



TSX: TAO

OTCQX: TAOIF

TAG Oil Ends Year With Strong Production and Revenue

Vancouver, B.C. – June 29, 2015 – TAG Oil Ltd. (TSX: TAO) and (OTCQX: TAOIF), is pleased to report results for the fiscal year ending March 31, 2015. The Company achieved strong revenues of \$53.7 million during the year, with average daily production remaining flat at 1,856 BOE/d (77% oil), over last year however, TAG's net oil production increased by 29% for the fiscal year to 1,425 bbl/d compared with 1,107 bbl/d in fiscal year 2014.

TAG's oil and gas production from its core Taranaki Basin oil field development area has been – and will continue to be – a key area of focus, and has been proving to be generating consistently solid production performance and increasing oil production for an extended period of years. In addition to the materially larger potential in the deeper Kapuni Formation (Cardiff-3), TAG's shallow Miocene oil development, which has been substantially de-risked through extensive 3-D seismic coverage and drilling, provides a solid production foundation that will help fuel TAG's significant, identified reserve growth upside.

Toby Pierce, TAG Oil's CEO commented, "Despite a difficult end to the year in oil prices, TAG is in a good position financially and operationally to grow moderately in fiscal 2016. TAG will focus on its Cheal operations, production, and reserves going forward, and expects its capital expenditure program to be fully funded primarily out of forecasted cash flow. Further, we'll continue to look at acquisitions that make sense, work at reducing costs where possible, and attempt to farm-out some of our higher risk prospective acreage. Finally, I'd like to thank the team at TAG Oil for their hard work and dedication in 2015 despite all of the challenges; I am excited about the opportunities and growth in front of us for 2016."

FY2015 HIGHLIGHTS

- TAG had \$27.8 million in working capital at March 31, 2015 fiscal year-end, with no debt and 62,361,452 common shares outstanding.
- Annual net production achieved in fiscal year 2015 of 605,000 BOE (77% oil) with average net oil production increasing by 29% for the fiscal year to 1,425 bbl/d compared with 1,107 bbl/d in fiscal year 2014.
- Total revenue decreased by 7% to \$53.7 million compared with \$57.6 million in fiscal year 2014.
- Revenue from oil sales increased 3% to \$47.4 million compared with \$45.8 million due to increased oil production (29%) offset by lower oil pricing (19%). Revenue from gas sales decreased 74% to \$2 million compared with \$7.7 million due to declining Sidewinder gas production. Revenue generated from electricity sales contributed \$4.4 million compared with \$3.9 million due to TAG's 49% ownership of Coronado Resources Ltd.
- Operating Netbacks decreased by 11% to \$52.84 per BOE compared with \$59.63 per BOE in fiscal year 2014. The decrease is mainly due to the 19% decrease in oil pricing.
- The Company recorded asset impairment costs of \$80.9 million as a result of the Company relinquishing exploration permits, impairing assets due to current economic conditions and deferring exploration plans.
- Net loss after tax for the fiscal year 2015 was \$69.8 million compared to a net income of \$7.7



million in fiscal year 2014. Excluding impairment expense, on a comparative basis, this equates to a net income before tax of \$11.1 million for fiscal year 2015 compared to \$8.7 million for fiscal year 2014.

- With an effective date of March 31, 2015, Sproule International Limited, a qualified reserves evaluator in accordance with NI 51-101 and the COGE Handbook, assigned 1p, 2p and 3p reserves of 1,907,000 BOE (90% oil), 5,180,000 BOE (90% oil) and 7,060,000 BOE (90% oil), respectively.

FY2015 YEAR-END RESERVES

The Company's fiscal year 2015 independent reserves assessment by Sproule on its interests within the Cheal and Sidewinder oil and gas producing permits, located at the onshore portion of the Taranaki Basin, New Zealand, dated March 31, 2015, assigned a pre-tax net present value of \$114.7 million (2014: \$196.2 million), using a 10% discount rate to net 2P reserves.

Net 2P reserves estimates within the Taranaki Basin at March 31, 2015, were 5,180,000 BOE compared to fiscal year 2014 2P reserves of 5,898,000 BOE. Taking into account the decline due to production from the 605,000 BOE that the Company produced over the 12-month period, the Company's reserves decreased by 1%.

TAG has a drilling inventory of over 20 infill locations within the defined producing Cheal permit pool boundaries at 160 acre spacing. This leaves TAG with considerable low risk development potential in the existing pool, with the potential for down spacing in the future. There is additional recoverable potential associated with waterflooding and voidage replacement, which TAG has started in the Urenui formation at the Cheal A-Site, and seen a significant production response and increase in recovery factors. TAG has also identified future exploration targets to add new reserves and expand the play area.

		FY2015 ⁽¹⁾	FY2014 ⁽¹⁾	FY2013 ⁽¹⁾
Opening 2P reserves	MBOE	5,898	6,112	6,624
Production	MBOE	(677)	(682)	(641)
2P Reserves net additions	MBOE	(41)	468	129
Closing 2P reserves	MBOE	5,180	5,898	6,112
2P year end valuation (NPV 10% before tax)	mmCDN\$	\$114.70	\$196.22	\$208.93
2P year end valuation (NPV 10% after tax)	mmCDN\$	\$108.71	\$193.04	\$161.40
Future capital expenditure included in 2P valuation	mmCDN\$	\$65.50	\$50.06	\$37.20

Note:

- (1) Estimates of reserves were prepared by Sproule, a qualified reserves evaluator in accordance with NI 51-101 and the COGE Handbook, with effective dates of March 31, 2013, March 31, 2014, and March 31, 2015.



FINANCIAL RESULTS SUMMARY

	For the quarter ended March 31, 2015	For the year ended March 31, 2015	For the year ended March 31, 2014	For the year ended March 31, 2013
Proven & Probable "2P" Reserves (MBOE)	5,180	5,180	5,898	6,112
Oil production (bbl/d)	1,422	1,425	1,107	959
Gas production (MMSCFD)	2,488	2,587	4,566	4,782
Combined BOE/d	1,837	1,856	1,868	1,756
Oil & gas revenue per BOE	\$61.24	\$84.23	\$84.36	\$69.07
Production costs per BOE	(\$22.92)	(\$23.90)	(\$16.25)	(\$13.11)
Royalties per BOE	(\$4.86)	(\$7.49)	(\$8.48)	(\$7.85)
Field netback per BOE	\$33.46	\$52.84	\$59.63	\$48.11
Revenue	\$9,705,121	\$53,737,165	\$57,546,899	\$44,591,201
Cashflow from operating activities	\$5,334,236	\$28,627,532	\$27,770,018	\$34,211,862
Net (loss) income before tax	(\$83,215,739)	(\$75,323,242)	\$14,731,055	\$5,073,359
Net (loss) income after tax	(\$77,655,014)	(\$69,762,517)	\$7,682,708	\$5,073,359
Total comprehensive income	(\$68,399,100)	(\$73,347,216)	\$28,912,667	\$9,596,351
Earnings per share – diluted	(\$1.23)	(\$1.10)	\$0.12	\$0.08
Total assets	\$196,885,634	\$196,885,634	\$278,660,659	\$215,883,701
Asset retirement obligation	\$13,247,781	\$13,247,781	\$11,444,647	\$8,079,690
Deferred tax liability	\$0	\$0	\$5,803,291	\$0
Shareholders equity	\$173,923,735	\$173,923,735	\$249,168,299	\$191,693,597

OIL AND NATURAL GAS PRODUCTION PRICING AND REVENUE

	2015	2015	2014	Twelve months ended	
	Q4	Q3	Q4	2015	2014
Daily production volumes (1)					
Oil (bbl/d)	1,422	1,543	1,072	1,425	1,107
Natural gas (BOE/d)	415	448	414	431	761
Combined (BOE/d)	1,837	1,991	1,486	1,856	1,868
% of oil production	77%	77%	72%	77%	59%
Daily sales volumes ⁽¹⁾					
Oil (bbl/d)	1,415	1,536	1,081	1,420	1,107
Natural gas (BOE/d)	157	208	279	186	632
Combined (BOE/d)	1,572	1,744	1,360	1,606	1,739
Natural gas (MMcf/d)	942	1,248	1,674	1,116	3,792
Product pricing					
Oil (\$/bbl)	63.94	77.29	122.76	91.42	113.43
Natural gas (\$/Mcf)	6.14	3.60	6.34	4.89	5.49
Oil and natural gas revenues ⁽³⁾ - gross (\$000s)	8,660	11,333	12,896	49,377	53,555
Oil & natural gas royalties ⁽²⁾	(687)	(1,070)	(1,277)	(4,393)	(5,782)
Oil and natural gas revenues - net (\$000s)	7,973	10,263	11,619	44,984	47,773



Note

- (1) Natural gas production converted at 6 Mcf:1BOE (for BOE figures).
- (2) Includes a 7.5% royalty related to the acquisition of a 69.5% interest in the Cheal field.
- (3) Other revenue is electricity revenue related to OHL.

FY2016 GUIDANCE

TAG's near-term focus is on low-expenditure, in-field production optimization opportunities that have been identified to increase production. In addition, an extensive geotechnical and engineering review is being completed over the Company's Taranaki development and exploration acreage with a view to initiate further drilling on the Company's operated Cheal and Sidewinder exploration and development acreage later this fiscal year.

TAG's capital budget for fiscal year 2016 is CDN\$23 million that is fully funded by forecasted cash flow and working capital on hand. The capital budget includes CDN\$16 million of discretionary activity that is being continuously reviewed and revised depending on the results of economic analysis and changing economic conditions.

The FY2016 capital budget will focus on the following activities:

- **Optimization of In-Field Opportunities:** The recently commissioned Cheal E to A-Site pipeline has enabled TAG to commercialize gas sales from the Cheal E-Site resulting in increased gas revenues as well as lowering operating costs. Further, planned workover, including the Cheal-A1 and A12 wells and recompletions, will be undertaken in an effort to increase production.
- **Production:** Geotechnical and engineering reviews continue to refine the Company's full field development plan in an attempt to increase returns from existing assets. Key activities include the Cheal North East commitment well planned for 2016 Q3 and capital workovers utilizing different completion technologies.
- **Shallow Miocene Exploration:** TAG is looking at potentially drilling its two Sidewinder (PEP 38348) exploration wells in 2016 Q4 targeting oil-prone prospects in the Miocene-aged, Mt. Messenger formation at approximately ~2000 meters depth. The Sidewinder acreage provides TAG with the opportunity to potentially develop another oil field similar to Cheal and the adjacent 60 million barrel Ngatoro/ Kaimiro oil field.
- **Deep Eocene Exploration (Cardiff):** TAG may pursue exploration drilling to establish production within the deep Kapuni formation in Taranaki. TAG is completing a review of engineering, design and associated planning to potentially recomplete and fracture stimulate a series of other Kapuni group (deep) formations identified within the Cardiff wellbore. The Company is also looking at several other different options to best test the potential of the Eocene.

TAG's premium pricing for its oil (Brent benchmark), combined with low operating costs, allows for high net-backs which often results in higher cash flow from production operations than what can be achieved by North American producers. Further, given the excellent fiscal terms in New Zealand, TAG often generates higher operating margins versus some of its international peers.

TAG is estimating fiscal year 2016 cash flow from operations will be approximately \$22 million, with production averaging approximately 1,900 BOE/d (BOE/d: 77% oil). This guidance is based on TAG's planned shallow development wells and existing production; additional success on the



Company's current and ongoing exploration programs could have a positive impact on this guidance. This guidance also assumes commodity prices of US\$58 per bbl based on Brent pricing and NZ\$4.25 per GJ for natural gas. An exchange rate of CDN\$1.20 to US\$1.00 and CDN\$0.90 to NZ\$1.00 is assumed.

TAG believes that a properly executed development plan, combined with a moderate amount of exploration drilling will allow for an increase in daily production rates, cash flow, reserves and reserve values during fiscal 2016. Maintaining a high working interest and ownership of all facilities and associated pipeline infrastructure in the Taranaki Basin on TAG's operated Cheal, Cardiff and Sidewinder oil and gas fields insures the Company can commercialize further discoveries and developments expeditiously, as well as potentially offer third party processing to other companies in the Basin.

Conference Call Information

TAG Oil will host a discussion of its Q4 fiscal 2015 financial results on Tuesday, June 30, 2015, at 12:00 pm Pacific Time. Please call in ten minutes before the conference call starts and stay on the line (an operator will be available to assist you should you have questions of management during the call). In addition, questions can be forwarded by e-mail in advance to info@tagoil.com.

Interested parties may access the conference call using the information below:

Date June 30, 2015
Time 12:00 PM Pacific Time
Toll-Free Dial-in # 1-888-315-5669
Secondary Dial-in # 1-330-863-3382
Conference Passcode 72496293
E-mail questions to: info@tagoil.com

Replay Dial-in Information

Available From 06/30/2015 03:00 PM PT
Available To 07/07/2015 11:59 PM PT
Toll-Free Dial-in # 1-855-859-2056
Secondary Dial-in # 1-404-537-3406
Conference Passcode 72496293

About TAG Oil Ltd.

TAG Oil Ltd. (<http://www.tagoil.com/>) is a Canadian-based development-stage oil and gas company with extensive operations, including production infrastructure, in the Taranaki region of New Zealand. As one of New Zealand's leading operators, TAG is poised for long-term, reserve-based growth, and is positioned with attractive exploration activities in the lightly explored Taranaki Basin discovery fairway. As a low cost, high netback oil and gas producer, TAG is debt-free and reinvests its cash flow into development and step-out drilling along trend with the Company's existing production.

**For further information:**

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BOEs:

TAG Oil has adopted the standard of six thousand cubic feet of gas to equal one barrel of oil when converting natural gas to "BOEs." BOEs may be misleading, particularly if used in isolation. A BOE conversion ratio of 6Mcf: 1 Bbl is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.

Cautionary Note Regarding Forward-Looking Statements:

Statements contained in this news release that are not historical facts are forward-looking statements that involve various risks and uncertainty affecting the business of TAG. Such statements can be generally, but not always, identified by words such as "expects," "plans," "anticipates," "intends," "estimates," "forecasts," "schedules", "prepares," "potential," and similar expressions, or that events or conditions "will," "would," "may," "could," or "should" occur. All estimates and statements that describe the Company's growth in baseline reserves, future guidance on production and cashflow, expected results of development drilling, resource potential, new production and discoveries and other objectives, goals, production rates, test rates, hydraulic fracture operations, optimization, infrastructure capacity, timing of operations, work-over results, and or future plans with respect to the drilling at TAG's various permits in the Taranaki, Canterbury and East Coast Basins are forward-looking statements under applicable securities laws and necessarily involve risks and uncertainties including, without limitation: risks associated with oil and gas exploration, development, exploitation and production, geological risks, marketing and transportation, availability of adequate funding, volatility of commodity prices, environmental risks, competition from other producers, and changes in the regulatory and taxation environment. Actual results may vary materially from the information provided in this release, and there is no representation by TAG Oil that the actual results realized in the future would be the same in whole or in part as those presented herein.

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