Management's Discussion and Analysis

For the Period Ending
December 31, 2023

TAGOIL.COM

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following Management's Discussion and Analysis ("MD&A") is dated April 29, 2024, for the nine month period ended December 31, 2023 and should be read in conjunction with the audited consolidated financial statements for the nine month period ended December 31, 2023 and the year ended March 31, 2023.

The audited consolidated financial statements for the nine month period ended December 31, 2023, have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board, and its interpretations. Results for the nine month period ended December 31, 2023, are not necessarily indicative of future results. All figures are expressed in thousands of Canadian dollars unless otherwise stated.

ABOUT TAG OIL LTD.

TAG Oil Ltd. (the "Company" or "TAG") is a Canadian international upstream oil and gas exploration and production company listed on the TSX Venture Exchange under the trading symbol "TAO". The Company is focused on oil and gas exploration and development opportunities in the Middle East and North Africa ("MENA"). TAG holds an interest in the Badr Oil Field ("BED-1"), a 26,000 acres concession located in the Western Desert, Egypt, through a production services agreement (the "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.

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 financials are prepared for 9 months from April 1 to December 31, 2023, and as a result, the comparative figures stated in the income statement, statement of changes in equity, cash flow statement and the related notes might not be comparable.

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 November 17, 2023, the Company was approved for a reduction in the performance letter of guarantee (the "Letter of Guarantee") in the amount of US$2,562,595 based on expenditures reviewed by Egyptian General Petroleum Corporation for fulfilling a portion of the commitments outlined in the PSA.

On September 1, 2023, the Company issued 1,450,000 shares for stock options exercised at a price of $0.25 per share.

On September 1, 2023, the Company issued 2,343,750 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 $12.3 million. The aggregate underwriters' fee paid to the underwriters in connection with the offering was $1.0 million and $0.1 million in other costs relating to the issuance.

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 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 21, 2023, the Company issued 125,000 common shares for stock options exercised at a price of $0.50 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. The Company also 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 the Letter of Guarantee (of US$6.0 million ($8.3 million) in favor of BPCO for work commitments to be completed. The PSA was formally signed on October 13, 2022.

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 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 2023. 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.

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 outlines the proposed use of the proceeds of the offering completed on November 4, 2022, along with the amounts expended:

Activity or Nature of Expenditure	Proposed use of Net Proceeds ('000)	Approximate Use of Proceeds to December 31, 2023 ('000)	Variance ('000)	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	$5,266	$(3,266)	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 Q4 2024.
One horizontal new well with a vertical pilot hole	$11,000	$12,761	$(1,761)	The company encountered geo-mechanical hole stability concerns in the upper section of the Abu-Roash "E" ("ARE") formation, along with mechanical issues in the drilling rig's mud system. Consequently, the company decided to plug back this section of the hole, which led to additional costs and the necessity to continue drilling the lateral.
Other Acquisition Opportunities	$1,500	$1,232	$268	The Company is continuing to look at other acquisition opportunities.
Equipment Inventory Orders for 2024	$250	$647	$(397)	Equipment inventory orders are exceeding the estimated amount of $250.
Unallocated Working Capital	$3,532	$3,532	$0	The unallocated working capital was allocated to the additional costs of the one well re-activation and the horizontal new well with vertical pilot hole.
Total	**$23,782**	**$23,438**	**$344**	

The Company is part way through the program laid out in the November offering and is showing a variance of $0.3 million as at December 31, 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 T100 well with vertical pilot hole of $11.0 million, which was spudded in August of 2023 and completed the vertical pilot portion of the well, open-hole logging, formation imaging, pressure measurement and fluid sampling, and cement plug-back of lower vertical pilot hole. The drilling of build and lateral horizontal sections in the ARF reservoir was completed in March of 2024, and hydraulic fracture stimulation operations are underway.

The horizontal side-track well may be planned and executed by information obtained in drilling the T100 well. The expected cost of the horizontal sidetrack should be in the range of the $5.5 million indicated but could be revised after the results of the 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 $0.3 million allocated but are within the amounts allocated in the current financing. The Company hopes that it will be able to complete the activities or expenditures as outlined in the offering completed on November 4, 2022, but may require additional financing.

The following table outlines the proposed use of the proceeds of the offering completed on August 24, 2023, and the over-allotment on September 22, 2023:

Activity or Nature of Expenditure	**Proposed use of Net Proceeds ('000)**	**Approximate Use of Proceeds to December 31, 2023 ('000)**	**Variance ('000)**	**Comments**
Operational and Drilling Budget for third quarter of 2023 and year ended 2024 (comprised of exploration wells)				
Long lead items for the Drilling Program	$2,500	$0	$2,500	No current expenditures, and they are expected in the 2024 program.
Horizontal Drilling Program	$2,500	$0	$2,500	Work on the horizontal side-track well is tentatively scheduled for Q4 2024.
Potential Strategic Acquisition Opportunities	$2,500	$0	$2,500	The Company is continuing to look at other acquisition opportunities. The Company has funds remaining from previous financing still available therefore no current expenditures.
Unallocated Working Capital	$4,141	$0	$4,141	
Total	**$11,641**	**$0**	**$11,641**	

The Company is continuing to work through the program laid out in the August and September offering and is showing a variance with $11.6 million remaining as at December 31, 2023. As we move through 2024, we will use the results of the T100 to evaluate and inform the future design and development of our program. It is anticipated that the above funds of $11.6 million will be used as indicated in calendar 2024.

FINANCIAL SNAPSHOT

Canadian ('000), except per share or boe.	**For the nine months ended December 31, 2023**	For the year ended March 31, 2023	For the year ended March 31, 2022
Oil production (bbl/d)	**31**	0	0
Gas production (MMcf/d)	**0**	0	0
Combined boe/d	**31**	0	0
Oil & gas revenue per boe	**$0.00**	$0.00	$0.00
Production and transportation and storage costs per boe	**($0.00)**	($0.00)	($0.00)
Royalties per boe	**($0.00)**	($0.00)	($0.00)
Operating netback per boe*(1)*	**$0.00**	$0.00	$0.00
Revenue	**$586**	$0	$0
Cashflow from operating activities	**($2,924)**	($5,462)	($4,084)
Net loss before tax	**($6,150)**	($3,003)	($3,077)
Income tax	**$0**	$0	$0
Net loss for the period/year	**($6,150)**	($3,003)	($3,077)
Loss per share – basic and diluted	**($0.04)**	($0.03)	($0.03)
Total assets	**$53,910**	$41,057	$18,204
Asset retirement obligation	**$0**	$0	$0
Deferred tax liability	**$0**	$0	$0
Shareholders equity	**$46,484**	$39,012	$17,225

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

ANNUAL FINANCIAL

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

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

The Company's assets increased in the nine month ended December 31, 2023 by $12.8 million from $41.1 million to $53.9 million from the year ended March 31, 2023. The increase in assets in the current period is mainly a result of the financing completed by the Company on August 24, 2023, and the over-allotment on September 22, 2023: a public offering of 21,126,542 common shares of the Company, at a price of $0.58 per common share for aggregate gross proceeds of $12.3 million. The aggregate fees paid in connection with the offering were $1.1 million. The other main increase in assets is from exploration and evaluation of the ARF formation of $24.1 million compared to $6.6 million in the prior year. The increase in assets from March 31, 2023 to December 31, 2023 of $12.8 million resulted mainly from capital expenditures incurred on the property in Egypt.

During the nine months ended December 31, 2023 the Company has had production costs of $1.3 million and revenue of $0.6 million. During the year ended March 31, 2023, the Company had no production and no revenue. The net loss for the nine month period ended December 31, 2023 is $6.1 million, mostly consisted of G&A of the Company while it is working on developing the production, which consist of office and administration of $0.7 million, professional fees of

$0.5 million, shareholder relations and communications of $0.8 million, travel of $0.6 million and wages and salaries of $1.2 million. The net loss for the year ended March 31, 2023 is $3.0m, largely due to the G&A of the Company, which consist of office and administration of $0.4 million, professional fees of $0.5 million, shareholder relations and communications of $0.9 million, travel of $0.5 million and wages and salaries of $2.4 million. The increase in net loss is a result of the company's continued expansion of activities in Egypt, including the hiring of consultants and salaried staff to manage the increased workload.

OPERATING HIGHLIGHTS

- At December 31, 2023, the Company had $16.4 million in cash and cash equivalents and $12.2 million in working capital.
- Oil sales in the amount of $0.6 million for the nine month period ended December 31, 2023.
- Capital expenditures totaled $18.1 million for the nine month period ended December 31, 2023. The amount consists of exploration and evaluation, capital leases, computer and office equipment and leasehold improvements.

QUARTERLY FINANCIAL AND OPERATING HIGHLIGHTS

- At December 31, 2023, the Company had $16.4 million in cash and cash equivalents and $12.2 million in working capital.
- Capital expenditures totaled $10.1 million for the quarter ended December 31, 2023.

BUSINESS ENVIRONMENT

OPEC Monthly Oil Report April 2024 reported: Crude oil futures prices continued their upward trajectory in March, driven by increasingly positive sentiments regarding oil market fundamentals, amid an elevated risk premium. This prompted money managers to sharply increase their bullish positions, particularly in the third week of the month, which added to oil price momentum, alongside higher financial flows in both futures contracts for ICE Brent and NYMEX WTI.

In the first week of March, oil futures prices were under pressure amid risk-averse market sentiment. This included mixed economic indicators and geopolitical worries, as well as uncertainty regarding the Federal Reserve's monetary policy decisions. Concerns about China's economic prospects following the announcement of its growth targets for 2024, combined with varying US economic data ahead of the Federal Reserve Chair's congressional testimony, contributed to the market volatility. Nonetheless, oil futures remained buoyed by robust supply and demand fundamentals, as evidenced by the futures forward curves of major crude benchmarks, and a drawdown in US oil product inventories, indicating healthy demand.

During the second week of March, oil futures traded within a narrow range as market participants awaited key economic data releases and given caution amid geopolitical uncertainties. Concerns persisted about the strength of oil demand in China, with reports suggesting a softening of utilization rates and weakening margins among Chinese independent refiners. Furthermore, the release of US consumer price index data, indicating ongoing inflation, tempered oil price gains.

In the second half of March, however, crude oil futures prices rallied to their highest levels since October 2023, supported by bullish market sentiment regarding oil market fundamentals, at a time of elevated risk premiums. Several reports highlighted robust global oil market fundamentals, especially for 3Q24, which conveyed confidence among traders. This positive outlook was further supported by expectations of increased demand, coupled with data indicating tighter US oil supply conditions, as reported by the EIA. Easing concerns about China's economy after the release of encouraging economic data, including higher than expected factory output, as well as a 3% y-o-y increase in crude oil refinery throughput for January and February, underscored strong Chinese demand in China.

As reported in OPEC's OMOR April 2024 report the world economic growth forecasts for 2024 and 2025 remain unchanged at 2.8% and 2.9%, respectively. In the United States, economic growth for 2024 is revised up slightly to 2.1%, as the healthy momentum from 2H23 is expected to carry into 2024, while the forecast for 2025 remains at 1.7%. The economic growth forecast for the Eurozone remains at 0.5% for 2024 and 1.2% for 2025. Japan's economic growth forecast is also unchanged at 0.8% in 2024 and 1% in 2025. Meanwhile, China's economic growth forecast remains at

4.8% in 2024 and 4.6% in 2025. India's economic growth forecast is unchanged at 6.6% for 2024 and 6.3% for 2025. Brazil's economic growth forecast remains at 1.6% for 2024, and 1.9% for 2025. The ongoing robust performance of Russia's economy leads to upward revisions for both the 2024 and 2025 growth forecasts, now standing at 2% and 1.4%, respectively. The world oil demand according to OPEC's OMOR April 2024 the global oil demand growth forecast for 2024 remains broadly unchanged from last month's assessment of 2.2 mb/d. Slight adjustments were made to the 1Q24 data, with a slight upward revision in OECD Europe and some non-OECD data, reflecting better-than-expected performance in oil demand data. This increase was offset by a downward revision to Africa in 1Q24 and the Middle East in the first three quarters. Accordingly, the OECD is projected to expand by around 0.3 mb/d and the non-OECD by about 2.0 mb/d. In 2025, global oil demand is expected to see robust growth of 1.8 mb/d, y-o-y. The OECD is expected to grow by 0.1 mb/d, y-o-y, while demand in the non-OECD is forecast to increase by 1.7 mb/d.

As reported in the OPEC OMOR Apri 2024 report, non-DoC liquids supply (i.e. liquids supply from countries not participating in the Declaration of Cooperation) is expected to grow by 1.2 mb/d in 2024, revised down from the previous month's assessment by about 0.1 mb/d. In 2024, the main drivers for liquids supply growth are expected to be the US, Canada, Brazil and Norway. The non-DoC liquids supply growth in 2025 is expected at 1.1 mb/d, revised down by 0.1 mb/d from the previous month's assessment. The growth is mainly driven by the US, Brazil, Canada and Norway. The term "non-DoC liquids supply" is established to better reflect the current breakdown of global liquids supply into DoC and non-DoC. The non-OPEC liquids supply (including the 10 non-OPEC countries participating in DoC) in 2024 is expected to grow by 1.0 mb/d, revised down from the previous month's assessment by about 0.1 mb/d. The main drivers for liquids supply growth are expected to be the US, Canada, Brazil and Norway. The forecast for non-OPEC liquids supply growth in 2025 stands at 1.3 mb/d, revised down by 0.1 mb/d from the previous month's assessment. The growth is mainly driven by the US, Brazil, Canada, Russia, Kazakhstan and Norway. Indeed, crude production levels/growths for countries participating in DoC (including Azerbaijan, Bahrain, Brunei Darussalam, Kazakhstan, Malaysia, Mexico, Oman, Russia, Sudan, and South Sudan) are subject to their DoC production adjustments in 2024 and 2025. Separately, OPEC natural gas liquids (NGLs) and non-conventional liquids are forecast to grow by around 64 tb/d to average 5.5 mb/d this year, followed by a growth of 110 tb/d to average 5.6 mb/d in 2025. OPEC-12 crude oil production in March increased by 3 tb/d, m-o-m, averaging 26.60 mb/d, as reported by 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 normal. TAG has commenced exploration and evaluation operations in BED-1, Western Desert, Egypt, pursuant to the PSA and has established an Egyptian branch office.

The company-initiated re-completion and evaluation operations at BED-1 for the BED 1-7 vertical well. These initial operations are part of TAG's phase 1 development program for the ARF reservoir at BED-1. On May 19, 2023, the BED 1-7 well began producing oil from the ARF reservoir. The performance of the BED 1-7 well test met the company's objectives, and the data collected, along with geomechanical and 3D seismic reviews, will inform the drilling of the first horizontal well. The well is currently undergoing a build-up assessment of the reservoir pressure to determine the depletion and potential of the well and possible workover in combination with T100 completion works.

The company commenced drilling the BED4-T100 ("T100") horizontal well in the Badr Oil Field ("BED-1") in Egypt's Western Desert, successfully drilling the vertical pilot hole to a depth of 3,290 meters. TAG Oil conducted open-hole logging, formation imaging, and pressure measurement before cementing a plug-back in the lower vertical pilot hole. The company then immediately began whip-stock drilling of the build and lateral horizontal sections in the Abu Roash "F" ("ARF") reservoir. Mechanical issues with the directional drilling tools and a minor fault fracture feature during the lateral drilling prompted TAG Oil to drill higher within the 50-meter ARF pay zone to bypass the faulted section and potentially extend the well's final lateral length.

Following additional mechanical and geo-mechanical challenges in the Abu Roash "E" ("ARE") formation, drilling resumed from 2,650 meters with an oil-based mud system, successfully landing the casing liner in the ARF carbonate reservoir at 3,238 meters. The drilling of the planned 1,000-meter horizontal section commenced, revealing significant oil flow and high gas readings, indicating strong production potential. Due to high pressures, the lateral length was adjusted to 308 meters. The completion equipment and personnel were mobilized, fracture stimulation was started and completed by April 23. TAG Oil expects to announce initial production results by May.

The Company is continuing to seek out and evaluate other new opportunities in the MENA region.

The Company has sufficient liquidity to operate beyond the next twelve months. The Company completed an offering for aggregate gross proceeds of $12.3 million on August 24, 2023, and September 22, 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 ('000), except per share or boe	**Dec 31, 2023**	Sept 30, 2023	Jun 30, 2023	Mar 31, 2023	Dec 31, 2022	Sept 30, 2022	Jun 30, 2022	Mar 31, 2022
Net production volumes (boe/d)	**8**	41	44	0	0	0	0	0
Total revenue	**17**	262	307	-	-	-	-	-
Operating costs	**(461)**	(877)	-	-	-	-	-	-
Depletion, depreciation and accretion	**(65)**	(61)	(44)	(43)	(41)	(40)	(40)	(32)
Foreign exchange (loss) gain	**(60)**	326	(400)	(46)	188	569	166	(153)
Interest and other income	**295**	268	255	275	210	62	24	4
Stock-based compensation	**(341)**	(630)	(262)	(683)	(175)	(33)	(53)	(46)
General and administative	**(2,004)**	(1,125)	(1,353)	(1,378)	(2,487)	(788)	(664)	(842)
Exploration expense and other income	**(98)**	-	(54)	(6)	-	(110)	(139)	31
Gain on lease modification	**-**	-	-	-	-	-	-	6
(Loss) gain on royalty valuation and other interests	**(654)**	566	43	990	(155)	791	603	1,173
Net (loss) income before tax	**(3,371)**	(1,271)	(1,508)	(891)	(2,460)	451	(103)	141
Income tax	**-**	-	-	-	-	-	-	-
Net (loss) income	**(3,371)**	(1,271)	(1,508)	(891)	(2,460)	451	(103)	141
(Loss) income per share – basic	**(0.02)**	(0.01)	(0.01)	(0.01)	(0.02)	0.00	(0.00)	0.00
(Loss) income per share – diluted	**(0.02)**	(0.01)	(0.01)	(0.01)	(0.02)	0.00	(0.00)	0.00
Adjusted net loss*(1)*	**(2,717)**	(1,837)	(1,551)	(1,881)	(2,305)	(340)	(706)	(1,038)
Capital expenditures	**10,072**	4,516	3,489	2,066	4,499	15	4	243
Cash flow used in o*perating activities(1)*	**(2,062)**	(1,549)	(727)	(1,179)	(2,207)	(803)	(837)	(885)

(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.

For the quarter ended December 31, 2023, the company reported revenue of $0.0 million, a decrease from $0.3 million in the previous quarter and no revenue in the quarter ended March 31, 2023. During this period, the company was engaged in exploration and preliminary evaluation work on properties in Egypt. Operating costs for the latest quarter were $0.5 million, down from $0.9 million in the quarter ended September 30, 2023, and no costs in March 2023.

The net loss before tax for the quarter ended December 31, 2023, was $3.4 million, an increase from $1.3 million in the September 2023 quarter and a significant rise from a net loss of $0.9 million in March 2023. The adjusted net loss for December 2023 was $2.7 million, higher than the $1.8 million in September 2023 and $1.9 million in March 2023. The increase in net loss is attributed primarily to a rise in general and administrative expenses to $2.0 million, up from $1.4 million in March, and changes in other financial metrics. Specifically, there was a decrease in stock-based compensation to $0.3 million from $0.6 million in September and an increase in foreign exchange losses to $0.1 million from a gain of $0.3 million. Additionally, compared to March, stock-based compensation decreased from $0.7 million, with an increase in foreign exchange losses of $0.1 million, up from no loss.

General and Administrative Expenses ("G&A")

Canadian ('000)	**Three months ended Dec 31, 2023**	Three months ended Mar 31, 2023	**Nine months ended Dec 31, 2023**	Twelve months ended Mar 31, 2023
Consulting and director fees	**185**	100	**330**	399
Filing, listing and transfer agent	**66**	52	**109**	138
Insurance	**38**	45	**129**	115
Letter of guarantee fee	**-**	-	**-**	49
Office and administration	**324**	219	**684**	384
Professional fees	**227**	184	**489**	461
Rent	**35**	14	**82**	42
Reports	**-**	-	**31**	26
Shareholder relations and communications	**327**	147	**804**	857
Travel	**223**	213	**653**	460
Wages and salaries	**579**	404	**1,171**	2,386
Oil and Gas G&A expenses	**2,004**	1,378	**4,482**	5,317

General and administrative costs increased to $2.0 million for the quarter ended December 31, 2023, from $1.4 million for the quarter ended March 31, 2023. The increase is due to additional office and administration of $0.1 million, which is partly from the increased activity in the operations in Egypt, additional shareholder relations and communications of $0.2 million which includes a business development on a new project in Egypt, additional wages and salaries of $0.2 million.

Stock-based Compensation

Canadian ('000)	**Three months ended Dec 31, 2023**	Three months ended Mar 31, 2023	**Nine months ended Dec 31, 2023**	Twelve months ended Mar 31, 2023
Stock-based compensation	**341**	683	**1,233**	944

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

In the quarter ended December 31, 2023, the Company did not grant or exercise any stock options.

Stock-based compensation decreased to $0.3 million in the quarter ended December 31, 2023, compared $0.7 million for the quarter ended March 31, 2023. The decrease in total stock-based compensation costs is due to no options granted in the current period.

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

Canadian ('000)	**Three months ended Dec 31, 2023**	Three months ended Mar 31, 2023	**Nine months ended Dec 31, 2023**	Twelve months ended Mar 31, 2023
Depletion, depreciation and accretion	**65**	43	**170**	164

DD&A expenses increased for the quarter ended December 31, 2023 to $0.1 million compared with $0.0 million for the quarter ended March 31, 2023. The increase is due to the deprecation of the Company's purchases of office equipment in the quarter ended December 31, 2023 compared to the quarter ended March 31, 2023.

Foreign Exchange (Loss) Gain

Canadian ('000)	Three months ended Dec 31, 2023	Three months ended Mar 31, 2023	Nine months ended Dec 31, 2023	Twelve months ended Mar 31, 2023
Foreign exchange (loss) gain	**(60)**	(46)	**(134)**	877

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

Net Loss Before Income Tax and Net Loss After Tax

Canadian ('000)	Three months ended Dec 31, 2023	Three months ended Mar 31, 2023	Nine months ended Dec 31, 2023	Twelve months ended Mar 31, 2023
Net loss before tax	**(3,371)**	(891)	**(6,150)**	(3,003)
Income tax	**-**	-	**-**	-
Net loss after tax	**(3,371)**	(891)	**(6,150)**	(3,003)
Loss per share – basic and diluted ($)	**(0.02)**	(0.01)	**(0.04)**	(0.03)

Cash Flow

Canadian ('000)	Three months ended Dec 31, 2023	Three months ended Mar 31, 2023	Nine months ended Dec 31, 2023	Twelve months ended Mar 31, 2023
Operating cash flow (1)	**(1,979)**	(1,179)	**(4,255)**	(5,026)
Cash provided (used) in operating activities	**906**	(1,064)	**(2,924)**	(5,462)
Operating cash flow per share – basic & diluted ($)	**(0.01)**	(0.01)	**(0.02)**	(0.05)

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

Operating cash outflow increased to $2.0 million for the quarter ended December 31, 2023, compared to $1.2 million for the quarter ended March 31, 2023.

CAPITAL EXPENDITURES

Capital expenditures consisted of exploration and evaluation assets of $17.9 million and capital leases, computer and office equipment and leasehold improvements of $0.2 million for the quarter ended December 31, 2023. Capital expenditures consisted of exploration and evaluation assets of $6.5 million and capital leases, office equipment and leasehold improvements of $0.1 million for the quarter ended March 31, 2023.

FUTURE CAPITAL EXPENDITURES

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

Contractual Obligations *Canadian ('000)*	Total	Less than One Year	Two to Five Years	More than Five Years
Operating leases *(1)*	522	233	289	-
Other long-term obligations *(2)*	7,991	-	7,991	-
Total contractual obligations	8,513	233	8,280	-

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

(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 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

Canadian ('000)	**Nine months ended Dec 31, 2023**	Twelve months ended Mar 31, 2023
Cash and cash equivalents	**16,436**	19,458
Working capital	**12,237**	21,551
Contractual obligations, next twelve months	**233**	233
Revenue for nine month period ended	**586**	-
Cashflow used in operating activities	**(2,924)**	(5,462)

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 financings, NZ Transaction royalty, and oil sales 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

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.

Canadian ('000)	**Three months ended Dec 31, 2023**	Three months ended Mar 31, 2023	**Nine months ended Dec 31, 2023**	Twelve months ended Mar 31, 2023
Adjusted net loss	**(2,717)**	(1,881)	**(6,150)**	(5,232)
(Loss) gain on royalty valuation	**(654)**	990	**(45)**	2,229
Net loss before tax	**(3,371)**	(891)	**(6,195)**	(3,003)

Reconciliation 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.

Canadian ('000)	**Three months ended Dec 31, 2023**	Three months ended Mar 31, 2023	**Nine months ended Dec 31, 2023**	Twelve months ended Mar 31, 2023
Cash used in operating activities	**906**	(1,064)	**(2,924)**	(5,462)
Changes in non-cash working capital	**(2,885)**	(115)	**(1,331)**	436
Operating cash flow	**(1,979)**	(1,179)	**(4,255)**	(5,026)

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:

Canadian ('000)	Three months ended Dec 31, 2023	Mar 31, 2023	Nine months ended Dec 31, 2023	Twelve months ended Mar 31, 2023
Stock-based compensation	**199**	563	**666**	620
Management wages and director fees	**277**	264	**831**	1,838
Total management compensation	**476**	827	**1,497**	2,458

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

Related Party	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

SHARE CAPITAL

a. At December 31, 2023, there were 185,117,793 common shares, 11,525,001 stock options outstanding and no warrants outstanding.

b. At April 29, 2024, there were 185,117,793 common shares, 11,525,001 stock options outstanding and no warrants outstanding.

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

SUBSEQUENT EVENTS

On March 28, 2024, the Company's previously assessed penalties and interest of $0.2 million and $0.3 million 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 $0.3 million and was subsequently resolved for a total of $0.1 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 December 31, 2023.

Please also refer to "Forward Looking Statements".

Additional information relating to the Company is available on Sedar+ at www.sedarplus.ca.

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 the current operations in Egypt and 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 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 operations in Egypt and 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 December 31, 2023, and are subject to change after this date. Readers are cautioned that the foregoing list of factors that may affect future results is not exhaustive and as such undue reliance should not be placed on forward-looking statements. Except as required by applicable securities laws, with the exception of events or circumstances that occurred during the period to which the MD&A relates that are reasonably likely to cause actual results to differ materially from material forward-looking information for a period that is not yet complete that was previously disclosed to the public, the Company disclaims any intention or obligation to update or revise these forward-looking statements, whether as a result of new information, future events or otherwise.

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

References to "oil" herein include crude oil and field condensate.

CORPORATE INFORMATION

DIRECTORS AND OFFICERS

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

Toby Pierce, CEO and Director
British Columbia, Canada

Keith Hill, Director
Florida, USA

Thomas Hickey, Director
Maisons-Laffitte, France

Shawn Reynolds, Director
New Jersey, USA

Gavin Wilson, Director
Zurich, Switzerland

Suneel Gupta, VP and COO
Alberta, Canada

Barry MacNeil, CFO
British Columbia, Canada

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

CORPORATE OFFICE

1050 W. Pender Street
Suite 1710
Vancouver, British Columbia
Canada V6E 3S7
Telephone: 1-604-682-6496
Facsimile: 1-604-682-1174

BANKER

Bank of Montreal
Vancouver, British Columbia

LEGAL COUNSEL

Blake, Cassels & Graydon LLP
Vancouver, British Columbia

AUDITORS

Deloitte
Chartered Professional Accountants
Calgary, Alberta

REGISTRAR AND TRANSFER AGENT

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

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

The Annual General Meeting was held on December 6, 2023 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 April 29, 2024, there were 185,117,793 shares issued and outstanding.
Fully diluted: 196,642,794 shares.

WEBSITE

www.tagoil.com

SUBSIDIARIES (at December 31, 2023)

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