



TSX: TAO

OTCQX: TAOIF

TAG Oil Reports Q2 2018 Results

Vancouver, B.C. - November 14, 2017 - TAG Oil Ltd. (the "Company" or "TAG Oil") (TSX: TAO and OTCQX: TAOIF) reports its second quarter results for the interim period ending September 30, 2017, highlighted by an 11% increase in revenues and a 34% increase in operating netbacks from the previous quarter. TAG Oil also added 809 gross acres to its petroleum mining permit portfolio with PMP 60291, which has been sectioned off from its existing Cheal East permit (PEP 54877).

Toby Pierce, TAG Oil's CEO, commented "The Company had a busy fiscal quarter in which we continued to lay the ground work for growth with the recovery in oil prices. We are eagerly awaiting results from our 3D seismic acquisition at PL17 and increased production from our ongoing waterflood program. Assuming a continued improvement in Brent oil prices, we expect that our revenue operating cashflow and netbacks will continue to grow into calendar 2018. Finally, our focus for the remainder of the year will be on increasing our production and continuing to prepare for drilling opportunities."

Q2 2018 FINANCIAL AND OPERATING HIGHLIGHTS

- At September 30, 2017, the Company had \$2.7 million (June 30, 2017: \$12.2 million) in cash and cash equivalents and \$8.7 million (June 30, 2017: \$15.2 million) in working capital.
- Average net daily production decreased by 2% for the quarter ended September 30, 2017 to 1,151 boe/d (78% oil) from 1,169 boe/d (77% oil) for the quarter ended June 30, 2017. A breakdown of net production is as follows:
 - Average net daily oil production increased by less than 1% to 897 bbl/d compared with 895 bbl/d for the quarter ended June 30, 2017, which is primarily a result of the inclusion of PL17 oil production, Cheal-B1 staying online for the entire quarter, and increased plant uptime after the planned full shutdown at the Cheal production facility for eight days in the prior quarter for statutory inspection purposes. This was partly offset by Cheal-A12 coming offline for most of September 2017 due to a parted pump.
 - Average net daily gas production decreased by 7% to 1.5 MMcf/d compared with 1.6 MMcf/d for the quarter ended June 30, 2017, which is mainly due to Cheal-A12, and reduced gas production from Cheal-E8 as the well comes off flush production and natural decline. This was partly offset by increased production uptime at the Cheal production facility.
- Revenues generated from oil and gas sales increased by 11% for the quarter ended September 30, 2017 to \$6.0 million from \$5.4 million for the quarter ended June 30, 2017, which is due to a 19% increase in average Brent oil prices and less than 1% increase in average net daily oil production, partly offset by an 7% decrease in gas volume.
- Operating netbacks increased by 34% for the quarter ended September 30, 2017 to \$30.95 per boe compared with \$23.09 per boe for the quarter ended June 30, 2017, which is also attributable to a 19% increase in average Brent oil prices and less than 1% increase in average net daily oil production.



- Capital expenditures totalled \$6.8 million for the quarter ended September 30, 2017 compared to \$9.8 million for the quarter ended June 30, 2017. The majority of the expenditure in Q2 2018 related to permanent tie-in of the Cheal-E8 well, drilling and testing the Cheal-D1 well, the Pukatea site upgrade, and the seismic acquisition at PL17.
- On August 4, 2017, New Zealand Petroleum and Minerals (“NZP&M”) approved the surrender of the Company’s 50% working interest of the Cheal South permit (PEP 54879). All associated costs related to the permit have been expensed as at September 30, 2017.
- On September 5, 2017, TAG Oil announced the completion of drilling and testing operations at the Cheal-D1 exploration well, which is located near the northern portion of TAG’s 70% working interest and operated PEP 54877. TAG Oil drilled and completed the Cheal-D1 well approximately five days ahead of schedule to a total measured depth of 2,400 m. The Company perforated an 18 m section of gas bearing sands in the Urenui formation and following extensive testing it was determined that gas was present, but not in sufficient quantities to produce as an economic discovery. The well has been suspended with a plan to potentially re-enter in the future.
- On September 15, 2017, NZP&M approved the petroleum mining permit application for the Company’s 70% working interest of PMP 60291. The permit has been carved out of the existing PEP 54877 and part of the remaining acreage has been included in an application to extend the duration of PEP 54877, which was submitted on September 14, 2017.

RECENT DEVELOPMENTS / LOOKING AHEAD

Preparation for the Pukatea-1 well, located onshore in New Zealand within the Puka permit (PEP 51153), continues from the existing production pad where three wells have previously been drilled.

Further, TAG Oil is about to commence a workover campaign targeting production improvements and reinstatement of wells offline. Up to six wells will be initially targeted over the next few months. Based on conservative estimates, it is anticipated that at least 200 boe/d of production can potentially be added with paybacks achieved from these activities in under a year.

Going forward, management will continue to employ its disciplined approach and remain focused on production, appraisal and exploration opportunities, and TAG will continue to work towards achieving the following goals:

- Maximizing the value of its operations in its producing fields by maintaining enhanced oil and gas recovery techniques to optimize production and lower per barrel production costs;
- Enhancing the development of its exploration program through careful evaluation of its exploration prospects;
- Establishing additional proved reserves and commercializing its oil and gas exploration properties;
- Reviewing potential acquisitions of overlooked/undervalued opportunities in New Zealand and Australia; and
- Managing its operating cash flows and balance sheet as effectively as possible to minimize costs while focusing on shareholder returns.



About TAG Oil Ltd.

TAG Oil (<http://www.tagoil.com/>) is an international oil and gas explorer with established high netback production, development and exploration assets, including production infrastructure in New Zealand and Australia. TAG Oil is poised for significant reserve and production growth with several oil and gas fields under development and high-impact exploration in proven oil and gas fairways. TAG Oil is debt-free and currently has 85,282,252 shares outstanding.

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Cautionary Note Regarding Forward-Looking Statements and Disclaimer

Statements contained in this news release that are not historical facts are forward-looking statements that involve various risks and uncertainty affecting the business of TAG Oil. Such statements can generally, but not always, be identified by words such as "expects", "plans", "anticipates", "intends", "estimates", "forecasts", "schedules", "prepares", "potential" and similar expressions, or that events or conditions "will", "would", "may", "could" or "should" occur. All estimates and statements that describe the Company's plans relating to operations are forward-looking statements under applicable securities laws and necessarily involve risks and uncertainties. Actual results may vary materially from the information provided in this release, and there is no representation by TAG Oil that the actual results realized in the future will be the same in whole or in part as those presented herein.

Other factors that could cause actual results to differ from those contained in the forward-looking statements are also set forth in filings that TAG Oil and its independent evaluator have made, including TAG Oil's most recently filed reports in Canada under National Instrument 51-101, which can be found under TAG Oil's SEDAR profile at www.sedar.com. TAG Oil undertakes no obligation, except as otherwise required by law, to update these forward-looking statements in the event that management's beliefs, estimates or opinions, or other factors change.

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.