Consolidated Financial Statements

For the Year Ended December 31, 2024
and
For the Nine Month Period Ended December 31, 2023

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

TAG Oil Ltd. 1050 West Pender Street, Suite 1710, Vancouver, British Columbia Canada V6E 3S7

Deloitte LLP
850 2nd Street SW
Suite 700
Calgary AB T2P 0R8
Canada

Tel: 403-267-1700
Fax: 403-264-2871
www.deloitte.ca

Independent Auditor's Report

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

Opinion

We have audited the consolidated financial statements of Tag Oil Ltd. (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2024 and December 31, 2023, and the consolidated statements of comprehensive loss, changes in equity, and cash flows for the year ended December 31, 2024 and the nine month period ended December 31, 2023, and notes to the consolidated financial statements, including material accounting policy information (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2024 and December 31, 2023, and its financial performance and its cash flows for the year ended December 31, 2024 and the nine month period ended December 31, 2023 in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB").

Basis for Opinion

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

Material Uncertainty related to Going Concern

We draw attention to Note 2 in the financial statements, which indicates that the Company's ability to continue as a going concern is dependent on its ability to generate positive cash flow from operations or obtain additional financing to fund operations which there can be no assurance that it will be able to do so. These events or conditions indicate that material uncertainties exist that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

A key audit matter is a matter that, in our professional judgment, was of most significance in our audit of the consolidated financial statements for the year ended December 31, 2024. This matter was addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

In addition to the matter described in the *Material Uncertainty Related to Going Concern* section, we have determined the matter described below to be the key audit matter to be communicated in our auditor's report.

Exploration and Evaluation Assets – Assessment of Whether Indicators of Impairment Exist – Refer to Note 3 to the financial statements

Key Audit Matter Description

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

Auditing the Company's assessment of whether an indicator of impairment existed as at December 31, 2024 required increased auditor attention due to the judgments made by management when determining whether events or changes in circumstances could indicate a potential impairment. This resulted in an increased extent of audit effort.

How the Key Audit Matter Was Addressed in the Audit

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

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

Other Information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis.

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Company as a basis for forming an opinion on the financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

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

/s/ Deloitte LLP

Chartered Professional Accountants
April 30, 2025
Calgary, Alberta

Consolidated Statements of Financial Position

(Expressed in thousands of Canadian Dollars)

	Note	As at December 31, 2024	2023
Assets			
Current:			
Cash and cash equivalents		$ 6,574	$ 16,436
Accounts receivable		958	788
Prepaid expenses	5	539	1,292
Restricted cash	6	653	-
Royalty and other interests	13(g), 14	826	945
		9,550	19,461
Non-Current:			
Restricted cash	6	118	8,109
Royalty and other interests	13(g), 14	2,163	1,771
Exploration and evaluation	3	41,710	24,099
Property, plant and equipment	4	1,544	470
		$ 55,085	$ 53,910
Liabilities and Shareholders' Equity			
Current:			
Accounts payable and accrued liabilities	9	$ 4,248	$ 7,016
Lease liabilities	8	338	208
		4,586	7,224
Non-Current:			
Lease liabilities	8	1,150	202
		5,736	7,426
Shareholders' Equity:			
Share capital	7	262,241	256,568
Stock-based payment reserve	7	24,149	23,435
Accumulated other comprehensive income (loss)		2,465	(344)
Deficit		(239,506)	(233,175)
		49,349	46,484
		$ 55,085	$ 53,910

Nature of operations (Note 1)
Going concern (Note 2)
Subsequent events (Note 17)

See accompanying notes.

Approved by the Board of Directors:

"Abby Badwi"
Abdel (Abby) Badwi, Director

"Shawn Reynolds"
Shawn Reynolds, Director

Consolidated Statements of Comprehensive Loss

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

	Note	For the year ended December 31, 2024	For the nine month period ended December 31, 2023
Revenue			
Oil sales	10	$ 864	$ 586
		864	586
Expenses			
Depletion, depreciation and accretion	4	(315)	(170)
Foreign exchange gain (loss)		254	(134)
General and administration		(6,958)	(4,482)
Interest and other income		509	818
Production costs		(1,556)	(1,338)
Stock-based compensation	7	(601)	(1,233)
		(8,667)	(6,539)
Other Items			
Bad debts		(179)	-
Exploration expense		(28)	(152)
Gain (loss) on royalty valuation	14	1,318	(45)
Interest and penalties recovered		361	-
		1,472	(197)
Net loss before taxes		(6,331)	(6,150)
Income tax	16	-	-
Net loss for the year/period		$ (6,331)	$ (6,150)
Other comprehensive income (loss)			
Gain (loss) on translation of foreign operations		2,809	(504)
Comprehensive loss for the year/period		$ (3,522)	$ (6,654)
Loss per share – basic and diluted	7	$ (0.03)	$ (0.04)

See accompanying notes.

Consolidated Statements of Cash Flows

(Expressed in thousands of Canadian Dollars)

	Note	For year ended December 31, 2024	For the nine month period ended December 31, 2023
Operating Activities			
Net loss for the year/period		$ (6,331)	$ (6,150)
Changes for non-cash operating items:			
Depletion, depreciation and accretion	4	315	170
Foreign exchange (gain) loss		(294)	300
(Gain) loss on royalty valuation		(1,318)	45
Interest on restricted cash		34	147
Stock-based compensation	7	601	1,233
		(6,993)	(4,255)
Changes in non-cash working capital accounts:			
Decrease (increase) in accounts receivable		35	(623)
Decrease in prepaid expenses		752	321
Decrease in accounts payable and accrued liabilities		224	1,633
Cash used in operating activities		(5,982)	(2,924)
Financing Activities			
Principal repayment of lease liability		(251)	(139)
Private placement	7	6,816	12,253
Share issue costs	7	(1,029)	(1,083)
Stock options exercised	7	-	747
Warrants exercised	7	-	975
Cash provided in financing activities		5,536	12,753
Investing Activities			
Exploration and evaluation	3	(17,794)	(14,159)
Property and equipment	4	(100)	(74)
Proceeds received on royalty and other interests	14	756	1,274
Cash used by investing activities		(17,138)	(12,959)
Effect of exchange rate changes on cash and cash equivalents		45	(73)
Net decrease in cash and cash equivalents during the year/period		(17,539)	(3,203)
Cash and cash equivalents – beginning of the year/period		16,436	19,458
Change in restricted cash	6	7,677	181
Cash and cash equivalents – end of the year/period		$ 6,574	$ 16,436
Supplementary disclosures:			
Interest received		$ 481	$ 671
Cash		$ 6,574	$ 16,296
Cash equivalents		-	140
		$ 6,574	$ 16,436

See accompanying notes.

Consolidated Statements of Changes in Equity

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

	Number of Shares (Note 7)	Share Capital (Note 7)	Stock-Based Payments	Accumulated Other Comprehensive Income (Loss) (1)	Deficit	Total Equity
Balance as at March 31, 2023	155,677,501	$ 243,410	$ 22,467	$ 160	$ (227,025)	$ 39,012
Private placement						
– net of share issue costs	21,126,542	11,171	-	-	-	11,171
Stock options exercised	2,220,000	1,012	(265)	-	-	747
Warrants exercised	6,093,750	975	-	-	-	975
Stock-based payments	-	-	1,233	-	-	1,233
Comprehensive loss	-	-	-	(504)	(6,150)	(6,654)
Balance as at December 31, 2023	185,117,793	256,568	23,435	(344)	(233,175)	46,484
Private placement						
– net of share issue costs	40,093,900	5,673	113	-	-	5,786
Stock-based payments	-	-	601	-	-	601
Comprehensive income (loss)	-	-	-	2,809	(6,331)	(3,522)
Balance as at December 31, 2024	225,211,693	$ 262,241	$ 24,149	$ 2,465	$ (239,506)	$ 49,349

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

See accompanying notes.

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2024 and Period Ended December 31, 2023
(Expressed in thousands of Canadian Dollars, unless otherwise stated, except per share, options or warrants)

Note 1 – Nature of Operations

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

In the comparative consolidated financial statements, the Company had 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 comparative consolidated financial statements are prepared for nine months from April 1 to December 31, 2023.

Note 2 – Material Accounting Policies and Basis of Presentation

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

These consolidated financial statements have been prepared in accordance and comply with IFRS® Accounting Standards as issued by the International Accounting Standards Board (IASB®).

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

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

The consolidated financial statements were authorized for issuance by the directors of the Company on April 30, 2025.

Basis of Consolidation

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

Name of Subsidiary	Place of Incorporation	Proportion of Ownership Interest December 31, 2024	Proportion of Ownership Interest December 31, 2023	Principal Activity
Trans-Orient Petroleum Ltd.	Canada	100%	100%	Oil and Gas Exploration
TAG Energy International Ltd.	Cyprus	100%	100%	Holding Company
TAG Petroleum Egypt Ltd.	Cyprus	100%	100%	Oil and Gas Exploration
TAG Southeast RAS Qattara Ltd.	Cyprus	100%	N/A	Oil and Gas Exploration
TAG Petroleum Egypt Ltd. (Egypt Branch)	Egypt	100%	100%	Oil and Gas Exploration
CX Oil Limited	New Zealand	100%	100%	Oil and Gas Exploration
Orient Petroleum (NZ) Limited	New Zealand	100%	100%	Oil and Gas Exploration
TAG Oil (NZ) Limited	New Zealand	100%	100%	Oil and Gas Exploration
TAG Oil (Offshore) Limited	New Zealand	100%	100%	Oil and Gas Exploration

Cash and Cash Equivalents

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

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

Restricted Cash

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

Revenue

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

Going Concern

These consolidated financial statements have been prepared in accordance with IFRS® on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations.

While the Company has a positive working capital balance of $5.0 million, there can be no assurance that the positive working capital balance will be sufficient to fund the Company's operations.

The Company's ability to continue as a going concern is dependent upon its ability to generate positive cash flow from operations or obtain additional financing to fund its operations. Although the Company raised funds through the issuance of equity securities in 2023 and 2024, there can be no assurance that the Company will be able to raise sufficient funds in the future.

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.

These consolidated financial statements do not include any adjustments to the carrying value of the assets and liabilities, the reported revenues and expenses, or the balance sheet classifications that would be necessary if the Company were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations. Such adjustments could be material.

Exploration and Evaluation

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

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

E&E expenditures are assessed for indicators of impairment at each reporting date. For the purposes of impairment testing, E&E expenditures are tested separately from property, plant and equipment and are tested individually on a cash-generating unit ("CGU") basis. Since the Company has only one PSA it has identified it as a CGU. Impairment loss is recognized for the amount by which the E&E expenditure's carrying value exceeds its recoverable amount. The recoverable amount is the higher of the E&E expenditure's fair value less costs of disposal and their value in use. Impairment losses are recognized immediately in the statements of comprehensive loss. If facts and circumstances subsequently indicate that a reversal of a previous impairment loss is warranted, the carrying value may be increased up to the recoverable amount, with the reversal limited to the original loss amount. Also refer to Note "Material accounting judgments, estimates and assumptions" for further description of other significant factors pertaining to the evaluation of recoverability of asset carrying values. No depreciation or amortization is charged against E&E expenditures.

Property, Plant and Equipment

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

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

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

Stock-Based Payments

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

Subsidiaries

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

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

Reserves

Stock-based payment reserve

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

Foreign currency translation reserve

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

Foreign Currency Translation

(i) Functional and presentation currency

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

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

(ii) Transactions and balances

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

Loss Per Share

Basic loss per share is calculated by dividing the net loss for the year ended December 31, 2024 and the nine month period ended December 31, 2023, attributable to equity owners of TAG by the weighted average number of common shares outstanding.

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

Material Accounting Estimates, Judgments and Assumptions

The preparation of the consolidated financial statements requires management to make estimates, judgments and assumptions that affect the reported amounts of assets, liabilities, revenues, expenses and the disclosure of contingencies. Such estimates primarily relate to unsettled transactions and events as of the date of the consolidated financial statements. These estimates are subject to measurement uncertainty. Actual results could differ from and affect the results reported in these consolidated financial statements.

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

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

Property, plant and equipment, and exploration and evaluation

The recoverable amount for property and equipment and exploration and evaluation is the higher of fair value less costs to sell and value in use. In assessing fair value less costs to sell, the Company must estimate the price that would be received to sell the asset or CGU less any incremental costs directly attributable to the disposal. In assessing value in use, the estimated cash flows are discounted to their present value using an appropriate discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. Arriving at the estimated future cash flows involves significant judgments, estimates and assumptions, including those associated with the future cash flows of the CGU, determination of the CGU, discount rates, changes in legal, regulatory, market, environmental, technological, or political factors that could impact ongoing operations; the ability of the Company to continue fulfilling ongoing commitments; continued participation of the Company's co-venturers; and changes in future commodity prices. .

Royalty and other Interests

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

Income taxes

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

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

Stock-based compensation

The calculation of stock-based compensation requires estimates of volatility, forfeiture rates and market prices surrounding the issuance of share options. These estimates impact stock-based compensation expense and stock-based payment reserve.

Functional currency

The determination of a subsidiary's functional currency often requires significant judgment where the primary economic environment in which they operate may not be clear. This can have a significant impact on the consolidated results of the Company based on the foreign currency translation methods used.

Contingencies

Contingencies are resolved only when one or more events transpire. As a result, the assessment of contingencies inherently involves estimating the outcome of future events.

Going concern

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

Financial Instruments

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

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

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

ii) Financial assets at amortized cost

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

iii) Financial liabilities at amortized cost

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

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

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

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

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

Impairment of Non-Financial Assets

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

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

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

Income Tax

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

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

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

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

Leases

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

- The contract involves the use of an identified asset – this may be specified explicitly or implicitly and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;

- The Company has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use; and

- The Company has the right to direct the use of the asset. The Company has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Company has the right to direct the use of the asset if either: (a) the Company has the right to operate the asset; or (b) the Company designed the asset in a way that predetermines how and for what purpose it will be used.

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

Note 3 – Exploration and Evaluation

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

		Abu Roash "F"
As at March 31, 2023	$	6,647
Additions		17,912
Foreign exchange movement		(460)
As at December 31, 2023		24,099
Additions		14,748
Foreign exchange movement		2,863
As at December 31, 2024	$	41,710
Carry amounts		
As at December 31, 2023	$	24,099
As at December 31, 2024	**$**	**41,710**

On October 13, 2022, the Company was awarded the petroleum services agreement (the "PSA") for the development of the unconventional Abu Roash "F" reservoir in the Badr Oil Field (the "Project Area"), Western Desert, Egypt, by BPCO, subject to various conditions. During the year ended March 31, 2023, the Company met the two financial conditions, being a signature bonus of US$3.0 million ($4.0 million) paid to BPCO and the performance letter of guarantee (the "Letter of Guarantee") of US$6.0 million ($8.2 million) in favor of BPCO for work commitments to be completed. The Letter of Guarantee must be renewed annually and may be reduced by up to US$3.0 million by the amount spent by TAG and approved by Egyptian General Petroleum Corporation. During the year ended December 31, 2024, the Company issued letters releasing US$5.5 million ($7.4 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 (December 31, 2023 – US$6.0 million (CDN$8.2 million)). 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.

Note 4 – Property, Plant and Equipment

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

	Right of use Assets	Office Equipment and Leasehold Improvements	Total
Cost			
As at March 31, 2023	$ 590	$ 355	$ 945
Additions	92	73	165
Disposals	(10)	(190)	(200)
Foreign exchange movement	(2)	(1)	(3)
As at December 31, 2023	670	237	907
Additions	1,290	32	1,322
Foreign exchange movement	72	5	77
As at December 31, 2024	$ 2,032	$ 274	$ 2,306
Accumulated depletion and depreciation			
As at March 31, 2023	(197)	(271)	(468)
Depletion and depreciation	(135)	(35)	(170)
Disposals	10	190	200
Foreign exchange movement	1	-	1
As at December 31, 2023	$ (321)	$ (116)	$ (437)
Depletion and depreciation	(276)	(39)	(315)
Foreign exchange movement	(9)	(1)	(10)
As at December 31, 2024	$ (606)	$ (156)	$ (762)
Carry amounts			
As at December 31, 2023	$ 349	$ 121	$ 470
As at December 31, 2024	**$ 1,426**	**$ 118**	**$ 1,544**

Note 5 – Prepaid Expenses

	December 31, 2024	December 31, 2023
Prepaid exploration work commitments (1)	$ -	$ 604
Prepaid expenses	539	688
	$ 539	$ 1,292

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

Note 6 – Restricted Cash

	December 31, 2024	December 31, 2023
GIC in support of Guarantee (1)	$ 653	$ 7,991
Mastercard securities	118	118
	$ 771	$ 8,109
Current portion of restricted cash	$ 653	$ -
Long-term portion of restricted cash	118	8,109
	$ 771	$ 8,109

(1) The Company issued a US$6.0 million Letter of Guarantee to BPCO secured by a US$6.0 million ($8.0 million) GICs for work commitments. The work commitments consist of assessing and modeling the Project Area and reprocessing existing seismic data; drilling one deviated well and hydraulic fracture and production testing the well; recompletion of wells including re-perforation and conduction all necessary tests to collect the necessary information and put the well on production; and conduct study of the effectiveness of improved production techniques, including water-flood, polymer-flood, and thermal recovery techniques by September 22, 2025. During the year ended December 31, 2024, the Company issued letters releasing US$5.5 million ($7.4 million) of the Letter of Guarantee for completion of the majority of the commitments in the first phase of the PSA, leaving a balance of US$0.4 million of the original US$ 6.0 million outstanding.

Note 7 – Share Capital

a) Authorized and Issued Share Capital

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

During the year ended December 31, 2024:

On December 6, 2024, the Company issued 40,093,900 units at a price of $0.17 per unit for aggregate gross proceeds of $6.8 million. Each unit consists of one common share and one warrant exercisable at $0.25 per share and expiring on December 6, 2026. The aggregate underwriters' fee paid to the underwriters in connection with the offering was $0.62 million in cash, 2,208,834 in broker warrants at $0.25 per share expiring December 6, 2026, and $0.41 million in other costs relating to the issuance.

During the nine months ended December 31, 2023:

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

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

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

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

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

b) Incentive Stock Options

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

Stock Options December 31, 2024

During the year ended December 31, 2024, no stock options were exercised or granted, and 700,000 options were cancelled.

Stock Options December 31, 2023

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

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

The following is a continuity of outstanding stock options:

	Options	Weighted Average of Exercise Price
Balance as at March 31, 2023	11,945,001	$ 0.46
Granted during the period	1,800,000	0.70
Exercised during the period	(2,220,000)	0.34
Balance as at December 31, 2023	11,525,001	$ 0.53
Cancelled during the year	(700,000)	0.60
Balance as at December 31, 2024	10,825,001	$ 0.52

The following table summarizes information about stock options that are outstanding at December 31, 2024:

Number of Options	Price per Share	Expiry Date	Options Exercisable
250,000	$0.50	February 7, 2025	250,000
3,266,667	$0.25	September 1, 2025	3,266,667
625,000	$0.25	September 11, 2025	625,000
250,000	$0.45	June 28, 2026	250,000
200,000	$0.45	April 15, 2025	200,000
433,334	$0.70	December 15, 2027	433,334
400,000	$0.70	April 15, 2025	400,000
2,600,000	$0.70	February 9, 2028	1,733,333
1,000,000	$0.70	December 17, 2025	666,667
200,000	$0.70	February 27, 2028	133,333
1,000,000	$0.70	July 5, 2028	666,667
600,000	$0.70	April 15, 2025	400,000
10,825,001			9,025,001

As at December 31, 2024, the weighted average contractual remaining life is 1.65 years.

The Company applies the Black-Scholes option pricing model using the closing market prices on the grant dates and to date the Company has calculated option benefits.

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

c) Warrants

The following is a continuity of outstanding warrants:

	Warrants	Weighted Average of Exercise Price
Balance as at March 31, 2023	6,093,750	$ 0.16
Exercised during the period	(6,093,750)	0.16
Balance as at December 31, 2023	-	$ -
Granted during the year	40,093,900	0.25
Balance as at December 31, 2024	40,093,900	$ 0.25

The following table summarizes information about warrants that are outstanding at December 31, 2024:

Number of Warrants	Price per Share	Expiry Date
40,093,900	$0.25	December 6, 2026
40,093,900		

As at December 31, 2024, the weighted average contractual remaining life is 1.93 years.

d) Broker Warrants

The following is a continuity of outstanding broker warrants:

	Broker Warrants	Weighted Average of Exercise Price
Balance as at March 31, 2023	-	$ -
Exercised during the period	-	-
Balance as at December 31, 2023	-	$ -
Granted during the year	2,208,834	0.25
Balance as at December 31, 2024	2,208,834	$ 0.25

The following table summarizes information about broker warrants that are outstanding at December 31, 2024:

Number of Warrants	Price per Share	Expiry Date
2,208,834	$0.25	December 6, 2026
2,208,834		

As at December 31, 2024, the weighted average contractual remaining life is 1.93 years.

The Company applies the Black-Scholes pricing model using the closing market prices on the grant dates and to date the Company has calculated benefit.

	Risk-free interest rate	Expected price volatility	Expected life in years	Dividend rate
December 6, 2024	4.00%	75.79%	2 Years	Nil

e) Loss Per Share

Basic and diluted weighted average shares outstanding for the year ended December 31, 2024, was 187,856,447.

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

Note 8 – Lease Liabilities

During the year ended December 31, 2024, the Company leased an office in Egypt for five years totaling US$941 ($1,290). During the nine months ended December 31, 2023, the Company leased two apartments in Egypt for two years totaling US$68 ($92).

The Company has the following lease obligations outstanding:

As at March 31, 2023	$	459
Additions		92
Interest expense		21
Lease payments		(160)
Foreign exchange movement		(2)
As at December 31, 2023	$	410
Additions		1,290
Interest expense		42
Lease payments		(251)
Foreign exchange movement		(3)
As at December 31, 2024	**$**	**1,488**
Current portion of lease liabilities		338
Long-term portion of lease liabilities		1,150
	$	**1,488**

Note 9 – Accounts Payable and Accrued Liabilities

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

	December 31, 2024	December 31, 2023
Accounts payable	$ 3,756	$ 5,685
Accrued liabilities	492	1,331
	$ 4,248	$ 7,016

Note 10 – Revenue

	Year ended December 31, 2024	Nine month period ended December 31, 2023
Oil sales	$ 864	$ 586
	$ 864	$ 586

Note 11 – Related Party Transactions

The Company is of the view that the amounts incurred for services provided by related parties are approximate to what the Company would incur to arms-length parties for the same services.

Key management personnel compensation:

	Year ended December 31, 2024	Nine month period ended December 31, 2023
Stock-based compensation	$ 355	$ 666
Management wages and director fees	1,096	831
Total management compensation	$ 1,451	$ 1,497

The breakdown for the related party transactions during the year ended December 31, 2024:

Related Parties	Role	Salaries	Stock-based compensation	Total
Abdel Badwi	Executive Chairman, CEO and Director	240	82	322
Toby Pierce	Formerly CEO and Director	288	82	370
Suneel Gupta	VP and COO	240	16	256
Barry MacNeil	CFO	220	47	267
Gavin Wilson	Independent Director	36	33	69
Keith Hill	Independent Lead Director	36	47	83
Thomas Hickey	Independent Director	36	32	68
Shawn Reynolds	Independent Director	-	16	16
		1,096	355	1,451

Note 12 – Capital Management

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

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

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

Note 13 – Financial Instruments

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

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

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

a) Credit Risk

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

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

The carrying amount of accounts receivable and cash and cash equivalents represent a credit exposure. The Company does not have an allowance for doubtful accounts as at December 31, 2024 and 2023 and did not provide for any doubtful accounts. During the year ended December 31, 2024, the Company was required to write-off $0.2 million and during the nine month period ended December 31, 2023, was required to write-off $nil. As at December 31, 2024, and 2023, there were no significant amounts past due or impaired.

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

b) Liquidity Risk

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

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

c) Market Risk

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

d) Foreign Currency Exchange Rate Risk

Foreign currency exchange rate risk is the risk that future cash flows, net loss and comprehensive loss will fluctuate as a result of changes in foreign exchange rates. The Letter of Guarantee and supporting GIC of US$0.4 million and all of royalties and other interests are denominated in USD and operational and capital activities related to the transactions primarily in New Zealand dollars, and/or USD with some costs also being incurred in CAD.

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

e) Commodity Price Risk

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

f) Interest Rate Risk

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

The Company did not have any interest rate swaps or financial contracts in place during the year ended December 31, 2024 and during the nine month period ended December 31, 2023, and any variations in interest rates would not have materially affected net income.

g) Fair Value of Financial Instruments

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

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

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

		December 31, 2024	
	Fair Value Level	Fair Value through Profit or Loss	Amortized Cost
		$	$
Financial assets:			
Cash and cash equivalents		-	6,574
Restricted cash		-	771
Royalty (Note 15)	3	2,989	-
Accounts receivable		-	958
		2,989	8,303
Financial liabilities:			
Accounts payable and accrued liabilities		-	4,248
		-	4,248

		December 31, 2023	
	Fair Value Level	Fair Value through Profit or Loss	Amortized Cost
		$	$
Financial assets:			
Cash and cash equivalents		-	16,436
Restricted cash		-	8,109
Royalty (Note 14)	3	2,716	-
Accounts receivable		-	788
		2,716	25,333
Financial liabilities:			
Accounts payable and accrued liabilities		-	7,016
		-	7,016

During the year ended December 31, 2024 and nine month period ended December 31, 2023, there were no transfers between level 1, level 2 and level 3.

Fair Value Measurement, Valuation Techniques and Inputs

The Company adopted internal valuation for the royalty interest payments using the NPV of future expected cash-flow on the 2.5% gross overriding royalty payments from the New Zealand Taranaki Basin operations of Matahio. Matahio provides TAG with their expected production profile based on their upcoming development and work over program. TAG uses a price published by ICE Brent Crude for the forward price on brent oil and a price for New Zealand Natural Gas based on the information available in the Reserve Report prepared for by the Company's independent reserve evaluations, dated February 21, 2024. The Natural Gas price is based on a combination of a contracted price for approximately two thirds of the production and market price on the balance, which accounts for approximately 7% of the future oil and gas royalty. Matahio sells its oil on a contract basis to a multinational oil corporation and has a set discount to Brent negotiated on a periodic basis. The following are the inputs used in the valuation calculation:

Twelve month period ended December 31,		2025	2026	2027	2028	2029	2030 – 2035 (1)	Total
Oil Production	bbl	366,489	306,680	263,459	230,390	202,425	534,867	1,902,310
Oil Price	USD	73.14	70.58	69.25	68.45	67.86	67.86	
Discount	USD	8.00	8.00	8.00	8.00	8.00	8.00	
Royalty Rate		2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	
Annual Oil Payment	USD	593,533	479,827	403,409	348,157	302,929	800,429	2,928,284

(1) – Oil price for 2030 to 2035 is 67.86 and oil production and annual oil payments for 2030 – 2035 are the cumulative total.

Twelve month period ended December 31,		2025	2026	2027	2028	2029	2030 – 2035 (2)	Total
Gas Production	msfc	448,827	360,990	303,141	261,871	226,086	567,939	2,168,854
Gas Price	USD	5.26	5.26	5.26	5.26	5.26	5.26	
Royalty Rate		2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	
Annual Gas Payment	USD	58,994	47,449	39,845	34,420	29,717	74,650	285,076

(2) – Gas price for 2030 to 2035 remain at 5.26 and gas production and annual gas payments for 2030 – 2035 are the cumulative total.

Note 14 –Sale of New Zealand Interests

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

The terms of the Transaction consisted of the following:

- Cash payment to TAG of US$30 million at closing (received).
- TAG receiving a 2.5% gross overriding royalty on future production from all NZ Assets.

		Royalty
Balance as at March 31, 2023	$	3,502
Payments earned		(552)
Loss on royalty and other interests		(45)
Foreign exchange movement		(189)
Balance as at December 31, 2023	$	2,716
Payments earned		(700)
Gain on royalty and other interests		1,318
Foreign exchange movement		(345)
Balance as at December 31, 2024	$	2,989

		Royalty
This is represented by:		
Current asset	$	826
Non-current asset		2,163
	$	2,989

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

Note 15 – Interest and Penalties

The Company was assessed penalties and interest of $0.2 million and $0.3 million by Canada Revenue Agency ("CRA") under subsection 247(3) of the Income Tax Act (*Canada*), in connection with transfer pricing for the years ended March 31, 2012 and 2013. TAG's management filed a Notice of Objection to dispute process. TAG paid $0.3 million in the 2018 fiscal year and had accrued $0.2 million as at December 31, 2023. On March 28, 2024, the Company's assessed penalties and interest by CRA was resolved and a total of $0.1 million was refunded.

Note 16 – Income Taxes

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

		For year ended December 31, 2024		For the nine month period ended December 31, 2023
Net loss for the year	$	(6,331)	$	(6,150)
Expected income tax expense		(1,531)		(1,524)
Net adjustment for amortization, deductible and non-deductible amounts		372		(153)
Recognition of previously unrecognized income tax assets		1,159		1,677
Total income tax expense	$	-	$	-

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

	For year ended December 31, 2024	For the nine month period ended December 31, 2023
Allowable capital losses	$ 20,740	$ 18,545
Non-capital losses	40,011	37,298
	60,751	55,843
Unrecognized deferred tax assets	(60,751)	(55,843)
Net deferred tax	$ -	$ -

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

Deferred income tax assets (liabilities):	For year ended December 31, 2024	For the nine month period ended December 31, 2023
Net property and equipment carrying amounts in excess of tax pools	$ 348	$ 366
Exploration and evaluation assets	48,858	7,662
Capital and non-capital loss carry forwards and share issue costs	196,864	186,150
Unrecognized deductible temporary differences	$ 246,070	$ 194,178

The Company has Canadian non-capital losses of approximately $49.9 million, which are available to reduce future taxable income. These expire between 2026 and 2044. Subject to certain restrictions, the Company also has mineral property expenditures of approximately $7.7 million available to reduce taxable income in future years.

At December 31, 2024, the Company had losses and deductions of approximately US$1.6 million available to offset future taxable income earned in Cypress. These tax losses may be carried forward indefinitely as long as shareholder continuity is maintained.

At December 31, 2024, the Company had losses and deductions of approximately US$3.6 million available to offset future taxable income earned in Egypt. These tax losses may be carried forward indefinitely as long as shareholder continuity is maintained.

At December 31, 2024, the Company also had losses and deductions of approximately NZ$108.2 million available to offset future taxable income earned in New Zealand. These tax losses may be carried forward indefinitely as long as shareholder continuity is maintained.

Note 17 – Subsequent Events

On January 7, 2025, the Company announced the resignation of Mr. Toby Pierce as director of the Company and issued 1,250,000 common shares at $0.16 per share as part of his employment severance package.

On February 6, 2025, BPCO confirmed that the Company had fulfilled all remaining obligations under the PSA, and the final US$0.4 million was released, fully discharging the Company of any further commitments under the Letter of Guarantee.

The Company have entered into a definitive asset sale and purchase agreement dated April 7, 2025, for the sale of its New Zealand royalty interests, which subsequently closed on April 22, 2025. The Company will receive up to US$2,500,000, comprising a cash payment of US$2,200,000 at closing and up to an additional US$300,000 in milestone payments on or before December 31, 2027.

On April 8, 2025, the Company announced that it entered into amendments to the employment agreements of its Chief Financial Officer, Barry MacNeil, and its General Counsel & Corporate Secretary, Giuseppe (Pino) Perone. The amendments provide that both individuals will continue in their current roles until December 31, 2025, subject to extension by mutual agreement, and for certain retention bonuses to be payable provided such individuals remain employed with the Company until December 31, 2025.