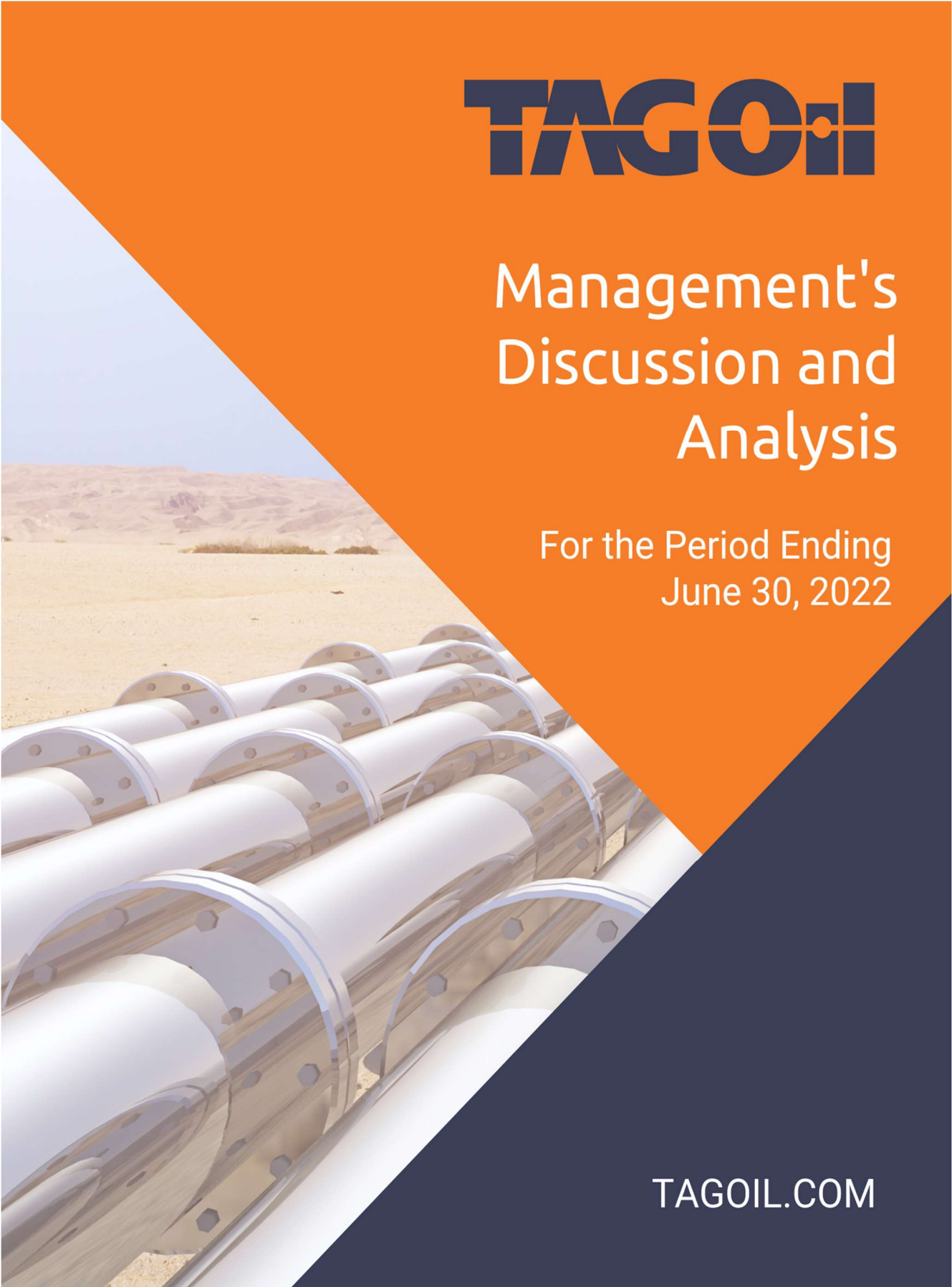




# Management's Discussion and Analysis

For the Period Ending  
June 30, 2022

[TAGOIL.COM](http://TAGOIL.COM)



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## MANAGEMENT'S DISCUSSION AND ANALYSIS

The following Management's Discussion and Analysis ("MD&A") is dated August 29, 2022, for the three months ended June 30, 2022 and should be read in conjunction with the condensed consolidated interim financial statements for the same period and the audited consolidated financial statements for the year ended March 31, 2022.

The condensed consolidated interim financial statements for the three months ended June 30, 2022, have been prepared in accordance with International Financial Reporting Standards ("IFRS") specifically IAS 34, Interim Financial Reporting, as issued by the International Accounting Standards Board ("IASB"), and its interpretations. Results for the three month period ended June 30, 2022, are not necessarily indicative of future results. All figures are expressed in thousands of Canadian dollars unless otherwise stated.

### ABOUT TAG OIL LTD.

TAG Oil Ltd. ("TAG" or the "Company") is an international oil and gas exploration, development and production company.

During the year ended March 31, 2022, the Company issued 100,000 shares for stock options exercised at \$0.25 per share and granted 700,000 stock options to various consultants. These stock options are exercisable until June 28, 2026, at a price of \$0.45 per share and are subject to deferred vesting over two years.

The Company has been pursuing consolidation opportunities through the potential acquisition of assets and/or companies in the initial focus area of the Middle East and North Africa.

### FIRST QUARTER FINANCIAL AND OPERATING HIGHLIGHTS

- At June 30, 2022, the Company had \$13.1 million in cash and cash equivalents and \$15.4 million in working capital.
- No production for the quarter ended June 30, 2022.
- Capital expenditures totaled \$0.004 million for the quarter ended June 30, 2022.

### BUSINESS ENVIRONMENT, THE IMPACT OF COVID-19 AND THE RUSSIAN CONFLICT

The oil price volatility increased on demand and supply issues but several other factors, including the Covid-19 pandemic, energy transition, underinvestment of new projects in the O&G industry, and the Russia-Ukraine war are having an impact. At the same time, the global economy faces a scenario of sharp rise in inflation and slowing economic growth.

In March 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization.

In recent covid related events, lockdowns in China have been implemented to manage the rise in number of COVID infections and other variants are emerging with an unknown impact.

The Russian invasion of Ukraine has created a lot of uncertainty in the economic environment for oil producers in the first half of 2022 and increased the volatility in price and supply. Both price and supply have been impacted by sanctions on Russian companies and individuals, including oil and gas producers which is expected to continue over the short term. Over the long term it is expected that markets will return to a less volatile state subject to the outcome of the conflict.

As of July 2022, OPEC's OMOR report World oil demand growth in 2022 remains unchanged from the previous month's assessment at 3.4 mb/d. Oil demand in the OECD is estimated to increase by 1.8 mb/d, while non-OECD is seen growing by 1.6 mb/d. Total oil demand is projected to average 100.3 mb/d. The first quarter of this year was revised higher, amid better-than-anticipated oil demand in the main OECD consuming countries. However, with the resurgence of COVID-19 in China and ongoing geopolitical uncertainties, oil demand in 2Q22 is revised lower. For 2023, world oil demand growth is expected to reach 2.7 mb/d to average 103.0 mb/d, with the OECD growing by 0.6 mb/d and non-OECD growth forecast at 2.1 mb/d. Oil demand in 2023 is expected to be supported by a still solid economic performance in major consuming countries, as well as improved geopolitical developments and containment of COVID-19 in China.

OPEC's July 2022 report on Non-OPEC liquids supply growth in 2022 remains broadly unchanged from the previous month's assessment, despite upward revisions to China and Canada, and is now expected to grow by 2.1 mb/d to average 65.7 mb/d. The main drivers of liquids supply growth for the year are expected to be the US, Canada, Brazil, China, Kazakhstan and Guyana, while production is expected to decline mainly in Russia, Indonesia and Thailand. In 2023, non-OPEC liquids production is projected to grow by 1.7 mb/d to average 67.4 mb/d. Liquids supply in the OECD is forecast to increase by 1.4 mb/d in 2023, while non-OECD is seen growing by 0.2 mb/d. The main drivers for 2023 are expected to be the US, with growth of 1.1 mb/d, followed by Norway, Brazil, Canada and Guyana. However, uncertainty regarding the operational aspects of US production and from ongoing geopolitical developments remains high. OPEC NGLs and non-conventional liquids are forecast to grow by 0.1 mb/d in 2022 to average 5.39 mb/d and by 50 tb/d to average 5.44 mb/d in 2023. OPEC-13 crude oil production in June increased by 234 tb/d m-o-m to average 28.72 mb/d, according to available secondary sources.

## **OUTLOOK AND RESPONSE TO COVID-19**

The Company continues to comply with British Columbia and Alberta Health Guidelines in Canada as the work environment is returning to pre-pandemic conditions. The Company does not currently have any personnel in New Zealand and Australia. TAG has transitioned its office staff in Vancouver and Calgary back to the office on a rotating basis. Travel restriction and increased precautions are easing and have slowed progress and timing of most activities, but TAG is continuing to move forward with its plans to pivot to new opportunities in the Middle East and North Africa.

The Company has sufficient liquidity to operate beyond the next twelve months. The Company continues to receive royalty and event specific payments from the sale of substantially all of TAG's Taranaki Basin assets and operations in New Zealand (the "NZ Transaction").

## **RESULTS FROM OPERATIONS**

During the year ended March 31, 2022, and during Q1 of the current fiscal year the Company continued to receive its 2% overriding royalties on its interest in the New Zealand production assets from the NZ Transaction and evaluated a number of opportunities in the Middle East and North Africa region. The Company continues to review, evaluate, build on its knowledge, and pursue other options and opportunities in North Africa and the Middle East.

## SUMMARY OF QUARTERLY INFORMATION

| <i>Expressed in thousands of Canadian Dollars, except per share or boe</i> | <b>Jun 30, 2022</b> | Mar 31, 2022 | Dec 31, 2021 | Sept 30, 2021 | June 30, 2021 | Mar 31, 2021 | Dec 31, 2020 <sup>(2)</sup> | Sept 30, 2021 <sup>(1)</sup> |
|--|---------------------|--------------|--------------|---------------|---------------|--------------|-----------------------------|------------------------------|
| Net production volumes (boe/d)   | 0                   | 0            | 0            | 0             | 0             | 0            | 0                           | 0                            |
| Total revenue  | -                   | -            | -            | -             | -             | -            | -                           | -                            |
| Operating costs  | -                   | -            | -            | -             | -             | -            | (11)                        | (55)                         |
| Depletion, depreciation and accretion                                      | <b>(40)</b>         | (32)         | (28)         | (30)          | (32)          | (35)         | (33)                        | (35)                         |
| Finance Costs  | -                   | -            | -            | -             | -             | -            | -                           | -                            |
| Foreign exchange   | <b>166</b>          | (153)        | (87)         | 323           | (332)         | 502          | (671)                       | (235)                        |
| Interest and other income  | <b>24</b>           | 4            | 4            | 37            | 61            | (65)         | 26                          | 158                          |
| Stock-based compensation   | <b>(53)</b>         | (46)         | (78)         | (84)          | (72)          | (62)         | (65)                        | (139)                        |
| General and administrative   | <b>(664)</b>        | (842)        | (662)        | (832)         | (608)         | (848)        | (894)                       | (909)                        |
| Exploration expense and other income                                       | <b>(139)</b>        | 31           | (437)        | (380)         | (87)          | (139)        | (19)                        | (50)                         |
| Gain on lease modification   | -                   | 6            | -            | -             | -             | -            | -                           | -                            |
| Loss on sale of PP&E   | -                   | -            | -            | -             | -             | -            | (2)                         | -                            |
| Loss on sale of disposal group   | -                   | -            | -            | -             | -             | -            | (3,886)                     | -                            |
| Gain (loss) on royalty valuation and other interests                       | <b>603</b>          | 1,173        | 75           | 54            | (23)          | (2,769)      | (64)                        | (42)                         |
| Interest and penalties recovered   | -                   | -            | -            | -             | -             | 89           | -                           | -                            |
| Net (loss) income before tax   | <b>(103)</b>        | 141          | (1,213)      | (912)         | (1,093)       | (3,327)      | (5,619)                     | (1,307)                      |
| Income tax   | -                   | -            | -            | -             | -             | -            | -                           | -                            |
| Net (loss) income  | <b>(103)</b>        | 141          | (1,213)      | (912)         | (1,093)       | (3,327)      | (5,619)                     | (1,307)                      |
| (Loss) income per share – basic and diluted                                | <b>(0.00)</b>       | 0.00         | (0.01)       | (0.01)        | (0.01)        | (0.04)       | (0.06)                      | (0.02)                       |
| Adjusted net loss <sup>(3)</sup>   | <b>(706)</b>        | (1,038)      | (1,288)      | (966)         | (1,070)       | (550)        | (1,667)                     | (1,215)                      |
| Capital expenditures   | <b>4</b>            | 243          | 12           | 347           | 1             | -            | (78)                        | (48)                         |
| Cash flow used in <i>Operating activities</i>                              | <b>(837)</b>        | (885)        | (1,109)      | (1,142)       | (950)         | (940)        | (550)                       | (1,156)                      |

(1) The productions had been shut-in due to the requirement for repairs and did not restart due to the concern over COVID-19 and bringing in outside technical personal into the area during the process.

(2) During Q3 2021, the Company sold its shares of its Australian subsidiary, Cypress Petroleum Ltd., and had no production revenue up to the date of sale.

(3) Adjusted net (loss) income is a non-GAAP measure. It represents earnings before impairment expense and write-offs. See non-GAAP measures for further explanation.

As the Company has not yet secured an operating asset it has not incurred any operating costs for the quarter ended June 30, 2022, for the quarter ended March 31, 2022 and the quarter ended June 30, 2021. The Company is not currently incurring any operating cost while it is carrying out preliminary evaluation work on properties in North Africa and the Middle East.

Net loss before tax for the quarter ended June 30, 2022, was \$103 compared to net income before tax of \$141 for the quarter ended March 31, 2022. The adjusted net loss is \$706 for the quarter ended June 30, 2022, compared with of \$1,038 for the quarter ended March 31, 2022. The net loss compared to the prior quarter is primarily due to a increase in foreign exchange of \$166 from (\$153). Net loss before tax for the quarter ended June 30, 2022 was \$103 compared to net loss \$1,093 for the quarter ended June 30, 2021. The adjusted net loss is \$706 for the quarter ended June 30, 2022, compared to \$1,070 for the quarter ended

June 30, 2021. The increase is due to foreign exchange gain of \$166 compared to foreign exchange loss of \$332 and offset by decrease in interest income and other income of \$24 compared to \$61 for the quarter ended June 30, 2021.

### General and Administrative Expenses ("G&A")

|  | <b>June 30,<br/>2022</b> | March 31,<br>2022 | June 30,<br>2021 |
|--|--------------------------|-------------------|------------------|
| Consulting and director fees             | <b>74</b>                | 80                | 58               |
| Filing, listing and transfer agent       | <b>9</b>                 | 30                | 10               |
| Insurance                                | <b>18</b>                | 33                | 17               |
| Office and administration                | <b>29</b>                | 38                | 28               |
| Professional fees                        | <b>23</b>                | 93                | 38               |
| Rent                                     | <b>9</b>                 | 12                | 15               |
| Shareholder relations and communications | <b>89</b>                | 137               | 67               |
| Travel                                   | <b>71</b>                | 65                | 35               |
| Wages and salaries                       | <b>342</b>               | 354               | 340              |
| Oil and Gas G&A expenses                 | <b>664</b>               | 842               | 608              |

General and administrative costs decreased to \$664 for the quarter ended June 30, 2022 from \$842 for the quarter ended March 31, 2022. The decrease is mainly due to shareholder relations and communications decrease of \$48, filing, listing and transfer agent of \$21 and professional fees of \$70. General and administrative costs slightly increased from \$664 for the quarter ended June 30, 2022 from \$608 for the quarter ended June 30, 2021. The increase is due to an increase in consulting and director's fees of \$16, increase of travel of \$36 and offset by a decrease of shareholder relations and communications of \$21.

### Stock-based Compensation

|                          | <b>June 30,<br/>2022</b> | March 31,<br>2022 | June 30,<br>2021 |
|--------------------------|--------------------------|-------------------|------------------|
| Stock-based compensation | <b>53</b>                | 46                | 72               |

Stock-based compensation costs are non-cash charges, which reflect the theoretical estimated value of stock options granted. The Company applies the Black-Scholes option pricing model using the closing market prices on the grant dates and to date the Company has calculated option benefits using a volatility ratio and a risk-free interest rate. The theoretical fair value of the option benefit is amortized on a diminishing basis over the vesting period of the options, generally being a minimum of two years.

In the quarter ended June 30, 2022, the Company did not grant any stock options and no options were exercised. In the quarter ended June 30, 2021, the Company granted 700,000 stock options at \$0.45 per share and 100,000 stock options were exercised at \$0.25 per share.

Stock-based compensation decreased to \$53 in the quarter ended June 30, 2022, compared \$72 for the quarter ended June 30, 2021. The decrease in total stock-based compensation costs is due to options granted in Q1 2022.

## Depletion, Depreciation and Accretion (“DD&A”)

|                                       | June 30,<br>2022 | March 31,<br>2022 | June 30,<br>2021 |
|---------------------------------------|------------------|-------------------|------------------|
| Depletion, depreciation and accretion | 40               | 32                | 32               |

DD&A expenses increased for the quarter ended June 30, 2022 to \$40 compared with \$32 for the quarter ended June 30, 2021. The slight increase is due to the Company’s depreciation on capital leases.

## Foreign Exchange (Gain) Loss

|                              | June 30,<br>2022 | March 31,<br>2022 | June 30,<br>2021 |
|------------------------------|------------------|-------------------|------------------|
| Foreign exchange (gain) loss | (166)            | 153               | 332              |

The foreign exchange gain for the quarter ended June 30, 2022 was a result of movement of the USD against the NZD and CDN.

## Net (Loss) Income Before Tax, Income Tax and Net (Loss) Income After Tax

|   | June 30,<br>2022 | March 31,<br>2022 | June 30,<br>2021 |
|---|------------------|-------------------|------------------|
| Net (loss) income before tax            | (103)            | 141               | (1,093)          |
| Income tax                              | -                | -                 | -                |
| Net (loss) income after tax             | (103)            | 141               | (1,093)          |
| Loss per share – basic and diluted (\$) | (0.00)           | 0.00              | (0.01)           |

## Cash Flow

|  | June 30,<br>2022 | March 31,<br>2022 | June 30,<br>2021 |
|--|------------------|-------------------|------------------|
| Operating cash flow <sup>(1)</sup>                     | (837)            | (885)             | (950)            |
| Cash used in operating activities                      | (779)            | (926)             | (972)            |
| Operating cash flow per share – basic and diluted (\$) | (0.01)           | (0.01)            | (0.01)           |

*(1) Operating cash flow is a non-GAAP measure. It represents cash flow from operating activities before changes in working capital. See non-GAAP measures for further explanation.*

Operating cash outflow decreased to \$837 for the quarter ended June 30, 2022 compared to \$950 for the quarter ended June 30, 2021. The decrease is primarily due to change in the foreign exchange in the current quarter.

## CAPITAL EXPENDITURES

Capital expenditures consisted of capital leases, computer and office equipment and leasehold improvements of \$243 for the quarter ended June 30, 2022 and \$243 for the quarter ended March 31, 2022.

## FUTURE CAPITAL EXPENDITURES

The Company had the following commitments for capital expenditure at June 30, 2022:

| Contractual Obligations              | Total      | Less than One Year | Two to Five Years | More than Five Years |
|--------------------------------------|------------|--------------------|-------------------|----------------------|
| Operating leases <sup>(1)</sup>      | 719        | 233                | 486               | -                    |
| Other long-term obligations          | -          | -                  | -                 | -                    |
| <b>Total contractual obligations</b> | <b>719</b> | <b>233</b>         | <b>486</b>        | <b>-</b>             |

*(1) The Company has commitments related to corporate office lease signed in Vancouver and Calgary, Canada.*

The Company expects to manage its working capital on hand to meet its commitments that allow selective development and exploration. Commitments and work programs are subject to change as dictated by cashflow.

## LIQUIDITY AND CAPITAL RESOURCES

|   | June 30, 2022 | March 31, 2022 | June 30, 2021 |
|---|---------------|----------------|---------------|
| Cash and cash equivalents                   | <b>13,069</b> | 13,316         | 15,616        |
| Working capital                             | <b>15,403</b> | 15,374         | 16,290        |
| Contractual obligations, next twelve months | <b>233</b>    | 233            | 61            |
| Revenue                                     | -             | -              | -             |
| Cashflow used in operating activities       | <b>(837)</b>  | (885)          | (950)         |

As of the date of this report, the Company is monitoring its funding requirements and may adjust its current operations to ensure anticipated cash flow from the NZ Transaction royalty and event specific payments allows the Company to meet its commitments for the next twelve months. The Company has cash available, and it continues to monitor cash on hand and cash flow. TAG will continue to pursue opportunities with the goal of acquiring concessions leading to exploration, productions, and reserves.

The Company may require a source of financing in the event of adding material commitments or any acquisitions.

## NON-GAAP MEASURES

The Company uses certain terms for measurement within this MD&A that do not have standardized meanings prescribed by generally accepted accounting principles ("GAAP"), including IFRS, and these measurements may differ from other companies and accordingly may not be comparable to measures used by other companies.

The term "adjusted net income (loss)" is not a recognized measure under the applicable IFRS. Management of the Company believes that this term is useful to provide shareholders and potential investors with additional information, in addition to net income activities as defined by IFRS, for evaluating the Company's recurring operating performance, excluding the impact of non-cash impairment charges.

## Operating Margin

|  | <b>June 30,<br/>2022</b> | March 31,<br>2022 | June 30,<br>2021 |
|--|--------------------------|-------------------|------------------|
| Depletion, depreciation and accretion                | <b>(40)</b>              | (32)              | (32)             |
| Foreign exchange                                     | <b>166</b>               | (153)             | (332)            |
| Interest and other income                            | <b>24</b>                | 4                 | 61               |
| Stock-based compensation                             | <b>(53)</b>              | (46)              | (72)             |
| General and administrative                           | <b>(664)</b>             | (842)             | (608)            |
| Exploration expense                                  | <b>(139)</b>             | 31                | (87)             |
| Gain (loss) on royalty valuation and other interests | <b>603</b>               | 1,173             | (23)             |
| Gain on lease modification                           | -                        | 6                 | -                |
| Net (loss) income before tax                         | <b>(103)</b>             | 141               | (1,093)          |

## Adjusted net loss

|                                  | <b>June 30,<br/>2022</b> | March 31,<br>2022 | June 30,<br>2021 |
|----------------------------------|--------------------------|-------------------|------------------|
| Adjusted net loss                | <b>(706)</b>             | (1,038)           | (1,070)          |
| Gain (loss) on royalty valuation | <b>603</b>               | 1,173             | (23)             |
| Gain on lease modification       | -                        | 6                 | -                |
| Net (loss) income before tax     | <b>(103)</b>             | 141               | (1,093)          |

## Reconciliation of Operating Cash Flow

The term “cash flow from operating activities” as determined in accordance with IFRS. Cash flow from operations is a measure that represents cash generated from operating activities before changes in non-cash working capital. Management considers this a key measure as it demonstrates the Company’s ability to generate the cash flows necessary to fund future growth through capital investment. Funds flow from operations does not have any standardized meaning under IFRS and therefore may not be comparable to similar measures used by other companies.

|                                     | <b>June 30,<br/>2022</b> | March 31,<br>2022 | June 30,<br>2021 |
|-------------------------------------|--------------------------|-------------------|------------------|
| Cash used in Operating activities   | <b>(779)</b>             | (926)             | (972)            |
| Changes in non-cash working capital | <b>(58)</b>              | 41                | (22)             |
| Operating cash flow                 | <b>(837)</b>             | (885)             | (950)            |

## OFF-BALANCE SHEET ARRANGEMENTS AND PROPOSED TRANSACTIONS

The Company has no off-balance sheet arrangements or proposed transactions.

## FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The financial instruments on the Company’s balance sheet include cash, accounts receivable and accounts payable. The carrying value of these instruments approximates their fair value due to the short term nature of the instruments. The Company manages its risk through its policies and procedures, but other than as described above has not generally used derivative financial instruments to manage risks.



## RELATED PARTY TRANSACTIONS

As required under IAS 24, related party transactions include compensation paid to the Company's CEO, COO, Chairman and CFO as well as to the remaining board members as part of the ordinary course of the Company's business. The Company reports that no related party transactions have occurred during the reporting period other than ongoing compensation as disclosed in the table below.

The Company is of the view that the amounts incurred for services provided by related parties approximates what the Company would incur to arms-length parties for the same services. Compensation paid to key management is as follows:

|                                    | <b>June 30,<br/>2022</b> | March 31,<br>2022 | June 30,<br>2021 |
|------------------------------------|--------------------------|-------------------|------------------|
| Stock-based compensation           | <b>26</b>                | 27                | 58               |
| Management wages and director fees | <b>237</b>               | 237               | 237              |
| Total management compensation      | <b>263</b>               | 264               | 295              |

*The breakdown for the related party transactions during the three months ended June 30, 2022:*

| <i>Related Party</i> | <i>Role</i>          | <i>Salaries</i> | <i>Stock-based<br/>compensation</i> | <i>Total</i> |
|----------------------|----------------------|-----------------|-------------------------------------|--------------|
| Abdel Badwi          | Executive Chairman   | 60              | 10                                  | 70           |
| Toby Pierce          | CEO                  | 60              | -                                   | 60           |
| Suneel Gupta         | VP and COO           | 45              | 7                                   | 52           |
| Barry MacNeil        | CFO                  | 45              | -                                   | 45           |
| Gavin Wilson         | Independent Director | 9               | -                                   | 9            |
| Keith Hill           | Independent Director | 9               | -                                   | 9            |
| Tom Hickey           | Independent Director | 9               | 1                                   | 10           |
| Shawn Reynolds       | Independent Director | -               | 8                                   | 8            |
|                      |                      | <b>237</b>      | <b>26</b>                           | <b>263</b>   |

## SHARE CAPITAL

- a. At June 30, 2022, there were 91,766,252 common shares, 7,500,000 stock options outstanding and 6,250,000 warrants outstanding.
- b. At August 29, 2022, there were 91,766,252 common shares, 7,500,000 stock options outstanding and 6,250,000 warrants outstanding.

The Company has one class of common shares. No class A or class B preference shares have been issued.

## SUBSEQUENT EVENTS

None noted.

## **SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS**

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, 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, deferred tax assets and liabilities, determination of the fair values of stock-based compensation and assessment of contingencies.

### ***Income taxes***

The calculation of income taxes requires judgment in applying tax laws and regulations, estimating the timing of the reversals of temporary differences, and estimating the reliability of deferred tax assets. These estimates impact current and deferred income tax assets and liabilities, and current and deferred income tax expense (recovery).

### ***Stock-based compensation***

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

### ***Functional currency***

The determination of a subsidiary's functional currency often requires significant judgment where the primary economic environment in which they operate may not be clear. This can have a significant impact on the consolidated results of the Company based on the foreign currency translation methods used.

### ***Contingencies***

Contingencies are resolved only when one or more events transpire. As a result, the assessment of contingencies inherently involves estimating the outcome of future events.

## **FUTURE CHANGES IN ACCOUNTING POLICIES**

None noted.

## **CHANGES IN ACCOUNTING POLICIES**

None noted.

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## **BUSINESS RISKS AND UNCERTAINTIES**

The Company, like all companies in the international oil and gas sector, is exposed to a variety of risks which include title to oil and gas interests, the uncertainty of finding and acquiring reserves, funding and developing those reserves and finding storage and markets for them. In addition there are commodity price fluctuations, interest and exchange rate changes and changes in government regulations. The oil and gas industry is intensely competitive and the Company must compete against companies that have larger technical and financial resources. The Company works to mitigate these risks by evaluating opportunities for acceptable funding, considering farm-out opportunities that are available to the Company, operating in politically stable countries, aligning itself with joint venture partners with significant international experience and by employing highly skilled personnel. The Company also maintains a corporate insurance program consistent with industry practice to protect against losses due to accidental destruction of assets, well blowouts and other operating accidents and disruptions. The oil and gas industry is subject to extensive and varying environmental regulations imposed by governments relating to the protection of the environment and the Company is committed to operate safely and in an environmentally sensitive manner in all operations.

There have been no significant changes in these risks and uncertainties during the period ended June 30, 2022.

Please also refer to "Forward Looking Statements".

## **MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING**

The Company's management is responsible for establishing and maintaining adequate internal control over financial reporting. Any system of internal control over financial reporting, no matter how well designed, has inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

There have been no changes in the Company's internal control over financial reporting during the period ended June 30, 2022, that have materially affected, or are reasonably likely to materially affect, its internal control over financial reporting.

The following pertains to the Company's MD&A for the period ended June 30, 2022, confirming that the Company is in compliance with disclosure controls and procedures and internal controls over the financial reporting period.

The Company's management, with the participation of its CEO and CFO, have evaluated the effectiveness of the Company's disclosure controls and procedures. Based on that evaluation, the Company's CEO and CFO have concluded that, as of the end of the year covered by this report, the Company's disclosure controls and procedures were effective to provide reasonable assurance that the information required to be disclosed by the Company in reports it files is recorded, processed, summarized and reported, within the appropriate time periods. Required information is accumulated and communicated to management, including the CEO and CFO, as appropriate to allow timely decisions regarding required disclosure.

The Company's management, including the CEO and the CFO, are responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is a process designed by, or under the supervision of, the Company's CEO and CFO and effected by the board, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of condensed consolidated interim financial statements for external purposes

in accordance with IFRS. The Company's internal control over financial reporting includes those policies and procedures that:

- pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets and liabilities of the Company;
- provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with IFRS, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the company; and
- provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the condensed consolidated interim financial statements.

The Company's management assessed the effectiveness of the Company's internal control over financial reporting as of June 30, 2022. In making the assessment, it used the criteria set forth in the Internal Controls Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on their assessment, management has concluded that, as of June 30, 2022, the Company's internal control over financial reporting was effective based on those criteria.

Additional information relating to the Company is available on Sedar at [www.sedar.com](http://www.sedar.com).

## **FORWARD LOOKING STATEMENTS**

The MD&A contains forward-looking statements within the meaning of securities laws, including the "safe harbour" provisions of Canadian securities legislation. Forward-looking statements and information concerning anticipated financial performance are based on management's assumptions using information currently available. Material factors or assumptions used to develop forward-looking information include drilling programs and results, facility and pipeline construction operations and enhancements, potential business prospects, growth strategies, the ability to add production and reserves through development and exploration activities, the ability to reduce costs and extend commitments, projected capital costs, government legislation, well performance, the ability to market production, the commodity price environment and quality differentials and exchange rates. Management also assumes that the Company will continue to be able to maintain permit tenures in good standing, that the Company will be able to access equity capital when required and that the Company will maintain access to necessary oil and gas industry services and equipment to conduct its operations. Although management considers its assumptions to be reasonable based on these factors, they may prove to be incorrect.

Forward-looking information is often, but not always, identified by the use of words such as "anticipate", "assume", "believe", "estimate", "expect", "forecast", "guidance", "may", "plan", "predict", "project", "should", "will", or similar words suggesting future outcomes. Forward-looking statements in this MD&A include, but are not limited to, statements with respect to oil and natural gas operations and acquisitions; statements regarding boe/d production capabilities; and other statements set out herein. Also included in this MD&A are forward-looking statements regarding the achievement of any of the event specific payments and the benefits to TAG of the gross overriding royalties. In making the forward-looking statements in this release, TAG has applied certain factors and assumptions that are based on information currently available to TAG as well as TAG's current beliefs and assumptions made by TAG, including that the NZ Transaction will benefit TAG, that TAG's New Zealand business that it sold will continue to be operated in a way that is beneficial to TAG and results in the achievement of the event specific payments and payment pursuant to the gross overriding royalty. That TAG's Australian business that it sold will continue to be operated in a way that is beneficial to TAG and results in the payment pursuant to the gross overriding royalty.

Because forward-looking information addresses future events and conditions, it involves risks and uncertainties that could cause actual results to differ materially from those contemplated by the forward-looking information. These risks and uncertainties include, but are not limited to: access to capital, commodity price volatility; well performance and marketability of production; transportation and refining availability and costs; exploration and development costs; infrastructure costs; the recoverability of reserves; reserves estimates and valuations; the Company's ability to add reserves through development and exploration activities; accessibility of services and equipment; fluctuations in currency exchange rates; and changes in government legislation and regulations. Risks with respect to the NZ Transaction include the risk that TAG's New Zealand business that it sold will not be operated in a way that is beneficial to TAG or results in the achievement of the event specific payments pursuant to the gross overriding royalty. Risks with respect to TAG's Australian business that it sold include the risk that it will not be operated in a way that is beneficial to TAG or results in the achievement of the pursuant to the gross overriding royalty.

The forward-looking statements contained herein are as of June 30, 2022 and are subject to change after this date. Readers are cautioned that the foregoing list of factors that may affect future results is not exhaustive and as such undue reliance should not be placed on forward-looking statements. Except as required by applicable securities laws, with the exception of events or circumstances that occurred during the period to which the MD&A relates that are reasonably likely to cause actual results to differ materially from material forward-looking information for a period that is not yet complete that was previously disclosed to the public, the Company disclaims any intention or obligation to update or revise these forward-looking statements, whether as a result of new information, future events or otherwise.

Disclosure provided herein in respect of boe (barrels of oil equivalent) may be misleading, particularly if used in isolation. A boe conversion ratio of 6 Mcf:1bbl is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.

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## CORPORATE INFORMATION

### DIRECTORS AND OFFICERS

Abdel (Abby) Badwi,  
Executive Chairman and Director  
Alberta, Canada

Toby Pierce, CEO and Director  
British Columbia, Canada

Keith Hill, Director  
Florida, USA

Thomas Hickey, Director  
Maisons-Laffitte, France

Shawn Reynolds, Director  
New Jersey, USA

Gavin Wilson, Director  
Zurich, Switzerland

Suneel Gupta, VP and COO  
Alberta, Canada

Barry MacNeil, CFO  
British Columbia, Canada

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

### CORPORATE OFFICE

1050 W. Pender Street  
Suite 1710  
Vancouver, British Columbia  
Canada V6E 3S7  
Telephone: 1-604-682-6496  
Facsimile: 1-604-682-1174

### BANKER

Bank of Montreal  
Vancouver, British Columbia

### LEGAL COUNSEL

Blake, Cassels & Graydon LLP  
Vancouver, British Columbia

### AUDITORS

Deloitte  
Chartered Professional Accountants  
Calgary, Alberta

### REGISTRAR AND TRANSFER AGENT

Computershare Investor Services Inc.  
100 University Avenue, 9<sup>th</sup> Floor  
Toronto, Ontario  
Canada M5J 2Y1

Telephone: 1-800-564-6253

Facsimile: 1-866-249-7775

The Annual General Meeting was held on  
December 2, 2021 at 10:00 am in Vancouver,  
British Columbia, Canada.

### SHARE LISTING

TSX Venture Exchange (*TSX-V*)  
*Trading Symbol:* TAO  
*OTCQX Trading Symbol:* TAOIF

### SHAREHOLDER RELATIONS

Telephone: 604-682-6496

Email: [ir@tagoil.com](mailto:ir@tagoil.com)

### SHARE CAPITAL

At August 29, 2022, there were 91,766,252  
shares issued and outstanding.  
Fully diluted: 105,516,252 shares.

### WEBSITE

[www.tagoil.com](http://www.tagoil.com)

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### SUBSIDIARIES (at June 30, 2022)

TAG Energy International Ltd.  
TAG Petroleum Egypt Ltd.  
TAG Oil (NZ) Limited  
TAG Oil (Offshore) Limited

Trans-Orient Petroleum Ltd.  
Orient Petroleum (NZ) Limited  
CX Oil Limited