



**TSX: TAO**

**OTCQX: TAOIF**

## **TAG Oil Reports Q2 2019 Results**

Vancouver, B.C. – November 14, 2018 – International oil and gas explorer, TAG Oil Ltd. (TSX: TAO and OTCQX: TAOIF) is pleased to report its second quarter results for the interim period ending September 30, 2018. TAG Oil saw an increase its net daily production by 14% along with a 7% increase in operating netbacks to \$47.08 per boe for the quarter.

Toby Pierce, TAG Oil's CEO, commented "TAG Oil had another successful operating quarter with production up from last quarter and supported by strong commodity prices with Brent Oil averaging over US\$75/bbl. The most important news, however, is TAG's recent announcement regarding the proposed sale of our New Zealand operations to Tamarind Resources. We believe that this transaction provides shareholders with a substantial cash premium above TAG's current value. Furthermore, this transaction places TAG in a better position to pursue and focus its attention on other attractive opportunities within its Australian portfolio."

### **Q2 2019 HIGHLIGHTS**

- At September 30, 2018 the Company had \$3.2 million (June 30, 2018: \$4.8 million) in cash and cash equivalents and \$2.4 million (June 30, 2018: \$5.8 million) in working capital.
- Average net daily production increased by 14% for the quarter ended September 30, 2018 to 1,195 boe/d (80% oil) from 1,048 boe/d (79% oil) for the quarter ended June 30, 2018.
- Revenues generated from oil and gas sales decreased by 13% for the quarter ended September 30, 2018 to \$7.9 million from \$9.1 million for the quarter ended June 30, 2018. The 13% decrease is due to a 10% decrease in total sales volumes due to utilisation of high oil inventory levels in the prior quarter resulting in additional volumes lifted in Q1 2019 compared to Q2 2019.
- Operating netbacks increased by 7% for the quarter ended September 30, 2018 to \$47.08 per boe compared with \$44.16 per boe for the quarter ended June 30, 2018.
- Capital expenditures totalled \$3.0 million for the quarter ended September 30, 2018, compared to \$1.1 million for the quarter ended June 30, 2018. The majority of the expenditures in Q2 2019 relate to the Cheal-A11 workover to add additional perforations and installation of an artificial lift system, Cheal-E4 injection conversion was completed as part of the waterflood program, Cheal-E2 artificial lift system, Sidewinder-5/6 permanent tie-in, and long lead items for the Q3 2019 well workover program.

### **RECENT OPERATIONAL DEVELOPMENTS**

On October 11, 2018, an application to extend the duration of PEP 51153 (Puka) to September 22, 2022 was approved by New Zealand Petroleum and Minerals ("NZP&M").

On October 16, 2018, a mining permit referred to as PMP 60454 (Supplejack) was granted by NZP&M (covering 1,851 acres) and has been carved out of the existing exploration permit (PEP 57065).

On October 17, 2018, TAG, through its subsidiary CX Oil Limited ("CX"), and MEO New Zealand Pty Limited ("MEO") entered into a conditional agreement where MEO will transfer its 30%



interest in PEP 51153 (Puka) to CX. Accordingly, CX has agreed to use its commercially reasonable efforts to satisfy the remaining conditions and acquire MEO's 30% interest.

TAG is nearing completion of stage three of the Waitoriki PEP 57065 work commitments. Interpretation of the recently acquired 20km<sup>2</sup> Waitoriki 2D and 15km<sup>2</sup> 3D merge extension is complete, resulting in the confirmation of structural closure over both Kapuni Group Prospects. AVO inversion attribute volumes of the Waitoriki 2D were received late September and interpretation is currently underway.

The second phase of the planned workover program at Cheal commenced in October 2018. The Cheal-A7 well will be converted to a water injector in the Cheal A pool, which will target the Urenui and Mt. Messenger intervals. As part of this campaign, perforations will be added to the Urenui formation in the Cheal-B7 and B10 wells that are currently producing from the Mt. Messenger formation, and the Cheal-B5 well that is currently offline, but previously only produced from the Mt. Messenger formation. All three wells will be installed with rod pump systems to produce from both formations.

There has been a positive response from the Cheal E waterflood program, with both production and pressure increases having been observed. The Cheal E waterflood program was expanded to include the conversion of the Cheal-E4 well to a water injector in two Mt. Messenger formation intervals, which is anticipated to sweep oil towards the Cheal-E1 producing well from the southern area of the field resulting in additional oil recovery and extending the Cheal E site's field life.

## **SALE OF NEW ZEALAND ASSETS**

On November 9, 2018, the Company, and certain of its subsidiaries, entered into a definitive share and asset purchase agreement with Malaysian-based Tamarind Resources Pte. Ltd. ("Tamarind"), and certain of its subsidiaries (the "SPA"), for the sale of substantially all of TAG's Taranaki Basin assets and operations in New Zealand (the "Transaction"). The Transaction is at arm's length and will include the sale of 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"). Formal closing of the Transaction is expected in the Q1 2019 calendar year, depending on timing of regulatory approvals.

The terms of the Transaction consist of the following:

- Cash payment to TAG of US\$30 million at closing.
- TAG to receive a 2.5% gross overriding royalty on future production from all NZ Assets.
- Up to US\$5 million in event specific payments payable on achieving various milestones (the first milestone, grant of PMP 60454 (Supplejack), has already been achieved triggering a payment of US\$500,000 at closing).
- The Transaction will be funded from Tamarind's available financial resources.
- An effective date of October 1, 2018 with an anticipated closing date of March 31, 2019.



## Lytham Partners Virtual Investors Conference

TAG Oil will present at the Lytham Partners Virtual Investor Conference on Thursday, November 15, 2018 at 11:00am Pacific (2:00pm Eastern). The conference is a virtual event that is available over the internet and interested parties may participate by following either of the below links at the time of the conference.

Event: Lytham Partners Virtual Investor Conference  
Date: November 15, 2018  
Time: 11:00am Pacific Time / 2:00pm Eastern Time  
Webcast: <http://www.lythampartners.com/vic.aspx> or by accessing the link [here](#)

Interested parties around the world may view the live investor presentation and ask the speakers questions in real-time. A replay of the presentation will be available on demand following the conclusion of the live event at <http://www.lythampartners.com/vic.aspx> or by accessing the link [here](#). In addition, questions can be forwarded by e-mail in advance to [info@tagoil.com](mailto:info@tagoil.com).

## About TAG Oil Ltd.

TAG Oil Ltd. (<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 currently has 85,282,252 shares outstanding.

## For further information:

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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. 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 that the actual results realized in the future will be the same in whole or in part as those presented herein.

Also included in this new release are forward-looking statements regarding TAG's expectations regarding the ability to complete, and the anticipated results of, the Transaction, the funds that will be available to TAG upon completion of the Transaction, the achievement of any of the event specific payments, the anticipated closing date of the Transaction, the benefits to TAG of the gross overriding royalty, and the anticipated timing of the Meeting. 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 TAG will be able to complete the Transaction on the timelines expected, or at all, that the 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.



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 and its independent evaluator have made, including TAG's most recently filed reports in Canada under National Instrument 51-101, and the information circular that TAG will file in connection with the Meeting, which can be found under TAG's SEDAR profile at [www.sedar.com](http://www.sedar.com). TAG 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.