



**TSX: TAO**

**OTCQX: TAOIF**

## **TAG Oil Reports FY2017 Results**

Vancouver, B.C. – June 29, 2017 – TAG Oil Ltd. (the "Company" or "TAG Oil") (TSX: TAO and OTCQX: TAOIF) is pleased to report the annual and fourth quarter results for the fiscal year ending March 31, 2017. Specifically, the Company successfully increased its total gross proven plus probable ("2P") reserves for FY2017, while also increasing its oil and gas production, revenue from sales and operating netbacks during the quarter.

TAG Oil continues to remain well organized and focused on its core producing operations, which have demonstrated substantial upside potential for near-term production and reserve building, and has preserved capital and reduced production and administrative costs wherever possible. The Company has also been growing its production and reserves base through exploration drilling in the Taranaki Basin, and continues to be active with having recently drilled the successful Cheal-E8 well and will be spudding the Cheal-D1 well in July 2017. TAG Oil has also managed to complete additional strategic acquisitions during FY2017, and continues to assess other acquisition and farm-in opportunities in New Zealand and Australia.

Toby Pierce, TAG Oil's CEO, commented "TAG has weathered another year of the low oil price environment by focusing on our core Taranaki producing assets and making opportunistic acquisitions of distressed assets to position the Company for when prices improve. Through the first half of our fiscal year, TAG successfully completed several recompletions to stabilize our production rates and implemented a waterflood program at our main Cheal permit. Following the oversubscribed capital raise in March, we have returned to drilling our exploration targets and have an active program planned for the remainder of the fiscal year with up to four more additional wells planned. With the continued volatility in commodity prices, we are diligently watching oil prices and will adjust our capital program accordingly."

### **FY2017 FINANCIAL AND OPERATING HIGHLIGHTS**

- At March 31, 2017, the Company had \$21.6 million (March 31, 2016: \$16.8 million) in cash and cash equivalents and \$25.9 million (March 31, 2016: \$22.1 million) in working capital and no debt.
- Total 2P reserves at March 31, 2017 reflecting the Company's 100% interest in PMP 38156 (Cheal), 70% interest in PEP 54877 (Cheal East) and 100% interest in PMP 53803 (Sidewinder), are estimated at 4.1 MMboe (92% oil) compared with 3.6 MMboe (93% oil) at March 31, 2016, which is an approximately 14% increase that takes into account:
  - An annual reserves revision of 946 Mboe (accounting for an approximate 26% increase in reserves).
  - Production of the 421 Mboe that the Company produced over FY2017 (accounting for an approximate 12% decrease in reserves).
- Average net daily production decreased by 13% to 1,200 boe/d compared with 1,386 boe/d in FY2016.
- Revenue decreased by 6% to \$23.3 million compared with \$24.8 million in FY2016.
- Operating netback increased by 10% for FY2017 to \$24.88 per boe compared with \$22.61 per boe for FY2016.



- The Company acquired the following permits:
  - 70% interest in the 20,923 acre onshore PEP 51153 (Puka) in June 2016.
  - 100% interest in the 25,700 acre onshore PL17 (Surat Basin) in January 2017.
- The Company relinquished the following permits:
  - 40% interest in the 21,623 acre offshore PEP 52181 (Kaheru) in April 2016.
  - 100% interest in the 4,275 acre onshore PEP 38748 (Sidewinder B) in June 2016.
  - 100% interest in the 634,047 acre onshore PEP 38349 (Boar Hill) in November 2016.
  - 100% interest in the 22,054 acre onshore PEP 57063 (Wai-iti) in April 2017.
- The Company has submitted the following permit to be relinquished which is pending approval:
  - 50% interest in the 1,102 acre onshore PEP 54879 (Cheal South) in March 2017.
- Capital expenditures totalled \$15.6 million compared to \$11.8 million for FY2016. The majority of the expenditure related to the following:
  - Taranaki development drilling and waterflood, workovers and facility improvements (\$7.4 million).
  - Taranaki exploration activities (\$5.4 million).
  - Australian PL17 acquisition and seismic planning (\$2.6 million).
  - Other Assets (\$0.2 million).

#### **Q4 2017 FINANCIAL AND OPERATING HIGHLIGHTS**

- Average net daily production increased by 3% for the quarter ended March 31, 2017, to 1,218 boe/d (79% oil) from 1,185 boe/d (80% oil) for the quarter ended December 31, 2016.
- Revenue from oil and gas sales increased by 4% for the quarter ended March 31, 2017, to \$6.3 million from \$6.0 million for the quarter ended December 31, 2016.
- Operating netbacks increased by 15% for the quarter ended March 31, 2017, to \$27.46 per boe compared with \$23.86 per boe for the quarter ended December 31, 2016.
- Capital expenditures totalled \$8.1 million for the quarter ended March 31, 2017, compared to \$1.5 million for the quarter ended December 31, 2016.
- On March 20, 2017, the Company announced that it had closed a short form prospectus offering for aggregate gross proceeds of \$14,995,500.

#### **FY2018 OUTLOOK AND GUIDANCE**

TAG Oil's capital budget for FY2018 is \$27.4 million, which is projected to be funded entirely by forecasted cash flow and working capital on hand. A further \$8.4 million of incremental capital expenditures are contingent mainly on the results of the activities outlined below, the status of locating suitable joint venture or farm-in partners and notable improvements in oil prices. Farm-out discussions are ongoing and more information will be provided as it becomes available in due course. TAG Oil intends to diligently manage its balance sheet by preserving capital and reducing costs where necessary.

As TAG Oil enters the next phase of its reserve and production growth, the FY2018 capital budget of \$27.4 million will re-introduce an exploration focused capital program for the Company and continue with other necessary activities that are core to its business. These opportunities have been identified through an extensive ongoing geological and engineering review of the Company's development and exploration acreage, and namely include the following:



- Drilling of one further exploration well at PEP 54877 (Cheal East);
- Drilling of one exploration well at PEP 51135 (Puka);
- Drilling of up to two exploration wells at PEP 55769 (Sidewinder East);
- Commencement of the Cheal A-Site waterflood program;
- Continued appraisal of the Cardiff field; and
- Meeting various permit obligations, including the acquisition and reprocessing of seismic data on PEP 57065 (Sidewinder North) and PL17 (Surat Basin), which will allow TAG Oil to properly select exploration drilling opportunities.

TAG Oil is estimating that FY2018 revenue from operations will be \$28 million, with production averaging approximately 1,400 boe/d (75% oil). The Company expects to exit FY2018 with production of approximately 1,900 boe/d. This guidance is based on TAG Oil's optimization of in-field opportunities and existing production, and assumes a Brent oil price for the year of US\$55 per bbl. An increase in oil prices or success from any of the five planned exploration wells to be drilled in the next 12 months would have a positive impact on this guidance. Should oil prices remain significantly below US\$55 per bbl for any length of time, TAG Oil may reduce its capital program and/or activities to protect its balance sheet.

#### **FY2017 Conference Call**

TAG Oil will host a discussion of its Q4 fiscal 2017 financial results on Thursday, July 6, 2017, at 1:00 pm Pacific Daylight 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](mailto:info@tagoil.com).

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

<b>Date</b>	July 6, 2017
<b>Time</b>	1:00 PM Pacific Daylight Time
<b>Toll-Free Dial-in #</b>	1 844 513 7160
<b>Secondary Dial-in #</b>	1 508 637 5604
<b>Conference Passcode</b>	28002465
<b>E-mail questions to</b>	<a href="mailto:info@tagoil.com">info@tagoil.com</a>

**Replay will be available on TAG Oil's blog following the conference call at**

**<http://www.tagoil.com/media-center/tag-oil-blog/>**

#### **About TAG Oil Ltd.**

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.