

Condensed Consolidated Interim Financial Statements

Three months ended March 31, 2026 and 2025
(Unaudited)

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

NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3) (a) continuous disclosure requirement, if any auditor has not performed a review of the condensed interim consolidated financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim consolidated financial statements have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these Condensed Interim Consolidated Financial Statements.

Condensed Consolidated Interim Statements of Financial Position

(Expressed in thousands of Canadian Dollars)

Unaudited

	Note	March 31, 2026	December 31, 2025
Assets			
Current:			
Cash		\$ 11,491	\$ 2,548
Accounts receivable		633	419
Prepaid expenses		243	179
		12,367	3,146
Non-Current:			
Exploration and evaluation	2	41,273	40,446
Property, plant and equipment	3	972	1,050
Restricted cash	4	119	118
		\$ 54,731	\$ 44,760
Liabilities and Shareholders' Equity			
Current:			
Accounts payable and accrued liabilities	5	\$ 830	\$ 967
Lease liabilities	6	267	338
		1,097	1,238
Non-Current:			
Long term portion of lease liabilities	6	732	777
		1,829	2,015
Shareholders' Equity:			
Share capital	7	272,174	262,241
Stock-based payment reserve	7	25,014	24,248
Accumulated other comprehensive income		1,024	360
Deficit		(245,310)	(244,304)
		52,902	42,745
		\$ 54,731	\$ 44,760

Nature of Operations (Note 1)

Subsequent events (Note 11)

See accompanying notes to the Condensed Consolidated Interim Financial Statements.

Approved by the Board of Directors:

"Abby Badwi"

Abdel (Abby) Badwi, Director

"Shawn Reynolds"

Shawn Reynolds, Director

Condensed Consolidated Interim Statements of Comprehensive Loss
(Expressed in thousands of Canadian Dollars, except for share information)
Unaudited

	Note	Three months ended March 31,	
		2026	2025
Income			
Oil sales		\$ 307	\$ 325
Expenses			
Depletion, depreciation and accretion		(85)	(116)
Foreign exchange gain		21	31
General and administration		(562)	(1,725)
Interest and other income		40	35
Production costs		(436)	(656)
Stock-based compensation		(271)	(64)
		(1,293)	(2,495)
Other Items			
Loss on royalty valuation		-	(109)
Loss on sale of assets	3	(20)	(18)
		(20)	(127)
Net loss for the period		\$ (1,006)	\$ (2,297)
Other comprehensive income			
(Loss) gain on translation of foreign operations		664	(33)
Net comprehensive loss for the period		\$ (342)	\$ (2,330)
Loss per share – basic and diluted	7	\$ (0.00)	\$ (0.01)

See accompanying notes to the Condensed Consolidated Interim Financial Statements.

Condensed Consolidated Interim Statements of Cash Flows

(Expressed in thousands of Canadian Dollars)

Unaudited

	Note	Three months ended March 31,	
		2026	2025
Operating Activities			
Net loss for the period		\$ (1,006)	\$ (2,297)
Changes for non-cash operating items:			
Depletion, depreciation and accretion	3	85	116
Employment severance package		-	200
Share issue costs		495	-
Foreign exchange loss (gain)		492	40
Loss (gain) on royalty valuation		-	109
Loss on sale of assets	3	20	18
Interest on restricted cash		(1)	(5)
Stock-based compensation	7	271	64
		356	(1,755)
Changes for non-cash working capital accounts:			
Increase in trade receivable and other		(215)	(266)
(Increase) decrease in prepaid expenses		(64)	120
(Decrease) in accounts payable and accrued liabilities		(605)	(800)
Cash (used in) provided by operating activities		(528)	(2,701)
Financing Activity			
Principal repayment of lease liability		(55)	(105)
Private placement		11,500	-
Share issue costs		(1,767)	-
Cash provided by (used in) financing activities		9,678	(105)
Investing Activities			
Exploration and evaluation additions	2	(223)	(879)
Proceeds on sale of assets	3	-	1
Proceeds received on royalty and other interests		-	263
Cash used in investing activities		(223)	(615)
Effect of exchange rate changes on cash and cash equivalents held in foreign currency			
		16	(1)
Net increase (decrease) in cash during the period			
Change in restricted cash		-	-
Cash – beginning of the period		2,548	6,574
Cash– end of the period		\$ 11,491	\$ 3,152

See accompanying notes to the Condensed Consolidated Interim Financial Statements.

Condensed Consolidated Interim Statements of Changes in Equity
(Expressed in thousands of Canadian Dollars, except for share information)
Unaudited

	Number of Shares (Note 7)	Share Capital (Note 7)	Stock- Based Payments	Accumulated Other Comprehensive (Loss) Income	Deficit	Total Equity
Balance as at January 1, 2025	225,211,693	\$ 262,241	\$ 24,149	\$ 2,465	\$ (239,506)	\$ 49,349
Employment severance package	1,250,000	200	-	-	-	200
Stock-based compensation	-	-	64	-	-	64
Comprehensive loss	-	-	-	(33)	(2,297)	(2,330)
Balance as at March 31, 2025	226,461,693	\$ 262,441	\$ 24,213	\$ 2,432	\$ (241,803)	\$ 47,283
Balance as at January 1, 2026	226,461,693	\$ 262,441	\$ 24,248	\$ 360	\$ (244,304)	\$ 42,745
Private Placement	115,000,000	11,500	-	-	-	11,500
Finders Fee	750,000	(1,767)	495	-	-	(1,272)
Stock-based compensation	-	-	271	-	-	271
Comprehensive loss	-	-	-	664	(1,006)	(342)
Balance as at March 31, 2026	342,211,693	\$ 272,174	\$ 25,014	\$ 1,024	\$ (245,310)	\$ 52,902

See accompanying notes to the Condensed Consolidated Interim Financial Statements.

Notes to the Condensed Consolidated Interim Financial Statements

Three Months Ended March 31, 2026 and 2025

(Expressed in thousands of Canadian Dollars, unless otherwise stated, except per share, options or warrants)
Unaudited

Note 1 – Nature of Operations

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

These condensed consolidated interim financial statements have been prepared in accordance and comply with IFRS[®] Accounting Standards as issued by the International Accounting Standards Board (IASB[®]), specifically IAS 34, Interim Financial Reporting.

The accounting policies applied by the Company in the condensed consolidated interim financial statements are the same as those applied by the Company in its most recent annual consolidated financial statements for the year ended December 31, 2025. However, as they are prepared on a condensed basis, they may lack certain disclosures required in annual financial statements. Accordingly, they should be read in conjunction with the Company’s last annual audited financial statements as at and for year ended December 31, 2025, issued on April 29, 2026.

These condensed consolidated interim financial statements were authorized for issuance on May 29, 2026, by the directors of the Company.

Going Concern

These condensed consolidated interim 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 \$11.2 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. 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.

Note 2 – Exploration and Evaluation

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

	Abu Roash “F”
As at December 31, 2024	\$ 41,710
Additions	731
Foreign exchange movement	(1,995)
As at December 31, 2025	40,446
Additions	136
Foreign exchange movement	691
As at March 31, 2026	\$ 41,273
Carry amounts	
As at December 31, 2025	\$ 40,446
As at March 31, 2026	\$ 41,273

On October 13, 2022, the Company was awarded the petroleum services agreement (the “PSA”) for the development of the unconventional Abu Roash “F” reservoir in the Badr Oil Field, Western Desert, Egypt, by Badr Petroleum Company, subject to various conditions. In addition, the Company is also obligated under the PSA to provide equal to US\$50,000 at the beginning of each financial year towards training technology transfer.

Note 3 – Property and Equipment

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

	Right-of-use Assets	Office Equipment and Leasehold Improvements	Total
Cost			
As at December 31, 2024	\$ 2,032	\$ 274	\$ 2,306
Additions	45	-	45
Disposals	(580)	(71)	(651)
Foreign exchange movements	(69)	(3)	(72)
As at December 31, 2025	1,429	200	1,628
Disposals	(93)	(9)	(102)
Foreign exchange movements	22	1	23
As at March 31, 2026	\$ 1,357	\$ 192	\$ 1,549
Accumulated depletion and depreciation			
As at December 31, 2024	\$ (606)	\$ (156)	\$ (762)
Depletion and depreciation	(342)	(24)	(366)
Disposals	494	44	538
Foreign exchange movements	13	(1)	12
As at December 31, 2025	(441)	(137)	(578)
Depletion and depreciation	(81)	(4)	(85)
Disposals	21	1	22
Foreign exchange movements	66	-	66
As at March 31, 2026	\$ (435)	\$ (142)	\$ (577)
Carry amounts			
As at December 31, 2025	\$ 988	\$ 62	\$ 1,050
As at March 31, 2026	\$ 922	\$ 50	\$ 972

Note 4 – Restricted Cash

	March 31, 2026	December 31, 2025
Mastercard securities	\$ 119	\$ 118
	\$ 119	\$ 118
Current portion of restricted cash	\$ -	\$ -
Long-term portion of restricted cash	119	118
	\$ 119	\$ 118

Note 5 – Accounts Payable and Accrued Liabilities

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

	March 31, 2026	December 31, 2025
Accounts payable	\$ 494	\$ 473
Accrued liabilities	336	494
	\$ 830	\$ 967

Note 6 – Lease Liabilities

The Company has the following lease obligations outstanding:

As at December 31, 2024	\$ 1,488
Additions	45
Disposal	(86)
Interest expense	44
Lease payments	(337)
Foreign exchange movement	(106)
As at December 31, 2025	\$ 1,048
Interest expense	10
Lease payments	(65)
Foreign exchange movement	6
As at March 31, 2026	\$ 999
Current portion of lease liabilities	267
Long-term portion of lease liabilities	732
	\$ 999

Note 7 – Share Capital

a) Authorized and Issued Share Capital

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

During the three months ended March 31, 2026:

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.

No stock options or warrants were exercised.

During the year ended December 31, 2025:

On January 7, 2025, the Company issued 1,250,000 common shares at \$0.16 per share for an employment severance package.

b) Incentive Stock Options

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

Stock Options March 31, 2026

During the three month ended March 31, 2026, 12,000,000 stock options were granted.

The following is a continuity of outstanding stock options:

	Options	Weighted Average of Exercise Price
Balance as at December 31, 2023	10,825,001	\$ 0.52
Cancelled/expired during the year	(7,166,667)	0.60
Balance as at December 31, 2025	3,658,334	\$ 0.70
Granted during the period	12,000,000	0.10
Balance as at March 31, 2025	15,658,334	\$ 0.24

The following table summarizes information about stock options that are outstanding at March 31, 2026:

Number of Options	Price per Share	Expiry Date	Options Exercisable
50,000	\$0.45	June 28, 2026	50,000
333,334	\$0.70	December 15, 2027	333,334
2,500,000	\$0.70	February 9, 2028	2,500,000
775,000	\$0.70	July 5, 2028	775,000
12,000,000	\$0.10	March 4, 2031	4,000,000
15,658,334			7,658,334

As at March 31, 2026, the weighted average contractual remaining life is 4.22 years.

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

	Risk-free interest rate	Expected stock price volatility	Expected option life in years	Dividend rate
June 28, 2021	0.97%	81.33%	5 Years	Nil
December 15, 2022	1.59%	88.00%	5 Years	Nil
February 9, 2023	1.62%	88.05%	5 Years	Nil
July 5, 2023	1.72%	87.17%	5 Years	Nil
March 4, 2026	2.76%	86.23%	5 Years	Nil

c) Warrants

The following is a continuity of outstanding warrants:

	Warrants	Weighted Average of Exercise Price
Balance as at December 31, 2024	40,093,000	\$ 0.25
Granted during the year	-	-
Balance as at December 31, 2025	40,093,900	\$ 0.25
Granted during the period	115,000,000	0.13
Balance as at March 31, 2026	155,093,900	\$ 0.16

The following table summarizes information about warrants that are outstanding at March 31, 2026:

Number of Warrants	Price per Share	Expiry Date
40,093,900	\$0.25	December 6, 2026
115,000,000	\$0.13	February 18, 2030
155,093,900		

As at March 31, 2026, the weighted average contractual remaining life is 3.07 years.

d) Broker Warrants

The following is a continuity of outstanding broker warrants:

	Broker Warrants	Weighted Average of Exercise Price
Balance as at December 31, 2024	2,208,834	\$ 0.17
Granted during the year	-	-
Balance as at December 31, 2025	2,208,834	\$ 0.17
Granted during the period	8,778,200	0.10
Balance as at March 31, 2025	10,987,034	\$ 0.12

The following table summarizes information about broker warrants that are outstanding at March 31, 2026:

Number of Warrants	Price per Share	Expiry Date
2,208,834	\$0.25	December 6, 2026
8,028,200	\$0.10	February 18, 2030
750,000	\$0.13	February 18, 2030
10,987,034		

As at March 31, 2026, the weighted average contractual remaining life is 3.25 years.

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

	Risk-free interest rate	Expected price volatility	Expected life in years	Dividend rate
December 6, 2024	4.00%	75.79%	2 Years	Nil
February 18, 2030	3.16%	89.11%	4 Years	Nil

e) Loss Per Share

Basic and diluted weighted average shares outstanding for the three month period ended March 31, 2026, was 278,045,932 (March 31, 2025: 226,364,471).

Note 8 – Related Party Transactions

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

Key management personnel compensation:

	Three month period ended	
	March 31, 2026	March 31, 2025
Stock-based compensation	\$ 243	\$ 30
Management wages and director fees	102	145
Total management compensation	\$ 345	\$ 175

Note 9 – Capital Management

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

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

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

Note 10 – Financial Instruments

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

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

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

a) Credit Risk

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

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

The carrying amount of trade receivable and other, restricted cash and cash and cash equivalents represent a credit exposure. The Company does not have an allowance for doubtful accounts as at March 31, 2025, and did not provide for any doubtful accounts. During the period ended March 31, 2026, there were no write-offs. As at March 31, 2026, there were no significant amounts impaired.

b) Liquidity Risk

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

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

c) Market Risk

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

d) Foreign Currency Exchange Rate Risk

Foreign currency exchange rate risk is the risk that future cash flows, net loss and comprehensive loss will fluctuate as a result of changes in foreign exchange rates. The operational and capital activities related to the transactions primarily in New Zealand dollars and/or USD with some costs also being incurred in CAD.

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

e) Commodity Price Risk

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

f) Interest Rate Risk

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

The Company did not have any interest rate swaps or financial contracts in place during the three month period ended March 31, 2026, and any variations in interest rates would not have materially affected net income.

g) Fair Value of Financial Instruments

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

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

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

	Fair Value Level	March 31, 2026	
		Fair Value through Profit or Loss	Amortized Cost
		\$	\$
<i>Financial assets:</i>			
Cash		-	1,491
Restricted cash		-	119
Trade receivable and other		-	633
		-	2,243
<i>Financial liabilities:</i>			
Accounts payable and accrued liabilities		-	830
		-	830

During the period ended March 31, 2026, there were no transfers between level 1, level 2 and level 3.