Management's Discussion and Analysis

For the Period Ending September 30, 2024

TAGOIL.COM

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following Management's Discussion and Analysis ("MD&A") is dated November 29, 2024, for the three and nine month period ended September 30, 2024 and should be read in conjunction with the condensed consolidated interim financial statements for the same period and audited consolidated financial statements for the nine month period ended December 31, 2023.

The condensed consolidated interim financial statements for the three and nine month period ended September 30, 2024, have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. Results for the three and nine month period ended September 30, 2024, 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 acre concession located in the Western Desert, Egypt, through a petroleum 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 previously 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 condensed consolidated interim financial statements prepared for the three and nine month period ended September 30, 2024 and 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 ("EGPC") for fulfilling a portion of the commitments outlined in the PSA the funds were released by the bank to the Company on January 25, 2024.

On August 21, 2024, BPCO issued a letter releasing an additional amount of US$3 million of the Letter of Guarantee for completion of the majority of the commitments in the first phase of the PSA, leaving a balance US$0.4 million of the original US$ 6.0 million outstanding. As of the date of this report the balance of the Letter of Guarantee remains at US$ 0.4 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 by BPCO, subject to various conditions.

On January 26, 2023, the Company commenced operations at BED-1 with the re-completion and evaluation of the BED 1-7 vertical 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”) in BED-1 and on August 22, 2023, the Company commenced drilling.

On February 21, 2024, the Company announced it had completed re-drilling from the intermediate cased section of the T100 well in BED-1, landing the casing liner in the ARF carbonate reservoir zone, and reaching a measured depth of 3,238 meters in the ARF. TAG then commenced drilling the T100 horizontal pay zone section.

On March 18, 2024, the drilling rig was released and moved off location after setting the completion liner concluding the drilling phase of the T100 well. Significant challenges were encountered during the drilling phase, including magnitude and displacement of geologic faults in the ARF reservoir along the T100 well path and rig equipment quality issues. These have been reviewed by the Company and significant improvements, optimization and local knowledge will be incorporated in future drilling in BED-1.

On April 25, 2024, the Company successfully completed the T100 well with a twelve stage hydraulic fracture treatment and initial production test results were provided on May 16, 2024. During flowback, the oil production rates ranged between 400 and 800 barrels of oil per day (“BOPD”) as the well unloaded and the water-cut decreased to below 30%. The well continued to be unloaded under natural flow for another two weeks until a work-over rig was moved to location and surface facilities were installed. The well recovered approximately 25% of the load water used during the fracture treatment and had produced over 4,500 barrels of oil as of the date of this announcement

On May 28, 2024, the Company announced that the initial flow-back operation at the T100 well was completed and well servicing operations had commenced to replace the 4 ½" tubulars used during fracture stimulation operations with 3 ½" production tubing and installation of a jet pump lift system.

On July 8, 2024, the Company announced that it was continuing to produce oil and unload fracture fluid from the T100 well and had commenced shipping the crude oil to nearby processing facilities for further treatment and handling. Total oil produced from T100 as of the date of this announcement was more than 10,000 barrels (field measured gross oil production).

On August 21, 2024, BPCO issued a letter releasing an additional amount of US$3 million of the Letter of Guarantee for completion of the majority of the commitments in the first phase of the PSA, leaving a balance US$0.4 million of the original US$ 6.0 million outstanding.

On August 29, 2024, the Company provided an update on well performance and commencement of construction activities to retrofit existing infrastructure at the General Petroleum Company (“GPC”) Abu-Sennan processing facility to enable regular deliveries of ARF crude oil from BED-1. Field production from jet pump installation on June 21, 2024 through to the end of July 2024 (online for ~25 days over this period) averaged 373 barrels per day of fluid (~256 BOPD).

On October 15, 2024, the Company provided a further update on T100 well performance averaging 200 barrels of fluid per day with a 35% water-cut (~130 BOPD). The well initially produced via natural flow, transitioning to a jet pump for further recovery of fracture fluid containing sand, and is now equipped with a sucker rod pump for stable, longer-term production. Cumulative oil from T100 exceeded 15,000 barrels at the time of the update (field gross oil production).

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 September 30, 2024 ('000)	Variance ('000)	Comments
Operational and Drilling Budget for year ended 2024 (comprised of exploration wells)				
Long lead items for the Drilling Program	$2,500	$2,500	$0	Long-lead items have been acquired and are currently in stock.
Horizontal Drilling Program	$2,500	$0	$2,500	Work on a horizontal side-track well is pending waiting results of deeper analysis of formation and reservoir structure.
Potential Strategic Acquisition Opportunities	$2,500	$1,157	$1,343	The Company is continuing to look at other acquisition opportunities.
Unallocated Working Capital	$4,141	$4,141	$0	
Total	**$11,641**	**$7,798**	**$3,843**	

The Company is continuing to work through the program laid out in the August and September offering and is showing a variance with $3.8 million remaining as at September 30, 2024. As TAG moves through 2024, the Company will use the results of the T100 well to evaluate and inform the future design and development of TAG's program.

THIRD QUARTER FINANCIAL AND OPERATING HIGHLIGHTS

- At September 30, 2024, the Company had $4.4 million in cash and cash equivalents and $2.3 million in working capital.
- Oil production from the T100 well for the three month period ended September 30, 2024 was approximately 5,595 barrels. Cumulative oil production from the well at end of September 30, 2024 from commencement on April 26, 2024 is approximately 14,050 barrels (field gross oil prior to proration to net oil delivered volumes).
- Production rate on T100 has been intermittent as it moved from natural flow to jet pump lift during initial flow-back of fracture stimulation fluid and is currently steady under sucker rod lift pumping.
- Oil delivery volumes in Q3-2024 and October 2024 were approximately 6,671 barrels.
- Deliveries of crude oil from T100 have commenced on a regular basis to GPC Abu-Sennan processing facility that is near-by to BED-1 and construction of retrofit facilities for handling and treatment of ARF crude oil are underway.
- Oil sales of $0.4 million were recorded for the three month period ended September 30, 2024.
- Capital expenditures amounted to $4.8 million for the three month period ended September 30, 2024 and $15.1 million for the nine month period ended September 30, 2024. The amount consists primarily of exploration and evaluation activities, right of use assets and related expenditures.

BUSINESS ENVIRONMENT

Economic Environment

Egypt continues to face significant macroeconomic challenges, which have implications for international companies operating in the country:

- **Inflation:**

  Inflationary pressures have remained high throughout the quarter, driven by continued currency devaluation, elevated global commodity prices, and fiscal measures implemented by the government. The annual inflation rate over three years has exceeded 100% with food, energy, and transportation costs contributing substantially to the increase.

- **Currency Volatility:**

  The Egyptian pound has experienced further depreciation, exacerbating the costs of importing equipment and materials essential for oil and gas operations. Foreign exchange restrictions also remain a challenge, impacting the repatriation of earnings and increasing the reliance on local financing.

- **Hyperinflationary Status:**

  Based on IAS 29 guidelines, Egypt is approaching conditions that may require classification as a hyperinflationary economy. This would necessitate adjustments to financial statements for the effect of inflation on monetary items and the restatement of non-monetary assets at their current purchasing power.

Geo-Political Concerns

- **Regional Stability:**

  Although Egypt maintains a stable political environment, tensions in neighboring regions have heightened concerns about cross-border risks, energy security, and regional collaboration.

- **Policy Changes:**

  The government has reiterated its commitment to economic reforms as part of agreements with the International Monetary Fund (IMF). However, such reforms, including subsidy reductions and tax adjustments, could pose additional cost challenges for businesses.

Operational Considerations

- **Cost Pressures:**

  Rising inflation and a weakening currency have directly impacted project costs, particularly for imported materials and services. Companies are advised to consider these factors in project planning and budgeting.

- **Supply Chain Constraints:**

  Global disruptions, alongside local infrastructure limitations, have increased lead times for critical supplies. This has necessitated strategic adjustments in procurement and inventory management.

Mitigation Measures and Strategic Focus

To navigate this challenging environment, TAG is focusing on:

- **Cost Control:**

  Enhancing efficiency across operations to manage inflationary pressures and offset rising costs.

- **Risk Management:**

  Employing financial strategies to mitigate the impact of currency fluctuations and inflation on cash flows.

- **Local Partnerships:**

  Strengthening collaborations with local suppliers and contractors to align with government policies and minimize import dependencies.

- **Regulatory Compliance:**

  Maintaining active engagement with regulatory authorities to ensure adherence to evolving laws and policies.

The business environment for oil and gas in Egypt remains dynamic, with increased foreign investment, new exploration activities, and government support driving growth. However, ongoing challenges such as declining natural gas production, geopolitical uncertainties, and market volatility continue to shape the sector's outlook. Despite these obstacles, the Egyptian government remains committed to its ambitious targets, making it a key player in the global energy market.

OUTLOOK

While the economic and geopolitical conditions in Egypt present ongoing challenges, the country remains a strategic location for oil and gas exploration due to its substantial reserves and its role as a key energy hub in the region. The government's focus on attracting foreign investment, particularly in the energy sector, provides opportunities for growth, albeit within a complex operational landscape.

Exploration and Evaluation Operations

TAG Oil continues its exploration and evaluation operations in the BED-1 concession, Western Desert, Egypt, pursuant to the PSA.

- **BED 1-7 Well:**

  Initial testing activities at the BED 1-7 well achieved the Company's objectives. To date, the well has produced over 10,000 barrels of oil (field-level measurement prior to proration). The well was subsequently shut-in for pressure build-up analysis. During Q3 2024, efforts focused on reviewing the feasibility of replacing the electric submersible pump with a rod insert down-hole pumping system to optimize production efficiency.

- **T100 Horizontal Well:**

  Progress at the T100 horizontal well in BED-1 has been significant.

  - **Production and Testing:**

    Initial flow-back operations yielded production rates of 400 to 800 BOPD. Coiled-tubing was deployed to clean out the horizontal lateral, and a jet pumping artificial lift system was installed to stabilize flow. The T100 well has continued to produce oil and unload fracture fluids. Total production to date has surpassed 15,000 barrels (field-level measurement).

  - **Crude Oil Processing:**

    Ongoing analysis and testing are being conducted to determine the optimal treatment of ARF crude oil for conditioning to meet sales specifications. Shipments have commenced to nearby third-party facilities.

- **Next Steps:**

  TAG will apply lessons learned from the BED 1-7 and T100 wells to enhance drilling, completion, and production processes for future operations.

Financial Position and Going Concern

- **Positive Working Capital:**

  As of September 30, 2024, TAG maintains a positive working capital balance of $2.286 million and work towards generating positive cash flows from increased oil sales and operational cost reductions.

- **Risks to Liquidity:**

  While the current financial position is stable, uncertainties remain regarding the sufficiency of working capital to fully fund operations. Future cash flows from production are dependent on successful execution of operational plans and favorable market conditions.

- **Potential Financing Needs:**

  Despite successfully raising funds through equity issuances in 2022 and 2023, there is no guarantee that sufficient funds can be raised in the future if operational cash flows fall short. The Company continues to monitor financing options to ensure operational continuity.

Going Concern Considerations

The Company's ability to continue as a going concern hinge on its capacity to generate positive cash flows or secure additional financing. Material uncertainties remain, including:

1. Variability in production levels and costs.
2. Market conditions impacting oil sales prices.
3. Potential delays or unforeseen issues in planned exploration and development activities.

If future financing efforts required to fund the Company's operations are unsuccessful it indicates that material uncertainties may exist that cast significant doubt on the Company's ability to continue as a going concern.

TAG Oil is actively managing these risks through disciplined capital allocation, operational efficiency improvements, and a strategic focus on high-potential projects.

SUMMARY OF QUARTERLY INFORMATION

Three months ended in Canadian ('000), except per share or boe	**Sept 30, 2024**	Jun 30, 2024	Mar 31, 2024	Dec 31, 2023	Sept 30, 2023	Jun 30, 2023	Mar 31, 2023	Dec 31, 2022
Net production volumes (boe/d)	**167**	0	0	8	41	44	0	0
Total revenue	**403**	0	0	17	262	307	-	-
Production costs	**(551)**	(116)	(113)	(461)	(877)	-	-	-
Depletion and depreciation	**(79)**	(56)	(57)	(65)	(62)	(44)	(43)	(41)
Foreign exchange (loss) gain	**1**	(51)	338	(60)	326	(400)	(46)	188
Interest and other income	**76**	138	227	295	268	255	275	210
Stock-based compensation	**(110)**	(184)	(240)	(341)	(630)	(262)	(683)	(175)
General and administative	**(1,672)**	(1,927)	(1,426)	(2,004)	(1,124)	(1,353)	(1,378)	(2,487)
Exploration expense and other income	**(10)**	-	(17)	(98)	-	(54)	(6)	-
Interest and penalties recovered	**-**	-	361	-	-	-	-	-
Gain (loss) on royalty valuation	**(297)**	18	144	(654)	566	43	990	(155)
Net (loss) income before tax	**(2,239)**	(2,178)	(783)	(3,371)	(1,271)	(1,508)	(891)	(2,460)
Income tax	**-**	-	-	-	-	-	-	-
Net (loss) income	**(2,239)**	(2,178)	(783)	(3,371)	(1,271)	(1,508)	(891)	(2,460)
(Loss) income per share – basic	**(0.01)**	(0.01)	(0.00)	(0.02)	(0.01)	(0.01)	(0.01)	(0.02)
(Loss) income per share – diluted	**(0.01)**	(0.01)	(0.00)	(0.02)	(0.01)	(0.01)	(0.01)	(0.02)
Adjusted net loss*(1)*	**(1,942)**	(2,196)	(1,288)	(2,717)	(1,837)	(1,551)	(1,881)	(2,305)
Capital expenditures	**4,781**	4,540	5,714	10,072	4,516	3,489	2,066	4,499
Cash flow (used in) provided by operating activities	**(3,291)**	(2,970)	1,099	906	(783)	(1,596)	(1,141)	(2,739)

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

For the quarter ended September 30, 2024, the Company reported $0.4 million in revenue and $262 in the quarter ended September 30, 2023. During this period, the Company was engaged in exploration and preliminary evaluation work on properties in Egypt. In conjunction with the T100 well aritificial lift optimization efforts, the BED 1-7 well is being prepared for resuming production after completing a reservoir pressure build-up assessment to determine the extent of the ARF reservoir. Production costs for the latest quarter was $0.6 million and $0.9 million in September 30, 2023.

The net loss before tax for the quarter ended September 30, 2024, was $2.2 million, an increase from a net loss of $1.3 million in the quarter ended September 30, 2023. The adjusted net loss for the quarter ended September 30, 2024 was $1.9 million and $1.8 million in the quarter ended September 30, 2023. The increase in net loss is attributed primarily to a loss on royalty valuation of $0.3 million and gain of $0.6 million in the quarter ended September 30, 2023, an increase in general and administrative expenses to $1.7 million, up from $1.1 million in the quarter ended September 30, 2023, and changes in other financial metrics.

General and Administrative Expenses ("G&A")

	Three months ended		Nine months ended	
Canadian ('000)	**Sept 30, 2024**	Sept 30, 2023	**Sept 30, 2024**	Sept 30, 2023
Consulting fees	**359**	35	**705**	154
Director fees	**27**	29	**89**	91
Filing, listing and transfer agent	**8**	33	**64**	95
Insurance	**18**	42	**51**	136
Office and administration	**239**	181	**612**	578
Professional fees	**112**	110	**445**	446
Rent	**43**	14	**152**	61
Reports	**-**	31	**31**	31
Shareholder relations and communications	**164**	190	**589**	624
Travel	**77**	235	**444**	643
Wages and salaries	**625**	224	**1,843**	996
Oil and Gas G&A expenses	**1,672**	1,124	**5,025**	3,855

General and administrative costs increased to $1.7 million for the quarter ended September 30, 2024, from $1.1 million for the quarter ended September 30, 2023. The increase is due to an increase of consulting fees of $0.3 million, an increase in wages and salaries of $0.4 million and partially offset by an decrease of travel of $0.2 million which is partly from the increased activity in the operations in Egypt.

Stock-based Compensation

	Three months ended		Nine months ended	
Canadian ('000)	**Sept 30, 2024**	Sept 30, 2023	**Sept 30, 2024**	Sept 30, 2023
Stock-based compensation	**110**	630	**534**	1,575

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 September 30, 2024, the Company canceled 100,000 stock options and did not grant or exercise any stock options.

Stock-based compensation decreased to $0.1 million in the quarter ended September 30, 2024, compared $0.6 million for the quarter ended September 30, 2023. The decrease in total stock-based compensation costs is due to no options granted in the current period.

Depletion and Depreciation

Canadian ('000)	Three months ended Sept 30, 2024	Sept 30, 2023	Nine months ended Sept 30, 2024	Sept 30, 2023
Depletion and depreciation	**79**	62	**192**	149

Depletion and depreciation expenses slightly increased for the quarter ended September 30, 2024 to $0.1 million compared with $0.1 million for the quarter ended September 30, 2023, due to the lease in the quarter ended September 30, 2024 in the amount of $1.3 million. The movement was also impacted by 35% devaluation of EGP against USD in March 2024.

Foreign Exchange Gain (Loss)

Canadian ('000)	Three months ended Sept 30, 2024	Sept 30, 2023	Nine months ended Sept 30, 2024	Sept 30, 2023
Foreign exchange gain (loss)	**1**	326	**288**	(120)

The foreign exchange gain (loss) for the quarter ended September 30, 2024, was a result of movement of the CDN against the USD, EGP, EUR and NZD.

Net Loss Before Income Tax and Net Loss After Tax

Canadian ('000)	Three months ended Sept 30, 2024	Sept 30, 2023	Nine months ended Sept 30, 2024	Sept 30, 2023
Net loss before tax	**(2,239)**	(1,271)	**(5,200)**	(3,670)
Income tax	**-**	-	**-**	-
Net loss after tax	**(2,239)**	(1,271)	**(5,200)**	(3,670)
Loss per share – basic and diluted ($)	**(0.01)**	(0.01)	**(0.03)**	(0.02)

Cash Flow

Canadian ('000)	Three months ended Sept 30, 2024	Sept 30, 2023	Nine months ended Sept 30, 2024	Sept 30, 2023
Operating cash flow before non-cash working capital *(1)*	**(1,851)**	(1,505)	**(4,862)**	(2,880)
Cash used in operating activities	**(3,291)**	(783)	**(5,162)**	(3,520)
Operating cash flow per share before non-cash working capital – basic and diluted ($)	**(0.02)**	(0.00)	**(0.02)**	(0.02)

(1) Cash flow used in operating activities before changes in non-cash working capital 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 $1.9 million for the quarter ended September 30, 2024, compared to $1.5 million for the quarter ended September 30, 2023. The increase in operating cash outflow is mainly due to net loss for the quarter ended September 30, 2024 in the amount of $2.2 million, compared to $1.3 million in the quarter ended September 30, 2023 and loss on royalty valuation of $0.3 million in the quarter ended September 30, 2024, compared to a gain on royalty valuation of $0.6 million in the quarter ended September 30, 2023. Also, loss on stock-based compensation of $0.1 million in the quarter ended September 30, 2024, compared to a loss of $0.6 million in the quarter ended September 30, 2023

CAPITAL EXPENDITURES

Capital expenditures consisted of exploration and evaluation assets of $13.8 million and capital leases, office equipment and leasehold improvements of $1.3 million for the nine month ended September 30, 2024. Capital expenditures consisted of exploration and evaluation assets of $9.9 million and capital leases, office equipment and leasehold improvements of $0.2 million for the nine month ended September 30, 2023.

FUTURE CAPITAL EXPENDITURES

The Company had the following commitments for capital expenditure at September 30, 2024:

Contractual Obligations *Canadian ('000)*	Total	Less than One Year	Two to Five Years	More than Five Years
Operating leases *(1)*	1,421	375	1,046	-
Other long-term obligations *(2)*	608	608	-	-
Total contractual obligations	2,029	983	1,046	-

(1) The Company has three lease commitments related to corporate office leases signed in Egypt and Vancouver and Calgary, Canada.
(2) The Company has commitements under its 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 per year at the beginning of each financial year towards training technology transfer.

LIQUIDITY AND CAPITAL RESOURCES

Canadian ('000)	**Nine months ended Sept 30, 2024**	Nine months ended Dec 31, 2023
Cash and cash equivalents	**4,413**	16,436
Working capital	**2,286**	12,237
Contractual obligations, next twelve months	**983**	233
Revenue	**403**	586
Cashflow used in operating activities	**(5,162)**	(2,924)

As of the date of this MD&A, the Company is monitoring its funding requirements and may adjust its current operations to ensure anticipated cash flow from the recent financings, New Zealand 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 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.

Although the Company has raised funds through the issuance of equity securities in the past, there can be no assurance that the Company will be able to raise sufficient funds in the future.

Further, it is not possible to predict whether financing efforts will be successful if they are required to fund the Company's operations. These conditions indicate that material uncertainties exist that may cast significant doubt on the Company's ability to continue as a going concern.

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.

	Three months ended		Nine months ended	
Canadian ('000)	**Sept 30, 2024**	Sept 30, 2023	**Sept 30, 2024**	Sept 30, 2023
Adjusted net loss	**(1,942)**	(1,837)	**(5,426)**	(5,269)
Gain on royalty valuation	**(297)**	566	**(135)**	1,599
Interest and penalties recovered	**-**	-	**361**	-
Net loss	**(2,239)**	(1,271)	**(5,200)**	(3,670)

Reconciliation of Operating Cash Flow

Cash flow used in operating activities before changes in non-cash working capital is a non-GAAP measure. Cash flow used in operating activities before changes in non-cash working capital 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.

	Three months ended		Nine months ended	
Canadian ('000)	**Sept 30, 2024**	Sept 30, 2023	**Sept 30, 2024**	Sept 30, 2023
Cash used in operating activities	**(3,291)**	(783)	**(5,162)**	(3,520)
Changes in non-cash working capital	**1,440**	(722)	**300**	640
Operating cash flow before changes in non-cash working capital	**(1,851)**	(1,505)	**(4,862)**	(2,880)

OFF-BALANCE SHEET ARRANGEMENTS AND PROPOSED TRANSACTIONS

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

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

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

RELATED PARTY TRANSACTIONS

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

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

	Three months ended		Nine months ended	
Canadian ('000)	**Sept 30, 2024**	Sept 30, 2023	**Sept 30, 2024**	Sept 30, 2023
Stock-based compensation	**67**	284	**288**	1,030
Management wages and director fees	**277**	277	**831**	818
Total management compensation	**344**	561	**1,119**	1,848

SHARE CAPITAL

a. At September 30, 2024, there were 185,117,793 common shares, 11,425,001 stock options outstanding and no warrants outstanding.
b. At November 29, 2024, there were 185,117,793 common shares, 11,425,001 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

None noted.

SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the consolidated financial statements requires management to make estimates and judgements 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 judgement that have the most significant effect on the amounts recognized in these consolidated financial statements are recoverability, impairment and fair value of royalties and other interests, exploration and evaluation and property and equipment, 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 dispose and value in use. In assessing fair value less costs to dispose, the Company must estimate the price that would be received to dispose 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 judgements, estimates and assumptions, including those associated with the future cash flows of the CGU, determination of the CGU and discount rates.

Royalties

The calculation of royalties requires estimates of future production, oil and gas prices, and quality discounts. These estimates impact royalties 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.

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 September 30, 2024.

Please also refer to "Forward Looking Statements".
Additional information relating to the Company is available on Sedar+ at www.sedarplus.ca.

DISCLAIMER AND 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 September 30, 2024, 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.

The information provided herein pertaining to the Egyptian oil and gas sector is based on sources that are publicly available as of November 29, 2024. While every effort has been made to ensure the accuracy and reliability of the information, it is important to recognize that public sources can vary in their credibility and may change over time. The content does not constitute professional advice and should not be relied upon as such. Users are encouraged to verify the information independently and consult relevant professionals for advice tailored to their specific circumstances.

CORPORATE INFORMATION

DIRECTORS AND OFFICERS

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

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British Columbia, Canada

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Florida, USA

Thomas Hickey, Director
Maisons-Laffitte, France

Shawn Reynolds, Director
New Jersey, USA

Gavin Wilson, Director
Zurich, Switzerland

Suneel Gupta, VP and COO
Alberta, Canada

Barry MacNeil, CFO
British Columbia, Canada

Giuseppe (Pino) Perone,
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Deloitte LLP
Chartered Professional Accountants
Calgary, Alberta

REGISTRAR AND TRANSFER AGENT

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100 University Avenue, 9th Floor
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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 November 29, 2024, there were 185,117,793 shares issued and outstanding.
Fully diluted: 196,642,794 shares.

WEBSITE

www.tagoil.com

SUBSIDIARIES (at September 30, 2024)

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