UNDERWRITING AGREEMENT

November 2, 2010

TAG Oil Ltd.
1050 Burrard Street
Suite 2901
Vancouver, British Columbia
V6Z 2S3

Attention: Garth Johnson
Chief Executive Officer

Dear Sirs:

GMP Securities L.P. ("**GMP**") and Wellington West Capital Markets Inc. ("**WWCM**" and together with GMP, the "**Underwriters**") understand that TAG Oil Ltd. (the "**Company**") intends to issue and sell (the "**Offering**"), 10,300,000 common shares of the Company (the "**Offered Shares**").

Upon and subject to the terms and conditions set forth herein, the Underwriters hereby severally and not jointly, agree to purchase from the Company in the respective percentages set forth in Section 11 hereof, and the Company agrees to sell to the Underwriters, all but not less than all of the Offered Shares on an underwritten basis at a price of $5.20 per Offered Share (the "**Offering Price**") for gross proceeds of $53,560,000 provided that the Underwriters may arrange for substituted purchasers for the Offered Shares resident in the Selling Jurisdictions (as hereinafter defined), where the Offered Shares may be lawfully sold. The Underwriters may arrange for Institutional Accredited Investors (as hereinafter defined) to purchase Offered Shares directly from the Company in accordance with Schedule "C" attached hereto (the "**Substituted Purchasers")** or may offer and sell the Offered Shares directly to Qualified Institutional Buyers (as hereinafter defined) in accordance with Schedule "C" attached hereto.

The Underwriters shall have an over-allotment option (the **"Over-Allotment Option"**), which may be exercised in whole or in part, in the Underwriters' sole discretion and without obligation, to purchase up to an additional 1,250,000 Offered Shares (the "**Additional Offered Shares**") on the same basis as the Offered Shares, for a period of 30 days from and including the Closing Date for the purpose of covering the Underwriters' over-allocation position, if any, made in connection with the Offering and for market stabilization purposes.

The Underwriters shall notify the Company in writing of their election to exercise the Over-Allotment Option, not later than 48 hours prior to the proposed Over-Allotment Closing Date (as hereinafter defined) which notice shall specify the number of Additional Offered Shares to be purchased by the Underwriters and the Over-Allotment Closing Date. Such Over-Allotment Closing Date may be the same as the Closing Date but not later than 30 days following the Closing Date. In the event that the Over-Allotment Option is exercised, any Additional Offered Shares issued thereunder shall be deemed to form part of the Offering for the purposes hereof and all of the terms and conditions relating to the Closing shall apply to each Over-Allotment Closing (as hereinafter defined). If any Additional Offered Shares are purchased, each Underwriter agrees, severally and not jointly, to purchase the percentage of such Additional Offered Shares (subject to such adjustments to eliminate fractional Additional Offered Shares as the Underwriters may determine) equal to the percentage set out opposite the name of such Underwriter in Section 11 of this Agreement. In the event that the Company shall subdivide, consolidate, reclassify or otherwise change its Common Shares during the period in which the Over-Allotment Option is exercisable, appropriate adjustments will be made to the exercise price of the Over-Allotment Option and to the number of Additional Offered Shares issuable on exercise thereof such that the Underwriters are entitled to receive the same number and type of securities that the Underwriters would have otherwise received had they exercised such Over-Allotment Option immediately prior to such subdivision, consolidation, reclassification or change.

The offering of the Offered Shares (which term shall include any Additional Offered Shares to be issued in connection with the exercise of the Over-Allotment Option) by the Company is hereinafter referred to as the "**Offering**". Unless the context otherwise requires, all references to the "**Offered Shares**" shall include the Additional Offered Shares.

In consideration of the Underwriters' services to be rendered in connection with the Offering, including assisting in preparing documentation relating to the sale of the Offered Shares including the Preliminary Prospectus, the Final Prospectus and distributing the Offered Shares, directly and through other investment dealers and brokers, the Company agrees to pay the Underwriters' Commission (as hereinafter defined) to the Underwriters at the Closing Time.

The Company agrees that the Underwriters will be permitted to appoint, at their sole expense, other registered dealers or other dealers duly qualified in their respective jurisdictions, in each case acceptable to the Company, acting reasonably, as their agents to assist in the Offering in the Qualifying Provinces (as hereinafter defined) and that the Underwriters may determine the remuneration payable by the Underwriters to such other dealers appointed by them.

This offer is conditional upon and subject to the additional terms and conditions set forth below.

1. Interpretation

1.1 Unless expressly provided otherwise herein, where used in this Agreement or any schedule attached hereto, the following terms shall have the following meanings, respectively:

"**Additional Offered Shares**" has the meaning ascribed to such term in the third paragraph of this Agreement;

"**affiliate**", "**associate**" and "**distribution**" have the respective meanings ascribed thereto in the *Securities Act* (British Columbia);

"**Agreement**" means the agreement resulting from the acceptance by the Company of the offer made by the Underwriters by this letter;

"**Applicable Securities Laws**" means, collectively, the applicable securities laws of each of the Qualifying Provinces, their respective regulations, rulings, rules, orders and prescribed forms thereunder, the applicable published policy statements issued by the Securities Commissions thereunder, the securities legislation of and published policies issued by each other relevant securities regulatory authority in a Selling Jurisdiction and the applicable rules of the Exchange;

"**Approvals**" has the meaning ascribed thereto in Section 4.1.4(h) of this Agreement;

"**BCSC**" means the British Columbia Securities Commission;

"**Business Day**" means a day other than a Saturday, Sunday or any other day on which the principal chartered banks located in the City of Toronto, Ontario or in Vancouver, British Columbia are not open for business

"**Closing Date**" means November 17, 2010 or such earlier or later date as the Company and the Underwriters may agree, but in any event no later than 42 days after the date of the Final Receipt;

"**Closing Time**" means 8:00 a.m. (Toronto time) on the Closing Date;

"**Common Shares**" means the common shares in the capital of the Company;

"**Company**" shall have the meaning ascribed thereto in the first paragraph of this Agreement;

"**Company's Information Record**" means all information contained in any press release, material change report (excluding any confidential material change report), financial statements, information circulars, annual information form, Form NI 51-101F1, Form NI 51-101F2, Form NI 51-101F3 or other document of the Company which has been publicly filed by, or on behalf of, the Company pursuant to Applicable Securities Laws or otherwise by or on behalf of the Company;

"**Corporations Act**" means the *Business Corporations Act* (British Columbia);

"**Debt Instrument**" means any loan, bond, debenture, promissory note or other instrument evidencing indebtedness (demand or otherwise) for borrowed money, to which the Company or any of its Subsidiaries is a party or by which any of their property or assets are bound;

"**Distribution Period**" means the period commencing on the date of this Agreement and ending on the date on which all of the Offered Shares (including for certainty any Additional Offered Shares) have been sold by the Underwriters to the public or the date on which the Underwriters have ceased distributing the Offered Shares;

"**Documents Incorporated by Reference**" means, in respect of either the Preliminary Prospectus, any Prospectus Amendment or the Final Prospectus, the financial statements, management information circulars, annual information forms, material change reports or other documents issued by the Company, whether before or after the date of this Agreement, that are required to be incorporated by reference into the Preliminary Prospectus, any Prospectus Amendment, or Final Prospectus, as the case may be, pursuant to Applicable Securities Laws;

"**East Coast Project**" means the Company's interests located in the East Coast Basin, New Zealand, as further described in the Company's Information Record;

"**Eligible Issuer**" means an issuer which is qualified to file a short-form prospectus under NI 44-101;

"**Environmental Laws**" has the meaning ascribed thereto in Section 4.1.4(b) of this Agreement;

"**Exchange**" means the TSX Venture Exchange;

"Final Prospectus" means the (final) short form prospectus including all of the Documents Incorporated by Reference, prepared by the Company and relating to the distribution of the Offered Shares;

"**Final Receipt**" means the final receipt issued by the BCSC in its capacity as principal regulator in accordance with MI 11-202 and NP 11-202 (and if the OSC opts out of the dual review system, a receipt from the OSC) evidencing that a final receipt has been issued or deemed to be issued by the Securities Commissions in respect of the Final Prospectus;

"**Final U.S. Placement Memorandum**" means the final form of the U.S. Placement Memorandum, including the Final Prospectus and all of the Documents Incorporated by Reference, prepared by the Company and relating to the distribution of the Offered Shares;

"**Financial Statements**" has the meaning ascribed thereto in Section 4.1.1(v) of this Agreement;

"**Government Authority**" has the meaning ascribed thereto in Section 4.1.4(d) of this Agreement;

"**Hazardous Substances**" has the meaning ascribed thereto in Section 4.1.4(b) of this Agreement;

“**including**” means including without limitation;

“**Indemnified Party**” and “**Indemnified Parties**” shall have the meaning ascribed thereto in Section 8.1 of this Agreement;

“**Institutional Accredited Investor**” means an “accredited investor” as that term is defined in Rule 501(a)(1), (2), (3) or (7) of Regulation D under the U.S. Securities Act;

“**Interests**” has the meaning ascribed thereto in Section 4.1.4(j) of this Agreement;

“**Key Property**” means the “**Cheal Oil Project**”, located in the Taranaki Basin, New Zealand, as further described in the Company’s Information Record;

“**Licenses**” has the meaning ascribed thereto in Section 4.1.4(a) of this Agreement;

“**Material Agreement**” means any material contract, commitment, agreement (written or oral), joint venture instrument, lease or other document, including a license agreement to which the Company or any of its Subsidiaries is a party or by which any of their property or assets are bound;

“**material change**” means a change in the business, operations or capital of the Company and the Subsidiaries, on a consolidated basis, that would reasonably be expected to have a significant effect on the market price or value of any of the Company’s securities or a decision to implement such a change made by the Company’s board of directors or by senior management of the Company who believe that confirmation of the decision by the board of directors is probable;

“**material fact**” means a fact that would reasonably be expected to have a significant effect on, the market price or value of any of the Company’s securities;

“**Material Subsidiaries**” means TAG Oil (NZ) Limited and Cheal Petroleum Limited, both existing under the laws of New Zealand;

“**MI 11-102**” means Multilateral Instrument 11-102 – *Passport System*;

“**misrepresentation**” means (i) an untrue statement of a material fact, or (ii) an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in the light of the circumstances in which it was made;

“**NI 44-101**” means National Instrument 44-101 – *Short Form Prospectus Distributions*;

“**NI 51-101**” means National Instrument 51-101 – *Standards of Disclosure for Oil and Gas Activities*;

“**NP 11-202**” means National Policy 11-202 – *Process for Prospectus Reviews in Multiple Jurisdictions*;

“**Offering**” has the meaning ascribed thereto in the first paragraph of this Agreement;

“**Offering Documents**” means, collectively, the Preliminary Prospectus, the Final Prospectus and any Supplementary Material;

“**Offering Price**” has the meaning ascribed thereto in the second paragraph of this Agreement;

“**Oil and Gas Rights**” has the meaning ascribed thereto in Section 4.1.4(f) of this Agreement;

“**OSC**” means the Ontario Securities Commission;

"**Over-Allotment Closing**" means the closing of the purchase and sale of the Additional Offered Shares pursuant to the Over-Allotment Option;

"**Over-Allotment Closing Date**" means the date on which the Over-Allotment Closing occurs;

"**Over-Allotment Option**" has the meaning ascribed to such term in the third paragraph of this Agreement;

"**person**" includes any individual, corporation, limited partnership, general partnership, joint stock company or association, joint venture association, company, trust, bank, trust company, land trust, investment trust, society or other entity, organization, syndicate, whether incorporated or not, trustee, executor or other legal personal representative, and governments and agencies and political subdivisions thereof;

"**Preliminary Prospectus**" means the preliminary short form prospectus dated the date hereof, prepared and filed by the Company relating to the distribution of the Offered Shares including all of the Documents Incorporated by Reference therein;

"**Preliminary U.S. Placement Memorandum**" means the preliminary form of U.S. Placement Memorandum, together with the Preliminary Prospectus or Prospectus Amendment, as applicable, including all of the Documents Incorporated by Reference, prepared by the Company and relating to the distribution of the Offered Shares;

"**Prospectus**" means, collectively, the Preliminary Prospectus and the Final Prospectus;

"**Purchasers**" means, collectively, each of the purchasers of Offered Shares arranged by the Underwriters pursuant to the Offering, including, the Substituted Purchasers and, if applicable, the Underwriters;

"**Qualified Institutional Buyer**" means a "qualified institutional buyer" as that term is defined in Rule 144(A)(a)(1);

"**Qualifying Provinces**" means all of the Provinces of Canada except Québec;

"**Report**" means the Company's Form 51-101F1 – *Statement of Reserves Data and Other Oil and Gas Information* as at March 31, 2010;

"**Securities Commissions**" means the applicable securities commission or securities regulatory authority in each of the Qualifying Provinces;

"**Selling Group**" means, collectively, those registered dealers appointed by the Underwriters to assist in the Offering as contemplated in the seventh paragraph of this Agreement;

"**Selling Jurisdictions**" means, collectively, each of the Qualifying Provinces and such other jurisdictions as the Underwriters and the Company may agree, including the United States and the United Kingdom;

"**Sproule**" means Sproule International Limited, the Company's independent reserves evaluator and author of the Report;

"**subsidiary**" shall have the meaning ascribed thereto in the *Securities Act* (British Columbia);

"**Subsidiaries**" means, collectively, the corporations listed on Schedule "B" hereto;

"**Substituted Purchasers**" shall have the meaning ascribed to such term in the second paragraph of this Agreement;

"**Supplementary Material**" means, collectively, any amendment to the Prospectus, any amended or supplemental prospectus or ancillary material required to be filed with any of the Securities Commissions in Canada in connection with the distribution of the Offered Shares and any Documents Incorporated By Reference, and shall include any supplemental or supplement to the U.S. Placement Memorandum;

"**Survival Limitation Date**" means the later of:

(i) the second anniversary of the Closing Date; and

(ii) the latest date under Applicable Securities Laws relevant to a Purchaser (non-residents of Canada being deemed to be resident in the Province of British Columbia for such purposes) that a Purchaser may be entitled to commence an action or exercise a right of rescission, with respect to a misrepresentation contained in the Final Prospectus or, if applicable, any Supplementary Material;

"**Taxes**" shall have the meaning ascribed thereto in Section 4.1.1(hh) of this Agreement;

"**Transfer Agent**" means Computershare Investor Services Inc.;

"**Underwriters**" shall have the meaning ascribed thereto in the first paragraph of this Agreement;

"**Underwriters' Commission**" means a cash fee equal to 6.0% of the aggregate gross proceeds of the Offering (including for certainty any proceeds received in respect of the Over-Allotment Option);

"**United States**" means the United States of America, its territories and possessions, any state of the United States, and the District of Columbia;

"U.S. Person" means "U.S. person" as that term is defined in Rule 902 of Regulation S under the U.S. Securities Act;

"U.S. Placement Memorandum" means collectively, the Preliminary U.S. Placement Memorandum, any amendment thereto and the Final U.S. Placement Memorandum to be prepared by the Company and delivered together with the applicable Prospectus to Purchasers in the United States or that are U.S. Persons**;**

"**U.S. Purchaser Letter**" means the letter in the form attached to the Final U.S. Placement Memorandum;

"U.S. Securities Act" means the United States Securities Act of 1933, as amended;

1.2 **Division and Headings:** The division of this Agreement into sections, subsections, paragraphs and other subdivisions and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Agreement. Unless something in the subject matter or context is inconsistent therewith, references herein to sections, subsections, paragraphs and other subdivisions are to sections, subsections, paragraphs and other subdivisions of this Agreement.

1.3 **Governing Law:** This Agreement shall be governed by and construed in accordance with the laws of the Province of British Columbia and the federal laws of Canada applicable therein.

1.4 **Currency:** Except as otherwise indicated, all amounts expressed herein in terms of money refer to lawful currency of Canada and all payments to be made hereunder shall be made in such currency.

1.5 **Schedules:** The following are the schedules attached to this Agreement, which schedules are deemed to be a part hereof and are hereby incorporated by reference herein:

Schedule “A” - Opinion of the Company’s Counsel;

Schedule “B” - Subsidiaries; and

Schedule “C” - Terms for Offering to U.S. Purchasers.

2. Nature of Transaction

2.1 Each Purchaser resident in a Qualifying Province shall purchase the Offered Shares pursuant to the Final Prospectus. Except as set forth in Section 3.3, each other Purchaser shall purchase in accordance with such procedures as the Company and the Underwriters may mutually agree, acting reasonably, in order to fully comply with Applicable Securities Laws. The Company hereby agrees to comply with all Applicable Securities Laws on a timely basis in connection with the distribution of the Offered Shares. Subject to being notified by the Underwriters of the requirements thereof and upon request by the Underwriters, the Company also agrees to file within the periods stipulated under Applicable Securities Laws of the Selling Jurisdictions, other than the Qualifying Provinces, and at the Company’s expense, all private placement forms required to be filed by the Company in connection with the Offering and agrees to pay all filing fees required to be paid in connection therewith so that the distribution of the Offered Shares in such Selling Jurisdictions outside of Canada may lawfully occur without the necessity of registering the Offered Shares or filing a prospectus or any similar document under Applicable Securities Laws in such Selling Jurisdictions outside of Canada, if applicable. The Underwriters agree to assist the Company in all reasonable respects to secure compliance with all regulatory requirements in connection with the Offering.

3. Covenants and Representations of the Underwriters

3.1 Each of the Underwriters severally covenants with the Company that it will (and will use its commercially reasonable best efforts to cause the members of the Selling Group to):

(a) conduct activities in connection with arranging for the sale and distribution of the Offered Shares in compliance with the Prospectus, the provisions of this Agreement and all Applicable Securities Laws in the Selling Jurisdictions so that the distribution of the Offered Shares in such Selling Jurisdictions outside of Canada may lawfully occur without the necessity of registering the Offered Shares or filing a prospectus or any similar document under applicable securities laws in such Selling Jurisdictions outside of Canada;

(b) not, directly or indirectly, sell or solicit offers to purchase the Offered Shares or distribute or publish any offering circular, prospectus, form of application, advertisement or other offering materials in any country or jurisdiction so as to require registration of the Offered Shares or filing of a prospectus or similar document with respect thereto or compliance by the Company with regulatory requirements (including any continuous disclosure obligations or similar reporting obligations) under the laws of any jurisdiction (other than the filing of the Preliminary Prospectus, the Final Prospectus or any Supplementary Material in the Qualifying Provinces and the Underwriters shall be entitled to assume that the Offered Shares have been qualified in the Qualifying Provinces to the extent a Final Receipt has been issued);

(c) complete the distribution of the Offered Shares as soon as reasonably practicable;

(d) not make any representations or warranties with respect to the Company or the Offered Shares, other than as set forth in the Preliminary Prospectus, the Final Prospectus, the U.S. Placement Memorandum and any Supplementary Material; and

(e) upon the Company obtaining the necessary receipts therefor from each of the Securities Commissions in Canada pursuant to NP 11-202, deliver one copy of the Final Prospectus, U.S. Placement Memorandum and any Supplementary Material to each of the Purchasers purchasing from such Underwriter.

3.2 The Underwriters shall notify the Company when, in their reasonable opinion, the Underwriters and Selling Group have ceased distribution of the Offered Shares (and in any event such notice shall be given no later than 30 days after the Closing Date) and, if required for regulatory compliance purposes, provide a breakdown of the number of Offered Shares distributed and proceeds received: (A) in each of the Qualifying Provinces; and (B) in any other Selling Jurisdiction.

3.3 All offers and sales of Offered Shares in the United States or to U.S. Persons shall only be made in compliance with Schedule “C” to this Agreement.

3.4 Notwithstanding the foregoing provisions of this Section 3, an Underwriter will not be liable to the Company under this Section 3 with respect to a default under this Section 3 by another Underwriter. No Underwriter will be liable for any act or omission of any other Underwriter.

3.5 Each Underwriter represents and warrants to, and covenants with, the Company that at least one of the Underwriters is duly registered under the Applicable Securities Laws in each of the Qualifying Provinces.

4. Representations, Warranties and Covenants of the Company

4.1 The Company hereby represents, warrants and covenants to and with the Underwriters, and acknowledges that the Underwriters are relying on same in entering into this Agreement, that:

4.1.1 General Matters

(a) the Company (i) has been duly continued under the Corporations Act and is and will at the Closing Time be up-to-date in all material corporate filings and in good standing under the Corporations Act; (ii) has all requisite corporate power and capacity to carry on its business as now conducted and to own, lease and operate its properties and assets; and (iii) has all requisite corporate power and authority to issue and sell the Offered Shares, grant the Over-Allotment Option, enter into this Agreement, and to carry out its obligations hereunder;

(b) the Subsidiaries listed on Schedule “B” are the only Subsidiaries of the Company (of which Orient Petroleum PNG Limited is inactive) and the securities of such Subsidiaries are held directly and indirectly by the Company as set out in Schedule “B”, free and clear of all mortgages, liens, charges, pledges, security interests, encumbrances, claims and demands whatsoever and the Company is entitled to the full beneficial ownership of all such shares in the Subsidiaries. All of such shares in the capital of the Subsidiaries have been duly authorized and validly issued and are outstanding as fully paid shares and no person, other than the Company or a subsidiary thereof has any right, agreement or option, present or future, contingent or absolute, or any right capable of becoming a right, agreement or option, for the purchase from the Company of any interest in any of such shares or for the issue or allotment of any unissued shares in the capital of the Subsidiaries or any other security convertible into or exchangeable for any such shares;

(c) each of the Subsidiaries: (i) has been duly incorporated in its jurisdiction of incorporation and is and will at the Closing Time be up-to-date in all material corporate filings and in good standing under the laws of its jurisdiction; and (ii) has all requisite corporate power and authority to carry on its business as now conducted and to own, lease and operate its properties and assets;

(d) no proceedings have been taken, instituted or, to the knowledge of the Company, are pending for the dissolution or liquidation of the Company or any of the Subsidiaries;

(e) each of the Company and the Subsidiaries is, in all material respects, conducting its business in compliance with all applicable laws, rules and regulations of each jurisdiction in which its business is carried on and each is licensed, registered or qualified in all jurisdictions in which it required to be licensed, registered or qualified and all such licenses, registrations and qualifications are, and will at the Closing Time be, valid, subsisting and in good standing and it has not received a notice of non-compliance, nor knows of, nor has reasonable grounds to know of, any facts that could give rise to a notice of non-compliance with any such laws, regulations, licenses, registrations and qualifications which could have a material adverse effect on the Company and the Subsidiaries (on a consolidated basis);

(f) the execution and delivery of this Agreement and the performance by the Company of its obligations hereunder and the transactions contemplated hereby, including the issuance of the Offered Shares and the grant of the Over-Allotment Option have been duly authorized by all necessary corporate action of the Company and this Agreement has been executed and delivered by the Company and constitutes and at the Closing Time will constitute a valid and binding obligation of the Company, enforceable against the Company in accordance with its terms, provided that enforcement thereof may be limited by laws affecting creditors' rights generally, that specific performance and other equitable remedies may only be granted in the discretion of a court of competent jurisdiction, that the provisions relating to indemnity, contribution and waiver of contribution may be unenforceable;

(g) the execution and delivery of this Agreement and the fulfillment of the terms hereof by the Company, the issuance, sale and delivery of the Offered Shares and the grant of the Over-Allotment Option, do not and will not require the consent, approval, authorization, registration or qualification of or with any governmental authority, stock exchange, Securities Commission or other third party, except: (i) such as have been obtained; or (ii) such as may be required and will be obtained by the Closing Time or within the applicable time frames following the Closing Time as permitted by Applicable Securities Laws, "blue sky laws" in the United States or the rules of the Exchange, subject to such customary conditions;

(h) the execution and delivery of this Agreement and the fulfillment of the terms hereof by the Company, the issuance, sale and delivery of the Offered Shares and the grant of the Over-Allotment Option do not and will not result in a breach of or constitute a default under, and do not and will not create a state of facts which, after notice or lapse of time or both, will result in a breach of or constitute a default under, and do not and will not conflict with the terms or provisions of (A) the constating documents of the Company or its Subsidiaries or any resolutions of the shareholders or directors of the Company or its Subsidiaries, (B) any Debt Instrument or Material Agreement, or (C) any judgment, decree, order, statute, rule or regulation applicable to the Company or the Subsidiaries, which breach or default would have a material adverse effect on the Company and the Subsidiaries on a consolidated basis;

(i) all necessary corporate action has been taken or will have been taken prior to the Closing Time by the Company so as to validly: (i) issue and sell the Offered Shares as fully paid and non-assessable Common Shares; (ii) grant the Over-Allotment Option; and (iii) issue the Additional Offered Shares upon exercise of the Over-Allotment Option;

(j) the Offered Shares to be issued and sold as contemplated in this Agreement have been, or prior to the Closing Time (or the Over-Allotment Closing Date, as the case may be) will be, duly and validly authorized and reserved for issuance and when certificates representing the Offered Shares have been countersigned by the Transfer Agent, issued, delivered and paid for, the Offered Shares will be validly issued as fully paid and non-assessable Common Shares and all statements made in this Agreement and in the Offering Documents describing the Offered Shares (including their attributes) are, and will be, as applicable, accurate in all material respects;

(k) the authorized capital of the Company consists of an unlimited number of Common Shares, of which, as of the close of business on November 1, 2010, 37,671,608 Common Shares of the Company were issued and outstanding as fully paid and non-assessable shares of the Company;

(l) except for 2,538,452 options and 4,081,000 warrants to purchase Common Shares of the Company issued and outstanding as at the date hereof, no person has any agreement or option or right or privilege (whether at law, preemptive or contractual) capable of becoming an agreement for the purchase, subscription or issuance of, or conversion into, any unissued shares, securities, warrants or convertible obligations of any nature of the Company;

(m) the currently issued and outstanding Common Shares of the Company are listed and posted for trading on the Exchange and no order ceasing or suspending trading in any securities of the Company or prohibiting the sale of the Offered Shares has been issued and no proceedings for such purpose are threatened or, to the best of the Company's knowledge, information and belief, pending;

(n) neither the Company nor its Subsidiaries has taken or will take any action which would be reasonably expected to result in the delisting or suspension of its Common Shares on or from the Exchange and the Company is in compliance in all material respects with the rules and regulations of the Exchange;

(o) the Company is a "reporting issuer", not included in a list of defaulting reporting issuers maintained by the Securities Commission of each of the Qualifying Provinces, and in particular, without limiting the foregoing, the Company has at all relevant times complied with its obligations to make timely disclosure of all material changes relating to it, no such disclosure has been made on a confidential basis that is still maintained on a confidential basis, and there is no material change relating to the Company which has occurred and with respect to which the requisite material change report has not been filed with the Securities Commissions in the Qualifying Provinces, except to the extent that the Offering constitutes a material change;

(p) the Company will use its commercially reasonable efforts to maintain its status as a "reporting issuer" (or the equivalent thereof) not in default of the requirements of the Applicable Securities Laws of each of the Qualifying Provinces, for a period of two years following the Closing Date, provided that this covenant shall not prevent the Company from completing any transaction which would result in the Company ceasing to be a "reporting issuer" so long as the holders of Common Shares receive securities (or cash as the case may be) of an entity which is listed on a stock exchange in Canada (or will be listed as a result or as part of such transaction) in compliance with applicable corporate laws and Applicable Securities Laws, or the Company's shareholders approve the transaction;

(q) the Company will use commercially reasonable efforts to maintain a listing of its Common Shares on the Exchange for a period of two years from the Closing Date, provided that this covenant shall not prevent the Company from completing any transaction which would result in the Common Shares ceasing to be listed so long as the holders of Common Shares receive securities (or cash as the case may be) of an entity which is listed on a stock exchange in Canada (or will be listed as a result or as part of such transaction) in compliance with applicable corporate laws and Applicable Securities Laws, or the Company's shareholders approve the transaction

(r) since March 31, 2010, except as disclosed in the Prospectus:

(i) there has not been any material change in the assets, liabilities, obligations (absolute, accrued, contingent or otherwise), business, condition (financial or otherwise) or results of operations of the Company and the Subsidiaries, on a consolidated basis;

(ii) there has not been any material change in the capital stock or long-term debt of the Company and the Subsidiaries, on a consolidated basis; and

(iii) the Company and the Subsidiaries have carried on their respective businesses in the ordinary course;

(s) the audited consolidated financial statements of the Company for the fiscal year ended March 31, 2010 and the unaudited consolidated interim financial statements of the Company for the three-month period ended June 30, 2010 (together, the "**Financial Statements**"), contained in the Prospectus have been prepared in accordance with Canadian generally accepted accounting principles and present fairly, in all material respects, the financial condition of the Company and the Subsidiaries, on a consolidated basis, as at the dates thereof;

(t) there are no material off-balance sheet transactions, arrangements or obligations (including contingent obligations) of the Company or any of its Subsidiaries with unconsolidated entities or other persons that could reasonably be expected to have a material adverse effect on the Company and the Subsidiaries, on a consolidated basis;

(u) the Company and each of the Subsidiaries maintains a system of internal accounting controls sufficient to provide reasonable assurance that: (i) transactions are executed in accordance with management's general or specific authorizations; (ii) transactions are recorded as necessary to permit preparation of financial statements in conformity with generally accepted accounting principles in Canada and to maintain asset accountability; (iii) access to assets is permitted only in accordance with management's general or specific authorization; and (iv) the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences;

(v) there are no material actions, proceedings or investigations (whether or not purportedly by or on behalf of the Company or the Subsidiaries) or to the knowledge of the Company threatened or pending, against or affecting the Company or the Subsidiaries at law or in equity (whether in any court, arbitration or similar tribunal) or before or by any federal, provincial, state, municipal or other governmental department, commission, board or agency, domestic or foreign;

(w) the Company is not aware of any legislation, or proposed legislation published by a legislative body, which it anticipates will materially and adversely affect the business, affairs, operations, assets, liabilities (contingent or otherwise) or prospects of the Company and the Subsidiaries, on a consolidated basis;

(x) neither the Company nor any of its Subsidiaries, nor any of their employees or agents, has made any unlawful contribution or other payment to any official of, or candidate for, any federal, state, provincial or foreign office, or failed to disclose fully any contribution, in violation of any law, or made any payment to any foreign, Canadian, United States or provincial or state governmental officer or official or other person charged with similar public or quasi-public duties, other than payments required or permitted by applicable laws and that would not be expected to have a material adverse effect on the Company and the Subsidiaries on a consolidated basis;

(y) neither the Company nor the Subsidiaries has any liabilities, direct or indirect, contingent or otherwise, not disclosed in the Prospectus which materially adversely affects the Company or the Subsidiaries, on a consolidated basis, or would reasonably be expected to have a material adverse effect on the Company or the Subsidiaries, on a consolidated basis;

(z) neither the Company nor the Subsidiaries is in default or in breach in any material respect of the constating documents, by-laws or resolutions of its directors or shareholders or any Debt Instrument, Material Agreement, or any judgment, decree, order, statute, rule or regulation applicable to any of them, which breach or default would have a material adverse effect on the Company and the Subsidiaries on a consolidated basis;

(aa) the Company has duly filed or delivered all reports, filings, disclosures, releases and other materials required to be filed with or delivered to any securities regulatory authority having jurisdiction under applicable laws (including, without limitation, periodic timely disclosure filings and other materials required to be filed by a “reporting issuer” under Applicable Securities Laws in the Qualifying Provinces) and all such reports, filings, disclosures, releases or other materials were prepared in material compliance with applicable laws (including Applicable Securities Laws) and, as of the date of the filing or delivery thereof, none of such reports, filings, disclosures, releases or other materials contained any misrepresentation;

(bb) to the knowledge of the Company, no agreement is in force or effect which in any manner affects the voting or control of any of the securities of the Company or any Subsidiary;

(cc) the auditors of the Company who audited the consolidated financial statements of the Company for the year ended March 31, 2010 and who have reviewed the unaudited consolidated interim financial statements of the Company for the three-month period ended June 30, 2010 are independent public accountants as required by the Applicable Securities Laws of Canada;

(dd) there has not been any “reportable event” (within the meaning of National Instrument 51-102) with the present or any former auditor of the Company;

(ee) all taxes (including income tax, capital tax, payroll taxes, employer health tax, workers' compensation payments, property taxes, custom and land transfer taxes), duties, royalties, levies, imposts, assessments, deductions, charges or withholdings and all liabilities with respect thereto including any penalty and interest payable with respect thereto (collectively, "**Taxes**") due and payable by the Company or any of its Subsidiaries have been paid except for where the failure to pay such taxes would not constitute an adverse material fact of the Company and the Subsidiaries, on a consolidated basis, or result in an adverse material change to the Company and the Subsidiaries, on a consolidated basis. All tax returns, declarations, remittances and filings required to be filed by the Company or any of its Subsidiaries have been filed with all appropriate governmental authorities and all such returns, declarations, remittances and filings are complete and materially accurate and no material fact or facts have been omitted therefrom which would make any of them misleading except where the inaccuracy or failure to file such documents would not constitute an adverse material fact of the Company and the Subsidiaries, on a consolidated basis, or result in an adverse material change to the Company and the Subsidiaries, on a consolidated basis. To the best of the knowledge of the Company and the Subsidiaries no examination by any governmental authority of any tax return of the Company or any of its Subsidiaries is currently in progress except in the ordinary course and there are no issues or disputes outstanding with any governmental authority respecting any taxes that have been paid, or may be payable, by the Company, in any case, except where such examinations, issues or disputes would not constitute an adverse material fact of the Company and the Subsidiaries, on a consolidated basis, or result in an adverse material change to the Company and the Subsidiaries, on a consolidated basis;

(ff) neither the Company nor the Subsidiaries, nor to the best of the Company's knowledge, information and belief, any other person, is in default in any material respect in the observance or performance of any term, covenant or obligation to be performed by the Company or the Subsidiaries or such other person, as applicable, under any Debt Instrument or Material Agreement which could have a material adverse effect on the Company and its Subsidiaries, on a consolidated basis, and all such Debt Instruments and Material Agreements are in good standing, and no event has occurred which with notice or lapse of time or both would constitute such a default thereunder by the Company, the Subsidiaries or, to the best of the Company's knowledge, information and belief, any other party;

(gg) the Company intends to use the net proceeds of the Offering as described in the Prospectus;

(hh) the attributes of the Offered Shares and the Over-Allotment Option conform in all material respects with the description thereof in the Prospectus;

(ii) assuming that the Offering is completed, other than with the prior written consent of GMP, such consent not to be unreasonably withheld or delayed, the Company will not, for a period of 90 days from the Closing Date, directly or indirectly issue, sell, offer, grant an option or right in respect of or otherwise dispose of, or agree to do so (or announce any intention to do so) any Common Shares of the Company, or any securities convertible or exchangeable into Common Shares of the Company other than pursuant to (i) the grant or exercise of stock options or similar issuances pursuant to the stock option plan of the Company and other existing share compensation arrangements, including for greater certainty the sale of any shares issued thereunder; (ii) outstanding warrants; (iii) obligations in respect of existing agreements; and (iv) pursuant to the acquisition of shares or assets of arm's length persons which does not result in a change of control of the Company;

(jj) the Company will obtain any necessary regulatory consents from the Exchange in connection with the Offering on such conditions as are acceptable to the Underwriters and the Company, acting reasonably;

(kk) the Company will arrange for the listing of the Offered Shares (including for greater certainty, any Additional Offered Shares) on the Exchange effective as of the Closing Date and the Over-Allotment Closing Date, as applicable, and thereafter use commercially reasonable efforts to maintain such listing;

(ll) the Transfer Agent at its principal transfer office in the City of Vancouver, British Columbia has been appointed as the registrar and transfer agent for the Common Shares;

(mm) other than as disclosed in the Prospectus, none of the directors or officers of the Company, any known holder of more than ten per cent of any class of shares of the Company, or any known associate or affiliate of any of the foregoing persons or companies (as such terms are defined in the *Securities Act* (British Columbia)), has had any material interest, direct or indirect, in any material transaction within the previous two years or any proposed material transaction which, as the case may be, materially affected, is material to or will materially affect the Company and the Subsidiaries on a consolidated basis;

(nn) other than the Underwriters pursuant to this Agreement, there is no person acting or purporting to act at the request of the Company who is entitled to any brokerage, agency or other fiscal advisory or similar fee in connection with the transactions contemplated herein;

(oo) neither the Company nor the Subsidiaries is party to any material Debt Instrument or has any material loans or other indebtedness outstanding with any of its shareholders, officers, directors or employees, past or present, or any person not dealing at arm's length with the Company or any Subsidiary;

(pp) the assets of the Company and the Subsidiaries and their business and operations are insured against loss or damage with responsible insurers on a basis consistent with insurance obtained by reasonably prudent participants in comparable businesses, and in such amounts that are customary in the business in which it is engaged and the current stage of its development and operation, and such coverage is in full force and effect, and neither the Company nor the Subsidiaries have failed to promptly give any notice or present any material claim thereunder;

(qq) the Company's Information Record and all other information which has been prepared by the Company relating to the Company or the Subsidiaries and their respective businesses, property and liabilities and either publicly disclosed or provided to the Underwriters, are, as of the date of such information, true and correct in all material respects and does not contain a misrepresentation, and no material fact or facts have been omitted therefrom which would make such information materially misleading and the Company is not aware of any circumstances presently existing under which liability is or would reasonably be expected to be incurred under Part XXIII.1 – Civil Liability for Secondary Market Disclosure of the *Securities Act* (Ontario) and analogous secondary market liability disclosure provisions under Applicable Securities Laws in the other Selling Jurisdictions; and

(rr) the Company agrees that it shall obtain prior approval of the Underwriters as to the content and form of any press release relating to the Offering, such approval not to be unreasonably withheld. In addition, any press release announcing or otherwise referring to the Offering disseminated in the United States shall comply with the requirements of the U.S. Securities Act and any press release announcing or otherwise referring to the Offering disseminated outside the United States shall include appropriate legends including a notation on each page as follows: "Not for distribution to U.S. news wire services, or dissemination in the United States."

4.1.2 Prospectus Matters

(a) The Company is an Eligible Issuer;

(b) the information and statements to be set forth in the Offering Documents will be true, correct and complete in all material respects and will not contain any misrepresentation as of the date of such information or statement;

(c) the Company will, provided the Underwriters have taken all action required by them hereunder to permit the Company to do so, file the Preliminary Prospectus with the BCSC pursuant to MI 11-102, NP 11-202 and NI 44-101 and obtain a receipt therefor from each Qualifying Province (and if the OSC opts out of the dual review system, a receipt from the OSC), and shall have taken all other steps and proceedings that may be necessary to do so before the close of business on November 2, 2010 (or such other date as agreed to by the Underwriters);

(d) the Company will, provided the Underwriters have taken all action required by them hereunder to permit the Company to do so, use its best efforts to satisfy all comments of the BCSC (and the OSC if the OSC opts out of the dual review system) with respect to the Preliminary Prospectus as soon as possible after receipt of such comments and file the Final Prospectus pursuant to MI 11-102, NP 11-202 and NI 44-101 and obtain a Final Receipt, and will take all other steps and proceedings that may be necessary to do so before the close of business on November 10, 2010 (or such other date as agreed to by the Underwriters);

(e) the Company will deliver from time to time without charge to the Underwriters as soon as practicable but in any event on the next Business Day after a receipt or Final Receipt is obtained, for the Preliminary Prospectus and the Final Prospectus (and any Supplementary Material), as applicable, and thereafter from time to time as requested by the Underwriters, as many commercial copies of the Preliminary Prospectus and the Final Prospectus (and any Supplementary Material) as they may reasonably request for the purposes contemplated hereunder and contemplated by Applicable Securities Laws in the Qualifying Provinces and such delivery shall constitute the consent of the Company to the use of such documents in the Qualifying Provinces in connection with the Offering and distribution of the Offered Shares, subject to the Underwriters complying with the provisions of Applicable Securities Laws in the Qualifying Provinces and the provisions of this Agreement;

(f) the Company will deliver from time to time without charge to the Underwriters as soon as practicable but in any event on the next Business Day after a receipt or Final Receipt is obtained in each of the Qualifying Provinces for the Preliminary Prospectus and the Final Prospectus (and any Supplementary Material), as applicable, and thereafter from time to time as requested by the Underwriter, as many commercial copies of the U.S. Placement Memorandum (and any Supplementary Material) as they may reasonably request for the purposes contemplated hereunder and each such delivery of the U.S. Placement Memorandum (and any Supplementary Material) shall constitute the consent of the

Company to the use of such documents by the Underwriter in connection with the Offering and the distribution of the Offered Shares, subject to the Underwriter complying with the provisions of Applicable Securities Laws in the United States and the provisions of this Agreement;

(g) the Company hereby covenants, represents and warrants, and each delivery of the Offering Documents to the Underwriters by the Company in accordance with this Agreement will constitute the representation and warranty of the Company to the Underwriters (provided that this representation and warranty is not intended to extend to information and statements included in reliance upon and in conformity with information furnished to the Company by or on behalf of the Underwriters specifically for use therein) that at the respective date of such documents:

(i) all of the information and statements contained in each of the Offering Documents are true and correct and contain no misrepresentation and constitute full, true and plain disclosure of all material facts relating to each of the Offering, the Company and the Subsidiaries on a consolidated basis and the Offered Securities;

(ii) no material fact or information has been omitted from any of the Offering Documents which is required to be stated in such disclosure or is necessary to make the statements or information contained in such disclosure not misleading in light of the circumstances under which they were made (provided that this representation and warranty is not intended to extend to information and statements provided by the Underwriters in writing specifically for use therein);

(iii) the Offering Documents, in all material respects, contain the disclosure required by and conform to all requirements of Applicable Securities Laws;

(h) the Company shall cause to be delivered to the Underwriters, concurrently with the filing of the Final Prospectus and any Supplementary Material thereto, a comfort letter dated within two Business Days of the date thereof from the auditors of the Company and addressed to the Underwriters and to the directors of the Company, in form and substance reasonably satisfactory to the Underwriters, acting reasonably, relating to the verification of the financial information and accounting data and other numerical data of a financial nature contained therein and matters involving changes or developments since the respective dates as of which specified financial information is given therein, to a date not more than two Business Days prior to the date of such letter;

(i) during and prior to completion of the Distribution Period, the Company will use its reasonable best efforts to otherwise take or cause to be taken all steps and proceedings that may be required under the Applicable Securities Laws of the Qualifying Provinces to qualify the Offered Shares for sale and issuance to the public through registrants registered under the Applicable Securities Laws of the Qualifying Provinces who have complied with the relevant provisions thereof and the to qualify the grant of the Over-Allotment Option to the Underwriters; and

(j) at all times until the completion of the Distribution Period, but in any event not later than 21 days following the Closing Date, the Company will, to the satisfaction of counsel to the Underwriters, acting reasonably, promptly take or cause to be taken all additional steps and proceedings that may be required from time to time under the Applicable Securities Laws of the Qualifying Provinces to continue to so qualify the Offered Shares and the Over-Allotment Option or, in the event that they have, for any reason, ceased to so qualify, to again so qualify them.

4.1.3 Due Diligence Matters

(a) Prior to the Closing Time, the Company will allow the Underwriters to conduct all due diligence which they may reasonably require to conduct and participate fully in the preparation of the Preliminary Prospectus, Final Prospectus and any Supplementary Material in order to fulfill their obligations and in order to enable them to responsibly execute the certificates required to be executed by them at the end of each of the Preliminary Prospectus, Final Prospectus and any applicable Supplementary Material; and without limiting the scope of the due diligence inquiries the Underwriters may conduct, the Company will make available its senior management, directors, technical advisors, and legal counsel and will engage its auditors to conduct such procedures as are reasonably required, to answer the questions of the Underwriters in due diligence meetings to be conducted prior to the filing of the Preliminary Prospectus, Final Prospectus and any Supplementary Material, and shall cause its auditors to deliver the comfort letter as contemplated by Section 4.1.2(h) hereof;

(b) upon becoming aware, the Company will promptly notify the Underwriters in writing if, prior to completion of the Distribution Period, there shall occur any material change or change in a material fact (in either case, whether actual, anticipated, contemplated or threatened and other than a change or change in fact relating solely to the Underwriters) or any event or development involving a prospective material change or a change in a material fact or any other material change concerning the Company and the Subsidiaries on a consolidated basis or any other change which is of such a nature as to result in, or could be considered reasonably likely to result in, a misrepresentation in the Final Prospectus or any Supplementary Material, as they exist immediately prior to such change, or could render any of the foregoing, as they exist immediately prior to such change, not in compliance with any Applicable Securities Laws;

(c) the Company will promptly notify the Underwriters in writing with full particulars of any such actual, anticipated, contemplated, threatened or prospective change referred to in the preceding paragraph and the Company shall, to the satisfaction of the Underwriters, acting reasonably, provided the Underwriters have taken all action required by them hereunder to permit the Company to do so, file promptly and, in any event, within all applicable time limitation periods with the Securities Commissions in the Qualifying Provinces a Prospectus Amendment or Supplementary Material, as the case may be, or material change report as may be required under the Applicable Securities Laws and shall comply with all other applicable filing and other requirements under the Applicable Securities Laws including any requirements necessary to qualify the distribution of the Offered Shares and the grant of the Over-Allotment Option, and shall deliver to the Underwriters as soon as practicable thereafter commercial copies of any such Prospectus Amendment or Supplementary Material. The Company will not file any such new or amended disclosure documentation or material change report without first obtaining the written approval of the form and content thereof by the Underwriters, which approval shall not be unreasonably withheld or delayed; provided that the Company will not be required to file a registration statement or otherwise register or qualify the Offered Shares or the Over-Allotment Option for sale or distribution outside Canada;

(d) the Company will in good faith discuss with the Underwriters as promptly as possible any circumstance or event which is of such a nature that there is or ought to be consideration given as to whether there may be a material change or change in a material fact or other change described in the preceding two paragraphs; and

(e) the minute books and records of the Company and Subsidiaries which the Company has made or will make available to the Underwriters and their counsel Cassels Brock & Blackwell LLP in connection with their due diligence investigation of the Company and the Subsidiaries are all of the minute books and substantially all the records of the Company and the Subsidiaries for such periods and contain copies of all constating documents and all proceedings of securityholders and directors (and committees thereof) (or drafts or notes pending the approval thereof) and are complete in all material respects. There have been no other material meetings, resolutions or proceedings of the securityholders, board of directors or committees thereof of the Company or the Subsidiaries during the periods requested that are not reflected in such minute books and other records.

4.1.4 Oil and Gas Activities and Environmental Matters

(a) the Company and each Subsidiary has conducted and is conducting its business in compliance in all material respects with all applicable laws, rules and regulations of each jurisdiction in which its business is carried on, is current with all material filings required to be made in each jurisdiction in which its business is carried on, and holds all necessary licenses, permits, approvals, consents, certificates, registrations and authorizations (whether governmental, regulatory or otherwise) (the "**Licenses**") to enable its business to be carried on as now conducted and as presently proposed to be conducted and its property and assets to be owned, leased and operated, in each case save and except as would not have a material adverse effect on the Company and the Subsidiaries on a consolidated basis; the Licenses are validly existing and in good standing and neither the Company nor any Subsidiary has received notice of any proceedings relating to the revocation or modification of any such Licenses which, if the subject of an unfavourable decision, ruling or finding, would reasonably be expected to have a material adverse effect on the Company and the Subsidiaries on a consolidated basis;

(b) the Company and each Subsidiary has conducted, and is conducting, its business in compliance in all material respects with all applicable laws, rules and regulations and, in particular, all legislation, regulations or by-laws or other lawful requirements of any governmental or regulatory bodies ("**Environmental Laws**") of each jurisdiction in which it carries on business relating to the protection of the environment, occupational health and safety or the processing, use, treatment, storage, disposal, discharge, transport or handling of any pollutants, contaminants, chemicals or industrial, toxic or hazardous wastes or substances ("**Hazardous Substances**") or the licensing thereof, in each case save and except as would not have a material adverse effect on the Company and the Subsidiaries on a consolidated basis; neither the Company nor any Subsidiary has received any notice of, or been prosecuted for, an offence alleging non-compliance with any Environmental Laws, and neither the Company nor any Subsidiary has settled any allegation of non-compliance short of prosecution; and as at the date hereof there are no orders or directions issued to the Company or any Subsidiary relating to environmental matters requiring any work, repairs, construction or capital expenditures to be made with respect to any of the assets of the Company nor any Subsidiary, nor has the Company or any Subsidiary received notice of any of the same in respect of which non-compliance by the Company or any Subsidiary would reasonably be expected to have a material adverse effect on the Company and the Subsidiaries on a consolidated basis;

(c) in respect of the Key Property, there are no ongoing environmental audits, evaluations, assessments, studies or tests relating to the Company or the Subsidiaries except for ongoing evaluations, assessments, studies or tests conducted by or on behalf of the Company or the Subsidiaries in the ordinary course;

(d) neither the Company nor any Subsidiary has failed to report to the proper federal, provincial, municipal or other political subdivision, government, department, commission, board, bureau, agency or instrumentality, domestic or foreign ("**Government Authority**") the occurrence of any event which is required to be so reported by any Environmental Law;

(e) the Company and each Subsidiary holds all material licenses, permits and approvals required under any Environmental Laws in connection with the operation of its business as currently conducted at the date of this Agreement and the ownership and use of its assets, all such licenses, permits and approvals are in full force and effect, and, except for notifications and conditions of general application under applicable laws, it has not received any notification pursuant to any Environmental Laws that any work, repairs, constructions or capital expenditures are required to be made by it as a condition of continued compliance with any Environmental Laws, or any license, permit or approval issued pursuant thereto, or that any license, permit or approval referred to above is about to be reviewed, made subject to limitation or conditions, revoked, withdrawn or terminated; is, or has been, in violation of any applicable federal, provincial, municipal or local laws, regulations, orders, government decrees or ordinances with respect to environmental, health or safety matters;

(f) the Company and the Subsidiaries, on a consolidated basis, own, control or have legal rights to, through oil and gas tenements of various types and descriptions, such rights, titles, leases and interests as are materially necessary or appropriate to authorize and enable it to access the Key Property and the East Coast Project and carry on the material oil and gas activities as currently being undertaken or proposed to be undertaken on the Key Property and the East Coast Project (collectively, the "**Oil and Gas Rights**") and have obtained such Oil and Gas Rights as may be required to implement their plans with respect to oil and gas activities on the Key Property and the East Coast Project as described in the Prospectus and are not in default of such Oil and Gas Rights, except for any default which would not either individually or in the aggregate have a material adverse effect on the Company and the Subsidiaries, on a consolidated basis;

(g) all assessments or other work required to be performed in relation to the Oil and Gas Rights in order to maintain the interest of the Company and/or Subsidiaries therein, if any, have been performed to date and the Company and the Subsidiaries have complied in all material respects with all applicable governmental laws, regulations and policies in this regard and all contractual obligations to third parties except for any non-compliance which would not either individually or in the aggregate have a material adverse effect on the Company and the Subsidiaries, on a consolidated basis and, all such Oil and Gas Rights are in good standing in all material respects as of the date of this Agreement;

(h) the Company and each Subsidiary holds all permits, by-laws, leases, Licences, waivers, exemptions, consents, certificates, registrations, authorizations, approvals, rights, rights of way and entitlements and the like (the "**Approvals**") which are required from any governmental or regulatory authority or any other person necessary to conduct its business as currently conducted as at the date of this Agreement except where the failure to have such Approvals does not or will not have a material adverse effect on the Company and the Subsidiaries on a consolidated basis, and all such Approvals are in full force and effect and in good standing in all material respects; and none of such Approvals contains any burdensome term, provision, condition or limitation which has any material adverse effect on the business of Company (taken as a whole) as now conducted or as proposed to be conducted (other than governmental royalties and income taxes, matters described in the Company's Information Record, matters arising from law of general application or matters arising in the ordinary course of business), and the Company has not received any notice of proceedings relating to the revocation or modification of any such Approvals which, if the subject of, an unfavourable decision, ruling or finding, would materially affect the business, operations, financial condition or prospects of the Company;

(i) although it does not warrant title, the Company (i) does not have reason to believe that it, either through the Company or through a Subsidiary, does not have valid right to those leases, licenses, permits, concessions, concession agreements, contracts, subleases, reservations, production sharing agreements or participating, earned or other interests or agreements set forth in the Company's Information Record (collectively, the "**Interests**"), (ii) except as has been disclosed in the Company's Information Record, does not have knowledge of any liens, charges, encumbrances, restrictions or adverse claims against the Interests created by, through or under the Company or any of its Subsidiaries, other than those arising in the ordinary course of business and which are not, in the aggregate, materially adverse to the Company and its Subsidiaries (taken as a whole); and (iii) to the knowledge of the Company, the Interests are valid and enforceable by the Company in accordance with their terms, except in the case of each of (i) through (iii) with those exceptions as are not material in the aggregate to the Company and its Subsidiaries (taken as a whole);

(j) any and all operations of the Company and, to the best of the Company's knowledge, any and all operations by third parties, on or in respect of the assets and properties of the Company, have been conducted in accordance with good oil and gas industry practices and in material compliance with applicable laws, rules, regulations, orders and directions of government and other competent authorities;

(k) all filings by the Company, pursuant to which the Company has received or is entitled to receive government incentives, have been made in accordance, in all material respects, with all applicable legislation and contain no misrepresentations of material fact or omit to state any material fact which could reasonably be expected to cause any amount previously paid to the Company, or previously accrued on the accounts thereof, to be recovered or disallowed;

(l) no material information was withheld from Sproule for the purposes of preparing the Report and all information provided to Sproule for such purpose was given in good faith;

(m) the Company believes that the Report reasonably presents the quantity and pre-tax present worth value of estimated future net revenue values of oil and natural gas reserves of the Company as at the effective date thereof in respect of reserves information therein based upon information available in respect of such reserves at the time such report was prepared and the price assumptions contained therein; and

(n) the Company is in material compliance with the provisions of NI 51-101, and has filed all statements, information and disclosures required thereunder and the information set forth in the Offering Documents relating to the "resources" or "reserves" (as such terms are defined in NI 51-101), prepared in accordance with NI 51-101, have been reviewed and verified by the authors described under the heading "Interest of Experts", and the information upon which the estimates were based, was, at the time of delivery thereof, complete and accurate in all material respects and there have been no material adverse changes to such information since the date of delivery or preparation thereof..

4.1.5 Employment Matters

(a) Each material plan for retirement, bonus, stock purchase, profit sharing, stock option, deferred compensation, severance or termination pay, insurance, medical, hospital, dental, vision care, drug, sick leave, disability, salary continuation, legal benefits, unemployment benefits, vacation, incentive or otherwise contributed to or required to be contributed to, by the Company for the benefit of any current or former director, officer, employee or consultant of the Company (the "**Employee Plans**") has been maintained in compliance with its terms and with the requirements prescribed by any and all statutes, orders, rules and regulations that are applicable to such Employee Plans, in each case in all material respects and has been publicly disclosed to the extent required by Applicable Securities Laws;

(b) all material accruals for unpaid vacation pay, premiums for unemployment insurance, health premiums, federal or state pension plan premiums, accrued wages, salaries and commissions and employee benefit plan payments have been reflected in the books and records of the Company or the Subsidiaries; and

(c) there has never been, there is not currently and the Company does not anticipate any labour disruption with respect to the employees or consultants of the Company which is adversely affecting or could adversely affect the exploration or development plans of the Company or the Subsidiaries or the carrying on of the business of the Company or the Subsidiaries; and

(d) the Company and its Subsidiaries are in material compliance with all applicable laws, regulations and policies respecting employment and employment practices, terms and conditions of employment, occupational health and safety, pay equity and wages.

5. Conditions to Purchase Obligation

5.1 The following are conditions of the Underwriters' obligations to complete the purchase of the Offered Shares by the Company as contemplated hereby, which conditions the Company covenants to exercise its commercially reasonable best efforts to have fulfilled on or prior to the Closing Time, which conditions may be waived in writing in whole or in part by the Underwriters:

(a) the Company will have made and/or obtained the necessary filings, approvals, consents and acceptances to or from, as the case may be, the Securities Commissions and the Exchange required to be made or obtained by the Company in connection with the Offering, on terms which are acceptable to the Company and the Underwriters, acting reasonably, prior to the Closing Date, it being understood that the Underwriters will do all that is reasonably required to assist the Company to fulfill this condition;

(b) the Company shall have delivered to the Underwriters without charge and in such numbers as the Underwriters may reasonably request, on the next Business Day (other than in respect of deliveries outside of Canada, or such later time as may be agreed upon by the Company and the Underwriters) following the issuance of the receipt or Final Receipt, as the case may be, in such Canadian cities as the Underwriters, may reasonably request, commercial copies of the Preliminary Prospectus, Final Prospectus and any Supplemental Material, if applicable;

(c) the Company shall have delivered to the Underwriters, without charge and in such numbers as the Underwriter may reasonably request, on the next Business Day (other than in respect of deliveries outside of Canada, or such later time as may be agreed upon by the Company and the Underwriters) following the issuance of the receipt or Final Receipt, as the case may be, and in such cities as the Underwriters, may reasonably request, commercial copies of the U.S. Placement Memorandum and any amendments thereto;

(d) the Offering and listing of the Offered Shares (for certainty, including any Additional Offered Shares) will have been conditionally approved by the Exchange, subject to the usual conditions, and will on the date of their issuance be listed and commence trading on the Exchange;

(e) the Company's board of directors will have authorized and approved this Agreement, the sale and issuance of the Offered Shares, the grant of the Over-Allotment Option and all matters relating to the foregoing;

(f) the Company will deliver a certificate of the Company signed on behalf of the Company, but without personal liability, by the Chief Executive Officer of the Company and the Chief Financial Officer of the Company or such other senior officers of the Company as may be acceptable to the Underwriters, acting reasonably, addressed to the Underwriters and their counsel and dated the Closing Date, in form and content satisfactory to the Underwriters, acting reasonably, certifying that:

(i) no order ceasing or suspending trading in any securities of the Company or prohibiting the sale of the Offered Shares or any of the Company's issued securities (including the Common Shares) has been issued by any regulatory authority and is continuing in effect and no proceedings for that purpose have been instituted or threatened or, to the knowledge of such officers are pending or contemplated by any regulatory authority;

(ii) there has been no adverse material change (actual, proposed or prospective, whether financial or otherwise) in the business, affairs, operations, assets, liabilities (contingent or otherwise) or capital of the Company and the Subsidiaries on a consolidated basis since the date hereof which has not been generally disclosed;

(iii) no material change relating to the Company and the Subsidiaries on a consolidated basis, except for the Offering, has occurred with respect to which the requisite material change report has not been filed and no such disclosure has been made on a confidential basis;

(iv) the representations and warranties of the Company contained in this Agreement are true and correct in all material respects at the Closing Time, with the same force and effect as if made by the Company as at the Closing Time after giving effect to the transactions contemplated hereby; and

(v) the Company has complied with all the covenants and satisfied all the terms and conditions of this Agreement on its part to be complied with or satisfied, other than conditions which have been waived by the Underwriters, at or prior to the Closing Time;

(g) the Underwriters shall have received at the Closing Time certificates dated the Closing Date, signed by appropriate officers of the Company addressed to the Underwriters and their counsel, with respect to the articles and notice of articles of the Company, all resolutions of the Company's board of directors relating to this Agreement and the transactions contemplated hereby, the incumbency and specimen signatures of signing officers and authorized signatories in the form of a certificate of incumbency and such other matters as the Underwriters may reasonably request;

(h) the Company will have caused its Transfer Agent to deliver a certificate as to the issued and outstanding Common Shares of the Company;

(i) the Company will deliver certificates of status and/or compliance, where issuable under applicable law, for the Company and the Subsidiaries (other than in respect of Orient Petroleum PNG Limited, which is an inactive Subsidiary), each dated within two (2) days (or such earlier or later date as the Underwriter may accept) of the Closing Date;

(j) the Company will have caused a favourable legal opinion to be delivered by its legal counsel, Blake, Cassels & Graydon LLP, addressed to the Underwriters, in form and substance satisfactory to the Underwriters acting reasonably, including in respect of those matters identified in Schedule "A" hereto, subject to the usual and customary assumptions, limitations and qualifications. In giving such opinion, counsel to the Company shall be entitled to rely, to the extent appropriate in the circumstances, upon local counsel or to arrange, to the extent appropriate, for separate opinions of local counsel and shall be entitled as to matters of fact to rely upon a certificate of fact from responsible persons in a position to have knowledge of such facts and their accuracy;

(k) if any Offered Shares are being sold in the United States or to U.S. Persons pursuant to Schedule "C" to this Agreement, the Company shall have caused a favourable legal opinion to be delivered by United States counsel, in form and substance satisfactory to the Underwriters, acting reasonably, to the effect that the sale of such Offered Shares to such United States purchasers is not required to be registered under the U.S. Securities Act, subject to the usual and customary assumptions, limitations and qualifications, it being understood that no opinion will be expressed as to the subsequent resale of any Offered Shares;

(l) the Company will have caused a favourable legal opinion to be delivered in respect of the Material Subsidiaries by local counsel addressed to the Underwriters, in form and substance satisfactory to the Underwriters, acting reasonably, with respect to the following matters:

(i) the incorporation and existence under the laws of jurisdiction of incorporation;

(ii) as to the authorized capital and holders of the issued and outstanding shares; and

(iii) having all requisite corporate power under the laws of their jurisdiction of incorporation to carry on their business as presently carried on and own their properties, all as described in the Final Prospectus;

(m) the Company will have caused a favourable title opinion to be delivered by local counsel addressed to the Underwriters, in form and substance satisfactory to the Underwriters, acting reasonably with respect to title to the Key Property;

(n) the Company will have caused its auditors to deliver an update of its letter referred to in Section 4.1.2(h) above with such changes thereon as may be necessary to bring the information in such letter forward to within two business days of the Closing Date, which changes shall be acceptable to the Underwriters, acting reasonably;

(o) the Company will deliver such further certificates and other documentation as may be contemplated in this Agreement or as the Underwriters or their counsel may reasonably require; and

(p) prior to the Closing Time, any material change (actual, anticipated, contemplated or, to the knowledge of the Company, threatened, whether financial or otherwise) in the business, affairs, operations, assets, liabilities (contingent or otherwise) or capital of the Company shall have been disclosed to the Underwriters in writing.

6. Closing

6.1 The Offering will be completed at the offices of the Company's counsel, Blake, Cassels & Graydon LLP, in the city of Vancouver, British Columbia with certificates representing the Offered Shares (including for certainty any Additional Offered Shares issued pursuant to the exercise of the Over-Allotment Option) to be concurrently delivered in the city of Toronto, Ontario at the Closing Time or such other place, date or time as may be mutually agreed to.

6.2 At the Closing Time, the Company shall deliver to the Underwriters the documents set out in Section 5.1 and the U.S. Purchaser Letters in respect of Purchasers in the United States or who are U.S. Persons, against payment of the aggregate purchase price for the Offered Shares, net of the Underwriters' expenses incurred up to the Closing Date and the Underwriters' Commission by wire transfer payable to the Company and the Underwriters shall deliver to the Company the U.S. Purchasers Letters, as contemplated in this Agreement. Any additional reasonable expenses of the Underwriters incurred in connection with the Offering to which the Company is responsible pursuant to this Agreement and not included in these expenses retained by the Underwriters shall be paid by the Company forthwith upon invoices being provided therefor.

6.3 In the event the Over-Allotment Option is exercised in whole or in part, the Additional Offered Shares shall be deemed to form part of the Offering and all provisions relating to the Closing on the Closing Date shall apply on the Over-Allotment Closing Date.

7. Termination of Purchase Obligation

7.1 Without limiting any of the other provisions of this Agreement, any Underwriter will be entitled, at its sole option, to terminate and cancel, without any liability on its part or on the part of the other Underwriters and the Purchasers, its obligations (and those of any Purchasers arranged by it) under this Agreement, to purchase the Offered Shares, by giving written notice to the Company at any time through to the Closing Time if:

(a) *material change* - there shall be any material change or change in a material fact in the affairs of the Company or its Subsidiaries, or there should be discovered any previously undisclosed material fact required to be disclosed in the Preliminary Prospectus, the Final Prospectus or any Supplementary Material, in each case which, in the reasonable opinion of the Underwriters (or any of them), has or would be expected to have a significant adverse effect on the market price or value of the Common Shares (including the Offered Shares);

(b) *disaster out* - (i) any inquiry, action, suit, proceeding or investigation (whether formal or informal) is commenced, announced or threatened in relation to the Company or any one of the officers or directors of the Company or any order is made by any federal, provincial, state, municipal or other governmental department, commission, board, bureau, agency or instrumentality including, without limitation, the Exchange or any securities regulatory authority, in each case not publicly disclosed prior to the date hereof, which in the opinion of the Underwriters (or any of them), acting reasonably, operates or threatens to prevent, cease or restrict the trading of the Common Shares (including the Offered Shares), or would be reasonably expected to have a significant adverse effect on the market price or value of the Common Shares (including the Offered Shares); or (ii) if there should develop, occur or come into effect or existence any event, action, state, accident, condition, terrorist event or major financial occurrence of national or international consequence or any new or change in any law or regulation which in the opinion of the Underwriters (or any one of them), acting reasonably, seriously adversely affects or involves, or is reasonably expected to seriously adversely affect or involve, the Canadian financial markets or the business, operations or affairs of the Company and its Subsidiaries on a consolidated basis or the market price or value of the Common Shares (including the Offered Shares); or

(c) *breach of this Agreement* – the Underwriters (or any one of them) determines, acting reasonably, that the Company is in breach of any material term, condition or covenant of this Agreement or any material representation or warranty given by the Company in this Agreement is or becomes false and such breach or false representation or warranty remains uncured by the Closing Time.

The occurrence or non-occurrence of any of the foregoing events or circumstances is to be determined in the discretion of the Underwriters, acting reasonably.

The Underwriters (or any one of them) shall make reasonable best effort to give written notice to the Company of the occurrence of any of the events referred to in this section; provided that neither the giving nor the failure to give such notice shall in any way affect the Underwriters' (or any one of their) entitlement to exercise this right at any time prior to the Closing Time.

The Underwriters' rights of termination contained in this section are in addition to any other rights or remedies they may have in respect of any default, act or failure to act or noncompliance by the Company in respect of any of the matters contemplated by this Agreement.

7.2 If the obligations of an Underwriter are terminated under this Agreement pursuant to the termination rights provided for in Section 7.1, the Company's liabilities to such Underwriter shall be limited to the Company's obligations under the indemnity, contribution and expense provisions of this Agreement.

8. Indemnity

8.1 The Company and its subsidiaries or affiliated companies, as the case may be, hereby covenant and agree to indemnify and save harmless each of the Underwriters, their respective affiliates (including its affiliate U.S. broker-dealers) and each of their respective directors, officers, shareholders, partners, principals, employees and agents (each referred to herein as an "**Indemnified Party**" and collectively the "**Indemnified Parties**"), from and against all losses or damages (other than a loss of profits), claims, liabilities, costs or expenses, whether joint or several (including the aggregate amount paid in reasonable settlement of any actions, suits, proceedings or claims), and the reasonable fees and expenses of counsel to the Indemnified Parties that may be incurred in advising with respect to or defending any claim that may be made against the Indemnified Parties, or to which the Indemnified Parties may become subject or otherwise involved in any capacity under any statute or common law or otherwise, insofar as such losses, damages, claims, liabilities, costs, expenses or actions arise out of or are based, directly or indirectly, upon the performance of professional services rendered to the Company by the Indemnified Parties or otherwise in connection with the Offering, including by or arising directly or indirectly from or by reason of:

(a) any misrepresentation or alleged misrepresentation (except as may be contained in any information or statement relating solely to the Underwriters and provided by the Underwriters in writing for inclusion in the Offering Documents) contained in the Offering Documents or the Company's Information Record;

(b) any information or statement (except any information or statement relating solely to the Underwriters and provided by the Underwriters in writing for inclusion in the Offering Documents) contained in any certificate or document of the Company delivered under this Agreement or pursuant to this Agreement which at the time and in light of the circumstances under which it was made contains or is alleged to contain a misrepresentation;

(c) any omission or alleged omission to state any fact in any certificate or document of the Company delivered under this Agreement or in the Offering Documents (except facts relating solely to the Underwriters and provided by the Underwriters in writing for inclusion in the Offering Documents), required to be stated in such document or necessary to make any statement in such document not misleading in light of the circumstances under which it was made;

(d) the non-compliance or alleged non-compliance by the Company with any requirements of the Applicable Securities Laws (other than any non-compliance or alleged non-compliance caused by, arising directly or indirectly from, or in consequence of any action or non-action of the Underwriters); or

(e) any material breach of the representations, warranties or covenants of the Company contained in this Agreement.

8.2 The indemnity provided for in Section 8.1 shall not apply to an Indemnified Party if and to the extent that a court of competent jurisdiction in a final judgment that has become non-appealable shall determine that:

(a) such Indemnified Party has been grossly negligent or has committed any fraudulent act in the course of its performance under this Agreement; or

(b) the losses, damages, claims, liabilities, costs or expenses as to which indemnification is claimed, were directly caused by the actions of the claiming Indemnified Party referred to in Section 8.2(a).

If any action or claim shall be asserted against an Indemnified Party in respect of which indemnity may be sought from the Company pursuant to the provisions of Section 8.1 or if any potential claim contemplated hereby shall come to the knowledge of an Indemnified Party, the Indemnified Party shall promptly notify the Company in writing; but the omission to notify the Company will not relieve the Company from any liability it may otherwise have to the Indemnified Party pursuant to Section 8.1 except to the extent the Company is materially prejudiced by such failure to notify. The Company shall be entitled but not obligated to participate in or assume the defence thereof; provided, however, that the defence shall be through legal counsel acceptable to the Indemnified Party, acting reasonably. Once such defence is assumed by the Company, the Company throughout the course thereof will provide copies of all relevant documentation to the Indemnified party, will keep the Indemnified Party advised of the progress thereof and will discuss with the Indemnified party all significant actions proposed. In addition, the Indemnified Party shall also have the right to employ separate counsel in any such action and participate in the defence thereof but the fees and expenses of such counsel will be at the expense of the Indemnified Party unless:

(a) employment of such counsel has been authorized in writing by the Company;

(b) the Company has not assumed the defence of the action within a reasonable period of time after receiving notice of the claim; or

(c) the named parties to any such claim include both the Company and the Indemnified Party and the Indemnified Party shall have been advised by counsel to the Indemnified Party that representation of both parties by the same counsel would be inappropriate for any reason, including without limitation because there may be legal defences available to the Indemnified Party which are different from or in addition to those available to the Company or that there may be a conflict of interest between the Company and the Indemnified Party (in which event and to that extent, the Company shall not have the right to assume or direct the defence on the Indemnified Party's behalf);

in which case such fees and expenses of such counsel to the Indemnified Party will be for the Company's account, provided that the Company shall not be required to assume the fees and expenses of more than one counsel in a single jurisdiction for all of the Indemnified Parties.

Neither the Company nor any Indemnified Party shall effect any settlement of any such action or claim or make any admission of liability without the written consent of the other party, such consent to be promptly considered and not to be unreasonably withheld. The indemnity hereby provided for shall remain in full force and effect and shall not be limited to or affected by any other indemnity in respect of any matters specified herein obtained by the Indemnified Party from any other person.

8.3 To the extent that any Indemnified Party is not a party to this Agreement, the Underwriters shall obtain and hold the right and benefit of the indemnity provisions of Section 8.1 in trust for and on behalf of such Indemnified Party.

9. Contribution

9.1 In order to provide for a just and equitable contribution in circumstances in which the indemnity provided in Section 8 would otherwise be available in accordance with its terms but is, for any reason, held to be unavailable to or unenforceable by the Underwriters, each of the Underwriters and the Company shall contribute to the aggregate of all losses, claims, costs, damages, expenses or liabilities (including any legal or other expenses reasonably incurred by an Indemnified Party in connection with investigating or defending any action or claim which is the subject of this section but excluding loss of profits or consequential damages) of the nature provided for above in such proportion as is appropriate to reflect not only the relative benefits received by the Company and the Underwriters but the relative fault of the Company and the Underwriters in connection with the matters that resulted in such losses and any other equitable considerations or, if such allocation is not permitted by applicable law, in such proportion so that the Underwriters will be responsible for that portion represented by the percentage that the portion of the Underwriters' Commission payable by the Company to the Underwriters bears to the gross proceeds realized from the sale of the Offered Shares, and the Company will be responsible for the balance, provided that, in no event, will the Underwriters be responsible for any amount in excess of the amount of the Underwriters' Commission actually received by them. In the event that the Company may be held to be entitled to contribution from any Underwriters under the provisions of any statute or law, the Company shall be limited to contribution in an amount not exceeding the lesser of: (i) the portion of the full amount of losses, claims, costs, damages, expenses and liabilities, giving rise to such contribution for which such Underwriter is responsible, as determined above; and (ii) the amount of the Underwriters' Commission actually received by such Underwriters. Notwithstanding the foregoing, a party guilty of fraudulent misrepresentation or non-compliance with applicable laws shall not be entitled to contribution from the other party.

Any party entitled to contribution will, promptly after receiving notice of commencement of any claim, action, suit or proceeding against such party in respect of which a claim for contribution may be made against the other party under this section, notify such party from whom contribution may be sought. In no case shall such party from whom contribution may be sought be liable under this Agreement unless such notice has been provided, but the omission to so notify such party shall not relieve the party from whom contribution may be sought from any other obligation it may have otherwise than under this section, except to the extent such party is materially prejudiced by the failure to receive such notice. The right to contribution provided in this section shall be in addition to, and not in derogation of, any other right to contribution which the Underwriters or the Company may have by statute or otherwise by law.

9.2 The right of the Company to assume the defence of any claim, action, suit or proceeding shall apply as set forth in Section 8.2 hereof, *mutatis mutandis*.

9.3 The Company hereby waives its right to recover contribution from the Underwriters or any other Indemnified Party with respect to any liability of the Company solely by reason of or arising out of any misrepresentation contained in any of the Offering Documents or the Company's Information Record, other than a misrepresentation made in reliance upon information furnished to the Company by or on behalf of the Underwriters specifically for use therein or relating solely to the Underwriters.

10. Expenses

10.1 The Company will pay all expenses and fees in connection with the Offering, including, without limitation: (i) all expenses of or incidental to the issue, sale or distribution of the Offered Shares (including for certainty any Additional Offered Shares issued pursuant to the exercise of the Over-Allotment Option) and the filing of the Preliminary Prospectus, the Final Prospectus and any Supplementary Material; (ii) the fees and expense of the Company's legal counsel; (iii) all costs incurred in connection with the preparation of documentation relating to the Offering; and (iv) the reasonable fees of the Underwriters' legal counsel up to a maximum of C$80,000 (exclusive of taxes and disbursements). All fees and expenses incurred by the Underwriters or on their behalf shall be payable by the Company immediately upon receiving an invoice therefor from the Underwriters and shall be payable whether or not the Offering is completed. At the option of the Underwriters, such fees and expenses may be deducted from the gross proceeds otherwise payable to the Company on the Closing Date.

11. Syndication of the Underwriters

11.1 The sale of the Offered Shares in connection with the Offering shall be as to the following percentages:

Name of Underwriter	Syndicate Position
GMP Securities L.P.	50%
Wellington West Capital Markets Inc.	50%

11.2 If any of the Underwriters shall not complete the purchase and sale of its applicable percentage of the aggregate amount of the Offered Shares at the Closing Time for any reason whatsoever, including by reason of Section 7 hereof, the other Underwriter shall have the right, but shall not be obligated, to purchase the Offered Shares which would otherwise have been purchased by the Underwriter which fails to purchase. If, with respect to the Offered Shares, the non-defaulting Underwriter elects not to exercise such rights to assume the entire obligations of the defaulting Underwriter, then the Company shall have the right to terminate its obligations hereunder without liability except: (i) in respect of its indemnity, contribution and expense obligations in respect of the non-defaulting Underwriters; and (ii) in respect of its expense obligations pursuant to section 10.1. Nothing in this section 11.2 shall oblige the Company to sell to the Underwriters less than all of the Offered Shares or shall relieve an Underwriter in default hereunder from liability to the Company.

11.3 Without affecting the firm obligation of the Underwriters to purchase from the Company 10,300,000 Offered Shares at the Offering Price in accordance with this Agreement, after the Underwriters have made reasonable effort to sell all of the Offered Shares offered under the Final Prospectus at the Offering Price, the Offering Price may be decreased and further changed from time to time to an amount not greater than the Offering Price specified herein. Such decrease in the Offering Price will not affect the Underwriters' Commission ($0.312 per Offered Share) to be paid by the Company to the Underwriters, and it will not decrease the amount of the net proceeds of the Offering to the Company ($4.888 per Offered Share). The Underwriters will inform the Company if the Offering Price is decreased.

12. Action by Underwriters

12.1 All steps which must or may be taken by the Underwriters in connection with the closing of the Offering, with the exception of the matters relating to (i) termination of purchase obligations, (ii) waiver and extension, (iii) indemnification, contribution and settlement, and (iv) any agreement under Section 11 hereof, may be taken by GMP on behalf of itself and WWCM and the execution of this Agreement by WWCM and by the Company shall constitute the Company's authority and obligation for accepting notification of any such steps from, and for delivering the definitive certificates representing the Offered Shares (including for certainty any Additional Offered Shares issued upon exercise of the Over-Allotment Option). GMP shall fully consult with WWCM with respect to all notices, waivers, extensions or other communications to or with the Company. The rights and obligations of the Underwriters under this Agreement shall be several and not joint and several.

13. Survival of Warranties, Representations, Covenants and Agreements

13.1 All warranties, representations, covenants and agreements of the Company herein contained or contained in documents delivered or required to be delivered pursuant to this Agreement shall survive the sale by the Company of the Offered Shares and shall continue in full force and effect for the benefit of the Underwriters regardless of the closing of the sale of the Offered Shares and regardless of any investigation which may be carried on by the Underwriters or on their behalf until the Survival Limitation Date. For greater certainty, and without limiting the generality of the foregoing, the provisions contained in this Agreement in any way related to the indemnification of the Underwriters by the Company or the contribution obligations of the Underwriters or those of the Company shall survive and continue in full force and effect, for the applicable limitation period prescribed by law, provided that this shall not effect the Survival Limitation Date of the warranties, representations and covenants of the Company set forth herein.

14. General Contract Provisions

14.1 Any notice or other communication to be given hereunder shall be in writing and shall be given by delivery or by telecopier, as follows:

if to the Company:

TAG Oil Ltd.
1050 Burrard Street
Suite 2901
Vancouver, British Columbia
V6Z 2S3

Attention: Garth Johnson, Chief Executive Officer
Facsimile Number: (604) 682-1174

with a copy to:

Blake, Cassels & Graydon LLP
595 Burrard Street, Suite 2600
P.O. Box 49314
Vancouver, British Columbia
V7X 1L3

Attention: Peter Kalbfleisch and James Chen
Facsimile: (604) 631-3309

or if to the Underwriters:

GMP Securities L.P.
145 King Street
Suite 300
Toronto, Ontario M5H 1J8

Attention: Dan Tsubouchi
Facsimile Number: (403) 543-3589
Wellington West Capital Markets Inc.
129 - 8th Ave SW, Third Floor
Calgary, Alberta T2P 1B4

Attention: Jeff Reymer
Facsimile Number: (403) 781-2719

with a copy to (not to constitute notice to the Underwriters):

Cassels Brock & Blackwell LLP
2100 Scotia Plaza
40 King Street West
Toronto, Ontario
M5H 3C2

Attention: John Vettese
Facsimile Number: (416) 350-6930

and if so given, shall be deemed to have been given and received upon receipt by the addressee or a responsible officer of the addressee if delivered, or four hours after being faxed and receipt confirmed during normal business hours, as the case may be. Any party may, at any time, give notice in writing to the others in the manner provided for above of any change of address or facsimile number.

14.2 This Agreement and the other documents herein referred to constitute the entire Agreement between the Underwriters and the Company relating to the subject matter hereof and supersedes all prior Agreements between the Underwriters and the Company with respect to their respective rights and obligations in respect of the Offering, including the engagement letter between GMP and the Company dated October 27, 2010.

14.3 The invalidity or unenforceability of any particular provision of this Agreement shall not affect or limit the validity or enforceability of the remaining provisions of this Agreement.

14.4 The terms and provisions of this Agreement shall be binding upon and enure to the benefit of the Company and the Underwriter and their respective executors, heirs, successors and permitted assigns; provided that, except as provided herein, this Agreement shall not be assignable by any party without the written consent of the others.

14.5 Each of the parties hereto shall do or cause to be done all such acts and things and shall execute or cause to be executed all such documents, agreements and other instruments as may reasonably be necessary or desirable for the purpose of carrying out the provisions and intent of this Agreement.

14.6 Time shall be of the essence for all provisions of this Agreement.

14.7 This Agreement may be executed by electronic means and in one or more counterparts which, together, shall constitute an original copy hereof as of the date first noted above.

If this Agreement accurately reflects the terms of the transaction which we are to enter into and if such terms are agreed to by the Company, please communicate your acceptance by executing where indicated below.

Yours very truly,

GMP SECURITIES L.P.

Per: (signed) Dan Tsubouchi
Authorized Signatory

WELLINGTON WEST CAPITAL MARKETS INC.

Per: (signed) Jeff Reymer
Authorized Signatory

The foregoing accurately reflects the terms of the transaction which we are to enter into and such terms are agreed to with effect as of the date provided at the top of the first page of this Agreement.

TAG OIL LTD.

Per: (signed) Garth Johnson
Authorized Signatory

Per: (signed) Pino Perone
Authorized Signatory

SCHEDULE "A"

OPINION OF THE COMPANY'S LEGAL COUNSEL

This is Schedule "A" to the Underwriting Agreement dated as of November 2, 2010 among TAG Oil Ltd. and GMP Securities L.P., and Wellington West Capital Markets Inc.

As used in this Schedule "A", capitalized terms used herein and not defined herein shall have the meanings ascribed thereto in the Underwriting Agreement to which this Schedule is annexed.

The opinion of the Company's counsel shall be in respect of the following matters:

(i) as to the continuance and subsistence of the Company under the laws of its jurisdiction and as to the Company having all requisite corporate power and authority to carry on its business as now conducted and to own, lease and operate its property and assets;

(ii) the Company is a "reporting issuer", or its equivalent, in each of the Qualifying Provinces where such concept exists and it is not listed as in default of any requirement of the Applicable Securities Laws in any of the Qualifying Provinces;

(iii) as to the authorized and issued and outstanding capital of the Company;

(iv) the Company has all necessary corporate power and authority to execute and deliver this Agreement and to perform its obligations hereunder, to issued and sell the Offered Shares and grant the Over-Allotment Option;

(v) all necessary corporate action has been taken by the Company to authorize the execution and delivery of this Agreement and the performance of its obligations hereunder and this Agreement has been duly executed and delivered by the Company and constitutes a legal, valid and binding obligation of the Company enforceable against it in accordance with its terms, subject to bankruptcy, insolvency and other laws affecting the rights of creditors generally and subject to such other standard assumptions and qualifications including the qualifications that equitable remedies may be granted in the discretion of a court of competent jurisdiction and that enforcement of rights to indemnity, contribution and waiver of contribution set out in this Agreement may be limited by applicable law;

(vi) the execution and delivery of this Agreement and the fulfilment of the terms hereof and thereof by the Company and the issuance and delivery of the Offered Shares and the grant of the Over-Allotment Option do not and will not result in a breach of or default under, and do not and will not create a state of facts which, after notice or lapse of time or both, will result in a breach of or default under, and do not and will not conflict with any of the terms, conditions or provisions of the articles and notice of articles of the Company, the *Business Corporations Act* (British Columbia) or Applicable Securities Laws;

(vii) all necessary corporate action has been taken by the Company to authorize the execution and delivery of each of the Preliminary Prospectus, the Final Prospectus and any Supplementary Material and the filing thereof with the Securities Commissions;

(viii) the rights, privileges, restrictions and conditions attaching to the Offered Shares and the Over-Allotment Option are accurately summarized in all material respects in the Prospectus;

(ix) the Offered Shares have been validly issued as fully paid and non-assessable shares in the capital of the Company;

(x) all necessary documents have been filed, all requisite proceedings have been taken and all approvals, permits and consents of the appropriate regulatory authority in each Qualifying Provinces have been obtained by the Company to qualify the distribution or distribution to the public of the Offered Shares in each of the Qualifying Provinces and the grant of the Over-Allotment Option, through persons who are registered under applicable legislation and who have complied with the relevant provisions of such applicable legislation;

(xi) subject only to the standard listing conditions, the Offered Shares (including for certainty any Additional Offered Shares issued upon exercise of the Over-Allotment Option) have been conditionally listed on the Exchange;

(xii) the form and terms of the certificates representing the Common Shares of the Company have been approved by the directors of the Company and comply in all material respects with the *Business Corporations Act* (British Columbia) and the rules and by-laws of the Exchange;

(xiii) Computershare Investor Services Inc. has been duly appointed as transfer agent and registrar for the Common Shares of the Company;

(xiv) the statements set forth in the Final Prospectus under the headings (for certainty, including all subheadings under such headings) “Eligibility For Investment” and “Certain Canadian Federal Income Tax Considerations” insofar as they purport to describe the provisions of the laws referred to therein, are fair and adequate summaries of the matters discussed therein, subject to the qualifications, assumptions and limitations set out under such headings.

SCHEDULE "B"

SUBSIDIARIES

This is Schedule "B" to the Underwriting Agreement dated as of November 2, 2010 among TAG Oil Ltd. and GMP Securities L.P., and Wellington West Capital Markets Inc.

Name	Jurisdiction	% Ownership
TAG Oil (NZ) Limited	New Zealand	100%
TAG Oil (Offshore) Limited	New Zealand	100%
Trans-Orient Petroleum Ltd.	British Columbia	100%
Cheal Petroleum Limited	New Zealand	100%
DLJ Management Corp.	British Columbia	100%
Orient Petroleum (PNG) Limited	Papua New Guinea	100%
Eastern Petroleum (NZ) Limited	New Zealand	100%
Orient Petroleum (NZ) Limited	New Zealand	100%

SCHEDULE "C"

TERMS FOR OFFERING TO U.S. PURCHASERS

This is Schedule “C” to the Underwriting Agreement dated as of November 2, 2010 among TAG Oil Ltd. and GMP Securities L.P., and Wellington West Capital Markets Inc.

As used in this Schedule “C”, capitalized terms used herein and not defined herein shall have the meanings ascribed thereto in the Underwriting Agreement to which this Schedule is annexed and the following terms shall have the meanings indicated:

(a) “**Directed Selling Efforts**” means “directed selling efforts” as that term is defined in Regulation S. Without limiting the foregoing, but for greater clarity in this Schedule, it means, subject to the exclusions from the definition of directed selling efforts contained in Regulation S, any activity undertaken for the purpose of, or that could reasonably be expected to have the effect of, conditioning the market in the United States for any of the Offered Shares and includes the placement of any advertisement in a publication with a general circulation in the United States that refers to the Offering;

(b) “**FINRA**” means the Financial Industry Regulatory Authority;

(c) “**Foreign Issuer**” shall have the meaning ascribed thereto in Regulation S. Without limiting the foregoing, but for greater clarity, it means any issuer which is (a) the government of any country other than the United States, of any political subdivision thereof or a national of any country other than the United States; or (b) a corporation or other organization incorporated under the laws of any country other than the United States, except an issuer meeting the following conditions as of the last day of the most recently completed second quarter: (1) more than 50 percent of the outstanding voting securities of such issuer are held of record either directly or indirectly by residents of the United States; and (2) any of the following: (i) the majority of the executive officers or directors are United States citizens or residents, (ii) more than 50 percent of the assets of the issuer are located in the United States, or (iii) the business of the issuer is administered principally in the United States;

(d) “**General Solicitation**” and “**General Advertising**” means “general solicitation” and “general advertising”, respectively, as used in Rule 502(c) of Regulation D, including advertisements, articles, notices or other communications published in any newspaper, magazine or similar media or broadcast over radio or television, or any seminar or meeting whose attendees had been invited by general solicitation or general advertising;

(e) “**Institutional Accredited Investor**” means an “accredited investor” as that term is defined in Rule 501(a)(1), (2), (3) or (7) of Regulation D;

(f) “**Qualified Institutional Buyer**” means a “qualified institutional buyer” as that term is defined in Rule 144A(a)(1);

(g) “**Regulation D**” means Regulation D adopted by the SEC under the U.S. Securities Act;

(h) “**Regulation S**” means Regulation S adopted by the SEC under the U.S. Securities Act;

(i) “**Rule 144A**” means Rule 144A adopted by the SEC under the U.S. Securities Act;

(j) “**SEC**” means the United States Securities and Exchange Commission;

(k) “**Substantial U.S. Market Interest**” means “substantial U.S. market interest” as that term is defined in Regulation S;

(l) "**United States**" means the United States of America, its territories and possessions, any state of the United States, and the District of Columbia;

(m) "**U.S. Exchange Act**" means the United States Securities Exchange Act of 1934, as amended;

(n) "**U.S. Person**" means "U.S. person" as that term is defined in Rule 902 of Regulation S; and

(o) "**U.S. Securities Act**" means the United States Securities Act of 1933, as amended.

Representations, Warranties and Covenants of the Underwriters

Each Underwriter acknowledges that the Offered Shares have not been and will not be registered under the U.S. Securities Act or any U.S. state securities laws and may be offered and sold only in transactions exempt from or not subject to the registration requirements of the U.S. Securities Act and U.S. state securities laws. Accordingly, each Underwriter, severally and not jointly, represents, warrants and covenants to the Company that:

1. It has not offered and sold, and will not offer and sell, any Offered Shares as a part of the distribution except (a) to non-U.S. Persons in an offshore transaction in accordance with Rule 903 of Regulation S or (b) in the United States or to U.S. Persons as provided in paragraphs 2 through 11 below. Accordingly, neither the Underwriter nor any of its affiliates nor any person acting on its or their behalf, has engaged or will engage in: (i) any offer to sell or any solicitation of an offer to buy, any Offered Shares to any person in the United States or any U.S. Person, or (ii) any sale of Offered Shares to any purchaser unless, at the time the buy order was or will have been originated, the purchaser was outside the United States and was not a U.S. Person, or such Underwriter, affiliate or person acting on behalf of either reasonably believed that such purchaser was outside the United States and was not a U.S. Person, (iii) any Directed Selling Efforts with respect to the Offered Shares, or (iv) any action in violation of Regulation M under the U.S. Exchange Act in connection with the offer and sale of the Offered Shares.

2. It has not entered and will not enter into any contractual arrangement with respect to the distribution of the Offered Shares, except with its affiliates, any selling group members or with the prior written consent of the Company. It shall require each selling group member to agree, for the benefit of the Company, to comply with, and shall use its best efforts to ensure that each selling group member complies with, the same provisions of this Schedule as apply to such Underwriter as if such provisions applied to such selling group member.

3. All offers and sales of Offered Shares in the United States or to U.S. Persons have been and will be made through the Underwriters' U.S. registered broker-dealer affiliate ("**U.S. Affiliate**") in compliance with all applicable U.S. broker-dealer requirements.

4. Offers and sales of Offered Shares in the United States or to U.S. Persons have not been and will not be made by any form of General Solicitation or General Advertising or in any manner involving a public offering within the meaning of Section 4(2) of the U.S. Securities Act.

5. Offers and sales of Offered Shares in the United States or to U.S. Persons may be made either (i) as principals, pursuant to the provisions of Rule 144A to persons who are or are reasonably believed by them to be Qualified Institutional Buyers in transactions meeting the requirements of Rule 144A or (ii) on behalf of the Company, pursuant to the provisions of Rule 506 of Regulation D to persons who are or are reasonably believed by them to be Institutional Accredited Investors.

6. All purchasers of the Offered Shares that are in the United States or U.S. Persons shall be informed that the Offered Shares have not been and will not be registered under the U.S. Securities Act and are being offered and sold to such purchasers in reliance on the exemption

from the registration requirements of the U.S. Securities Act provided by Rule 144A or Regulation D, as applicable, thereunder.

7. Each offeree of Offered Shares that is in the United States or a U.S. Person has been or shall be provided with a copy of the U.S. Placement Memorandum in respect of the Preliminary Prospectus and the Final Prospectus. Each purchaser of Offered Shares that is in the United States or a U.S. Person will have received prior to the time of purchase of any Offered Shares the U.S. Placement Memorandum including the Final Prospectus.

8. Immediately prior to transmitting the U.S. Placement Memorandum, the Underwriters had reasonable grounds to believe and did believe that each offeree was a Qualified Institutional Buyer or an Institutional Accredited Investor, as the case may be.

9. Prior to any sale of Offered Shares in the United States or to a U.S. Person, each purchaser thereof will be required to execute a U.S. Purchaser Letter in the form attached to the U.S. Placement Memorandum.

10. Prior to the Closing Date (or the Over-Allotment Closing Date, if applicable), it will provide the Company with a list of all purchasers of the Offered Shares that are in the United States or U.S. Persons, and in each case indicate whether such purchaser is an Institutional Accredited Investor purchasing pursuant to Rule 506 of Regulation D or is a Qualified Institutional Buyer purchasing pursuant to Rule 144A and the state or other jurisdiction in which the Offered Shares were offered or sold to such purchaser. Prior to the Closing Time, it will provide the Company with copies of all U.S. Purchaser Letters.

11. On the Closing Date (or the Over-Allotment Closing Date, if applicable), each Underwriter making sales to Institutional Accredited Investors or Qualified Institutional Buyers will together with its U.S. Affiliate provide to the Company a certificate in the form of Exhibit A to this Schedule “C” relating to the manner of the offer and sale of the Offered Shares in the United States or to U.S. Persons.

Representations, Warranties and Covenants of the Company

The Company represents, warrants, covenants and agrees that:

1. The Company is a Foreign Issuer with no Substantial U.S. Market Interest in the Offered Shares and is not now and as a result of the sale of Offered Shares contemplated hereby will not be, an open-end investment company, a unit investment trust or a face-amount certificate company registered or required to be registered or a closed-end investment company required to be registered, but not registered, under the United States Investment Company Act of 1940, as amended; (b) the Offered Shares are not, and at the Closing Time will not be, and no securities of the same class as the Offered Shares are or will be, (i) listed on a national securities exchange registered under Section 6 of the U.S. Exchange Act, (ii) quoted in a “U.S. automated inter-dealer quotation system”, as such term is used in Rule 144A, or (iii) convertible or exchangeable at an effective conversion premium (calculated as specified in paragraph (a)(6) of Rule 144A) of less than ten percent for securities so listed or quoted; and (c) neither the Company nor any of its predecessors or affiliates has been subject to any order, judgment or decree of any court of competent jurisdiction temporarily, preliminarily or permanently enjoining such person for failure to comply with Rule 503 of Regulation D.

2. Neither the Company, its subsidiaries nor any of its affiliates, nor any person acting on its or their behalf (except the Underwriters, their affiliates and any persons acting on any of their behalf, in respect of which no representation is made) (i) has made or will make any Directed Selling Efforts with respect to any of the Offered Shares, (ii) has engaged in or will engage in any form of Directed Selling Efforts, General Solicitation or General Advertising with respect to offers or sales of the any of the Offered Shares in the United States or to U.S. Persons, (iii) has made or

will make any offer or sale of the Offered Shares in the United States except through the Underwriters as set forth in this Schedule “C” or (iv) has taken or will take any other action that would cause the exemptions or exclusions from registration provide by Regulation S to be unavailable with respect to offers and sales of the Offered Shares pursuant to this Schedule “C”.

3. The Company has not and will not, during the period beginning six months prior to the start of the offering of Offered Shares and ending six months after the completion of the offering of Offered Shares sell, offer for sale or solicit any offer to buy any of its securities in the United States in a manner that would be integrated with and would cause the exemption from registration provided by Regulation D to be unavailable with respect to offers and sales of the Offered Shares pursuant to this Schedule “C”.

4. So long as any of the Offered Shares resold pursuant to Rule 144A are outstanding and are “restricted securities” within the meaning of Rule 144(a)(3) under the U.S. Securities Act and cannot be sold pursuant to Rule 144(k) under the U.S. Securities Act, the Company will, if it is no longer subject to the reporting requirements of Section 13 or Subsection 15(d) of the U.S. Exchange Act or the information furnishing requirements of Rule 12g3-2(b) thereunder or if it is subject to such reporting requirements and fails to comply therewith, provide to any holder of those restricted securities, or to any prospective purchaser of those restricted securities designated by a holder, upon the request of that holder or prospective purchaser, at or prior to the time of sale, the information required to be provided by Rule 144A(d)(4) under the U.S. Securities Act (so long as that requirement is necessary in order to permit holders of the restricted securities to effect resales under Rule 144A).

5. The Company will, within prescribed time periods, prepare and file any forms or notices required under the U.S. Securities Act or applicable blue sky laws in connection with the offer and sale of the Offered Shares.

6. The Company, its subsidiaries, their respective affiliates or any person acting on its or their behalf (except the Underwriters, their affiliates and any persons acting on any of their behalf, in respect of which no representation is made) have complied and will comply with the requirements for an “offshore transaction”, as such term is defined in Regulation S.

7. The Company will notify its transfer agent as soon as practicable upon it becoming a “domestic issuer”, as defined in Regulation S.

8. None of the Company, any of its affiliates or any person acting on any of their behalf (other than the Underwriters, their respective affiliates, or any person acting on any of their behalf, in respect of which no representation is made) has taken or will take, directly or indirectly, any action in violation of Regulation M under the U.S. Exchange Act in connection with the offer and sale of the Offered Shares.

9. For each taxable year, if any, that the Company qualifies as a “passive foreign investment company” as defined in section 1297 of the Internal Revenue Code of 1986, as amended, (the “**Code**”) in the case of a shareholder that is a “United States person” (as defined in section 7701(a)(30) of the Code) and that has made an effective “qualified electing fund” election (as defined in section 1295 of the Code) with respect to the Company (a “**QEF Election**”), the Company will provide to such shareholder (a) a “PFIC Annual Information Statement” as described in Treasury Regulation section 1.1295-1(g) (or any successor Treasury Regulation), including all representations and statements required by such PFIC Annual Information Statement, and (b) all additional information that such shareholder is required to obtain in connection with maintaining such QEF Election. With regard to the PFIC Annual Information Statement, as permitted by Treasury Regulation section 1.1293-1(a)(2)(A), the Company will calculate and report the amount of each category of long-term capital gain described in section 1(h) of the Code that was recognized by the Company.

EXHIBIT A

UNDERWRITERS' CERTIFICATE

In connection with the private placement in the United States or to U.S. Persons of Offered Shares of TAG Oil Limited (the "**Company**") pursuant to the Underwriting Agreement dated November 2, 2010 among the Company and the Underwriters named therein (the "**Underwriting Agreement**"), each of the undersigned does hereby certify as follows:

(i) **[Name of U.S. broker-dealer affiliate]** (the "**U.S. Affiliate**") is a duly registered broker or dealer with the United States Securities and Exchange Commission and a member of and in good standing with FINRA on the date hereof;

(ii) all offers and sales of Offered Shares in the United States or to U.S. Persons have been effected in accordance with all applicable U.S. broker dealer requirements;

(iii) we provided each offeree of Offered Shares that was in the United States or a U.S. Person a copy of the U.S. Placement Memorandum in respect of the Preliminary Prospectus and the Final Prospectus, and we provided each purchaser of Offered Shares that was in the United States or a U.S. Person, prior to the sale of Offered Shares to such purchaser, with a copy of the U.S. Placement Memorandum including the Final Prospectus and no other written material was used in connection with the offer and sale of the Offered Shares in the United States or to U.S. Persons;

(iv) immediately prior to our transmitting any such materials to an offeree that was in the United States or a U.S. Person, we had reasonable grounds to believe and did believe that each offeree was either an Institutional Accredited Investor or a Qualified Institutional Buyer and, on the date hereof, we continue to believe that each offeree in the United States or a U.S. Person purchasing the Offered Shares (i) from the Company pursuant to Regulation D is an Institutional Accredited Investor (ii) from us pursuant to Rule 144A is a Qualified Institutional Buyer;

(v) no form of general solicitation or general advertising (as those terms are used in Regulation D) was used by us, including advertisements, articles, notices or other communications published in any newspaper, magazine or similar media or broadcast over radio or television, or any seminar or meeting whose attendees had been invited by general solicitation or general advertising, in connection with the offer or sale of the Offered Shares in the United States or to U.S. Persons;

(vi) prior to any sale of Offered Shares by the Company to an Institutional Accredited Investor in reliance on Regulation D, we caused each U.S. Person thereof to execute a U.S. Purchaser Letter in the form attached to the U.S. Placement Memorandum;

(vii) we have reasonable grounds to believe and do believe that each purchaser of Offered Shares in the United States that has not executed and delivered a U.S. Purchaser Letter prior to the sale of Offered Shares is a Qualified Institutional Buyer purchasing the Offered Shares from us and such person is deemed to have made at the time of purchase, the representations, warranties and covenants set forth in the U.S. Placement Memorandum;

(viii) neither we nor any member of the selling group, nor any of our or their affiliates, have taken or will take any action which would constitute a violation of Regulation M under the U.S. Exchange Act; and

(ix) the offering of the Offered Shares has been conducted by us in accordance with the terms of the Underwriting Agreement, including Schedule "C" thereto.

Terms used in this certificate have the meanings given to them in the Underwriting Agreement including Schedule "C" thereto, unless otherwise defined herein.

DATED this _____ day of ________________________, 2010.

[NAME OF UNDERWRITER]	**BROKER-DEALER AFFILIATE]**
By: ____	By: ____
Name:	Name:
Title:	Title: