Condensed Consolidated Interim Financial Statements

(Stated in Canadian Dollars)

September 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

	September 30, 2020	March 31, 2020
Assets		
Current:		
Cash and cash equivalents	$ 15,096,459	$ 41,539,578
Amounts receivable and prepaids	301,799	407,884
Current portion of royalty and other interests (Note 13)	2,865,201	2,440,869
Inventory	-	50,918
	18,263,459	44,439,249
Non-Current:		
Exploration and evaluation assets (Note 3)	5,916,223	5,772,445
Investments	28,722	26,178
Property, plant and equipment (Note 4)	505,583	569,943
Restricted cash	252,407	339,378
Royalty and other interests (Note 13)	4,617,708	6,107,877
	$ 29,584,102	$ 57,255,070
Liabilities and Shareholders' Equity		
Current:		
Accounts payable and accrued liabilities	$ 468,384	$ 604,123
Current portion of lease liabilities	81,213	85,928
Non-refundable deposits	86,760	86,760
	636,357	776,811
Non-Current:		
Asset retirement obligations (Note 5)	133,622	131,662
Long term portion of lease liabilities	2,916	40,522
	772,895	948,995
Share capital (Note 7)	219,587,667	244,218,293
Share-based payment reserve (Note 7)	21,227,387	21,082,147
Available for sale marketable securities reserve	(4,227)	(6,771)
Deficit	(211,999,620)	(208,987,594)
	28,811,207	56,306,075
	$ 29,584,102	$ 57,255,070

Nature of Operations (Note 1)
Commitments (Note 10)
Subsequent Events (Note 14)

See accompanying notes.

Approved by the Board of Directors:

"Toby Pierce" *"Abby Badwi"*

Toby Pierce, Director Abby Badwi, Director

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

	Three months ended September 30, 2020	Three months ended September 30, 2019	Six months ended September 30, 2020	Six months ended September 30, 2019
Revenues				
Production revenue	$ -	$ 6,725,891	$ -	$ 16,500,378
Production costs	(54,488)	(2,352,276)	(86,952)	(4,902,982)
Royalties	-	(579,487)	-	(1,594,983)
Transportation and storage costs	-	(895,315)	-	(1,983,219)
	(54,488)	2,898,813	(86,952)	8,019,194
Expenses				
Depletion, depreciation and accretion	34,661	137,320	68,887	279,554
Finance costs	-	72,315	-	86,823
Foreign exchange	235,039	(348,857)	1,204,206	(262,300)
General and administrative	909,573	911,868	1,505,541	3,309,522
Interest and other income	(157,882)	(153,340)	(177,236)	(347,030)
Share-based compensation	139,310	(7,348)	145,240	9,693
	(1,160,701)	(611,958)	(2,746,638)	(3,076,262)
Other Items				
Exploration expense	(50,107)	(6,771)	(50,107)	(37,206)
Gain on sale of property and equipment	-	318,836	-	318,504
Loss on royalty valuation	(41,503)	-	(128,329)	-
Gain on sale of disposal group	-	4,868,185	-	1,370,178
Write-off of oil and gas property	-	(41,155)	-	(41,155)
	(91,610)	5,139,095	(178,436)	1,610,321
Net (loss) income for the period	$ (1,306,799)	$ 7,425,950	$ (3,012,026)	$ 6,553,253
Other comprehensive loss				
Cumulative translation adjustment	-	(7,416,445)	-	(9,503,885)
Change in available for sale assets:				
Investments	(2,749)	(7,945)	2,544	(8,287)
Comprehensive (loss) income for the period	$ (1,309,548)	$ 1,560	$ (3,009,482)	$ (2,958,919)
(Loss) income per share – basic (Note 7(d))	$ (0.01)	$ 0.09	$ (0.03)	$ 0.08
(Loss) income per share – diluted (Note 7(d))	$ (0.01)	$ 0.09	$ (0.03)	$ 0.08

See accompanying notes.

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

	Six months ended September 30, 2020	2019
Operating Activities		
Net (loss) income for the period	$ (3,012,026)	$ 6,553,253
Changes for non-cash operating items:		
Depletion, depreciation and accretion	68,887	279,554
Interest and foreign exchange	373,559	143
Exploration expenses	50,107	37,206
Gain (loss) on sale of property and equipment	-	(318,504)
Gain on sale of disposal group	-	(1,370,178)
Lease liabilities	(42,321)	-
Loss on royalty valuation	128,329	-
Share-based compensation	145,240	9,693
Write-off of property and equipment	-	41,155
	(2,288,225)	5,232,322
Changes for non-cash working capital accounts:		
Amounts receivable and prepaids	106,085	543,267
Accounts payable and accrued liabilities	(132,068)	(2,959,557)
Inventory	-	48,127
Cash (used in) provided by operating activities	(2,314,208)	2,864,159
Financing Activities		
Cash distributed as a return of capital	(25,624,876)	-
Private placement – net of share issue costs	994,250	-
Shares purchased and returned to treasury	-	(14,866)
Cash used in financing activity	(24,630,626)	(14,866)
Investing Activities		
Proceeds on sale of property and equipment	-	39,886,126
Exploration and evaluation assets	(146,638)	(145,345)
Property and equipment	(2,567)	(4,576,897)
Restricted	86,760	-
Royalty and other interests proceeds received	564,160	-
Cash provided by investing activities	501,715	35,163,884
Net (decrease) increase in cash and cash equivalents during the period	(26,443,119)	38,013,177
Cash and cash equivalents – beginning of the period	41,539,578	1,892,459
Cash and cash equivalents – end of the period	$ 15,096,459	$ 39,905,636
Supplementary disclosures:		
Interest received	$ 43,495	$ 36,338
Cash	$ 4,959,452	$ 39,801,494
Cash equivalents	10,137,007	104,142
	$ 15,096,459	$ 39,905,636

Non-Cash Investing Activities:

The Company incurred $16,036 in exploration and evaluation expenditures which were in accounts payable at September 30, 2020 (2019: $4,800). The Company incurred $nil in property and equipment expenditures which were in accounts payable at September 30, 2020 (2019: $nil).

See accompanying notes.

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

	Number of Shares (Note 7)	Share Capital (Note 7)	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
Private placement – net of share issue costs	6,250,000	994,250	-	-	-	-	994,250
Share-based compensation	-	-	145,240	-	-	-	145,240
Return of capital	-	(25,624,876)	-	-	-	-	(25,624,876)
Unrealized loss on available-for-sale investments	-	-	-	-	2,544	-	2,544
Net loss for the period	-	-	-	-	-	(3,012,026)	(3,012,026)
Balance at September 30, 2020	91,666,252	$ 219,587,667	$ 21,227,387	$ -	$ (4,227)	$ (211,999,620)	$ 28,811,207
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
Repurchase of shares	(43,000)	(14,866)	-	-	-	-	(14,866)
Share-based compensation	-	-	9,693	-	-	-	9,693
Currency translation adjustment	-	-	-	(9,503,885)	-	-	(9,503,885)
Unrealized loss on available-for-sale investments	-	-	-	-	(8,287)	-	(8,287)
Net income for the period	-	-	-	-	-	6,553,253	6,553,253
Balance at September 30, 2019	85,239,252	$ 244,154,588	$ 21,044,201	$ 3,329,806	$ (3,899)	$ (210,368,557)	$ 58,156,139

See accompanying notes.

Expressed in Canadian Dollars

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 in Australia. 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 13.

Also refer to note 14.

Note 2 – Significant Accounting Policies

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”) specifically IAS 34, Interim Financial Reporting, 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. 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 the year ended March 31, 2020.

These condensed consolidated interim financial statements were authorized for issuance on November 16, 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.

Royalty and other interests

In addition, as disclosed in Note 13, the Company's carrying amount for royalty and other interests is derived based on variables which involve significant uncertainty and estimation, including inputs used in the determination of the current value of the production royalty and the effect of changes in foreign exchange rates. In addition, the Event Specific Payments due from Tamarind remain subject to that company's ability to meet such obligations as they come due.

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	48,631	77,431	17,716	-
At September 30, 2020	$ 234,659	$ 335,853	$ 5,345,711	$ -
Net book value				
March 31, 2020	$ 186,028	$ 258,422	$ 5,327,995	$ -
September 30, 2020	**$ 234,659**	**$ 335,853**	**$ 5,345,711**	**$ -**

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	-	-	143,778
At September 30, 2020	$ -	$ -	$ 5,916,223
Net book value			
March 31, 2020	$ -	$ -	$ 5,772,445
September 30, 2020	**$ -**	**$ -**	**$ 5,916,223**

(1) Refer to Note 13.

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 September 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	-	-	-	(15,403)	(42,508)	(9,017)	(66,928)
At September 30, 2020	$ -	$ -	$ -	$ (100,766)	$(127,522)	$ (330,338)	$ (558,626)
Net book value							
March 31, 2020	$ -	$ -	$ -	$ 374,014	$ 123,409	$ 72,520	$ 569,943
September 30, 2020	**$ -**	**$ -**	**$ -**	**$ 358,611**	**$ 80,901**	**$ 66,071**	**$ 505,583**

(1) Refer to Note 13.

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 – Asset Retirement Obligations

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

Balance at March 31, 2020	$ 131,662
Accretion expense	1,960
Balance at September 30, 2020	$ 133,622

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

Balance at March 31, 2019	$ 140,056
Accretion expense	1,816
Foreign exchange movement	(8,005)
Balance at September 30, 2019	$ 133,867

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 $134,000 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 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. Refer also to Note 7 (a).

Key management personnel compensation for the three months ended June 30:

	2020	2019
Share-based compensation	**$ 96,733**	$ 16,158
Management wages and director fees	**331,000**	595,634
Total management compensation	**$ 427,733**	$ 611,792

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 six months ended September 30, 2020:

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.

On September 1, 2020, the Company completed a non-brokered private placement of 6,250,000 units at a price of $0.16 per unit. Each unit consists of one common share and one warrant, entitling the holder thereof to acquire one common share at a price of $0.16 for a period of three years. Directors and key management personnel of the Company participated in this financing in the aggregate amount of 6,093,750 units.

During the six months ended September 30, 2019:

The Company purchased and cancelled 43,000 common shares under its normal course issuer bids at an average price of $0.35 per common share.

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

On September 1, 2020, the Company granted 4,850,000 incentive share options to various directors, executive officers, employees and consultants. These options are exercisable until September 1, 2025, at a price of $0.25 per share subject to one-third of the total options vested one year from the date of the grant date, one-third of the total options two years from the date of the grant and one-third of the total options three years from the date of the grant.

On September 11, 2020, the Company granted 775,000 incentive share options to various directors, executive officers, employees and consultants. These options vested immediately and are exercisable until September 11, 2025, at a price of $0.25 per share.

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
Granted during the period	5,625,000	0.25
Expired/Cancelled during the period	(75,000)	1.54
Balance at September 30, 2020	9,150,000	$ 0.38

The following table summarizes information about share options that are outstanding at September 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, 2025	83,333
4,850,000	$0.25	September 1, 2025	-
775,000	$0.25	September 11, 2025	775,000
9,150,000			4,133,333

As at September 30, 2020, the weighted average contractual remaining life is 3.75 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 September 30, 2020:

Number of Warrants	Price per Share	Weighted Average Remaining Contractual Life	Expiry Date
6,250,000	$0.16	2.92	September 1, 2020
6,250,000			

d) Loss Per Share

Basic and diluted weighted average shares outstanding for the six month period ended September 30, 2020 was 86,406,689 (2019: 85,267,919). Basic and diluted weighted average shares outstanding for the three month period ended September 30, 2020 was 87,386,361 (2019: 85,253,741).

Note 8 – 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 9 – 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 September 30, 2020 and did not provide for any doubtful accounts. During the period ended September 30, 2019, there were no write-offs. As at September 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) 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 September 30, 2020 and any variations in interest rates would not have materially affected net income.

f) 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.

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:

		September 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		-	-	15,096,459
Restricted cash		-	-	252,407
Royalty	1	4,282,785	-	-
Investments	1	-	28,722	-
Accounts receivable		-	-	246,342
Other interests		-	-	3,200,124
		4,282,785	28,722	18,795,332
Financial liabilities:				
Accounts payable and accrued liabilities		-	-	468,384
Non-refundable deposit		-	-	86,760
		-	-	555,144

		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
Other interests		-	-	3,528,159
		5,020,587	26,178	45,735,453
Financial liabilities:				
Accounts payable and accrued liabilities		-	-	604,123
Non-refundable deposit		-	-	86,760
		-	-	690,883

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

Note 10 – Commitments

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

Contractual Obligations	Total $	Less than One Year $	More than One Year $
Operating leases (1)	174,000	139,000	35,000
Other long-term obligations (2)	8,070,000	3,687,000	4,383,000
Total Contractual Obligations (3)	8,244,000	3,826,000	4,418,000

(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 11 – Segmented Information

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

For the six months ended September 30,	Canada	New Zealand	Australia	Total Company
Production revenue	$ -	$ -	$ -	$ -
Restricted cash	$ 115,358	$ -	$ 137,049	$ 252,407
Exploration and evaluation assets	-	-	5,916,223	5,916,223
Property, plant and equipment	112,057	-	393,526	505,583
Royalty and other interests	-	4,617,708	-	4,617,708
Investments	28,722	-	-	28,722
Total non-current assets	$ 256,137	$ 4,617,708	$ 6,446,798	$ 11,320,643

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 six months ended September 30, 2020	Total
Loss for the period	$ (3,012,026)
Total assets	$ 29,584,102
Total liabilities	$ 772,895

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 12 – 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 13 –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$650,000 received to September 30, 2020).

The Royalty has been recorded as a financial asset at its fair value, reduced by the actual payments received ($585,372 received to date, $128,010 during the current quarter) 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 interim gain amount of $1,370,178 to September 30, 2019.

Note 14 – Subsequent Events

On October 30, 2020, the Company has closed the purchase and sale agreement, with Luco Energy Pty. Ltd. ("Luco"), a company owned by Ilwella Pty. Ltd. and AJ Lucas Services, to divest its Australian assets and operations as part of a strategic realignment of the Company's oil and gas exploration and development activities. This is an arm's length transaction that involves the sale of the shares of its Australian subsidiary, Cypress Petroleum Pty Ltd., which holds the Company's 100% working interests in PL 17, ATP 2037, and ATP 2038 (collectively, the "Permits") located in the Surat Basin of Queensland, Australia to Luco for a cash payment of A$2,500,000 at closing and to receive a 3.0% gross overriding royalty on future production from all liquids produced from the Permits. The Transaction is expected to complete in fiscal Q3 2021, subject to satisfaction of certain customary conditions precedent, including approval of the TSX Venture Exchange.