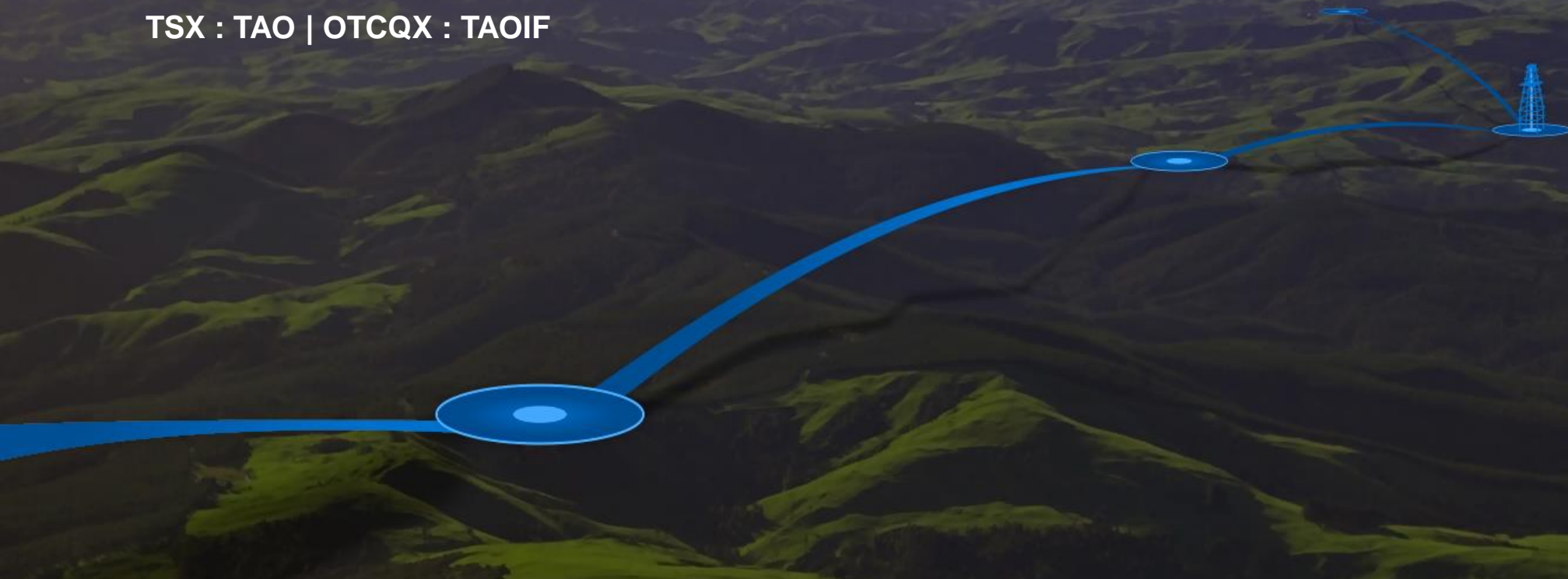




TSX : TAO | OTCQX : TAOIF



# A proven leader in New Zealand's oil & gas industry

August 2016

# Disclaimer

## BOEs

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

## Resource Estimates

The resource estimates in this document are best case estimates prepared by TAG professionals, a non-independent qualified reserves evaluator in accordance with NI 51-101 and the COGE Handbook, with effective dates of May 31, 2015 and July 31, 2016.

Prospective resources are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from undiscovered accumulations by application of future development projects. Prospective resources have both an associated chance of discovery and a chance of development. There is no certainty that any portion of the resources will be discovered. If discovered, there is no certainty that it will be commercially viable to produce any portion of the resources.

Contingent resources are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations using established technology or technology under development, but which are not currently considered to be commercially recoverable due to one or more contingencies. There is no certainty that it will be commercially viable to produce any portion of the resources.

The economic status of Cardiff is undetermined, as the project maturity status of the development is pending a successful fracture stimulation test. Technical fracture stimulation design is in progress as part of the development course. TAG has completed the drilling and logging of the Cardiff structure, and offset analogue well tests confirm the presence of hydrocarbons in the structure. The commerciality of the play depends on the successful fracture stimulation resulting in commercial flow rates. The estimated cost is approximately NZ\$3.5 million with production online in mid-2017.

Exploration for hydrocarbons is a speculative venture necessarily involving substantial risk. The Company's future success in exploiting and increasing its current reserve base will depend on its ability to develop its current properties and on its ability to discover and acquire properties or prospects that are capable of commercial production. However, there is no assurance that the Company's future exploration and development efforts will result in the discovery or development of additional commercial accumulations of oil and natural gas. In addition, 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 the Company encounters unforeseen geological conditions. The Company 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 the Company's ability to carry on exploration or production activities continuously throughout any given year.

The significant positive factors that are relevant to the resource estimate are:

- Proven production in close proximity;
- Proven commercial quality reservoirs in close proximity;
- Oil and gas shows while drilling wells; and
- Calculated hydrocarbon pay intervals from open hole logs.

The significant negative factors that are relevant to the resource estimate are:

- Tectonically complex geology could compromise seal potential; and
- Seismic attribute mapping can be indicative but not certain in identifying proven resource.

## Analogous Information

Certain information in this document may constitute "analogous information" as defined in NI 51-101, including, but not limited to, information relating to areas with similar geological characteristics to the lands held by the Company. Such information is derived from a variety of publicly available information from government sources, regulatory agencies, public databases or other industry participants (as at the date stated therein) that the Company believes are predominantly independent in nature. The Company believes this information is relevant as it helps to define the reservoir characteristics in which the Company may hold an interest. The Company is unable to confirm that the analogous information was prepared by a qualified reserves evaluator or auditor and in accordance with the COGE Handbook. Such information is not an estimate of the reserves or resources attributable to lands held or to be held by the Company and there is no certainty that the reservoir data and economics information for the lands held by the Company will be similar to the information presented therein. The reader is cautioned that the data relied upon by the Company may be in error and/or may not be analogous to the Company's land holdings.

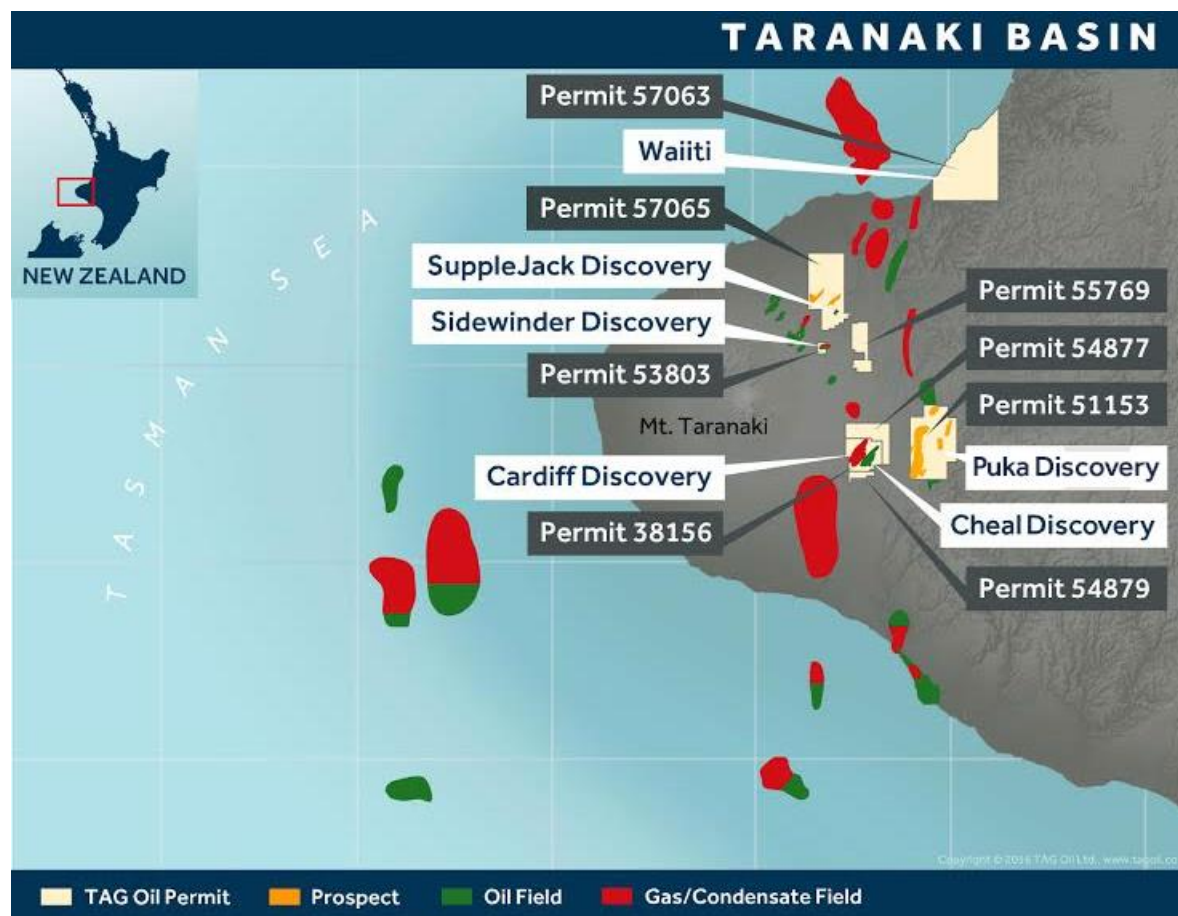
## Forward-Looking Statements

Statements contained in this document that are not historical facts are forward-looking statements that involve various risks and uncertainty affecting the business of TAG. Such statements can be generally, but not always, identified by words such as "expects", "plans", "anticipates", "intends", "estimates", "forecasts", "schedules", "prepares", "potential" and similar expressions, or that events or conditions "will", "would", "may", "could" or "should" occur. All estimates and statements with respect to TAG's operations are forward-looking statements under applicable securities laws and necessarily involve risks and uncertainties including, without limitation: risks associated with oil and gas exploration, development, exploitation and production, geological risks, marketing and transportation, availability of adequate funding, volatility of commodity prices, imprecision of resource estimates, environmental risks, competition from other producers, and changes in the regulatory and taxation environment. Actual results may vary materially from the information provided in this document, and there is no representation by TAG Oil that the actual results realized in the future will be the same in whole or in part as those presented herein.

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

## An established operator controlling a dominant footprint

- Leading operator in New Zealand with over 40 wells drilled to date
- Focus on low cost onshore operations
- A proven & prolific basin with significant untapped potential
- Lightly explored across TAG's acreage
  - Just over 300 wells drilled in the Taranaki Basin over the last 40 years
- Infrastructure 100% owned and operated by TAG Oil allows for quick tie-ins
- Currently undertaking waterflood to enhance oil recovery and increase production
- Recent acquisition of Puka block adds to appraisal and exploration inventory



# Foundation for Success

## Working Capital\*

- \$15 million in cash with no debt
- \$21 million in working capital
- Fully funded in FY2017 with a balanced work program

## Capital Structure\*

- 62.2 million shares o/s; 67.4 million fully diluted

## Proved & Probable Reserves\*\*

- 3.6 mm BOE (93% oil)
- NPV10 AT value of \$79.5 million

## Average Production

- 1,390 BOEPD (74% oil) average over FY2016

## FY2017 Guidance

(at \$45/b Brent)

- 1,200 BOEPD production average
- \$4.3 million in cash flow from operations at US\$45/b Brent
- \$7.6 million base capex budget with a further \$4.6 million discretionary

## High Netbacks

- \$29.17/BOE field operating netback in FQ1/17 (US\$47/b avg. Brent)
- \$21.86/BOE netback in FY2016 (US\$49/b avg. Brent)
- ~US\$34/BOE Brent break even

## Organic Value Creation

- Multiple infill and workover drilling opportunities on existing Cheal permits

## Infrastructure

- Three wholly-owned processing plants and pipeline network

## 63,000 Net Acres

- One basin: Taranaki

## New Zealand

- Politically stable, fiscally attractive, under-drilled, strong market, services readily available

\*As at FQ1/17 (June 30<sup>th</sup>, 2016); \*\*As at Fiscal Year End (March 31<sup>st</sup>, 2016)

## Experienced Leadership Team

**Alex Guidi**

Chairman, TAG Oil Founder

International oil and gas entrepreneur with 30 years leadership and executive experience in New Zealand and Australasia

**Toby Pierce**

Chief Executive Officer, BSc, MBA

Successful natural resource executive with deep expertise in operations, capital markets, investment banking, and M&A; Geologist

**Henrik Lundin**

Chief Operating Officer, P. Eng

Former Senior Reservoir Engineer for Lundin Petroleum Ltd. in Norway since 2010; experience in Syria, France, Tunisia, Switzerland

**Barry MacNeil**

Chief Financial Officer, CPA

20 years' financial and operational experience in public and private practice, including Mining, Forestry and Oil & Gas

**Ken Vidalin**

Director, P. Eng

The founder of global corporations, Methanex and Acetex, with more than 20 years' of board experience

**Brad Holland**

Director, C. Eng

35 years' experience in the oil and gas industry, 18 years as Senior Project Engineer for Saudi Aramco

**Keith Hill**

Director. BSc, MSc, MBA

CEO of Africa Oil (AOI), with more than 30 years of leadership experience in the oil and gas industry; Geologist

**David Bennett**

Director, MSc, PhD

A hands on technical director with over 40 years of exploration, technical, operational, and corporate experience in New Zealand and throughout Australasia; Geophysicist

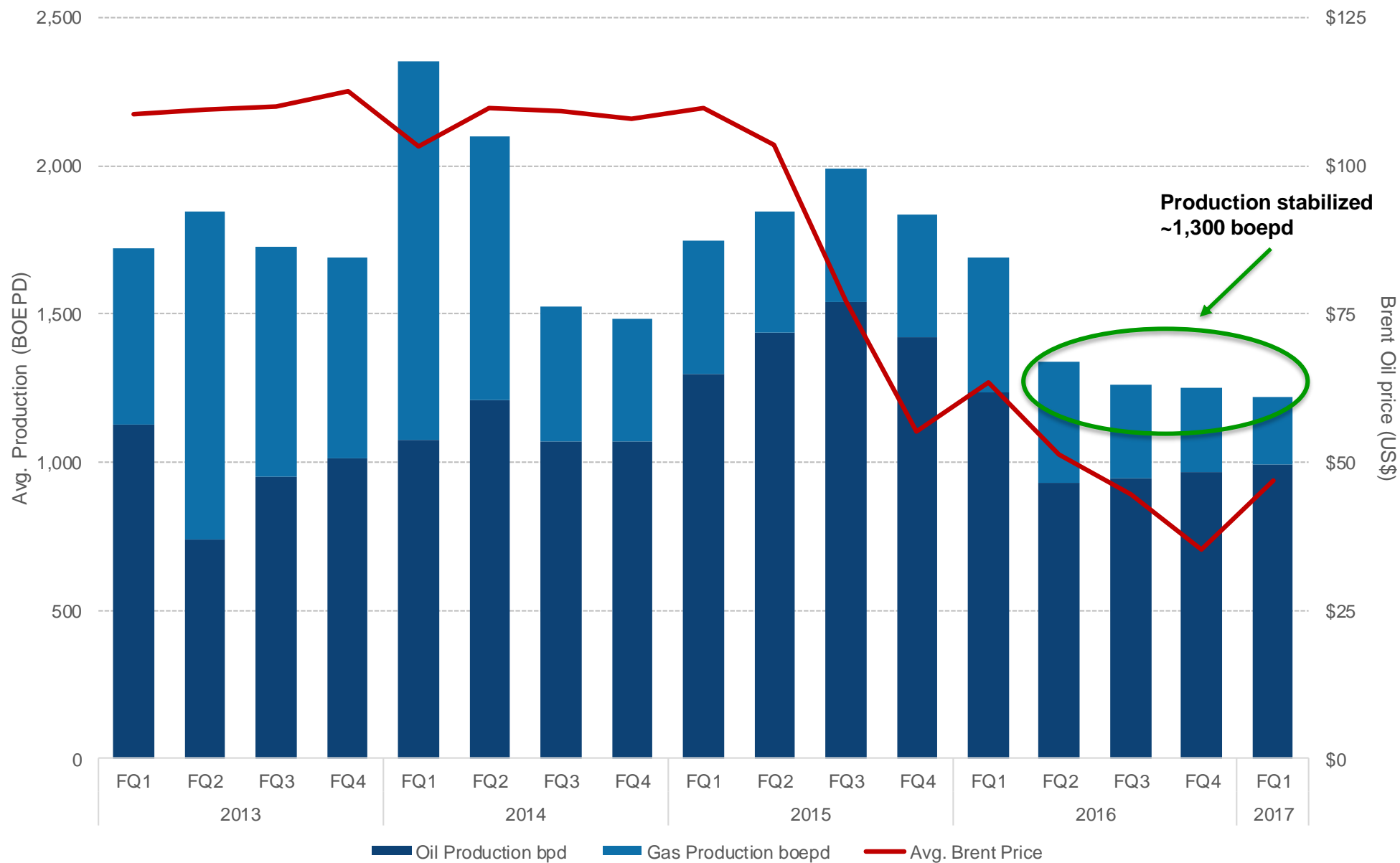
**Max Murray**

New Zealand Country Manager

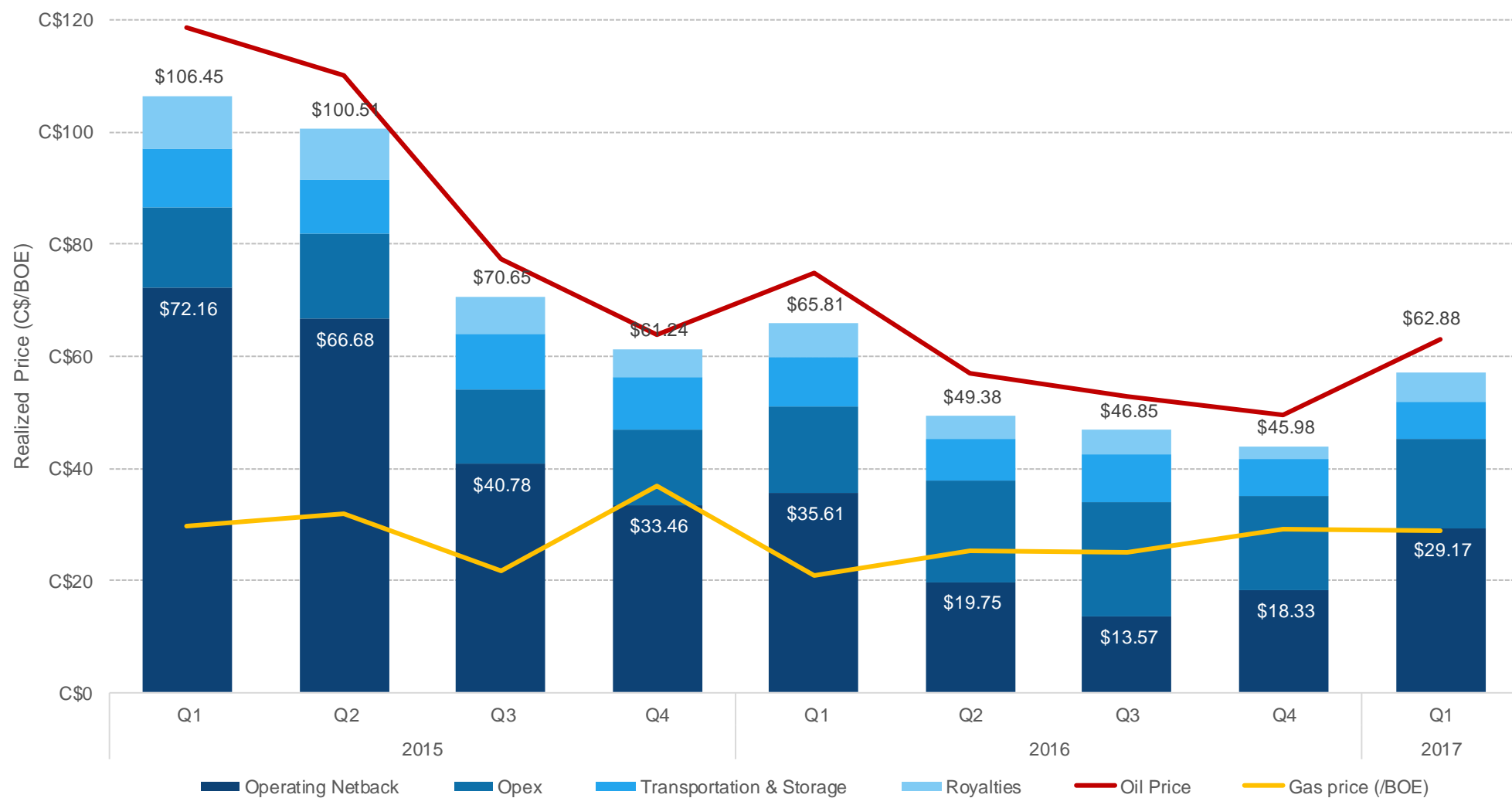
30 years of operational and proven executive leadership in the oil and gas industry with a focus in New Zealand



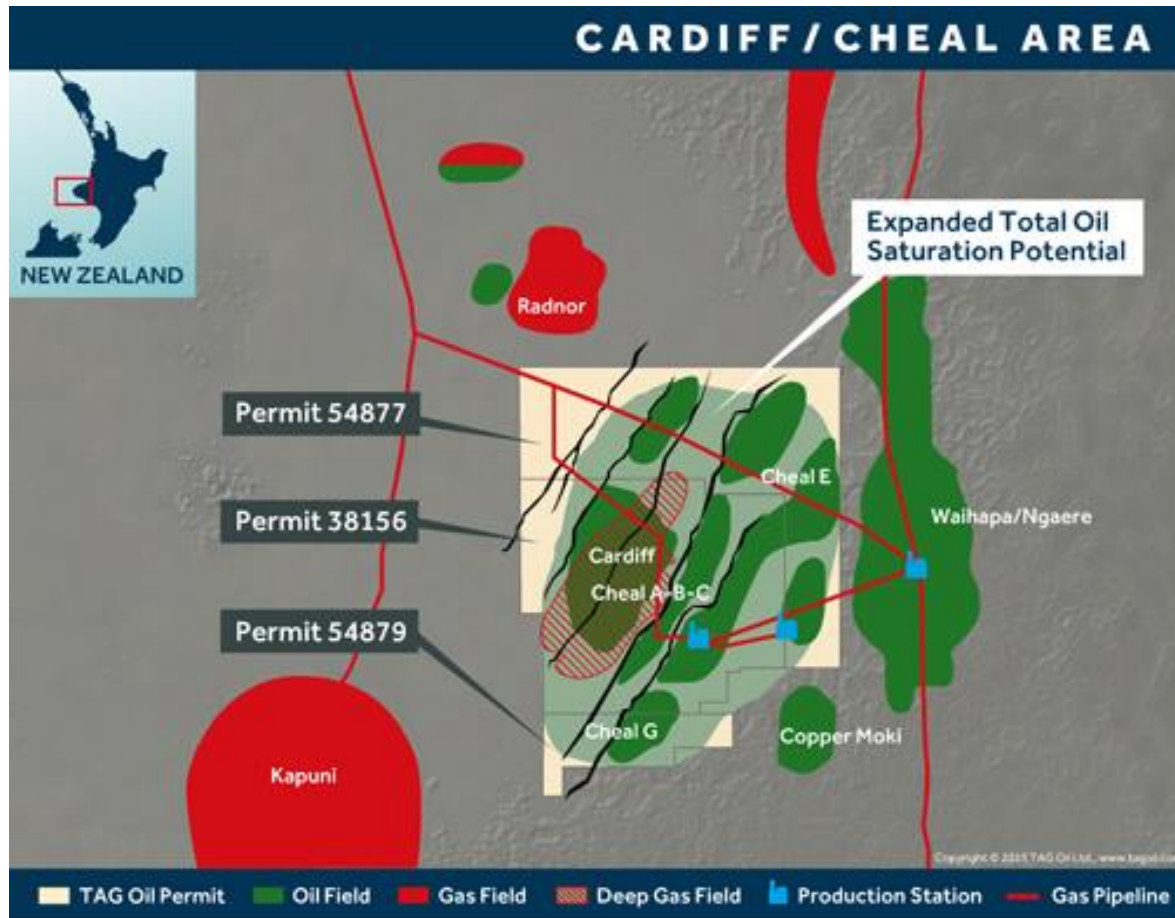
# Strong Production Base



# Healthy Operating Netbacks



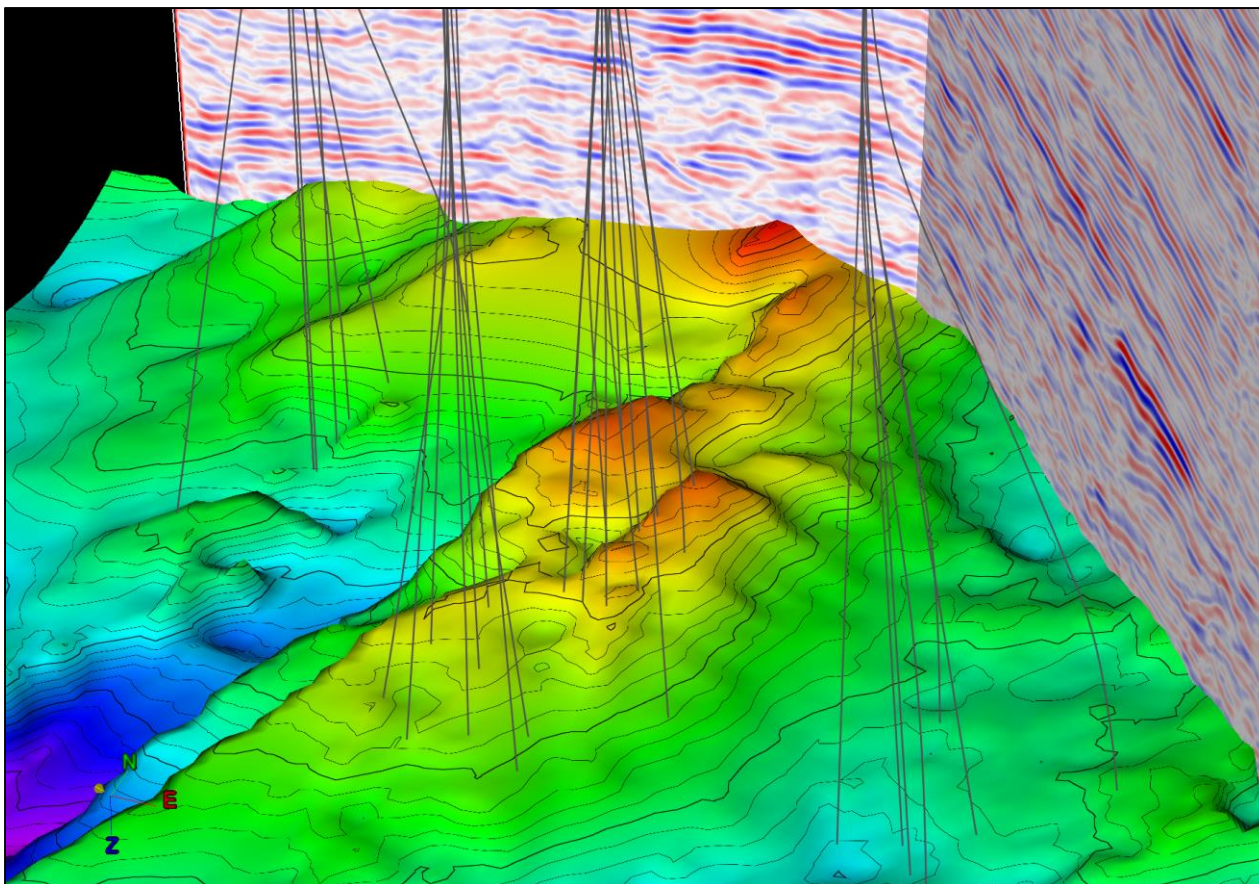
# Cheal: Long-term upside from high-graded development drilling



- Discovered upside in up-hole sands; many wells have two or more stacked reservoir intervals with only one interval currently producing
- Potential to double current resources by improved artificial lift techniques, dual completions, reservoir stimulations and waterflooding
- Low-cost drilling of ~US\$2.5 million per well with average capital payback within 18 months +/- 10-year reserve life index (on ~\$60/b Brent)
- Existing 100% owned infrastructure allows for low cost commercialization

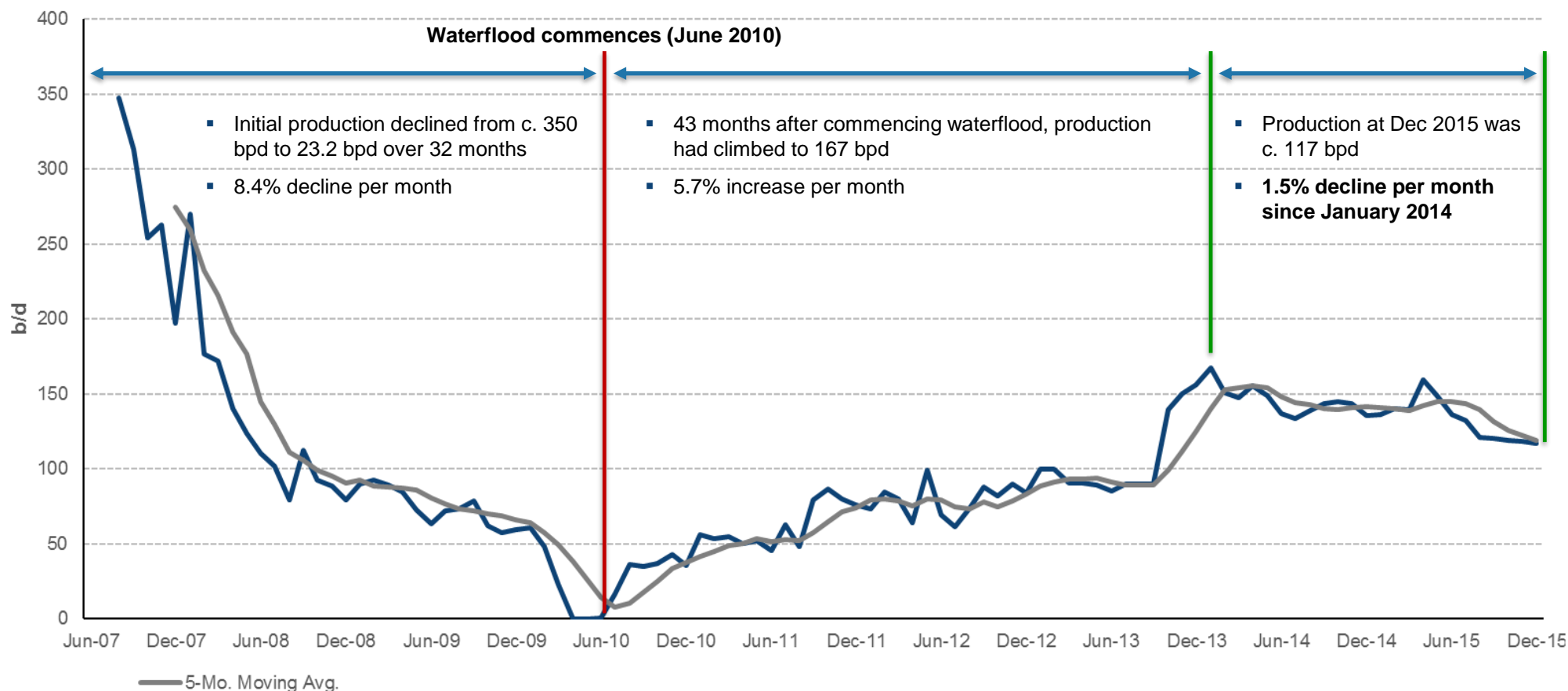


## Cheal: Development substantially de-risked



- 36 wells drilled to date provide excellent well control and subsurface understanding
- Permit-wide 3D seismic and a substantial drilling and workover inventory
- EOR waterflood pilot program has demonstrated ability to extend reserve life and enhance recovery of the wells
- Multiple in-fill, step-out appraisal and exploration locations identified

# Cheal: Waterflood Analogy

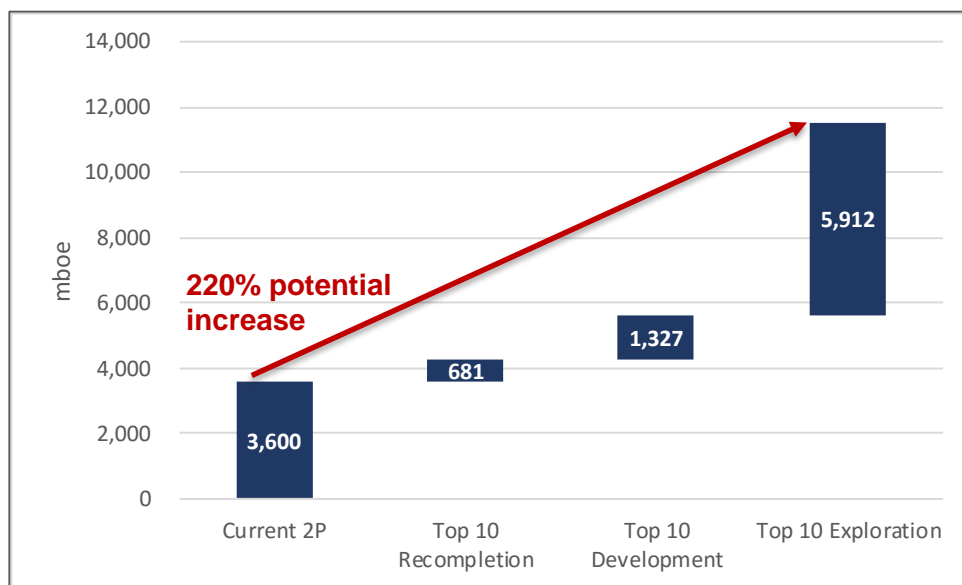


- Enhanced recovery using waterflood has been demonstrated at the Cheal-A3X well
  - Reversed decline for 43 months
  - A3X has now stabilized a significantly lower decline rate
  - Greater ultimate recovery
- A broader waterflood study is now planned for across the greater Cheal area at TAG's Cheal A, B and E-Sites

## Greater Cheal Area Top 10

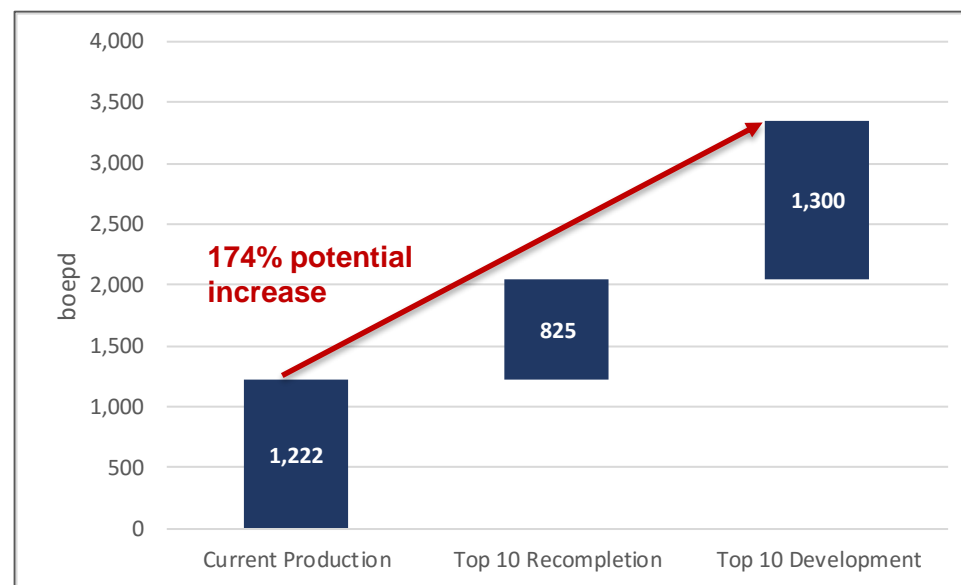
- Numerous opportunities identified in the greater Cheal Area which have the ability to significantly increase both recoverable reserves and production
- Cleanout program on B6 and B7 and numerous re-perforations planned for next three to six months
- Cheal E8 and E9 are the next two potential exploration wells that TAG plans to pursue

Potential Resource Additions from top projects



Notes: Potential increase from 2P reserves in March 31, 2016 year end 51-101 report and assuming all projects successfully completed. Each project is subject to approval and funding. Success is not guaranteed

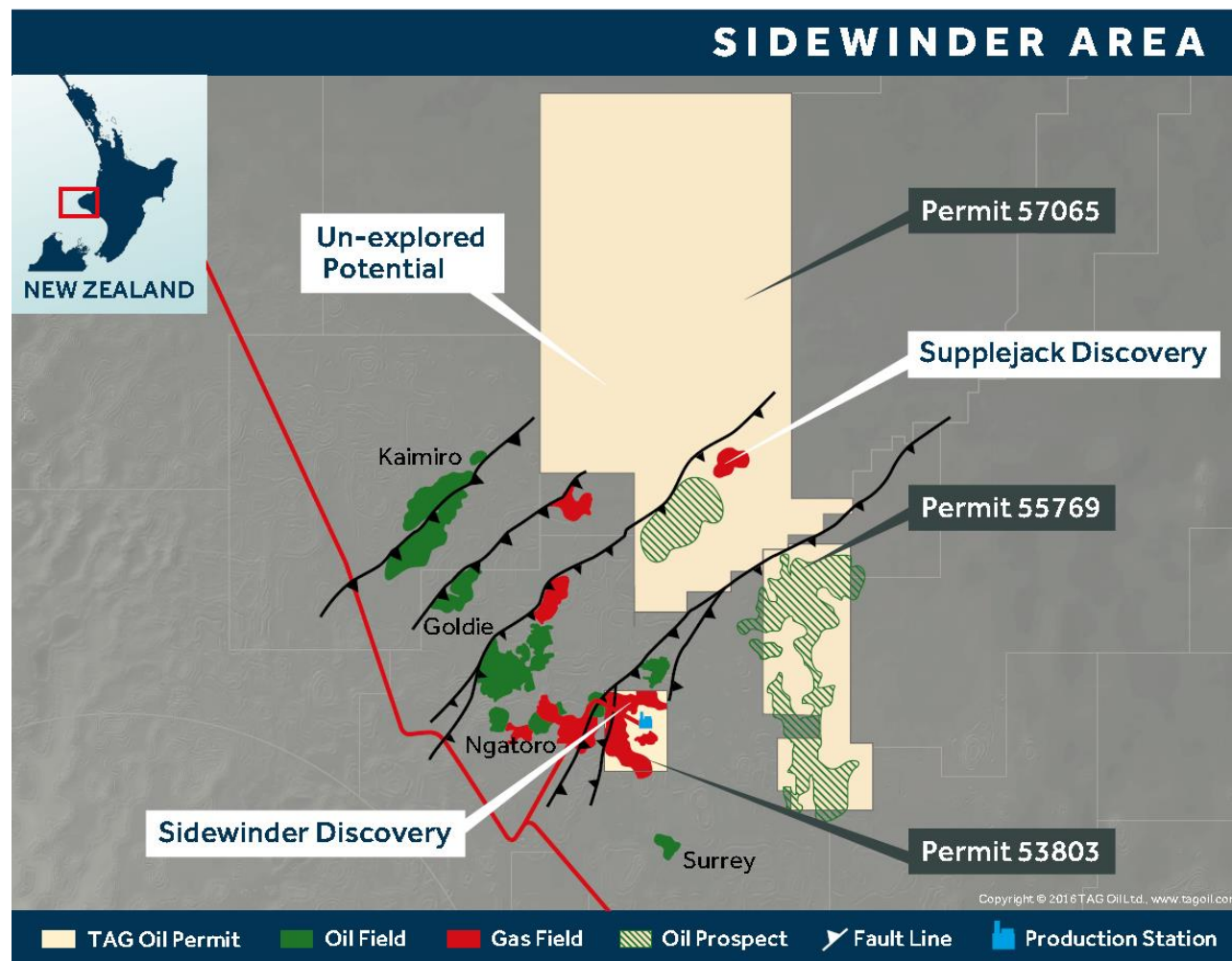
Potential Production Additions from top projects



Notes: Potential increase from FQ1 2017 average production and assuming all projects successfully completed. Each project is subject to approval and funding. Success is not guaranteed

## Sidewinder: Existing production and good exploration potential

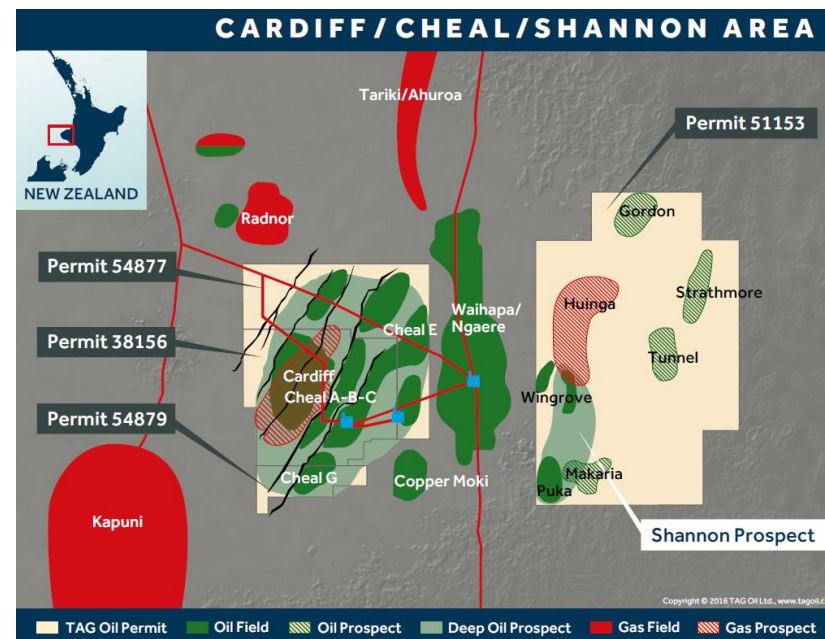
- 100% working interest across 22,600 acres with full 3D coverage
- Sidewinder B Prospect is a stacked Mount Messenger Oil target
  - tested 254 bpd over 24 hour period
  - additional wells to potentially bring online
- Deep gas potential and additional prospectivity across the acreage
- 100% owned infrastructure with minor gas production currently
- Multiple drilling locations identified along SW-NE trending faults extending across permit



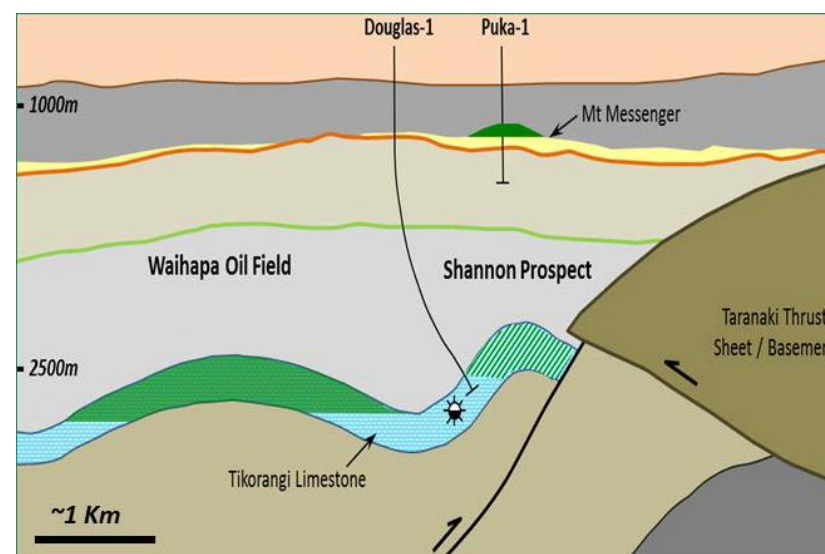


# Puka / Shannon: Proven production with high-impact exploration

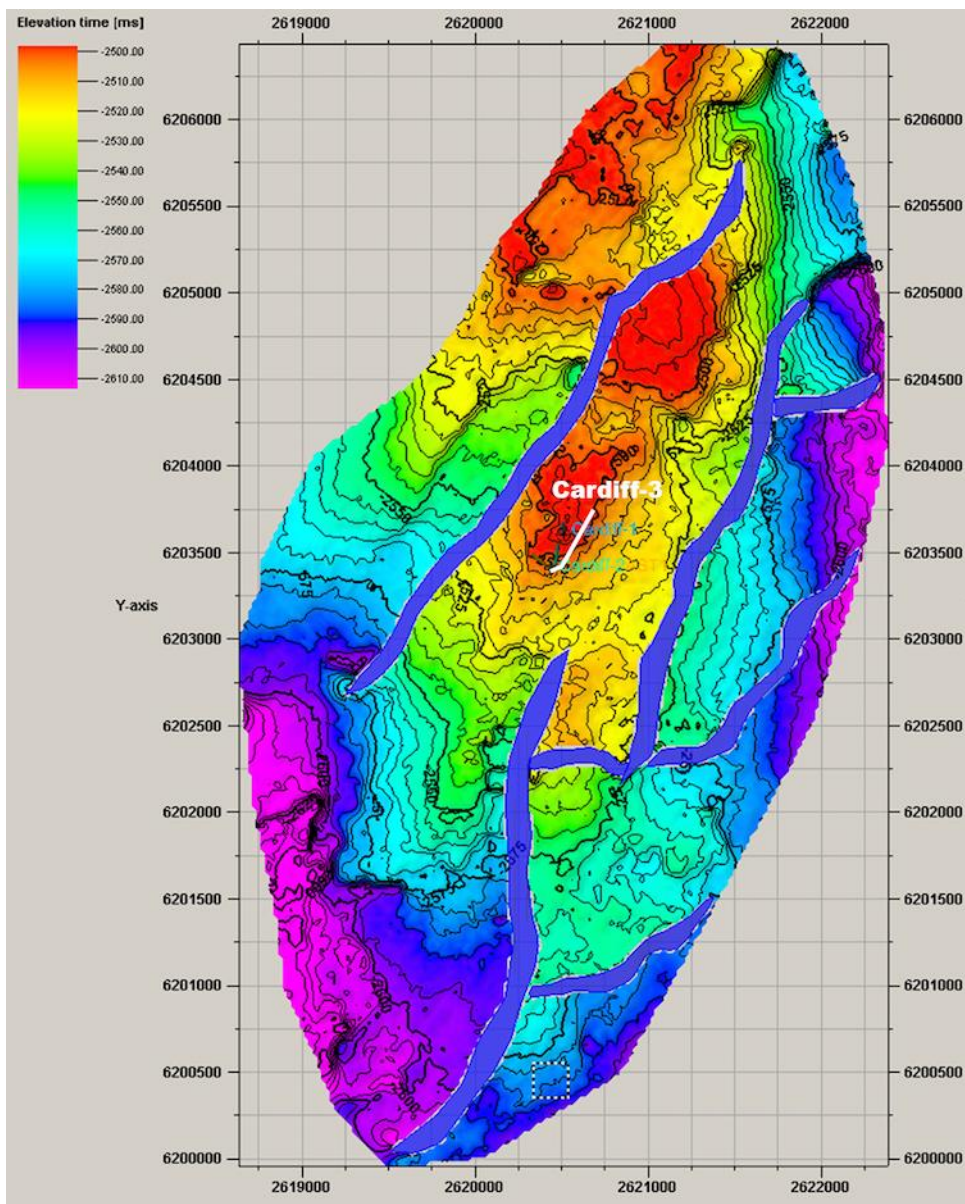
- On June 6<sup>th</sup>, 2016 TAG announced the acquisition of a 70% interest in PEP 51153 containing the Puka oil field and Shannon oil prospect
  - NZ\$250,000 acquisition cost out of liquidation from Kea Petroleum
  - Low initial committed capex of NZ\$75,000 in first year
- The Puka field was discovered in 2012
  - Produced oil at 100 bpd before shut in due to mechanical issues and low oil price
  - Mt. Messenger formation → similar to TAG's Cheal field to the east
- The Shannon prospect underlies the Puka field in the Tikorangi Limestone formation
  - Productivity of the Tikorangi has been demonstrated by the 23 mmb produced to date at the adjacent Waihapa oil field → initial flow rates of > 5,000 bpd
  - Shannon located up-dip and above lowest known Waihapa oil
- The Douglas-1 well drilled in 2012 at the edge of Shannon encountered oil shows and 145m of reservoir interval
  - Over 350m of up-dip potential



## Puka / Shannon Cross Section



## Cardiff: A large potential resource



- Stratford/Cardiff high spans ~12 km long by 3 km wide
- Reserve size and deliverability potential are greater than shallow drilling program (Cheal) due to greater depth and higher pressures
- Conservative recoverable resource estimate for one Cardiff well is 53 bcf and 2.12 MMbbl NGL
- On trend with the nearby Kapuni Field (1.4 TCF gas and 65 MMbbl condensate)
- Gas tested to surface
- Three sands in the Kapuni formation
  - lowest sand (K3 interval) of greatest interest



## Acquisitions: Leveraging our balance sheet

- TAG looking to acquire assets or partner with groups on assets within or slightly beyond our current financial capabilities.
- Ideal opportunities are:
  - Onshore and conventional
  - A mix of natural gas and oil
  - A range of shallow and deep targets
  - A mix of high impact exploration and medium impact production opportunities
  - A range of workovers, re-completions, re-perforations, plant modifications, etc.
- TAG is evaluating and refining over 50 opportunities in our portfolio today, but our growth plan should expand to several 100's

### New Zealand

- TAG will continue to review and pursue suitable opportunities in New Zealand
- 2016 and 2017 available acreage being reviewed
- Participating in upcoming bid round

### Australia Expansion

- Similar risk profile to New Zealand
- Relatively low capex commitments
- Leverage existing Australian experience within team
- Core producing basins: Bowen, Surat, Cooper, Eromanga, Otway, and Perth

Field	Activity	April	May	June	July	August	September	October	November	December	January	February	March
Cheal E	E7 Re-perforation	■ ■ ■ ■											
Cheal E	E5 Rod pump						■ ■ ■ ■	■ ■ ■ ■					
Cheal E	Waterflood								■ ■ ■ ■	■ ■ ■ ■	■ ■ ■ ■	■ ■ ■ ■	■ ■ ■ ■
Cheal E	Exploration wellpad construction												■ ■ ■ ■
Cheal G	Seismic	■ ■ ■ ■											
Cheal G	Consenting									■ ■ ■ ■	■ ■ ■ ■		
Cheal B	Waterflood		■ ■ ■ ■	■ ■ ■ ■	■ ■ ■ ■	■ ■ ■ ■	■ ■ ■ ■	■ ■ ■ ■					
Cheal B	CTU Cleanout						■ ■ ■ ■						
Cheal A	Maintenance					■ ■ ■ ■							
Sidewinder North	Consenting						■ ■ ■ ■						
Sidewinder North	Engineering								■ ■ ■ ■				
Sidewinder North	Pad Construction										■ ■ ■ ■		
Sidewinder North	Exploration well											■ ■ ■ ■	■ ■ ■ ■
Wai-iti	2D Seismic acquisition											■ ■ ■ ■	■ ■ ■ ■
East Coast	Restoration							■ ■ ■ ■					

Firm  
Planned  
Option

- Capex budget for FY2017 is \$7.6 million and is based on US\$45/b Brent
- Option to expand or contract program according to oil price environment through FY2017

## Why TAG Oil?

- Experienced production, drilling and operations team
- Excellent position from growth at current and higher oil prices
- Long life production with significant potential resources upside
- Strategic holdings with high-impact potential
- Low cost, high netback premium Brent oil and gas producer
- Strong balance sheet and no debt
- Future growth strategy through acquisitions in New Zealand and Australia



# Appendix



# Corporate Strategy

## New Zealand

### Focus on Core Assets

- Drilling and recovery enhancements to boost reserves and production
- Artificial lift, pump optimization, pressure maintenance and waterflood
- Step out appraisal / development

### New Zealand Exploration

- Shannon and Sequoia oil prospects
- Chase the large prospective deep gas and condensate resources of Cardiff
- Seeking farm-in partner and looking at regional potential

### New Zealand Growth Opportunities

- Acquisitions of existing production and exploration assets in the Taranaki Basin
- Participation in the upcoming 2016 NZLD acreage bid

## New Growth Areas

### Australia Expansion

- Focus on lower risk acquisitions of production to augment growth
- Looking at distressed exploration and appraisal opportunities
- Australia primary focus

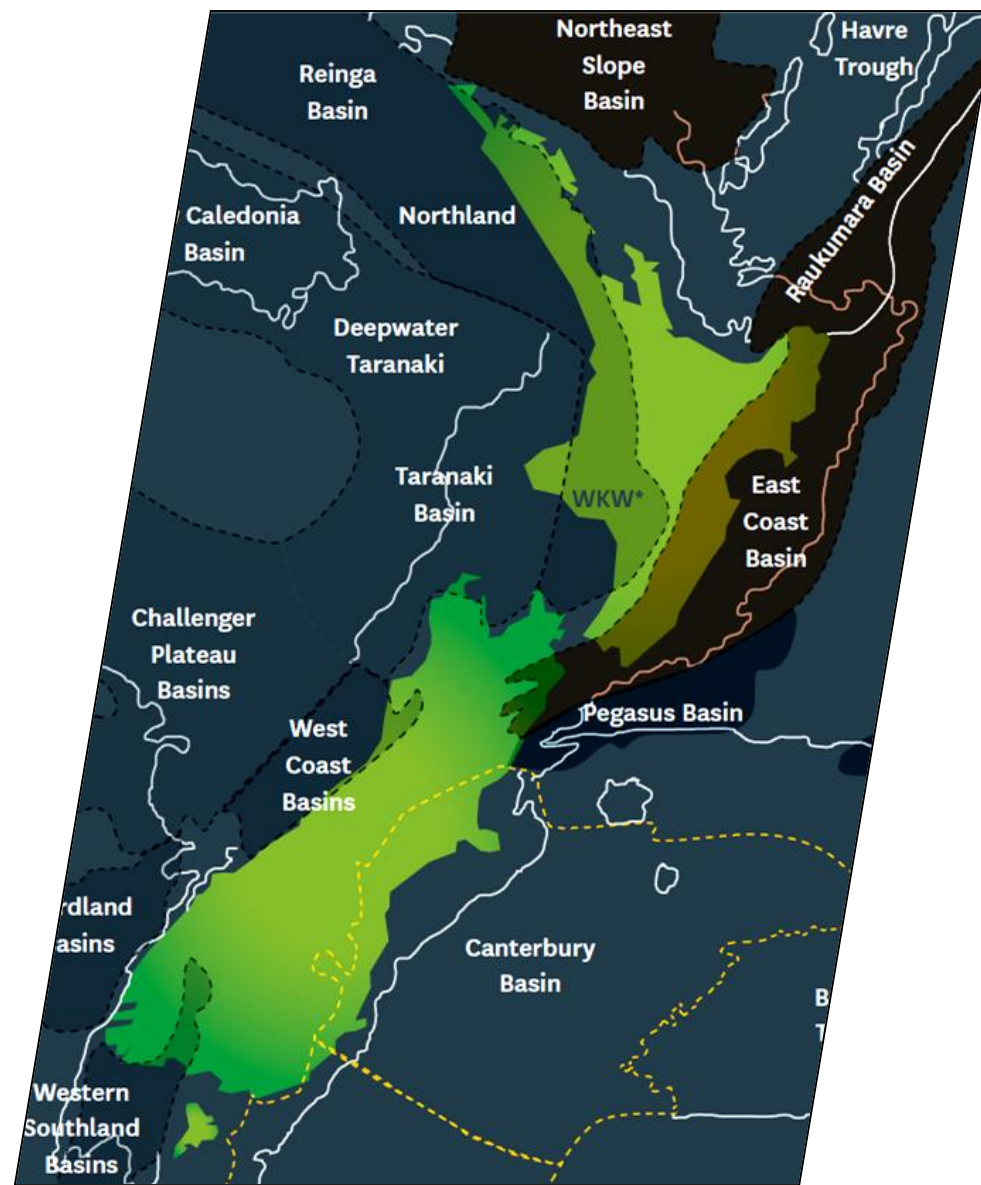
## Strategic Positioning

### Longer Term Growth Strategy

- Growth through the exploration drill bit
- Enhanced recovery applied across our acreage portfolio
- Continued focus on strategic acquisitions

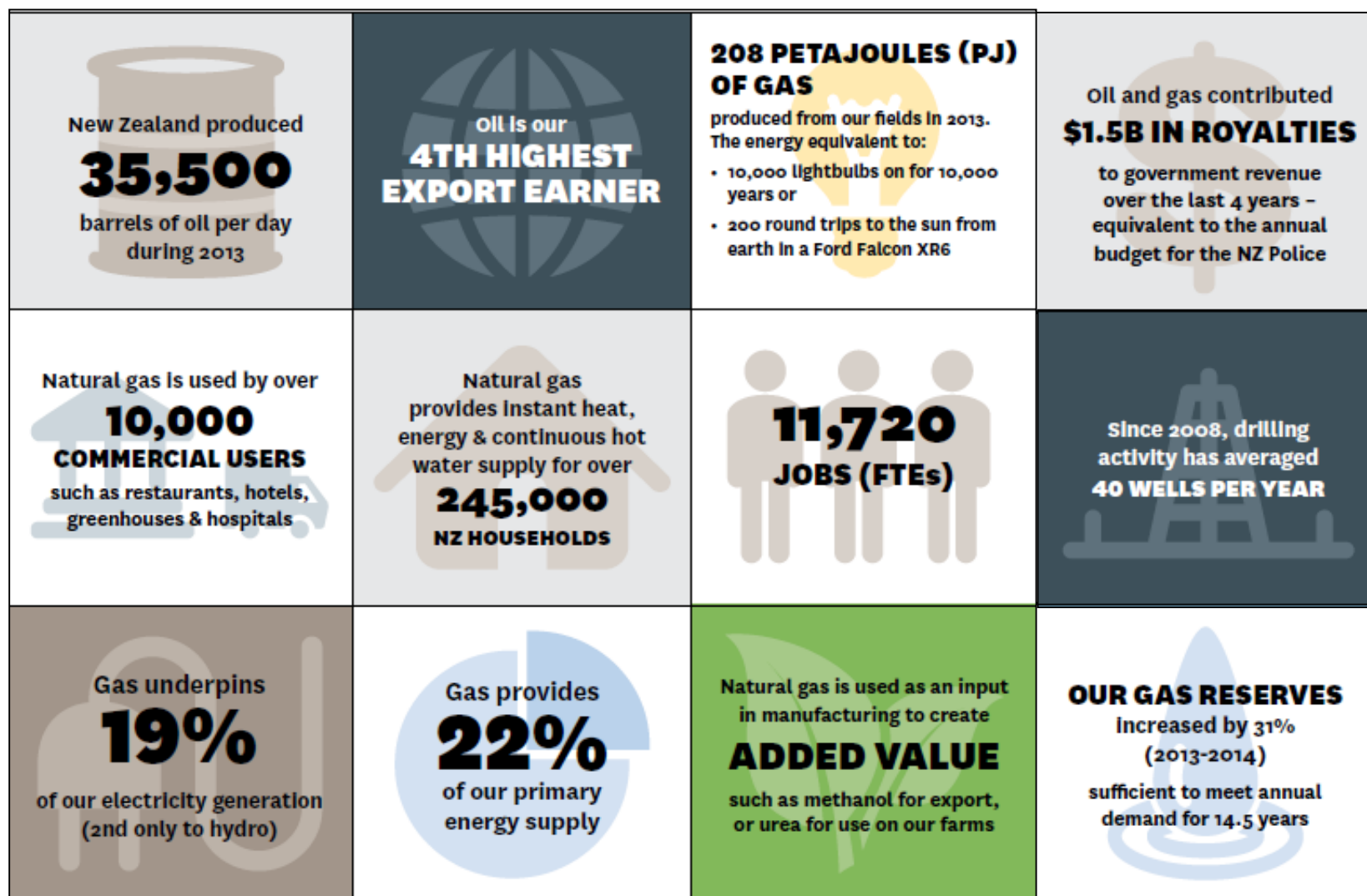
## Why New Zealand?

- Favorable commercial terms and low royalties
- Under-drilled, with world-class discovery potential
- Proven oil reserves of 534 million barrels
- Proven natural gas reserves of 7.3 TCF
- Underexplored with fewer than 400 wildcat wells drilled
- Energy-friendly political environment
- Growing demand – a domestic market for TAG's natural gas
- Well developed oil and gas infrastructure
- Low operating costs, oil sold at premium Brent price



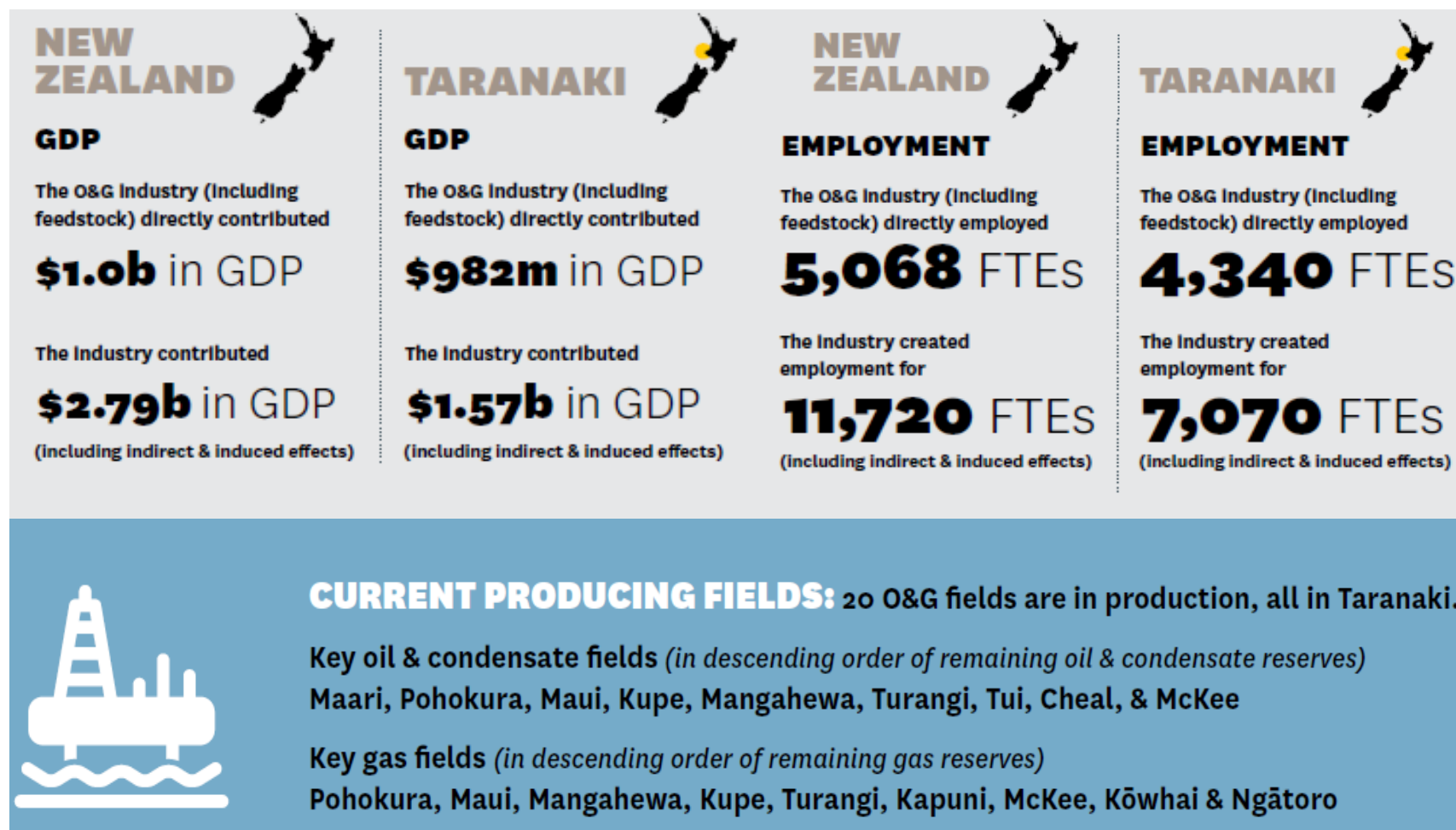


# New Zealand's Oil and Gas Industry



Source: Taranaki Report, March 2015

# New Zealand's Oil and Gas Industry



Source: Taranaki Report, March 2015

# A profitable oil & gas producer committed to creating shareholder value



## Core Values:

- Safety First
- Do the Right Thing
- Plan Smart
- Make it Happen
- Reputation is Everything
- One Team



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# Thank You

TAG Oil Ltd.

Ashley Garnot, General Manager

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