Condensed Consolidated Interim Financial Statements

(Stated in Canadian Dollars)

December 31, 2017
(Unaudited)

TAG Oil Ltd. 885 West Georgia Street, Suite 2040, Vancouver, British Columbia, Canada V6C 3E8

Condensed Consolidated Interim Statements of Financial Position
Expressed in Canadian Dollars
Unaudited

	December 31, 2017	March 31, 2017
Assets		
Current:		
Cash and cash equivalents	$ 3,310,100	$ 21,564,654
Amounts receivable and prepaids	4,541,879	5,901,747
Advances receivable	-	92,784
Inventory	4,641,648	5,239,187
Shares receivable	-	54,812
	12,493,627	32,853,184
Non-Current:		
Exploration and evaluation assets (Note 3)	17,825,743	13,454,930
Investments (Note 5(a))	89,818	58,796
Property, plant and equipment (Note 4)	96,719,413	99,183,801
Restricted cash	245,790	262,491
Shares receivable	-	51,423
	$ 127,374,391	$ 145,864,625
Liabilities and Shareholders' Equity		
Current:		
Accounts payable and accrued liabilities	$ 2,583,507	$ 6,309,993
Asset retirement obligations (Note 7)	157,549	127,618
Current portion of agreement for purchase (Note 3)	-	508,700
	2,741,056	6,946,311
Non-Current:		
Asset retirement obligations (Note 7)	14,972,322	14,836,097
Long-term portion of agreement for purchase (Note 3)	1,225,125	1,271,750
	18,938,503	23,054,158
Share capital (Note 8)	244,169,454	244,169,454
Share-based payment reserve (Note 8)	20,519,877	20,226,202
Foreign currency translation reserve	12,096,942	17,117,040
Available for sale marketable securities reserve	56,870	25,849
Deficit	(168,407,255)	(160,471,809)
Equity attributable to owners of the Company	108,435,888	121,066,736
Non-controlling interests	-	1,743,731
	108,435,888	122,810,467
	$ 127,374,391	$ 145,864,625

Nature of Operations (Note 1)
Commitments (Note 14)

See accompanying notes.

Approved by the Board of Directors:

"Toby Pierce"
Toby Pierce, Director

"Ken Vidalin"
Ken Vidalin, Director

Condensed Consolidated Interim Statements of Comprehensive Income (Loss)
Expressed in Canadian Dollars
Unaudited

	Three months ended December 31, 2017	Three months ended December 31, 2016	Nine months ended December 31, 2017	Nine months ended December 31, 2016
Revenues				
Production revenue	$ 6,357,167	$ 6,037,513	$ 17,725,335	$ 17,084,800
Production costs	(1,647,508)	(2,410,410)	(5,442,543)	(6,298,640)
Royalties	(647,982)	(648,526)	(1,817,782)	(1,710,836)
Transportation and storage costs	(616,061)	(737,474)	(2,035,146)	(2,111,656)
	3,445,616	2,241,103	8,429,864	6,963,668
Expenses				
Consulting and director fees	175,982	311,462	575,813	942,482
Depletion, depreciation and accretion	2,342,969	2,088,078	7,666,443	6,585,301
Filing, listing and transfer agent	42,847	58,808	88,800	103,395
Foreign exchange	(186,447)	(177,617)	(310,129)	31,095
Insurance	26,212	31,258	87,867	95,504
Interest and other income	(118,986)	(29,896)	(174,845)	(229,328)
Office and administration	208,963	173,549	564,605	495,544
Overhead recoveries	(7,941)	(77,596)	(139,011)	(129,709)
Professional fees	84,335	156,941	336,301	311,370
Rent	65,514	67,721	199,764	222,332
Reports	1,118	40	33,675	3,535
Share-based compensation	52,567	355,064	293,675	727,430
Shareholder relations and communications	82,874	209,701	326,706	615,999
Travel	64,503	94,402	366,533	297,131
Wages and salaries	349,551	579,949	1,278,689	1,350,423
	(3,184,061)	(3,841,864)	(11,194,886)	(11,422,504)
Other Items				
Exploration expense	(17,804)	(71,266)	(48,298)	(121,367)
Gain on distribution of subsidiary (Note 5(b))	-	-	210,765	-
Impairment of investments	-	-	-	(600,467)
Interest and penalties (Note 13)	-	-	(551,215)	-
Loss on sale of exploration and evaluation assets	-	(12,582)	-	(2,710,058)
Loss on sale of property and equipment	-	(543,983)	-	(543,983)
Recovery (write-off) of exploration and evaluation assets	80,347	-	(4,781,676)	-
Write-off of inventory	-	(1,639)	-	(144,751)
Write-off of oil and gas properties	-	(15,206)	-	(81,095)
	62,543	(644,676)	(5,170,424)	(4,201,721)
Net income (loss) for the period	$ 324,098	$ (2,245,437)	$ (7,935,446)	$ (8,660,557)
Other comprehensive (loss) income (Note 9)				
Cumulative translation adjustment	(1,212,912)	(1,650,342)	(5,020,098)	2,529,111
Change in available for sale assets:				
Investments	38,774	-	31,021	577,104
Comprehensive loss for the period	$ (850,040)	$ (3,895,779)	$ (12,924,523)	$ (5,554,342)
Income (Loss) per share – basic and diluted (Note8(d))	$ 0.00	$ (0.04)	$ (0.09)	$ (0.14)

See accompanying notes.

Condensed Consolidated Interim Statements of Comprehensive Income (Loss)
Expressed in Canadian Dollars
Unaudited

	Three months ended December 31, 2017	Three months ended December 31, 2016	Nine months ended December 31, 2017	Nine months ended December 31, 2016
Net Income (loss) attributable to:				
Owners of the Company	$ 324,098	$ (2,885,504)	$ (7,935,446)	$ (6,911,254)
Non-controlling interests	-	640,067	-	(1,749,303)
Net income (loss) for the period	$ 324,098	$ (2,245,437)	$ (7,935,446)	$ (8,660,557)
Net comprehensive loss attributable to:				
Owners of the Company	$ (850,040)	$ (4,535,846)	$ (12,924,523)	$ (3,805,039)
Non-controlling interests	-	640,067	-	(1,749,303)
Net comprehensive loss for the period	$ (850,040)	$ (3,895,779)	$ (12,924,523)	$ (5,554,342)

See accompanying notes.

Condensed Consolidated Interim Statements of Cash Flows
Expressed in Canadian Dollars
Unaudited

	Nine months ended December 31, 2017	2016
Operating Activities		
Net loss for the period	$ (7,935,446)	$ (8,660,557)
Changes for non-cash operating items:		
Depletion, depreciation and accretion	7,666,443	6,585,301
Exploration expenses	48,298	121,367
Gain on distribution of subsidiary	(210,765)	-
Impairment of investments	-	600,467
Interest and foreign exchange	132	(2,403)
Loss on sale of exploration and evaluation assets	-	2,710,058
Loss on sale of property and equipment	-	543,983
Share-based compensation	293,675	727,430
Write-off of inventory	-	144,751
Write-off of exploration and evaluation assets	4,781,676	-
Write-off of oil and gas properties	-	81,095
	4,644,013	2,851,492
Changes for non-cash working capital accounts:		
Amounts receivable and prepaids	1,354,482	(820,022)
Accounts payable and accrued liabilities	(208,022)	(612,253)
Inventory	597,539	(274,570)
Cash provided by operating activities	6,388,012	1,144,647
Investing Activities		
Cash of subsidiary on deconsolidation	(1,432,166)	-
Exploration and evaluation assets	(12,736,537)	(2,382,894)
Property and equipment	(10,566,647)	(5,372,189)
Proceeds on sale of exploration and evaluation assets	-	250,000
Repayment of loan advances	92,784	148,627
Restricted cash	-	(626,543)
Cash used in investing activities	(24,642,566)	(7,982,999)
Net decrease in cash and cash equivalents during the period	(18,254,554)	(6,838,352)
Cash and cash equivalents – beginning of the period	21,564,654	16,846,272
Cash and cash equivalents – end of the period	$ 3,310,100	$ 10,007,920
Supplementary disclosures:		
Interest received	$ 43,633	$ 90,926
Cash	$ 3,291,276	$ 3,132,957
Cash equivalents	18,824	6,874,963
	$ 3,310,100	$ 10,007,920

Non-Cash Investing Activities:

The Company incurred $1,789,049 in exploration and evaluation expenditures, which were in accounts payable at December 31, 2017 (2016: $315,276). The Company incurred $208,561 in property and equipment expenditures, which were in accounts payable at December 31, 2017 (2016: $461,237).

See accompanying notes.

Condensed Consolidated Interim Statements of Changes in Equity
Expressed in Canadian Dollars
Unaudited

	Number of Shares (Note 8)	Share Capital (Note 8)	Reserves: Share-based Payments	Reserves: Foreign Currency Translation	Reserves: Available for Sale Marketable Securities	Deficit	Total	Non-Controlling Interest	Total Equity
Balance at March 31, 2017	85,282,252	$ 244,169,454	$ 20,226,202	$ 17,117,040	$ 25,849	$ (160,471,809)	$ 121,066,736	$ 1,743,731	$ 122,810,467
Share-based payments	-	-	293,675	-	-	-	293,675	-	293,675
Unrealized loss on available-for sale investments	-	-	-	-	31,021	-	31,021	-	31,021
Currency translation adjustment	-	-	-	(5,020,098)	-	-	(5,020,098)	-	(5,020,098)
Net loss for the period	-	-	-	-	-	(7,935,446)	(7,935,446)	(1,743,731)	(9,679,177)
Balance at December 31, 2017	85,282,252	$ 244,169,454	$ 20,519,877	$ 12,096,942	$ 56,870	$ (168,407,255)	$ 108,435,888	$ -	$ 108,435,888
Balance at March 31, 2016	62,212,252	$ 230,414,254	$ 19,282,218	$ 14,310,466	$ (582,274)	$ (186,946,857)	$ 76,477,807	$ 3,532,060	$ 80,009,867
Share-based payments	-	-	727,430	-	-	-	727,430	-	727,430
Currency translation adjustment	-	-	-	2,529,111	-	-	2,529,111	-	2,529,111
Impairment of investments	-	-	-	-	577,104	-	577,104	-	577,104
Net loss for the period	-	-	-	-	-	(6,911,254)	(6,911,254)	(1,749,303)	(8,660,557)
Balance at December 31, 2016	62,212,252	$ 230,414,254	$ 20,009,648	$ 16,839,577	$ (5,170)	$ (193,858,111)	$ 73,400,198	$ 1,782,757	$ 75,182,955

See accompanying notes.

Notes to the Condensed Consolidated Interim Financial Statements
Nine Months Ended December 31, 2017
Expressed in Canadian Dollars
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 focus on oil and gas exploration, development and production from its international properties located in New Zealand and Australia.

The Company has an interest in three oil and gas properties that contain economically recoverable reserves. Further exploration and development activities are required to establish additional proved reserves and to commercialize oil and gas exploration properties. The Company's operations are subject to financial risks as well as commodity price fluctuations. The Company monitors its cash and cash equivalents and adjusts its expenditure plans to conform to available funding as appropriate. The Company plans to fund its exploration and development activities through existing cash and operating cash flow, as well as through potential future capital raising.

On May 25, 2017, TAG distributed its Coronado Resources Ltd. ("Coronado") common shares to its shareholders of record (see Note 5(b)).

Note 2 – Significant Accounting Policies

Statement of compliance and basis of presentation

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34, Interim Financial Reporting ("IAS 34"), as issued by the International Accounting Standards Board, and its interpretations. Accordingly, these condensed consolidated interim financial statements do not include all of the information and foot notes required by International Financial Reporting Standards ("IFRS") for complete financial statements for year-end reporting purposes. Results for the period ended December 31, 2017, are not necessarily indicative of future results.

These condensed consolidated interim financial statements have been prepared on a historical cost basis except for financial instruments classified as available-for-sale, which are stated at their fair value. In addition, these condensed consolidated interim financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

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 March 31, 2017.

These condensed consolidated interim financial statements were authorized for issuance on February 14, 2018, by the directors of the Company.

Basis of consolidation

These condensed consolidated interim financial statements include the accounts of the Company and its subsidiaries.

The Company's subsidiaries are:

Name of Subsidiary	Place of Incorporation	Proportion of Ownership Interest	Principal Activity
Cypress Petroleum Pty Ltd.	Australia	100%	Oil and Gas Exploration
Cheal Petroleum Limited	New Zealand	100%	Oil and Gas Exploration
CX Oil Limited	New Zealand	100%	Oil and Gas Exploration
Orient Petroleum (NZ) Limited	New Zealand	100%	Oil and Gas Exploration
Stone Oil Limited	New Zealand	100%	Oil and Gas Exploration
TAG Oil (NZ) Limited	New Zealand	100%	Oil and Gas Exploration
TAG Oil (Offshore) Limited	New Zealand	100%	Oil and Gas Exploration
Trans-Orient Petroleum Ltd.	Canada	100%	Oil and Gas Exploration
Coronado Resources Ltd. (until May 25, 2017)	Canada	49%	Holding Company
Lynx Clean Power Corp. (until May 25, 2017)	Canada	49%	Holding Company
Lynx Gold Corp. (until May 25, 2017)	Canada	49%	Holding Company
Lynx Petroleum Ltd. (until May 25, 2017)	Canada	49%	Holding Company
Coronado Resources USA LLC (until May 25, 2017)	USA	49%	Holding Company

Significant accounting estimates and judgments

The preparation of the condensed consolidated interim financial statements requires management to make estimates and judgments 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 condensed consolidated interim financial statements. These estimates are subject to measurement uncertainty. Actual results could differ from and affect the results reported in these condensed consolidated interim financial statements.

Areas of judgment that have the most significant effect on the amounts recognized in these condensed consolidated interim financial statements are: recoverability, impairment and fair value of oil and gas properties, 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 condensed consolidated interim 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.

Recoverability, impairment and fair value of oil and gas properties

Fair values of oil and gas properties, depletion and depreciation and amounts used in impairment calculations are based on estimates of crude oil and natural gas reserves, oil and gas prices and future costs required to develop those reserves. By nature, estimates of reserves and the related future cash flows are subject to measurement uncertainty and the impact of differences between actual and estimated amounts on the condensed consolidated interim financial statements of future periods could be material. The fair value of properties is determined based on cost and supported by the discounted cash flow of reserves based on anticipated work programs. The net present value uses a discount rate of 10% and costs are determined on the anticipated exploration program, forecast oil prices and contractual price of natural gas along with forecast operating and decommissioned costs.

Petroleum and natural gas properties, exploration and evaluation assets and other corporate assets are aggregated into cash-generating-units (CGUs) based on their ability to generate largely independent cash flows and are used for impairment testing unless the recoverable amount based on value in use can be estimated for an individual asset. The determination of the Company's CGUs is based on producing oil and gas fields with petroleum mining permits granted including associated infrastructure on the basis that field investment decisions are made based on expected field production and all wells are dependent on the field infrastructure.

Each CGU or asset is evaluated for impairment to ensure the carrying value is recoverable. Management looks at the discounted cash flows of capital development, income, production, reserves, field life and asset retirement obligations of the CGU or asset in assessing the recoverable amount of the asset or CGU. A discount rate of 10% is applied to the assessment of the recoverable amount.

The decision to transfer exploration and evaluation assets to property, plant and equipment is based on management's determination of an area's technical feasibility and commercial viability based on proved and probable reserves. The calculation of decommissioning liabilities includes estimates of the future costs to settle the liability, the timing of the cash flows to settle the liability, the risk-free rate and the future inflation rates. The rates used to calculate decommissioning liabilities are an inflation rate of 1.74% and a risk-free discount rate ranging from 3.00% to 4.36% which prevailed at the date of these financial statements. The impact of differences between actual and estimated costs, timing and inflation on the condensed consolidated interim financial statements of future periods may be material.

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).

Share-based compensation

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

Future changes in accounting policies

Certain pronouncements were issued by the IASB or the International Financial Reporting Interpretations Committee, but not yet effective as at December 31, 2017. The Company intends to adopt these standards and interpretations when they become effective. The Company does not expect these standards to have an impact on its financial statements. Pronouncements that are not applicable to the Company have been excluded from those described below.

Effective for annual reporting periods beginning on or after April 1, 2018:

- IFRS 9, Financial Instruments, Classification and Measurement

The Company has not early adopted these new and amended standards and is currently assessing the impact that these standards will have on the Company's financial statements.

Note 3 – Exploration and Evaluation Assets

Permit Ownership Interest	PEP54879 50%	PEP57065 100%	PEP55769 100%	PEP51153 70%	Cardiff 100%	PL17 Cypress 100%
Cost						
At March 31, 2016	$ 4,021,176	$ 1,702	$ 368,694	$ -	$ -	$ -
Capital expenditures	655,485	3,564,374	30,539	700,974	274,495	2,598,620
Write-off oil and gas properties	-	-	-	-	-	-
Addition in ARO	-	-	-	1,086,683	-	-
Proceeds on sale of asset	-	-	-	-	-	-
Loss on sale of asset	-	-	-	-	-	-
Foreign exchange movement	154,455	66	(2,333)	-	-	-
At March 31, 2017	4,831,116	3,566,142	396,900	1,787,657	274,495	2,598,620
Capital expenditures	33,556	502,029	69,923	1,181,524	1,049,173	3,315,796
Write-off oil and gas properties	(4,781,676)	-	-	-	-	-
Foreign exchange movement	(82,996)	(154,850)	(17,234)	(77,624)	(11,918)	(95,274)
At December 31, 2017	$ -	$ 3,913,321	$ 449,589	$ 2,891,557	$ 1,311,750	$ 5,819,142
Net book value						
March 31, 2017	$ 4,831,116	$ 3,566,142	$ 396,900	$ 1,787,657	$ 274,495	$ 2,598,620
December 31, 2017	**$ -**	**$ 3,913,321**	**$ 449,589**	**$ 2,891,557**	**$ 1,311,750**	**$ 5,819,142**

Permit Ownership Interest	PEP57063 100%	PEP54877 *(1)* 70%	PEP38348 / 38748 / 55770 100%	PEP52181 40%	Madison / Other 100%	TOTAL
Cost						
At March 31, 2016	$ 14,280	$ -	$ -	$ -	$ 2,885,226	$ 7,291,078
Capital expenditures	50,341	4,608	-	86,438	164,437	8,130,311
Write-off oil and gas properties	(65,169)	(4,608)	(18,117)	(86,141)	-	(174,035)
Addition in ARO	-	-	18,117	-	-	1,104,800
Proceeds on sale of asset	-	-	-	-	(354,830)	(354,830)
Loss on sale of asset	-	-	-	-	(2,694,833)	(2,694,833)
Foreign exchange movement	548	-	-	(297)	-	152,439
At March 31, 2017	-	-	-	-	-	13,454,930
Capital expenditures	-	3,440,384	-	-	-	9,592,385
Write-off oil and gas properties	-	-	-	-	-	(4,781,676)
Foreign exchange movement	-	-	-	-	-	(439,896)
At December 31, 2017	$ -	$ 3,440,384	$ -	$ -	$ -	$ 17,825,743
Net book value						
March 31, 2017	$ -	$ -	$ -	$ -	$ -	$ 13,454,930
December 31, 2017	**$ -**	**$ 3,440,384**	**$ -**	**$ -**	**$ -**	**$ 17,825,743**

(1) On September 7, 2017, a petroleum mining permit (PMP 60291) was granted over a portion of a petroleum exploration permit (PEP 54877) that included acreage surrounding the production assets. The remaining acreage will continue as a petroleum exploration permit (PEP 54877).

The Company's oil and gas properties are located in New Zealand and Australia, and its interests in these properties are maintained pursuant to the terms of petroleum exploration and mining permits granted by the national government. The Company is satisfied that evidence supporting the current validity of these permits is adequate and acceptable by prevailing industry standards with respect to the current stage of exploration on these properties. Although the Company has taken steps to verify title, these procedures do not guarantee the Company's title.

During the year ended March 31, 2017:

On October 13, 2016, Coronado and its wholly owned subsidiary, Coronado Resources USA LLC ("Coronado USA"), completed the asset purchase and sale agreement with Broadway Gold Mining Ltd. (formerly Carolina Capital Corp.) ("Broadway"), pursuant to which Coronado USA sold its copper and gold mining property located in Silverstar, Montana and related assets (the "Madison Property") to Broadway in exchange for $250,000 on the closing date (received), 1,000,000 common shares in future instalments of Broadway and the sum of $100,000 to be paid within 30 days of the commencement of commercial production.

On January 31, 2017, the Company and its wholly owned subsidiary, Cypress Petroleum Pty Ltd. ("Cypress"), completed the purchase of 100% interest in Petroleum Lease 17 and all related assets, which are located in Australia's Surat Basin and subject to underlying royalties, from Southern Cross Petroleum & Exploration Pty Ltd. ("Southern Cross") in exchange for AUD$2,500,000, payable to Southern Cross as follows:

1) AUD$750,000 (less the AUD$40,000 non-refundable deposit already paid) payable in cash on the closing date (paid);

2) AUD$500,000 payable in cash on July 20, 2017 (paid);

3) AUD$500,000 payable, at the sole discretion of Cypress, in cash or shares of the Company, on January 31, 2019; and

4) AUD$750,000 payable, at the sole discretion of Cypress, in cash or shares of the Company, on January 31, 2020.

Note 4 – Property, Plant and Equipment

	Proven Oil and Gas Property PMP 38156/ PMP 60291*(1)*	**Proven Oil and Gas Property PMP 53803**	**Proven Oil and Gas Property PL17**	**Madison Mine**	**Office Equipment and Leasehold Improvements**	**Total**
Cost						
At March 31, 2016	$ 107,470,219	$ 21,020,290	$ -	$ 663,480	$ 2,242,375	$ 131,396,364
Capital expenditures	5,745,942	1,247,926	402,891	-	45,667	7,442,426
Addition (reduction) in ARO	137,509	261,794	121,166	-	-	520,469
Sale of assets	-	-	-	(663,480)	(324,335)	(987,815)
Impairment reversal	33,008,015	2,031,867	-	-	-	35,039,882
Foreign exchange movement	4,191,772	811,302	-	-	(92,534)	4,910,540
At March 31, 2017	150,553,457	25,373,179	524,057	-	1,871,173	178,321,866
Capital expenditures	8,218,543	38,368	-	-	113,385	8,370,296
Addition (reduction) in ARO	496,183	-	-	-	-	496,183
Foreign exchange movement	(6,515,493)	(1,101,763)	(19,213)	-	(59,715)	(7,696,184)
At December 31, 2017	$ 152,752,690	$ 24,309,784	$ 504,844	$ -	$ 1,924,843	$ 179,492,161
Accumulated depletion and depreciation						
At March 31, 2016	$ (54,012,324)	$ (13,210,609)	$ -	$(132,776)	$ (1,531,061)	$ (68,886,770)
Depletion and depreciation	(7,625,143)	(354,520)	-	(28,647)	(288,269)	(8,296,579)
Sale of assets	-	-	-	161,423	282,409	443,832
Foreign exchange movement	(2,074,622)	(507,422)	-	-	183,496	(2,398,548)
At March 31, 2017	(63,712,089)	(14,072,551)	-	-	(1,353,425)	(79,138,065)
Depletion and depreciation	(5,566,678)	(1,366,296)	(24,109)	-	(98,980)	(7,056,063)
Foreign exchange movement	2,766,527	611,063	-	-	43,790	3,421,380
At December 31, 2017	$ (66,512,240)	$ (14,827,784)	$ (24,109)	$ -	$ (1,408,615)	$ (82,772,748)
Net book value						
March 31, 2017	$ 86,841,368	$ 11,300,628	$ 524,057	$ -	$ 517,748	$ 99,183,801
December 31, 2017	**$ 86,240,450**	**$ 9,482,000**	**$ 480,735**	**$ -**	**$ 516,228**	**$ 96,719,413**

(1) On September 7, 2017, a petroleum mining permit (PMP 60291) was granted over a portion of a petroleum exploration permit (PEP 54877) that included acreage surrounding the production assets. The remaining acreage will continue as a petroleum exploration permit (PEP 54877).

During the year ended March 31, 2017:

On October 13, 2016, Coronado completed the sale of the Madison Property. A resulting loss of $543,983 was realized. See also Note 3.

An impairment reversal of $35.0 million has been recognized during the prior year as the value of proved and probable reserves was higher than the carrying value of the production asset.

The Company's oil and gas production assets were assessed for impairment against the proved and probable reserves within the producing fields. The reserves evaluation report for the year ended March 31, 2017, was conducted by ERC Equipoise Ltd. (the "Report"). Oil reserves were estimated volumetrically using volumetric data from Petrel model and net pay thicknesses based on well logs and seismic interpretation. The Report determined that the net present value of oil and gas reserves at a discount rate of 10% are $82.1 million. Together with production facilities and restoration assets, the oil and gas production assets net book value is $99.2 million.

Proved reserves are the estimated quantities of oil and gas which geological and engineering data demonstrate with reasonable certainty to be recoverable in future years from known reservoirs under existing economic and operating conditions. Probable reserves are defined as those which have a better than 50% chance of being technically and economically recoverable.

Oil and gas reserves cannot be measured exactly since estimation of reserves involves substantial judgement. All estimates are therefore subject to revision.

Note 5 – Investments

a) Marketable Securities

	December 31, 2017		March 31, 2017	
	Number of Shares Held	**Market Value**	Number of Shares Held	Market Value
Marketable securities available for sale	**572,095**	**$ 89,818**	572,095	$ 58,796

b) Coronado Resources Ltd.

On May 25, 2017, the Company completed the distribution of its approximately 2,785,029 common shares of Coronado to its shareholders of record. The Company's shareholders received approximately 0.0326 of a Coronado common share for each common share of the Company held as of May 9, 2017. The gain on the distribution of the common shares of Coronado recognized in the consolidated statements of operations for the period ended December 31, 2017, is as follows:

Net assets of Coronado at the distribution date	$ (1,532,966)
Elimination of non-controlling interest balance	1,743,731
Gain on distribution of subsidiary	$ 210,765

The following is a summary of the assets and liabilities over which the Company lost control upon the deconsolidation of Coronado:

Cash and cash equivalents	$ 1,432,166
Accounts receivable	5,386
Shares receivable	106,235
Restricted cash	11,606
Accounts payable	(22,427)
Net assets deconsolidated	$ 1,532,966

Note 6 – Related Party Transactions

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

Key management personnel compensation for the nine months ended December 31:

	2017	2016
Share-based compensation	**$ 207,786**	$ 484,980
Management wages and director fees	**703,177**	740,493
Total management compensation	**$ 910,963**	$ 1,225,473

Note 7 – Asset Retirement Obligations

The following is a continuity of asset retirement obligations for the nine months ended December 31, 2017:

Balance at March 31, 2017	$ 14,963,715
Addition of ARO	496,183
Release of ARO	(88,900)
Accretion expense	407,779
Foreign exchange movement	(648,906)
Balance at December 31, 2017	$ 15,129,871

This is represented by:	
Current liability	$ 157,549
Non-current liability	14,972,322
Balance at December 31, 2017	$ 15,129,871

The following is a continuity of asset retirement obligations for the nine months ended December 31, 2016:

Balance at March 31, 2016	$ 12,934,521
Addition of ARO	1,238,108
Release of ARO	(615,695)
Accretion expense	375,078
Foreign exchange movement	520,418
Balance at December 31, 2016	$ 14,452,430

This is represented by:	
Current liability	$ 123,222
Non-current liability	14,329,208
Balance at December 31, 2016	$ 14,452,430

The Company's asset retirement obligations result from net ownership interests in petroleum and natural gas development activity. The Company estimates the total undiscounted amount of cash flows required to settle its asset retirement obligations to be approximately $15.4 million, which will be incurred between 2017 and 2027. The retirement obligation is calculated based on an assessment of the cost to plug and abandon each well, the removal and sale of facilities and the rehabilitation and reinstatement of land at the end of the life of the field.

The fair value of the liability for the Company's asset retirement obligation is recorded in the period in which it is incurred, using an inflation rate of 1.74% and discounted to its present value using a risk free rate ranging from 3.00% to 4.36%. The corresponding amount is recognized by increasing the carrying amount of the oil and gas properties. The liability is accreted each period and the capitalized cost is depreciated over the useful life of the related asset using the unit-of-production method based on proved and probable reserves.

Note 8 – 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 nine months ended December 31, 2017:

No common shares were issued or purchased and cancelled.

During the nine months ended December 31, 2016:

No common shares were issued or purchased and cancelled.

b) Incentive Share Options

The Company has a share option plan for the granting of share options to directors, employees and service providers. Under the terms of the share option plan, the number of shares reserved for issuance as share incentive 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 Board of Directors and per the guidelines of the Toronto Stock Exchange. The options maximum term is five years and must vest over a minimum of two years.

During the nine months ended December 31, 2017, there were no options granted.

The following is a continuity of outstanding share options:

	Number of Shares	Average Price per Share
Balance at March 31, 2016	5,025,000	$ 1.45
Granted during the year	1,585,000	1.05
Expired/Cancelled during the year	(390,000)	2.64
Balance at March 31, 2017	6,220,000	$ 1.27
Expired/Cancelled during the period	(100,000)	1.54
Balance at December 31, 2017	6,120,000	$ 1.27

The following summarizes information about share options that are outstanding at December 31, 2017:

Number of Options	Price per Share	Expiry Date	Options Exercisable
335,000	$2.75	August 13, 2019	335,000
200,000	$2.39	August 31, 2019	200,000
1,400,000	$1.54	May 13, 2020	1,400,000
800,000	$1.50	June 9, 2020	800,000
800,000	$0.75	March 2, 2021	533,333
500,000	$0.75	March 2, 2021	166,667
500,000	$0.75	March 9, 2021	333,333
1,475,000	$1.05	November 23, 2021	983,333
60,000	$1.05	November 23, 2021	20,000
50,000	$0.90	November 23, 2021	16,667
6,120,000			4,788,333

The weighted average remaining contractual life of the stock options are 2.95 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.

c) Warrants

The following table summarizes information about warrants that are outstanding at December 31, 2017:

Number of Warrants	Price per Share	Expiry Date
11,535,000	$0.90	March 20, 2019

The weighted average remaining contractual life of the warrants are 1.22 years.

d) Loss per Share

Basic and diluted weighted average shares outstanding for the nine month period ended December 31, 2017, was 85,282,252 (2016: 62,212,252). Share options and share purchase warrants outstanding are not included in the computation of diluted loss per share when the inclusion of such securities would be anti-dilutive.

Note 9 – Accumulated Other Comprehensive Income (Loss)

		Accumulated Other Comprehensive Income (Loss)
Balance at March 31, 2017	$	17,142,889
Unrealized loss on available for sale investments		31,021
Cumulative translation adjustment		(5,020,098)
Balance at December 31, 2017	$	12,153,812
Balance at March 31, 2016	$	13,728,192
Impairment of investments		582,274
Unrealized loss on available for sale investments		(5,170)
Cumulative translation adjustment		2,529,111
Balance at December 31, 2016	$	16,834,407

Note 10 – Capital Management

The Company's primary objective for managing its capital structure is to maintain financial capacity for 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 petroleum and natural 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 declared a distribution on May 9, 2017 (see Note 5(b)). There have been no changes to the Company's approach to capital management during the period.

Note 11 – 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 of Directors 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 do not fulfill their contractual obligations. The most significant exposure to this risk is relative to the sale of oil production. All of the Company's New Zealand production is sold directly to a significant oil company. The Company is paid for its oil sales within 30 days of shipment. The Company has assessed the risk of non-collection from the buyer as low due to the buyer's financial condition.

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

The carrying amount of accounts receivable and cash and cash equivalents represents the maximum credit exposure. The Company does not have an allowance for doubtful accounts as at December 31, 2017 and did not provide for any doubtful accounts. During the period ended December 31, 2017, there were no write-offs and no significant amounts past due or 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 foreign exchange rates, commodity prices and interest rates will affect the Company's cash flows, net loss and comprehensive loss. The objective of market risk management is to manage and control market risk exposures within acceptable limits, while maximizing returns.

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. All of the Company's petroleum sales are denominated in United States dollars and operational and capital activities related to our properties are transacted primarily in New Zealand dollars, Australian dollars and/or United States dollars with some costs also being incurred in Canadian dollars.

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 New Zealand and Australia are expected to be carried out in their respected currencies or in United States dollars.

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. All of the Company's oil production is sold at spot rates exposing the Company to the risk of price movements.

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 period ended December 31, 2017 and any variations in interest rates would not have materially affected net income.

g) Fair Value of Financial Instruments

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

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

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

		December 31, 2017		March 31, 2017	
	Fair Value Level	Fair Value through Profit or Loss	Loans and Receivables and Other Financial Liabilities at Amortized Cost	Fair Value through Profit or Loss	Loans and Receivables and Other Financial Liabilities at Amortized Cost
		$	$	$	$
Financial assets:					
Cash and cash equivalents	1	3,310,100	-	21,564,654	-
Restricted cash	1	245,790	-	262,491	-
Investments	1	89,818	-	58,796	-
Accounts receivable		-	4,447,255	-	5,325,158
Shares receivable		-	-	-	106,235
		3,645,708	4,447,255	21,885,941	5,431,393
Financial liabilities:					
Accounts payable and accrued liabilities		-	2,583,507	-	6,309,993
Agreement for purchase		-	1,225,125	-	1,780,450
		-	3,808,632	-	8,090,443

During the period ended December 31, 2017 and the year ended March 31, 2017 there were no transfers between level 1, level 2 and level 3.

Note 12 – Segmented Information

The Company currently operates in three geographical regions. Information on country segments is provided as follows:

For the nine month period ended December 31, 2017	Canada	New Zealand	Australia	Total Company
Production revenue	$ -	$ 17,725,335	$ -	$ 17,725,335
Restricted cash	$ 115,436	$ -	$ 130,354	$ 245,790
Exploration and evaluation assets	-	12,006,600	5,819,143	17,825,743
Property, plant and equipment	144,922	96,038,062	536,429	96,719,413
Investments	89,818	-	-	89,818
Total non-current assets	$ 350,176	$ 108,044,662	$ 6,485,926	$ 114,880,764

The Company operated in four geographical regions during the year ended March 31, 2017. Information on country segments is provided as follows:

For the year ended March 31, 2017	Canada	New Zealand	Australia	United States	Total Company
Production revenue	$ -	$ 23,340,949	$ -	$ -	$ 23,340,949
Restricted cash	$ 127,177	$ -	$ 135,314	$ -	$ 262,491
Shares receivable	-	-	-	51,423	51,423
Exploration and evaluation assets	-	10,856,313	2,598,617	-	13,454,930
Property, plant and equipment	151,053	98,508,691	524,057	-	99,183,801
Investments	58,796	-	-	-	58,796
Total non-current assets	$ 337,026	$ 109,365,004	$ 3,257,988	$ 51,423	$ 113,011,441

The Company operates in the petroleum exploration and production industry having dividend out its mining interest in May, 2017. See Note 5(b):

For the nine month period ended December 31, 2017	Petroleum Exploration and Production	Mining	Total Company
(Loss) income for the period	$ (8,146,211)	$ 210,765	$ (7,935,446)
Total assets	$ 127,374,391	$ -	$ 127,374,391
Total liabilities	$ 18,938,503	$ -	$ 18,938,503

For the year ended March 31, 2017	Petroleum Exploration and Production	Mining	Total Company
Income (loss) for the period	$ 28,116,782	$ (3,430,063)	$ 24,686,719
Impairment reversal included in income	$ 35,039,882	$ -	$ 35,039,882
Total assets	$ 144,279,901	$ 1,584,724	$ 145,864,625
Total liabilities	$ 23,037,058	$ 17,100	$ 23,054,158

Note 13 – Interest and Penalties

The Company has been assessed penalties and interest by Canada Revenue Agency under subsection 247(3) of the Income Tax Act (*Canada*), in connection with transfer pricing for the years ended March 31, 2012 and 2013, in the amounts of $224,742 and $326,473 respectively. TAG's management has filed a Notice of Objection to initiate the dispute process.

Note 14 – Commitments

The Company has the following commitments for capital expenditure at December 31, 2017:

Contractual Obligations	Total $	Less than One Year $	More than One Year $
Operating leases (1)	751,000	290,000	461,000
Other long-term obligations (2)	19,493,000	15,390,000	4,103,000
Total Contractual Obligations	20,244,000	15,680,000	4,564,000

(1) The Company has commitments related to office leases signed in New Plymouth, New Zealand and Vancouver, Canada.

(2) The other long term obligations that the Company has are in respect to the Company's share of expected exploration and development permit obligations and/or commitments required to be incurred to maintain its permits in good standing during the current permit term at the date of this report and those that are required prior to the Company committing to the next stage of the permit term where additional expenditures would be required. Costs are also included that relate to commitments the Company has made that are in addition to what is required to maintain the permit in good standing. The Company may choose to alter the program, request extensions, reject development costs, relinquish certain permits or farm-out its interest in permits where practical.