However, they should have been reported as consulting and director fees of $100,000 for the quarter ended March 31, 2023, and $399,000 for the year ended March 31, 2023. Furthermore, salaries and wages should have been stated as $404,000 for the quarter ended March 31, 2023, and $2,386,000 for the year ended March 31, 2023.

Consulting fees were overstated in the Annual MD&A by $375,000, while salaries and wages were understated by the same amount. This discrepancy occurred due to posting all the capitalized amounts of consulting and salaries and wages to the "Salaries and wages" category."

Stock-based Compensation

	Three months ended		
	June 30, 2023	Mar 31, 2023	June 30, 2022
Stock-based compensation	**262**	683	53

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 June 30, 2023, the Company did not grant any stock options and 770,000 options were exercised.

Stock-based compensation increased to $262 in the quarter ended June 30, 2023, compared $53 for the quarter ended June 30, 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		
	June 30, 2023	Mar 31, 2023	June 30, 2022
Depletion, depreciation and accretion	**44**	43	40

DD&A expenses increased for the quarter ended June 30, 2023 to $44 compared with $40 for the quarter ended June 30, 2022. The slight increase is due to the Company's purchases of office equipment in the quarter ended June 30, 2023 of $13 compared to $4 in the quarter ended June 30, 2022.

Foreign Exchange (Loss) Gain

	Three months ended		
	June 30, 2023	Mar 31, 2023	June 30, 2022
Foreign exchange (loss) gain	**(400)**	(46)	166

The foreign exchange loss for the quarter ended June 30, 2023 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		
	June 30, 2023	Mar 31, 2023	June 30, 2022
Net loss before tax	**(1,508)**	(891)	(103)
Income tax	**-**	-	-
Net loss after tax	**(1,508)**	(891)	(103)
Loss per share – basic and diluted ($)	**(0.01)**	(0.01)	(0.00)

Cash Flow

	Three months ended		
	June 30, 2023	Mar 31, 2023	June 30, 2022
Operating cash flow *(1)*	**(727)**	(1,179)	(837)
Cash used in operating activities	**(2,278)**	(1,064)	(779)
Operating cash flow per share – basic and diluted ($)	**(0.01)**	(0.01)	(0.01)

(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 $727 for the quarter ended June 30, 2023, compared to $837 for the quarter ended June 30, 2022.

CAPITAL EXPENDITURES

Capital expenditures consisted of exploration and evaluation assets of $3,476 for the quarter ended June 30, 2023. Capital leases, computer and office equipment and leasehold improvements of $13 for the quarter ended June 30, 2023, and $4 for the quarter ended June 30, 2022.

FUTURE CAPITAL EXPENDITURES

The Company had the following commitments for capital expenditure at June 30, 2023:

Contractual Obligations	Total	Less than One Year	Two to Five Years	More than Five Years
Operating leases *(1)*	505	190	315	-
Other long-term obligations *(2)*	8,095	-	8,095	-
Total contractual obligations	8,600	190	8,410	-

(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

	June 30, 2023	Mar 31, 2023	June 30, 2022
Cash and cash equivalents	**15,485**	19,458	13,069
Working capital	**17,915**	21,551	15,403
Contractual obligations, next twelve months	**190**	233	233
Revenue	**307**	-	-
Cashflow used in operating activities for the period ended	**(727)**	(1,179)	(837)

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 additional 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.

Adjusted net (loss) income

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.

	Three months ended		
	June 30, 2023	Mar 31, 2023	June 30, 2022
Adjusted net loss	**(1,551)**	(1,881)	(706)
Gain on royalty valuation and other interests	**43**	990	603
Net loss before tax	**(1,508)**	(891)	(103)

Reconcilation of Operating Cash Flow

Operating cash flow is a non-GAAP measure. Operating cash flow 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		
	June 30, 2023	Mar 31, 2023	June 30, 2022
Cash used in operating activities	**(2,278)**	(1,064)	(779)
Changes in non-cash working capital	**1,551**	(115)	(58)
Operating cash flow	**(727)**	(1,179)	(837)

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, trade receivable and other , 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		
	June 30, 2023	Mar 31, 2023	June 30, 2022
Stock-based compensation	**183**	563	26
Management wages and director fees	**277**	264	237
Total management compensation	**460**	827	263

The breakdown for the related party transactions during the three months ended June 30, 2023:

Related Party	**Role**	**Salaries**	**Stock-based compensation**	**Total**
Abdel Badwi	Executive Chairman and Director	$ 60	$ 54	$ 114
Toby Pierce	CEO and Director	75	51	126
Suneel Gupta	VP and COO	60	13	73
Barry MacNeil	CFO	55	10	65
Gavin Wilson	Independent Director	9	20	29
Keith Hill	Independent Lead Director	9	10	19
Thomas Hickey	Independent Director	9	11	20
Shawn Reynolds	Independent Director	-	14	14
		$ 277	$ 183	$ 460

SHARE CAPITAL

a. At June 30, 2023, there were 158,635,001 common shares, 11,175,001 stock options outstanding and 3,906,250 warrants outstanding.

b. At August 29, 2023, there were 180,458,043 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 August 24, 2023, the Company announced the closing of a bought-deal public offering of 20,240,542 common shares of the Company at a price of $0.58 per common share for aggregate gross proceeds of $11.74 million, including the partial exercise of the over-allotment option. The aggregate underwriters' fee paid to the underwriters in connection with the offering was $0.68 million.

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 June 30, 2023.

Please also refer to "Forward Looking Statements".

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 June 30, 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,
General Counsel and Corporate Secretary
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 August 29, 2023, there were 180,438,043 shares issued and outstanding.
Fully diluted: 195,756,794 shares.

WEBSITE

www.tagoil.com

SUBSIDIARIES (at June 30, 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