Condensed Consolidated Interim Financial Statements

(Stated in Canadian Dollars)

June 30, 2020
(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

	June 30, 2020	March 31, 2020
Assets		
Current:		
Cash and cash equivalents	$ 14,960,245	$ 41,539,578
Amounts receivable and prepaids	333,707	407,884
Current portion of royalty and other interests	2,737,765	2,440,869
Inventory	52,966	50,918
	18,084,683	44,439,249
Non-Current:		
Exploration and evaluation assets (Note 3)	5,868,334	5,772,445
Investments (Note 5)	31,471	26,178
Property, plant and equipment (Note 4)	539,250	569,943
Restricted cash	252,270	339,378
Royalty and other interests (Note 14)	5,027,590	6,107,877
	$ 29,803,598	$ 57,255,070
Liabilities and Shareholders' Equity		
Current:		
Accounts payable and accrued liabilities	$ 491,568	$ 604,123
Current portion of lease liabilities	87,223	85,928
Non-refundable deposits	86,760	86,760
	665,551	776,811
Non-Current:		
Asset retirement obligations (Note 6)	132,627	131,662
Long term portion of lease liabilities	18,225	40,522
	816,403	948,995
Share capital (Note 8)	218,593,417	244,218,293
Share-based payment reserve (Note 8)	21,088,077	21,082,147
Available for sale marketable securities reserve	(1,478)	(6,771)
Deficit	(210,692,821)	(208,987,594)
	28,987,195	56,306,075
	$ 29,803,598	$ 57,255,070

Nature of Operations (Note 1)
Commitments (Note 11)

See accompanying notes.

Approved by the Board of Directors:

"Toby Pierce" *"Ken Vidalin"*

Toby Pierce, Director Ken Vidalin, Director

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

	Three months ended June 30, 2020	2019
Revenues		
Production revenue	$ -	$ 9,774,487
Production costs	(32,464)	(2,550,706)
Royalties	-	(1,015,496)
Transportation and storage costs	-	(1,087,904)
	(32,464)	5,120,381
Expenses		
Consulting and director fees	166,330	197,308
Depletion, depreciation and accretion	34,226	142,234
Filing, listing and transfer agent	14,164	23,429
Finance costs	-	14,508
Foreign exchange	969,167	86,557
Insurance	9,380	21,183
Interest and other income	(19,354)	(193,690)
Office and administration	36,525	174,884
Overhead recoveries	-	(46,137)
Professional fees	82,217	119,023
Rent	13,986	52,360
Reports	(4,545)	(4,668)
Share-based compensation	5,930	17,041
Shareholder relations and communications	50,717	62,975
Travel	1,672	56,640
Wages and salaries	225,522	1,740,657
	(1,585,937)	(2,464,304)
Other Items		
Exploration expense	-	(30,435)
Loss on sale of asset	-	(332)
Loss on royalty valuation	(86,826)	-
Write-down of assets held for sale (Note 14)	-	(3,498,007)
	(86,826)	(3,528,774)
Net loss for the period	$ (1,705,227)	$ (872,697)
Other comprehensive loss		
Cumulative translation adjustment	-	(2,087,440)
Change in available for sale assets:		
Investments	5,293	(342)
Comprehensive loss for the period	$ (1,699,934)	$ (2,960,479)
Loss per share – basic and diluted (Note 8(c))	$ (0.02)	$ (0.01)

See accompanying notes.

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

	Three months ended June 30, 2020	2019
Operating Activities		
Net loss for the period	$ (1,705,227)	$ (872,697)
Changes for non-cash operating items:		
Depletion, depreciation and accretion	34,226	142,234
Interest and foreign exchange	696,913	349
Exploration expenses	-	30,435
Lease liabilities	(21,002)	-
Loss on royalty valuation	86,826	-
Share-based compensation	5,930	17,041
Write-down of assets held for sale	-	3,498,007
	(902,334)	2,815,369
Changes for non-cash working capital accounts:		
Amounts receivable and prepaids	74,177	1,270,759
Accounts payable and accrued liabilities	(99,885)	(1,529,902)
Inventory	(2,048)	61,615
Cash (used in) provided by operating activities	(930,090)	2,617,841
Financing Activity		
Cash distributed as a return of capital	(25,624,876)	-
Cash provided by financing activity	(25,624,876)	-
Investing Activities		
Cash received from non-refundable deposits	-	4,029,961
Exploration and evaluation assets	(108,559)	(213,198)
Property and equipment	(2,568)	(1,151,772)
Restricted cash	86,760	-
Cash (used in) provided by investing activities	(24,367)	2,664,991
Net (decrease) increase in cash and cash equivalents during the period	(26,579,333)	5,282,832
Cash and cash equivalents – beginning of the period	41,539,578	1,892,459
Cash and cash equivalents – end of the period	$ 14,960,245	$ 7,175,291
Supplementary disclosures:		
Interest received	$ 19,006	$ 6,412
Cash	$ 4,526,453	$ 7,055,182
Cash equivalents	10,433,792	120,109
	$ 14,960,245	$ 7,175,291

Non-Cash Investing Activities:
The Company incurred $7,037 in exploration and evaluation expenditures which were in accounts payable at June 30, 2020 (2019: $46,031). The Company incurred $nil in property and equipment expenditures which were in accounts payable at June 30, 2020 (2019: $254,161).

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 Equity
Balance at March 31, 2020	85,416,252	$ 244,218,293	$ 21,082,147	$ -	$ (6,771)	$ (208,987,594)	$ 56,306,075
Share-based compensation	-	-	5,930	-	-	-	5,930
Return of capital	-	(25,624,876)	-	-	-	-	(25,624,876)
Unrealized loss on available-for-sale investments	-	-	-	-	5,293	-	5,293
Net loss for the period	-	-	-	-	-	(1,705,227)	(1,705,227)
Balance at June 30, 2020	85,416,252	$ 218,593,417	$ 21,088,077	$ -	$ (1,478)	$ (210,692,821)	$ 28,987,195
Balance at March 31, 2019	85,282,252	$ 244,169,454	$ 21,034,508	$ 12,833,691	$ 4,388	$ (216,921,810)	$ 61,120,231
Share-based compensation	-	-	17,041	-	-	-	17,041
Currency translation adjustment	-	-	-	(2,087,440)	-	-	(2,087,440)
Unrealized loss on available-for-sale investments	-	-	-	-	(342)	-	(342)
Net loss for the period	-	-	-	-	-	(872,697)	(872,697)
Balance at June 30, 2019	85,282,252	$ 244,169,454	$ 21,051,549	$ 10,746,251	$ 4,046	$ (217,794,507)	$ 58,176,793

See accompanying notes.

Notes to the Condensed Consolidated Interim Financial Statements
Three Months Ended June 30, 2020
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 current focus on oil and gas exploration, development and production with assets that are situated in Australia.

The Company has an interest in oil and gas properties that contain economically recoverable reserves. Further exploration and development activities are required by the Company to establish reserves and to commercialize its oil and gas exploration properties. The Company is also influenced by significant financial risks as well as fluctuations in commodity prices. The Company will use cash and operating cash flow to further explore and develop its properties towards planned principal operations. The Company monitors its cash and cash equivalents and adjusts its expenditure plans to conform to available funding. The Company plans to fund exploration and development activities through existing cash, operating cash flow and any potential capital raising.

During the year ended March 31, 2020, the Company, and certain of its subsidiaries, completed the definitive share and asset purchase agreement with Tamarind Resources Pte. Ltd., and certain of its subsidiaries (collectively, "Tamarind"). Refer to note 14.

Note 2 – Significant Accounting Policies

Statement of compliance and basis of presentation

Basis of Presentation and Statement of Compliance with International Financial Reporting Standards

These condensed consolidated interim financial statements have been prepared in accordance and comply with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board and interpretations of the International Financial Reporting Interpretations Committee.

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 consolidated 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, 2020.

These condensed consolidated interim financial statements were authorized for issuance on August 28, 2020 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
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

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, fair value and depletion 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, depletion 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 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, forecasted oil prices and contractual price of natural gas along with forecasted operating and decommissioned costs.

Oil and 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 reviews 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 CGU or asset. 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 1.62% and a risk-free discount rate ranging from 0.33% to 1.56% 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.

Note 3 – Exploration and Evaluation Assets

Permit	**ATP 2037**	**ATP 2038**	**PL17 Cypress**	**PEP 51153**
Ownership Interest	**100%**	**100%**	**100%**	**100%**
Cost				
At March 31, 2019	$ -	$ -	$ 5,932,952	$ -
Capital expenditures	136,974	187,775	19,636	215,326
Transfer costs	49,054	70,647	(119,701)	-
Reclassification of assets sold *(1)*	-	-	-	(215,326)
Foreign exchange movement	-	-	(504,892)	-
At March 31, 2020	186,028	258,422	5,327,995	-
Capital expenditures	33,719	59,671	2,499	-
At June 30, 2020	$ 219,747	$ 318,093	$ 5,330,494	$ -
Net book value				
March 31, 2020	$ 186,028	$ 258,422	$ 5,327,995	$ -
June 30, 2020	**$ 219,747**	**$ 318,093**	**$ 5,330,494**	**$ -**

Permit	**PEP 57065**	**PEP 54877**	**TOTAL**
Ownership Interest	**100%**	**70%**	
Cost			
At March 31, 2019	$ -	$ -	$ 5,932,952
Capital expenditures	19,071	11,527	590,309
Transfer costs	-	-	-
Reclassification of assets sold *(1)*	(19,071)	(11,527)	(245,924)
Foreign exchange movement	-	-	(504,892)
At March 31, 2020	$ -	$ -	$ 5,772,445
Capital expenditures	-	-	95,889
At June 30, 2020	$ -	$ -	$ 5,868,334
Net book value			
March 31, 2020	$ -	$ -	$ 5,772,445
June 30, 2020	**$ -**	**$ -**	**$ 5,868,334**

(1) Refer to Note 14.

The Company's oil and gas properties are located in Australia, and its interests in these properties are maintained pursuant to the terms of 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 in 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.

In addition, effective as at March 31, 2020, the Company has assessed the current functional currency of each of its foreign subsidiaries to be the Canadian dollar. To the date of disposal of substantially all of its New Zealand oil and gas assets and operations on September 25, 2019, the Company had considered this business to operate with the New Zealand dollar as its functional currency. This change, based on an altered fact pattern, was applied prospectively with no alterations to comparative numbers required.

Note 4 – Property, Plant and Equipment

	Proven Oil and Gas Property PMP 38156/ PMP 60291	Proven Oil and Gas Property PMP 53803	Proven Oil and Gas Property PMP 60454	Proven Oil and Gas Property PL17	Right of use Assets	Office Equipment and Leasehold Improvements	Total
Cost							
At March 31, 2019	$ -	$ -	$ -	$ 502,106	$ -	$ 1,899,630	$ 2,401,736
Capital expenditures	461,205	45,903	2,322,632	-	208,423	9,043	3,047,206
Sale of assets	-	-	-	-	-	(1,563,521)	(1,563,521)
Write-off of assets	-	-	-	-	-	(41,155)	(41,155)
Reclassification of assets sold *(1)*	(461,205)	(45,903)	(2,322,632)	-	-	-	(2,829,740)
Foreign exchange movement	-	-	-	(42,729)	-	89,844	47,115
At March 31, 2020	-	-	-	459,377	208,423	393,841	1,061,641
Capital expenditures	-	-	-	-	-	2,568	2,568
At June 30, 2020	$ -	$ -	$ -	$ 459,377	$ 208,423	$ 396,409	$ 1,064,209
Accumulated depletion and depreciation							
At March 31, 2019	$ -	$ -	$ -	$ (62,203)	$ -	$ (1,465,528)	$ (1,527,731)
Depletion and depreciation	-	-	-	(28,454)	(85,014)	(28,363)	(141,831)
Sale of assets	-	-	-	-	-	1,093,546	1,093,546
Foreign exchange movement	-	-	-	5,294	-	79,024	84,318
At March 31, 2020	-	-	-	(85,363)	(85,014)	(321,321)	(491,698)
Depletion and depreciation	-	-	-	-	(21,254)	(12,007)	(33,261)
At June 30, 2020	$ -	$ -	$ -	$ (85,363)	$(106,268)	$ (333,328)	$ (524,959)
Net book value							
March 31, 2020	$ -	$ -	$ -	$ 374,014	$ 123,409	$ 72,520	$ 569,943
June 30, 2020	**$ -**	**$ -**	**$ -**	**$ 374,014**	**$ 102,155**	**$ 63,081**	**$ 539,250**

(1) Refer to Note 14.

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. Production from Bennett-1 and Bennett-4 wells is uneconomic and as such no reserves are assigned to the Company's Petroleum License 17 located in the Surat Basin, Queensland.

Note 5 – Investments

	June 30, 2020		March 31, 2020	
	Number of Shares Held	**Market Value**	Number of Shares Held	Market Value
Marketable securities available for sale	**525,191**	**$ 31,471**	525,191	$ 26,178

Note 6 – Asset Retirement Obligations

The following is a continuity of asset retirement obligations for the three months ended June 30, 2020:

Balance at March 31, 2020	$ 131,662
Accretion expense	965
Balance at June 30, 2020	$ 132,627

The following is a continuity of asset retirement obligations for the three months ended June 30, 2019:

Balance at March 31, 2019	$ 140,056
Accretion expense	931
Foreign exchange movement	(4,519)
Balance at June 30, 2019	$ 136,468

The Company's asset retirement obligations result from net ownership interests in oil and gas development activity. The Company estimates the total undiscounted amount of cash flows required to settle its asset retirement obligations to be approximately $132,000 which will be incurred between 2022 and 2029. 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 1.62% and discounted to its present value using a risk-free rate ranging from 0.33% to 1.56%. 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 7 – 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 three months ended June 30:

		2020		2019
Share-based compensation	**$**	**5,930**	$	8,079
Management wages and director fees		**147,000**		456,949
Total management compensation	**$**	**152,930**	$	465,028

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 three months ended June 30, 2020:

No common shares were issued or purchased and cancelled.

The Company completed a return of capital to shareholders of $0.30 per outstanding common share, for aggregate cash-only consideration of approximately $26.5 million.

During the three months ended June 30, 2019:

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 three month period ended June 30, 2020, no share options were exercised or granted and 75,000 options expired at a weighted average exercise price of $1.54.

The following is a continuity of outstanding share options:

	Weighted Average of Options	Weighted Average of Exercise Price
Balance at March 31, 2019	4,585,000	$ 0.74
Granted during the year	250,000	0.50
Expired/Cancelled during the year	(1,235,000)	1.07
Balance at March 31, 2020	3,600,000	0.62
Expired/Cancelled during the period	(75,000)	1.54
Balance at June 30, 2020	3,525,000	$ 0.60

The following table summarizes information about share options that are outstanding at June 30, 2020:

Number of Options	Price per Share	Expiry Date	Options Exercisable
800,000	$0.75	March 2, 2021	800,000
500,000	$0.75	March 9, 2021	500,000
25,000	$1.05	November 23, 2021	25,000
1,950,000	$0.50	April 18, 2023	1,950,000
250,000	$0.50	February 18, 2023	83,333
3,525,000			3,358,333

As at June 30, 2020, the weighted average contractual remaining life is 2.14 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) Loss Per Share

Basic and diluted weighted average shares outstanding for the three month period ended June 30, 2020 was 85,416,252 (2019: 85,282,352).

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 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 the Company's 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 June 30, 2020 and did not provide for any doubtful accounts. During the period ended June 30, 2019, there were no write-offs. As at June 30, 2020, there were 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) income and comprehensive (loss) income. 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) income and comprehensive (loss) income 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 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 New Zealand and Australian dollars and to a lesser extent, 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 June 30, 2020 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:

		June 30, 2020		
	Fair Value Level	Fair Value through Profit or Loss	Fair Value through Other Comprehensive Income	Amortized Cost
		$	$	$
Financial assets:				
Cash and cash equivalents		-	-	14,960,245
Restricted cash		-	-	252,270
Royalty	1	4,492,949	-	-
Investments	1	-	31,471	-
Accounts receivable		-	-	246,342
		4,492,949	31,471	15,458,857
Financial liabilities:				
Accounts payable and accrued liabilities		-	-	491,568
Non-refundable deposit		-	-	86,760
		-	-	578,328

		March 31, 2020		
	Fair Value Level	Fair Value through Profit or Loss	Fair Value through Other Comprehensive Income	Amortized Cost
		$	$	$
Financial assets:				
Cash and cash equivalents		-	-	41,539,578
Restricted cash		-	-	339,378
Royalty	1	5,020,587	-	-
Investments	1	-	26,178	-
Accounts receivable		-	-	328,338
		5,020,587	26,178	42,207,294
Financial liabilities:				
Accounts payable and accrued liabilities		-	-	604,123
Non-refundable deposit		-	-	86,760
		-	-	690,883

During the period ended June 30, 2020 and the year ended March 31, 2020, there were no transfers between level 1, level 2 and level 3.

Note 11 – Commitments

The Company has the following commitments for capital expenditure at June 30, 2020:

Contractual Obligations	Total $	Less than One Year $	More than One Year $
Operating leases (1)	208,000	139,000	69,000
Other long-term obligations (2)	7,726,000	3,530,000	4,196,000
Total Contractual Obligations (3)	7,934,000	3,669,000	4,265,000

(1) The Company has commitments related to the corporate office lease signed in 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 at the date of this report. 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.

(3) The Company's total commitments include those that are required to be incurred to maintain its permits in good standing during the current permit term, prior to the Company committing to the next stage of the permit term where additional expenditures would be required. In addition, 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.

Note 12 – Segmented Information

The Company operates in three geographical regions, therefore information on country segments is provided as follows:

For the three months ended June 30, 2020	Canada	New Zealand	Australia	Total Company
Production revenue	$ -	$ -	$ -	$ -
Restricted cash	$ 115,221	$ -	$ 137,049	$ 252,270
Exploration and evaluation assets	-	-	5,868,334	5,868,334
Property, plant and equipment	135,965	-	403,285	539,250
Royalty and other interests	-	5,006,435	-	5,006,435
Investments	31,471	-	-	31,471
Total non-current assets	$ 282,657	$ 5,006,435	$ 6,408,668	$ 11,697,760

For the year ended March 31, 2020	Canada	New Zealand	Australia	Total Company
Production revenue	$ -	$ 16,292,013	$ 156,504	$ 16,448,517
Restricted cash	$ 115,569	$ -	$ 223,809	$ 339,378
Exploration and evaluation assets	-	-	5,772,445	5,772,445
Property, plant and equipment	157,177	-	412,766	569,943
Royalty and other interests	-	6,107,877	-	6,107,877
Investments	26,178	-	-	26,178
Total non-current assets	$ 298,924	$ 6,107,877	$ 6,409,020	$ 12,815,821

The Company operates in the petroleum exploration and production industry:

For the three months ended June 30, 2020	Total
Loss for the period	$ (1,705,227)
Total assets	$ 29,803,598
Total liabilities	$ 816,403

For the year ended March 31, 2020	Total
Income for the year	$ 7,934,216
Total assets	$ 57,255,070
Total liabilities	$ 948,995

Note 13 – Interest and Penalties

The Company has been assessed penalties and interest by Canada Revenue Agency ("CRA") 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. As required by CRA, TAG has paid 50% of the accessed amount and accrued the remaining balance. Upon resolution of the dispute, TAG will be required to either pay the remaining 50% or will be refunded the amount paid if the Notice of Objection is resolved in TAG's favor.

Note 14 –Sale of New Zealand Interests

On September 25, 2019, the Company and certain of its subsidiaries completed a share and asset purchase agreement with Malaysian-based Tamarind and certain of its subsidiaries. This arm's length transaction resulted in the sale of substantially all of TAG's Taranaki Basin assets and operations in New Zealand (the "Transaction"). The sale included TAG's 100% working interests in: PMP 38156 (Cheal and Cardiff), PMP 53803 (Sidewinder), PMP 60454 (Supplejack), PEP 51153 (Puka), PEP 57065 (Waitoriki) and TAG's 70% interest in PMP 60291 (Cheal East) and PEP 54877 (Cheal East) (collectively, the "NZ Assets"). The terms of the Transaction consisted of the following:

- Cash payment to TAG of US$30 million at closing (received).
- TAG to receive a 2.5% gross overriding royalty (the "Royalty") on future production from all NZ Assets.
- Up to US$5 million in event specific payments payable on achieving various milestones (US$500,000 received to June 30, 2020).

The Royalty has been recorded as a financial asset at its fair value, reduced by the actual payments received ($583,746 received to date) and subject to revaluation for on an ongoing basis. The Royalty and the event specific payments which remain outstanding are classified as current in respect to the values applicable to the period ending one year from the balance sheet date; the residual balances are classified as non-current.

During the year ended March 31, 2019, an impairment loss of $63,131,970 relating to the remeasurement of the Company's New Zealand net assets and operations the lower of their carrying amount and estimated fair value less costs to sell was included in net loss. During fiscal 2020 an offsetting gain relating to the period to September 25, 2019 aggregating $4,255,581 was ultimately included in income, however this adjustment was initially reported, on an interim basis, as an additional provision amount of $3,498,007 at June 30, 2019.