

Consolidated Financial Statements

For the Nine Month Period Ended December 31, 2023
and
For the Year Ended March 31, 2023

(Expressed in thousands of Canadian Dollars, unless otherwise stated)

Independent Auditor's Report

To the Shareholders and the Board of Directors of
Tag Oil Ltd.

Opinion

We have audited the consolidated financial statements of Tag Oil Ltd. (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2023 and March 31, 2023, and the consolidated statements of comprehensive loss, cash flows and changes in equity for the nine month period ended December 31, 2023 and the year ended March 31, 2023, and notes to the consolidated financial statements, including material accounting policy information (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2023 and March 31, 2023, and its financial performance and its cash flows for the nine month period ended December 31, 2023 and the year ended March 31, 2023 in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the nine month period ended December 31, 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Exploration and Evaluation Assets – Assessment of Whether Indicators of Impairment Exist – Refer to Note 4 to the financial statements

Key Audit Matter Description

The Company's determination of whether or not an indicator of impairment exists requires significant management judgment.

Auditing the Company's assessment of whether an indicator of impairment existed as at December 31, 2023 required increased auditor attention due to the judgments made by management when

determining whether events or changes in circumstances could indicate a potential impairment. This resulted in an increased extent of audit effort, including the involvement of fair value specialists.

How the Key Audit Matter Was Addressed in the Audit

Our audit procedures related to the assessment of whether an indicator of impairment existed in exploration and evaluation assets included the following, among others:

- Obtained management's assessment and evaluated whether; a) the Company has the right to explore in the specific area; b) the occurrence and commitment to substantive expenditures in the specific area is budgeted or planned; and c) there are any changes in the status of commercially viable quantities of oil resource.

Other Information

Management is responsible for the other information. The other information comprises:

- Management's Discussion and Analysis
- The information, other than the financial statements and our auditor's report thereon, in the Annual Report.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

The Annual Report is expected to be made available to us after the date of the auditor's report. If, based on the work we will perform on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other

matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is David Langlois.

/s/ Deloitte LLP

Chartered Professional Accountants
Calgary, Alberta
April 29, 2024

Consolidated Statements of Financial Position

(Expressed in thousands of Canadian Dollars)

	Note	As at December 31, 2023	As at March 31, 2023
Assets			
Current:			
Cash and cash equivalents		\$ 16,436	\$ 19,458
Accounts receivable		788	1,025
Prepaid expenses	3	1,292	1,612
Royalty and other interests	13(g), 14	945	1,197
		19,461	23,292
Non-Current:			
Restricted cash	6	8,109	8,336
Royalty and other interests	13(g), 14	1,771	2,305
Exploration and evaluation	4	24,099	6,647
Property, plant and equipment	5	470	477
		\$ 53,910	\$ 41,057
Liabilities and Shareholders' Equity			
Current:			
Accounts payable and accrued liabilities	9	\$ 7,016	\$ 1,586
Lease liabilities	8	208	155
		7,224	1,741
Non-Current:			
Lease liabilities	8	202	304
		7,426	2,045
Shareholders' Equity:			
Share capital	7	256,568	243,410
Stock-based payment reserve	7	23,435	22,467
Accumulated other comprehensive (loss) income		(344)	160
Deficit		(233,175)	(227,025)
		46,484	39,012
		\$ 53,910	\$ 41,057

Nature of operations (Note 1)

Subsequent events (Note 17)

See accompanying notes.

Approved by the Board of Directors:

"Toby Pierce"

Toby Pierce, Director

"Abby Badwi"

Abdel (Abby) Badwi, Director

Consolidated Statements of Comprehensive Loss
(Expressed in thousands of Canadian Dollars, except for share information)

	Note	For the nine month period ended December 31, 2023	For the year ended March 31, 2023
Revenue			
Oil sales	10	\$ 586	\$ -
		586	-
Expenses			
Depletion, depreciation and accretion		(170)	(164)
Foreign exchange (loss) gain		(134)	877
General and administration		(4,482)	(5,317)
Interest and other income		818	571
Production costs		(1,338)	-
Stock-based compensation	7	(1,233)	(944)
		(6,539)	(4,977)
Other Items			
Exploration expense		(152)	(255)
(Loss) gain on royalty valuation	14	(45)	2,229
		(197)	1,974
Net loss before taxes			
Income tax	16	-	-
		(6,150)	(3,003)
Net loss for the period/year			
		\$ (6,150)	\$ (3,003)
Other comprehensive loss			
(Loss) gain on translation of foreign operations		(504)	160
Comprehensive loss for the period/year			
		\$ (6,654)	\$ (2,843)
Loss per share – basic and diluted			
	7	\$ (0.04)	\$ (0.03)

See accompanying notes.

Consolidated Statements of Cash Flows
(Expressed in thousands of Canadian Dollars)

	Note	For the nine month period ended December 31, 2023	For the year ended March 31, 2023
Operating Activities			
Net loss for the period/year		\$ (6,150)	\$ (3,003)
Changes for non-cash operating items:			
Depletion, depreciation and accretion	5	170	164
Foreign exchange loss (gain)		300	(906)
Loss (gain) on royalty valuation		45	(2,229)
Interest on restricted cash		147	4
Stock-based compensation	7	1,233	944
		(4,255)	(5,026)
Changes in non-cash working capital accounts:			
Increase in accounts receivable		(623)	(30)
Decrease (increase) in prepaid expenses		321	(1,510)
Increase in accounts payable and accrued liabilities		1,633	1,104
Cash used in operating activities		(2,924)	(5,462)
Financing Activities			
Principal repayment of lease liability		(139)	(114)
Private placement	7	12,253	25,300
Share issue costs	7	(1,083)	(1,869)
Stock options exercised	7	747	230
Warrants exercised	7	975	25
Cash provided in financing activities		12,753	23,572
Investing Activities			
Exploration and evaluation	4	(14,159)	(6,409)
Property and equipment	5	(74)	(65)
Proceeds received on royalty and other interests	14	1,274	2,049
Cash used by investing activities		(12,959)	(4,425)
Effect of exchange rate changes on cash and cash equivalents held in foreign currency		(73)	722
Net (decrease) increase in cash and cash equivalents during the period/year		(3,203)	14,407
Cash and cash equivalents – beginning of the period/year		19,458	13,316
Change in restricted cash	6	181	(8,265)
Cash and cash equivalents – end of the period/year		\$ 16,436	\$ 19,458
Supplementary disclosures:			
<i>Interest received</i>		\$ 671	\$ 567
<i>Cash</i>		\$ 16,296	\$ 19,322
<i>Cash equivalents</i>		140	136
		\$ 16,436	\$ 19,458

See accompanying notes.

Consolidated Statements of Changes in Equity

(Expressed in thousands of Canadian Dollars, except for share information)

	Number of Shares (Note 7)	Share Capital (Note 7)	Stock- Based Payments	Accumulated Other Comprehensive (Loss) Income ⁽¹⁾	Deficit	Total Equity
Balance as at March 31, 2022	91,766,252	\$ 219,627	\$ 21,620	\$ -	\$ (224,022)	\$ 17,225
Private placement						
– net of share issue costs	63,250,000	23,431	-	-	-	23,431
Stock options exercised	504,999	327	(97)	-	-	230
Warrants exercised	156,250	25	-	-	-	25
Stock-based payments	-	-	944	-	-	944
Comprehensive loss	-	-	-	160	(3,003)	(2,843)
Balance as at March 31, 2023	155,677,501	243,410	22,467	160	(227,025)	39,012
Private placement						
– net of share issue costs	21,126,542	11,171	-	-	-	11,171
Stock options exercised	2,220,000	1,012	(265)	-	-	747
Warrants exercised	6,093,750	975	-	-	-	975
Stock-based payments	-	-	1,233	-	-	1,233
Comprehensive loss	-	-	-	(504)	(6,150)	(6,654)
Balance as at December 31, 2023	185,117,793	\$ 256,568	\$ 23,435	\$ (344)	\$ (233,175)	\$ 46,484

(1) The accumulated other comprehensive income balance consists of the translation of foreign operations and unrealized foreign exchange on the net investment in subsidiary.

See accompanying notes.

Notes to the Consolidated Financial Statements

For the Period Ended December 31, 2023 and Year Ended March 31, 2023

(Expressed in thousands of Canadian Dollars, unless otherwise stated, except per share, options or warrants)

Note 1 – Nature of Operations

TAG Oil Ltd. (the “Company” or “TAG”) is a publicly listed issuer that is incorporated under the Business Corporations Act (British Columbia), with a current focus on oil and gas exploration and development opportunities in the Middle East and North Africa. TAG’s head office is located in Vancouver, British Columbia, Canada.

The Company has changed its year end from March 31 to December 31 to align it with its subsidiary, which operates on a calendar fiscal year end in Egypt. Accordingly, the current consolidated financial statements are prepared for nine months from April 1 to December 31, 2023, and as a result, the comparative figures stated in the statement of comprehensive loss, changes in equity and cash flow and the related notes might not be comparable.

Note 2 – Material Accounting Policies and Basis of Presentation

Basis of Presentation and Statement of Compliance with International Financial Reporting Standards

These consolidated financial statements have been prepared in accordance and comply with International Financial Reporting Standards (“IFRS”).

These consolidated financial statements have been prepared on a going concern basis, using the historical cost basis except for financial instruments classified as fair value through other comprehensive income or fair value through profit and loss, which are stated at their fair value, and royalties classified as fair value through profit or loss. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

These consolidated financial statements are expressed in Canadian dollars (“CAD”). The Company has adopted CAD as its functional and reporting currency.

The consolidated financial statements were authorized for issuance by the directors of the Company on April 29, 2024.

Basis of Consolidation

These consolidated financial statements include the accounts of the Company and its subsidiaries. The Company’s current subsidiaries are:

Name of Subsidiary	Place of Incorporation	Proportion of Ownership Interest December 31, 2023	Proportion of Ownership Interest March 31, 2023	Principal Activity
TAG Energy International Ltd.	Cyprus	100%	100%	Holding Company
TAG Petroleum Egypt Ltd.	Cyprus	100%	100%	Oil and Gas Exploration
TAG Petroleum Egypt Ltd. (Egypt Branch)	Egypt	100%	100%	Oil and Gas Exploration
CX Oil Limited	New Zealand	100%	100%	Oil and Gas Exploration
Orient Petroleum (NZ) Limited	New Zealand	100%	100%	Oil and Gas Exploration
TAG Oil (NZ) Limited	New Zealand	100%	100%	Oil and Gas Exploration
TAG Oil (Offshore) Limited	New Zealand	100%	100%	Oil and Gas Exploration
Trans-Orient Petroleum Ltd.	Canada	100%	100%	Oil and Gas Exploration

Cash and Cash Equivalents

Cash and cash equivalents are comprised of cash on deposit, cash held in trust, and investments with maturities of 90 days or less at the date of investment. Bank overdrafts that are repayable on demand are included as a component of cash for the purpose of the statement of cash flows.

The Company monitors its cash and cash equivalents and adjusts its expenditure plans to conform to available funding. The Company plans to fund exploration and development activities through existing cash, operating cash flow and any potential capital raising.

Restricted Cash

Restricted cash is segregated and held in GICs in support of financial security arrangements for Mastercard facilities and a letter of guarantee issued to Badr Petroleum Company. The letter of guarantee is required as a condition of the Petroleum Services Agreement ("PSA") to ensure the completion of work commitments in the PSA. The letter of guarantee may be reduced by amounts spent on the commitments as permitted under the PSA.

Revenue

Revenue is comprised of oil sales from the Company's net entitlements pursuant to the terms of the PSA. Revenue is recognized when the Company has satisfied its performance obligations, which occurs upon delivery to the customer at the point of delivery as per PSA. The transaction price used to determine revenue from oil sales is the market price, net of discounts. The Company's revenue transactions exclude any financing components.

Exploration and Evaluation

Exploration and evaluation ("E&E") expenditures include, but are not limited to, license and land acquisition costs; topographical, geological, geochemical, and geophysical costs or studies; drilling and testing of exploratory and non-productive wells; costs related to evaluating the technical feasibility or commercial viability of extracting mineral reserves; carrying costs directly related to unproved properties; and administrative costs directly related to exploration and evaluation activities. Costs incurred prior to obtaining the rights to explore are expensed in the statements of comprehensive loss.

The costs will continue to be carried as E&E expenditures until such time that the technical feasibility and commercial viability of the crude oil and natural gas hydrocarbons has been demonstrated. Determining the classification of E&E expenditures versus development expenditures requires significant judgement. Whether the technical feasibility and commercial viability has been demonstrated is assessed on an ongoing basis by the Company. At each reporting date, Company assesses a combination of relevant factors which includes, but is not limited to, a declaration of commerciality, uninterrupted and regular sales of production, approval of a development plan and the recognition of reserves by a qualified reserves evaluator. Once the Company believes it has demonstrated the commercial viability and technical feasibility of its properties, the applicable E&E expenditures are then assessed for impairment and transferred to oil and gas assets as part of property, plant and equipment.

E&E expenditures are assessed for indicators of impairment at each reporting date. For the purposes of impairment testing, E&E expenditures are tested separately from property, plant and equipment and are tested individually on a cash-generating unit ("CGU") basis. Since the Company has only one PSA it has identified it as a CGU. Impairment loss is recognized for the amount by which the E&E expenditure's carrying value exceeds its recoverable amount. The recoverable amount is the higher of the E&E expenditure's fair value less costs of disposal and their value in use. Impairment losses are recognized immediately in the statements of comprehensive loss. If facts and circumstances subsequently indicate that a reversal of a previous impairment loss is warranted, the carrying value may be increased up

to the recoverable amount, with the reversal limited to the original loss amount. Also refer to Note "Significant accounting judgments, estimates and assumptions" for further description of other significant factors pertaining to the evaluation of recoverability of asset carrying values. No depreciation or amortization is charged against E&E expenditures.

Property, Plant and Equipment

Property, plant and equipment consist of right of use assets, office equipment and leasehold improvements.

The carrying value of any replaced or sold component is derecognized. Costs incurred to operate and maintain wells and equipment to lift oil and gas to the surface are expensed as operating expenses. Subsequent to commercial production capability, costs are included in the carrying value of oil and gas assets only when it is probable that future economic benefits associated with the cost item will flow to the Company and the cost can be measured reliably.

An item of property and equipment is derecognized upon disposal, replacement or when future economic benefits are no longer expected to arise from the continued use of the asset. Any gains or losses arising on the disposal or retirement of an item of property and equipment are determined by comparing the proceeds from disposal with the carrying amount of the item and are recognized in the consolidated statement of comprehensive loss.

Reserves

Stock-based payment reserve

The stock-based payment reserve records items recognized as stock-based compensation expense until such time that the stock options are exercised, at which time the corresponding amount will be transferred to share capital. If the options expire unexercised, the amount remains in the reserve.

Foreign currency translation reserve

The foreign currency translation reserve records exchange rate differences arising on translation of subsidiaries that have a functional currency other than CAD and will be recorded in other comprehensive loss.

Foreign Currency Translation

(i) Functional and presentation currency

Items included in the consolidated financial statements of each of the Company's subsidiaries are measured using the functional currency of the primary economic environment in which the entity operates.

Consolidated financial statements are presented in CAD, which is the Company's functional currency. Consolidated financial statements of the Company's International subsidiaries have a functional currency different from CAD and are translated to CAD using the exchange rate in effect at the period end date for all assets and liabilities, and at average monthly year to date rates of exchange during the period for revenues and expenses. The functional currency of the Company's Egyptian operations is the United States dollar ("USD"). All changes resulting from these translation adjustments are recognized in other comprehensive income.

(ii) Transactions and balances

Monetary assets and liabilities relating to foreign denominated transactions are initially recorded at the rate of exchange in effect at the transaction date. Gains and losses resulting from subsequent changes in foreign exchange rates are recorded in profit or loss for the period. Advances made to subsidiaries for which the settlement is not planned or anticipated in the foreseeable future are considered part of the net investment. Accordingly, unrealized gains and losses from these advances are recorded in the consolidated statements of other comprehensive loss.

Subsidiaries

Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities, generally, but not in all cases, accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Company controls another entity.

The consolidated financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. All intercompany transactions and balances have been eliminated on consolidation.

Stock-Based Payments

Obligations for issuance of common shares under the Company's stock-based compensation plan are accrued over the vesting period using fair values. Fair values are determined at issuance using the Black-Scholes option-pricing model, taking into account a nominal forfeiture rate, and are recognized as stock-based compensation with a corresponding credit to stock-based payments reserve.

Loss Per Share

Basic loss per share is calculated by dividing the net loss for the during the nine month period ended December 31, 2023 and year ended March 31, 2023 attributable to equity owners of TAG by the weighted average number of common shares outstanding.

Diluted loss per share amounts are calculated similar to basic loss per share amounts except that the weighted average common shares outstanding are increased to include additional common shares from the assumed exercise of dilutive share-options and warrants. The number of additional outstanding common shares is calculated by assuming that the outstanding in-the-money share-options were exercised and that the proceeds from such exercises were used to acquire common shares at the average market price during the reporting period.

Significant Accounting Estimates, Judgments and assumptions

The preparation of the consolidated financial statements requires management to make estimates, judgments and assumptions 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.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the same period if the revision affects only that period or in the period of the revision and future periods if the revision affects current and future periods.

Estimates and critical judgements in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements are summarized below:

Property, plant 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 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, discount rates, changes in legal, regulatory, market, environmental, technological, or political factors that could impact ongoing operations; the ability of the Company to continue fulfilling ongoing commitments; continued participation of the Company's co-venturers; and changes in future commodity prices. .

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

Preparation of the consolidated financial statements involves determining an estimate of, or provision for, income taxes in each of the jurisdictions in which the Company operates. The process also involves making an estimate of taxes currently payable and taxes expected to be payable or recoverable in future periods, referred to as deferred taxes. Deferred taxes result from the effects of temporary differences due to items that are treated differently for tax and accounting purposes. The tax effects of these differences are reflected in the consolidated balance sheets as deferred tax assets and liabilities.

An assessment must also be made to determine the likelihood that the Company's future taxable income will be sufficient to permit the recovery of deferred income tax assets. To the extent that such recovery is not probable, recognized deferred tax assets must be reduced. Judgment is required in determining the provision for income taxes and recognition of deferred tax assets and liabilities. Management must also exercise judgment in its assessment of continually changing tax interpretations, regulations and legislation, to ensure deferred tax assets and liabilities are complete and fairly presented. The effects of differing assessments and applications could be material.

Stock-based compensation

The calculation of stock-based compensation requires estimates of volatility, forfeiture rates and market prices surrounding the issuance of share 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.

Going concern

The Company regularly reviews and makes assessment of its ability to continue as a going concern. This assessment relies on significant judgement and assumptions and takes into account all known future information.

Financial Instruments

A financial instrument is any contract that gives rise to a financial asset for one entity and a financial liability or equity instrument to another entity. Financial assets and financial liabilities are recognized on the consolidated statement of financial position at the time the Company becomes a party to the contractual provisions. Upon initial recognition, financial instruments are measured at fair value. Measurement in subsequent periods is dependent on the classification of the financial instrument. These instruments will be classified into one of the following categories: fair value through profit or loss, fair value through other comprehensive income or amortized cost.

i) Financial assets and liabilities at fair value through profit or loss ("FVTPL")

Financial assets and liabilities at fair value through profit or loss are measured at fair value with changes in fair value recognized in the statement of comprehensive loss.

ii) Financial assets at amortized cost

Financial assets are classified at amortized cost if both of the following criteria are met and the financial assets are not classified or designated as at fair value through profit and loss: 1) the Company's objective for these financial assets is to collect their contractual cash flows and 2) the asset's contractual cash flows represent 'solely payments of principal and interest'. The Company's cash and receivables are recorded at amortized cost as they meet the required criteria.

iii) Financial liabilities at amortized cost

Financial liabilities are measured at amortized cost at the settlement date using the effective interest method of amortization. Accounts payable and accrued liabilities are classified as financial liabilities at amortized cost.

iv) Financial assets and liabilities at fair value through other comprehensive income ("FVOCI")

A debt instrument is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL: 1) it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and 2) its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Instruments are classified current if they are assumed to be settled within one year; otherwise they are classified as non-current. The Company will assess at each reporting period whether there is any objective evidence that a financial asset, other than those measured at fair value, is impaired. When assessing impairment, the carrying value of financial assets carried at amortized cost is compared to the present value of estimated future cash flows discounted using the instrument's original effective interest rate.

Financial instruments consisting of accounts receivable, prepaid expenses and accounts payable and accrued liabilities are carried at amortized cost.

Impairment of Non-Financial Assets

The carrying value of the Company's non-financial assets is reviewed at each reporting date for indicators that the carrying value of a CGU or asset may not be recoverable. These indicators include, but are not limited to, extended decreases in prices or margins for oil and gas commodities or products, a significant downward revision in estimated reserves or an upward revision in future development costs. If indicators of impairment exist, the recoverable amount of the CGU or asset is estimated. If the carrying value of the CGU or asset exceeds the recoverable amount the CGU or asset is written down with an impairment recognized in the statement of comprehensive loss.

Property, plant and equipment costs are aggregated into CGUs based on their ability to generate largely independent cash flows. The recoverable amount of a CGU or asset is the greater of its fair value less costs to sell and its value in use. Fair value less costs to sell is determined to be the amount for which the asset could be sold in an arm's length transaction, less the costs of disposal. Value in use is determined by estimating the present value of the future net cash flows expected to be derived from the continued use of the CGU or asset.

Reversals of impairments are recognized when there has been a subsequent increase in the recoverable amount. In this event, the carrying amount of the CGU or asset is increased to its revised recoverable amount with an impairment reversal recognized in the statement of comprehensive loss. The recoverable amount is limited to the original carrying amount less depletion and depreciation as if no impairment had been recognized for the CGU or asset for prior periods.

Income Tax

Income tax expense is comprised of current and deferred tax. Income tax is recognized in the statement of income except to the extent that it relates to items recognized directly in equity, in which case the income tax is also recognized directly in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted, or substantively enacted, at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

In general, deferred tax is recognized in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is determined on a non-discounted basis using tax rates and laws that have been enacted or substantively enacted at the balance sheet date and are expected to apply when the deferred tax asset or liability is settled. Deferred tax assets are recognized to the extent that it is probable that the assets can be recovered.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except in the case of subsidiaries, where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax assets and liabilities are presented as non-current. Tax on income in periods is accrued using the tax rate that would be applicable to expected total annual earnings.

Leases

At the inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- The contract involves the use of an identified asset – this may be specified explicitly or implicitly and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- The Company has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use; and
- The Company has the right to direct the use of the asset. The Company has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Company has the right to direct the use of the asset if either: (a) the Company has the right to operate the asset; or (b) the Company designed the asset in a way that predetermines how and for what purpose it will be used.

If the contract contains a lease, a right-of-use asset and a corresponding lease liability are set up at the date at which the leased asset is available for use by the Company. The lease payments are discounted using either the interest rate implicit in the lease, if available, or the Company's incremental borrowing rate. Each lease payment is allocated between the liability and the finance cost to produce a constant rate of interest on the remaining lease liability balance. The Company accounts for the lease and non-lease components separately. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Note 3 – Prepaid Expenses

	December 31, 2023	March 31, 2023
Prepaid exploration work commitments (1)	\$ 604	\$ 1,396
Prepaid expenses	688	216
	\$ 1,292	\$ 1,612

(1) The Company has advanced funds to BPCO to cover the amounts for services and materials to be provided to the Company by vendors currently under contract to BPCO.

Note 4 – Exploration and Evaluation

The following table reconciles the change in the Company's exploration and evaluation assets:

	Abu Roash "F"
As at March 31, 2022	\$ -
Additions	6,519
Foreign exchange movement	128
As at March 31, 2023	6,647
Additions	17,912
Foreign exchange movement	(460)
As at December 31, 2023	\$ 24,099
Carry amounts	
As at March 31, 2023	\$ 6,647
As at December 31, 2023	\$ 24,099

On October 13, 2022, the Company was awarded the PSA for the development of the unconventional Abu Roash "F" reservoir in the Badr Oil Field (the "Project Area"), Western Desert, Egypt, by BPCO, subject to various conditions. During the year ended March 31, 2023, the Company met the two financial conditions, being a signature bonus of US\$3.0 million (\$4.0 million) paid to BPCO and the Letter of Guarantee of US\$6.0 million (\$8.2 million) in favor of BPCO for work commitments to be completed. The Letter of Guarantee must be renewed annually and may be reduced by up to US\$3.0 million by the amount spent by TAG and approved by Egyptian General Petroleum Corporation. 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. During the period ended December 31, 2023, \$17.9 million (March 31, 2023 – 6.5 million) in additions in exploration and evaluation consisted primarily of exploration work.

Note 5 – Property, plant and Equipment

The following table reconciles the change in the Company's property, plant and equipment:

	Right of use Assets	Office Equipment and Leasehold Improvements	Total
Cost			
As at March 31, 2022	\$ 590	\$ 290	\$ 880
Additions	-	65	65
As at March 31, 2023	590	355	945
Additions	92	73	165
Disposals	(10)	(190)	(200)
Foreign exchange movement	(2)	(1)	(3)
As at December 31, 2023	\$ 670	\$ 237	\$ 907
Accumulated depletion and depreciation			
As at March 31, 2022	\$ (53)	\$ (251)	\$ (304)
Depletion and depreciation	(144)	(20)	(164)
As at March 31, 2023	(197)	(271)	(468)
Depletion and depreciation	(135)	(35)	(170)
Disposals	10	190	200
Foreign exchange movement	1	-	1
As at December 31, 2023	\$ (321)	\$ (116)	\$ (437)
Carry amounts			
As at March 31, 2023	\$ 393	\$ 84	\$ 477
As at December 31, 2023	\$ 349	\$ 121	\$ 470

Note 6 – Restricted Cash

	December 31, 2023	March 31, 2023
GIC in support of Guarantee (1) (2)	\$ 7,991	\$ 8,221
Mastercard securities	118	115
	\$ 8,109	\$ 8,336

(1) The Company issued a US\$6.0 million Letter of Guarantee to BPCO secured by a US\$6.0 million (\$8.0 million) GICs for work commitments. The work commitments consist of assessing and modeling the Project Area and reprocessing existing seismic data; drilling one deviated well and hydraulic fracture and production testing the well; recompletion of wells including re-perforation and conduction all necessary tests to collect the necessary information and put the well on production; and conduct study of the effectiveness of improved production techniques, including water-flood, polymer-flood, and thermal recovery techniques by September 22, 2025.

(2) Subsequent to year-end, on January 25, 2024, approval was obtained from Bank of Montreal to reduce the line of credit by \$2,562,595. This results in the subsequent reclassification of \$2,562,595 of restricted cash to cash.

Note 7 – Share Capital

a) Authorized and Issued Share Capital

The authorized share capital of the Company consists of an unlimited number of common shares without par value.

During the nine months ended December 31, 2023:

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

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

On August 24, 2023, and September 22, 2023, the Company issued 21,126,542 common shares for public offering and over-allotment option at a price of \$0.58 per common share for aggregate gross proceeds of \$12.25 million. The aggregate underwriters' fee paid to the underwriters in connection with the offering was \$1.01 million and \$0.05 million in other costs relating to the issuance.

On September 1, 2023, the Company issued 1,450,000 shares for stock options exercised at a price of \$0.25 per share and 2,343,750 shares for warrants exercised at a price of \$0.16 per share.

During the year ended March 31, 2023:

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 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, 2023, the Company issued 504,999 common shares for stock options exercised for various prices from \$0.25 to \$0.70 per share and issued 156,250 common shares for warrants exercised at a price of \$0.16 per share.

b) Incentive Stock Options

The Company has a stock option plan for the granting of stock options to directors, employees, and service providers. Under the terms of the stock option plan, the number of shares reserved for issuance as stock options will be equal to 10% of the Company's issued and outstanding shares at any time. The exercise price of each option equals the market price of the Company's shares the day prior to the date that the grant occurs less any applicable discount approved by the Company's board of directors (the "Board") and per the guidelines of the TSX Venture Exchange. The maximum term for the expiry of stock options is five years.

During the nine month period ended December 31, 2023, 2,220,000 stock options were exercised, 1,800,000 stock options were granted and no stock options expired.

During the year ended March 31, 2023, 504,999 stock options were exercised for various prices from \$0.25 to \$0.70 per share, and 4,750,000 stock options were granted at \$0.70 per share.

Stock Options December 31, 2023

On July 5, 2023, the Company granted 1,800,000 stock options to various consultants. These stock options are exercisable until July 5, 2028, at a price of \$0.70 per share and are subject to deferred vesting over two years.

Stock Options March 31, 2023

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 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.

The following is a continuity of outstanding stock options:

	Options	Weighted Average of Exercise Price
Balance as at March 31, 2022	7,500,000	\$ 0.31
Granted during the year	4,950,000	0.70
Exercised during the year	(504,999)	0.46
Balance as at March 31, 2023	11,945,001	\$ 0.46
Granted during the period	1,800,000	0.70
Exercised during the period	(2,220,000)	0.34
Balance as at December 31, 2023	11,525,001	\$ 0.53

The following table summarizes information about stock options that are outstanding at December 31, 2023:

Number of Options	Price per Share	Expiry Date	Options Exercisable
250,000	\$0.50	February 7, 2025	250,000
3,266,667	\$0.25	September 1, 2025	3,266,667
675,000	\$0.25	September 11, 2025	675,000
650,000	\$0.45	June 28, 2026	650,000
1,083,334	\$0.70	December 15, 2027	1,083,334
3,600,000	\$0.70	February 9, 2028	1,200,000
200,000	\$0.70	February 27, 2028	66,667
1,800,000	\$0.70	July 5, 2028	600,000
11,525,001			7,791,668

As at December 31, 2023, the weighted average contractual remaining life is 3.17 years.

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.

	Risk-free interest rate	Expected stock price volatility	Expected option life in years	Dividend rate
February 7, 2020	1.34%	62.09%	5 Years	Nil
September 1, 2020	1.30%	81.64%	5 Years	Nil
September 11, 2020	1.30%	82.12%	5 Years	Nil
June 28, 2021	0.97%	81.33%	5 Years	Nil
December 15, 2022	1.59%	88.00%	5 Years	Nil
February 9, 2023	1.62%	88.05%	5 Years	Nil
February 27, 2023	1.63%	86.46%	5 Years	Nil
July 5, 2023	3.82%	87.17%	5 Years	Nil

c) Warrants

The following is a continuity of outstanding warrants:

	Warrants	Weighted Average of Exercise Price
Balance as at March 31, 2022	6,250,000	\$ 0.16
Exercised during the year	(156,250)	0.16
Balance as at March 31, 2023	6,093,750	\$ 0.16
Exercised during the period	(6,093,750)	0.16
Balance as at December 31, 2023	-	\$ -

d) Loss Per Share

Basic and diluted weighted average shares outstanding for the nine month period ended December 31, 2023 was 170,206,678.

Basic and diluted weighted average shares outstanding for the year ended March 31, 2023 was 101,746,913.

Note 8 – Lease Liabilities

The Company has the following lease obligations outstanding:

As at March 31, 2022	\$ 573
Additions	-
Interest expense	32
Lease payments	(146)
As at March 31, 2023	\$ 459
Additions	92
Interest expense	21
Lease payments	(160)
Foreign exchange movement	(2)
As at December 31, 2023	\$ 410
Current portion of lease liabilities	208
Long-term portion of lease liabilities	202
	\$ 410

Note 9 – Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities are principally comprised of amounts outstanding for purchases relating to exploration activities and amounts payable for operating activities. The usual credit period for purchases is between 30 to 90 days.

	December 31, 2023	March 31, 2023
Accounts payable	\$ 5,685	\$ 632
Accrued liabilities	1,331	954
	\$ 7,016	\$ 1,586

Note 10 – Revenue

	Nine month period ended December	Year ended March 31, 2023
Oil sales	\$ 586	\$ -
	\$ 586	\$ -

Note 11 – Related Party Transactions

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.

Key management personnel compensation:

	Nine month period ended December 31, 2023	Year ended March 31, 2023
Stock-based compensation	\$ 666	\$ 620
Management wages and director fees	831	1,838
Total management compensation	\$ 1,497	\$ 2,458

The breakdown for the related party transactions during the nine month period ended December 31, 2023:

<i>Related Parties</i>	Role	Salaries	Stock-based compensation	Total
Abdel Badwi	Executive Chairman and Director	180	159	339
Toby Pierce	CEO and Director	225	152	377
Suneel Gupta	VP and COO	180	35	215
Barry MacNeil	CFO	165	83	248
Gavin Wilson	Independent Director	27	61	88
Keith Hill	Independent Lead Director	27	83	110
Thomas Hickey	Independent Director	27	57	84
Shawn Reynolds	Independent Director	-	36	36
		831	666	1,497

Note 12 – Capital Management

The Company's primary objective for managing its capital structure is to maintain financial capacity for the purpose of sustaining the future development of the business and maintaining investor, creditor and market confidence.

The Company considers its capital structure to include shareholders' equity and working capital. Management is continually monitoring changes in economic conditions and the risk characteristics of the underlying oil and gas industry. If adjustments to the capital structure are necessary, the Company may consider issuing additional equity, raising debt or revising its capital investment programs.

The Company's share capital is not subject to any external restrictions. The Company has not paid any cash dividends but has declared a dividend in kind since the date of incorporation. There have been no changes to the Company's approach to capital management during the period other than the contemplation of a dividend in kind.

Note 13 – Financial Instruments

The nature of the Company's operations exposes the Company to credit risk, liquidity risk and market risk, and changes in commodity prices, foreign exchange rates and interest rates may have a material effect on cash flows, net loss and comprehensive loss.

This note provides information about the Company's exposure to each of the above risks as well as the Company's objectives, policies and processes for measuring and managing these risks.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and to monitor market conditions and the Company's activities. The Board has overall responsibility for the establishment and oversight of the Company's risk management framework and policies.

a) Credit Risk

Credit risk is the risk of financial loss to the Company if counterparties to financial instruments do not fulfill their contractual obligations. The Company's exposure to this risk is relative to the following:

Cash and cash equivalents consist of cash bank balances and short-term deposits and restricted cash consists of short-term deposits. The Company's short-term investments are held with a Canadian chartered bank and are monitored to ensure a stable return. The Company's short-term investments currently consist of term deposits as it is not the Company's policy to utilize complex, higher-risk investment vehicles.

The carrying amount of accounts receivable and cash and cash equivalents represent a credit exposure. The Company does not have an allowance for doubtful accounts as at December 31, 2023 and March 31, 2023 and did not provide for any doubtful accounts. During the nine month period ended December 31, 2023 and year ended March 31, 2023, the Company was required to write-off \$nil. As at December 31, 2023 and March 31, 2023, there were no significant amounts past due or impaired.

The carrying amount of royalty payments relate to the New Zealand Taranaki Basin operations of Matahio Energy New Zealand (formerly Tamarind NZ Onshore Limited) ("Matahio"). The Company is due an overriding royalty of 2.5% on all production based on Tamarind's production and sales from its petroleum and natural gas operations under standard industry sale and payment terms. The bulk of Matahio's sales are contracted to the multinational OMV, Austrian Petrochemical Company and the Company monitors for any change to the arrangement.

b) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its purchase and capital commitments, and other financial obligations as they are due. The Company's approach to managing liquidity is to ensure, to the extent possible, that it will have sufficient liquidity to meet its liabilities when due without incurring unacceptable losses or risking harm to the Company's reputation.

The Company's liquidity is dependent upon maintaining its current working capital balances, operating cash flows and ability to raise funds. To forecast and monitor liquidity the Company prepares operating and capital expenditure budgets which are monitored and updated as considered necessary. Considering these circumstances and the Company's cash balance liquidity risk is assessed as low.

c) Market Risk

Market risk is the risk that changes in economic outlook, foreign exchange rates, commodity prices and interest rates will affect the Company's cash flows, net loss and comprehensive loss. The objective of market risk management is to manage and control market risk exposures within acceptable limits, while maximizing returns. The Company is exposed to risks associated with finding and developing new sources of production in Egypt, North Africa and the Middle East to replace its previous production. Once acquired there is the risk of maintaining and increasing production at economically profitable levels. This will be further complicated by geopolitical turmoil generated by the Russia\Ukraine conflict and changing supply\demand dynamics.

d) Foreign Currency Exchange Rate Risk

Foreign currency exchange rate risk is the risk that future cash flows, net loss and comprehensive loss will fluctuate as a result of changes in foreign exchange rates. The Letter of Guarantee and supporting GIC of US\$6 million and all of royalties and other interests are denominated in USD and operational and capital activities related to the transactions primarily in New Zealand dollars, and/or USD with some costs also being incurred in CAD.

The Company currently does not have significant exposure to other currencies, and this is not expected to change in the foreseeable future as the work commitments in Egypt are expected to be carried out in USD.

e) Commodity Price Risk

Commodity price risk is the risk that future cash flows will fluctuate as a result of changes in commodity prices, affecting results of operations and cash generated from operating activities. Such prices may also affect the value of exploration and development properties and the level of spending for future activities. Prices received by the Company for its production are largely beyond the Company's control as petroleum prices are impacted by world economic events that dictate the levels of supply and demand.

f) Interest Rate Risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Company is exposed to interest rate fluctuations on its cash and cash equivalents which bear a floating rate of interest. The risk is not considered significant.

The Company did not have any interest rate swaps or financial contracts in place during the nine month period ended December 31, 2023 and year ended March 31, 2023 and any variations in interest rates would not have materially affected net income.

g) Fair Value of Financial Instruments

The fair value of the Company's financial assets and liabilities approximates the carrying amount. Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

The fair value classification of the Company's financial instruments are as follows:

	Fair Value Level	December 31, 2023	
		Fair Value through Profit or Loss	Amortized Cost
		\$	\$
<i>Financial assets:</i>			
Cash and cash equivalents		-	16,436
Restricted cash		-	8,109
Royalty (Note 15)	3	2,716	-
Accounts receivable		-	788
		2,716	25,333
<i>Financial liabilities:</i>			
Accounts payable and accrued liabilities		-	7,016
		-	7,016
		March 31, 2023	
	Fair Value Level	Fair Value through Profit or Loss	Amortized Cost
		\$	\$
<i>Financial assets:</i>			
Cash and cash equivalents		-	19,458
Restricted cash		-	8,336
Royalty (Note 15)	3	3,502	-
Accounts receivable		-	1,025
		3,502	28,819
<i>Financial liabilities:</i>			
Accounts payable and accrued liabilities		-	1,586
		-	1,586

During the nine month period ended December 31, 2023 and year ended March 31, 2023, there were no transfers between level 1, level 2 and level 3.

Fair Value Measurement, Valuation Techniques and Inputs

The Company adopted internal valuation for the royalty interest payments using the NPV of future expected cash-flow on the 2.5% gross overriding royalty payments from the New Zealand Taranaki Basin operations of Matahio. Matahio provides TAG with their expected production profile based on their upcoming development and work over program. TAG uses a price published by ICE Brent Crude for the forward price on Brent oil and a price for New Zealand Natural Gas based on the information available in the Reserve Report prepared for the Company, dated June 30, 2022. The Natural Gas price is based on a combination of a contracted price for approximately two thirds of the production and market price on the balance, which accounts for approximately 7% of the future oil and gas royalty. Matahio sells its oil on a contract basis to a multinational oil corporation and has a set discount to Brent negotiated on a periodic basis. The following are the inputs used in the valuation calculation:

Twelve month period ended December 31,		2024	2025	2026	2027	2028	2029 – 2032 (1)	Total
Oil Production	bbl	440,445	334,333	262,684	204,583	143,267	332,199	1,717,511
Oil Price	USD	75.97	73.29	70.95	69.26	67.63	67.63	
Discount	USD	6.89	6.89	6.89	6.89	6.89	6.89	
Royalty Rate		2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	
Annual Oil Payment	USD	760,635	554,993	420,707	318,976	217,551	504,444	2,777,306

(1) – Oil price for 2029 to 2032 is 67.63 and oil production and annual oil payments for 2029 – 2032 are the cumulative total.

Twelve month period ended December 31,		2024	2025	2026	2027	2028	2029 – 2032 (2)	Total
Gas Production	msfc	397,407	287,491	223,032	185,244	150,015	386,089	1,629,278
Gas Price	USD	4.94	4.94	4.94	4.94	4.94	4.94	
Royalty Rate		2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	
Annual Gas Payment	USD	49,113	35,529	27,563	22,893	18,539	47,714	201,351

(2) – Gas price for 2029 to 2032 remain at 4.94 and gas production and annual gas payments for 2029 – 2033 are the cumulative total.

Note 14 – Sale of New Zealand Interests

On September 25, 2019, the Company and certain of its subsidiaries completed the sale of substantially all of TAG's Taranaki Basin assets and operations in New Zealand (the "Transaction"). The sale included TAG's 100% working interests in: PMP 38156 (Cheal and Cardiff), PMP 53803 (Sidewinder), PMP 60454 (Supplejack), PEP 51153 (Puka), PEP 57065 (Waitoriki) and TAG's 70% interest in PMP 60291 (Cheal East) and PEP 54877 (Cheal East) (collectively, the "NZ Assets").

The terms of the Transaction consisted of the following:

- Cash payment to TAG of US\$30 million at closing (received).
- TAG receiving a 2.5% gross overriding royalty on future production from all NZ Assets.
- The Company received US\$4.5 million in event specific payments on achieving various milestones.

	Royalty	ESP	Total
Balance as at March 31, 2022	\$ 2,560	\$ 1,262	\$ 3,822
Payments earned	(1,372)	(1,356)	(2,728)
Gain on royalty and other interests	2,229	-	2,229
Foreign exchange movement	85	94	179
Balance as at March 31, 2023	3,502	-	3,502
Payments earned	(552)	-	(552)
Gain on royalty and other interests	(45)	-	(45)
Foreign exchange movement	(189)	-	(189)
Balance as at December 31, 2023	\$ 2,716	\$ -	\$ 2,716

	Royalty	ESP	Total
This is represented by:			
Current asset	\$ 945	\$ -	\$ 945
Non-current asset	1,771	-	1,771
	\$ 2,716	\$ -	\$ 2,716

The royalty has been recorded as a financial asset at its fair value, reduced by the actual payments received and subject to revaluation on an ongoing basis. The royalty payments which remain outstanding are classified as current in respect to the values applicable to the period ending one year from the balance sheet date; the residual balances are classified as non-current.

Note 15 – Interest and Penalties

The Company was assessed penalties and interest of \$224 and \$326 by Canada Revenue Agency (“CRA”) under subsection 247(3) of the Income Tax Act (*Canada*), in connection with transfer pricing for the years ended March 31, 2012 and 2013. During the year ended March 31, 2021, the 2012 amount was adjusted to \$134 resulting in a recovery of \$88. TAG’s management has filed a Notice of Objection to initiate the dispute process. TAG paid \$276 in the 2018 fiscal year and accrued the remaining balance of \$184. In the 2023 fiscal year, the Company recorded \$29 in interest expense, for a total accrued balance of \$313. Upon resolution of the dispute, TAG will be required to either pay the remaining accrued amount or will be refunded the amount paid if the Objection is resolved in TAG’s favour. Also refer to note 17.

Note 16 – Income Taxes

A reconciliation of income taxes at statutory rates and the significant components of the Company’s deferred income tax assets are as follows:

	For the nine month period ended December 31, 2023	For the year ended March 31, 2023
Net loss for the year	\$ (6,150)	\$ (3,003)
Expected income tax expense	(1,524)	(628)
Net adjustment for amortization, deductible and non-deductible amounts	(153)	(645)
Recognition of previously unrecognized income tax assets	1,677	1,273
Total income tax expense	\$ -	\$ -

The components of the Company’s deferred tax assets and liabilities are as follows:

	For the nine month period ended December 31, 2023	For the year ended March 31, 2023
Allowable capital losses	\$ 18,545	\$ 15,606
Non-capital losses	37,298	35,773
	55,843	51,379
Unrecognized deferred tax assets	(55,843)	(51,379)
Net deferred tax	\$ -	\$ -

The Company’s unrecognized temporary differences and unused tax losses consists of the following:

	For the nine month period ended December 31, 2023	For the year ended March 31, 2023
Deferred income tax assets (liabilities):		
Net property and equipment carrying amounts in excess of tax pools	\$ 366	\$ 247
Exploration and evaluation assets	7,662	7,662
Capital and non-capital loss carry forwards and share issue costs	186,150	180,097
Unrecognized deductible temporary differences	\$ 194,178	\$ 188,006

The Company has Canadian non-capital losses of approximately \$41.2 million, which are available to reduce future taxable income. These expire between 2026 and 2043. Subject to certain restrictions the Company also has mineral property expenditure of approximately \$7.7 million available to reduce taxable income in future years.

At December 31, 2023, the Company had losses and deductions of approximately US\$1.6 million available to offset future taxable income earned in Cyprus. These tax losses may be carried forward indefinitely as long as shareholder continuity is maintained.

At December 31, 2023, the Company had losses and deductions of approximately US\$1.5 million available to offset future taxable income earned in Egypt. These tax losses may be carried forward indefinitely as long as shareholder continuity is maintained.

At December 31, 2023, the Company also had losses and deductions of approximately NZ\$108.2 million available to offset future taxable income earned in New Zealand. These tax losses may be carried forward indefinitely as long as shareholder continuity is maintained.

Note 17 – Subsequent Events

On March 28, 2024, the Company's previously assessed penalties and interest of \$224 and \$326 by CRA under subsection 247(3) of the Income Tax Act (*Canada*), in connection with transfer pricing for the years ended March 31, 2012 and 2013, were re-assessed. The Company initially paid CRA \$279 and was subsequently resolved for a total of \$143.