ANNUAL INFORMATION FORM

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2018

Dated June 29, 2018

TABLE OF CONTENTS

1. GENERAL 1
   - 1.1 Forward Looking Statements 1
   - 1.2 Effective Date of Information 5
   - 1.3 Accounting Principles 5
   - 1.4 Currency and Measurement 5

2. CORPORATE STRUCTURE 6
   - 2.1 Name, Address and Incorporation 6
   - 2.2 Intercorporate Relationships 6

3. GENERAL DEVELOPMENT OF THE BUSINESS 7
   - 3.1 Three Year History 7

4. DESCRIPTION OF THE BUSINESS 14
   - 4.1 General 14
   - 4.2 Summary 14
   - 4.3 Production and Services 15
   - 4.4 Specialized Skill and Knowledge 16
   - 4.5 Competitive Conditions 16
   - 4.6 Components 16
   - 4.7 Intangible Properties 16
   - 4.8 Cycles 17
   - 4.9 Economic Dependence 17
   - 4.10 Changes to Contracts 17
   - 4.11 Environmental Protection 17
   - 4.12 Employees 18
   - 4.13 Foreign Operations 19
   - 4.14 Risk Factors 19
   - 4.15 Oil and Gas Activities 34

5. DIVIDENDS 37

6. DESCRIPTION OF CAPITAL STRUCTURE 37
   - 6.1 General Description of Capital Structure 37

7. MARKET FOR SECURITIES 38
   - 7.1 Trading Price and Volume 38
   - 7.2 Prior Sales 39
   - 7.3 Escrowed Securities 40

8. DIRECTORS AND OFFICERS 40
   - 8.1 Name, Occupation and Security Holding 40
   - 8.2 Cease Trade Orders, Bankruptcies, Penalties or Sanctions 42
   - 8.3 Conflicts of Interest 43

9. LEGAL PROCEEDINGS AND REGULATORY ACTIONS 44

10. INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS 44

11. REGISTRAR AND TRANSFER AGENT 44

12. MATERIAL CONTRACTS 44

13. PROMOTERS 44

14. INTERESTS OF EXPERTS 44

15. ADDITIONAL INFORMATION 45
15.1 Audit Committee 45
15.2 Additional Information 47

APPENDIX “A” – AUDIT COMMITTEE CHARTER 48

1. GENERAL

1.1 Forward Looking Statements

Certain statements in this Annual Information Form ("**AIF**") constitute forward-looking statements and forward-looking information as such terms are defined under applicable Canadian securities legislation (collectively, "forward-looking statements"). These forward-looking statements are not guarantees of TAG Oil Ltd.'s ("**TAG Oil**" or the "**Corporation**") future operational or financial performance and are subject to risks and uncertainties. When used in this AIF, the words "may", "will", "should", "could", "would", "expect", "plan", "intend", "anticipate", "believe", "estimate", "predict", "propose", "objective", "capable", "potential" or "continue" and similar expressions, and statements related to matters that are not historical facts are intended to identify forward-looking statements. These statements involve known and unknown risks, uncertainties, assumptions and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. No assurance can be given that these assumptions and expectations will prove to be correct. Readers are cautioned not to place undue reliance on these statements, which speak only as of the date of this AIF. Forward-looking statements contained in or incorporated by reference in this AIF include, but are not limited to, statements with respect to:

- the performance characteristics of TAG Oil's major oil and gas property located in TAG Oil's 100% owned PMP 38156 (Cheal) (the "**Cheal Permit**") and 70% owned PMP 60291 (Cheal East) (the "**Cheal East Permit**") (collectively, the "**Cheal Oil and Gas Field**");

- the expected drilling and optimization operations, and the results thereof, of TAG Oil's properties in the Taranaki Basin of New Zealand and Surat Basin of Australia;

- TAG Oil's oil and natural gas production estimates and targets, including those at the Cheal Oil and Gas Field and TAG Oil's 100% owned PMP 53803 (Sidewinder) (the "**Sidewinder Permit**"), including, without limitation, statements regarding boe/d production capabilities;

- TAG Oil's capital expenditure programs and the Corporation's estimates relating to timing, cost and cash flow generation associated with these programs;

- projections of market prices and costs;

- the supply and demand for oil and natural gas;

- TAG Oil's expectations regarding its ability to raise capital and to continually add to reserves through acquisitions and development;

- TAG Oil's treatment under governmental regulatory regimes and tax laws;

- the potential expansion of production at the Cheal Oil and Gas Field and the Sidewinder Permit;

- the potential to acquire new property in New Zealand and Australia;

- expectations regarding the Corporation's permits, including expectations in respect of the grant and relinquishment of permits and the expiry date of permits;

- the Corporation's growth strategy, targets for future growth and projections of the results of such growth, including expectations regarding reserve and production growth;

- expectations with respect to future opportunities, including in respect of the Corporation's financial position, future funds and other financial results; and

- TAG Oil's expectations regarding future aggregate operating, transportation, general, administrative and other expenses.

There are numerous uncertainties inherent in estimating quantities of oil and natural gas and the future cash flows attributed to such reserves and resources. For this reason, in addition, please note that all statements relating to "reserves" or "resources" are deemed to be forward-looking statements as they involve the implied assessment, based on certain estimates and assumptions that the reserves and resources described can be profitably produced in the future, as are more particularly set out in TAG Oil's annual oil and gas filings under National Instrument 51-101 – *Standards of Disclosure for Oil and Gas Activities* ("**NI 51-101**").

All forward-looking statements in this AIF are based on management's reasonable beliefs, intentions, and expectations with respect to future events as of the date of this AIF and are subject to certain risks, uncertainties, and assumptions. The principal material assumptions underlying TAG Oil's forward-looking statements are:

- assumptions relating to future oil, NGLs and natural gas prices, including all adjustments for the quality of the Corporation's production at point of sale;

- that TAG Oil will be able to continue to develop the Cheal Oil and Gas Field and the Sidewinder Permit and achieve exploration and development success in the Taranaki Basin;

- assumptions relating to the success of the Corporation's growth strategy, including its ability to acquire material assets, develop such assets to production, and retain and attract key employees;

- that no adverse changes will be made to the regulatory framework governing royalties, taxes, the environment and all other applicable matters in the jurisdictions in which the Corporation conducts its business and any other jurisdictions in which the Corporation may conduct its business in the future;

- the applicability of technologies for the recovery, production and use of the Corporation's reserves and resources;

- that currency exchange rates between the United States, Canada, Australia and New Zealand remain stable;

- that TAG Oil will maintain its permits in good standing and be granted additional permit terms as necessary;

- that TAG Oil will be able to secure adequate funding in the future on acceptable terms;

- that oil and gas prices do not decline materially; and

- that TAG Oil will continue to maintain its oil sales contract with OMV New Zealand Limited ("**OMV**"), or another party.

Actual results could differ materially from those anticipated in forward-looking statements as a result of the risk factors set forth below and included elsewhere herein under "Risk Factors". These factors include, but are not limited to:

- volatility in market prices for oil and natural gas;
- the Corporation's ability to locate commercial quantities of hydrocarbons and risks related to depletion;
- geological and geographic risks;
- the Corporation's ability to obtain required capital or financing on satisfactory terms or at all;
- TAG Oil's history of losses;
- risks related to the loss of one or more of TAG Oil's limited customers;
- general economic, business or industry conditions;
- variance of the Corporation's actual capital costs, operating costs and economic returns from its estimates;
- negative public perception of oil and natural gas development and transportation, hydraulic fracturing and fossil fuels;
- the availability of rigs, equipment, raw materials, supplies or qualified personnel;
- uncertainty associated with estimates of oil, NGLs and natural gas reserves and resources and the variance of such estimates from actual future production;
- the high-risk nature of successfully stimulating well productivity, drilling for and producing oil, NGLs and natural gas;
- operating hazards and uninsured risks;
- risks related to the success of TAG Oil's business plan;
- risks related to the development of alternatives to and changing demand for petroleum products;
- risks related to the market price of TAG Oil's common shares and volatility;
- the development of carbon emissions regimes and climate change legislation;
- risks related to government regulations, particularly with respect to hydraulic fracking;
- risks related to environmental, health and safety regulations;
- the concentration of the Corporation's assets in and around New Zealand and Australia;
- risks related to unforeseen title defects or work program interruptions;

- risks related to the failure to accurately estimate abandonment and reclamation costs;
- risks related to a deterioration in relationships with strategic and joint venture partners;
- variations in foreign exchange and interest rates;
- uncertainty associated with reserve figures;
- risks related to extensive competition;
- risks related to operating in a foreign or international jurisdiction;
- being subject to legal proceedings that arise in the ordinary course of business;
- exposure to third-party credit risks;
- risks related to the enforcement of liabilities by U.S. shareholders;
- TAG Oil's limited intellectual property protection for its operating practices and the Corporation's dependence on employees and contractors;
- risks related to the absence or loss of key employees;
- risks related to conflicts of interest affecting any of TAG Oil's directors and officers;
- that the forward-looking statements set out herein may prove to be inaccurate;
- that TAG Oil has no intention to pay dividends; and
- risks related to decommissioning costs.

Actual operational and financial results may differ materially from TAG Oil's expectations contained in the forward-looking statements as a result of various factors, many of which are beyond the control of TAG Oil. In light of the many risks and uncertainties that may cause future results to differ materially from those expected, TAG Oil cannot give assurance that the forward-looking statements contained in this AIF and the documents incorporated by reference will be realized. Forward-looking statements are not guarantees of future performance. Except as required by applicable law, TAG Oil does not assume any obligation to publicly update these statements, nor disclose any difference between TAG Oil's actual results and those reflected in these statements.

Readers are cautioned that the foregoing lists of factors are not exhaustive. The forward-looking statements contained in this AIF, and the documents incorporated by reference herein, are expressly qualified by this cautionary statement.

In the event that any of these assumptions prove to be incorrect, or in the event that TAG Oil is impacted by any of the risks identified above, TAG Oil may not be able to continue its business as planned.

1.2 Effective Date of Information

The information contained herein is as of March 31, 2018, unless otherwise stated.

1.3 Accounting Principles

All financial information in this AIF is prepared in accordance with International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board.

1.4 Currency and Measurement

All currency amounts in this AIF are stated in Canadian dollars unless otherwise indicated.

Abbreviations

Crude Oil and Natural Gas Liquids		Natural Gas	
bbl	Barrel or barrels	Mcf	Thousand cubic feet
bbl/d	Barrels per day	MMcf	Million cubic feet
Mbbl	Thousand barrels	Mcf/d	Thousand cubic feet per day
MMbbl	Million barrels	MMcf/d	Million cubic feet per day
boe	Barrel or barrels of oil equivalent of natural gas and crude oil, unless otherwise indicated	Bcf	Billion cubic feet
boe/d	Barrel or barrels of oil equivalent per day		
MMboe	Million barrels of oil equivalent		
NGL	Natural gas liquids		

Conversion

The following table sets forth certain standard conversions from Standard Imperial units to the International System of Units (or metric units).

To Convert from	To	Multiply by
Mcf	Thousand cubic meters	0.0282
Thousand cubic meters	Mcf	35.494
bbl	Cubic meters	0.159
Cubic meters	bbl	6.290
Feet	Meters	0.305
Meters	Feet	3.281
Miles	Kilometers	1.609
Kilometers	Miles	0.621
Acres	Hectares	0.405
Hectares	Acres	2.471

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: 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.

Readers are further cautioned that disclosure provided herein in respect of well flow test results may be misleading, as the test results are not necessarily indicative of long term performance or of ultimate recovery.

2. CORPORATE STRUCTURE

2.1 Name, Address and Incorporation

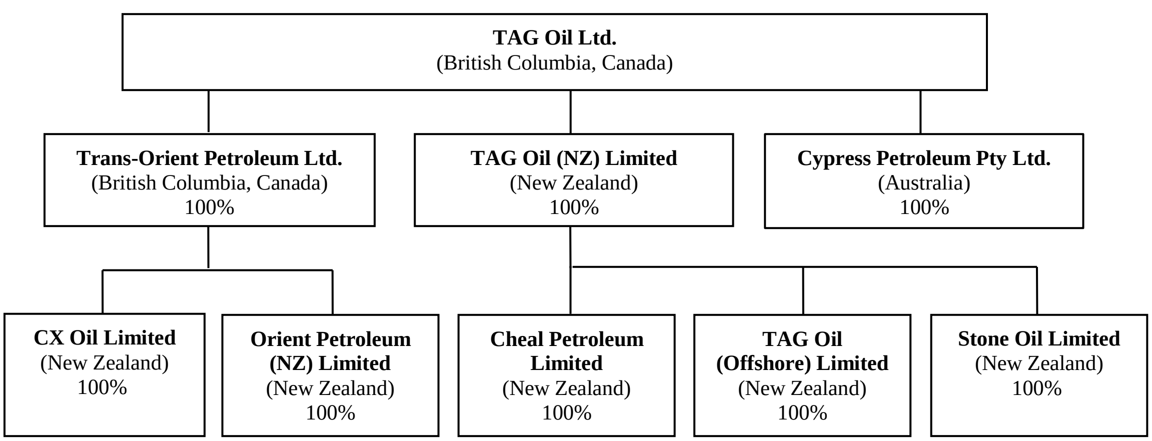
The Corporation's full name is "TAG Oil Ltd." and the Corporation's registered and records office is located at Suite 2600, Three Bentall Centre, 595 Burrard Street, Vancouver, British Columbia, V7X 1L3, and its head office is located at Suite 2040, 885 W. Georgia Street, Vancouver, British Columbia, V6C 3E8.

TAG Oil was incorporated under the laws of British Columbia on December 12, 1990 under the name "398052 B.C. Ltd." Its name was subsequently changed to "Aldus Energy (Canada) Corp." on January 28, 1991, to "Aldus Energy Corp." on April 4, 1991, to "Durum Energy Corp." on July 18, 1991, to "Durum Cons. Energy Corp." on October 27, 1998, and to its current name "TAG Oil Ltd." on June 12, 2002. On October 29, 1997, the Corporation was continued in to the Yukon Territory. On October 12, 2006, TAG Oil was re-domiciled from a company existing under the Business Corporations Act (Yukon) back to British Columbia by way of continuance under the Business Corporations Act (British Columbia) (the "**B.C. Act**").

2.2 Intercorporate Relationships

As at the date of this AIF, TAG Oil's directly owned subsidiaries are: TAG Oil (NZ) Limited, incorporated under the laws of New Zealand, Trans-Orient Petroleum Ltd., amalgamated under the laws of British Columbia, and Cypress Petroleum Pty Ltd., incorporated under the laws of Australia. TAG Oil's indirectly owned subsidiaries are: Cheal Petroleum Limited ("**Cheal Petroleum**"), incorporated under the laws of New Zealand, TAG Oil (Offshore) Limited, incorporated under the laws of New Zealand, CX Oil Limited, incorporated under the laws of New Zealand, Orient Petroleum (NZ) Limited, incorporated under the laws of New Zealand, and Stone Oil Limited, incorporated under the laws of New Zealand.

The following chart shows the corporate relationships between TAG Oil and its subsidiaries as at the date of this AIF:



3. GENERAL DEVELOPMENT OF THE BUSINESS

3.1 <u>Three Year History</u>

The following is a summary of the key events in the development of TAG Oil's business over the last three completed fiscal years and to the date of this AIF. For further detail of TAG Oil's oil and gas reserves and resources for the 2018 fiscal year and as at the date of this AIF, please refer to the heading "Oil and Gas Activities" and TAG Oil's Form 51-101F1 *Statement of Reserves Data and Other Oil and Gas Information* as at March 31, 2018, the report of ERC Equipoise Ltd. ("**ERCE**") effective as of March 31, 2018, as disclosed on TAG Oil's Form 51-101F2 *Report on Reserves Data by Independent Qualified Reserves Evaluator or Auditor* and TAG Oil's Form 51-101F3 *Report of Management and Directors on Oil and Gas Disclosure*, which have each been filed under TAG Oil's profile on SEDAR at www.sedar.com and are incorporated by reference into this AIF. Readers are further cautioned that references herein to well flow test results may be misleading as test results are not necessarily indicative of long term performance or of ultimate recovery.

Acquisitions and Dispositions

TAG Oil acquired the following permits:

- On June 6, 2016, a permit for a 70% interest in the 20,923 acre PEP 51153 (Puka) (the "**Puka Permit**") located onshore in the Taranaki Basin of New Zealand.

- On January 31, 2017, a permit for the 100% interest in the 25,700 acre Petroleum License 17 (the "**PL17 Permit**") located onshore in the Surat Basin of Australia.

TAG Oil relinquished the following permits:

- On March 20, 2015, the permit for the 100% interest in the 595,524 acre PEP 53674 (Wairarapa) located onshore in the East Coast Basin of New Zealand.

- On May 18, 2015, the permit for the 100% interest in the 106,157 acre PEP 55770 (Totangi) located onshore in the East Coast Basin of New Zealand.

- On October 28, 2015, the permit for the 100% interest in the 198,420 acre PEP 38348 (Waitangi Hill) located onshore in the East Coast Basin of New Zealand.

- On June 24, 2015, the permit for the 100% interest in the 26,327 acre PEP 54873 (Heatseeker) located onshore in the Taranaki Basin of New Zealand.

- On June 24, 2015, the permit for a 50% interest in the 3,914 acre PEP 54876 (Southern Cross) located onshore in the Taranaki Basin of New Zealand.

- On November 4, 2015, the permit for the 100% interest in the 1,165,348 acre PEP 52589 (Canterbury) located onshore and offshore in the Canterbury Basin of New Zealand.

- On April 6, 2016, the permit for a 40% interest in the 54,057 acre PEP 52181 (Kaheru) located offshore in the Taranaki Basin of New Zealand.

- On June 2, 2016, the permit for the 100% interest in the 4,275 acre PEP 38748 (Sidewinder B) located onshore in the Taranaki Basin of New Zealand.

- On November 7, 2016, the permit for the 100% interest in the 634,047 acre PEP 38349 (Boar Hill) located onshore in the East Coast Basin of New Zealand.

- On April 21, 2017, the permit for the 100% interest in the 22,054 acre PEP 57063 (Wai-iti) located onshore in the Taranaki Basin of New Zealand.

- On August 4, 2017, the permit for a 50% interest in the 1,102 acre PEP 54879 (Cheal South) (the "**Cheal South Permit**") located onshore in the Taranaki Basin of New Zealand.

- On February 28, 2018, the permit for the 100% interest in the 2,915 acre PEP 55769 (Sidewinder East) located onshore in the Taranaki Basin of New Zealand.

On May 25, 2017, TAG Oil completed the distribution of approximately 2,785,029 common shares of Coronado Resources Ltd. ("**Coronado**") (the "**Coronado Shares**") to its shareholders of record (the "**Coronado Dividend**") at the close of business on May 9, 2017 (the "**Record Date**"), and Coronado ceased to be a controlled subsidiary of the Corporation as a result. TAG Oil's shareholders received approximately 0.0326 of a Coronado Share for each common share of the Corporation held as of the Record Date. Following completion of the Coronado Dividend, TAG Oil holds 0.0000021% of all issued and outstanding Coronado Shares.

On September 15, 2017, New Zealand Petroleum and Minerals ("**NZP&M**") approved the petroleum mining permit application for the Company's 70% working interest of the Cheal East Permit, which has been carved out of the existing exploration permit (PEP 54877). The duration of part of the remaining PEP 54877 acreage has been extended for an additional five-year term, commencing December 11, 2017.

On May 4, 2018, TAG Oil submitted an application to NZP&M to convert a portion of the Company's 100% working interest in the 14,725 acre PEP 57065 (Waitoriki) (the "**Waitoriki Permit**") located onshore in the Taranaki Basin of New Zealand from a petroleum exploration permit to a petroleum mining permit.

Exploration, Production and Infrastructure

On May 16, 2015, TAG Oil completed the pipeline construction connecting the production facility located at the Cheal East Permit (the "**Cheal E-Site Production Facility**") to the Cheal Permit production facility (the "**Cheal Production Facility**"). The pipeline allows TAG Oil to significantly reduce operating costs while generating additional revenues by selling previously flared gas, and gives TAG Oil the ability to quickly monetize future oil and gas wells drilled in the Cheal East Permit.

On September 14, 2015, NZP&M granted a change of condition application to allow TAG Oil to substitute the acquisition of 100km of 2D seismic data survey for a series of technical studies on PEP 55769 (Sidewinder East).

On November 5, 2015, an application was granted by NZP&M to defer two planned exploration wells to allow for the acquisition of 3D seismic data across the majority of the Cheal South Permit. The acquisition of the seismic data occurred in the first quarter of fiscal 2017.

On June 15, 2016, NZP&M accepted TAG Oil's application to extend the duration of the Cheal Permit for a period of eleven years. As a result of the extension, the Cheal Permit will now expire on July 25, 2027.

During the second quarter of fiscal 2017, a low-cost recompletion to an existing wellbore at the Sidewinder Permit demonstrated the potential of a previously unproduced oil leg following testing. Since August 18, 2016, when equipment was installed allowing for 24-hour oil production, the Sidewinder-1 well has been on stabilized flow at an average of approximately 180 bbl/d. Following the success of the recompletion and perforation of the existing Sidewinder-1 wellbore, a further workover on the Sidewinder-2 well was completed in the fourth quarter of fiscal 2017, with the initial response of an additional 70 boe/d of production.

TAG Oil's enhanced recovery waterflood project commenced on September 21, 2016, at the Cheal B-Site Mt. Messenger pool, which was identified as the first phase of a larger waterflood project within the Cheal Oil and Gas Field. The Cheal-B3 well was successfully completed as a down dip injection well to provide pressure support to the main Cheal B-Site Mt. Messenger pool. During the fourth quarter of fiscal 2017, execution of the second phase of the enhanced recovery waterflood project at the Cheal East Permit commenced by converting the Cheal-E7 well into a water injection well. Pressure readings in the Cheal-E1 and E6 wells confirm effectiveness from the waterflood at the pool. The Cheal A-Site Mt. Messenger pool waterflood project, TAG Oil's third in New Zealand, commenced in July 2017 with water injection via the Cheal-A2ST1 well.

On June 6, 2016, TAG Oil announced that it had acquired a 70% working interest and operatorship of the Puka Permit, which is located to the east of the Cheal Permit. Three wells have been drilled since the Puka Permit was discovered in 2012, with the Puka-1 and Puka-2 wells producing 100 bbl/d from the Mt. Messenger formation before being shut-in due to low oil prices and down hole mechanical issues. TAG Oil's joint venture partner, Melbana Energy Ltd., holds a 30% interest in the Puka Permit.

On November 8, 2016, TAG Oil announced that it had tested the Supplejack-1 well located at the Waitoriki Permit at rates of up to 7.2 MMcf/d from the Mt. Messenger formation before being limited by mechanical constraints. Initial estimates by TAG Oil following subsequent testing operations and analysis indicate that the Supplejack-1 well is an economic discovery. This acreage is strategic to TAG Oil, offsetting the Sidewinder Permit, while also being highly complementary to its existing producing operations, production infrastructure and pipeline network. Also, this acreage has existing 2D and 3D seismic coverage, which expands the scope and potential size of TAG Oil's successful Mt. Messenger formation drilling program, as well as providing potential for additional deep, high-impact leads that can be analysed over coming years.

On December 6, 2016, TAG Oil announced successful initial flow testing at the Cardiff prospect located within the Cheal Permit (the "**Cardiff Prospect**"). The Cardiff-3 well successfully conducted an interim flow test with gas and condensate produced to surface. Further long-term testing in order to support commercialization of production from the Cardiff Prospect via tie back to the TAG Oil's nearby Cheal Production Facility will progress in fiscal year 2018. During the testing period, the Cardiff-3 well maintained pressure, flowing water, condensate, oil and a moderate level of gas. Clean up and testing operations are continuing on the Cardiff-3 well, which continues to flow intermittently at rates of up to 200 boe/d. TAG Oil is planning several upcoming interventions to improve and stabilize flow rates out of the Cardiff-3 well. The well is currently shut-in with approximately 4,900 psi of pressure on the wellhead. Perforations at the Cardiff-2 well were completed in June 2017 using precision propellant. As of September 2017, the Cardiff-2 well has been flowing small amounts of gas and water back to the Cheal Production Facility, with intermittent shut-in periods due to operational necessities at the Cheal Production Facility.

On January 31, 2017, TAG Oil closed the purchase of a 100% interest in the PL17 Permit located in the Surat Basin of Australia in exchange for AUD$2.5 million over three years. The Bennett and Leichhardt fields are both undeveloped oil fields located within the PL17 Permit that have produced light oil intermittingly from the Hutton Sand and Precipice formations (~2,000m) since being discovered in the

1960s, with current production from the Bennett Field of approximately 11 bbl/d of oil. TAG Oil's processing and interpretation of the first modern 3D seismic recently acquired over of the core of the PL17 Permit acreage is nearing completion, which will provide an enhanced subsurface understanding of the Bennett and Leichardt fields and allow various drilling targets to be identified, with future drilling likely occurring in late calendar 2018 or 2019.

On March 22, 2017, TAG Oil announced that drilling operations had been completed at the Supplejack-A2X exploration commitment well located at the Waitoriki Permit. Well logs indicated the presence of well-developed reservoir sands; however, the sands were found to be water wet and the decision was made to plug and abandon the well. All current drilling commitments on the Waitoriki Permit have now been met and development of the field is continuing, which includes the acquisition in March 2018 of 20km^2 of 2D seismic data across the northern part of the Waitoriki Permit. TAG Oil is in the process of analyzing the acquired data.

On May 24, 2017, TAG Oil announced that the Cheal-E8 exploration well was successfully drilled and flow tested on the Cheal East Permit. The well was drilled and completed on time and on budget to a total measured depth of over 2,000m. The primary objective of Cheal-E8 was to test the potential of the Urenui formation, with the deeper Mt. Messenger formation as the secondary objective. Net pay in both the Urenui and Mt. Messenger formations was recorded. Following the completion of the Urenui zone, the Cheal-E8 well naturally free flowed oil and gas on choke at an average rate of 318 boe/d during a four-and-a-half-day test. No water production was observed during the test. The Cheal-E8 well has been tied-in to TAG Oil's existing infrastructure as a permanent producer.

On September 5, 2017, TAG Oil announced the completion of drilling and testing operations at the Cheal-D1 exploration well, which is located near the northern portion of the Cheal East Permit. TAG Oil drilled and completed the Cheal-D1 well approximately five days ahead of schedule to a total measured depth of 2,400m. The Corporation perforated an 18m section of gas bearing sands in the Urenui formation. Following extensive testing it was determined that gas was present, however not in sufficient quantities to produce as an economic discovery. The well has been suspended with a plan to potentially re-enter in the future.

On February 26, 2018, TAG Oil announced that the Pukatea-1 well had reached a final total depth of approximately 3,100m measured depth after penetrating a thickened overlying interval of basement rock without intersecting the primary Tikorangi Limestone formation target. As a result of the potential oil pay in the well's Mt. Messenger secondary target oil zone, TAG Oil decided to initially focus on the Mt. Messenger oil zone and completed the well to enable a production test.

On March 26, 2018, TAG Oil announced that the Pukatea-1 well was completed at the Mt. Messenger formation, where 12.9m of oil-and-gas bearing sands were perforated. Over a 12-hour test period using a 24/64" choke setting, the well flowed at a stabilized rate of approximately 276 boe/d (74% oil) without the need for artificial lift. TAG Oil and its joint venture partner, Melbana Energy Ltd. (30% interest in Puka Permit), will look at various production scenarios over the medium term to bring the Puka Permit online.

Financings and Share Capital

On December 10, 2015, TAG Oil launched a normal course issuer bid to purchase up to 5,151,961 of its common shares through the facilities of the Toronto Stock Exchange ("**TSX**"). There were no common shares purchased and cancelled under the bid, which expired on December 9, 2016.

On December 12, 2016, TAG Oil launched a normal course issuer bid to purchase up to 2,000,000 of its common shares through the facilities of the TSX. There were no common shares purchased and cancelled under the bid, which expired on December 11, 2017.

On March 20, 2017, TAG Oil announced that it had closed a short form prospectus offering (the "**Offering**") for aggregate gross proceeds of $14,995,500. Pursuant to an agency agreement (the "**Agency Agreement**") dated effective as of February 15, 2017, the Corporation, through a syndicate of agents co-led by Mackie Research Capital Corporation and Pareto Securities Ltd., and including Eight Capital, GMP Securities L.P., Roth Capital Partners LLC, TD Securities Inc., M Partners Inc. and PillarFour Securities LLP (collectively, the "**Agents**"), issued 23,070,000 units ("**Units**") of the Corporation at a price per Unit of $0.65. Each Unit consists of one common share of the Corporation and one-half of one common share purchase warrant. Each whole warrant is exercisable into one common share of the Corporation at a price of $0.90 until March 20, 2019, subject to adjustment in certain events. The net proceeds from the Offering are being used to fund TAG Oil's exploration and development programs in the Taranaki Basin of New Zealand, and for working capital and general corporate purposes.

On April 19, 2018, the Company announced that it had secured a revolving credit facility of up to US$10,000,000 with a large New Zealand based lender. The revolving credit facility, which is secured against TAG Oil's producing Taranaki Basin assets, has been put into place for an initial period of 12 months. The facility can be drawn by TAG Oil upon request, with balances charged at an interest rate of LIBOR + 3.0% per annum. As part of the credit facility, TAG Oil agreed to hedge approximately 400 bbl/d of oil production for the 12-month period using a collar with a US$60/bbl floor and a US$75/bbl cap.

Listings

As at the date of this AIF, TAG Oil continues to maintain its listing on the TSX under the trading symbol "TAO", and on the premier tier of the OTC market in the United States, the OTCQX International (the "**OTCQX**"), under the trading symbol "TAOIF". The warrants issued pursuant to the Offering trade on the TSX under the trading symbol "TAO.WT".

Board of Directors and Senior Officers

On May 12, 2015, TAG Oil announced the appointment of Mr. Frank Jacobs as its Chief Operating Officer, who subsequently resigned effective October 1, 2015.

On June 1, 2015, TAG Oil announced the appointment of Mr. Toby Pierce as a director of TAG Oil and its Chief Executive Officer, with Mr. Alex Guidi continuing to act as Chairman of the Board.

On June 16, 2015, TAG Oil announced the appointment of Mr. Henrik Lundin to the Board.

On March 3, 2016, TAG Oil announced the appointment of Mr. Henrik Lundin as its Chief Operating Officer, commencing in the second quarter of fiscal 2017. Mr. Lundin concurrently resigned as a director of TAG Oil on that date.

On March 3, 2016, TAG Oil announced the appointment of Dr. David Bennett as a director of TAG Oil, to replace Mr. Henrik Lundin.

On April 7, 2016, TAG Oil announced the appointment of Mr. Barry MacNeil as its Chief Financial Officer, replacing Mr. Chris Ferguson whose resignation became effective on May 20, 2016.

On January 30, 2018, TAG Oil announced that Mr. Alex Guidi resigned as Chairman and a director of the Company.

On May 15, 2018, TAG Oil announced the appointment of Mr. Peter Loretto to the Board.

Reserve Estimates

On June 3, 2015, Sproule prepared an independent assessment of TAG Oil's reserves effective as of March 31, 2015, covering the Cheal Permit, the Cheal East Permit, the Cheal South Permit and the Sidewinder Permit. The Corporation's gross proved plus probable reserves decreased from 5,898,000 boe at March 31, 2014, to 5,180,000 boe at March 31, 2015. After consideration of production of 605,000 boe during this period, there was a net negative reserve revision of 113,000 boe. This revision resulted from a number of factors such as:

- The drilling of the Cheal-B10 and E7 wells resulted in new pool extensions. These wells were also drilled into areas with no existing pool boundaries, therefore adding to the proven, probable, and possible acreage.

- The unsuccessful test of the Cheal-E2 well in the Urenui formation resulted in the removal of the reserves from this zone, and the subsequent re-completion in the Mt. Messenger formation interval that has established production.

- The down dip test of the main producing interval from the drilling of the Cheal-B9 well converted probable reserves into proven reserves; however, the better delineation of the Cheal Permit field water contact assisted in revisions to the Cheal Permit field development plan, resulting in an addition to the total proven reserve, and a decrease in the total probable and possible reserves.

- Recorded proven, probable and possible reserve write downs due to a lack of production from the Cheal-A8, A9 and C1 wells.

- Lower oil prices were reflected in a higher economic threshold of the wells covered by the assessment, which resulted in a negative revision of reserves.

On June 8, 2016, Sproule prepared an independent assessment of TAG Oil's reserves effective as of March 31, 2016, covering the Cheal Oil and Gas Field. The Corporation's gross proved plus probable reserves decreased from 5,180,000 boe at March 31, 2015, to 3,619,000 boe at March 31, 2016. The approximately 30% decrease in reserves is attributable to:

- Production of the 507,000 boe that the Corporation produced over the 12-month period of fiscal year 2016 (accounting for approximately 10% of the 30% decrease in reserves).

- An annual reserves revision of 1,054,000 boe (accounting for approximately 20% of the 30% decrease in reserves), which is primarily the result of the reclassification of existing wells into the no reserves assigned ("**NRA**") category:

    - A significant component of the reclassification is due to the conversion of producing wells (Cheal-B3, E7 and A8ST1 wells) to water injection wells as per TAG Oil's field development and waterflood plan. As the wells converted to water injectors they were classified as NRA status, and the remaining associated reserves were written off the wells. With the implementation of the waterflood plan in the Cheal Oil and Gas Field that will continue through to 2017, TAG Oil anticipates that the overall field recovery and field reserves will increase. The overall increase is expected to be greater than the write down associated with the injection conversions.

    - The remaining NRA reclassification is attributed to shut-in wells (Cheal-E2, E5, E6, B7 and G1 wells) that have not produced since 2015, which were identified as uneconomic at current prices or having contingencies preventing production.

- Also, as part of TAG Oil's effort to adapt its field development plan to the low oil price environment, various drilling and well recompletions have been deferred by approximately one to four years.

On June 14, 2017, ERCE prepared an independent assessment of TAG Oil's reserves effective as of March 31, 2017, which covers the Cheal Permit, the Sidewinder Permit and the Cheal East Permit. The Corporation's gross proved plus probable reserves increased from 3,619,000 boe at March 31, 2016, to 4,143,000 boe at March 31, 2017. The approximately 14% increase is attributable to:

- Production of the 421,000 boe that the Corporation produced over the 12-month period of fiscal year 2017 (accounting for an approximate 12% decrease in reserves).

- An annual reserves revision of 946,000 boe (accounting for an approximate 26% increase in reserves), which is primarily due to improved recovery, technical revisions and reclassification from the 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-A2ST1 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 Permit recovery by 5% and 10% respectively for the proven plus probable 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 increased the gross proved volumes due to revisions to the production profiles and the inclusion of reserves from the Cheal-E2, E5 and E6 wells, which 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 the Cheal-A3X, B3, B6 and B8 wells. The infill locations for the Cheal-BP, BQ and BR well 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.

On May 31, 2018, ERCE prepared an independent assessment of TAG Oil's reserves effective as of March 31, 2018, which covers the Cheal Permit, the Sidewinder Permit and the Cheal East Permit. The Corporation's gross proved plus probable reserves decreased from 4,143,000 boe at March 31, 2017, to 4,079,000 boe at March 31, 2018. The approximately 1.5% decrease is due to:

- Production of the 351,000 boe that the Corporation produced over the 12-month period of fiscal year 2018 (accounting for an approximate 8% decrease in reserves)

- An annual reserves revision of 287,000 boe (accounting for an approximate 7% increase in reserves), which is primarily due to technical revisions and reclassification from contingent resources:

    - A significant reclassification from contingent resources to reserves was from the waterflood program at the Cheal East Permit. Additional behind pipe pay opportunities have also been assigned reserves that were not previously included, such as the Cheal-B8 and E1 well re-completions in the Urenui formation.

    - The technical volumes increased due to a revision on decline performance, which has improved in the Cheal-A3X, B6, B8, B10 and E2 wells, as well as the Sidewinder-1 and 2 wells.

    - The technical volumes decreased due to revisions to the production profiles in the Cheal-BH1, B2 and B4ST wells. Also, the infill locations for the Cheal-BP and E9 wells were not included in this year's development, as well as the Cheal-A10ST and A7 workover, which have been replaced (Cheal-A10 workover and A7 conversion to injector) as part of the waterflood expansion.

4. DESCRIPTION OF THE BUSINESS

4.1 General

TAG Oil is an experienced, development-stage international oil and gas producer and explorer with established high netback production, development and exploration assets, including production infrastructure, in politically stable New Zealand and Australia. As of the date of this AIF, TAG Oil controls a land holding consisting of seven onshore oil and gas permits amounting to 65,986 net acres of land. TAG Oil's business plan is designed to grow through increased operating cash flow, production rates and reserves provided by operating activities, strategic acquisitions and continued exploration and development drilling. TAG Oil maintains a high working interest ownership of the Cheal Production Facility, the Cheal E-Site Production Facility, the Sidewinder Permit production facility (the "**Sidewinder Production Facility**") and associated pipeline infrastructure within its operations, which ensures that all discoveries and developments can be commercialized expeditiously and allows TAG Oil to offer third party processing to joint venture partners and other companies in the Taranaki Basin. TAG Oil is well positioned for reserve and production growth with several oil and gas fields under development and high-impact exploration in proven oil and gas fairways. TAG Oil will continue to focus on its strategy to become a leading, profitable, international oil and gas company, while maintaining the highest standards in health, safety and environmental compliance, and actively contributing to the development of the communities in which it operates.

4.2 Summary

Beginning in fiscal 2007, TAG Oil began earning revenues from the sale of hydrocarbons. There is a small spot market for natural gas in New Zealand, which means that most gas sales are made under contracts for the primary purpose of electricity generation or reticulation to homes and businesses. A portion of gas produced at the Cheal Permit, the Cheal East Permit and the Sidewinder Permit are sold pursuant to gas supply contracts between TAG Oil and various independent third parties, which for the Sidewinder Permit will expire on December 31, 2019, and for the Cheal Permit and the Cheal East Permit will expire on December 31, 2019, and March 31, 2023.

The principal markets for the sale of oil produced at the Cheal Permit, the Cheal East Permit and the Sidewinder Permit are in the Australasian region. More specifically, TAG Oil exports the oil that it produces from these permits to the Australasian markets in accordance with oil sales contracts with OMV that expire on December 31, 2018. All of the oil is currently trucked from the Cheal Permit, the Cheal East Permit and the Sidewinder Permit to a tank farm located near the Port of New Plymouth, New Zealand, and sold to OMV. Energy Infrastructure Limited ("**EIL**"), operates the tank farm, pursuant to an oil storage contract dated October 13, 2009, which is to continue in effect on an ongoing basis subject to termination by either party. Approximately every thirty days a tanker arrives at the Port of New Plymouth, which is then filled with TAG Oil's oil along with oil from other Taranaki Basin producers and is shipped to Viva Energy's Geelong Refinery in Victoria, Australia. From there, the fuels are sold into the Victoria, Australia market. Solution gas produced in association with crude oil production is used to generate heat and electricity for on-site use, with the excess electricity exported into the local grid or sold to an independent third party and surplus gas also being sold to an independent third party.

The principal markets for the nominal sales of oil produced at the PL17 Permit are also in the Australasian region. The oil produced at the PL17 Permit is sold pursuant to an oil sales contract between TAG Oil and an independent third party, which expires upon thirty days' notice by either party.

TAG Oil's revenue for the 2018 fiscal year consisted of oil and gas sales totaling $23,669,850 (2017: $23,340,949). TAG Oil's production, transportation and storage costs for the 2018 fiscal year amounted to $10,861,746 (2017: $11,381,515) and royalties amounted to $2,514,205 (2017: $2,358,719). Depletion, depreciation and accretion amounted to $9,933,691 (2017: $8,734,033). Exploration and evaluation impairment amounted to $5,252,751 (2017: $174,035) and property, plant and equipment impairment reversal amounted to $15,184,430 (2017: $35,039,882 impairment). Net income for the 2018 fiscal year was $3,832,416 (2017: $24,686,519).

The extent of TAG Oil's future revenue may be affected by principal markets for hydrocarbon products, seasonality of products, or marketing channels. Despite ongoing economic uncertainty in commodity prices, TAG Oil remains focused on executing its business plan. TAG Oil continues to develop a disciplined approach to proper risk management techniques and expects to increase returns on its stable cash flow from its core producing operations while progressing its development and exploration drilling program, all of which will build long-term value within the Corporation.

4.3 Production and Services

During the 2018 fiscal year, TAG Oil produced from the Cheal Oil and Gas Field, Sidewinder Permit and PL17 Permit a total of 314,367 bbl of oil (2017: 346,095 bbl of oil) and 566 MMcf of natural gas (2017: 551 MMcf of natural gas) and sold 298,432 bbl of oil (2017: 344,722 bbl of oil) and 224 MMcf of natural gas (2017: 247 MMcf of natural gas).

Oil and gas from the Cheal Oil and Gas Field and the Sidewinder Permit were processed through existing infrastructure at either the Cheal Production Facility or the Sidewinder Production Facility. Both the Cheal Production Facility and the Sidewinder Production Facility consist of a three-phase separation, gas conditioning and gas compression. Gas is exported through existing pipeline infrastructure to the First Gas network, and oil is trucked directly to the Omata tank farm in New Plymouth, New Zealand for export to market.

As commercial arrangements for the transportation, storage, processing and sale of TAG Oil's crude oil production have been completed and are in operation, different marketing channels are not currently required. Solution gas produced in association with crude oil production is used to generate electricity for on-site use, with the excess electricity being exported into the local grid or sold to an independent third party and surplus gas also being sold to an independent third party.

4.4 Specialized Skill and Knowledge

Exploration for and the development of petroleum and natural gas resources requires specialized skills and knowledge in the areas of petroleum engineering, geophysics, geology and title. TAG Oil has obtained personnel with the required specialized skills and knowledge to carry out its operations. While the current labour market in the industry is highly competitive, TAG Oil expects to be able to attract and maintain appropriately qualified employees for fiscal year 2019.

4.5 Competitive Conditions

TAG Oil actively competes for prospect acquisitions, exploration permits and licenses, and for skilled industry personnel with a substantial number of other oil and gas companies, many of which have significantly greater financial resources than TAG Oil. TAG Oil's competitors include major integrated oil and natural gas companies, numerous other independent oil and natural gas companies and individual producers and operators.

TAG Oil strives to be competitive by utilizing current technologies to enhance exploration, development and operational activities.

Certain of TAG Oil's customers and potential customers are themselves exploring for oil and natural gas, and the results of such exploration efforts could affect TAG Oil's ability to sell or supply oil or gas to these customers in the future. TAG Oil's ability to successfully bid on and acquire additional property rights, to discover reserves, to participate in drilling opportunities and to identify and enter into commercial arrangements with customers will be dependent upon developing and maintaining close working relationships with industry participants and joint venture parties and its ability to select and evaluate suitable properties and to consummate transactions in a highly competitive environment. There can be no assurances that TAG Oil will be successful in this competitive environment. See information under the heading "Risk Factors".

4.6 Components

TAG Oil does not rely on raw materials or any significant patents or licenses as TAG Oil operates in an extractive industry.

4.7 Intangible Properties

TAG Oil is not dependent upon any significant patents or licenses, except that most of the Cheal Production Facility was designed specifically for the Cheal Permit, most of the Cheal E-Site Production Facility was designed specifically for the Cheal East Permit, and most of the Sidewinder Production Facility was designed specifically for the Sidewinder Permit. The vessels, heat exchangers and piping used in these facilities are specific to the Cheal Permit, the Cheal East Permit and the Sidewinder Permit processes, respectively, and the designs of the power fluid pumps, coalescing filters, and export compressors used in these facilities have been patented by their respective suppliers.

4.8 Cycles

TAG Oil's business is not seasonal, except to the extent that:

- forecast weather may determine the timing of operations and weather delays may affect the speed of completion of operations; and

- its revenues are generally reliant on international oil prices, which are partially affected by seasonality.

Oil prices vary in line with international prices, for which there have been, in past years, seasonal highs in the summer months (for the U.S. driving season) and in the winter months (for the northern hemisphere heating oil season).

4.9 Economic Dependence

TAG Oil is dependent on oil sales contracts with the Cheal Oil and Gas Field's sole crude customer, OMV, which both expire on December 31, 2018. TAG Oil is also dependant on an oil storage contract with EIL, which is on an ongoing basis subject to termination by EIL or TAG Oil. Cheal crude oil is stored and sold via these contracts and TAG Oil's revenue depends substantially upon them. For further detail please refer to the heading "Material Contracts" and "Risk Factors". TAG Oil is not dependent on any gas sales contracts.

4.10 Changes to Contracts

Oil sales contracts are negotiated annually to align with the charter of vessels used to transport oil stored at the Omata tank farm in New Plymouth, New Zealand. There is a negligible risk that the oil sales contract will not be renewed as the counterparty is a major oil and gas company, OMV, and has always taken all oil volume offered to it in the New Zealand market. In the event that OMV does not renew the contract, TAG Oil would pursue other contractual arrangements, most likely through combining volume with other producers and jointly marketing the oil.

The natural gas market in New Zealand is active and has many buyers. TAG Oil does not anticipate a contractual risk associated with negotiating a contract to market its natural gas. For further information relating to risks affecting TAG Oil's business see "Risk Factors".

4.11 Environmental Protection

TAG Oil is subject to government regulation affecting the oil and gas permits it holds and the operations it conducts, such as those regulations relating to hazardous substances, flaring, the environment, health and safety, land access, permit conditions, and those regulations which relate to all companies such as corporate governance, taxation, and employment laws. Such regulations do not in general have a material effect on TAG Oil's business, and do not affect TAG Oil's business in a manner different from the effects on other companies competing in the same industry. For further information relating to risks affecting TAG Oil's business see "Risk Factors".

The overall impact of environmental protection laws and regulations upon TAG Oil's economic valuations is not material. In New Zealand, on land and in waters within 12 miles off the coast, the Resource Management Act 1991 (the "**RMA**") provides a framework for managing the effects of activities on the environment. The RMA places emphasis on assessing the effects that a proposed activity will, or might, have on the environment with a view to promoting sustainable management. Under the RMA, most of the responsibility for managing resources and their use is given to local authorities. Regional and district councils must produce and continuously update planning schemes for their jurisdictions which establish procedures and standards for assessing and approving environmental standards in accordance with the RMA. Such changes to the standards could impact TAG Oil's costs and have an adverse effect on its results of operations. TAG Oil is committed to upholding high environmental standards and strives to carry out its activities and operations in compliance with all relevant and applicable environmental regulations and best industry practices. Currently, TAG Oil believes it has included appropriate amounts in its capital expenditure budget to continue to meet its environmental obligations.

The Climate Change Response Act 2002 establishes the New Zealand Emissions Trading Scheme ("**NZETS**"). TAG Oil, through Cheal Petroleum, became a registered participant of the NZETS on January 1, 2010, and is required to calculate and record emissions, file emissions returns and surrender emission units at the end of each calendar year. The application of these requirements has not had, and the adoption of new requirements is not expected to have, a material effect on TAG Oil; however, the future application of NZETS, or future changes to NZETS, could possibly have a material adverse effect on TAG Oil's business, results of operations, financial condition, cash flows and shareholder value.

TAG Oil has a Health, Safety and Environmental Management System (the "**HSEMS**") through which TAG Oil's policies on health, safety and environmental ("**HSE**") commitments are communicated and implemented. The HSEMS applies to HSE-related matters arising out of all activities controlled by TAG Oil, and the impact of those activities and operations on employees, contractors, the environment and communities in which TAG Oil operates.

The structure of the HSEMS aligns with international standards such as AS/NZS 4801, OHSAS 18001, ISO14001 and E&P Forum guidelines. The HSEMS is designed on the principal of continual improvement and adopts the methodology of "Plan, Do, Check and Review".

TAG Oil's HSEMS is organized by utilizing a top-down and bottom-up hierarchical approach in order to ensure that there is effective two-way communication throughout the organization:

- Organizational Governance/Board: TAG Oil's vision, core values and corporate policies are established by the Board and demonstrate the overall purpose, commitment, and culture of the organization.

- Business Management/Senior Management Team: Senior management of TAG Oil are accountable for development and implementation of an effective HSEMS to ensure compliance with the applicable laws, regulations and policies. In addition, management establishes the appropriate systems, processes and resources to effectively manage risk across the business.

- Asset Management/Personnel: Supervisors and managers establish the appropriate site-specific procedures, processes, hazard controls and mitigations to ensure effective risk management across all assets. All personnel that work for TAG Oil are required to take an active role within the HSEMS, ensuring that their actions and work activities are carried out in a manner that does not adversely affect themselves, others or the environment.

4.12 Employees

As at March 31, 2018, TAG Oil directly employed 25 full-time employees. TAG Oil also employed various consultants.

4.13 Foreign Operations

TAG Oil is dependent on its foreign operations as it is an oil and gas acquisition, exploration, development and production company, incorporated in British Columbia, Canada, with all of its interests in hydrocarbon development and exploration prospects currently being in New Zealand and Australia. All of TAG Oil's current property holdings, with the exception of the Cheal Oil and Gas Field and the Sidewinder Permit, are in the grass roots or primary exploration stage. TAG Oil believes it has sufficient working capital and revenue to fund its foreign operations and meet all commitments for the foreseeable future.

4.14 Risk Factors

The risks and uncertainties set out below are not the only ones TAG Oil is facing. There are additional risks and uncertainties that TAG Oil does not currently know about or that TAG Oil currently considers immaterial which may impair TAG Oil's business operations and cause the price of TAG Oil common shares to decline. If any of the following risks actually occur, TAG Oil's business may be harmed and its financial condition and results of operations may suffer significantly. In such an event, a shareholder of TAG Oil may lose all or a part of their investment.

Oil and natural gas prices are volatile. A sustained decline in oil, NGLs and natural gas prices may adversely affect TAG Oil's profitability.

TAG Oil's revenues, operating results, profitability, future rate of growth and the carrying value of the Corporation's oil and natural gas properties depend primarily upon the prevailing prices for oil, NGLs and natural gas. Historically, oil, NGLs and natural gas prices have been volatile and are subject to fluctuations in response to changes in supply and demand, market uncertainty and a variety of additional factors that are beyond TAG Oil's control, including:

- worldwide and domestic supplies of oil, NGLs and natural gas;
- price levels, and expectations about future prices, of oil, NGLs and natural gas;
- the cost and risks of exploring for, developing, producing and delivering oil, NGLs and natural gas;
- the expected rates of declining current production;
- weather conditions, including hurricanes and other natural disasters that can affect oil, NGLs and natural gas operations over a wide area;
- the level of consumer demand;
- the price and availability of alternative fuels;
- technical advances affecting energy consumption;
- the availability of pipeline capacity and other transportation facilities;
- the price and level of foreign imports;
- domestic and foreign governmental regulations and taxes;
- the ability of the members of OPEC to agree to and maintain oil price and production controls;

- speculative trading in oil and natural gas derivative contracts;

- the nature and extent of environmental regulations, including those relating to abandonment and reclamation and remediation;

- the nature and extent of regulation relating to carbon dioxide and other greenhouse gas emissions;

- political or economic instability or armed conflict in oil and natural gas producing regions; and

- the overall domestic and global economic environment.

These factors and the volatility of the energy markets in general make it extremely difficult to predict future oil, NGLs and natural gas price movements with any certainty. A material decline in prices could result in a reduction of TAG Oil's net production revenue. The economics of producing from some wells may change because of lower prices, which could result in reduced production of oil or natural gas and a reduction in the volumes of TAG Oil's reserves. TAG Oil might also elect not to produce from certain wells at lower prices.

Failure to locate commercial quantities of hydrocarbons and risks related to depletion.

Exploration for hydrocarbons is a speculative venture necessarily involving substantial risk. There is no certainty that the expenditures incurred on TAG Oil's exploration properties will result in discoveries of commercial quantities of hydrocarbons. TAG Oil's future success in exploiting and increasing its current reserve base will depend on TAG Oil's ability to develop its current properties and on its ability to discover and acquire properties or prospects that are producing or show sufficient promise of producing.

Producing oil, NGLs and natural gas reserves are generally characterized by declining production rates that vary depending upon reservoir characteristics and certain other factors. Exploration and development are TAG Oil's main methods of replacing and expanding its asset base. The Corporation's exploration and development activities may not be successful for various reasons. Exploration activities involve numerous risks, including the risk that no commercially productive reservoirs will be discovered. Moreover, the future cost and timing of drilling, completing and tying-in wells are often uncertain. TAG Oil's exploration and development operations may be curtailed, delayed or cancelled as a result of a variety of factors, including:

- inadequate capital resources;

- lack of acceptable prospective acreage;

- mechanical difficulties such as major natural gas plant and regional pipeline failures;

- unexpected drilling conditions;

- pressure or irregularities in formations;

- equipment failures or accidents;

- a lack of storage;

- weather conditions;

- title problems;
- compliance with governmental regulations or required regulatory approvals;
- inadequate access to natural gas gathering and processing infrastructure and capacity;
- the unavailability or high cost of drilling rigs, equipment or labour;
- approvals of third parties;
- reductions in oil, NGLs or natural gas prices; and
- limitations in the market for oil, NGLs or natural gas.

TAG Oil may not be able to develop, find or acquire additional reserves to replace its current and future production at acceptable costs, which would adversely affect its business, financial condition and results of operations. There is no assurance that TAG Oil's future exploration and development efforts will result in the discovery or development of additional commercial accumulations of oil, NGLs or natural gas.

Geological and geographic risks.

Even if further hydrocarbons are discovered, the costs of extracting and delivering the hydrocarbons to market and variations in the market price may render uneconomic any discovered deposit. Geological conditions are variable and unpredictable. Even if production is commenced from a well, the quantity of hydrocarbons produced inevitably will decline over time, and production may be adversely affected or may have to be terminated altogether if TAG Oil encounters unforeseen geological conditions.

TAG Oil is subject to uncertainties related to the proximity of any reserves that it may discover to pipelines and processing facilities. It expects that its operational costs will increase proportionally to the remoteness of, and any restrictions on access to, the properties on which any such reserves may be found. Adverse climatic conditions at such properties may also hinder TAG Oil's ability to carry on exploration or production activities continuously throughout any given year.

TAG Oil may not be able to obtain required capital or financing required to find, develop or acquire additional reserves on satisfactory terms or at all.

TAG Oil's future success depends upon its ability to find, develop or acquire additional oil, NGLs and natural gas reserves that are economically recoverable. TAG Oil's reserves and production therefrom will generally decline as reserves are depleted, except to the extent that the Corporation conducts successful exploration or development activities or acquires additional properties containing reserves, or both. To increase reserves and production, TAG Oil undertakes development, exploration and other replacement activities.

TAG Oil believes that its current cash flow from operations is sufficient to satisfy TAG Oil's expenditure plans and requirements for the near future. If TAG Oil's cash flow from operations decreases to a level where it is insufficient to satisfy its capital expenditure plans and requirements, or TAG Oil increases its capital expenditure plans and requirements, there can be no assurance that additional equity financing will be available to meet these plans and requirements. If TAG Oil is unable to fund its capital expenditure plans and requirements using cash flow, share issues or farm-out agreements or to renegotiate such obligations, TAG Oil may be unable to carry out its plan of operations and may be forced to abandon or forfeit some of its permit interests or reduce or terminate its operations.

Oil exploration and development involves a high degree of technical and commercial risk and is characterized by a continuous need for capital investment. The exploration for and development of any reserves found on TAG Oil's exploration properties may depend upon TAG Oil's ability to obtain financing through the joint venturing of projects, equity or debt financing or utilizing cash flow.

There is no assurance that market conditions will continue to enable TAG Oil to raise funds if required, or that TAG Oil will be able to enter into agreements with third parties to fund capital expenditure plans and requirements or be able to renegotiate such obligations. TAG Oil faces competition from other oil companies for oil and gas properties and investor dollars. In addition, there has been a high level of volatility in the world financial markets in recent years. This volatility has caused investors to become less willing to provide debt or equity financing to most companies.

TAG Oil has sustained a history of losses to date.

During the fiscal year ended March 31, 2018, TAG Oil had net income before tax of $3,832,416 and net loss after tax of $3,832,416 and an accumulated deficit of $156,639,394 from its historical operating results. There is no assurance that the business of TAG Oil will be profitable in the future. Management cannot guarantee that TAG Oil will continue to generate revenue in the future. A failure to generate sufficient revenues may cause TAG Oil to eventually terminate operations. Other than the Coronado Dividend, TAG Oil has not paid dividends to date, and has not paid any cash dividends to date. TAG Oil has no current plans to pay any such cash dividends, and there is no assurance that TAG Oil will pay a dividend at any time in the future.

The loss of one or more purchasers or the security of such purchase contracts could have a material adverse effect on TAG Oil's business and financial condition.

TAG Oil is dependent on an oil sales contract with the Cheal Oil and Gas Field's sole crude customer, OMV. TAG Oil is also dependent on an oil storage contract with EIL. Oil produced at the Cheal Oil and Gas Field is stored and sold pursuant to these contracts and TAG Oil's revenue depends substantially upon them. There is no assurance that TAG Oil will be able to maintain the contracts and failure to do so could have an adverse effect on TAG Oil's revenues.

TAG Oil is exposed to risks of loss in the event of non-performance by its customers, in particular since it has one key customer. Some of TAG Oil's customers and counterparties may be highly leveraged and subject to their own operating and regulatory risks. As a result of this and other factors, TAG Oil may experience financial losses in its dealings with other parties. Any unanticipated increase in the nonpayment or non-performance by the Corporation's customers or counterparties could impact TAG Oil's cash flow.

Declining general economic, business or industry conditions may have a material adverse effect on TAG Oil's results of operations, liquidity and financial condition.

Concerns over global economic conditions, fluctuations in interest rates and foreign exchange rates, stock market volatility, energy costs, geopolitical issues, inflation, the availability and cost of credit, the European debt crisis, the United States mortgage market and a weak real estate market in the United States have contributed to increased economic uncertainty and diminished expectations for the global economy. These factors, combined with volatile prices of oil, NGLs and natural gas, declining business and consumer confidence and increased unemployment, have precipitated an economic slowdown and, in some regions, a recession. In addition, continued hostilities in the Middle East and the occurrence or threat of terrorist attacks in Europe, the United States or other countries could adversely affect the economies of Canada, the United States and other countries. Concerns about global economic growth have had a significant adverse impact on global financial markets and commodity prices. If the economic climate in Canada, the United States or abroad deteriorates further, worldwide demand for petroleum products could diminish, which could impact the price at which TAG Oil can sell its oil, NGLs and natural gas, affect the ability of TAG Oil's vendors, suppliers and customers to continue operations and ultimately adversely impact the Corporation's results of operations, liquidity and financial condition.

TAG Oil's actual capital costs, operating costs and economic returns may differ significantly from those it has anticipated.

Projecting the costs of exploratory drilling programs is difficult due to the inherent uncertainties of drilling in unknown formations, the costs associated with encountering various drilling conditions (such as over-pressured zones) and losing tools in the drill hole, weather related factors and changes in drilling plans and locations as a result of prior exploratory wells or additional technical data and interpretations.

Accordingly, there may be changes in the estimated costs associated with drilling projects. TAG Oil's difficulty estimating these costs could affect the commerciality of the resources and reserves discovered on its properties or any other properties TAG Oil may acquire from time to time, the economic viability of TAG Oil's products and the ability of TAG Oil to transport its products to market. There can be no assurance that TAG Oil's actual operating costs will not be higher than currently anticipated. If TAG Oil's actual costs are higher than its current estimates this may adversely affect TAG Oil's financial position, results of operations and cash flows.

Negative public perception of oil and natural gas development and transportation, hydraulic fracturing and fossil fuels may harm TAG Oil's profitability and corporate reputation.

Oil and natural gas development and transportation, hydraulic fracturing and fossil fuels have figured prominently in recent political, media and activist commentary on the subject of climate change, greenhouse gas emissions, water usage and environmental damage. The Corporation's corporate reputation may be negatively affected by the negative public perception of and public protests against oil and natural gas development and transportation and hydraulic fracturing.

The unavailability, high cost or shortages of rigs, equipment, raw materials, supplies or qualified personnel may restrict TAG Oil's operations.

Oil and gas exploration and development activities are dependent on the availability of drilling and related equipment in the particular areas where such activities will be conducted. Demand for such limited equipment or access restrictions may affect the availability of such equipment to TAG Oil or its joint venture partners and may delay exploration and development activities.
The oil and natural gas industry is cyclical, which can result in shortages of drilling rigs, equipment, raw materials (particularly sand and other proppants), supplies and qualified personnel. When shortages occur, the costs and delivery times of rigs, equipment and supplies increase and the demand for, and wage rates of, qualified drilling rig crews also rise. In accordance with customary industry practice, TAG Oil relies on independent third-party service providers to provide most of the services necessary to drill new wells. If TAG Oil is unable to secure a sufficient number of drilling rigs at reasonable cost, its financial condition and results of operations could suffer, and TAG Oil may not be able to drill all of its acreage before its leases expire. Shortages or the unavailability on commercially reasonable terms of drilling rigs, equipment, raw materials (particularly sand and other proppants), supplies, personnel, trucking services, tubulars and

fracking and completion services could delay or restrict the Corporation's exploration and development operations, which in turn could impair TAG Oil’s financial condition and results of operations.

There can be no assurance that sufficient drilling and completion equipment, services and supplies will be available when needed. Shortages or the unavailability on commercially reasonable terms could delay the proposed exploration and development activities on TAG Oil’s properties. If the demand for, and wage rates of, qualified rig crews rise in the drilling industry, then the oil and gas industry may experience shortages of qualified personnel to operate drilling rigs, or this operation may become uneconomic. This could delay drilling operations or cause these operations to become more expensive, adversely affecting TAG Oil’s financial condition and results of operations.

Estimates of oil, NGLs and natural gas reserves and resources and production therefrom are uncertain and may vary substantially from actual production.

There are numerous uncertainties associated with estimating quantities of proved reserves and probable reserves and in projecting future rates of production and timing of expenditures related thereto. The reserves and resources information contained herein represents estimates prepared with respect to certain of the Corporation’s oil, NGLs and natural gas properties. Petroleum engineering is not an exact science. Information relating to the Corporation’s oil, NGLs and natural gas reserves and resources is based upon engineering estimates which may ultimately prove to be inaccurate. Estimates of economically recoverable oil, NGLs and natural gas reserves and resources and of future net cash flows necessarily depend upon a number of variable factors and assumptions, such as historical production from the area compared with production from other producing areas, assumptions concerning commodity prices, the quality, quantity and interpretation of available relevant data, future site restoration and abandonment costs, the assumed effects of regulations by governmental agencies and assumptions concerning future oil, NGLs and natural gas prices, operating costs, royalties, severance and excise taxes, capital investments and workover and remedial costs, all of which may vary considerably from actual results. For these reasons, estimates of the economically recoverable quantities of oil, NGLs and natural gas attributable to any particular group of properties, classifications of such reserves and resources based on risk of recovery and estimates of the future net cash flows expected therefrom prepared by different evaluators or by the same evaluators at different times may vary substantially. Actual production, revenues and expenses with respect to TAG Oil's reserves and resources will likely vary from estimates, and such variances may be material and may have a material adverse affect on TAG Oil’s financial condition and results of operations. In particular, there can be no assurance that TAG Oil will achieve its own production estimates for fiscal 2019 or otherwise.

Drilling for oil, NGLs and natural gas, successfully stimulating well productivity and producing oil, NGLs and natural gas are high-risk activities with many uncertainties that may result in a shareholder’s total loss of investment and may adversely affect TAG Oil’s business, financial condition or results of operations.

TAG Oil’s future financial condition and results of operations will depend on the success of its exploration, development and production activities. TAG Oil’s drilling and well stimulation activities are subject to many risks. For example, TAG Oil can provide no assurance that new wells drilled and completed by it will be productive or that TAG Oil will recover all or any portion of its investment in such wells. Drilling for oil, NGLs and natural gas and attempts to stimulate well productivity often involve unprofitable efforts, not only from dry wells but also from wells that are productive but do not produce sufficient oil, NGLs or natural gas to return a profit at then realized prices after deducting drilling, operating and other costs. The seismic data and other technologies TAG Oil uses do not allow it to know conclusively prior to drilling a well that oil or natural gas is present or that it can be produced economically. The costs of exploration, exploitation and development activities are subject to numerous uncertainties beyond the Corporation's control and increases in those costs can adversely affect the economics of a project. Further, TAG Oil’s drilling, well stimulation and producing operations may be curtailed, delayed, cancelled or otherwise negatively impacted as a result of other factors, including:

- unusual or unexpected geological formations;
- loss of drilling fluid circulation;
- loss of title or other title related issues;
- facility or equipment malfunctions;
- surface access restrictions;
- restrictions in oil, NGLs and natural gas prices;
- limitations in the market for oil, NGLs and natural gas;
- unexpected operational events;
- shortages or delivery delays of equipment and services;
- compliance with environmental and other governmental requirements; and
- adverse weather conditions.

Any of these risks can cause substantial economic or other losses, including personal injury or loss of life, damage to or destruction of property, natural resources and equipment, environmental contamination or loss of wells and other regulatory penalties, all of which may adversely effect TAG Oil's business, financial condition or results of operations.

Operating hazards and uninsured risks may result in substantial losses and could prevent TAG Oil from realizing profits.

TAG Oil's operations are subject to all of the hazards and operating risks associated with drilling for and producing oil, NGLs and natural gas, including the risk of fire, explosions, blowouts, surface cratering, uncontrollable flows of natural gas, oil and formation water, pipe or pipeline failures, abnormally pressured formations, natural disasters, casing collapses and environmental hazards such as oil spills, gas leaks, ruptures or discharges of toxic gases.

TAG Oil maintains insurance against certain public liability, operational and environmental risks on behalf of TAG Oil and where applicable, on behalf of the respective joint venture, but there is no assurance that an event causing loss will be covered by such insurance, that such insurance will continue to be available to TAG Oil, or that the benefits of such insurance will be adequate to cover any liability of TAG Oil.

The occurrence of a significant uninsured claim, a claim in excess of the insurance coverage limits maintained by TAG Oil or a claim at a time when TAG Oil is not able to obtain liability insurance could have a material adverse effect on TAG Oil's financial condition, results of operations or cash flow. The Corporation may also be liable for environmental damage caused by previous owners of properties purchased by TAG Oil, which liabilities may not be covered by insurance.

TAG Oil's business strategy may not be successful.

TAG Oil intends to grow its business through increased operating cash flow, production rates and reserves provided by operating activities, strategic acquisitions and continued exploration and development drilling. However, there is no assurance that TAG Oil's business strategy will succeed in whole or in part. The success of TAG Oil's business strategy will depend upon several factors and is subject to a number of risks, including those set out herein. There is no assurance that TAG Oil will be able to execute its plans and add further value to TAG Oil, that modifications to its strategy will not be required or that TAG Oil will be able to effectively expand operations and enhance profitability. In addition, any growth could place a significant strain on TAG Oil's management and operational, financial and other resources. TAG Oil's ability to manage growth effectively will require the development of management information system capabilities and the improvement of operational and financial systems. Any failure of TAG Oil's business strategy, or a failure to expand, implement and improve such systems, procedures and controls in an efficient manner at a pace consistent with TAG Oil's business could have a material adverse effect on TAG Oil's business, financial condition and financial performance.

TAG Oil may be affected by alternatives to and changing demand for petroleum products.

Fuel conservation measures, alternative fuel requirements, increasing consumer demand for alternatives to oil and natural gas, and technological advances in fuel economy and energy generation devices could reduce the demand for oil and other liquid hydrocarbons. TAG Oil cannot predict the impact of changing demand for oil and natural gas products, and any major changes may have a material adverse effect on TAG Oil's business, financial condition, results of operations and cash flows.

Risks related to the market price of TAG Oil's common shares and volatility.

Securities of small-cap and mid-cap companies have experienced substantial volatility in the past, often based on factors unrelated to the financial performance or prospects of the companies involved. These factors include macroeconomic developments in North America and globally and market perceptions of the attractiveness of particular industries. The price of TAG Oil's common shares is also likely to be significantly affected by short-term changes in oil and gas prices, the U.S. dollar, the New Zealand dollar, the Canadian dollar and the Corporation's financial condition or results of operations as reflected in its financial statements. Other factors unrelated to the performance of the Corporation that may have an effect on the price of its common shares include the following: the extent of analytical coverage available to investors concerning the business of the Corporation may be limited if investment banks with research capabilities do not follow the Corporation's securities; lessening in trading volume and general market interest in the Corporation's securities may affect an investor's ability to trade significant numbers of common shares; the size of the Corporation's public float may limit the ability of some institutions to invest in the Corporation's securities; and a substantial decline in the price of the Corporation's common shares that persists for a significant period of time could cause the Corporation's securities, if listed on an exchange, to be delisted from such exchange, further reducing market liquidity. If an active market for the Corporation's common shares does not continue, the liquidity of an investor's investment may be limited and the price of the common shares may decline below the price at which the common shares were issued.

As a result of any of these factors, the market price of the common shares at any given point in time may not accurately reflect the long-term value of the Corporation. Securities class-action litigation often has been brought against companies following periods of volatility in the market price of their securities. The Corporation may in the future be the target of similar litigation. Securities litigation could result in substantial costs and damages and divert management's attention and resources.

Carbon emissions regime and climate change risks.

The New Zealand government is a signatory to the Kyoto protocol and in order to meet the requirements of this protocol, they have passed the Climate Change Response Act 2002 that establishes the NZETS. TAG Oil, through its subsidiary, Cheal Petroleum, became a registered participant of the NZETS on January 1, 2010, and is required to calculate and record emissions, file emissions returns and surrender emission units at the end of each calendar year. The application of these requirements has not had a material effect on TAG Oil to date, but the future application of NZETS, or future changes to NZETS, could possibly have a material adverse effect on TAG Oil's business, results of operations, financial condition, cash flows and shareholder value in the future.

Climate change policy is evolving at regional, national and international levels, and political and economic events may significantly affect the scope and timing of the climate change measures that are ultimately put in place. Given the evolving nature of the debate related to climate change and the control of greenhouse gases and resulting requirements, it is not possible to predict the impact on TAG Oil and its operations and financial condition; however, future regulations and requirements, or the affects thereof resulting from climate change may adversely affect TAG Oil's business, results of operations, financial condition or cash flows.

Risks related to government regulation, particularly with respect to hydraulic fracking.

TAG Oil's oil and natural gas interests in New Zealand and Australia are subject to regulations that relate directly and indirectly to TAG Oil's operations, including regulations regarding title to the oil and natural gas interests, the production, marketing and sale of oil and natural gas, taxation, environmental matters, restrictions on the withdrawal of capital from these countries and other aspects of TAG Oil's operations. There is no assurance that the laws relating to the ownership of oil and natural gas interests and the operation of TAG Oil's business in New Zealand and Australia will not change in a manner that may materially and adversely affect TAG Oil's business.

On June 4, 2014, the New Zealand Parliamentary Commissioner for the Environment released the second part of her extensive report on hydraulic 'fracking' under environmental legislation. The investigation concluded that "fracking" was an acceptable practise in New Zealand, as long as the proper regulatory oversight was in place. The report made a number of suggestions to increase and ensure that regulatory oversight was appropriate for hydraulic fracturing operations. TAG Oil does not believe there is any risk of a fracking moratorium in New Zealand but does recognize the regulatory environment may become more robust and require additional resources and time to have fracking consents granted in the future.

Since TAG Oil may utilize hydraulic fracking in its operations, if the New Zealand government imposes any regulation which restricts or prohibits the use of hydraulic fracking, the business of TAG Oil, including its cash flows and revenue, could be materially adversely affected.

Risks related to environmental, health and safety regulations applicable to TAG Oil's business activities.

TAG Oil may incur significant delays, costs and liabilities as a result of federal, provincial and local environmental, health and safety requirements and other governmental regulations that may be changed from time to time in response to economic and political conditions. These laws and regulations may require TAG Oil to obtain a variety of permits or other authorizations governing its air emissions, water discharges, waste disposal or other environmental impacts associated with drilling, producing and other operations; regulate the sourcing and disposal of water used in the drilling, fracturing and completion processes; limit or prohibit drilling activities in certain areas and on certain protected areas; require remedial action to prevent or mitigate pollution from former operations such as plugging abandoned wells; or impose substantial liabilities for spills, pollution or failure to comply with regulatory filings.

In addition, these laws and regulations may restrict the rate of oil, NGLs or natural gas production. These laws and regulations are complex, change frequently and have tended to become increasingly stringent over time. Failure to comply with these laws and regulations may result in the assessment of administrative, regulatory, civil and criminal penalties, the imposition of cleanup and site restoration costs and liens, the suspension or revocation of necessary permits, licenses and authorizations, the requirement that additional pollution controls be installed and, in some instances, the issuance of orders or injunctions limiting or requiring discontinuation of certain operations. The imposition of any of these measures on or against TAG Oil may have a material adverse effect on its business.

Under certain environmental laws that impose strict as well as joint and several liability, TAG Oil may be required to remediate contaminated properties currently or formerly operated by the Corporation or the facilities of third parties that received waste generated by TAG Oil’s operations regardless of whether such contamination resulted from the conduct of others or from the consequences of TAG Oil’s own actions that were in compliance with all applicable laws at the time those actions were taken. In addition, claims for damages to persons or property, including natural resources, may result from the environmental, health and safety impacts of TAG Oil’s operations. Furthermore, the risk of accidental spills or releases from TAG Oil's operations could expose it to significant liabilities under environmental laws. Public interest in the protection of the environment has increased dramatically in recent years. The trend of more expansive and stringent environmental legislation and regulations applied to the oil and natural gas industry could continue, resulting in increased costs of doing business and consequently affecting profitability. To the extent laws are enacted or other governmental action is taken that restricts drilling or imposes more stringent and costly operating, waste handling, disposal and clean-up requirements, TAG Oil’s business, prospects, financial condition or results of operations could be materially adversely affected.

TAG Oil has not established a separate reserve fund for the purpose of funding its estimated future environmental, including reclamation and abandonment, obligations. As a result, TAG Oil may not be able to satisfy these obligations. Any site reclamation or abandonment costs incurred in the ordinary course of business in a specific period will be funded out of TAG Oil’s cash flow from operations. If TAG Oil is unable to fully fund the cost of remedying an environmental obligation, it might be required to suspend operations or enter into interim compliance measures pending completion of the required remedy, which could have an adverse effect on TAG Oil’s financial condition and results of operations.

All of TAG Oil's properties are located in and around New Zealand and Australia, making TAG Oil vulnerable to risks associated with having its production concentrated in that area.

All of TAG Oil’s producing properties are geographically concentrated in and around New Zealand and Australia. As a result of this concentration, TAG Oil may be disproportionately exposed to the impact of delays or interruptions of production from that area caused by significant governmental regulation, transportation capacity constraints, curtailment of production, natural disasters, availability of equipment, facilities or services, adverse weather conditions or other events which impact that area. Due to the concentrated nature of TAG Oil’s portfolio of properties, several of TAG Oil’s properties could experience any of the same conditions at the same time, resulting in a relatively greater impact on TAG Oil’s results of operations than they might have on other companies that have a more diversified portfolio of properties. Such delays or interruptions could have a material adverse effect on TAG Oil’s financial condition and results of operations.

Unforeseen title defects or work program interruptions may result in a loss of entitlement to production and reserves.

In all cases, the terms and conditions of the permit or license granting TAG Oil, or the party from which TAG Oil acquired the permit or license, the right to explore for, and develop, hydrocarbons, prescribe a work program and the date or dates before which such work program must be done. TAG Oil believes that it is in substantial compliance with all such permits and licenses; however, various circumstances, including circumstances involving the financial resources available to TAG Oil, equipment availability, and other circumstances beyond TAG Oil's control or influence may result in the failure to satisfy the terms and conditions of a permit or license and result in the complete loss of the interest in the permit or license without compensation.

The possibility exists that title to one or more properties may be lost due to an omission in the claim of title. TAG Oil does not maintain title insurance and there is no guarantee of title. Ownership of some of TAG Oil's properties could be subject to prior undetected claims or interests. If any such defect were to arise, TAG Oil's entitlement to the production and reserves associated with such properties could be jeopardized, which could have a material adverse effect on the Corporation's financial condition, results of operations and TAG Oil's ability to timely execute its business plan.

Abandonment and reclamation costs are difficult to estimate reliably and TAG Oil's reserves for such costs may not be sufficient.

TAG Oil will need to comply with the terms and conditions of environmental and regulatory approvals and all legislation regarding the abandonment of its projects and reclamation of the project lands at the end of their economic life, which may result in substantial abandonment and reclamation costs. Any failure to comply with the terms and conditions of TAG Oil's regulatory approvals and applicable legislation may result in the imposition of fines and penalties, which may be material. Generally, abandonment and reclamation costs are substantial and, while TAG Oil accrues a reserve in its financial statements for such costs in accordance with IFRS requirements, no assurance can be given that such accruals will be sufficient. It is not possible at this time to estimate abandonment and reclamation costs reliably since they will, in part, depend on future regulatory requirements. In addition, in the future, TAG Oil may determine it prudent or be required by applicable laws, regulations or regulatory approvals to establish and fund one or more reclamation funds to provide for payment of future abandonment and reclamation costs. If TAG Oil establishes a reclamation fund, its liquidity and cash flow may be adversely affected.

Risks related to a deterioration in relationships with strategic and joint venture partners.

The Corporation has, and will in the future have, partnerships or joint ventures with local and international companies through which exploration, development and operating activities for particular assets are conducted. The benefits from such partnerships and joint ventures include the ability to source and secure new opportunities, capitalizing on the local partner's market knowledge and relationships and the mitigation of some of the financial risk inherent in the exploration and development of oil and gas assets through farm-out and similar arrangements. A deterioration in such relationships, disagreements with existing partners or a failure to identify suitable partners may have an adverse impact on the Corporation's existing operations or affect its ability to grow its business.

Variations in foreign exchange rates and interest rates could negatively impact TAG Oil.

TAG Oil holds cash reserves in Canadian and U.S. dollars and to a lesser extent in Australian and New Zealand dollars. TAG Oil's oil revenue is received in U.S. dollars and the majority of costs incurred on its petroleum property expenditures are incurred in New Zealand dollars. TAG Oil does not currently hedge its exposure to foreign currency exchange rate changes, although TAG Oil may choose to selectively hedge exposure to foreign currency exchange rate risk in the future. TAG Oil manages some of this risk by shifting a portion of its cash on hand from one currency to another in a timely manner. A decrease in the value of the New Zealand currency against the value of the Canadian and U.S. will be a benefit to TAG Oil. An increase in value of the New Zealand dollar relative to the Canadian or U.S. dollar would have a detrimental effect on TAG Oil as its expenses incurred would, in turn, increase in Canadian and U.S. dollars. As such, significant increases in the value of the New Zealand dollar relative to the Canadian dollar or U.S. dollar may have a material adverse effect on TAG Oil's operations and financial condition.

World oil, NGLs and natural gas prices are quoted in United States dollars. The Canadian/U.S. dollar exchange rate, which fluctuates over time, consequently affects the price received by Canadian producers of oil, NGLs and natural gas. Material increases in the value of the Canadian dollar negatively affect TAG Oil's production revenues. Future Canadian/U.S. dollar exchange rates could accordingly affect the future value of the Corporation's reserves as determined by independent evaluators.

To the extent that TAG Oil engages in risk management activities related to commodity prices and foreign exchange rates, there is a credit risk associated with counterparties with which it may contract.

Uncertainty associated with reserves figures.

Actual results, including production expenditures, revenues and reserves, will likely vary from estimates, and these variances may be material. Estimates of oil and gas reserves referred to below are interpreted through geological, petro-physical and reservoir engineering data. Such interpretations are inherently uncertain, as are the projections of future rates of production and timing of development expenditures. The accuracy of the reserves estimates is a function of the quality of available data, engineering and geological interpretation and judgment. Factors such as historical production from the area compared with the production from other producing areas, assumed effects of governmental regulations, assumptions of future oil and gas prices, future operating costs, development costs and remedial workover costs, will affect the estimates of economically recoverable quantities and of future net cash flow. Any significant variance in the assumptions could materially affect the estimated quantity and value of reserves, which may in turn have a material adverse effect on TAG Oil's business. TAG Oil's reserves are evaluated by an independent reserves evaluator each year. Copies of TAG Oil's oil and gas annual disclosure reports that have been prepared in accordance with NI 51-101 may be viewed under TAG Oil's profile on SEDAR at www.sedar.com.

Risks related to extensive competition in TAG Oil's industry.

The oil and gas industry is highly competitive. TAG Oil encounters competition from other independent operators and from major oil companies in acquiring oil and natural gas properties suitable for exploration, development and production, contracting for drilling equipment, securing trained personnel and for capital to finance such activities. Many of these competitors have financial resources and personnel resources available to them that are substantially larger than that of TAG Oil. This competition could adversely affect the Corporation's ability to acquire suitable oil and natural gas properties, raise financing to fund the exploration and development of its properties or to hire qualified personnel.

The oil and natural gas industry is characterized by rapid and significant technological advancements and introductions of new products and services utilizing new technologies. There can be no assurance that TAG Oil will be able to respond to such competitive pressures and implement such technologies on a timely basis or at an acceptable cost. In such case, or if TAG Oil is unable to utilize the most advanced commercially available technology, its business, financial condition and results of operations could be materially adversely affected.

Certain of TAG Oil's customers and potential customers are themselves exploring for oil and natural gas, and the results of such exploration efforts could affect TAG Oil's ability to sell or supply oil or gas to these customers in the future. TAG Oil's ability to successfully bid on and acquire additional property rights, to discover reserves, to participate in drilling opportunities and to identify and enter into commercial arrangements with customers will be dependent upon developing and maintaining close working relationships with industry participants and joint venture parties and its ability to select and evaluate suitable properties and to consummate transactions in a highly competitive environment. These competitors may be better positioned to take advantage of industry opportunities and to withstand changes affecting the industry, such as fluctuations in oil, NGLs and natural gas prices and production, the availability of alternative energy sources and the application of government regulation. There can be no assurances that TAG Oil will be successful in this competitive environment.

Risks related to foreign activities in New Zealand and internationally.

TAG Oil's oil and gas assets are located mainly in New Zealand. As such, TAG Oil is subject to political, economic, and other uncertainties not within its control, including, but not limited to the uncertainty of negotiating with foreign governments, adverse legislation in New Zealand, renegotiation or nullification of existing concessions, adverse determinations or rulings by governmental authorities, changes in energy policies or in the personnel administering them, disputes between various levels of authorities, arbitrating and enforcing claims against entities that may claim sovereignty, the potential implementation of exchange controls and royalty and government take increases and other risks arising out of foreign governmental sovereignty over the areas in which TAG Oil's operations are conducted.

TAG Oil's international operations and investments may also be adversely affected by laws and policies of Canada affecting foreign trade, taxation and investment. In the event of a dispute arising in connection with its foreign operations, TAG Oil may be subject to the exclusive jurisdiction of foreign courts or may not be successful in subjecting foreign persons to the jurisdiction of courts in Canada or enforcing Canadian judgments in foreign jurisdictions. Consequently, TAG Oil's foreign activities could be substantially affected by factors beyond TAG Oil's control, any of which could have a material adverse effect on TAG Oil.

The Corporation may be subject to legal proceedings that arise in the ordinary course of business.

Due to the nature of its business, the Corporation may be subject to regulatory investigations, claims, lawsuits and other proceedings in the ordinary course of its business. The Corporation's operations are subject to the risk of legal claims by employees, contractors, suppliers, joint venture partners, shareholders, governmental agencies or others through private actions, class actions, administrative proceedings, regulatory actions or other litigation. Plaintiffs may seek recovery of very large or indeterminate amounts, and the magnitude of the potential loss relating to such lawsuits may remain unknown for substantial periods of time. Defense and settlement costs can be substantial, even with respects to claims that have no merit. The results of these legal proceedings cannot be predicted with certainty due to the uncertainty inherent in litigation, including the effects of discovery of new evidence or the advancement of new legal theories, the difficulty of predicting the decisions of judges and juries and the possibility that decisions may be reversed on appeal. The litigation process could, as a result, take away from the time and effort of the Corporation’s management and could force the Corporation to pay substantial legal fees or penalties. There can be no assurances that the resolutions of any such matters will not have a material adverse effect on the Corporation’s business, financial condition and results of operations.

TAG Oil may be exposed to third-party credit risk.

TAG Oil may be exposed to third-party credit risk through its contractual arrangements with its current or future joint venture partners, oil and natural gas customers, counterparties related to derivative financial instruments and other parties. In the event such entities fail to meet their contractual obligations to TAG Oil, such failures could have a material adverse effect on TAG Oil’s business, financial condition, results of operations, cash flows and future prospects.

Difficulty of U.S. Shareholders to enforce legal proceedings against foreign directors.

TAG Oil is incorporated under the laws of British Columbia, Canada, and only one of TAG Oil’s directors and officers is a resident of the U.S. Consequently, it may be difficult for U.S. shareholders to effect service of process within the U.S. upon TAG Oil or upon any of TAG Oil’s non-U.S. resident officers or directors, or to realize in the U.S. upon judgments of U.S. courts predicated upon civil liabilities under the Securities Exchange Act of 1934. Furthermore, it may be difficult for shareholders to enforce judgments of the U.S. courts based on civil liability provisions of the U.S. federal securities laws in a foreign court against TAG Oil or any of TAG Oil’s non-U.S. resident officers or directors.

TAG Oil has limited intellectual property protection for its operating practices and depends on the expertise of its employees and contractors.

TAG Oil uses operating practices that TAG Oil believes are of significant value in developing its business. In particular, TAG Oil believes that its drilling, completion and production techniques related to multilateral development wells, integration of infrastructure and other aspects of its business have to date provided it with a competitive advantage. In most cases, patent or other intellectual property protection is unavailable for these practices. Furthermore, the Corporation's use of independent contractors in most aspects of its drilling and completion operations makes the protection of such technology more difficult. Moreover, TAG Oil relies on the technological and practical expertise of the independent contractors that it retains for its operations. TAG Oil has no long-term agreements with these contractors, and thus it cannot be sure that it will continue to have access to this expertise. As a result, TAG Oil’s competitors may be able to take advantage of expertise that TAG Oil has developed and TAG Oil will not be able to prevent them from doing so, which could reduce its competitive advantage resulting from these techniques.

TAG Oil relies on a few key employees whose absence or loss could disrupt its operations and have a material adverse effect on its business.

The success of TAG Oil largely depends upon the performance of its key employees and on the advice and project management skills of various consulting geologists, geophysicists and engineers retained by TAG Oil from time to time. The loss of their services could disrupt the Corporation's operations and have a material adverse effect on the Corporation’s ability to successfully manage and expand its affairs. The competition for qualified personnel in the oil and natural gas industry is intense and there can be no assurance that TAG Oil will be able to continue to attract and retain all personnel necessary for the development and operation of its business.

TAG Oil may be required to hire and train local workers in its petroleum and natural gas operation. Some of these workers may organize into labour unions and any strike or labour unrest could adversely affect TAG Oil's ongoing operations and its ability to explore for, produce and market its oil and gas production.

Incentive provisions for the Corporation's key executives include the granting of stock options pursuant to the Share Option Plan (as defined herein), which are designed to encourage such individuals to stay with the Corporation. However, a low price of the Corporation's common shares could render such incentives of little value to the Corporation's key executives rendering them susceptive to being hired away. If the Corporation is unable to attract and retain key executives, then its business, financial condition and results of operations may be adversely affected.

Risks related to conflicts of interest.

Certain of the directors of TAG Oil also serve as directors of other companies involved in the natural resource exploration, development and oil and gas operations and consequently there exists the possibility for such directors to be in a position of conflict. Any decision made by any of such directors will be made in accordance with their duties and obligations to deal fairly and in good faith with a view to the best interests of TAG Oil and its shareholders. In addition, each of the directors is required to declare and refrain from voting on any matter in which such directors may have a conflict of interest in accordance with the procedures set forth in the B.C. Act and other applicable laws.

Actual results may differ materially from management estimates and assumptions.

In preparing consolidated financial statements in conformity with IFRS, estimates and assumptions are used by management in determining the reported amounts of assets and liabilities, revenues and expenses recognized during the periods presented and disclosures of contingent assets and liabilities known to exist as of the date of the financial statements. These estimates and assumptions must be made because certain information that is used in the preparation of such financial statements is dependent on future events, cannot be calculated with a high degree of precision from data available, or is not capable of being readily calculated based on generally accepted methodologies. In some cases, these estimates are particularly difficult to determine, and TAG Oil must exercise significant judgment. Estimates may be used in management's assessment of items such as fair values, income taxes, share-based compensation and asset retirement obligations. Actual results for all estimates could differ materially from the estimates and assumptions used by TAG Oil, which could have a material adverse effect on TAG Oil's business, financial condition, results of operations, cash flows and future prospects.

TAG Oil has no plans to pay dividends.

TAG Oil currently intends to use its future earnings, if any, and other cash resources for the operation and development of its business and does not currently anticipate paying any dividends on its common shares. TAG Oil recently distributed the Coronado Dividend, but management does not anticipate similar equity-based dividends will occur in the foreseeable future, if at all. Any future determinations to pay dividends on its common shares will be at the sole discretion of the Board after considering a variety of factors and conditions existing from time to time, including current and future commodity prices, production levels, capital investment requirements, debt service requirements, operating costs, royalty burdens, foreign exchange rates and the satisfaction of the liquidity and solvency tests imposed by the B.C. Act for the declaration and payment of dividends. As a result, a holder of common shares may not receive any return on an investment in the Corporation's common shares.

Decommissioning costs.

TAG Oil may become responsible for costs associated with abandoning and reclaiming wells, facilities and pipelines which it may use to produce oil and gas. Abandonment and reclamation of facilities and the costs associated therewith is often referred to as "decommissioning". Should decommissioning be required, the costs of decommissioning may exceed the value of hydrocarbon reserves remaining at any particular time to cover such decommissioning costs. TAG Oil may have to draw on funds from other sources to satisfy such costs as TAG Oil does not have cash reserves for this purpose. The use of other funds to satisfy such decommissioning costs could have a materially adverse effect on TAG Oil's financial position.

4.15 Oil and Gas Activities

TAG Oil's properties with attributed reserves are located at the Cheal Permit, the Sidewinder Permit and the Cheal East Permit, which are in the onshore portion of the Taranaki Basin in New Zealand. The shallow Miocene wells are providing steady oil production that generates substantial cash flow and, as expected, more predictable decline rates. The majority of these shallow wells are now in production utilizing good oil field practice. TAG Oil will continue to optimize production methods, through programs such as waterflooding, and performing planned routine maintenance on a regular basis, which requires certain wells to be shut-in periodically.

As at the date of this AIF, the Cheal Permit (Cheal A, B and C-Sites), the Cheal East Permit (Cheal E-Site) and the Sidewinder Permit have twenty-three shallow wells on full, part-time or constrained production out of a total of fifty-three wells that have been drilled in these production areas, which includes three wells drilled at the Cheal South Permit (Cheal G-Site). The remaining wells are being used as water source or injection wells, currently shut-in pending work-overs and/or undergoing evaluation of economic re-completion methods and other behind pipe opportunities. TAG Oil's wells include the following:

- the Cheal A-Site is the location of the Cheal Production Facility as well as producing wells Cheal A1, A3X, A7, A8 and A12; the shut-in wells Cheal-A8, A10 and A11; the injection wells Cheal-A2ST1 and A4; and the source water well Cheal-A9;

- the Cheal B-Site is the location of producing wells Cheal-B1, B2, BH1, B4ST, B6, B7, B8 and B10; the shut-in wells Cheal-B5 and B9; and the injection well Cheal-B3;

- the Cheal C-Site is the location of the shut-in wells Cheal-C1, C2, C3, C4, and Cardiff-2ST and 3ST;

- the Cheal E-Site is the location of the Cheal E-Site Production Facility as well as the producing wells Cheal-E1, E2, E6 and E8; the shut-in wells Cheal-E3, E4, and E5; and the Cheal-E7 injection well that was drilled from the Cheal East Permit into the Cheal Permit and is 100% owned by TAG Oil;

- the Cheal D-Site is the location of the Cheal-D1 well that is shut-in at the moment as it is currently uneconomic to produce; however, this well has the potential to be full-time producing well;

- the Cheal G-Site is the location of the Cheal-G1 well that is shut-in at the moment as it is currently uneconomic to produce; however, this well has the potential to be full-time producing well; and

- the Sidewinder Permit is the location of the Sidewinder Production Facility as well as producing wells Sidewinder-1, 2, 3, 5 and 6, and shut-in wells Sidewinder-4 and 7.

A mining permit, referred to as PMP 38156 (Cheal Permit), was granted on July 26, 2006, covering both the shallow and deep areas of the Cheal Permit for an initial term of ten years with a right to extend the term of the mining permit following delineation of reserves. On June 15, 2016, NZP&M accepted TAG Oil's application to extend the duration of the Cheal Permit for a period of eleven years, with the Cheal Permit now expiring on July 25, 2027. The development of the Cheal Permit commenced in August 2006, which included completing the Cheal Production Facility that was designed to have initial capacity to process up to 2,000 bbl/d and 3 MMcf/d. The construction of the Cheal Production Facility commenced in 2006 and was completed with first oil produced through the Cheal Production Facility in September 2007 at a cost of approximately $25 million. The Cheal Production Facility is fully certified and was formally opened on October 8, 2007, with wells primarily being lifted using hot water power fluid and downhole jet pumps. On April 4, 2013, a significant infrastructure upgrade to the Cheal Production Facility was completed at a cost of approximately $30 million. This resulted in an expansion of oil processing capability and gas-liquids extraction capabilities, and a new 11 km pipeline to New Zealand's primary gas transmission pipeline. The Cheal Production Facility and operations are located on three sites (Cheal A, B and C-Sites).

The Cheal Permit produced an average of 524 bbl/d of oil and 0.5 MMcf/d of natural gas (604 boe/d) during fiscal year 2018, compared to an average of 680 bbl/d of oil and 0.5 MMcf/d of natural gas (768 boe/d) during fiscal year 2017.

On December 11, 2012, NZP&M awarded TAG Oil with four onshore exploration permits offered in New Zealand's 2012 blocks offer program, which included PEP 54877 and the Cheal South Permit. The award of these permits led to the creation of a joint venture with East West Petroleum Corp. in which TAG Oil operates the permits. The development of the Cheal East Permit commenced with the initial permit work program, which included drilling five shallow exploration wells that were successfully completed during the third quarter of fiscal 2014. The Cheal E-Site Production Facility that was built and commissioned, has a processing capacity of up to 1,000 bbl/d of oil from the Cheal East Permit while using the artificial lift infrastructure. On May 16, 2015, TAG Oil completed the pipeline construction connecting the Cheal E-Site Production Facility to the Cheal Production Facility, which was fully operational and flowing gas ahead of schedule. The pipeline allows TAG Oil to significantly reduce operating costs while generating additional revenues by selling previously flared gas and gives TAG Oil the ability to quickly monetize future oil and gas wells drilled in the Cheal East Permit.

A mining permit, referred to as PMP 60291 (Cheal East Permit), was granted on September 15, 2017 (covering 809 acres) and has been carved out of the existing exploration permit (PEP 54877). The duration of part of the remaining PEP 54877 acreage (covering 5,350 acres) has been extended for an additional five-year term, commencing December 11, 2017.

The Cheal East Permit produced a net average to TAG Oil of 146 bbl/d of oil and 0.5 MMcf/d of natural gas (224 boe/d) during fiscal year 2018 compared to an average of 158 bbl/d of oil and 0.7 MMcf/d of natural gas (269 boe/d) during fiscal year 2017. Production from the Cheal East Permit extends the oil saturated area of the Cheal Oil and Gas Field, and at the date of this AIF had cumulatively produced over 610,410 bbl of gross oil.

A mining permit, referred to as PMP 53803 (Sidewinder Permit), was granted on February 22, 2012 (covering 714 acres). At that time, PEP 38748 (covering 7,487 acres or 6,773 acres after removing the Sidewinder Permit amount) was valid and in good standing and remained as such for a period of time during which the PEP 38748 not covered by the Sidewinder Permit, was in force and effect. As a result of low commodity prices and the inability to attract a suitable joint venture partner, PEP 38748 was formally relinquished on June 2, 2016, but the Sidewinder Permit remains lightly explored and TAG Oil believes that it is prospective for further oil and gas discoveries, with numerous drill-ready prospects.

In October 2011, TAG Oil announced the completion and commissioning of the Sidewinder Production Facility and a related 3.5 km pipeline. The Sidewinder Production Facility is designed to handle up to 30 MMcf/d of gas production, as well as any oil production, and was constructed following the first four successful Sidewinder Permit exploration wells referenced above. There have been two further Sidewinder Permit wells that have been drilled, completed and tied in to this permit.

The Sidewinder Permit produced an average of 284 boe/d during fiscal year 2018, compared to an average of 163 boe/d during fiscal year 2017, which is due to the recompletion of the oil bearing zones in Sidewinder-1 and 2 wells. TAG Oil continues to assess the optimal well operating mode to maximize well deliverability and economics for the Sidewinder Permit.

During the fiscal year 2018, TAG Oil produced a total of 314,367 bbl of oil (2017: 346,095 bbl of oil) and 566 MMcf of natural gas (2017: 551 MMcf of natural gas) and sold 298,342 bbl of oil (2017: 344,722 bbl of oil) and 224 MMcf of natural gas (2017: 247 MMcf of natural gas).

Through TAG Oil's high working interest ownership of the Cheal Production Facility, the Cheal E-Site Production Facility, the Sidewinder Production Facility and related pipeline networks, TAG Oil controls approximately $100 million in critical infrastructure and is a completely independent processor, transporter, and marketer of the oil and gas it discovers, extracts, and produces. TAG Oil is positioned as a prominent New Zealand producer with a strong competitive edge to pursue the attractive opportunities identified within its Taranaki Basin portfolio.

TAG Oil's purchase of a 100% interest in the PL17 Permit on January 31, 2017, which is located in the Surat Basin of Australia, marked the Corporation's first acquisition of an oil and gas property outside of New Zealand. The PL17 Permit includes the Bennett and Leichhardt fields that are both undeveloped oil fields that have produced light oil intermittently from the Hutton Sand and Precipice formations (~2,000 m) since being discovered in the 1960s. TAG Oil has initiated the reinstatement of production equipment on the Bennett-4 well, in addition to the acquisition of 70 km^2 of 3D seismic data over the most prospective area of the PL17 Permit. The information that is gathered from the seismic study should also provide TAG Oil with a better understanding of the deeper Permian tight gas/condensate potential that lies approximately 1,000m lower than the conventional prospects. During fiscal year 2018, the PL17 Permit produced an average of 9 bbl/d of oil.

With only a portion of TAG Oil's core properties drilled to date, the Corporation believes it has an opportunity to conduct many more years of shallow drilling, targeting new shallow reserves while also offering highly prospective deeper reserves for potential joint venture or farm-in partners that will target oil, gas and condensates that are not included in reserves at this stage. TAG Oil plans to continue to optimize infrastructure and production techniques during fiscal year 2019 to ensure cash flows remain strong over the long term. TAG Oil will also continue to pursue new business opportunities.

For further detail regarding TAG Oil's oil and gas activities for the 2018 fiscal year and as at the date of this AIF, please refer to the heading "General Development of the Business - Three Year History" and "Description of Business – Summary" and TAG Oil's Form 51-101F1 *Statement of Reserves Data and Other Oil and Gas Information* as at March 31, 2018, the report of ERC as at March 31, 2018, as disclosed on TAG Oil's Form 51-101F2 *Report on Reserves Data by Independent Qualified Reserves Evaluator or Auditor*, and TAG Oil's Form 51-101F3 *Report of Management and Directors on Oil and Gas Disclosure*, each of which has been filed under TAG Oil's profile on SEDAR at www.sedar.com and are incorporated by reference into this AIF.

5. DIVIDENDS

Other than the Coronado Dividend, as described under the heading "General Development of the Business – Three Year History", whereby TAG Oil distributed 0.0326 Coronado Shares to TAG Oil shareholders for each TAG Oil common share held, TAG Oil has paid no dividends on its common shares since incorporation and does not anticipate doing so in the foreseeable future, as it anticipates that all available funds will be invested to finance the growth of its business.

6. DESCRIPTION OF CAPITAL STRUCTURE

6.1 General Description of Capital Structure

TAG Oil is authorized to issue an unlimited number of common shares without par value. As at the date of this AIF, there were 85,282,252 common shares issued and outstanding.

Common Shares

The holders of common shares of TAG Oil are entitled to receive notice of, and to one vote per common share at, every meeting of shareholders of TAG Oil, to receive such dividends as the Board declares and to share equally in the assets of TAG Oil remaining upon the liquidation, dissolution or winding up of TAG Oil after the creditors of TAG Oil have been satisfied.

Share Option Plan

On December 10, 2010, TAG Oil's shareholders approved the share option plan (the "**Share Option Plan**"), and also approved a resolution authorizing amendment to the Share Option Plan that became effective upon the Corporation's graduation from the TSX Venture Exchange to the TSX on July 5, 2011. Under the Share Option Plan, the number of common shares of TAG Oil reserved for issuance as share incentive options remains equal to 10% of TAG Oil's issued and outstanding common shares at any time. The purpose of the Share Option Plan is to allow TAG Oil to grant options to directors, officers, employees and consultants, as additional compensation, and as an opportunity to participate in the success of TAG Oil.

The policies of the TSX require that all unallocated options be approved every three years by shareholders of the Corporation. Accordingly, on October 31, 2016, TAG Oil's shareholders approved the grant of unallocated options for a further three-year term under the Share Option Plan.

As at the date of this AIF, up to 8,528,225 options in the aggregate may be granted under the Share Option Plan. The number of options currently outstanding is 8,520,000 and therefore the number available for grant is 8,225.

Burn Rate

Burn rate measures the annual usage of the Company's shares for incentive purposes. The burn rate for a given period is calculated by dividing the number of Options pursuant to the Share Option Plan granted during such period by the weighted average number of Common Shares outstanding during such period. The burn rate for 2018 is Nil.

The following table sets forth the burn rate for the Company's three most recently completed financial years ended March 31.

Year	Stock Options Granted (#)	Weighted Average Common Shares Outstanding[(1)] (#)	Burn Rate (%)
2018	Nil	85,282,252	Nil
2017	1,585,000	62,907,512	2.52%
2016	4,700,000	62,259,415	7.55%

Notes:

(1) The weighted average number of common shares outstanding during the year is the number of common shares outstanding at the beginning of the year, adjusted by the number of securities bought back or issued during the year multiplied by a time-weighting factor. The time-weighting factor is the number of days that the common shares are outstanding as a proportion of the total number of days in the year. The weighted average number of common shares outstanding was calculated in accordance with the rules set out in the CPA Canada Handbook in effect at March 31 of each year.

Warrants

As of the date of this AIF, TAG Oil has 11,535,000 common share purchase warrants outstanding.

7. MARKET FOR SECURITIES

7.1 Trading Price and Volume

The common shares of TAG Oil are listed and posted for trading on the TSX under the symbol "TAO" and on the premier tier of the OTC market in the United States, the OTCQX under the symbol "TAOIF". The warrants of TAG Oil are listed and posted for trading on the TSX under the symbol "TAO.WT".

The following table sets forth the trading prices and volumes of TAG Oil's common shares on the TSX for the year ended March 31, 2018:

Month/Year	High ($)	Low ($)	Daily Trading volume (average)
April 2017	0.63	0.61	79,208
May 2017	0.62	0.59	140,892
June 2017	0.66	0.63	55,912
July 2017	0.58	0.56	25,478
August 2017	0.57	0.55	30,793
September 2017	0.51	0.48	48,450
October 2017	0.42	0.41	29,665
November 2017	0.41	0.39	92,152
December 2017	0.39	0.37	174,966
January 2018	0.43	0.41	80,437
February 2018	0.42	0.38	141,739
March 2018	0.36	0.34	116,867

The following table sets forth the trading prices and volumes of TAG Oil's warrants on the TSX for the year ended March 31, 2018:

Month/Year	High ($)	Low ($)	Daily Trading volume (average)
April 2017	0.07	0.07	46,977
May 2017	0.08	0.08	30,144
June 2017	0.11	0.10	22,100
July 2017	0.12	0.11	53,500
August 2017	0.11	0.10	7,775
September 2017	0.09	0.09	12,667
October 2017	0.10	0.09	25,933
November 2017	0.14	0.12	49,000
December 2017	0.14	0.12	29,000
January 2018	0.12	0.12	10,000
February 2018	0.07	0.06	36,808
March 2018	0.02	0.02	120,395

The following table sets forth the trading prices and volumes of TAG Oil's common shares on the OTCQX for the year ended March 31, 2018:

Month	High (US$)	Low (US$)	Daily Trading volume (average)
April 2017	0.47	0.44	13,021
May 2017	0.54	0.39	21,126
June 2017	0.52	0.43	10,896
July 2017	0.51	0.42	12,100
August 2017	0.49	0.41	12,666
September 2017	0.47	0.35	22,495
October 2017	0.37	0.32	20,077
November 2017	0.35	0.28	27,578
December 2017	0.34	0.26	26,745
January 2018	0.38	0.30	21,419
February 2018	0.39	0.25	53,062
March 2018	0.33	0.25	91,825

7.2 Prior Sales

During, and subsequent to, the fiscal year ended March 31, 2018, no TAG Oil options were exercised, and 11,535,000 common share purchase warrants were outstanding.

The following table summarizes information about TAG Oil options that are outstanding at March 31, 2018:

Number of Options	Price per Share	Weighted Average Remaining Contractual Life	Expiry Date	Options Exercisable
335,000	$2.75	0.07	August 13, 2019	335,000
200,000	$2.39	0.05	August 31, 2019	200,000
1,400,000	$1.54	0.49	May 13, 2020	1,400,000
800,000	$1.50	0.29	June 9, 2020	800,000
800,000	$0.75	0.38	March 2, 2021	800,000
500,000	$0.75	0.24	March 2, 2021	333,333
500,000	$0.75	0.24	March 9, 2021	500,000
1,475,000	$1.05	0.88	November 23, 2021	983,333

60,000	$1.05	0.03	November 23, 2021	20,000
50,000	$0.90	0.03	November 23, 2021	33,334
6,120,000		2.70		5,405,000

7.3 Escrowed Securities

As at the date of this AIF, there are no securities of TAG Oil that are held in escrow.

8. DIRECTORS AND OFFICERS

8.1 Name, Occupation and Security Holding

The following table sets forth the names and residences of all directors and executive officers of TAG Oil, the positions and offices with TAG Oil held by such persons and their principal occupations during the last five years, as at the date of this AIF:

Name, office held and municipality of present address	**Became a Director**	**Principal occupation and positions during the last five years[(1)]**
Toby Pierce *Chief Executive Officer and Director* British Columbia, Canada	June 1, 2015	• Chief Executive Officer and a director of TAG Oil from June 2015 to present • Managing Director of Burnt Ridge Advisory from February 2012 to May 2015 • Director of Crest Petroleum Corp. from January 2012 to October 2016 • Director of Benchmark Metals Inc. from February 2013 to present • Director of Chelsea Oil and Gas Ltd. from September 2013 to December 2017 • Director of North Country Gold Corp. from January 2013 to September 2015 • Director of Foreshore Exploration Partners Corp. from October 2017 to present • Director of DelphX Capital Markets Inc. from Jan 2017 to present
Peter Loretto[(2)] *Director* British Columbia, Canada	May 15, 2018	• Director of TAG Oil from May 2018 to present • Self-employed investor and financier from December 1996 to present

Name, office held and municipality of present address	Became a Director	Principal occupation and positions during the last five years[1]
Keith Hill[3][4][5] *Director* Florida, U.S.A.	July 6, 2011	• Director of TAG Oil from July 2011 to present • Director of Tyner Resources Ltd. from September 2008 to February 2017 • Chief Executive Officer, President, and director of Africa Oil Corp. from October 2006 to present • Director of Petro Vista Energy Corp. from January 2008 to January 2017 • Director of ShaMaran Petroleum Corp. from February 2007 to present • Director of Africa Energy Corp. from September 2011 to present • Director of Blackpearl Resources Inc. from January 2006 to present • Director of Eco (Atlantic) Oil & Gas Ltd. from November 2017 to present
Ken Vidalin[3][5] *Director* British Columbia, Canada	December 14, 2011	• Director of TAG Oil from December 2011 to present • President of Carina Investments Ltd. from August 2005 to present
Brad Holland[3][4][5] *Director* Alberta, Canada	March 1, 2015	• Director of TAG Oil from March 2015 to present • President of B. J. Holland Project Management from October 2011 to present
David Bennett *Director* Wellington, New Zealand	March 3, 2016	• Director of TAG Oil from March 2016 to present • Independent exploration consultant from January 2012 to present
Henrik Lundin *Chief Operating Officer* New Plymouth, New Zealand	N/A	• Chief Operating Officer of TAG Oil from June 2015 to present • Director of TAG Oil from June 2015 to March 2016 • Senior Reservoir Engineer of Lundin Petroleum AB from January 2010 to May 2015
Barry MacNeil *Chief Financial Officer* British Columbia, Canada	N/A	• Chief Financial Officer of TAG Oil from April 2016 to present • Chief Financial Officer of Coronado from April 2013 to present • Chief Financial Officer of McorpCX, Inc. from November 2015 to present • Corporate Controller of TAG Oil from March 2015 to present • Accounting consultant from April 2013 to March 2015
Giuseppe (Pino) Perone *Corporate Secretary* British Columbia, Canada	N/A	• Corporate Secretary and General Counsel of TAG Oil from December 2009 to present • Corporate Secretary of Coronado from August 2012 to present; • Corporate Secretary of McorpCX, Inc. from November 2015 to September 2016 • Chief Executive Officer and Director of Coronado from October 2017 to present

Name, office held and municipality of present address	Became a Director	Principal occupation and positions during the last five years(1)
Max Murray *New Zealand Country Manager* New Plymouth, New Zealand	N/A	• New Zealand Country Manager of TAG Oil from July 2014 to present • Production Manager Australia & New Zealand Upstream E&P, including Senior "In Country Manager" for New Zealand of Origin Energy from November 2012 to July 2014

Notes:

(1) Such information, not being within the knowledge of TAG Oil, has been furnished by the respective directors and officers individually.

(2) On May 15, 2018, TAG Oil announced the appointment of Mr. Peter Loretto as a director.

(3) Member of the Audit Committee.

(4) Member of the Compensation Committee.

(5) Member of the Nominating Committee.

The term of office for each of the directors expires at the end of TAG Oil's next annual meeting of shareholders.

The directors and officers of TAG Oil, as a group, beneficially own, or control or direct, directly or indirectly, 4,458,672 (5.23%) of TAG Oil's common shares as at the date of this AIF.

The following table sets out the number of securities beneficially owned, or controlled or directed of TAG Oil, the percentage of voting securities beneficially owned, or controlled or directed of TAG Oil and the number of TAG Oil options granted to each director and officer of TAG Oil as at the date of this AIF:

Name	Number of Voting Securities Beneficially Owned or Controlled or Directed of TAG Oil	Percentage of Voting Securities Beneficially Owned or Controlled or Directed of TAG Oil	Number of TAG Oil Options Granted
Toby Pierce	390,700	0.46%	1,100,000
Peter Loretto	3,635,872	4.26%	475,000
Keith Hill	Nil	Nil	525,000
Ken Vidalin	Nil	Nil	525,000
Brad Holland	191,000	0.22%	525,000
David Bennett	100,000	0.12%	525,000
Henrik Lundin	42,000	0.05%	1,025,000
Barry MacNeil	49,100	0.06%	440,000
Giuseppe (Pino) Perone	20,000	0.02%	470,000
Max Murray	30,000	0.04%	385,000

8.2 Cease Trade Orders, Bankruptcies, Penalties or Sanctions

No director or executive officer of TAG Oil is, as of the date of the AIF or has been, within the 10 years preceding the date of this AIF, a director, chief executive officer or chief financial officer of any company, including TAG Oil, that:

(a) was subject to a cease trade order, an order similar to a cease trade order, or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days, that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer; or

(b) was subject to a cease trade order, an order similar to a cease trade order, or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days, that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

No director or executive officer of TAG Oil, or to the best of TAG Oil's knowledge, a shareholder holding a sufficient number of securities of TAG Oil to affect materially the control of TAG Oil:

(a) is, as of the date of the AIF, or has been within 10 years preceding this date, a director or executive officer of any company, including TAG Oil, that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or

(b) has, within the ten years before the date of the AIF, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or was subject to or instituted any proceedings, arrangement, or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer or shareholder.

No director or executive officer of TAG Oil, or to the best of TAG Oil's knowledge, a shareholder holding a sufficient number of securities of TAG Oil to materially affect the control of TAG Oil, has been subject to:

(a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or

(b) any other penalties or sanctions imposed by a court or a regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

8.3 Conflicts of Interest

Directors and officers of TAG Oil may also serve as directors or officers of other companies in the oil and gas industry and may be presented from time to time with situations or opportunities which give rise to potential conflicts of interest which cannot be resolved by arm's length negotiations, but only through the exercise by such director or officer of such judgment as is consistent with his fiduciary duties to TAG Oil which arise under British Columbia corporate law. All conflicts of interest will be resolved in accordance with the B.C. Act. Any transactions with directors and officers will be made on terms consistent with industry standards and sound business practice in accordance with the fiduciary duties of those persons to TAG Oil, and, depending on the magnitude of the transactions and the absence of any disinterested directors of TAG Oil, may be submitted to the shareholders of TAG Oil for their approval.

In the opinion of TAG Oil, there are no existing or potential conflicts of interest between TAG Oil or its subsidiaries and any director or officer of TAG Oil or its subsidiaries.

9. LEGAL PROCEEDINGS AND REGULATORY ACTIONS

TAG Oil is not a party to any outstanding legal or regulatory proceedings, nor is its property the subject of any legal or regulatory proceedings. The directors of TAG Oil do not have any knowledge of any contemplated legal or regulatory proceedings that are material to the business and affairs of TAG Oil.

10. INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Except as otherwise disclosed in this AIF, TAG Oil is not aware of any material interest, direct or indirect, of any director or executive officer of TAG Oil, any person or company beneficially owning or controlling, directly or indirectly, more than 10% of the common shares of TAG Oil or any associate or affiliate of any such person in any transaction entered into by TAG Oil in the three most recently completed financial years, or in any subsequent transactions, or in any proposed transaction, that has materially affected or is reasonably expected to materially affect TAG Oil.

11. REGISTRAR AND TRANSFER AGENT

The registrar and transfer agent for TAG Oil's common shares and warrants is Computershare Investor Services Inc. ("**Computershare**") located at 2nd Floor - 510 Burrard Street, Vancouver, British Columbia, V6C 3B9.

12. MATERIAL CONTRACTS

There are contracts of TAG Oil that are material to TAG Oil and were entered into within the most recently completed financial year of TAG Oil or before the most recently completed financial year of TAG Oil and which are still in effect.

TAG Oil through its subsidiary, Cheal Petroleum, is a party to an oil sales contracts that commenced on January 1, 2018, with the Cheal Permit's sole crude customer, OMV, and expires on December 31, 2018, subject to termination by OMV or TAG Oil. Additional information regarding TAG Oil's arrangements with OMV can be found under the heading "Description of Business – General".

TAG Oil through its subsidiary, Cheal Petroleum, is a party to on an oil storage contract with EIL dated October 13, 2009, which is to continue in effect on an ongoing basis subject to termination by EIL or Cheal Petroleum. Fees payable under this agreement are on a per use and as accrued basis as set out in the agreement with EIL. Additional information regarding TAG Oil's arrangements with EIL can be found under the heading "Description of Business – General".

In addition to the material contracts listed above, TAG Oil is a party to the Agency Agreement, as discussed under the section "General Development of the Business – Three Year History", and a warrant indenture between the Corporation and Computershare, as agent for the holders of the warrants issued pursuant to the Offering, dated March 20, 2017.

Copies of all of the Corporation's material contracts have been filed under TAG Oil's profile on SEDAR at www.sedar.com and any summaries contained herein are qualified in their entirety by reference to the full text of such material contracts.

13. PROMOTERS

TAG Oil has not had a promoter within the two most recently completed financial years.

14. INTERESTS OF EXPERTS

The following persons and companies are named as having prepared or certified a report, valuation, statement or opinion in this AIF or in a document incorporated by reference into this AIF.

Name	Description
De Visser Gray LLP, Chartered Professional Accountants	Provided the audit report dated June 29, 2018 on the consolidated statements of financial position of TAG Oil as at March 31, 2018 and 2017 and the consolidated statements of comprehensive (loss) income, cash flows and changes in equity for each of the years then ended.
ERC Equipoise Ltd.	Authored the “TAG Oil 2017-2018 Year End Audit Report: Evaluation of New Zealand Reserves and Select Contingent Resources”.

Based on the information provided by the experts, none of the individuals named in the foregoing section, nor the directors, officers, employees partners and consultants in the aggregate, as applicable, of each of De Visser Gray LLP, Chartered Professional Accountants (“**De Visser**”) or ERCE, hold, have received after the date of their report, valuation, statement of opinion, or will receive any registered or beneficial interest, direct or indirect, in any of the securities or other property of TAG Oil or any of the associates or affiliates of TAG Oil.

The auditors of Corporation report that they are independent of TAG Oil in accordance with the Rules of Professional Conduct of the Institute of Chartered Professional Accountants of British Columbia, Canada.

15. ADDITIONAL INFORMATION

15.1 Audit Committee

The Audit Committee’s Charter

A copy of the audit committee’s charter is attached to to this AIF as Appendix “A”.

Audit Committee Composition

TAG Oil is required under the rules of the TSX to have an audit committee comprised of not less than three directors, all of whom are not officers, control persons or employees of TAG Oil or an affiliate of TAG Oil. TAG Oil’s current members of the audit committee are Messrs. Brad Holland (Chair), Keith Hill and Ken Vidalin.

TAG Oil is required to disclose whether the members of its audit committee are “independent” and “financially literate” within the meaning of NI 52-110.

NI 52-110 provides that a member of an audit committee is “independent” if the member has no direct or indirect material relationship with TAG Oil, which could in the view of the Board reasonably interfere with the exercise of the member’s independent judgment. All of the audit committee members are independent within the meaning of NI 52-110.

NI 52-110 provides that an individual is “financially literate” if he or she has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by TAG Oil's financial statements. All members of the audit committee are considered to be "financially literate" in the context of TAG Oil's operations.

Relevant Education and Experience

The following is relevant biographical information regarding the education and experience of the members of TAG Oil's audit committee, which has been supplied by the respective audit committee members:

Mr. Keith Hill has been a director of TAG Oil since July 6, 2011. Mr. Hill is also the President, Chief Executive Officer, and a director of Africa Oil Corp., as well as a director of BlackPearl Resources Inc., ShaMaran Petroleum Corp., Eco (Atlantic) Oil & Gas Ltd. and Africa Energy Corp. Prior to this, Mr. Hill was instrumental in developing Valkyries Petroleum Corp. and Tanganyika Oil Company Ltd., both highly successful international oil and gas producers which were acquired by major oil companies. Mr. Hill holds a Master of Science degree in Geology and Bachelor of Science degree in Geophysics from Michigan State University, as well as an MBA from the University of St. Thomas in Houston.

Mr. Ken Vidalin has been a director of TAG Oil since December 14, 2011. Mr. Vidalin is the founder of two significant global corporations, Methanex and Acetex, and has more than 20 years of experience as a board member of public and private companies. As the founder, former director, and former COO of Methanex Corporation, Mr. Vidalin has significant technical and business qualifications. Mr. Vidalin is currently the President of Carina Investments Ltd., which is a private investment company, and he holds a Bachelor of Science degree in Mechanical Engineering from the University of North Dakota.

Mr. Brad Holland has been a director of TAG Oil since March 1, 2015. Mr. Holland has more than thirty years of experience and expertise in the planning, design and project management of oil and gas industry projects. His expertise has been established and honed over eighteen years as Senior Project Engineer for Saudi Aramco, a global leader in oil and gas, and at Wood Group Mustang, overseeing major oil and gas pipeline projects. Mr. Holland holds a Bachelor of Science degree in Chemical Engineering from the University of Alberta.

Audit Committee Oversight

Since the commencement of TAG Oil's most recently completed financial year, the Board has not failed to adopt a recommendation by the audit committee to nominate or compensate an external auditor.

Reliance on Certain Exemptions

Since the commencement of TAG Oil's recently completed financial year, TAG Oil has not relied on the exemptions contained in section 2.4 (De Minimis Non-audit Services), section 3.2 (Initial Public Offerings), section 3.3(2) (Controlled Companies), section 3.4 (Events Outside Control of Member), section 3.5 (Death, Disability or Resignation of Audit Committee Member), section 3.6 (Temporary Exemption for Limited and Exceptional Circumstances), section 3.8 (Acquisition of Financial Literacy) or an exemption from NI 52-110, in whole or in part, granted under Part 8 (Exemptions) of NI 52-110.

Pre-Approval Policies and Procedures

The audit committee has not adopted specific policies and procedures for the engagement of non-audit services. Subject to the requirements of NI 52-110, the engagement of non-audit services is considered by the Board, and when applicable, the audit committee, on a case-by-case basis.

External Auditor Service Fees

The audit committee has reviewed the nature and amount of the non-audited services provided by De Visser and TAG Oil's New Zealand auditor BDO Spicers, Chartered Accountants and Advisors ("**BDO Spicers**"), to ensure auditor independence. Fees incurred with De Visser and BDO Spicers for audit and non-audit services in the last two fiscal years for audit fees are outlined in the following table:

Nature of Services	Fees Paid to Auditor in Year Ended March 31, 2017	Fees Paid to Auditor in Year Ended March 31, 2018
Audit Fees(1)	$155,845	$158,799
Audit-Related Fees(2)	$7,902	$6,881
Tax Fees(3)	$29,532	$45,457
All Other Fees(4)	Nil	Nil
Total	$193,279	$211,137

Notes:

(1) "Audit Fees" include fees necessary to perform the annual audit and quarterly reviews of TAG Oil's consolidated financial statements and include both the fees of the Corporation's principal auditor, De Visser, and BDO Spicers. Audit fees also include fees for review of tax provisions and for accounting consultations on matters reflected in the financial statements. Audit Fees also include audit or other attest services required by legislation or regulation, such as comfort letters, consents, reviews of securities filings and statutory audits.

(2) "Audit-Related Fees" include services that are traditionally performed by the auditor. These audit-related services include employee benefit audits, due diligence assistance, accounting consultations on proposed transactions, internal control reviews and audit or attest services not required by legislation or regulation.

(3) "Tax Fees" include fees for all tax services other than those included in "Audit Fees" and "Audit-Related Fees". This category includes fees for tax compliance, tax planning and tax advice. Tax planning and tax advice includes assistance with tax audits and appeals, tax advice related to mergers and acquisitions, and requests for rulings or technical advice from tax authorities.

(4) "All Other Fees" include all other non-audit services.

15.2 Additional Information

Additional information relating to TAG Oil may be found on SEDAR at www.sedar.com.

Additional information, including directors' and officers' remuneration and indebtedness, principal holders of TAG Oil's securities and securities authorized for issuance under equity compensation plans is contained in the Information Circular for TAG Oil's most recent annual meeting of shareholders.

Additional information is provided in TAG Oil's financial statements and management discussion and analysis for its most recently completed financial year.

Appendix "A"

Audit Committee Charter

1. Mandate

The audit committee will assist the board of directors (the "Board") in fulfilling its financial oversight responsibilities. The audit committee will review and consider in consultation with the auditors the financial reporting process, the system of internal control and the audit process. In performing its duties, the committee will maintain effective working relationships with the Board, management, and the external auditors. To effectively perform his or her role, each committee member must obtain an understanding of the principal responsibilities of committee membership as well and the company's business, operations and risks.

2. Composition

The Board will appoint from among their membership an audit committee after each annual general meeting of the shareholders of the Company. The audit committee will consist of a minimum of three directors.

2.1 Independence

A majority of the members of the audit committee must not be officers, employees or control persons of the Company.

2.2 Expertise of Committee Members

Each member of the audit committee must be financially literate or must become financially literate within a reasonable period of time after his or her appointment to the committee. At least one member of the committee must have accounting or related financial management expertise. The Board shall interpret the qualifications of financial literacy and financial management expertise in its business judgment and shall conclude whether a director meets these qualifications.

3. Meetings

The audit committee shall meet in accordance with a schedule established each year by the Board, and at other times that the audit committee may determine. The audit committee shall meet at least annually with the Company's Chief Financial Officer and external auditors in separate executive sessions.

4. Roles and Responsibilities

The audit committee shall fulfill the following roles and discharge the following responsibilities:

4.1 External Audit

The audit committee shall be directly responsible for overseeing the work of the external auditors in preparing or issuing the auditor's report, including the resolution of disagreements between management and the external auditors regarding financial reporting and audit scope or procedures. In carrying out this duty, the audit committee shall:

(a) recommend to the Board the external auditor to be nominated by the shareholders for the purpose of preparing or issuing an auditor’s report or performing other audit, review or attest services for the Company;

(b) review (by discussion and enquiry) the external auditors’ proposed audit scope and approach;

(c) review the performance of the external auditors and recommend to the Board the appointment or discharge of the external auditors;

(d) review and recommend to the Board the compensation to be paid to the external auditors; and

(e) review and confirm the independence of the external auditors by reviewing the non-audit services provided and the external auditors’ assertion of their independence in accordance with professional standards.

4.2 Internal Control

The audit committee shall consider whether adequate controls are in place over annual and interim financial reporting as well as controls over assets, transactions and the creation of obligations, commitments and liabilities of the Company. In carrying out this duty, the audit committee shall:

(a) evaluate the adequacy and effectiveness of management’s system of internal controls over the accounting and financial reporting system within the Company; and

(b) ensure that the external auditors discuss with the audit committee any event or matter which suggests the possibility of fraud, illegal acts or deficiencies in internal controls.

4.3 Financial Reporting

The audit committee shall review the financial statements and financial information prior to its release to the public. In carrying out this duty, the audit committee shall:

General

(a) review significant accounting and financial reporting issues, especially complex, unusual and related party transactions; and

(b) review and ensure that the accounting principles selected by management in preparing financial statements are appropriate.

Annual Financial Statements

(c) review the draft annual financial statements and provide a recommendation to the Board with respect to the approval of the financial statements;

(d) meet with management and the external auditors to review the financial statements and the results of the audit, including any difficulties encountered; and

(e) review management’s discussion & analysis respecting the annual reporting period prior to its release to the public.

Interim Financial Statements

(f) review and approve the interim financial statements prior to their release to the public; and

(g) review management's discussion & analysis respecting the interim reporting period prior to its release to the public.

Release of Financial Information

(h) where reasonably possible, review and approve all public disclosure, including news releases, containing financial information, prior to its release to the public.

4.4 Non-Audit Services

All non-audit services (being services other than services rendered for the audit and review of the financial statements or services that are normally provided by the external auditor in connection with statutory and regulatory filings or engagements) which are proposed to be provided by the external auditors to the Company or any subsidiary of the Company shall be subject to the prior approval of the audit committee.

Delegation of Authority

(a) The audit committee may delegate to one or more independent members of the audit committee the authority to approve non-audit services, provided any non-audit services approved in this manner must be presented to the audit committee at its next scheduled meeting.

De-Minimis Non-Audit Services

(b) The audit committee may satisfy the requirement for the pre-approval of non-audit services if:

    (i) the aggregate amount of all non-audit services that were not pre-approved is reasonably expected to constitute no more than five per cent of the total amount of fees paid by the Company and its subsidiaries to the external auditor during the fiscal year in which the services are provided; or

    (ii) the services are brought to the attention of the audit committee and approved, prior to the completion of the audit, by the audit committee or by one or more of its members to whom authority to grant such approvals has been delegated.

Pre-Approval Policies and Procedures

(c) The audit committee may also satisfy the requirement for the pre-approval of non-audit services by adopting specific policies and procedures for the engagement of non-audit services, if:

    (i) the pre-approval policies and procedures are detailed as to the particular service;

    (ii) the audit committee is informed of each non-audit service; and

    (iii) the procedures do not include delegation of the audit committee's responsibilities to management.

4.5 Other Responsibilities

The audit committee shall:

(a) establish procedures for the receipt, retention and treatment of complaints received by the company regarding accounting, internal accounting controls, or auditing matters;

(b) establish procedures for the confidential, anonymous submission by employees of the company of concerns regarding questionable accounting or auditing matters;

(c) ensure that significant findings and recommendations made by management and external auditor are received and discussed on a timely basis;

(d) review the policies and procedures in effect for considering officers' expenses and perquisites;

(e) perform other oversight functions as requested by the Board; and

(f) review and update this Charter and receive approval of changes to this Charter from the Board.

4.6 Reporting Responsibilities

The audit committee shall regularly update the Board about committee activities and make appropriate recommendations.

5. Resources and Authority of the Audit Committee

The audit committee shall have the resources and the authority appropriate to discharge its responsibilities, including the authority to:

(a) engage independent counsel and other advisors as it determines necessary to carry out its duties;

(b) set and pay the compensation for any advisors employed by the audit committee; and

(c) communicate directly with the internal and external auditors.

6. Guidance – Roles & Responsibilities

The following guidance is intended to provide the Audit Committee members with additional guidance on fulfilment of their roles and responsibilities on the committee:

6.1 Internal Control

(a) evaluate whether management is setting the goal of high standards by communicating the importance of internal control and ensuring that all individuals possess an understanding of their roles and responsibilities;

(b) focus on the extent to which external auditors review computer systems and applications, the security of such systems and applications, and the contingency plan for processing financial information in the event of an IT systems breakdown; and

(c) gain an understanding of whether internal control recommendations made by external auditors have been implemented by management.

6.2 Financial Reporting

General

(a) review significant accounting and reporting issues, including recent professional and regulatory pronouncements, and understand their impact on the financial statements;

(b) ask management and the external auditors about significant risks and exposures and the plans to minimize such risks; and

(c) understand industry best practices and the Company's adoption of them.

Annual Financial Statements

(d) review the annual financial statements and determine whether they are complete and consistent with the information known to committee members, and assess whether the financial statements reflect appropriate accounting principles in light of the jurisdictions in which the Company reports or trades its shares;

(e) pay attention to complex and/or unusual transactions such as restructuring charges and derivative disclosures;

(f) focus on judgmental areas such as those involving valuation of assets and liabilities, including, for example, the accounting for and disclosure of loan losses; warranty, professional liability; litigation reserves; and other commitments and contingencies;

(g) consider management's handling of proposed audit adjustments identified by the external auditors; and

(h) ensure that the external auditors communicate all required matters to the committee.

Interim Financial Statements

(i) be briefed on how management develops and summarizes interim financial information, the extent to which the external auditors review interim financial information;

(j) meet with management and the auditors, either telephonically or in person, to review the interim financial statements; and

(k) to gain insight into the fairness of the interim statements and disclosures, obtain explanations from management on whether:

    (i) actual financial results for the quarter or interim period varied significantly from budgeted or projected results;

(ii) changes in financial ratios and relationships of various balance sheet and operating statement figures in the interim financial statements are consistent with changes in the Company's operations and financing practices;

(iii) generally accepted accounting principles have been consistently applied;

(iv) there are any actual or proposed changes in accounting or financial reporting practices;

(v) there are any significant or unusual events or transactions;

(vi) the Company's financial and operating controls are functioning effectively;

(vii) the Company has complied with the terms of loan agreements, security indentures or other financial position or results dependent agreement; and

(viii) the interim financial statements contain adequate and appropriate disclosures.

6.3 Compliance with Laws and Regulations

(a) periodically obtain updates from management regarding compliance with this policy and industry "best practices";

(b) be satisfied that all regulatory compliance matters have been considered in the preparation of the financial statements; and

(c) review the findings of any examinations by securities regulatory authorities and stock exchanges.

6.4 Other Responsibilities

(a) review, with the Company's counsel, any legal matters that could have a significant impact on the Company's financial statements.