



**TSX: TAO**

**OTCQX: TAOIF**

## **TAG Oil Provides Operational Update**

Vancouver, B.C. - October 19, 2017 - TAG Oil Ltd. ("TAG") (TSX: TAO and OTCQX: TAOIF) announces the following update on its operations in New Zealand and Australia.

### **New Zealand**

Net production to TAG in New Zealand averaged approximately 1,110 boe/d over September, which is down slightly from the 1,169 boe/d (79% oil) average over the three months ended June 30, 2017. The decline is the result of several factors, but is primarily due to the Cheal-A12 well being shut-in due to a pump failure and the waterflood response taking longer than expected to begin increasing production. Recent workover activity over the past week has restored approximately 140 boe/d and TAG expects to exit fiscal 2018 at March 31, 2018 with production of ~1,300 boe/d.

The decline in production has been partially offset by the recent rise in the price of Brent crude. Over September, the average price received by TAG was approximately US\$58/bbl after taking in to account the quality differential that TAG receives for its oil.

TAG's waterflood program is continuing, with water injection rates of ~2,000 bw/d at the Cheal permit (PMP 38156, 100% TAG) and ~900 bw/d at the Cheal East permit (PEP 54877, 70% TAG). There are very early indications of a pressure response and lower than forecast decline rates at the main Cheal permit field; however, based on additional modelling work and more accurate pressure data, current expectations are that a more definitive uplift of production and recovery factors will likely be seen by mid-2018.

On the exploration front, preparations are underway for the drilling of the Pukatea-1 exploration well (PEP 51135, 70% TAG). The well is tentatively scheduled to spud on January 31, 2018, which will be targeting the Tikorangi Limestone formation in a location up-dip and above the lowest known oil produced from the adjacent Waihapa field.

### **Australia**

In Australia, production from the Bennett field is over 20 bbl/d of light, sweet crude following improvements to the surface facilities at PL-17 and a pump change on the Bennett-4 well. Further, TAG is encouraged by the continued steady production from the field despite it having been on production for approximately 50 years. The current mapping (ahead of the interpreted 3D seismic data) indicates the potential for further upside.

The 70 km<sup>2</sup> of 3D seismic recently acquired over PL-17 is now undergoing processing, which will be followed by interpretation to identify drilling targets. This is the first modern 3D seismic acquired over most of the core of the PL-17 acreage, and TAG is looking forward to obtaining an enhanced subsurface understanding of the Bennett and Leichardt fields. Future drilling on PL-17 will likely take place in late calendar 2018 or 2019; in the meantime, TAG will continue its work on enhancing production from the existing wells on the block.

Toby Pierce, TAG's CEO commented, "While there are scenarios where we actually achieve our



original guidance, we want to preserve our spending flexibility as prices recover and feel it's prudent to amend guidance. We will look to batch our workover and uplift opportunities later in the fiscal year to capture better weather and cost savings from a bigger sustained program. We continue to work on improving flow out of Cardiff, work on potential farm-out opportunities and prepare for the next exploration upcycle. Further, I am excited about our upcoming Pukatea exploration well, which could have a material change on TAG's production levels if successful. Finally, as Brent oil prices continue to strengthen, we are in excellent shape to expand both our Australian and New Zealand asset bases."

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

TAG (<http://www.tagoil.com/>) is an international oil and gas explorer with established high netback production, development and exploration assets, including production infrastructure in New Zealand and Australia. TAG 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 is debt-free and currently has 85,282,252 shares outstanding.

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

Statements contained in this news release that are not historical facts are forward-looking statements that involve various risks and uncertainty affecting the business of TAG. Such statements can generally, but not always, be identified by words such as "expects", "plans", "anticipates", "intends", "estimates", "forecasts", "schedules", "prepares", "potential" and similar expressions, or that events or conditions "will", "would", "may", "could" or "should" occur. All estimates and statements that describe TAG's plans relating to operations, including the Cheal permit, Cheal East permit and PL-17 are forward-looking statements under applicable securities laws and necessarily involve risks and uncertainties. Actual results may vary materially from the information provided in this release, and there is no representation by TAG that the actual results realized in the future will be the same in whole or in part as those presented herein.

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