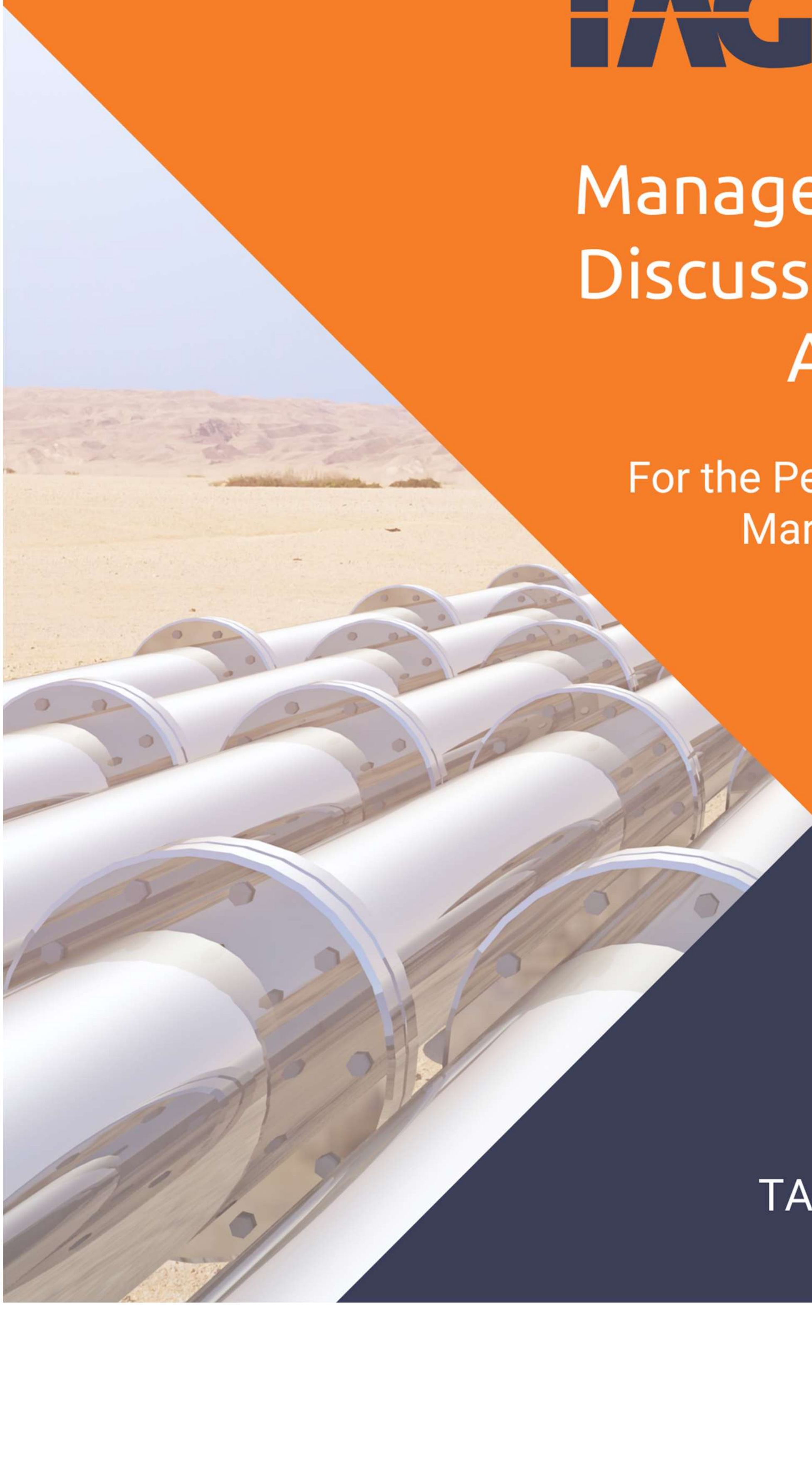
Management's Discussion and Analysis

For the Period Ending
March 31, 2025



TAGOIL.COM

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following Management's Discussion and Analysis ("MD&A") is dated May 30, 2025, for the three month period ended March 31, 2025 and should be read in conjunction with the condensed consolidated interim financial statements for the same period and the audited consolidated financial statements for the year ended December 31, 2024. This MD&A is prepared as required by Form 51-102F1 and is dated May 30, 2025.

The condensed consolidated interim financial statements for the three-month period ended March 31, 2025, have been prepared in accordance with IFRS® Accounting Standards as issued by the International Accounting Standards Board (IASB®) and its interpretations. Results for the three-month period ended March 31, 2025, 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.

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 ("Letter of Gurantee"), originally issued in the amount of US$6.0 million in support of the Company's obligations under the Production Sharing Agreement ("PSA") with BPCO, has been progressively reduced based on approved expenditures.

As at April 30, 2025, the outstanding balance of US$0.4 million was released, fully discharging the Company of any further commitments under the Letter of Guarantee.

RESULTS FROM OPERATIONS

On March 18, 2024, the BED4-T100 ("T100") horizontal well targeting the Abu Roash "F" ("ARF") tight, carbonate reservoir was finished drilling and the rig released. On April 25, 2024, the Company successfully completed the 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 to install a jet pump lift system and surface facilities.

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 the announcement was more than 10,000 barrels (field measured gross oil production).

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 and has now exceeded 25,000 barrels at the end of April 2025 (field gross oil production estimates).

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. Subsequently, 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 April 7, 2025, the Company entered into a definitive asset sale and purchase agreement for the sale of its New Zealand royalty interests ("NZ Royalty"), which subsequently closed on April 22, 2025. As disclosed in Note 11, the NZ Royalty was classified as an asset held for sale at March 31, 2025. On April 22, 2025, the Company completed the sale for total consideration of up to US$2.5 million, comprising (i) cash of US$2.2 million received at closing and (ii) contingent milestone payments of up to US$0.3 million payable on or before December 31, 2027. The disposal will be recognised in Q2-2025; management expects to record a pre-tax gain of approximately $0.2 million, being the excess of proceeds over the carrying amount.

Use of proceeds from December 9, 2024, financing

TAG raised $5.8 million on December 9, 2024, to fund the T100 appraisal program. During December 2024 the T100 well generated incidental oil-sales revenue of $0.46 million against production costs of $0.78 million, resulting in a net cash outflow of $0.32 million. Because only one of the three months in Q4-2024 occurred after the financing, management has applied one-third of that net outflow (~$0.10 million) to the use of proceeds reconciliation. For Q1-2025, the entire net outflow of $0.33 million is included. Adding these amounts to the $0.48 million of capitalized E&E spend brings cumulative use of proceeds to $0.92 million, leaving $4.28 million of the original budgets available for future appraisal activity. TAG will continue to report quarterly on the deployment of the remaining funds until the proceeds are fully expended or formally re-allocated.

Net appraisal spend on pre-commercial test production

IFRS 15 requires TAG to recognise any cash received from selling test oil as "oil sales" and to expense the related lifting and handling costs as "production costs." Operationally, however, these inflows/outflows belong to the T100 appraisal program. Management can therefore show the net outflow in the use of proceeds reconciliation, provided the MD&A clearly explains the bridge to the IFRS presentation.

Period	Oil sales ('000)	Production costs ('000)	Net appraisal spend ('000)
December-2024 (month ended December 31, 2024)	154	259	(105)
Q1-2025 (three months ended March 31, 2025)	325	656	(331)
Cumulative to March 31, 2025	479	915	(436)

Use of proceeds

Activity / Nature of Expenditure	Original plan ('000)	Spent to March 31, 2025 ('000)	Remaining budget ('000)	Explanation
Appraisal and Development Activities	5,200	916	4,284	Components: (i) $0.30 million E&E CAPEX in December 2024; (ii) $0.18 million E&E CAPEX in Q1-2025; (iii) $0.44 million net appraisal cash-outflow.
Unallocated Working Capital	587	587	0	Buffer fully utilized for corporate G&A, lease payments and Egypt branch set-up.
Total	**5,787**	**887**	**4,284**	

Working capital at March 31, 2025, was $4.97 million, comprising $3.20 million of cash and $2.70 million representing the NZ Royalty classified as an asset held for sale. The NZ Royalty was sold on April 22, 2025, for approximately $2.9 million in cash, which increases available liquidity and management will use discretion to apply available funds to the T100 appraisal program and G&A and other items as necessary.

FIRST QUARTER FINANCIAL AND OPERATING HIGHLIGHTS

- At March 31, 2025, the Company had $3.2 million in cash and cash equivalents and $5.0 million in working capital.
- Oil production from the T100 horizontal and BED 1-7 vertical wells for the three month period ended March 31, 2025, was approximately 130 BOPD (field gross producing day average oil rates).
- Cumulative oil production for the first quarter from both wells was approximately 5,171 barrels (field gross oil production). Cumulative oil production from the wells at the end of April 2025, from commencement in April 2023 for BED 1-7 and April 26, 2024, for T100 exceeded 40,000 barrels (field gross oil prior to proration to net oil delivered volumes and net oil inventory changes).
- Production rates on both T100 and BED 1-7 wells has been steady under sucker rod lift systems.
- Oil delivery volumes in Q1-2025 were approximately 5,670 barrels from both wells or equivalently an average of 142 barrels per producing day.
- Deliveries of crude oil from both wells have commenced on a regular basis to GPC Ras Gharib processing facility in the Eastern Desert of Egypt.
- Construction improvements were completed on both well-site early production facilities for improved handling and treatment of the medium grade ARF crude.
- Oil sales of $0.3 million were recorded for the three month period ended March 31, 2025.
- Capital expenditures amounted to $0.2 million for the three month period ended March 31, 2025. The amount consists primarily of exploration and evaluation activities.

BUSINESS ENVIRONMENT

BUSINESS ENVIRONMENT – EGYPT

Egypt's macro-economic backdrop has improved modestly since year-end, yet it remains a critical risk factor for all international operators, including TAG Oil. Urban CPI eased from 34 % year-on-year in December 2024 to 13.9 % in April 2025, reflecting tighter monetary policy and the March 2024 currency float, but the three-year cumulative rate is still roughly 95 %—just below the 100 % IAS 29 hyper-inflation trigger. The Egyptian pound stabilized around EGP 49.8 per US dollar, and the Central Bank trimmed its overnight deposit rate to 24 % in May 2025. An expanded US$8 billion IMF program is supporting foreign-exchange reserves and shortening the payment cycle for state-owned EGPC. Peer Egyptian IOCs (SDX Energy, Pharos Energy, TransGlobe Energy) cite similar macro themes in their latest filings.

For TAG Oil, these conditions translate into both cost pressure and operational opportunities. Imported OCTG and tubular prices are roughly 8 % higher than six months ago, and local service contracts now include CPI-linked escalators. The February 2025 diesel-subsidy reduction lifted fuel costs by about 15 %. Conversely, FX convertibility has improved, allowing modest monthly US-dollar repatriations, and supply-chain disruptions in the Red Sea are mitigated by larger safety-stock inventories and alternative shipping routes. Management hedges EGP exposure with rolling non-deliverable forwards and requires USD-denominated settlement for major procurement.

Egypt has not yet crossed the IAS 29 hyper-inflation threshold; therefore, TAG Oil continues to apply historical-cost accounting, consistent with its peers. The Company will reassess quarterly and adopt IAS 29 if cumulative inflation exceeds 100 %.

Despite ongoing macro risk, Egypt remains core to TAG Oil's growth strategy: attractive fiscal terms, substantial resource potential and a government actively encouraging foreign investment underpin the forward plan. Capital deployment at BED-1 will be phased to align with FX availability and vendor lead times, aided by the US$2.2 million of proceeds from the NZ Royalty sale. With $4.97 million in working capital, disciplined cost controls and robust risk-management tools, management believes the Company is positioned to advance appraisal activities while preserving balance-sheet strength.

Strategic outlook

Egypt remains a core growth jurisdiction given material resource potential and a government policy geared toward attracting foreign E&P investment.

TAG will phase BED-1 capital deployments to align with FX availability and vendor lead times; the NZ Royalty sale proceeds (US$2.2 m) enhance flexibility.

Management continues to screen additional MENA opportunities with similar fiscal terms to diversify country risk.

Conclusion

While Egypt's macro backdrop is improving, elevated inflation and FX constraints remain key uncertainties. TAG's disciplined capital allocation, local-currency risk management and strong liquidity position (C$4.97 m working capital) position the Company to progress appraisal activities while preserving balance-sheet resilience.

Liquidity and Capital Resources

As at March 31, 2025, the Company held $3.2 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 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 condensed consolidated interim 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	**Mar 31, 2025**	Dec 31, 2024	Sept 30, 2024	Jun 30, 2024	Mar 31, 2024	Dec 31, 2023	Sept 30, 2023	Jun 30, 2023
Net production volumes (boe/d)	**63**	102	167	0	0	8	41	44
Total revenue	**325**	461	403	0	0	17	262	307
Production costs	**(656)**	(776)	(551)	(116)	(113)	(461)	(877)	-
Depletion and depreciation	**(116)**	(123)	(79)	(56)	(57)	(65)	(62)	(44)
Foreign exchange (loss) gain	**31**	(34)	1	(51)	338	(60)	326	(400)
Interest and other income	**35**	68	76	138	227	295	268	255
Stock-based compensation	**(64)**	(67)	(110)	(184)	(240)	(341)	(630)	(262)
General and administative	**(1,725)**	(1,933)	(1,672)	(1,927)	(1,426)	(2,004)	(1,124)	(1,353)
Bad debts	**-**	(179)	-	-	-	-	-	-
Exploration expense and other income	**-**	(1)	(10)	-	(17)	(98)	-	(54)
Interest and penalties recovered	**-**	-	-	-	361	-	-	-
(Loss) gain on royalty valuation	**(109)**	1,453	(297)	18	144	(654)	566	43
Loss on sale of assets	**(18)**	-	-	-	-	-	-	-
Net loss before tax	**(2,297)**	(1,131)	(2,239)	(2,178)	(783)	(3,371)	(1,271)	(1,508)
Income tax	**-**	-	-	-	-	-	-	-
Net loss	**(2,297)**	(1,131)	(2,239)	(2,178)	(783)	(3,371)	(1,271)	(1,508)
Loss per share – basic and diluted	**(0.01)**	(0.01)	(0.01)	(0.01)	(0.00)	(0.02)	(0.01)	(0.01)
Adjusted net loss *(1)*	**(2,170)**	(2,405)	(1,942)	(2,196)	(1,288)	(2,717)	(1,837)	(1,551)
Capital expenditures	**179**	1,035	4,781	4,540	5,714	10,072	4,516	3,489
Cash flow (used in) provided by operating activities	**(2,701)**	(820)	(3,291)	(2,970)	1,099	906	(783)	(1,596)

(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 March 31, 2025, the Company reported $0.3 million in revenue and $nil in the quarter ended March 31, 2024. 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 $0.7 million and $0.1 million in March 31, 2024.

The net loss before tax for the quarter ended March 31, 2025, was $2.3 million, an increase from a net loss of $0.8 million in the quarter ended March 31, 2024. The adjusted net loss for the quarter ended March 31, 2025 was $2.2 million and $1.3 million in the quarter ended March 31, 2024. The increase in net loss is attributed primarily to a loss on royalty valuation of $0.1 million compared to a gain of $0.1 million in the quarter ended March 31, 2024, an increase in general and administrative expenses to $1.7 million, up from $1.4 million in the quarter ended March 31, 2024, an increase in production costs to $0.7 million, up from $0.1 million in the quarter ended March 31, 2024, and changes in other financial metrics.

General and Administrative Expenses ("G&A")

	Three months ended		
Canadian ('000)	**Mar 31, 2025**	Dec 31, 2024	Mar 31, 2024
Consulting fees	**125**	259	140
Director fees	**2**	29	29
Filing, listing and transfer agent	**20**	64	24
Insurance	**26**	19	14
Office and administration	**128**	83	156
Professional fees	**133**	358	202
Rent	**28**	29	61
Shareholder relations and communications	**134**	60	135
Travel	**30**	63	172
Wages and salaries	**1,099**	969	493
G&A expenses	**1,725**	1,933	1,426

General and administrative costs increased to $1.7 million for the quarter ended March 31, 2025, from $1.4 million for the quarter ended March 31, 2024. The increase is due to an increase in wages and salaries of $0.6 million, a decrease in professional fees of $0.1 million and a decrease in travel of $0.1 million.

Stock-based Compensation

	Three months ended		
Canadian ('000)	**Mar 31, 2025**	Dec 31, 2024	Mar 31, 2024
Stock-based compensation	**64**	67	240

Stock-based compensation costs are non-cash charges, which reflect the theoretically 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 ending March 31, 2025, 250,000 stock options expired and the Company did not grant or exercise any stock options.

Stock-based compensation decreased to $0.1 million in the quarter ended March 31, 2025, compared to $0.2 million for the quarter ended March 31, 2024. The decrease in total stock-based compensation costs is due to no options granted in the current period.

Depletion and Depreciation

Canadian ('000)	Three months ended **Mar 31, 2025**	Dec 31, 2024	Mar 31, 2024
Depletion, depreciation and accretion	**116**	123	57

Depletion and depreciation expenses slightly increased for the quarter ended March 31, 2025, to $0.1 million compared with $0.1 million for the quarter ended March 31, 2024, the increase is due to the lease in Egypt in the amount of $1.3 million during the year ended December 31, 2024.

Foreign Exchange (Loss) Gain

Canadian ('000)	Three months ended **Mar 31, 2025**	Dec 31, 2024	Mar 31, 2024
Foreign exchange gain (loss)	**31**	(34)	338

The foreign exchange gain (loss) for the quarter ended March 31, 2025, 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 **Mar 31, 2025**	Dec 31, 2024	Mar 31, 2024
Net loss before tax	**(2,297)**	(1,131)	(783)
Income tax	**-**	-	-
Net loss after tax	**(2,297)**	(1,131)	(783)
Loss per share – basic and diluted ($)	**(0.01)**	(0.01)	(0.00)

Cash Flow

Canadian ('000)	Three months ended **Mar 31, 2025**	Dec 31, 2024	Mar 31, 2024
Operating cash flow *(1)*	**(1,755)**	(2,131)	(872)
Cash (used in) provided by operating activities	**(2,701)**	(820)	1,099
Operating cash flow per share – basic and diluted ($)	**(0.01)**	(0.01)	(0.00)

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

Operating cash outflow increased to $1.8 million for the quarter ended March 31, 2025, compared to $0.9 million for the quarter ended March 31, 2024. The increase in operating cash outflow is mainly due to net loss for the quarter ended March 31, 2025 in the amount of $2.3 million, compared to $0.8 million in the quarter ended March 31, 2024, and loss on royalty valuation of $0.1 million in the quarter ended March 31, 2025, compared to a gain on royalty valuation of $0.1 million in the quarter ended March 31, 2024.

CAPITAL EXPENDITURES

Capital expenditures consisted of exploration and evaluation assets of $0.2 million for the quarter ended March 31, 2025. 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.

FUTURE CAPITAL EXPENDITURES

The Company had the following commitments for capital expenditure at March 31, 2025:

Contractual Obligations *Canadian ('000)*	Total	Less than One Year	Two to Five Years	More than Five Years
Operating leases *(1)*	1,641	428	1,213	-
Other long-term obligations *(2)*	657	657	-	-
Total contractual obligations	2,298	1,085	1,213	-

(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)	**Three months ended Mar 31, 2025**	Twelve months ended Dec 31, 2024
Cash and cash equivalents	**3,152**	6,574
Working capital	**4,974**	5,014
Contractual obligations, next twelve months	**1,085**	1,094
Revenue	**325**	864
Cashflow used in operating activities	**(2,701)**	(5,982)

Working capital

At March 31, 2025, TAG held $3.2 million in cash and cash equivalents (December 31, 2024: $6.6 million) and had positive working capital of $5.0 million (December 31, 2024: $5.0 million).

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.

NON-GAAP MEASURES

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

Adjusted net loss

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

	Three months ended		
Canadian ('000)	**Mar 31, 2025**	Dec 31, 2024	Mar 31, 2024
Adjusted net loss	**(2,170)**	(2,405)	(1,288)
Bad debts	**-**	(179)	-
(Loss) gain on royalty valuation and other interests	**(109)**	1,453	144
Loss on sale of assets	**(18)**	-	-
Interest and penalties recovered	**-**	-	361
Net loss before tax	**(2,297)**	(1,131)	(783)

Reconciliation of Operating Cash Flow

Cash flow used in operating activities before changes in non-cash working capital is a non-GAAP measure. Cash flow used in operating activities before changes in non-cash working capital is a measure that represents cash generated from operating activities before changes in non-cash working capital. Management considers this a key measure as it demonstrates the Company's ability to generate the cash flows necessary to fund future growth through capital investment.

	Three months ended		
Canadian ('000)	**Mar 31, 2025**	Dec 31, 2024	Mar 31, 2024
Cash provided by (used in) operating activities	**(2,701)**	(820)	1,099
Changes in non-cash working capital	**(946)**	(1,311)	(1,971)
Operating cash flow	**(1,755)**	(2,131)	(872)

OFF-BALANCE SHEET ARRANGEMENTS AND PROPOSED TRANSACTIONS

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

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

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

RELATED PARTY TRANSACTIONS

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

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

	Three months ended		
Canadian ('000)	**Mar 31, 2025**	Dec 31, 2024	Mar 31, 2024
Stock-based compensation	**30**	67	136
Management wages and director fees	**145**	265	277
Total management compensation	**175**	332	413

SHARE CAPITAL

a. At March 31, 2025, there were 226,461,693 common shares, 10,575,001 stock options outstanding, 40,093,900 warrants outstanding and 2,208,834 broker warrants outstanding.
b. At May 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

The Company entered into a definitive asset sale and purchase agreement dated April 7, 2025, for the sale of its NZ Royalty, which subsequently closed on April 22, 2025. As disclosed in Note 11, the NZ Royalty was classified as an asset held for sale at March 31, 2025. On April 22, 2025, the Company completed the sale for total consideration of up to US$2.5 million, comprising (i) cash of US$2.2 million received at closing, and (ii) contingent milestone payments of up to US$0.3 million payable on or before December 31, 2027. The disposal will be recognised in Q2-2025; management expects to record a pre-tax gain of approximately C$0.2 million, being the excess of proceeds over the carrying amount.

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 quarter ended March 31, 2025.

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 March 31, 2025, 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 May 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

Abdel (Abby) Badwi
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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Deloitte LLP
Chartered Professional Accountants
Calgary, Alberta

REGISTRAR AND TRANSFER AGENT

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

WEBSITE

www.tagoil.com

SUBSIDIARIES (at March 31, 2025)

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