Consolidated Financial Statements

March 31, 2022
and
March 31, 2021

(Expressed in thousands of Canadian Dollars, unless otherwise stated)

TAG Oil Ltd. 1050 West Pender Street, Suite 1710, Vancouver, British Columbia, Canada, V6E 3S7

Deloitte.

Deloitte LLP
700, 850 – 2 Street SW
Calgary, AB T2P 0R8
Canada

Tel: 403-267-1700
Fax: 587-774-5379
www.deloitte.ca

Independent Auditor's Report

To the Shareholders of TAG Oil Ltd.

Opinion

We have audited the consolidated financial statements of TAG Oil Ltd. (the "Company"), which comprise the consolidated statement of financial position as at March 31, 2022, and the consolidated statement of comprehensive loss, changes in equity and cash flow for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2022, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). 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 other 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 Matter

The financial statements of the Company for the year ended March 31, 2021, were audited by another auditor who expressed an unmodified opinion on those statements on July 29, 2021.

Other Information

Management is responsible for the other information. The other information comprises:

- Management Discussion and Analysis

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

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

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

In preparing the 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 Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 GAAS 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 financial statements.

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

- Identify and assess the risks of material misstatement of the 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 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 financial statements, including the disclosures, and whether the 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 audit.

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 David Langlois.

Deloitte LLP

Chartered Professional Accountants
Calgary, Alberta
July 21, 2022

Consolidated Statements of Financial Position

(Expressed in thousands of Canadian Dollars)

As at March 31,		2022		2021
Assets				
Current:				
Cash and cash equivalents	$	13,316	$	15,911
Amounts receivable and prepaids		375		359
Current portion of royalty and other interests (Note 13)		2,208		1,234
		15,899		17,504
Non-Current:				
Property, plant and equipment (Note 4)		576		113
Restricted cash		115		116
Royalty and other interests (Note 13)		1,614		2,768
	$	18,204	$	20,501
Liabilities and Shareholders' Equity				
Current:				
Accounts payable and accrued liabilities	$	406	$	407
Current portion of lease liabilities (Note 5)		119		72
		525		479
Non-Current:				
Long-term portion of lease liabilities (Note 5)		454		26
		979		505
Shareholders' Equity:				
Share capital (Note 8(a))		219,627		219,587
Share-based payment reserve (Note 8(b))		21,620		21,354
Deficit		(224,022)		(220,945)
		17,225		19,996
	$	18,204	$	20,501

Nature of operations (Note 1)
See accompanying notes.

Approved by the Board of Directors:

"Toby Pierce"	*"Abby Badwi"*
Toby Pierce, Director	Abdel (Abby) Badwi, Director

Consolidated Statements of Comprehensive Loss

(Expressed in thousands of Canadian Dollars, except for share information)

For the years ended March 31,		2022		2021
Revenues and Costs				
Production revenue	$	-	$	-
Production costs		-		(98)
		-		(98)
Expenses				
Depletion, depreciation and accretion		122		137
Foreign exchange		249		1,373
General and administration		2,944		3,248
Interest and other income		(106)		(138)
Stock-based compensation		280		272
		(3,489)		(4,892)
Other Items				
Exploration expense and other costs		(873)		(208)
Gain on lease modification		6		-
Gain (loss) on royalty and other interests (Note 13)		1,279		(2,962)
Interest and penalties recovered (Note 11)		-		89
Loss on sale of Australian property assets (Note 12)		-		(3,885)
Loss on sale of property and equipment		-		(2)
		412		(6,968)
Net loss before taxes		(3,077)		(11,958)
Income tax		-		-
Net loss for the year		(3,077)		(11,958)
Other comprehensive income				
Change in available for sale assets:				
Investments		-		7
Comprehensive loss for the year	$	(3,077)	$	(11,951)
Loss per share – basic and diluted (Note 8(c))	$	(0.03)	$	(0.13)

See accompanying notes.

Consolidated Statements of Cash Flows

(Expressed in thousands of Canadian Dollars)

For the years ended March 31,	2022	2021
Operating Activities		
Net loss for the year	$ (3,077)	$ (11,958)
Changes for non-cash operating items:		
Depletion, depreciation and accretion	122	137
Foreign exchange unrealized	(126)	872
(Gain) on lease modification	(6)	-
Impairment of property and equipment	-	50
Loss on sale of disposal	-	3,885
Loss on sale of property and equipment	-	2
(Gain) loss on royalty	(1,279)	2,962
Stock-based compensation	280	272
	(4,086)	(3,778)
Changes for non-cash working capital accounts:		
Amounts receivable and prepaids	3	(7)
Accounts payable and accrued liabilities	(1)	(133)
Cash used in operating activities	(4,084)	(3,918)
Financing Activities		
Cash distributed as a return of capital	-	(25,625)
Principle repayment of lease liability	(80)	(88)
Private placement	-	1,000
Share issue costs	-	(6)
Stock options exercised	25	-
Cash used in financing activities	(55)	(24,719)
Investing Activities		
Change in restricted cash	-	87
Exploration and evaluation assets	-	(175)
Property and equipment	(24)	(8)
Proceeds on sale of Australian interests	-	2,308
Proceeds on sale of investments	-	34
Proceeds received on royalty and other interests	1,358	1,432
Cash provided by investing activities	1,334	3,678
Effect of exchange rate changes on cash and cash equivalents held in foreign currency	210	(670)
Net decrease in cash and cash equivalents during the year	(2,595)	(25,629)
Cash and cash equivalents – beginning of the year	15,911	41,540
Cash and cash equivalents – end of the year	$ 13,316	$ 15,911
Supplementary disclosures:		
Interest received	$ 26	$ 94
Cash	$ 13,055	$ 6,277
Cash equivalents	261	9,634
	$ 13,316	$ 15,911

See accompanying notes.

Consolidated Statements of Changes in Equity

(Expressed in thousands of Canadian Dollars, except for share information)

	Number of Shares (Note 8)	Share Capital (Note 8)	Reserves: Share-Based Payments	Reserves: Available for Sale Marketable Securities	Deficit	Total Equity
Balance at March 31, 2020	85,416,252	$ 244,218	$ 21,082	$ (7)	$ (208,987)	$ 56,306
Private placement – net of share issue costs	6,250,000	994	-	-	-	994
Return of capital	-	(25,625)	-	-	-	(25,625)
Stock-based payments	-	-	272	-	-	272
Unrealized gain on available-for-sale investments	-	-	-	7	-	7
Net loss for the year	-	-	-	-	(11,958)	(11,958)
Balance at March 31, 2021	91,666,252	$ 219,587	$ 21,354	$ -	$ (220,945)	$ 19,996
Stock options exercised	100,000	40	(14)	-	-	26
Stock-based payments	-	-	280	-	-	280
Net loss for the year	-	-	-	-	(3,077)	(3,077)
Balance at March 31, 2022	91,766,252	$ 219,627	$ 21,620	$ -	$ (224,022)	$ 17,225

See accompanying notes.

Notes to the Consolidated Financial Statements
For the Years Ended March 31, 2022 and 2021
(Expressed in thousands of Canadian Dollars, unless otherwise stated, except per share, options or warrants)

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 and development opportunities in the Middle East and North Africa. TAG's head office is located in Vancouver, British Columbia, Canada.

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, 2021, the Company completed a share and asset purchase agreement with Luco Energy Pty. Ltd., a company owned by Ilwella Pty. Ltd. and AJ Lucas Services (collectively, "Luco"). Refer to note 12.

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").

These consolidated financial statements have been prepared on a historical cost basis except for financial instruments classified as fair value through other comprehensive income, 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 July 21, 2022.

Cash and Cash Equivalents

Cash and cash equivalents are comprised of cash on hand, deposits in banks and high interest savings accounts.

Restricted Cash

Restricted cash is comprised of highly liquid investments having terms to maturity of 365 days or less when acquired and does not have an immediate redemption option.

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 2022	Proportion of Ownership Interest 2021	Principal Activity
TAG Energy International Ltd.	Cyprus	100%	-	Holding Company
TAG Petroleum Egypt Ltd.	Cyprus	100%	-	Oil and Gas Exploration
CX Oil Limited	New Zealand	100%	100%	Oil and Gas Exploration
Orient Petroleum (NZ) Limited	New Zealand	100%	100%	Oil and Gas Exploration
TAG Oil (NZ) Limited	New Zealand	100%	100%	Oil and Gas Exploration
TAG Oil (Offshore) Limited	New Zealand	100%	100%	Oil and Gas Exploration
Trans-Orient Petroleum Ltd.	Canada	100%	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 and average exchange rates of monetary and non-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;
- Non-monetary assets are translated at average exchange rates for the period;
- 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.

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 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, fair value of royalties and ESP, restricted cash 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, deferred tax assets and liabilities, determination of the fair values of stock-based compensation and assessment of contingencies.

In addition, as disclosed in Note 12, 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.

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.

Stock-based compensation

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

Stock-based payment reserve

The stock-based payment reserve records items recognized as stock-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.

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: 1) it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and 2) its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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.

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.

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 cash generating unit ("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.

Stock-Based Payments

Obligations for issuance of common shares under the Company's stock-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 stock-based compensation with a corresponding credit to stock-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.

Loss Per Share

Basic and diluted loss 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.

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.

Note 3 – Exploration and Evaluation Assets

At March 31, 2020	$	5,772
Capital expenditures		157
Sale of Australian interests (See Note 12)		(5,929)
At March 31, 2021 and 2022	**$**	**-**

Note 4 – Property, Plant and Equipment

		Proven Oil and Gas Property PL17		Right of use Assets		Office Equipment and Leasehold Improvements		Total
Cost								
At March 31, 2020	$	459	$	208	$	394	$	1,061
Additions		-		60		8		68
Disposal of assets		-		-		(3)		(3)
Sale of Australian interests (See Note 12)		(459)		-		(133)		(592)
At March 31, 2021		-		268		266		534
Additions		-		580		24		603
Disposal on lease		-		(258)		-		(258)
At March 31, 2022	$	-	$	590	$	290	$	880
Accumulated depletion and depreciation								
At March 31, 2020	$	(85)	$	(85)	$	(321)	$	(491)
Depletion and depreciation		(16)		(98)		(21)		(135)
Disposal of assets		-		-		1		1
Sale of Australian interests (See Note 12)		101		-		103		204
At March 31, 2021		-		(183)		(238)		(421)
Depletion and depreciation		-		(109)		(13)		(122)
Disposal on lease		-		239		-		239
At March 31, 2022	$	-	$	(53)	$	(251)	$	(304)
Carry amounts								
March 31, 2021	$	-	$	85	$	28	$	113
March 31, 2022	**$**	**-**	**$**	**537**	**$**	**39**	**$**	**576**

Note 5 – Lease Liabilities

The Company has the following lease obligations outstanding:

At March 31, 2020	$	126
Capital expenditures		60
Interest expense		7
Lease payments		(95)
At March 31, 2021	$	98
Capital expenditures		580
Interest expense		16
Lease payments		(96)
Disposal on lease		(25)
At March 31, 2022	**$**	**573**
Current portion of lease liabilities		119
Long-term portion of lease liabilities		454
	$	**573**

On September 1, 2021, the Company entered into a new office space lease in Vancouver, BC, Canada for a term of five years. The new lease liability is being discounted using the Company's incremental borrowing rate of 6.0%.

On March 1, 2022, the Company entered into a new office space lease in Calgary, AB, Canada for a term of three years. The old lease that was set to expire on September 30, 2022, was terminated by the owner. The new lease liability is being discounted using the Company's incremental borrowing rate of 6.0%.

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:

		2022		**2021**
Stock-based compensation	$	161	$	219
Management wages and director fees		948		820
Total management compensation	**$**	**1,109**	**$**	**1,039**

The breakdown for the related party transactions during the year ended March 31, 2022:

Related Party $000s	Role	Salaries	Stock-based compensation	Total
Abdel Badwi	Executive Chairman	240	56	296
Toby Pierce	CEO	240	-	240
Barry MacNeil	CFO	180	-	180
Suneel Gupta	VP and COO	180	43	223
Gavin Wilson	Independent Director	36	7	43
Keith Hill	Independent Director	36	-	36
Tom Hickey	Independent Director	36	7	43
Shawn Reynolds	Independent Director	-	48	48
		948	161	1,109

At March 31, 2022, $6 (2021 - $54) payable to a director was included in accounts payable and accrued liabilities.

Note 7 – Asset Retirement Obligations

Balance at March 31, 2020	$	132
Accretion expense		2
Sale of Australian assets		(134)
Balance at March 31, 2021 and 2022	**$**	**-**

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, 2022.

During the year ended March 31, 2022:

On June 1, 2021, the Company issued 100,000 shares for stock options exercised at $0.25 per share.

During the year ended March 31, 2021:

The Company completed a return of capital to shareholders of $0.30 per outstanding common share, for aggregate cash-only consideration of approximately $25.6 million.

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

b) Incentive Stock Options

The Company has a stock option plan for the granting of stock options to directors, employees and service providers. Under the terms of the stock option plan, the number of shares reserved for issuance as stock 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 Company's board of directors (the "Board") and per the guidelines of the TSX Venture Exchange. The maximum term for the expiry of stock options is five years.

During the year ended March 31, 2022, 100,000 stock options were exercised at $0.25, 700,000 stock options granted at $0.45 and 375,000 stock options expired at $0.54.

Stock Options 2022

On June 28, 2021, the Company 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.

Stock Options 2021

On September 1, 2020, the Company granted 4,850,000 stock options to various directors, executive officers, employees and consultants. These options are exercisable until September 1, 2025, at a price of $0.25 per share and are subject to deferred vesting over three years.

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

The following is a continuity of outstanding stock options:

	Weighted Average of Options		Weighted Average of Exercise Price
Balance at March 31, 2020	3,600,000	$	0.62
Granted during the year	5,625,000		0.25
Cancelled during the year	(575,000)		0.50
Expired during the year	(1,375,000)		0.79
Balance at March 31, 2021	**7,275,000**	**$**	**0.31**
Granted during the year	700,000		0.45
Exercised during the year	(100,000)		0.25
Expired during the year	(25,000)		1.05
Cancelled during the year	(350,000)		0.50
Balance at March 31, 2022	**7,500,000**	**$**	**0.31**

The following table summarizes information about stock options that are outstanding at March 31, 2022:

Number of Options	Price per Share	Expiry Date	Options Exercisable
1,025,000	$0.50	April 18, 2023	1,025,000
250,000	$0.50	February 18, 2023	250,000
4,850,000	$0.25	September 1, 2025	1,616,667
675,000	$0.25	September 11, 2025	675,000
700,000	$0.45	June 28, 2026	-
7,500,000			3,566,667

As at March 31, 2022, the weighted average contractual remaining life is 3.16 years.

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) Warrants

The following table summarizes information about warrants that are outstanding at March 31, 2022:

Number of Warrants	Price per Share	Weighted Average Remaining Contractual Life	Expiry Date
6,250,000	$0.16	1.42	September 1, 2023
6,250,000			

d) Loss Per Share

Basic and diluted weighted average shares outstanding for the year ended March 31, 2022 was 91,749,540 (2021: 89,029,266).

Note 9 – Capital Management

The Company's primary objective for managing its capital structure is to maintain financial capacity for the purpose of sustaining the future development of the business and maintaining investor, creditor and market confidence.

The Company considers its capital structure to include shareholders' equity and working capital. Management is continually monitoring changes in economic conditions and the risk characteristics of the underlying oil and gas industry. If adjustments to the capital structure are necessary, the Company may consider issuing additional equity, raising debt or revising its capital investment programs.

The Company's share capital is not subject to any external restrictions. The Company has not paid any cash dividends but has declared a dividend in kind since the date of incorporation. There have been no changes to the Company's approach to capital management during the period other than the contemplation of a dividend in kind.

Note 10 – Financial Instruments

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

This note provides information about the Company's exposure to each of the above risks as well as the Company's objectives, policies and processes for measuring and managing these risks.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and to monitor market conditions and the Company's activities. The Board 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 to financial instruments do not fulfill their contractual obligations. The Company's exposure to this risk is relative to the following:

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 represent a credit exposure. The Company does not have an allowance for doubtful accounts as at March 31, 2022 and 2021 and did not provide for any doubtful accounts. During the year ended March 31, 2022, the Company was required to write-off $nil (2021 – $97). As at March 31, 2022, there were no significant amounts past due or impaired.

The carrying amount of Royalty and ESP payments relate to the New Zealand Taranaki Basin operations of Tamarind NZ Onshore Limited. The company is due an overriding Royalty of 2.5% on all production and certain Event Specific Payments based on Tamarind's production and sales from its petroleum and natural gas operations under standard industry sale and payment terms. The bulk of Tamarind's sales are contracted to the multinational OMV, Austrian Petrochemical Company and the Company monitors for any change to the arrangement.

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 economic outlook, foreign exchange rates, commodity prices and interest rates will affect the Company's cash flows, net loss and comprehensive loss. The objective of market risk management is to manage and control market risk exposures within acceptable limits, while maximizing returns. The company is exposed to risks associated with finding and developing new sources of production in Egypt, North Africa and the Middle East to replace its previous production. Once acquired there is the risk of maintaining and increasing production at economically profitable levels. This will be further complicated by geopolitical turmoil generated by the Russia\Ukraine conflict and changing supply\demand dynamics.

d) Foreign Currency Exchange Rate Risk

Foreign currency exchange rate risk is the risk that future cash flows, net loss and comprehensive loss will fluctuate as a result of changes in foreign exchange rates. All of the Company's royalties and other interests are denominated in United States dollars and operational and capital activities related to the transactions primarily in New Zealand 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.

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.

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, 2022 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, 2022	
	Fair Value Level	**Fair Value through Profit or Loss**	**Amortized Cost**
		$	$
Financial assets:			
Cash and cash equivalents		-	13,316
Restricted cash		-	115
Royalty (Note 13)	3	2,560	-
Accounts receivable		-	222
		2,560	13,653
Financial liabilities:			
Accounts payable and accrued liabilities		-	406
		-	406

	Fair Value Level	March 31, 2021	
		Fair Value through Profit or Loss	Amortized Cost
		$	$
Financial assets:			
Cash and cash equivalents		-	15,911
Restricted cash		-	116
Royalty (Note 13)	3	2,227	-
Accounts receivable		-	203
		2,227	16,230
Financial liabilities:			
Accounts payable and accrued liabilities		-	407
		-	407

During the years ended March 31, 2022 and 2021, there were no transfers between level 1, level 2 and level 3.

Fair Value measurement, valuation techniques and inputs

The Company adopted internal valuation for the Royalty interest and ESP payments is determined using the NPV of future expected cash-flow on the 2.5% gross overriding royalty and ESP payments from the New Zealand Taranaki Basin operations of Tamarind NZ Onshore Limited. Tamarind provides TAG with their expected production profile based on their upcoming development and work over program. Tag uses a price deck published by Factset Research Systems Inc. for the forward price on brent oil and a price for New Zealand Natural Gas based on the information available in the ERCE Reserve Report prepared for Tamarind, dated September 3, 2021. The Natural Gas price is based on a combination of a contracted price for approximately two thirds of the production and market price on the balance which accounts for approximately 7% of the future oil and gas royalty. Tamarind sells its oil on a contract basis to a multinational oil corporation and has a set discount to Brent negotiated on a periodic basis. The following are the inputs used in the valuation calculation:

		2023	2024	2025	2026	2027	2028	Total
Oil Production	bbl	361,506	321,089	238,871	178,695	137,295	9,848	1,247,304
Oil Price	USD	95.38	87.14	81.63	78.05	75.62	74.12	
Discount	USD	8.42	8.42	8.42	8.42	8.42	8.42	
Royalty Rate		2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	
Annual Oil Payment	USD	785,977	631,922	437,232	311,089	230,670	16,177	2,413,067

		2023	2024	2025	2026	2027	2028	Total
Gas Production	msfc	304,412	255,771	203,808	134,281	111,904	65,104	1,075,279
Gas Price	USD	6.64	6.64	6.64	6.64	6.64	6.64	
Royalty Rate		2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	
Annual Gas Payment	USD	50,517	42,445	33,822	22,284	18,570	10,804	178,441

The discount rate used in the NPV calculation is 10%.

Note 11 – Interest and Penalties

The Company was assessed penalties and interest of $224 and $326 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. During the year ended March 31, 2021, the 2012 amount was adjusted to $136 resulting in a recovery of $88. TAG's management has filed a Notice of Objection to initiate the dispute process. TAG paid $276 in the 2018 fiscal year and accrued the remaining balance of $183. Upon resolution of the dispute, TAG will be required to either pay the remaining accrued amount or will be refunded the amount paid if the Objection is resolved in TAG's favour.

Note 12 –Sale of Australian Interests

On October 30, 2020, the Company completed a share and asset purchase agreement with Luco, a company owned by Ilwella Pty. Ltd. and AJ Lucas Services, to divest its Australian assets and operations as part of a strategic realignment of the Company's oil and gas exploration and development activities. This was an arm's length transaction that involved the sale of the shares of its Australian subsidiary, Cypress Petroleum Pty Ltd., which holds 100% working interests in PL 17, ATP 2037, and ATP 2038 (collectively, the "Permits") located in the Surat Basin of Queensland, Australia to Luco for a cash payment of AUD$2,500,000 (CDN$2,318,736) at closing and a 3.0% gross overriding royalty on future production from all liquids produced from the Permits.

Sale of Disposal Group

During the year ended March 31, 2021, the Company recognized a loss on sale of disposal group based on their October 30, 2020 carrying amounts relative to the sales proceeds received and receivable, and calculated as follows:

Proceeds on sale of assets	$	2,308
Exploration and evaluation assets	$	5,929
Property, plant and equipment		388
Restricted cash		137
Asset retirement obligations		(134)
Working capital adjustments		(127)
		(6,193)
Loss on sale of disposal group	$	(3,885)

Note 13 –Sale of New Zealand Interests

On September 25, 2019, the Company and certain of its subsidiaries completed a share and asset purchase agreement with Tamarind Resources Pte. Ltd. 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 receiving a 2.5% gross overriding royalty (the "Royalty") on future production from all NZ Assets.
- Up to US$4.5 million in event specific payments ("ESP") payable on achieving various milestones.

		Royalty		ESP		Total
Balance at April 1, 2021	$	2,227	$	1,775	$	4,002
Payments received/receivable		(862)		(495)		(1,357)
Gain on royalty and other interests		1,156		123		1,279
Foreign exchange		39		(141)		(102)
Balance at March 31, 2022	$	2,560	$	1,262	$	3,822

		Royalty		ESP		Total
This is represented by:						
Current asset	$	946	$	1,262	$	2,208
Non-current asset		1,614		-		1,614
	$	2,560	$	1,262	$	3,822

The Royalty has been recorded as a financial asset at its fair value, reduced by the actual payments received and subject to revaluation on an ongoing basis (refer to note 10(g)). The Royalty and the ESP 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.

Note 14 – 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:

		2022		2021
Net loss for the year	$	(3,077)	$	(11,958)
Expected income tax expense		(705)		(3,274)
Net adjustment for amortization, deductible and non-deductible amounts		(210)		1,740
Recognition of previously unrecognized income tax assets		915		1,534
Total income tax expense	$	-	$	-

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

		2022		2021
Deferred tax asset: non-capital losses net of unrecognized amounts	$	-	$	-
Deferred tax liabilities: Exploration and evaluation assets		-		-
Net deferred tax	$	-	$	-

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

		2022		2021
Deferred income tax assets (liabilities):				
Net property and equipment carrying amounts in excess of tax pools	$	203	$	121
Exploration and evaluation assets		7,662		7,662
Capital and non-capital loss carry forwards and share issue costs		178,677		183,870
Unrecognized deductible temporary differences	$	**186,542**	$	191,653

The Company has Canadian non-capital losses of approximately $38.9 million, which are available to reduce future taxable income. These expire between 2028 and 2042. 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, 2022, the Company had losses and deductions of approximately EGP$11.5 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.

At March 31, 2022, the Company also had losses and deductions of approximately NZ$104.5 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.