Consolidated Financial Statements

(Stated in Canadian Dollars)

March 31, 2020
and
March 31, 2019

DeVISSERGRAY LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of TAG Oil Ltd.,

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of TAG Oil Ltd. (the "Company"), which comprise the consolidated statements of financial position as at March 31, 2020 and 2019 and the consolidated statements of comprehensive income (loss), changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects the consolidated financial position of the Company as at March 31, 2020 and 2019, and its financial performance and its cash flows for the years then ended in accordance with the International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises the information included in "Management's Discussion and Analysis," but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information, and in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure, and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audits.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is James D. Gray.

De Visser Gray LLP

CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, BC, Canada
August 13, 2020

Consolidated Statements of Financial Position
Expressed in Canadian Dollars

As at March 31,	2020	2019
Assets		
Current:		
Cash and cash equivalents (Note 17)	$ 41,539,578	$ 1,892,459
Amounts receivable and prepaids	407,884	4,756,659
Current portion of royalty and other interests (Note 15)	2,440,869	-
Inventory	50,918	98,230
	44,439,249	6,747,348
Non-Current:		
Exploration and evaluation assets (Note 3)	5,772,445	5,932,952
Investments (Note 5)	26,178	37,337
Property, plant and equipment (Note 4)	569,943	874,005
Restricted cash	339,378	265,364
Royalty and other interests (Note 15)	6,107,877	-
Assets held for sale (Note 15(b))	-	68,308,795
	$ 57,255,070	$ 82,165,801
Liabilities and Shareholders' Equity		
Current:		
Accounts payable and accrued liabilities	$ 604,123	$ 5,504,314
Current portion of lease liabilities	85,928	-
Current portion of agreement for purchase	-	1,185,375
Non-refundable deposits	86,760	-
	776,811	6,689,689
Non-Current:		
Asset retirement obligations (Note 7)	131,662	140,056
Long-term portion of lease liabilities	40,522	-
Liabilities held for sale (Note 15(b))	-	14,215,825
	948,995	21,045,570
Share capital (Note 8(a))	244,218,293	244,169,454
Share-based payment reserve (Note 8(b))	21,082,147	21,034,508
Foreign currency translation (Note 15(c))	-	12,833,691
Available for sale marketable securities	(6,771)	4,388
Deficit	(208,987,594)	(216,921,810)
	56,306,075	61,120,231
	$ 57,255,070	$ 82,165,801

Nature of operations (Note 1)
Commitments (Note 14)
Event subsequent to reporting period (Note 17)
See accompanying notes.

Approved by the Board of Directors:

"Toby Pierce" *"Ken Vidalin"*

Toby Pierce, Director **Ken Vidalin, Director**

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

For the years ended March 31,		2020		2019
Revenues and Costs				
Production revenue	$	16,448,517	$	33,236,667
Production costs		(4,917,119)		(10,565,035)
Royalties		(1,473,813)		(3,140,930)
Transportation and storage costs		(1,958,605)		(3,378,037)
		8,098,980		16,152,665
Expenses				
Consulting and director fees		876,627		869,782
Depletion, depreciation and accretion		345,446		5,868,310
Filing, listing and transfer agent		109,198		124,095
Finance costs		85,469		675,988
Foreign exchange		(1,003,574)		(39,541)
Insurance		112,244		95,429
Interest and other income		(607,818)		(711,818)
Office and administration		401,051		820,756
Overhead recoveries		(90,982)		(110,628)
Professional fees		509,426		774,676
Rent		221,606		295,440
Reports		25,228		106,161
Share-based compensation		47,639		453,212
Shareholder relations and communications		1,024,967		719,551
Travel		168,960		419,862
Wages and salaries		2,829,930		3,067,731
		(5,055,417)		(13,429,006)
Other Items				
Exploration recovery (expense)		54,001		(49,772)
Gain on sale of disposal group (Note 15(d))		4,255,581		-
Gain (loss) on sale of property and equipment		216,897		(92)
Gain on royalty valuation		403,674		-
Write-down to assets held for sale (Note 15(a))		-		(63,131,970)
Write-off of inventory		-		(463,440)
Write-off of oil and gas property		(41,155)		-
		4,888,998		(63,645,274)
Net income (loss) before taxes		7,932,561		(60,921,615)
Income tax recovery		1,655		639,197
Net income (loss) for the year		7,934,216		(60,282,418)
Other comprehensive income (loss) (Note 9)				
Cumulative translation adjustment		(4,719,110)		(3,900,854)
Change in available for sale assets:				
Investments		(11,159)		(47,312)
Comprehensive income (loss) for the year	$	3,203,947	$	(64,230,584)
Earnings (loss) per share – basic (Note 8(c))	$	0.09	$	(0.71)
Earnings (loss) per share – diluted (Note 8(c))	$	0.09	$	(0.71)

See accompanying notes.

Consolidated Statements of Cash Flows
Expressed in Canadian Dollars

For the years ended March 31,	2020	2019
Operating Activities		
Net income (loss) for the year	$ 7,934,216	$ (60,282,418)
Changes for non-cash operating items:		
Depletion, depreciation and accretion	345,446	5,868,310
Exploration expense (recovery)	(54,001)	49,772
Gain on sale of disposal group	(4,255,581)	-
(Gain) loss on sale of property and equipment	(216,897)	92
Gain on royalty valuation	(403,674)	-
Share-based compensation	47,639	453,212
Share expenses	65,700	-
Write-down to assets held for sale	-	63,131,970
Write-off of property and equipment	41,155	-
Write-off of inventory	-	463,440
	3,504,003	9,684,378
Changes for non-cash working capital accounts:		
Amounts receivable and prepaids	4,348,775	(2,142,479)
Accounts payable and accrued liabilities	(4,222,907)	3,745,528
Inventory	47,312	779,128
Non-refundable deposits	86,760	-
Cash provided by operating activities	3,763,943	12,066,555
Financing Activity		
Shares purchased and returned to treasury	(16,861)	-
Cash used in financing activity	(16,861)	-
Investing Activities		
Proceeds on sale of property and equipment	40,183,669	-
Exploration and evaluation assets	(43,854)	(364,396)
Property and equipment	(4,153,018)	(11,563,482)
Restricted cash	(86,760)	(23,890)
Cash provided by (used in) investing activities	35,900,037	(11,951,768)
Net increase in cash and cash equivalents during the year	39,647,119	114,787
Cash and cash equivalents – beginning of the year	1,892,459	1,777,672
Cash and cash equivalents – end of the year	$ 41,539,578	$ 1,892,459
Supplementary disclosures:		
Interest received	$ 319,620	$ 130,619
Cash	$ 41,437,323	$ 1,873,406
Cash equivalents	102,255	19,053
	$ 41,539,578	$ 1,892,459

Non-cash investing activities:

The Company incurred $19,707 in exploration and evaluation expenditures which were in accounts payable at March 31, 2020 (2019: $140,884). The Company also acquired property and equipment of $nil, which was in accounts payable at March 31, 2020 (2019: $556,107).

See accompanying notes.

Consolidated Statements of Changes in Equity
Expressed in Canadian Dollars

	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, 2018	85,282,252	$244,169,454	$ 20,581,296	$ 16,734,545	$ 51,700	$(156,639,392)	$124,897,603
Share-based payments	-	-	453,212	-	-	-	453,212
Currency translation adjustment	-	-	-	(3,900,854)	-	-	(3,900,854)
Unrealized loss on available-for-sale investments	-	-	-	-	(47,312)	-	(47,312)
Net loss for the year	-	-	-	-	-	(60,282,418)	(60,282,418)
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 shares	(48,500)	(16,861)	-	-	-	-	(16,861)
Share and asset purchase agreement	182,500	65,700	-	-	-	-	65,700
Share-based payments	-	-	47,639	-	-	-	47,639
Currency translation adjustment	-	-	-	(4,719,110)	-	-	(4,719,110)
Recognition of net historical foreign exchange gains	-	-	-	(8,114,581)	-	-	(8,114,581)
Unrealized loss on available-for-sale investments	-	-	-	-	(11,159)	-	(11,159)
Net income for the year	-	-	-	-	-	7,934,216	7,934,216
Balance at March 31, 2020	85,416,252	$244,218,293	$ 21,082,147	$ -	$ (6,771)	$(208,987,594)	$ 56,306,075

See accompanying notes.

Notes to the Consolidated Financial Statements
For the Years Ended March 31, 2020 and 2019
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 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 15.

Note 2 – Significant Accounting Policies and Basis of Presentation

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

These consolidated 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 consolidated 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 consolidated financial statements were authorized for issuance by the directors of the Company on August 13, 2020.

Cash and Cash Equivalents

Cash and cash equivalents are comprised of cash on hand, deposits in banks and highly liquid investments having terms to maturity of 365 days or less when acquired and have immediate redemption options.

Basis of Consolidation

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

The Company's current 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

Foreign Currency Translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Company's subsidiaries are measured using the functional currency of the primary economic environment in which the entity operates.

The consolidated financial statements are presented in Canadian dollars.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of income.

(iii) Subsidiaries

The results and financial position of subsidiaries which have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities are translated at the period-end exchange rate;
- Income and expenses for each statement of income are translated at average exchange rates for the period; and
- All resulting exchange differences are recognized in other comprehensive income as cumulative translation adjustments.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities which utilize functional currencies that differ from the Canadian dollar are taken to the foreign currency translation reserve. When such a foreign operation is sold, such exchange differences are recognized in the statement of income as part of the gain or loss on sale.

Subsidiaries

Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities, generally, but not in all cases, accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Company controls another entity.

The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. All inter-company transactions and balances have been eliminated on consolidation.

Significant Accounting Estimates and Judgments

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

Areas of judgment that have the most significant effect on the amounts recognized in these consolidated 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 consolidated 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.

In addition, as disclosed in Note 15, 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 consolidated 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 separate business units for 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 1.52% and a risk-free discount rate ranging from 1.70% to 3.05% which prevailed at the date of these financial statements. The impact of differences between actual and estimated costs, timing and inflation on the consolidated 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.

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.

Non-Oil and Gas Reserves

Share-based payment reserve

The share-based payment reserve records items recognized as share-based compensation expense until such time that the stock options are exercised, at which time the corresponding amount will be transferred to share capital. If the options expire unexercised, the amount remains in the reserve.

Foreign currency translation reserve

The foreign currency translation reserve records exchange rate differences arising on translation of subsidiaries that have a functional currency other than the Canadian dollar.

Available for sale marketable securities reserve

The available for sale marketable securities reserve records unrealized gains and losses arising on available-for-sale financial assets, except for impairment losses and foreign exchange gains and losses.

Financial Instruments

A financial instrument is any contract that gives rise to a financial asset for one entity and a financial liability or equity instrument to another entity. Financial assets and financial liabilities are recognized on the consolidated statement of financial position at the time the Company becomes a party to the contractual provisions. Upon initial recognition, financial instruments are measured at fair value. Measurement in subsequent periods is dependent on the classification of the financial instrument. These instruments will be classified into one of the following five categories: fair value through profit or loss, held-to-maturity, loans and receivables, available-for-sale or financial liabilities at amortized cost.

i) Financial assets and liabilities at fair value through profit or loss

Financial assets and liabilities at fair value through profit or loss are measured at fair value with changes in fair value recognized in net (loss) income.

ii) Amortized cost

Financial assets are classified at amortized cost if both of the following criteria are met and the financial assets are not classified or designated as at fair value through profit and loss: 1) the Company's objective for these financial assets is to collect their contractual cash flows and 2) the asset's contractual cash flows represent 'solely payments of principal and interest'. The Company's cash and receivables are recorded at amortized cost as they meet the required criteria.

iii) Financial liabilities at amortized cost

Financial liabilities are measured at amortized cost at the settlement date using the effective interest method of amortization. Accounts payable and accrued liabilities are classified as financial liabilities at amortized cost.

iv) Financial assets and liabilities at fair value through other comprehensive income (FVOCI)

A debt instrument is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL: (i) it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and (ii) its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Company has financial instruments in the form of equity securities that give rise to other comprehensive income. Instruments are classified current if they are assumed to be settled within one year; otherwise they are classified as non-current. The Company will assess at each reporting period whether there is any objective evidence that a financial asset, other than those measured at fair value, is impaired. When assessing impairment, the carrying value of financial assets carried at amortized cost is compared to the present value of estimated future cash flows discounted using the instrument's original effective interest rate.

Exploration and Evaluation Assets – Oil and Gas

All costs directly associated with oil and gas reserves are initially capitalized. Exploration and evaluation costs are those expenditures for an area where technical feasibility and commercial viability has not yet been determined. These costs include costs to acquire acreage and exploration rights, geological and geophysical costs, asset retirement costs, exploration and evaluation drilling, sampling and appraisals. Costs incurred prior to acquiring the legal rights to explore an area are charged directly to net earnings as exploration expense.

When an area is determined to be technically feasible and commercially viable and a mining permit is granted, the accumulated costs are transferred to property, plant and equipment. When an area is determined not to be technically feasible and commercially viable or the Company decides not to continue with its activity, the unrecoverable costs are charged to net earnings as impairment.

Property, Plant and Equipment

All costs directly associated with the development of oil and gas reserves are capitalized on an area by area basis. Development costs include expenditures for areas where technical feasibility and commercial viability has been determined through the granting of a mining permit. These costs include proved property acquisitions, development drilling, completion, gathering lines and infrastructure, decommissioning costs and transfers of exploration and evaluation assets. Where development costs related to drilling are incurred in an area, but the associated reserves are not able to be included in the independent reserves evaluation at year end, these costs are separately categorized in property, plant and equipment as exploration in progress.

Costs accumulated within each area are depleted using the unit-of-production method based on proved and probable reserves using estimated future prices and costs. Costs subject to depletion include estimated future costs to be incurred in developing proved and probable reserves but do not include exploration in progress costs which will be evaluated for impairment once proved.

For property dispositions, a gain or loss is recognized in net earnings. Exchanges of properties are measured at fair value, unless the transaction lacks commercial substance or fair value cannot be reliably measured. Where the exchange is measured at fair value, a gain or loss is recognized in net earnings.

Corporate assets consist primarily of office equipment and leasehold improvements and are stated at cost less accumulated depreciation. Depreciation of these corporate assets is calculated using the declining-balance method.

Joint Venture Activities and Joint Controlled Operations

Joint control is defined as the contractually agreed sharing of control over an economic activity, and exists only when the strategic, financial and operating decisions essential to the relevant activities require the unanimous consent of the parties sharing control. When the Company enters into agreements that provide for specific percentage interests in exploration properties, a portion of the Company's exploration activities is conducted jointly with others, without establishment of a corporation, partnership or other entity.

Under IFRS 11 "Joint Arrangements", this type of joint control of exploration assets and joint exploration and/or development activities is considered as a joint operation, which is defined as a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. In these consolidated financial statements, the Company recognizes the following in relation to its interests in joint operations:

- its assets, including its share of any assets held jointly;
- its liabilities, including its share of any liabilities incurred jointly;
- its revenue from the sale of its share of the output of the joint operation; and
- its expenses, including its share of any expenses incurred jointly.

Impairment of Non-Financial Assets

The carrying value of the Company’s non-financial assets is reviewed at each reporting date for indicators that the carrying value of a CGU or asset may not be recoverable. These indicators include, but are not limited to, extended decreases in prices or margins for oil and gas commodities or products, a significant downward revision in estimated reserves or an upward revision in future development costs. If indicators of impairment exist, the recoverable amount of the CGU or asset is estimated. If the carrying value of the CGU or asset exceeds the recoverable amount the CGU or asset is written down with an impairment recognized in net earnings.

Exploration and evaluation costs and property, plant and equipment costs are aggregated into CGUs based on their ability to generate largely independent cash flows. The recoverable amount of a CGU or asset is the greater of its fair value less costs to sell and its value in use. Fair value less costs to sell is determined to be the amount for which the asset could be sold in an arm's length transaction, less the costs of disposal. Value in use is determined by estimating the present value of the future net cash flows expected to be derived from the continued use of the CGU or asset.

Reversals of impairments are recognized when there has been a subsequent increase in the recoverable amount. In this event, the carrying amount of the CGU or asset is increased to its revised recoverable amount with an impairment reversal recognized in net earnings. The recoverable amount is limited to the original carrying amount less depletion and depreciation as if no impairment had been recognized for the CGU or asset for prior periods.

Asset Retirement Obligations

Asset retirement obligations include present obligations where the Company will be required to retire tangible long-lived assets such as producing well sites and facilities. Management has calculated the cost to plug and abandon current wells, dispose of facilities and rehabilitate land based on local regulations. The asset retirement obligations are measured at the present value of the expenditure expected to be incurred using an inflation rate of 1.52% and a risk free discount rate ranging from 1.70% to 3.05%. The associated asset retirement obligation is capitalized as part of the cost of the related long-lived asset. Changes in the estimated liability resulting from revisions to estimated timing, amount of cash flows, or changes in the discount rate are recognized as a change in the asset retirement obligation and the related decommissioning cost.

Increases in asset retirement obligations resulting from the passage of time are recorded as accretion of asset retirement obligations in the consolidated statement of comprehensive income. Actual expenditures incurred are charged against the asset retirement obligation liability as incurred.

Share-Based Payments

Obligations for issuance of common shares under the Company's share-based compensation plan are accrued over the vesting period using fair values. Fair values are determined at issuance using the Black-Scholes option-pricing model, taking into account a nominal forfeiture rate, and are recognized as share-based compensation with a corresponding credit to share-based payments reserve.

Income Tax

Income tax expense is comprised of current and deferred tax. Income tax is recognized in the statement of income except to the extent that it relates to items recognized directly in equity, in which case the income tax is also recognized directly in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted, or substantively enacted, at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

In general, deferred tax is recognized in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is determined on a non-discounted basis using tax rates and laws that have been enacted or substantively enacted at the balance sheet date and are expected to apply when the deferred tax asset or liability is settled. Deferred tax assets are recognized to the extent that it is probable that the assets can be recovered.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except in the case of subsidiaries, where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax assets and liabilities are presented as non-current. Tax on income in periods is accrued using the tax rate that would be applicable to expected total annual earnings.

Revenue

Revenue is recognized when it is probable that the economic benefits will flow to the Company and delivery has occurred, the sales price is fixed or determinable, and collectability is reasonably assured. These criteria are generally met at the time the product is shipped and delivered to the customer and, depending on the delivery conditions, title and risk have passed to the customer and acceptance of the product, when contractually required, has been obtained. Revenue is measured based on the price specified in the sales contract.

Earnings Per Share

Basic earnings per share ("EPS") is calculated by dividing the net earnings for the year attributable to equity owners of TAG by the weighted average number of common shares outstanding during the year.

Diluted EPS is not presented when it is anti-dilutive.

Diluted EPS is calculated by adjusting the weighted average number of common shares outstanding for dilutive instruments. The number of shares included with respect to options, warrants and similar instruments is computed using the treasury stock method. TAG’s potentially dilutive common shares comprise share options, granted to employees and directors, and warrants.

Assets Held-for-Sale

Non-current assets, or disposal comprising assets and liabilities, are classified as held-for-sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

Such assets, or disposals, are generally measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal is allocated first to goodwill, and then to the remaining assets and liabilities on a pro-rata basis, except that no loss is allocated to financial assets or investment property, which continue to be measured in accordance with the Company’s other accounting policies. Impairment losses on initial classification as held-for-distribution and subsequent gains and losses on remeasurement are recognized in profit or loss.

Once classified as held-for-sale, intangible assets and property and equipment are no longer amortised or depreciated, and any equity accounted investee is no longer equity accounted.

Leases

At the inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- The contract involves the use of an identified asset – this may be specified explicitly or implicitly and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- The Company has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use; and
- The Company has the right to direct the use of the asset. The Company has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Company has the right to direct the use of the asset if either: (a) the Company has the right to operate the asset; or (b) the Company designed the asset in a way that predetermines how and for what purpose it will be used.

If the contract contains a lease, a right-of-use asset and a corresponding lease liability are set-up at the date at which the leased asset is available for use by the Company. The lease payments are discounted using either the interest rate implicit in the lease, if available, or the Company's incremental borrowing rate. Each lease payment is allocated between the liability and the finance cost to produce a constant rate of interest on the remaining lease liability balance. The Company accounts for the lease and non-lease components separately. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

The Company uses the following practical expedients permitted by the standard: a) low value leases and leases with a term of less than 12 months remaining at April 1, 2019 have been accounted for as short-term leases; and b) initial direct costs for the measurement of the right-of-use asset at the date of initial application have been excluded.

Classification and Measurement Changes

The Company has assessed the classification and measurement of its financial assets and financial liabilities under IFRS 9 and has summarized the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 in the following table:

Note 3 – Exploration and Evaluation Assets

Permit	**ATP 2037**	**ATP 2038**	**PL17 Cypress**	**PEP 51153** *(2)*
Ownership Interest	**100%**	**100%**	**100%**	**100%**
Cost				
At March 31, 2018	$ -	$ -	$ 5,958,696	$ 7,960,349
Capital expenditures	-	-	101,959	(33,176)
Transfer to property, plant and equipment	-	-	-	-
Addition in ARO	-	-	-	208,741
Reclassification to assets held for sale *(1)*	-	-	-	(7,959,682)
Foreign exchange movement	-	-	(127,703)	(176,232)
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	$ -
Net book value				
March 31, 2019	$ -	$ -	$ 5,932,952	$ -
March 31, 2020	**$ 186,028**	**$ 258,422**	**$ 5,327,995**	**$ -**

Permit	PEP 57065	Cardiff	PEP 54877	TOTAL
Ownership Interest	**100%**	**100%**	**70%**	
Cost				
At March 31, 2018	$ 4,233,745	$ 1,591,346	$ 3,631,941	$ 23,376,077
Capital expenditures	954,872	116,968	126,587	1,267,210
Transfer to property, plant and equipment	(4,049,571)	-	-	(4,049,571)
Addition in ARO	-	34,696	-	243,437
Reclassification to assets held for sale *(1)*	(1,045,317)	(1,707,780)	(3,678,124)	(14,390,903)
Foreign exchange movement	(93,729)	(35,230)	(80,404)	(513,298)
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
Net book value				
March 31, 2019	$ -	$ -	$ -	$ 5,932,952
March 31, 2020	**$ -**	**$ -**	**$ -**	**$ 5,772,445**

(1) Refer to Notes 1 and 15.
(2) On October 18, 2018, TAG, through its subsidiary CX Oil Limited ("CX"), completed the agreement whereby MEO New Zealand Pty Limited ("MEO") transferred its 30% interest in PEP 51153 (Puka) to CX.

The Company's remaining 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. Accordingly, in conjunction with this sale, it has also recognized in income its net cumulative foreign exchange gain related to those activities, previously reported as a separate component of equity within these consolidated financial statements.

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, 2018	$170,097,470	$ 28,118,986	$ -	$ 515,305	$ -	$ 1,919,709	$200,651,470
Capital expenditures	7,703,622	168,371	58,513	-	-	50,582	7,981,088
Transfer from exploration and evaluation assets	-	-	4,049,571	-	-	-	4,049,571
Addition (reduction) in ARO	355,408	(66,702)	-	8,606	-	-	297,312
Sale of assets	-	-	-	-	-	(40,483)	(40,483)
Reclassification to assets held for sale *(1)*	(174,390,773)	(26,082,690)	(4,108,084)	-	-	-	(204,581,547)
Foreign exchange movement	(3,765,727)	(2,137,965)	-	(21,805)	-	(30,178)	(5,955,675)
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

Accumulated depletion and depreciation							
At March 31, 2018	$ (71,115,768)	$(15,948,144)	$ -	$ (32,476)	$ -	$ (1,420,853)	$ (88,517,241)
Depletion and depreciation	(4,262,711)	(1,214,522)	-	(30,446)	-	(108,641)	(5,616,320)
Sale of assets	-	-	-	-	-	40,483	40,483
Reclassification to assets held for sale *(1)*	73,804,073	16,809,596	-	-	-	-	90,613,669
Foreign exchange movement	1,574,406	353,070	-	719	-	23,483	1,951,678
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)
Net book value							
March 31, 2019	$ -	$ -	$ -	$ 439,903	$ -	$ 434,102	$ 874,005
March 31, 2020	**$ -**	**$ -**	**$ -**	**$ 374,014**	**$ 123,409**	**$ 72,520**	**$ 569,943**

(1) Refer to Notes 1 and 15.

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

a) Marketable Securities

	March 31, 2020		March 31, 2019	
	Number of Shares Held	**Market Value**	Number of Shares Held	Market Value
Marketable securities - FVOCI	**525,191**	**$ 26,178**	525,191	$ 37,337

Note 6 – Related Party Transactions

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

Key management personnel compensation for the years ended:

	March 31, 2020	**March 31, 2019**
Share-based compensation	$ 32,317	$ 219,051
Management wages and director fees	1,105,634	838,373
Total management compensation	$ 1,137,951	$ 1,057,424

Note 7 – Asset Retirement Obligations

The following is a continuity of asset retirement obligations for the year ended March 31, 2020:

Balance at March 31, 2019	$ 140,056
Accretion expense	3,524
Foreign exchange movement	(11,918)
Balance at March 31, 2020	$ 131,662

This is represented by:	
Current liability	$ -
Non-current liability	131,662
Balance at March 31, 2020	$ 131,662

The following is a continuity of asset retirement obligations for the year ended March 31, 2019:

Balance at March 31, 2018	$ 13,793,714
Revaluation and addition of ARO	540,749
Release of ARO	(26,380)
Reclassification to liabilities held for sale *(1)*	(14,215,826)
Accretion expense	359,613
Foreign exchange movement	(311,814)
Balance at March 31, 2019	$ 140,056

This is represented by:	
Current liability	$ -
Non-current liability	140,056
Balance at March 31, 2019	$ 140,056

(1) Refer to Notes 1 and 16.

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 1.52% and discounted to its present value using a risk-free rate ranging from 1.70% to 3.05%. The corresponding amount is recognized by increasing the carrying amount of the oil and gas properties. The liability is accreted each period and the capitalized cost is depreciated over the useful life of the related asset using the unit-of-production method based on proved and probable reserves.

Note 8 – Share Capital

a) Authorized and Issued Share Capital

The authorized share capital of the Company consists of an unlimited number of common shares without par value at March 31, 2020.

During the year ended March 31, 2020:

The Company purchased and cancelled 48,500 common shares under its normal course issuer bids at an average price of $0.35 per common share.

On October 18, 2019, the Company issued a total of 182,500 common shares at a price of $0.36 per share as partial payment to a consultant in relation to the transaction described at Note 15.

During the year ended March 31, 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 eighteen months. Options issued after March 31, 2015, vest over a minimum of two years.

Share Options 2020

On February 7, 2020, the Company granted 250,000 incentive share options to a director. These options are exercisable until February 7 2025, at a price of $0.50 per share subject to one-third of the total options vested on grant date, one-third of the total options one year from the date of the grant and one-third of the total options two years from the date of the grant.

During the year ended March 31, 2020, no share options were exercised and 1,235,000 options were cancelled at a weighted average exercise price of $1.07.

Share Options 2019

During the year ended March 31, 2019, no share options were exercised and 2,400,000 options were granted at a weighted average exercise price of $0.50 and 3,935,000 options were cancelled at a weighted average exercise price of $1.41.

The following is a continuity of outstanding share options:

	Weighted Average of Options	Weighted Average of Exercise Price
Balance at March 31, 2018	6,120,000	$ 1.27
Granted during the year	2,400,000	0.50
Expired/Cancelled during the year	(3,935,000)	1.41
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

The following table summarizes information about share options that are outstanding at March 31, 2020:

Number of Options	Price per Share	Expiry Date	Options Exercisable
75,000	$1.54	May 13, 2020	75,000 *
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	1,300,000
250,000	$0.50	February 18, 2023	83,333
3,600,000			2,783,333

As at March 31, 2020, the weighted average contractual remaining life is 2.34 years.

** Subsequently expired unexercised.*

The Company applies the Black-Scholes option pricing model using the closing market prices on the grant dates, volatility ratio, a risk-free interest rate and the expected life of the option.

c) Earnings (Loss) Per Share

Basic weighted average shares outstanding for the year ended March 31, 2020 was 85,306,077 (2019: 85,282,352) and diluted weighted average shares outstanding for the year ended March 31, 2020 was 85,306,077 (2019: 85,282,352). Share options and share purchase warrants outstanding are not included in the computation of diluted loss per share when the inclusion of such securities would be anti-dilutive.

Note 9 – Accumulated Other Comprehensive (Loss) Income

	Accumulated Other Comprehensive (Loss) Income
Balance at March 31, 2019	$ 12,838,079
Unrealized loss on available for sale investments	(11,159)
Cumulative translation adjustment	(4,719,110)
Recognition of net historical foreign exchange gain	(8,114,581)
Balance at March 31, 2020	$ -
Balance at March 31, 2018	$ 16,786,245
Unrealized loss on available for sale investments	(47,312)
Cumulative translation adjustment	(3,900,854)
Balance at March 31, 2019	$ 12,838,079

Note 10 – 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 11 – Financial Instruments

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

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 March 31, 2020 and did not provide for any doubtful accounts. During the year ended March 31, 2020, the Company was required to write-off $Nil (2019 – $Nil). As at March 31, 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 income (loss) 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 income (loss) 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 primarily in New Zealand dollars, Australian dollars and/or United States dollars with some costs also being incurred in Canadian dollars.

The Company currently does not have significant exposure to other currencies and this is not expected to change in the foreseeable future as the work commitments in New Zealand and Australia are expected to be carried out in 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 year ended March 31, 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:

		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
Agreement for purchase		-	-	-
Non-refundable deposit		-	-	86,760
		-	-	690,883

	Fair Value Level	March 31, 2019 Fair Value through Other Comprehensive Income	Amortized Cost
			$
Financial assets:			
Cash and cash equivalents		-	1,892,459
Restricted cash		-	265,364
Investments	1	37,337	-
Accounts receivable		-	4,388,488
		37,337	6,546,311
Financial liabilities:			
Accounts payable and accrued liabilities			5,504,314
Agreement for purchase			1,185,375
Non-refundable deposit			-
			6,689,689

During the years ended March 31, 2020 and 2019, there were no transfers between level 1, level 2 and level 3.

Note 12 – Segmented Information

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

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

For the year ended March 31, 2019	Canada	New Zealand	Australia	Total Company
Production revenue	$ -	$ 32,999,332	$ 237,335	$ 33,236,667
Restricted cash	$ 115,567	$ -	$ 149,797	$ 265,364
Exploration and evaluation assets	-	-	5,932,952	5,932,952
Property, plant and equipment	150,186	236,984	486,835	874,005
Investments	37,337	-	-	37,337
Assets held for sale	-	68,308,795	-	68,308,795
Total non-current assets	$ 303,090	$ 68,545,779	$ 6,569,584	$ 75,418,453

The Company operates in the petroleum exploration and production industry:

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

For the year ended March 31, 2019	Total
Loss for the year	$ (60,282,418)
Total assets	$ 82,165,801
Total liabilities	$ 21,045,570

Note 13 – Interest and Penalties

The Company has been assessed penalties and interest by Canada Revenue Agency under subsection 247(3) of the Income Tax Act (*Canada*), in connection with transfer pricing for the years ended March 31, 2012 and 2013, in the amounts of $224,742 and $326,473, respectively. TAG's management has filed a Notice of Objection to initiate the dispute process. TAG paid 50% of the assessed amount in the previous fiscal year and accrued the remaining balance in the current year. Upon resolution of the dispute, TAG will be required to either pay the remaining 50% or will be refunded the amount paid if the Objection is resolved in TAG's favour.

Note 14 – Commitments

The Company has the following commitments for capital expenditure at March 31, 2020:

Contractual Obligations	Total $	Less than One Year $	More than One Year $
Operating leases (1)	243,000	139,000	104,000
Other long-term obligations (2)	7,726,000	3,530,000	4,196,000
Total Contractual Obligations (3)	7,969,000	3,669,000	4,300,000

(1) The Company has commitments related to 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 15 – Disposal Group Held for Sale and Subsequent Disposition

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 March 31, 2020).

The Royalty has been recorded as a financial asset at its fair value, reduced by the actual payments received ($457,362 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.

a. Impairment losses relating to the remeasurement of disposal group

During the year ended March 31, 2019, an impairment loss of $63,131,970 relating to the remeasurement of the disposal group to the lower of its carrying amount and its estimated fair value less costs to sell have been included in net loss. The impairment losses have reflected a reduction in the carrying amount of property and equipment within the disposal group.

b. Assets and liabilities of disposal group held for sale

At March 31, 2019, the disposal group was stated at fair value less costs to sell and comprised of the following assets and liabilities:

		March 31, 2019
Exploration and evaluation assets	$	14,390,903
Inventory		2,703,730
Property, plant and equipment		51,214,162
Assets held for sale	$	68,308,795
Asset retirement obligations	$	14,215,825
Liabilities held for sale	$	14,215,825

c. Cumulative income or expenses included in Accumulated Other Comprehensive Income

Substantially all of the Company's foreign currency translation reserve at March 31, 2019 of $12,833,691 related to the Disposal Group.

d. Sale of disposal group

During the period, the Company recognized a gain on sale of the disposal group based on their September 25, 2019 carrying amounts relative to the sales proceeds received and receivable, and calculated as follows:

Exploration and evaluation assets	$	(13,677,605)
Inventory		(2,753,011)
Property, plant and equipment		(46,188,656)
Asset retirement obligations		13,511,205
Working capital adjustments		(3,426,478)
Recognition of net historical foreign exchange gains		8,114,581
Proceeds on sale of assets		48,675,545
Gain on sale of disposal group	$	4,255,581

Note 16 – Income Taxes

A reconciliation of income taxes at statutory rates and the significant components of the Company's deferred income tax assets are as follows:

	2020	2019
Net income (loss) for the year	$ 7,934,216	$ (60,282,418)
Expected income tax expense	2,223,069	(16,854,128)
Net adjustment for amortization, deductible and non-deductible amounts	(2,946,209)	15,496,616
Recognition of previously unrecognized income tax assets	723,140	1,357,512
Total income tax expense	$ -	$ -

The components of the Company's deferred tax assets and liabilities are as follows:

	2020	2019
Deferred tax asset: non-capital losses net of unrecognized amounts	$ 1,731,734	$ 19,217,843
Deferred tax liabilities: Exploration and evaluation assets	(1,731,734)	(19,217,843)
Net deferred tax	$ -	$ -

The Company's unrecognized temporary differences and unused tax losses consists of the following:

	2020	2019
Deferred income tax assets (liabilities):		
Net property and equipment carrying amounts in excess of tax pools	$ 5,809,930	$ 32,747,016
Exploration and evaluation assets	1,980,150	(60,549,058)
Capital and non-capital loss carry forwards and share issue costs	172,480,789	214,514,707
Unrecognized deductible temporary differences	$ 180,270,869	$ 186,712,665

The Company has Canadian non-capital losses of approximately $35.2 million, which are available to reduce future taxable income. These expire between 2026 and 2040. Subject to certain restrictions the Company also has mineral property expenditures of approximately $7.7 million available to reduce taxable income in future years.

At March 31, 2020, the Company also had losses and deductions of approximately NZ$101 million available to offset future taxable income earned in New Zealand. These tax losses may be carried forward indefinitely as long as shareholder continuity is maintained.

Note 17 – Event subsequent to reporting period

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.