



TSX: TAO  
OTCQX: TAOIF

## **TAG Oil Announces an Increase in FY2017 Independent Reserves Results**

Vancouver, B.C. – June 20, 2017 – TAG Oil Ltd. (the "Company" or "TAG Oil") (TSX: TAO and OTCQX: TAOIF) confirms that ERC Equipoise Ltd. ("ERC"), a qualified reserves evaluator in accordance with National Instrument 51-101 and the Canadian Oil and Gas Evaluation Handbook, has completed its independent reserves assessment on the Company's interests within the Cheal (PMP 38156), Cheal East (PEP 54877) and Sidewinder (PMP 53803) permits, dated and effective March 31, 2017. ERC has assigned a pre-tax net present value of \$82.12 million (FY2016: \$45.92 million), using a 10% discount rate to the Company's net working interest proven plus probable ("2P") reserves.

ERC's 2P reserves estimates at March 31, 2017, were 4,143 Mboe (92% oil) compared to 3,619 Mboe (93% oil) 2P reserves reported by TAG Oil at March 31, 2016. The increase in the Company's reserves of approximately 14% is attributable to the following factors:

- An approximate 27% increase in annual reserves revisions of 962 Mboe, which is primarily due to improved recovery, technical revisions and reclassification from the no reserves assigned ("NRA") category:
  - This is predominately from the inclusion of waterflood volumes, as TAG Oil has commenced injection into the Cheal-B3 wellbore, and has recently converted the Cheal-A2 wellbore to an injector. These waterflood conversions will provide pressure support to the Cheal A and B-Sites, and are expected to increase the overall Cheal field recovery by 5% and 10% respectively for the 2P volumes. Additional behind pipe pay opportunities have also been assigned reserves that were not previously included, which consist of recompletions in the Urenui formation on the Cheal-A11, A7 and B7 wells.
  - The technical revisions for the gross proved volumes increased due to revisions to the production profiles and the inclusion of reserves from the Cheal-E2, E5 and E6 wells as they had previously been classified as NRA due to operational issues. The Cheal-E5 well is back on production, and TAG Oil has development plans to bring the Cheal-E2 and E6 wells back on line in the near term.
  - Due to revisions to the production profiles and geological modelling, the probable volumes decreased for Cheal-A3X, B3, B6 and B8. The infill locations for Cheal-BP, BQ and BR locations have also been reduced as lower recovered volumes have been assigned due to the depletion of the Cheal B-Site.



- The workover and recompletion of the Sidewinder-1 and 2 wells, along with the planned workovers of the Sidewinder-3 and 4 wells, has added proved, probable and possible reserves up from having no reserves or resources assigned the previous fiscal year 2016.
- An approximate 12% decrease due to 438 Mboe produced over the 12-month period in fiscal year 2017.

### Reserves summary by field

Permit	Field	TAG Oil WI	1P		2P		3P	
			Total Mboe	NPV <sub>10</sub> \$ mm	Total Mboe	NPV <sub>10</sub> \$ mm	Total Mboe	NPV <sub>10</sub> \$ mm
		%						
38156	Cheal A, B, C	100%	1,481	\$11.80	3,500	\$76.58	6,684	\$180.30
54877	Cheal E	70%	176	-\$0.13	423	\$2.33	699	\$10.94
53803	Sidewinder	100%	152	\$0.46	221	\$3.22	385	\$8.60
<b>Total*</b>			<b>1,809</b>	<b>\$12.12</b>	<b>4,143</b>	<b>\$82.12</b>	<b>7,767</b>	<b>\$199.84</b>

\* Due to rounding, certain numbers presented in this table may not add up precisely to the totals provided.

### Reconciliation to prior years

		FY2017	FY2016	FY2015
<b>Opening 2P reserves</b>	Mboe	3,619	5,180	5,898
<b>Production</b>	Mboe	(438)	(507)	(677)
<b>2P Reserves net additions</b>	Mboe	962	(1,054)	(41)
<b>Closing 2P reserves</b>	Mboe	4,143	3,619	5,180
<b>2P year end valuation (NPV 10% before tax)</b>	mmCdn\$	\$82.12	\$45.92	\$114.70
<b>2P year end valuation (NPV 10% after tax)</b>	mmCdn\$	\$78.33	\$45.92	\$108.71
<b>Future capital expenditure included in 2P valuation</b>	mmCdn\$	\$49.67	\$54.63	\$65.50



Toby Pierce, CEO commented, “I am very pleased with TAG Oil’s reserve additions in fiscal 2017. Not only did we replace our production, but we also managed to increase reserves through our field activities without drilling a conventional production well. The Company is well placed to grow our asset base over the next year and beyond as we move on to the second of up to five exploration wells following the successful completion and tie-in of the Cheal-E8 conventional oil well. Despite the recent weaker Brent oil prices, TAG Oil continues to maintain a strong balance sheet, positive cash flow and an active work program over the remainder of fiscal 2018.”

### **About TAG Oil**

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

### **For further information:**

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### **Cautionary Note Regarding Forward-Looking Statements and Disclaimer**

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

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

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

Reserves are estimated remaining quantities of oil and natural gas and related substances anticipated to be recoverable from known accumulations, as of a given date, based on analysis of drilling, geological, geophysical and engineering data, the use of established technology, and specified economic conditions, which are generally accepted as being reasonable, and shall be disclosed.

Reserves are classified according to the degree of certainty associated with the estimates. Proved reserves are those reserves that can be estimated with a high degree of certainty to be recoverable. It is likely that the actual remaining quantities recovered will exceed the estimated proved reserves. Probable reserves are those additional reserves that are less certain to be recovered than proved reserves. It is equally likely that the actual remaining quantities recovered will be



greater or less than the sum of the estimated proved plus probable reserves. Possible reserves are those additional reserves that are less certain to be recovered than probable reserves. It is unlikely that the actual remaining quantities recovered will exceed the sum of the estimated proved plus probable plus possible reserves.

The qualitative certainty levels referred to in the definitions above are applicable to "individual reserves entities", which refers to the lowest level at which reserves calculations are performed, and to "reported reserves", which refers to the highest level sum of individual entity estimates for which reserves estimates are presented. Reported reserves should target the following levels of certainty under a specific set of economic conditions:

- at least a 90 percent probability that the quantities actually recovered will equal or exceed the estimated proved reserves;
- at least a 50 percent probability that the quantities actually recovered will equal or exceed the sum of the estimated proved plus probable reserves; and
- at least a 10 percent probability that the quantities actually recovered will equal or exceed the sum of the estimated proved plus probable plus possible reserves.

The reserve estimates contained herein are estimates only and there is no guarantee that the estimated reserves or resources will be recovered. The estimates of reserves for individual properties may not reflect the same confidence level as estimates of reserves for all properties, due to the effects of aggregation.

Where discussed herein "NPV 10%" represents the net present value (net of capital expenditures) of net income discounted at 10%, with net income reflecting the indicated oil, liquids and natural gas prices and initial production rate, less internal estimates of operating costs and royalties. It should not be assumed that the future net revenues estimated by TAG Oil's independent reserve evaluators represent the fair market value of the reserves, nor should it be assumed that TAG Oil's internally estimated value of its undeveloped land holdings or any estimates referred to herein from third parties represent the fair market value of the lands.