MANAGEMENT'S DISCUSSION AND ANALYSIS

The following Management's Discussion and Analysis ("MD&A") is dated February 16, 2021, for the nine months ended December 31, 2020 and should be read in conjunction with the condensed consolidated interim financial statements for the same period and the audited conslidated financial statements for the year ended March 31, 2020.

The condensed consolidated interim financial statements for the nine months ended December 31, 2020, have been prepared in accordance with International Financial Reporting Standards ("IFRS") specifically IAS 34, Interm Financial Reporting, as issued by the International Accounting Standards Board ("IASB"), and its interpretations. Results for the period ended December 31, 2020, are not necessarily indicative of future results. All figures are expressed in Canadian dollars unless otherwise stated.

ABOUT TAG OIL LTD.

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

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

On March 16, 2020, the Company conducted a return of capital to its shareholders in the amount of $0.30 per common share (approximately $25.6 million in cash), in accordance with Canadian income tax law.

The return of capital was paid on April 14, 2020 to all shareholders of record of the common shares of the Company on March 27, 2020 (record date).

Following the return of capital, the Company retained approximately $15 million in cash along with the 2.5% gross overriding royalty on all future production from the New Zealand assets sold and up to US$5 million in future event specific payments payable on Tamarind achieving certain milestones.

On June 15, 2020, TAG confirmed that its common shares would be voluntarily delisted from the Toronto Stock Exchange immediately following the close of trading on June 26, 2020 and would begin trading on the TSX Venture Exchange (the "TSX-V") at market open on June 29, 2020. TAG's trading symbol will continue to be "TAO" on the TSX-V. TAG continues to maintain its listing on the premier tier of the OTC market in the United States, the OTCQX International (the "OTCQX"), under the trading symbol "TAOIF".

On September 1, 2020, the Company announced the following corporate updates:

- Mr. Abdel (Abby) Badwi joined the Company as Executive Chairman of the board of directors, along with Mr. Suneel Gupta who has been appointed as VP and COO of the Company. Messrs. Shawn Reynolds and Thomas Hickey were also appointed to TAG's board of directors as non-executive directors.
- The Company completed a non-brokered private placement of 6.25 million units ("Units") at a price of C$0.16 per Unit for aggregate gross proceeds of C$1.0 million. Each Unit consists of one common share ("Common Share") and one common share purchase warrant ("Warrant"), with each Warrant entitling the holder thereof to acquire one Common Share in the capital of the Company at a price of C$0.16 per Common Share for a period of three years from the date of closing.
- The grant of 4.85 million stock options exercisable for a period of five years at a price of C$0.25 per share to the newly appointed officers, directors, and consultant. The options will be subject to deferred vesting over three years.

On September 25, 2020, the Company announced the following corporate updates:

- Mr. Peter Loretto resigned from his position as a non-executive director of the Company.
- The grant of 775,000 stock options on September 11, 2020, to various officers, directors, and staff members. These options vested immediately and are exercisable until September 11, 2025, at a price of $0.25 per share.

On October 30, 2020, the Company completed a share and asset purchase agreement with Luco Energy Pty. Ltd. ("Luco"), a company owned by Ilwella Pty. Ltd. and AJ Lucas Services, to divest its Australian assets and operations as part of a strategic realignment of the Company's oil and gas exploration and development activities. This was an arm's length transaction that involves the sale of the shares of its Australian subsidiary, Cypress Petroleum Pty Ltd. ("Cypress Petroleum"), which holds the Company's 100% working interests in PL 17, ATP 2037, and ATP 2038 (collectively, the "Permits") located in the Surat Basin of Queensland, Australia to Luco for a cash payment of A$2,500,000 (CAD$2,308,240) at closing and a 3.0% gross overriding royalty on future production from all liquids produced from the Permits.

On having completed the NZ Transaction and it's the sale of the Autralian assets and operations, the Company will be pursuing consolidation opportunities through the acquisition of assets and/or companies in the initial focus area of Middle East and North Africa.

THIRD QUARTER FINANCIAL AND OPERATING HIGHLIGHTS

- At December 31, 2020, the Company had $16.3 million in cash and cash equivalents and $18.8 million in working capital.
- No production for the quarter ended December 31, 2020.
- Capital expenditures totaled $0.078 million for the quarter ended December 31, 2020. The majority of the capital expenditures relates to the disposal of the Australian subsidiary in early Q3 2021.

BUSINESS ENVIRONMENT AND THE IMPACT OF COVID-19

In March 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization. Global commodity prices declined significantly as countries around the world enacted emergency measures to combat the spread of the virus. The decrease in oil demand has been unprecedented. Since April 2020, global demand has improved while OPEC and North American producers have cut production. Global inventories have begun to moderate with economies reopening and leading to a partial recovery and stabilization in oil prices.

OPEC's January 2021 report on the oil market, said vaccinations provide some "upside optimism," and that its 2021 forecasts "assume a healthy recovery in economic activities.

OUTLOOK AND RESPONSE TO COVID-19

The Company has implemented procedures that comply with British Columbia Health Guidelines in Canada. We currently do not have any personnel in New Zealand and Australia. TAG has transitioned its office staff in Vancouver back to the office on a rotating basis.

The Company has not experienced any COVID-19 cases in any location and the Company has sufficient liquidity supplemented by the recent private placement of $1 million to operate beyond the next twelve months. The Company continues to receive royalty and event specific payments from the sale of its New Zealand assets, however at a lower level due to the decline in global oil prices due to the effects of COVID-19 and lower production levels.

RESULTS FROM OPERATIONS

Net Oil and Natural Gas Production, Pricing and Revenue

	2021	2020	Nine months ended December 31,	
Daily production volumes (1)	**Q3(4)**	Q3	**2020(3)**	2019
Oil (bbl/d)	0	4	0	701
Natural gas (boe/d)	0	0	0	196
Combined (boe/d)	0	4	0	897
% of oil production	0%	100%	0%	78%
Daily sales volumes (1)				
Oil (bbl/d)	0	3	0	646
Natural gas (boe/d)	0	0	0	103
Combined (boe/d)	0	0	0	749
Natural gas (MMcf/d)	0	0	0	619
Product pricing				
Oil ($/bbl)	0.00	88.01	0.00	88.35
Natural gas ($Mcf)	0.00	0.00	0.00	4.93
Oil and natural gas revenues - gross *($000s)*	-	25	-	16,525
Oil and natural gas royalties (2)	-	-	-	(1,595)
Oil and natural gas revenues - net *($000s)*	-	25	-	14,930

(1) Natural gas production converted at 6 Mcf:1 boe (for boe figures).
(2) Relates to government royalties and includes an ORR of 7.5% royalty related to the acquisition of a 69.5% interest in the Cheal field.
(3) The productions had been shut-in the prior quarter due to the requirement for repairs but have not been restarted due to the concern over COVID-19 and bringing in outside technical personal into the area during the process.
(4) During Q3 2021, the Company sold its shares of Cypress Petroleum and therefore has no production revenue.

SUMMARY OF QUARTERLY INFORMATION

Canadian $000s, except per share or boe	**2021**			2020				2019
	Q3(1)	Q2(2)	Q1(2)	Q4	Q3	Q2	Q1	Q4
Net production volumes (boe/d)	**0**	0	0	2	4	1,280	1,413	1,218
Total revenue	**-**	-	-	(77)	25	6,726	9,774	7,407
Operating costs	**(11)**	(55)	(32)	188	(57)	(3,827)	(4,654)	(4,589)
Depletion, depreciation and accretion	**(33)**	(35)	(34)	165	(231)	(137)	(142)	(344)
Finance Costs	**-**	-	**-**	-	1	(72)	(15)	(75)
Foreign exchange	**(671)**	(235)	(969)	1,918	(1,177)	349	(87)	22
Interest and other income	**26**	158	19	133	128	153	194	137
Share-based compensation	**(65)**	(139)	(6)	(34)	(4)	7	(17)	(60)
General and administative	**(894)**	(909)	(596)	(858)	(2,020)	(912)	(2,398)	(2,247)
Exploration (expense) recovery	**(19)**	-	-	57	34	(7)	(30)	(4)
Recovery (write-down) to AHFS	**-**	-	-	-	-	3,498	(3,498)	3,590
Loss on derivative financial instrument	**-**	-	-	-	-	-	-	(401)
(Loss) gain on sale of PP&E	**(2)**	-	-	-	(102)	319	-	-
(Loss) gain on sale of disposal group	**(3,885)**	-	-	2,235	651	1,370	-	-
Gain (loss) on royalty valuation	**(65)**	(42)	(87)	155	249	-	-	-
Impairment/write-off of inventory	**-**	(50)	-	-	-	-	-	(450)
Write-off of oil and gas property	**-**	-	-	-	-	(41)	-	-
Net (loss) income before tax	**(5,619)**	(1,307)	(1,705)	3,882	(2,503)	7,426	(873)	2,986
Income tax	**-**	-	-	2	-	-	-	(586)
Net (loss) income	**(5,619)**	(1,307)	(1,705)	3,884	(2,503)	7,426	(873)	2,400
(Loss) earnings per share – basic	**(0.06)**	(0.02)	(0.02)	0.05	(0.03)	0.09	(0.01)	0.03
(Loss) earnings per share – diluted	**(0.06)**	(0.02)	(0.02)	0.05	(0.03)	0.09	(0.01)	0.03
Adjusted net (loss) income(3)	**(1,667)**	(1,215)	(1,618)	1,492	(3,301)	2,280	2,625	247
Capital expenditures	**(78)**	(48)	(98)	(17)	2,629	34	992	1,354
Cash flow (used in) provided by *Operating activities (1)*	**(550)**	(1,156)	(1,133)	1,056	(2,785)	2,417	2,815	69

(1) *The productions had been shut-in in the prior quarters due to the requirement for repairs but have not been restarted due to the concern over COVID-19 and bringing in outside technical personal into the area during the process.*
(2) *During Q3 2021, the Company sold its shares of Cypress Petroleum and had no production revenue up to the date of sale.*
(3) *Adjusted net (loss) income is a non-GAAP measure. It represents earnings before impairment expense and write-offs. See non-GAAP measures for further explanation.*

Operating costs decreased for the quarter ended December 31, 2020, to $0.01 million from $0.06 million for the quarter ended September 30, 2020. Operating costs decreased for the quarter ended December 31, 2020, to $0.01 million from $0.57 million when compared to the quarter ended December 31, 2019. Operating costs decreased due to completion of the sale of shares of Cypress Petroleum and the Company currently having no production at this time.

General and administrative costs decreased to $0.89 million for the quarter ended December 31, 2020 from $0.91 million for the quarter ended September 30, 2020. The slight decrease is mainly due to the sale of the shares of Cypress Petroleum in Q3 2021. General and administrative costs decreased from $0.89 million for the quarter ended December 31, 2020 from $2.02 million for the quarter ended December 31, 2019. The decrease is due to completion of the NZ Transaction on September 25, 2019 and the sale of the shares of Cypress Petroleum on October 30, 2020.

Net loss before tax for the quarter ended December 31, 2020, was $5.62 million compared to net loss before tax of $1.31 million for the quarter ended September 30, 2020. The adjusted not loss is $1.67 million for the quarter ended December 30, 2020, compared with of $1.27 million for the quarter ended September 30, 2020. The net loss compared to the prior quarter is due to a significant increase in foreign exchange to $0.67 million from $0.28 million, offset by a decrease in share-based compensation to $0.065 million from $0.139 million. Net loss before tax for the quarter ended December 31, 2020 was $5.47 million compared to net loss $2.50 million for the quarter ended December 31, 2019. The adjusted net loss is $1.67 million for the quarter ended December 31, 2020, compared to an adjusted net loss of $3.30 million for the quarter ended December 31, 2019. The decrease is due to completion of the NZ Transaction on September 25, 2019 and the sale of the shares of Cypress Petroleum on October 30, 2020.

Net Production by Area (boe/d)

Area	2021 Q3	2020 Q3	Nine months ended December 31, 2020	Nine months ended December 31, 2019
PMP 38156 (Cheal) (1)	**0**	0	**0**	585
PMP 60291 (Cheal East) (1)	**0**	0	**0**	179
PMP 53803 (Sidewinder) (1)	**0**	0	**0**	127
PL 17 (Cypress) (2)	**0**	4	**0**	5
Total boe/d	**0**	4	**0**	896

(1) All production assets in New Zealand have been sold as of September 2019.
(2) All production assets in Australia have been sold as of October 2020.

Oil and Gas Operating Netback ($/boe)

	2021 Q3 (1)(2)	2020 Q3	Nine months ended December 31, 2020 (1)(2)	Nine months ended December 31, 2019
Oil and natural gas revenue	**0.00**	88.01	**0.00**	80.25
Production costs	**(0.00)**	(188.91)	**(0.00)**	(24.07)
Royalties	**(0.00)**	(0)	**(0.00)**	(7.75)
Transportation and storage costs	**(0.00)**	(10.61)	**(0.00)**	(9.65)
Operating Netback per boe ($)	**N/A**	(111.51)	**N/A**	38.78

(1) There is no calculation in the period as there was no production.
(2) All production assets in Australia have been sold as of October 2020.

Operating netback per boe is the operating netback divided by barrels of oil equivalent sold in the applicable period. See non-GAAP measures for further explanation. These measures may not be comparable to similar measures presented by other issuers and should not be considered in isolation with measures that are prepared in accordance with IFRS.

General and Administrative Expenses (“G&A”)

	2021 Q3	2020 Q3	Nine months ended December 31, 2020	Nine months ended December 31, 2019
Consulting and director fees	**71**	231	**394**	735
Filing, listing and transfer agent	**67**	41	**108**	71
Insurance	**18**	14	**48**	58
Office and administration	**36**	77	**131**	384
Overhead recoveries	**-**	1	**-**	(91)
Professional fees	**52**	99	**235**	326
Rent	**14**	47	**58**	163
Reports	**-**	-	**(5)**	(5)
Shareholder relations and communications	**263**	874	**572**	975
Travel	**37**	57	**45**	136
Wages and salaries	**336**	580	**813**	2,578
Oil and Gas G&A expenses ($000s)	**894**	2,021	**2,399**	5,330
Per boe ($) (1) (2)	**N/A**	4,885.97	**N/A**	21.71

(1) Per boe ($) is the G&A expenses divided by barrels of oil equivalent production volume for the applicable period.
(2) All production assets in Australia have been sold as of October 2020.

Share-based Compensation

	2021	2020	Nine months ended December 31,	
	Q3	Q3	**2020**	2019
Share-based compensation ($000s)	**65**	4	**210**	14
Per boe ($) (1) (2)	**N/A**	10.34	**N/A**	0.06

(1) Per boe ($) is the share-based compensation divided by barrels of oil equivalent production volume for the applicable period.
(2) All production assets in Australia have been sold as of October 2020.

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

In the quarter ended December 31, 2020, the Company granted no options (September 30, 2020 – 5,625,000 options at $0.25 per share) and no options were exercised (September 30, 2020: nil).

Share-based compensation increased to $0.065 million in the quarter ended December 31, 2020, compared $0.004 million for the quarter ended December 31, 2019. The increase in total share-based compensation costs is due to options granted in Q2 2021.

Depletion, Depreciation and Accretion (DD&A)

	2021	2020	Nine months ended December 31,	
	Q3	Q3	**2020**	2019
Depletion, depreciation and accretion ($000s)	**33**	231	**102**	510
Per boe ($) (1) (2)	**N/A**	562.56	**N/A**	2.07

(1) Per boe ($) is the depletion, depreciation and accretion divided by barrels of oil equivalent production volume for the applicable period.
(2) All production assets in Australia have been sold as of October 2020.

DD&A expenses decreased for the quarter ended December 31, 2020 to $0.033 million compared with $0.231 million for the quarter ended December 31, 2019. The decrease is due to the completion of the NZ Transaction on September 25, 2019 for the sale of the New Zealand producing assets.

Foreign Exchange Loss (Gain)

	2021	2020	Nine months ended December 31,	
	Q3	Q3	**2020**	2019
Foreign exchange loss ($000s)	671	1,177	**1,875**	914

The foreign exchange loss for the quarter ended December 31, 2020 was a result of movement of the USD against the NZD and CDN.

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

	2021	2020	Nine months ended December 31,	
($000s)	**Q3**	Q3	**2020**	2019
Net (loss) income before tax	**(5,619)**	(2,503)	**(8,631)**	4,050
Income tax	**-**	-	**-**	-
Net (loss) income after tax	**(5,619)**	(2,503)	**(8,631)**	4,050
(Loss) income per share – basic ($)	**(0.06)**	(0.03)	**(0.10)**	0.05
(Loss) income per share – diluted ($)	**(0.06)**	(0.03)	**(0.10)**	0.05

Cash Flow

	2021	2020	Nine months ended December 31,	
($000s)	**Q3**	Q3	**2020**	2019
Operating cash flow (1)	**(550)**	(2,785)	**(2,838)**	2,448
Cash provided by operating activities	**(646)**	(946)	**(2,960)**	1,918
Operating cash flow per share, basic ($)	**(0.01)**	(0.01)	**(0.03)**	0.02
Operating cash flow per share, diluted ($)	**(0.01)**	(0.01)	**(0.03)**	0.02

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

Operating cash flow decreased to $0.5 million for the quarter ended December 31, 2020 compared to $2.8 million for the quarter ended December 31, 2019. The decrease due to the completion of the sale of Australia assets and completion of the Transaction on September 25, 2019.

CAPITAL EXPENDITURES

Capital expenditures were $0.078 million, which consists of property, plant and equipment in the amount of $0.008 and right of use asset of $0.060 for the quarter ended December 31, 2020 $0.01 million for the quarter ended December 31, 2019.

The expenditures are as follows:

Taranaki Basin ($000s)	2021	2020	Nine months ended December 31,	
	Q3	Q3	**2020**	2019
Mining permits	**-**	-	**-**	503
Exploration permits	**-**	-	**-**	138
Total Taranaki Basin	**-**	-	**-**	641

Australia Surat Basin ($000s)	2021	2020	Nine months ended December 31,	
	Q3	Q3	**2020**	2019
Exploration permits	**12**	54	**156**	230
Total Surat Basin	**12**	54	**156**	230

FUTURE CAPITAL EXPENDITURES

The Company had the following commitments for capital expenditure as at December 31, 2020:

Contractual Obligations ($000s)	Total	Less than One Year	Two to Five Years	More than Five Years
Operating leases (1)	**199**	172	27	-
Other long-term obligations	**-**	-	-	-
Total contractual obligations	**199**	172	27	-

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

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

LIQUIDITY AND CAPITAL RESOURCES

($000s)	Nine Months ended	Year ended
	December 31, 2020	March 31, 2020
Cash and cash equivalents	**16,289**	41,540
Working capital	**18,902**	43,662
Contractual obligations, next twelve months	**172**	3,669
Revenue	**-**	16,448
Cashflow from operating activities	**(2,960)**	3,764

As of the date of this report, the Company is monitoring its funding requirements and may adjust its current operations to ensure anticipated cash flow from the NZ Transaction royalty and event specific payments allows the Company to meet its commitments for the next twelve months. TAG's management continues to adjust to changes in the price of oil as necessary to provide more certainty and liquidity for the Company as needed. The Company has cash available and it continues to monitor commodity prices and cash flow. TAG will react to up or down movements in commodity prices and cash flow, which may result in taking on additional projects and obligations to improve productions and reserves.

The Company may require a source of financing in the event of adding material commitments, continued low oil prices, or any acquisitions.

NON-GAAP MEASURES

The Company uses certain terms for measurement within this MD&A that do not have standardized meanings prescribed by generally accepted accounting principles ("GAAP"), including IFRS, and these measurements may differ from other companies and accordingly may not be comparable to measures used by other companies. The term 'adjusted net (loss) income" is not a recognized measure under the applicable IFRS. Management of the Company believes that this term is useful to provide shareholders and potential investors with additional information, in addition to net income activities as defined by IFRS, for evaluating the Company's recurring operating performance, excluding the impact of non-cash impairment charges.

Operating Margin ($000s)	**2021**	2020	Nine months ended December 31,	
	Q3(2)	Q3	**2020**	2019
Total revenue	**0**	25	**0**	16,525
Less production costs	**(11)**	(54)	**(98)**	(4,956)
Less royalties	**0**	(0)	**0**	(1,595)
Less transportation and storage	**0**	(3)	**0**	(1,986)
Operating margin	**(11)**	(32)	**(98)**	7,988

(1) The productions had been shut-in in the prior quarters due to the requirement for repairs and have not been restarted due to precautions concerning COVID-19 and bringing in outside technical personnel into the area during the process.
(2) All production assets in Australia have been sold as of October 2020.

Adjusted net (loss) income ($000s)	**2021**	2020	Nine months ended December 31	
	Q3	Q3	**2020**	2019
Adjusted net (loss) income	**(1,667)**	(3,301)	**(4,501)**	1,605
(Loss) gain on sale of PP&E	**(2)**	(102)	**(2)**	216
(Loss) gain on sale of disposal group	**(3,885)**	651	**(3,885)**	2,021
(Loss) gain on royalty valuation	**(65)**	249	**(193)**	249
Inventory impairment	**-**	-	**(50)**	-
Impairment of oil and gas property	**-**	-	**-**	(41)
Net (loss) income before tax	**(5,619)**	(2,503)	**(8,631)**	4,050

OFF-BALANCE SHEET ARRANGEMENTS AND PROPOSED TRANSACTIONS

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

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

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

RELATED PARTY TRANSACTIONS

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

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

	2021	2020	Nine months ended December 31,	
($000s)	**Q3**	Q3	**2020**	2019
Share-based compensation	**62**	8	**159**	24
Management wages and director fees	**222**	363	**553**	959
Total Management Compensation	**284**	371	**712**	983

SHARE CAPITAL

a. At December 31, 2020, there were 91,666,252 common shares, 8,500,000 stock options outstanding and 6,250,000 warrants outstanding.

b. At February 16, 2021, there were 91,666,252 common shares, 8,500,000 stock options outstanding and 6,250.000 warrants outstanding.

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

SUBSEQUENT EVENTS

None noted.

SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the condensed consolidated interim financial statements requires management to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues, expenses and the disclosure of contingencies. Such estimates primarily relate to unsettled transactions and events as of the date of the condensed consolidated interim financial statements. These estimates are subject to measurement uncertainty. Actual results could differ from and affect the results reported in these condensed consolidated interim financial statements.

Areas of judgment that have the most significant effect on the amounts recognized in these condensed consolidated interim financial statements are recoverability, impairment and fair value of oil and gas properties, deferred tax assets and liabilities and functional currency.

Key sources of estimation uncertainty that have the most significant effect on the amounts recognized in these condensed consolidated interim financial statements are: recoverability, impairment and fair value of oil and gas properties, deferred tax assets and liabilities, determination of the fair values of share-based compensation and assessment of contingencies.

Recoverability, impairment and fair value of oil and gas properties

Fair values of oil and gas properties, depletion and depreciation and amounts used in impairment calculations are based on estimates of crude oil and natural gas reserves, oil and gas prices and future costs required to develop those reserves. By nature, estimates of reserves and the related future cash flows are subject to measurement uncertainty and the impact of differences between actual and estimated amounts on the condensed consolidated interim financial statements of future periods could be material. The fair value of properties is determined based on cost and supported by the discounted cash flow of reserves based on anticipated work program. The net present value uses a discount rate of 10% and costs are determined on the anticipated exploration program, forecast oil prices and contractual price of natural gas along with forecast operating and decommissioned costs. A discount rate of 10% has been used in determining the net present value of oil and gas properties.

Petroleum and natural 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 retail and 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 looks at the discounted cash flows of capital development, income, production, reserves, and field life and asset retirement obligations of the CGU or asset in assessing the recoverable amount of the CGU or asset. A discount rate of 10% is applied to the assessment of the recoverable amount.

The decision to transfer exploration and evaluation assets to property, plant and equipment is based on management's determination of an area's technical feasibility and commercial viability based on proved and probable reserves. The calculation of decommissioning liabilities includes estimates of the future costs to settle the liability, the timing of the cash flows to settle the liability, the risk-free rate and the future inflation rates. The rates used to calculate decommissioning liabilities are an inflation rate of 1.62% and a risk-free discount rate ranging from 0.33% to 1.56%, which prevailed at the date of these financial statements. The impact of differences between actual and estimated costs, timing, and inflation on the condensed consolidated interim financial statements of future periods may be material.

Income taxes

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

Share-based compensation

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

Functional currency

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

Contingencies

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

FUTURE CHANGES IN ACCOUNTING POLICIES

None noted.

CHANGES IN ACCOUNTING POLICIES

None noted.

BUSINESS RISKS AND UNCERTAINTIES

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

There have been no significant changes in these risks and uncertainties in the nine month period ended December 31, 2020.

Please also refer to Forward Looking Statements.

FORWARD LOOKING STATEMENTS

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

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

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

The forward-looking statements contained herein are as of December 31, 2020 and are subject to change after this date. Readers are cautioned that the foregoing list of factors that may affect future results is not exhaustive and as such undue reliance should not be placed on forward-looking statements. Except as required by applicable securities laws, with the exception of events or circumstances that occurred during the period to which the MD&A relates that are reasonably likely to cause actual results to differ materially from material forward-looking information for a period that is not yet complete that was previously disclosed to the public, the Company disclaims any intention or obligation to update or revise these forward-looking statements, whether as a result of new information, future events or otherwise.

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

CORPORATE INFORMATION

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

Toby Pierce, CEO and Director
British Columbia, Canada

Keith Hill, Director
Florida, USA

Thomas Hickey, Director
Maisons-Laffitte, France

Shawn Reynolds, Director
New Jersey, USA

Gavin Wilson, Director
Zurich, Switzerland

Suneel Gupta, COO
Alberta, Canada

Barry MacNeil, CFO
British Columbia, Canada

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The Annual General Meeting was held on November 17, 2020 at 11:00 am in Vancouver, B.C, Canada.

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

SHAREHOLDER RELATIONS
Telephone: 604-682-6496
Email: ir@tagoil.com

SHARE CAPITAL
At February 16, 2021, there were 91,666,252 shares issued and outstanding.
Fully diluted: 106,416,252 shares.

WEBSITE
www.tagoil.com

SUBSIDIARIES (at December 31, 2020)

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