



TAGOIL

Management's Discussion and Analysis

For the Year Ending
DECEMBER 31, 2025

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MANAGEMENT'S DISCUSSION AND ANALYSIS

The following Management's Discussion and Analysis ("MD&A") is for the year ended December 31, 2025 and should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2025 and December 31, 2024. This MD&A is prepared as required by Form 51-102F1 and is dated April 28, 2026.

The audited consolidated financial statements for the year ended December 31, 2025, 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, 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 Egypt and the broader Middle East and North Africa ("MENA") region. 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").

TAG's long-term plan is to deliver sustainable shareholder value through the evaluation of new acquisitions and joint venture opportunities of large unconventional resource plays 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 on the recently awarded Southeast Ras Qattara (SERQ) concession.

TAG CORPORATE

The letter of guarantee ("Letter of Guarantee"), originally issued in the amount of US\$6.0 million in support of the Company's obligations under the PSA with BPCO, was fully released as at April 30, 2025, fully discharging the Company of any further commitments under the Letter of Guarantee.

RESULTS FROM OPERATIONS

On March 30, 2023, the Company announced the successful re-entry and installation of the completion string at the Bed 1-7 well, which has now produced more than 22,000 barrels of oil (field measured gross production), cumulative to the end of 2025. On March 18, 2024, the Company initiated drilling the BED4-T100 ("T100") horizontal well targeting the Abu Roash "F" ("ARF") tight, carbonate reservoir and the rig was 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. Total oil produced from T100 as of December 31, 2025 was more than 40,000 barrels of oil (field measured gross 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.

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

On April 22, 2025, the Company announced that it closed the sale of its New Zealand royalty interests. 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 contingent portion was not recognized due to low likelihood of realization, based on current production and market

outlook.

On June 9, 2025, the Company announced that it closed the sale of its Australian royalty interests (3.0% gross overriding royalty on future potential of production revenue from exploration permits PL 17, ATP 2037 and ATP 2038). The Company completed the sale for total consideration of US\$1,000,000, received in cash at closing.

On November 3, 2025, the Company signed an agreement with Badr Petroleum Company, holder of the BED-1 concession, to extend the evaluation period under the existing petroleum services agreement for three years, up to October 13, 2028. During the extension period, the Company commits to drill two additional wells at BED-1 and subject to drilling results, TAG Oil may elect to proceed with full-scale commercial development of the Abu Roash “F” reservoir. To support this \$6 million drilling program, TAG Oil will provide a \$750,000 guarantee secured by production revenue from existing and future Company wells.

On October 31, 2025, the Company received approval to enter into a petroleum services agreement (“PSA”) by the Egyptian National Petroleum for Exploration and Development Company (“ENPEDCO”) for the development of the unconventional Abu Roash “F” (“ARF”) reservoir within the Southeast Ras Qattara concession (“SERQ Concession”) in Egypt’s Western Desert. The SERQ Concession spans approximately 2,000 km² (512,000 acres) and benefits from extensive existing subsurface data, including full 3D seismic coverage and several existing wellbores. The area has a record of conventional oil production from deeper formations that intersect the ARF reservoir. Conventional production will remain and continue to be developed by ENPEDCO. TAG Oil will have access to several shut-in wells within the concession offering low-cost re-entry opportunities to evaluate the ARF’s unconventional potential.

On December 1, 2025, the Company announced that Douglas C. Urch was appointed Vice President and CFO, effective January 1, 2026, to succeed Mr. Barry MacNeil as CFO.

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 2025, the entire net outflow was \$0.93 million.

To continue appraisal of the T100 well and continue production appraisal of the 1-7 re-entry well, and considering that both wells having minimal production revenue not sufficient to cover operating costs, management has reallocated the remaining appraisal and development activities budget to cover operating expenses for 2025 and for working capital, inclusive of office lease and staff termination obligations.

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)
2025 (year ended December 31, 2025)	1,388	2,315	(927)
Cumulative to December 31, 2025	1,542	2,574	(1,032)

Use of proceeds

Activity / Nature of Expenditure	Original plan ('000)	Spent to Dec 31, 2025 ('000)	Remaining budget ('000)	Explanation
Appraisal and Development Activities	5,200	2,093	3,107	Components: (i) \$0.33 million E&E CAPEX in December 2024; (ii) \$0.731 million E&E CAPEX in 2025; (iii) \$1.032 million net appraisal cash-outflow.
Unallocated Working Capital	587	3,107	(3,107)	Utilized for corporate G&A, lease payments and Egypt branch set-up, including one-time restructuring costs.
Total	5,787	5,787	0	

Working capital at December 31, 2025, was \$1.91 million, comprising \$2.55 million of cash and \$0.60 million of other current assets, less current liabilities of \$1.24 million.

FINANCIAL SNAPSHOT

	For the year ended December 31, 2025	For the year ended December 31, 2024	For the nine months ended December 31, 2023
<i>Canadian ('000), except per share or boe.</i>			
Oil production (bbl/d)	84	50	31
Gas production (MMcf/d)	0	0	0
Combined boe/d	84	50	31
Oil & gas revenue per boe ⁽²⁾	\$45.15	\$47.73	\$0.00
Production costs per boe ⁽²⁾	(\$75.31)	(\$85.97)	(\$0.00)
Royalties per boe ⁽²⁾	(\$0.00)	(\$0.00)	(\$0.00)
Operating netback per boe ^{(1),(1)}	(\$30.16)	(\$38.24)	\$0.00
Revenue	\$1,388	\$864	\$586
Cashflow from operating activities	(\$5,952)	(\$5,982)	(\$2,924)
Net loss before tax	(\$4,798)	(\$6,331)	(\$6,150)
Income tax	\$0	\$0	\$0
Net loss for the year	(\$4,798)	(\$6,331)	(\$6,150)
Loss per share – basic and diluted	(\$0.02)	(\$0.03)	(\$0.04)
Total assets	\$44,760	\$55,085	\$53,910
Asset retirement obligation	\$0	\$0	\$0
Deferred tax liability	\$0	\$0	\$0
Shareholders equity	\$42,745	\$49,349	\$46,484

(1) 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.

(2) 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

During fiscal 2025, the Company continued production of the T100 and BED1-7 wells 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. Additionally, in October 2025, TAG was awarded the SERQ concession and will begin activities when the PSA is signed, expected in Q2 2026.

Total assets decreased by \$10.3 million to \$44.8 million as at December 31, 2025, compared to \$55.1 million as at December 31, 2024. The decrease is primarily attributable to decrease in cash and royalty and other interests.

For the year ended December 31, 2025, the Company incurred production costs of \$2.3 million and generated revenue of \$1.4 million. By comparison, for the year ended December 31, 2024, production costs totaled \$1.6 million and revenue was \$0.9 million.

The net loss for the year ended December 31, 2025, was \$4.8 million, primarily due to general and administrative (G&A) expenses, including wages and salaries of \$2.7 million, professional fees of \$0.6 million, consulting fees of \$0.5 million, office and administration costs of \$0.5 million, shareholder relations and communications of \$0.5 million, and travel expenses of \$0.2 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 year-over-year decrease in net loss reflects the Company's focus to transition to a lower cost G&A structure at the conceptual level of the development program.

FOURTH QUARTER FINANCIAL AND OPERATING HIGHLIGHTS

- At December 31, 2025, the Company had \$2.5 million in cash and \$1.9 million in working capital.
- Oil production from the T100 horizontal and BED 1-7 vertical wells for the three month period ended December 31, 2025 was approximately 80 BOPD (barrels of oil per day), representing 7,361 barrels (field gross producing).
- Cumulative oil production from the wells at the end of December 2025, from commencement on April 23, 2023 for BED 1-7 and April 26, 2024, for T100 exceeded 83,000 barrels (field gross oil prior to proration to sales oil delivered volumes and crude oil inventory changes).
- Production rate on T100 and BED 1-7 wells has been steady under sucker rod lift systems.
- Oil delivery volumes in Q4-2025 were approximately 6,161 barrels from both wells, representing 67 BOPD.
- Deliveries of crude oil from both wells have continued on a regular basis to the GPC Ras Gharib processing facility in the Eastern Desert of Egypt.
- Oil sales of \$0.3 million were recorded for the three month period ended December 31, 2025.
- Capital expenditures amounted to \$nil for the three month period ended December 31, 2025 and \$0.8 million for the year ended December 31, 2025. 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. Egypt is not directly impacted by the current Iran conflict in the Middle East region, however economic aspects can be expected.

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 – 2026 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 by announcing improved fiscal terms and by expediting payments of oil and gas sales receivables from EGPC to international oil companies, provides a foundation for long-term growth.

TAG Oil will continue using unconventional technology to develop the BED-1 and SERQ concessions. The Company remains open to joint venture partners as the development concept results materialize. 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, 2025, the Company held \$2.5 million in cash and cash equivalents and had positive working capital of \$1.9 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. 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 2026.

Subsequent Event – February 2026 financing

On February 18, 2026, the Company announced that it closed a brokered offering of Units of the Company at a price of \$0.10 per Unit for aggregate gross proceeds of \$11,500,000. Each unit consists of one common share and one share purchase warrant. Each warrant entitles the holder to purchase one common share at an exercise price of \$0.13 per common share until February 18, 2030. In connection with the offering, the Company paid Agents a cash commission of \$704,320 and issued 7,043,200 broker warrants. Each broker warrant is exercisable to acquire one share at a price of \$0.10 per share until February 18, 2030. In addition, the Company paid an advisory fee of \$98,500 plus tax and issued 985,000 advisory warrants with the same terms as the broker warrants. The Company also paid Agents a corporate finance advisory fee consisting of 750,000 units.

The Company intends to use the net proceeds of the Offerings to advance appraisal and development activities at both the **BED-1** and **SERQ** concessions in the Western Desert, Egypt and for working capital and general corporate purposes. Activities to be advanced with the financing proceeds include a) the drilling of a new vertical delineation well at BED-1 in the unconventional **ARF** resource play targeting lighter gravity crude in a high intensity natural fractured area and b) perform a Diagnostic Fracture Injectivity Test (DFIT) in an existing wellbore to evaluate the ARF potential at the SERQ Concession. In connection with the upsize, TAG also plans to drill an additional well on the SERQ Concession to advance the unconventional resource play, alongside the drilling of the already planned vertical delineation well at BED-1.

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.

The Company has a positive working capital balance of \$1.9 million at December 31, 2025, and with the proceeds from the February 2026 financing, is well positioned for the next twelve months.

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 has a good track record of raising funds through the issuance of equity securities, there can be no assurance that the Company will be able to raise sufficient funds in the future.

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

<i>Three months ended in</i>	Dec	Sept	Jun	Mar	Dec	Sept	Jun	Mar
<i>Canadian ('000), except per share or boe</i>	31,	30,	30,	31,	31,	30,	30,	31,
	2025	2025	2025	2025	2024	2024	2024	2024
Net production volumes (boe/d)	80	70	70	63	102	167	-	-
Total revenue	346	337	380	325	461	403	-	-
Production costs	(632)	(514)	(513)	(656)	(776)	(551)	(116)	(113)
Depletion and depreciation	(78)	(85)	(87)	(116)	(123)	(79)	(56)	(57)
Foreign exchange (loss) gain	(28)	46	(40)	31	(34)	1	(51)	338
Interest and other income	24	43	26	35	68	76	138	227
Stock-based compensation	-	(5)	(30)	(64)	(67)	(110)	(184)	(240)
General and administrative	(1,308)	(910)	(1,277)	(1,725)	(1,933)	(1,672)	(1,927)	(1,426)
Bad debts	-	-	-	-	(179)	-	-	-
Exploration expense	(1)	(8)	(1)	-	(1)	(10)	-	(17)
Interest and penalties recovered	-	-	-	-	-	-	-	361
Gain on lease modification	-	28	-	-	-	-	-	-
Gain on sale of royalties	206	-	1,625	-	-	-	-	-
(Loss) gain on royalty valuation	-	-	-	(109)	1,453	(297)	18	144
Loss on sale of assets	-	-	-	(18)	-	-	-	-
Loss on property plant and equipment	(45)	-	-	-	-	-	-	-
Net (loss) income before tax	(1,516)	(1,068)	83	(2,297)	(1,131)	(2,239)	(2,178)	(783)
Income tax	-	-	-	-	-	-	-	-
Net (loss) income	(1,516)	(1,068)	83	(2,297)	(1,131)	(2,239)	(2,178)	(783)
(Loss) earnings per share – basic	(0.01)	(0.00)	0.00	(0.01)	(0.01)	(0.01)	(0.01)	(0.00)
(Loss) earnings per share – diluted	(0.01)	(0.00)	0.00	(0.01)	(0.01)	(0.01)	(0.01)	(0.00)
Adjusted net loss ⁽¹⁾	(1,677)	(1,096)	(1,542)	(2,170)	(2,405)	(1,942)	(2,196)	(1,288)
Capital expenditures	-	350	265	179	1,035	4,781	4,540	5,714
Cash flow (used in) provided by operating activities	(828)	(954)	(1,469)	(2,701)	(820)	(3,291)	(2,970)	1,099

(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, 2025, the Company reported \$0.3 million in revenue and \$0.5 million in the quarter ended December 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 the BED 1-7 was returned to production after completing a reservoir pressure build-up assessment to determine the extent of the ARF reservoir. Production costs for the latest quarter were \$0.6 million and \$0.8 million in December 31, 2024.

The net loss before tax for the quarter ended December 31, 2025, was \$1.5 million, an increase from a net loss of \$1.1 million in the quarter ended December 31, 2024. The adjusted net loss for the quarter ended December 31, 2025 was \$1.7 million and \$2.4 million in the quarter ended December 31, 2024.

General and Administrative Expenses ("G&A")

<i>Canadian ('000)</i>	Three months ended		Year ended	Year ended
	Dec 31, 2025	Dec 31, 2024	Dec 31, 2025	Dec 31, 2024
Consulting fees	91	259	489	964
Director fees	3	29	10	118
Filing, listing and transfer agent	17	64	63	128
Insurance	20	19	86	70
Office and administration	142	83	490	695
Professional fees	197	358	647	803
Rent	11	29	91	181
Reports	-	-	33	31
Shareholder relations and communications	75	60	459	649
Travel	61	63	168	507
Wages and salaries	691	969	2,684	2,812
Oil and Gas G&A expenses	1,308	1,933	5,220	6,958

General and administrative costs decreased to \$1.3 million for the quarter ended December 31, 2025, from \$1.9 million for the quarter ended December 31, 2024. The decrease is primarily due to a decrease in consulting fees of \$0.2 million, wages and salaries of \$0.3 million, and consulting of \$0.2. The reductions reflect the Company's restructuring and cost cutting program, and will result in lower G&A in 2026.

Stock-based Compensation

<i>Canadian ('000)</i>	Three months ended		Year ended	Year ended
	Dec 31, 2025	Dec 31, 2024	Dec 31, 2025	Dec 31, 2024
Stock-based compensation	-	67	99	601

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.

During the year ended December 31, 2025, no stock options were exercised or granted, and 7,166,667 options expired or were cancelled.

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

Depletion and Depreciation

<i>Canadian ('000)</i>	Three months ended		Year ended	
	Dec 31,	Dec 31,	Dec 31,	Year ended
	2025	2024	2025	Dec 31,
				2024
Depletion, depreciation and accretion	78	123	366	315

Depletion and depreciation expenses decreased for the quarter ended December 31, 2025 to \$0.08 million compared with \$0.12 million for the quarter ended December 31, 2024, the decrease is due to the lease in the quarter ended December 31, 2024 in the amount of \$1.3 million.

Foreign Exchange (Loss) Gain

<i>Canadian ('000)</i>	Three months ended		Year ended	
	Dec 31,	Dec 31,	Dec 31,	Year ended
	2025	2024	2025	Dec 31,
				2024
Foreign exchange (loss) gain	(28)	(34)	9	254

The foreign exchange (loss) gain for the quarter ended December 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

<i>Canadian ('000)</i>	Three months ended		Year ended	
	Dec 31,	Dec 31,	Dec 31,	Year ended
	2025	2024	2025	Dec 31,
				2024
Net loss before tax	(1,516)	(1,131)	(4,798)	(6,331)
Income tax	-	-	-	-
Net loss after tax	(1,516)	(1,131)	(4,798)	(6,331)
Loss per share – basic and diluted (\$)	(0.01)	(0.01)	(0.02)	(0.03)

Cash Flow

<i>Canadian ('000)</i>	Three months ended		Year ended	
	Dec 31,	Dec 31,	Dec 31,	Year ended
	2025	2024	2025	Dec 31,
				2024
Operating cash flow ⁽¹⁾	(1,595)	(2,131)	(5,730)	(6,993)
Cash used in operating activities	(828)	(820)	(5,952)	(5,982)
Operating cash flow per share before non-cash working capital – basic and diluted (\$)	(0.00)	(0.01)	(0.00)	(0.04)

(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 decreased to \$1.6 million for the quarter ended December 31, 2025, compared to \$2.1 million for the quarter ended December 31, 2024.

CAPITAL EXPENDITURES

Capital expenditures consisted of exploration and evaluation assets of \$0.7 million and capital leases, office equipment and leasehold improvements of \$0.0 million for the year ended December 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 December 31, 2025:

<i>Contractual Obligations Canadian ('000)</i>	Total	Less than One Year	Two to Five Years	More than Five Years
Operating leases ⁽¹⁾	1,077	237	840	-
Other long-term obligations	-	-	-	-
Total contractual obligations	1,077	237	840	-

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

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

<i>Canadian ('000)</i>	At and for the year ended Dec 31, 2025	At and for the year ended Dec 31, 2024
Cash and cash equivalents	2,548	6,574
Working capital	1,908	5,014
Contractual obligations, next twelve months	237	1,094
Revenue	1,388	864
Cashflow used in operating activities	(5,952)	(5,982)

Working capital

At December 31, 2025, TAG held \$2.5 million in cash and cash equivalents (2024: \$6.6 million) and had positive working capital of \$1.9 million (2024: \$5.0 million). Restricted cash totaled \$0.1 million.

Funding requirements (next 12 months)

The work program calls for:

The Company to advance appraisal and development activities at both the **BED-1** and **SERQ** concessions, in the Western Desert, Egypt and for working capital and general corporate purposes. Activities include a) the drilling of a new vertical delineation well at BED-1 in the unconventional Abu Roash "F" ("**ARF**") resource play targeting lighter gravity crude in a high intensity natural fractured area and b) perform a Diagnostic Fracture Injectivity Test (DFIT) in an existing wellbore to evaluate the ARF potential at the SERQ concession. In connection, TAG also plans to drill an additional well on the SERQ concession to advance the unconventional resource play, alongside the drilling of the already planned vertical delineation well at BED-1.

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.

<i>Canadian ('000)</i>	Three months ended		Year ended	Year ended
	Dec 31, 2025	Dec 31, 2024	Dec 31, 2025	Dec 31, 2024
Adjusted net loss	(1,677)	(2,405)	(6,485)	(7,831)
Bad debts	-	(179)	-	(179)
Gain on lease modification	-	-	28	-
Gain on sale of royalties	206	-	1,831	-
Loss on sale of assets	-	-	(18)	-
Loss on property plan and equipment	(45)	-	(45)	-
Gain (loss) on royalty valuation	-	1,453	(109)	1,318
Interest and penalties recovered	-	-	-	361
Net loss before tax	(1,516)	(1,131)	(4,798)	(6,331)

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.

<i>Canadian ('000)</i>	Three months ended		Year ended	Year ended
	Dec 31, 2025	Dec 31, 2024	Dec 31, 2025	Dec 31, 2024
Cash used in operating activities	(828)	(820)	(5,952)	(5,982)
Changes in non-cash working capital	(767)	(1,311)	222	(1,011)
Operating cash flow	(1,595)	(2,131)	(5,730)	(6,993)

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, 2025	Year ended December 31, 2024
Stock-based compensation	\$ 41	\$ 355
Management wages and director fees	675	1,096
Total management compensation	\$ 716	\$ 1,451

The breakdown for the related party transactions during the year ended December 31, 2025:

<i>Related Parties</i>	<i>Role</i>	<i>Salaries</i>	<i>Stock-based compensation</i>	<i>Total</i>
Abdel Badwi	Executive Chairman, CEO and Director	200	8	208
Suneel Gupta	VP and COO	200	2	202
Barry MacNeil	CFO	275	10	285
Gavin Wilson	Independent Director	-	3	3
Keith Hill	Independent Lead Director	-	10	10
Thomas Hickey	Independent Director	-	6	6
Shawn Reynolds	Independent Director	-	2	2
		675	41	716

SHARE CAPITAL

- a. At December 31, 2025, there were 226,461,693 common shares, 3,658,334 stock options outstanding, 40,093,900 warrants outstanding and 2,208,834 broker warrants outstanding.
- b. At April 28, 2026, there were 342,211,693 common shares, 15,658,334 stock options outstanding, 155,093,900 warrants outstanding and 10,987,034 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 February 18, 2026, the Company announced that it closed a brokered offering of 115,000,000 Units of the Company at a price of \$0.10 per Unit for aggregate gross proceeds of \$11,500,000. Each unit consists of one common share and one share purchase warrant. Each warrant entitles the holder to purchase one common share at an exercise price of \$0.13 per common share until February 18, 2030. In connection with the offering, the Company paid Agents a cash commission of \$704,320 and issued 7,043,200 broker warrants. Each broker warrant is exercisable to acquire one share at a price of \$0.10 per share until February 18, 2030. In addition, the Company paid an advisory fee of \$98,500 plus tax and issued 985,000 advisory warrants with the same terms as the broker warrants. The Company also paid Agents a corporate finance advisory fee consisting of 750,000 units.

On March 4, 2026 the Company announced the grant of 11,850,000 stock options at a price of \$0.10 per common share

to certain directors, officers, and personnel of the Company. The options have a term of five years from the grant date and will vest over a period of two years.

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, 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 December 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 April 28, 2026. 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

Douglas C. Urch, VP & CFO
Texas, USA

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

CORPORATE OFFICE

1050 W. Pender Street
Suite 1710

Vancouver, British Columbia
Canada V6E 3S7
Telephone: 1-604-682-6496
Facsimile: 1-604-682-1174

BANKER

Bank of Montreal
Vancouver, British Columbia

SUBSIDIARIES (at December 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

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 4, 2025 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 28, 2026, there were 342,211,693 shares
issued and outstanding.
Fully diluted: 523,950,961 shares.

WEBSITE

www.tagoil.com