Management's Discussion and Analysis

For the Period Ending
December 31, 2024

TAGOIL.COM

MANAGEMENT’S DISCUSSION AND ANALYSIS

The following Management’s Discussion and Analysis (“MD&A”) is dated April 30, 2025, for the year ended December 31, 2024 and should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2024 and the nine month period ended December 31, 2023. This MD&A is prepared as required by Form 51-102F1 and is dated April 30, 2025. All comparative information for 2023 reflects the nine month period from April 1, 2023, to December 31, 2023, following the change in fiscal year end.

The audited consolidated financial statements for the year ended December 31, 2024, have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board, and its interpretations. Results for the year ended December 31, 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 potential future gas production from its former Australian assets.

The Company in the comparative year 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.

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

The Letter of Guarantee, originally issued in the amount of US$6.0 million in support of the Company’s obligations under the Production Sharing Agreement (“PSA”) with Badr Petroleum Company (“BPCO”), has been progressively reduced based on approved expenditures.

On November 17, 2023, US$2.6 million was released following confirmation from the Egyptian General Petroleum Corporation (“EGPC”) of qualifying work completed, with funds returned to the Company on January 25, 2024. On August 21, 2024, BPCO issued a letter authorizing the release of an additional US$3.0 million upon verification of substantial completion of the first phase commitments under the PSA.

As at December 31, 2024, the outstanding balance under the Letter of Guarantee was US$0.4 million. Subsequent to year-end, 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.

RESULTS FROM OPERATIONS

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 Abu Roash "F" ("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$3.0 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).

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 $0.4 million in other costs relating to the issuance.

On December 17, 2024, the Company announced the resignation of Mr. Toby Pierce as CEO and appointed Mr. Abdel (Abby) Badwi as the new CEO of the Company.

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.

Use of Proceeds Update

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, and these allocations reflect the Company's evolving operational priorities and are consistent with the overall strategic direction disclosed in the prospectus:

Activity or Nature of Expenditure	Proposed Use of Net Proceeds ('000)	Approximate Use of Proceeds to December 31, 2024 ('000)	Variance ('000)	Comments
Operational and Drilling Budget for year ended 2025 (comprised of exploration wells)				
Long lead items for the Drilling Program	$2,500	$2,500	$0	Casing, pumps, frac-sleeves and elastomers re-allocated to exploration assets.
Horizontal Drilling Program	$2,500	$0	$2,500	Well deferred pending ARF structural study.
Potential Strategic Acquisition Opportunities	$2,500	$1,312	$1,188	Target screening and due-diligence costs incurred; no transaction completed. Balance re-allocated.
Unallocated Working Capital	$4,141	$0	$4,141	Entire amount re-allocated.
Exploration and evaluation assets	$0	$7,829	($7,829)	Fracture stimulation, extended flow-back, pressure build-up, and seismic re-processing on BED-1.
Total	**$11,641**	**$11,641**	**$0**	

All proceeds from the 2023 financing have been fully spent or re-allocated.

As at December 31, 2024, $4.9 million of the 2024 financing remains unspent and is expected to fund the appraisal and development activities and general corporate activities. As TAG moves through 2025, the Company will endeavor to use the results of the T100 well to evaluate and inform the future design and development of TAG's program.

FINANCIAL SNAPSHOT

Canadian ('000), except per share or boe.	**For the year ended December 31, 2024**	For the nine months ended December 31, 2023	For the year ended March 31, 2023
Oil production (bbl/d) *(1)*	**50**	31	0
Gas production (MMcf/d)	**0**	0	0
Combined boe/d*(1)*	**50**	31	0
Oil & gas revenue per boe*(2)*	**$0.00**	$0.00	$0.00
Production and transportation and storage costs per boe*(2)*	**($0.00)**	($0.00)	($0.00)
Royalties per boe*(2)*	**($0.00)**	($0.00)	($0.00)
Operating netback per boe*(2),(3)*	**$0.00**	$0.00	$0.00
Revenue	**$864**	$586	$0
Cashflow from operating activities	**($5,982)**	($2,924)	($5,462)
Net loss before tax	**($6,331)**	($6,150)	($3,003)
Income tax	**$0**	$0	$0
Net loss for the period/year	**($6,331)**	($6,150)	($3,003)
Loss per share – basic and diluted	**($0.03)**	($0.04)	($0.03)
Total assets	**$55,085**	$53,910	$41,057
Asset retirement obligation	**$0**	$0	$0
Deferred tax liability	**$0**	$0	$0
Shareholders equity	**$49,349**	$46,484	$39,012

(1) During the 2024 year, the Company produced 18,100 barrels of test oil over 176 intermittent production days, averaging 102 bbl/d during production periods.

(2) The Company is in a pre-commercial, pre-development stage. As such, production and test oil volumes are not yet economic and are not representative of ongoing operations. Accordingly, per-BOE metrics such as Oil & Gas Revenue, Production and Transportation Costs, Royalties, and Operating Netback are not meaningful and have been presented as zero to avoid misinterpretation.

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

ANNUAL FINANCIAL

The Company successfully concluded negotiations on the Production Sharing Agreement (PSA) for the development of the unconventional ARF reservoir in BED-1, located in the Western Desert of Egypt. This milestone marked the completion of a strategic transition—initiated in fiscal 2020—from an exploration and production company focused on New Zealand and Australia to one focused on the MENA region.

During fiscal 2024, the Company completed drilling the T100 well and focused on reviewing and analyzing reservoir data to better understand its characteristics. These efforts informed target adjustments to the development program and the evaluation of new opportunities.

The Company has since completed recompletion activities at the BED 1-7 well, established an operational office in Egypt, and hired local staff to support continued development and production efforts at BED-1.

Total assets increased by $1.1 million to $55.0 million as at December 31, 2024, compared to $53.9 million as at December 31, 2023. The increase is primarily attributable to ongoing exploration and evaluation expenditures, an increase in the valuation of royalty and other interests, and proceeds from the financing completed on December 9, 2024.

For the year ended December 31, 2024, the Company incurred production costs of $1.6 million and generated revenue of $0.9 million. By comparison, for the nine month period ended December 31, 2023, production costs totaled $1.3 million and revenue was $0.6 million.

The net loss for the year ended December 31, 2024, was $6.3 million, primarily due to general and administrative (G&A) expenses, including wages and salaries of $2.8 million, consulting fees of $1.0 million, professional fees of $0.8 million, office and administration costs of $0.7 million, shareholder relations and communications of $0.6 million, and travel expenses of $0.5 million.

The net loss for the nine month period ended December 31, 2023, was $6.2 million, with G&A expenses comprising wages and salaries of $1.2 million, shareholder relations and communications of $0.8 million, office and administration costs of $0.7 million, travel expenses of $0.7 million, professional fees of $0.5 million, and consulting fees of $0.2 million. The year-over-year increase in net loss reflects the Company's continued expansion of operations in Egypt, including the onboarding of salaried employees and consultants to support increased activity.

FOURTH QUARTER FINANCIAL AND OPERATING HIGHLIGHTS

- At December 31, 2024, the Company had $6.6 million in cash and cash equivalents and $5.0 million in working capital.
- Oil production from the T100 well for the three month period ended December 31, 2024 was approximately 9,710 barrels. Cumulative oil production from the well at end of December 31, 2024 from commencement on April 26, 2024 is approximately 23,300 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 Q4-2024 were approximately 9,672 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 $0.5 million were recorded for the three month period ended December 31, 2024.
- Capital expenditures amounted to $1.0 million for the three month period ended December 31, 2024 and $16.1 million for the year ended December 31, 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 direct implications for international oil and gas operators, including the Company. These conditions have affected operational costs, financial reporting, and strategic planning.

Inflation and Currency Volatility:

Inflationary pressures remained elevated during the fourth quarter, driven by continued depreciation of the Egyptian pound, elevated global commodity prices, and fiscal reform measures. The cumulative inflation rate over the past three years has exceeded 100%, with substantial increases in food, energy, and transportation costs. Currency depreciation has increased the cost of imported equipment and services critical to oil and gas operations. Foreign exchange restrictions also remain a challenge, limiting repatriation of funds and increasing reliance on local financial arrangements.

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:

Egypt has maintained political stability; however, regional conflicts have heightened cross-border risk considerations. These tensions pose indirect risks to energy security, supply chains, and the operating environment for foreign investment.

Policy Changes

The Egyptian government remains committed to structural economic reforms in coordination with the International Monetary Fund (IMF). These reforms include gradual subsidy reductions and tax restructuring. While aimed at long-term fiscal sustainability, they may contribute to increased operating costs in the short term.

Operational Considerations

Cost Pressures:

The combination of rising inflation, currency devaluation, and import dependency has directly impacted capital and operating expenditures. Imported materials and services continue to be affected, requiring ongoing adjustments to budgets and project execution plans.

Supply Chain Constraints:

Global supply chain disruptions, compounded by local infrastructure limitations, have lengthened lead times for critical materials and equipment. These constraints have necessitated more proactive procurement strategies and inventory management protocols.

Mitigation Measures and Strategic Focus

To manage risks in this environment, the Company remains focused on achieving the following strategies:

- **Cost Control:** Enhancing operational efficiency and optimizing resource allocation to offset inflationary pressures.
- **Risk Management:** Implementing financial controls.
- **Local Partnerships:** Expanding relationships with Egyptian suppliers and contractors to reduce import reliance and align with local policy direction.
- **Regulatory Compliance:** Maintaining consistent engagement with government authorities to ensure adherence to evolving legal, fiscal, and reporting obligations.

Outlook – 2025 and Beyond

While economic and geopolitical conditions in Egypt continue to present challenges, the country remains a strategic location for oil and gas exploration due to its substantial reserves and supportive regulatory framework. The government's focus on foreign investment in the energy sector, coupled with ongoing reforms, provides a foundation for long-term growth.

TAG Oil will apply learnings from the T100 and BED 1-7 wells to optimize future development activities. In parallel, the Company is evaluating additional opportunities in the MENA region consistent with its strategy to scale through high-potential assets.

The Company remains committed to capital discipline, managing liquidity, and delivering shareholder value in a dynamic and evolving operating landscape.

Liquidity and Capital Resources

As at December 31, 2024, the Company held $6.6 million in cash and cash equivalents and had positive working capital of $5.0 million. This provides flexibility to meet near-term obligations and fund strategic priorities.

The Company continues to monitor its cash flow from oil sales and assess additional funding requirements. The proceeds from the December 2024 financing have been earmarked primarily for appraisal and development activities. However, as the Company is in a pre-commercial stage, it will be required to fund ongoing operating costs and general and administrative (G&A) expenses from available cash resources.

Any additional material expenditures or acquisitions may require supplemental capital. The Company is managing its capital program to remain aligned with available resources while progressing core field development activities at BED-1. The balance between operational investment and financial discipline remains a key focus for 2025.

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.

SUMMARY OF QUARTERLY INFORMATION

Three months ended in Canadian ('000), except per share or boe	**Dec 31, 2024**	Sept 30, 2024	Jun 30, 2024	Mar 31, 2024	Dec 31, 2023	Sept 30, 2023	Jun 30, 2023	Mar 31, 2023
Net production volumes (boe/d)	**102**	167	0	0	8	41	44	0
Total revenue	**461**	403	0	0	17	262	307	-
Production costs	**(776)**	(551)	(116)	(113)	(461)	(877)	-	-
Depletion and depreciation	**(123)**	(79)	(56)	(57)	(65)	(62)	(44)	(43)
Foreign exchange (loss) gain	**(34)**	1	(51)	338	(60)	326	(400)	(46)
Interest and other income	**68**	76	138	227	295	268	255	275
Stock-based compensation	**(67)**	(110)	(184)	(240)	(341)	(630)	(262)	(683)
General and administative	**(1,933)**	(1,672)	(1,927)	(1,426)	(2,004)	(1,124)	(1,353)	(1,378)
Bad debts	**(179)**	-	-	-	-	-	-	-
Exploration expense and other income	**(1)**	(10)	-	(17)	(98)	-	(54)	(6)
Interest and penalties recovered	**-**	-	-	361	-	-	-	-
Gain (loss) on royalty valuation	**1,453**	(297)	18	144	(654)	566	43	990
Net loss before tax	**(1,131)**	(2,239)	(2,178)	(783)	(3,371)	(1,271)	(1,508)	(891)
Income tax	**-**	-	-	-	-	-	-	-
Net loss	**(1,131)**	(2,239)	(2,178)	(783)	(3,371)	(1,271)	(1,508)	(891)
Loss per share – basic and diluted	**(0.01)**	(0.01)	(0.01)	(0.00)	(0.02)	(0.01)	(0.01)	(0.01)
Adjusted net loss *(1)*	**(2,405)**	(1,942)	(2,196)	(1,288)	(2,717)	(1,837)	(1,551)	(1,881)
Capital expenditures	**1,035**	4,781	4,540	5,714	10,072	4,516	3,489	2,066
Cash flow (used in) provided by operating activities	**(820)**	(3,291)	(2,970)	1,099	906	(783)	(1,596)	(1,141)

(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 December 31, 2024, the Company reported $0.5 million in revenue and $0.0 million in the quarter ended December 31, 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 were $0.8 million and $0.5 million in December 31, 2023.

The net loss before tax for the quarter ended December 31, 2024, was $1.1 million, a decrease from a net loss of $3.4 million in the quarter ended December 31, 2023. The adjusted net loss for the quarter ended December 31, 2024 was $2.4 million and $2.7 million in the quarter ended December 31, 2023. The decrease in net loss is attributed primarily to a gain on royalty valuation of $1.5 million and loss of $0.3 million in the quarter ended December 31, 2023, a decrease in general and administrative expenses to $1.9 million, down from $2.0 million in the quarter ended December 31, 2023, and changes in other financial metrics.

General and Administrative Expenses ("G&A")

Canadian ('000)	**Three months ended Dec 31, 2024**	Three months ended Dec 31, 2023	**Twelve months ended Dec 31, 2024**	Nine months ended Dec 31, 2023
Consulting fees	**259**	156	**964**	242
Director fees	**29**	29	**118**	88
Filing, listing and transfer agent	**64**	66	**128**	109
Insurance	**19**	38	**70**	129
Office and administration	**83**	324	**695**	684
Professional fees	**358**	227	**803**	489
Rent	**29**	35	**181**	82
Reports	**-**	-	**31**	31
Shareholder relations and communications	**60**	327	**649**	804
Travel	**63**	223	**507**	653
Wages and salaries	**969**	579	**2,812**	1,171
Oil and Gas G&A expenses	**1,933**	2,004	**6,958**	4,482

General and administrative costs decreased to $1.9 million for the quarter ended December 31, 2024, from $2.0 million for the quarter ended December 31, 2023. The slight decrease is due to an increase in consulting fees of $0.1 million, an increase in wages and salaries of $0.3 million, a decrease in office and administration of $0.2, a decrease in shareholder relations and communications of $0.3 million and decrease in travel of $0.2 million.

Stock-based Compensation

Canadian ('000)	**Three months ended Dec 31, 2024**	Three months ended Dec 31, 2023	**Twelve months ended Dec 31, 2024**	Nine months ended Dec 31, 2023
Stock-based compensation	**67**	341	**601**	1,233

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

In the quarter ended December 31, 2024, the Company canceled 700,000 stock options and did not grant or exercise any stock options.

Stock-based compensation decreased to $0.1 million in the quarter ended December 31, 2024, compared $0.3 million for the quarter ended December 31, 2023. The decrease in total stock-based compensation costs is due to no options granted in the current year.

Depletion and Depreciation

Canadian ('000)	**Three months ended Dec 31, 2024**	Three months ended Dec 31, 2023	**Twelve months ended Dec 31, 2024**	Nine months ended Dec 31, 2023
Depletion, depreciation and accretion	**123**	65	**315**	170

Depletion and depreciation expenses slightly increased for the quarter ended December 31, 2024 to $0.1 million compared with $0.1 million for the quarter ended December 31, 2023, the increase is due to the lease in the quarter ended December 31, 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 (Loss) Gain

Canadian ('000)	**Three months ended Dec 31, 2024**	Dec 31, 2023	**Twelve months ended Dec 31, 2024**	Nine months ended Dec 31, 2023
Foreign exchange (loss) gain	**(34)**	(60)	**254**	(134)

The foreign exchange (loss) gain for the quarter ended December 31, 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 Dec 31, 2024**	Dec 31, 2023	**Twelve months ended Dec 31, 2024**	Nine months ended Dec 31, 2023
Net loss before tax	**(1,131)**	(3,371)	**(6,331)**	(6,150)
Income tax	**-**	-	**-**	-
Net loss after tax	**(1,131)**	(3,371)	**(6,331)**	(6,150)
Loss per share – basic and diluted ($)	**(0.01)**	(0.02)	**(0.03)**	(0.04)

Cash Flow

Canadian ('000)	**Three months ended Dec 31, 2023**	Dec 31, 2023	**Nine months ended Dec 31, 2023**	Nine months ended Dec 31, 2023
Operating cash flow *(1)*	**(2,131)**	(1,979)	**(6,993)**	(4,255)
Cash (used in) provided by operating activities	**(820)**	906	**(5,982)**	(2,924)
Operating cash flow per share before non-cash working capital – basic and diluted ($)	**(0.01)**	(0.01)	**(0.04)**	(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 $2.1 million for the quarter ended December 31, 2024, compared to $2.0 million for the quarter ended December 31, 2023. The increase in operating cash outflow is mainly due to net loss for the quarter ended December 31, 2024 in the amount of $2.1 million, compared to $3.4 million in the quarter ended December 31, 2023 and gain on royalty valuation of $0.4 million in the quarter ended December 31, 2024, compared to a loss on royalty valuation of $0.7 million in the quarter ended December 31, 2023. Also, loss on stock-based compensation of $0.1 million in the quarter ended December 31, 2024, compared to a loss of $0.3 million in the quarter ended December 31, 2023.

CAPITAL EXPENDITURES

Capital expenditures consisted of exploration and evaluation assets of $14.8 million and capital leases, office equipment and leasehold improvements of $1.3 million for the year ended December 31, 2024. Capital expenditures consisted of exploration and evaluation assets of $17.9 million and capital leases, office equipment and leasehold improvements of $0.2 million for the nine month ended December 31, 2023.

FUTURE CAPITAL EXPENDITURES

The Company had the following commitments for capital expenditure at December 31, 2024:

Contractual Obligations *Canadian ('000)*	Total	Less than One Year	Two to Five Years	More than Five Years
Operating leases *(1)*	1,762	441	1,321	-
Other long-term obligations *(2)*	653	653	-	-
Total contractual obligations	2,415	1,094	1,321	-

(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)	**Twelve months ended Dec 31, 2024**	Nine months ended Dec 31, 2023
Cash and cash equivalents	**6,574**	16,436
Working capital	**5,014**	12,237
Contractual obligations, next twelve months	**1,094**	233
Revenue	**864**	586
Cashflow used in operating activities	**(5,982)**	(2,924)

Working capital

At December 31, 2024, TAG held $6.6 million in cash and cash equivalents (2023: $16.4 million) and had positive working capital of $5.0 million (2023: $12.2 million). Restricted cash totaled $0.8 million ($0.7 million current, $0.1 million non-current) supporting the remaining PSA Letter of Guarantee until its release on February 6, 2025.

Funding requirements (next 12 months)

The work program calls for:
- To potentially drill, complete, and equip the next horizontal/vertical ARF well; and
- ~$3 million of corporate G&A, lease, and regulatory expenditures.

Sources of funds

Management is evaluating:
1. A secondary equity financing or strategic private placement;
2. A farm-out of a minority working interest in BED-1; and
3. Vendor-backed equipment leasing to reduce upfront cash calls.

Consequences if financing is delayed

Failure to close additional financing on acceptable terms by Q3-2025 would require TAG to defer Phase-2 drilling until 2026, reduce discretionary G&A, and renegotiate vendor payment terms, which could materially postpone production growth. These conditions represent a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern (see Financial Statements, Note 2).

NON-GAAP MEASURES

The Company uses certain terms for measurement within this MD&A that do not have standardized meanings prescribed by generally accepted accounting principles ("GAAP"), including IFRS, and these measurements may differ from other companies and accordingly may not be comparable to measures used by other companies.

Adjusted net loss

The term "adjusted net loss" is not a recognized measure under the applicable IFRS. Management of the Company believes that this term is useful to provide shareholders and potential investors with additional information, in addition to net income activities as defined by IFRS, for evaluating the Company's recurring operating performance, excluding the impact of non-cash impairment charges.

Canadian ('000)	**Three months ended Dec 31, 2024**	Dec 31, 2023	**Twelve months ended Dec 31, 2024**	Nine months ended Dec 31, 2023
Adjusted net loss	**(2,405)**	(2,717)	**(7,831)**	(6,150)
Bad debts	**(179)**	-	**(179)**	-
Gain (loss) on royalty valuation	**1,453**	(654)	**1,318**	(45)
Interest and penalties recovered	**-**	-	**361**	-
Net loss before tax	**(1,131)**	(3,371)	**(6,331)**	(6,195)

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.

Canadian ('000)	**Three months ended Dec 31, 2024**	Dec 31, 2023	**Twelve months ended Dec 31, 2024**	Nine months ended Dec 31, 2023
Cash (used in) provided by operating activities	**(820)**	906	**(5,982)**	(2,924)
Changes in non-cash working capital	**(1,311)**	(2,885)	**(1,011)**	(1,331)
Operating cash flow	**(2,131)**	(1,979)	**(6,993)**	(4,255)

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:

	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

SHARE CAPITAL

a. At December 31, 2024, there were 225,211,693 common shares, 10,825,001 stock options outstanding, 40,093,900 warrants outstanding and 2,208,834 broker warrants outstanding.
b. At April 30, 2025, there were 226,461,693 common shares, 9,625,001 stock options outstanding , 40,093,900 warrants outstanding and 2,208,834 broker warrants outstanding.

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

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.

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 year ended December 31, 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.

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.

The forward-looking statements contained herein are as of December 31, 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 April 30, 2025. 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

Executive Chairman, CEO and Director
Alberta, Canada

Keith Hill, Director
Florida, USA

Thomas Hickey, Director
Maisons-Laffitte, France

Shawn Reynolds, Director
New Jersey, USA

Gavin Wilson, Director
Zurich, Switzerland

Suneel Gupta, VP and COO
Alberta, Canada

Barry MacNeil, CFO
British Columbia, Canada

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

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BANKER

Bank of Montreal
Vancouver, British Columbia

LEGAL COUNSEL

Blake, Cassels & Graydon LLP
Vancouver, British Columbia

AUDITORS

Deloitte LLP
Chartered Professional Accountants
Calgary, Alberta

REGISTRAR AND TRANSFER AGENT

Computershare Investor Services Inc.
100 University Avenue, 9th Floor
Toronto, Ontario
Canada M5J 2Y1
Telephone: 1-800-564-6253
Facsimile: 1-866-249-7775

The Annual General Meeting was held on December 5, 2024 at 10:00 am in Vancouver, British Columbia, Canada.

SHARE LISTING

TSX Venture Exchange *(TSX-V)*
Trading Symbol: TAO
OTCQX Trading Symbol: TAOIF

SHAREHOLDER RELATIONS

Telephone: 604-682-6496
Email: ir@tagoil.com

SHARE CAPITAL

At April 30, 2025, there were 226,461,693 shares issued and outstanding.
Fully diluted: 278,389,428 shares.

WEBSITE

www.tagoil.com

SUBSIDIARIES (at December 31, 2024)

TAG Energy International Ltd.
TAG Southeast RAS Qattara 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