TAG OIL LTD.

FORM 51-101F1
STATEMENT OF RESERVES DATA
AND OTHER OIL AND GAS INFORMATION

PART 1 DATE OF STATEMENT

The effective date of the information being provided in this statement of reserves data and other oil and gas information set forth below is March 31, 2015, and for the year ended March 31, 2015. The information provided herein was prepared in May and June of 2015.

References to oil, gas, natural gas liquids, reserves (gross, net, proved, developed, developed producing, developed non-producing, undeveloped), forecast prices and costs, constant prices and costs, operating, costs, development costs, future net revenue and future income tax expenses shall, unless expressly stated to be to the contrary, have the meaning attributed to such terms as set out in National Instrument 51-101 - *Standards of Disclosure for Oil and Gas Activities* ("**NI 51-101**"), the Companion Policy to NI 51-101 and all forms referenced.

PART 2 DISCLOSURE OF RESERVES DATA

TAG Oil Ltd. and its subsidiaries (the "**Company**" or "**TAG Oil**") have three properties with reserves, which are located in the onshore portion of the Taranaki Basin in New Zealand. The oil and natural gas reserves and net present values of future net revenue of that property were evaluated by Sproule International Limited ("**Sproule**"), an independent qualified reserves evaluator appointed by the Company.

The following tables, based on Sproule's report entitled "Evaluation of the P&NG Reserves of TAG Oil Ltd. in the Cheal Field of New Zealand (As of March 31, 2015)" (the "**Sproule Report**"), show the estimated share of the Company's crude oil and natural gas reserves associated with the properties and the net present value of estimated future net revenue for these reserves, using forecast prices and costs as indicated. The estimated future net revenue figures contained in the following tables do not necessarily represent the fair market value of the Company's reserves. There is no assurance that the forecast price and cost assumptions contained in the Sproule Report will be attained and variances could be material. Other assumptions relating to costs and other matters are included in the Sproule Report. The recovery and reserve estimates of the Company's oil and natural gas reserves stated here are estimates only and there is no guarantee that the estimated reserves will be recovered. Actual reserves may be greater than or less than the estimates stated here. Readers should note that the totals in the following tables may not add due to rounding.

Proved reserves are those reserves that can be estimated with a high degree of certainty to be recoverable. It is likely that the actual remaining quantities recovered will exceed the estimated proved reserves.

Probable reserves are those additional reserves that are less certain to be recovered than proved reserves. It is equally likely that the actual remaining quantities recovered will be greater or less than the sum of the estimated proved plus probable reserves.

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

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

Table 1

Table 1
NI 51-101
Summary of Oil and Gas Reserves
As of March 31, 2015
Forecast Prices and Costs

Reserves

Reserve Category	Oil						Natural Gas						Natural Gas Liquids		Sulphur		Total BOE	
	Light, Medium and Shale		Heavy		Bitumen		Solution		Associated and Non-Associated		Coalbed Methane							
	Gross Mbbl	Net Mbbl	Gross Mbbl	Net Mbbl	Gross Mbbl	Net Mbbl	Gross MMcf	Net MMcf	Gross MMcf	Net MMcf	Gross MMcf	Net MMcf	Gross Mbbl	Net Mbbl	Gross Mlt	Net Mlt	Gross MBOE	Net MBOE
New Zealand																		
Proved																		
Developed Producing	873	757	-	-	-	-	568	527	-	-	-	-	-	-	-	-	968	845
Developed Non-producing	107	88	-	-	-	-	51	45	-	-	-	-	-	-	-	-	115	96
Undeveloped	745	615	-	-	-	-	472	423	-	-	-	-	-	-	-	-	824	685
Total Proved	**1,725**	**1,460**	-	-	-	-	**1,091**	**995**	-	-	-	-	-	-	-	-	**1,907**	**1,626**
Probable	2,947	2,454	-	-	-	-	1,960	1,768	-	-	-	-	-	-	-	-	3,274	2,749
Total Proved Plus Probable	**4,672**	**3,915**	-	-	-	-	**3,051**	**2,763**	-	-	-	-	-	-	-	-	**5,180**	**4,375**
Possible	1,698	1,376	-	-	-	-	1,090	952	-	-	-	-	-	-	-	-	1,879	1,535
Total Proved Plus Probable Plus Possible	**6,370**	**5,291**	-	-	-	-	**4,142**	**3,715**	-	-	-	-	-	-	-	-	**7,060**	**5,910**

Reference Item 2.1(1) of Form 51-101F1
Values may not add due to rounding

Table 2

Table 2
NI 51-101
Summary of Net Present Values of Future Net Revenue
As of March 31, 2015
Forecast Prices and Costs

Reserves Category	Net Present Values of Future Net Revenue										Unit Value Before Income Tax Discounted at 10%/Year
	Before Income Taxes Discounted at (%/year)					After Income Taxes Discounted at (% Year)					
	0 (M$CDN)	5 (M$CDN)	10 (M$CDN)	15 (M$CDN)	20 (M$CDN)	0 (M$CDN)	5 (M$CDN)	10 (M$CDN)	15 (M$CDN)	20 (M$CDN)	($CDN/boe)
New Zealand											
Proved											
Developed Producing	25,567	24,738	23,919	23,132	22,385	25,567	24,738	23,919	23,132	22,385	28.31
Developed Non-producing	2,116	2,171	2,191	2,189	2,174	2,116	2,171	2,191	2,189	2,174	22.82
Undeveloped	27,365	23,549	20,403	17,802	15,640	27,365	23,549	20,403	17,802	15,640	29.79
Total Proved	**55,048**	**50,458**	**46,514**	**43,123**	**40,199**	**55,048**	**50,458**	**46,514**	**43,123**	**40,199**	**28.61**
Probable	106,483	84,557	68,142	55,727	46,220	95,298	76,484	62,187	51,252	42,801	24.79
Total Proved Plus Probable	**161,530**	**135,015**	**114,655**	**98,850**	**86,419**	**150,346**	**126,942**	**108,701**	**94,375**	**83,000**	**26.21**
Possible	79,958	59,197	45,023	35,223	28,301	57,387	43,550	33,753	26,847	21,912	29.33
Total Proved Plus Probable Plus Possible	**241,489**	**194,212**	**159,679**	**134,073**	**114,720**	**207,733**	**170,492**	**142,454**	**121,221**	**104,912**	**27.02**

Reference Item 2.1(2) of Form 51-101F1

Notes: NPV of FNR includes all resource income:

- Sale of oil, gas, by-product reserves
- Processing third party reserves
- Other income

Income Taxes

- Includes all resource income
- Applies appropriate income tax calculations
- Includes prior tax pools

Unit Values are based on net reserve volumes

BOE Equivalent: 6 Mcf = 1BOE

Table 3

Table 3
NI 51-101
Total Future Net Revenue
(Undiscounted)
As of March 31, 2015
Forecast Prices and Costs

Reserve Category	Revenue (M$CDN)	Royalties (M$CDN)	Operating Costs (M$CDN)	Development Costs (M$CDN)	Well Abandonment Costs (M$CDN)	Future Net Revenue Before Income Taxes (M$CDN)	Income Taxes (M$CDN)	Future Net Revenue After Income Taxes (M$CDN)
New Zealand								
Total Proved	168,270	26,027	66,067	13,893	7,235	55,048	-	55,048
Total Proved Plus Probable	487,060	78,968	169,043	65,446	12,073	161,530	11,184	150,346
Total Proved Plus Probable Plus Possible	680,508	114,955	237,602	72,096	14,366	241,489	33,755	207,733

Reference Item 2.2(3)(b) of Form 51-101F1

Values may not add due to rounding

Table 4

Table 4
NI 51-101
Net Present Value of Future Net Revenue
By Production Group
As of March 31, 2015
Forecast Prices and Costs

Reserve Category	Production Group	Future Net Revenue Before Income Taxes Discounted at 10%/Year (M$CDN)	Unit Value Before Income Tax Discounted at 10%/year ($CDN/BOE)
New Zealand			
Proved	Light and Medium Crude Oil (including solution gas and associated by-products)	46,514	28.61
	Heavy Oil (including solution gas and associated by-products)		
	Coalbed Methane		
	Natural Gas (including associated by-products)		
	TOTAL	**46,514**	**28.61**
Proved Plus Probable	Light and Medium Crude Oil (including solution gas and associated by-products)	114,655	26.21
	Heavy Oil (including solution gas and associated by-products)		
	Coalbed Methane		
	Natural Gas (including associated by-products)		
	TOTAL	**114,655**	**26.21**
Proved Plus Probable Plus Possible	Light and Medium Crude Oil (including solution gas and associated by-products)	159,679	27.02
	Heavy Oil (including solution gas and associated by-products)		
	Coalbed Methane		
	Natural Gas (including associated by-products)		
	TOTAL	**159,679**	**27.02**

Reference Item 2.1(3)(c) of Form 51-101F1

Values may not add due to rounding

BOE Equivalent 6 Mcf = 1 BOE

PART 3 PRICING ASSUMPTIONS

Forecast benchmark reference price and inflation rate assumptions are summarized in Table 5. This summary table identifies benchmark reference oil pricing schedules that might apply to a *reporting issuer*. Product sale prices will reflect these reference prices with further adjustments for quality and transportation to point of sale. These prices and pricing assumptions were provided to the Company by its independent reserves evaluators, Sproule.

Table 5

Table 5
NI 51-101
Summary of Pricing and Inflation Rate Assumptions
As of March 31, 2015
Forecast Prices and Costs

Year	WTI Cushing Oklahoma 40°API ($US/bbl)	UK Brent 38°API ($US/bbl)	Cheal Gas Price[3] ($CDN/Mcf)	Operating & Capital Cost Inflation Rate[(1)] (%/Yr)	Exchange Rate[(2)] ($US/$NZ)	Exchange Rate[(2)] ($CDN/$NZ)	Exchange Rate[(2)] ($US/$CDN)
Historical							
2010	79.43	79.48		1.2	0.7216	0.7430	0.9711
2011	95.00	111.22		1.6	0.7920	0.7824	1.0123
2012	94.19	111.44		1.3	0.8105	0.8098	1.0009
2013	97.98	108.52		0.8	0.8204	0.8448	0.9712
2014	93.00	99.51		1.4	0.8302	0.9170	0.9054
2015(3-mo)	48.63	55.18		1.5	0.7522	0.9326	0.8066
Forecast							
2015(9-mo)	53.00	61.00	4.88	1.5	0.7485	0.9493	0.7885
2016	70.00	75.00	4.95	1.5	0.7485	0.9493	0.7885
2017	75.00	78.00	5.03	1.5	0.7485	0.9493	0.7885
2018	80.00	83.00	5.10	1.5	0.7485	0.9493	0.7885
2019	81.20	84.25	5.18	1.5	0.7485	0.9493	0.7885
2020	82.42	85.51	5.26	1.5	0.7485	0.9493	0.7885
2021	83.65	86.79	5.33	1.5	0.7485	0.9493	0.7885
2022	84.91	88.09	5.41	1.5	0.7485	0.9493	0.7885
2023	86.18	89.41	5.50	1.5	0.7485	0.9493	0.7885
2024	87.48	90.76	5.58	1.5	0.7485	0.9493	0.7885
2025	88.79	92.12	5.66	1.5	0.7485	0.9493	0.7885
Escalation rate of 1.5 % thereafter							

(1) Inflation rates for forecasting prices and costs.
(2) Exchange rates used to generate the benchmark reference prices in this table.
(3) Calculated from a 12 month average of historical gas prices for Cheal ABC (PMP 38156) from Company provided revenue data, and inflated at 1.5 percent per year.

Notes:
Product sale prices will reflect these reference prices with further adjustments for quality and transportation to point of sale.
Reference Item 3.2 of Form 51-101 F1

For the financial year ended March 31, 2015 the Company's weighted average price received for oil was CDN$91.42 per barrel.

PART 4 RECONCILIATION OF CHANGES IN RESERVES

Reserves Reconciliation

All changes are for reserves in PMP 38156 (the "**Cheal Permit**"), PEP 54877 and PEP 54879 (collectively the "**Cheal Oil and Gas Field**"), as well as in PMP 53803 (the "**Sidewinder Permit**"), which are all located in the Taranaki Basin of New Zealand.

Light and Medium Oil	March 31, 2014 (100% interest)	March 31, 2015 (100% interest)	Change
Gross Proved	1,834 Mbbl	1,725 Mbbl	-109 Mbbl
Gross Probable	3,670 Mbbl	2,947 Mbbl	-723 Mbbl
Gross Proved Plus Probable	5,504 Mbbl	4,672 Mbbl	-832 Mbbl
Additional Solution Gas	March 31, 2014 (100% interest)	March 31, 2015 (100% interest)	Change
Gross Proved	836 Mbbl	1,091 Mbbl	+255 Mbbl
Gross Probable	1,527 Mbbl	1,960 Mbbl	+433 Mbbl
Gross Proved Plus Probable	2,362 Mbbl	3,051 Mbbl	+689 Mbbl

The changes to the reserves estimates can be attributed to those factors set out in Table 6, which are based on a number of factors that includes natural declines, new oil and gas discoveries in the Cheal Permit, PEP 54877 and the Sidewinder Permit, including revised projected future well performance and revised oil price forecast:

Table 6

Table 6
NI 51-101
Reconciliation of Company Gross[(1)] Reserves (Before Royalty)
by Principal Product Type
As of March 31, 2015
Forecast Prices and Costs

Factors	Light and Medium Oil			Natural Gas			Natural Gas Liquids			Barrels of Oil Equivalent		
	Gross Proved (Mbbl)	Gross Probable (Mbbl)	Gross Proved Plus Probable (Mbbl)	Gross Proved (MMcf)	Gross Probable (MMcf)	Gross Proved Plus Probable (MMcf)	Gross Proved (Mbbl)	Gross Probable (Mbbl)	Gross Proved Plus Probable (Mbbl)	Gross Proved (Mbbl)	Gross Probable (Mbbl)	Gross Proved Plus Probable (Mbbl)
March 31, 2014	1,834	3,670	5,504	836	1,527	2,362	0	1	1	1,973	3,926	5,899
Drilling Extensions	15	230	245	5	76	81	0	0	0	16	243	258
Improved Recovery	0	0	0	0	0	0	0	0	0	0	0	0
Infill Drilling	43	58	101	61	82	143	0	0	0	53	72	125
Technical Revisions	350	(996)	(646)	789	433	1,222	0	(1)	(1)	482	(926)	(444)
Discoveries	0	0	0	0	0	0	0	0	0	0	0	0
Acquisitions	0	0	0	0	0	0	0	0	0	0	0	0
Dispositions	0	0	0	0	0	0	0	0	0	0	0	0
Economic Factors	0	(15)	(15)	(75)	(159)	(234)	0	0	0	(13)	(40)	(53)
Production	(517)	0	(517)	(524)	0	(524)	0	0	0	(605)	0	(605)
March 31, 2015	1,725	2,947	4,672	1,091	1,960	3,051	0	0	0	1,907	3,274	5,180

Reference: Item 4.1 of Form 51-101F1.

(1) The Gross Reserves presented here are the Company's working interest reserves before calculation of royalties, and before consideration of the Company's royalty interests.

Values may not add due to rounding

PART 5 ADDITIONAL INFORMATION RELATING TO RESERVES DATA

Proved Undeveloped Reserves

Total proved undeveloped reserves have increased from 164,000 BOE to 824,000 BOE as at March 31, 2015. The increase is primarily attributable to the revision of the Cheal Permit field development plan as a result of the drilling of the Cheal-B10 and E7 wells, which resulted in new pool extensions, therefore adding to the proven, probable, and possible acreage. TAG Oil's down dip test of the main producing interval by the drilling of the Cheal-B9 well also converted probable reserves into proven reserves. TAG Oil plans to develop the proved undeveloped reserves within the next five fiscal years by executing the Cheal Permit field development plan for the acreage.

Gross proved undeveloped reserves were first attributed to the Company as follows:

Product Type	**Light and Medium Oil (Mbbl)**
Reserves Category	**Proved Undeveloped**
March 31, 2012	1,430
March 31, 2013	211
March 31, 2014	153
March 31, 2015	326
Product Type	**Solution Gas (MMcf)**
Reserves Category	**Proved Undeveloped**
March 31, 2012	1,087
March 31, 2013	130
March 31, 2014	62
March 31, 2015	217

Significant Factors or Uncertainties

Aside from the potential impact of material fluctuations in commodity prices, other significant factors or uncertainties that may affect the Company's reserves or the future net revenue associated with such reserves include:

- material changes to existing taxation or royalty rates and/or regulations;
- the United States: New Zealand currency exchange rate;
- the timing of completion and level of success of the Cheal Permit and PEP 54877 development, that includes the drilling success of future production wells; and
- the ability to obtain storage and sales contracts for crude oil and natural gas.

Future Development Costs

Development costs deducted in the estimation of reserves data disclosed in Item 2 can be attributed as follows and are recorded in CDN$.

New Zealand only:

Reserves Category	**Proved**	**Proved plus Probable**
Total	$13,893,000	$65,446,000
2015	$5,307,000	$11,326,000
2016	$2,891,000	$12,343,000
2017	$4,499,000	$11,051,000
2018	-	$20,995,000
2019	$1,196,000	$9,731,000
2020	-	-
2021	-	-

2022	-	-
2023	-	-
2024	-	-
2025	-	-

The Company expects to fund its estimated future development costs from a combination of existing working capital and production revenue from the Cheal Permit and PEP 54877. There will be no financing costs associated with these funds and no effect on the disclosed reserves or future net revenues.

PART 6 OTHER OIL AND GAS INFORMATION

Oil and Gas Properties and Wells

The Cheal Permit, PEP 54877 and PEP 54879 are the Company's only properties with attributed reserves, which are located in the onshore portion of the Taranaki Basin in New Zealand, which lies along the west coast of the North Island. The shallow Miocene wells are providing steady oil production and, as expected, more predictable decline rates. The majority of these shallow wells are now on production and utilizing good oil field practice. TAG Oil will continue to optimize production methods and perform planned routine maintenance on a regular basis, which requires certain wells to be shut-in periodically.

Currently, the Cheal Permit, PEP 54877 and the Sidewinder Permit have 34 shallow wells on full or part-time production out of a total of 44 total wells that have been drilled in these production areas, which includes three wells drilled at the Cheal G-Site located on PEP 54879, namely:

- the Cheal A-Site is the location of the Cheal Permit production facility ("**Cheal Production Facility**") as well as producing wells Cheal-A1, A3, A7, A8, A9, A10, A11, and A12;

- the Cheal B-Site is the location of producing wells Cheal-B1, B2, B3, BH-1, B4ST, B5, B6, B7, B8, B9 and B10;

- the Cheal C-Site is the location of the shut-in wells Cheal-C1, C2, and C3;

- PEP 54877 is the location of the Cheal E-Site and the Cheal E-Site production facility (the "**Cheal E-Site Production Facility**") as well as producing wells Cheal-E1, E2, E4, E5 and E6, as well as Cheal-E7 that was drilled from the Cheal E-Site into the Cheal Permit and is 100% owned by TAG Oil;

- the Cheal G-Site is the location of part-time producing well Cheal-G1, which has the potential to be full-time producing; and

- the Sidewinder Permit is the location of the Sidewinder production facility (the "**Sidewinder Production Facility**") as well as producing wells Sidewinder-1, 3, 4, 5, and 6.

A mining permit for the 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. 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 of oil per day and 3 MMcf of gas per day. The construction of the Cheal Production Facility commenced in 2006 and was completed in September 2007 at a cost of approximately CDN$25 million, and formally opened on October 8, 2007. On April 4, 2013, a significant upgrade to the Cheal Production Facility was completed at a cost of approximately CDN$30 million. This resulted in an expansion of oil processing capability and gas-liquids extraction capabilities, and a new 11km pipeline to New Zealand's primary gas transmission pipeline. The Cheal Production Facility and operations are located on three sites (Cheal A-Site, Cheal B-Site and Cheal C-Site).

The mining permit for the Cheal Permit produced an average of 965 bbl of oil and 1.1 MMcf of natural gas per day (1,145 BOE/d) during fiscal 2015 compared to an average of 1,040 bbl of oil and 1.8 MMcf of natural gas per day (1,336 BOE/d) during fiscal 2014.

As part of the onshore exploration blocks offered in New Zealand's 2012 blocks offer program, TAG Oil and joint venture partner East West Petroleum Ltd. ("**East West**") were awarded PEP 54877 (TAG Oil 70%) by New Zealand Petroleum and Minerals ("**NZP&M**"). During the third quarter of fiscal 2014, TAG Oil had successfully completed its initial five well drilling program at the Cheal E-Site located on PEP 54877 in mid-December 2013, consisting of the Cheal-E1, E2, E3, E4, and E5 wells. In addition, the Cheal E-Site Production Facility has been built and commissioned and can process up to 1,000 bbl/d of crude oil from the Cheal E-Site while using the artificial lift infrastructure. In November 2013, the Cheal-E1 well was placed on production, and by January 2014, all Cheal E-Site wells capable of production (Cheal-E1, E3, E4, and E5) were permanently connected to the Cheal E-Site Production Facility. During the third quarter of fiscal 2015, TAG Oil successfully drilled Cheal-E6 and it has been placed on production. During the fourth quarter of fiscal 2015, the recompletion of the Cheal-E2 was also successful. The Cheal E-Site is TAG Oil's newest producing oil site and produced a net average to TAG Oil of 458 bbl of oil and 0.9 MMcf of natural gas per day (613 BOE/d) during fiscal 2015 compared to an average of 56 bbl of oil and 0.1 MMcf of natural gas per day (67 BOE/d) during fiscal 2014. This success substantially extends the oil saturated area of the Cheal Oil and Gas Field, and at the date of this statement had cumulatively produced over 309,000 bbl of gross oil.

TAG Oil completed the pipeline construction connecting the Cheal E-Site Production Facility to the Cheal Production Facility on May 16, 2015, which was fully operational and flowing gas ahead of schedule. The pipeline enables TAG Oil to quickly monetize future oil and gas wells drilled in the Cheal E-Site and significantly reduce operating costs while generating additional revenues by selling previously flared gas.

The Cheal-G1, G2, and G3 wells were drilled at the Cheal G-Site located on PEP 54879, with the Cheal-G2 and G3 wells subsequently being plugged and abandoned. The Cheal-G1 well proved worthy of completion as a potential oil well and has completed a ten day production test. TAG Oil is conducting a review of suitable economic methods for the Cheal-G1 well to produce on a full-time basis.

A mining permit, referred to as PMP 53803, was granted on February 22, 2012 (covering 714 acres). At that time, PEP 38748 (covering 7,487 acres or 6,773 after removing the PMP amount) was valid and in good standing and remained as such for a period of time during which the PEP 38748 not covered by PMP 53803, was in force and effect. TAG Oil also submitted and was granted a four year appraisal extension to the PEP 38748 permit. Furthermore, PEP 38748 and the Sidewinder Permit remains lightly explored and TAG Oil believes 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 3.5 km pipeline. The Sidewinder Production Facility is designed to handle up to 30 MMcf of gas production per day, as well as any oil production, and was constructed following the first four successful Sidewinder Permit exploration wells referenced above. Permanent tie-in of all four Sidewinder Permit wells has since been completed and TAG Oil has acquired 60 km of new 2D seismic data that will be followed by a multi-well drilling program within this lightly explored permit. The Sidewinder Permit produced an average of 98 BOE/d during the 2015 fiscal year, compared to an average of 465 BOE/d during fiscal 2014, which is due to steady well decline rates. TAG Oil continues to assess the optimal well operating mode to maximize well deliverability and economics for the Sidewinder Permit.

Through TAG Oil's high working interest ownership of the Cheal Production Facility, Cheal E-Site Production Facility, Sidewinder Production Facility and pipeline networks, TAG Oil controls approximately $100 million in critical infrastructure and is an independent processor, transporter, and marketer of the oil and gas it discovers, extracts, and produces. Management believes 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.

During the 2015 fiscal year, TAG Oil produced from the Cheal Oil and Gas Field and Sidewinder Permit a total of 520,039 bbl of oil (2014: 403,924 bbl of oil) and 944 MMcf of natural gas (2014: 1,667 MMcf of natural gas) and sold 518,387 bbl of oil (2014: 403,998 bbl of oil) and 407 MMcf of natural gas (2014: 1,385 MMcf of natural gas). Shell New Zealand (2011) Limited ("**Shell**") purchases all of the oil that TAG Oil produces from the Cheal Oil and Gas Fields and Sidewinder Permit and exports it to the Australasian markets in accordance with oil sales contracts that commenced on January 1, 2015, and expire on December 31, 2015. All of the oil is trucked from the Cheal Oil and Gas Field to a tank farm located in the Port of New Plymouth, New Zealand, and sold to Shell whose subsidiary, Energy Infrastructure Limited ("**EIL**"), operates the tank farm, pursuant to an oil storage contract dated October 13, 2009, which continues in effect on an ongoing basis subject to termination. Approximately every twenty days a tanker arrives at the Port of New Plymouth, which is then filled with TAG Oil's oil along

with oil from other producers in the Taranaki Basin, and it is shipped to refineries primarily on the North East coast of Australia. From there, the oil is sold into the Australasian markets, as described above. 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.

In December 2007, the export of excess gas via a pipeline to the Waihapa Production Station commenced for treatment and on-sale. However, in July 2008, the operator of the Waihapa Production Station suspended operations due to inadequate supplies of gas to the facility from other sources and on November 27, 2008, the gas handling contract was terminated. Gas produced from both the Cheal Permit and Sidewinder Permit is sold under a gas sales contract with Vector Gas Contracts Limited ("**Vector**"), which commenced on December 18, 2014, and expires on December 31, 2016. TAG Oil is currently negotiating a variation to the gas sales contract with Vector to include gas produced from PEP 54877. A portion of gas produced at the Cheal Permit is also sold pursuant to a gas supply agreement between TAG Oil and Opunake Hydro Limited ("**OHL**"), which was entered into on February 8, 2013, and expires on February 7, 2018. The Corporation produced a total of 157,378 BOE of gas (2014: 277,765 BOE) and sold 67,809 BOE of gas (2014: 230,680 BOE) during the 2015 fiscal year.

With only a portion of TAG Oil's core properties drilled to date, TAG Oil believes it has an opportunity for many more years of shallow drilling, targeting new reserves within the shallow play while also offering highly prospective deeper plays for potential joint venture or farm-in partners that will target oil, gas and condensates that are not included in reserves at this stage. Along with post drilling success within TAG Oil's core properties and the completion of new infrastructure, TAG Oil plans to continue to optimize infrastructure and production techniques during the fiscal 2016 year ensuring cash flows remain strong over the long term. TAG Oil will also continue to pursue new business opportunities, including future acquisitions.

The following table summarizes the wells drilled to date in the Cheal Oil and Gas Field, New Zealand:

Cheal Oil and Gas Field Wells

Producing - Oil[(1)]		**Non-Producing - Oil**	
Gross	Net	Gross	Net
29.0	27.0	8.0	7.2

Note:

(1) Not all Cheal Oil and Gas Field producing wells are on-stream concurrently, some production cycling occurs on a daily basis to maximize power fluid lift capabilities.

The following table summarizes the wells drilled to date in the Sidewinder Permit, New Zealand:

Sidewinder Wells			
Producing - Gas		**Non-Producing - Gas**	
Gross	Net	Gross	Net
5.0	5.0	2.0	2.0

Properties with No Attributed Reserves

The following table summarizes the Company's interests at March 31, 2015. It includes both unproved properties located in New Zealand and the Sidewinder mining licence that, although still producing, has no attributed reserves.

Permit	Location	Working Interest %	Gross Acres	Net Acres
PEP 52181	Taranaki Basin (Offshore)	40	77,039	30,816
PMP53803	Taranaki Basin (Onshore)	100	715	715
PEP38748	Taranaki Basin (Onshore)	100	4,275	4,275
PEP 57065	Taranaki Basin (Onshore)	100	14,725	14,725
PEP 54873	Taranaki Basin (Onshore)	100	26,327	26,327
PEP 54876	Taranaki Basin (Onshore)	50	3,914	1,957
PEP 57063	Taranaki Basin (Onshore)	100	22,054	22,054
PEP 54879	Taranaki Basin (Onshore)	50	1,102	551
PEP 55769	Taranaki Basin (Onshore)	100	2,915	2,915
PEP 38348	East Coast Basin (Onshore)	100	198,420	198,420
PEP 38349	East Coast Basin (Onshore)	100	634,047	634,047
PEP 52589	Canterbury Basin (Onshore/Offshore)	100	1,165,348	1,165,348
Total			**2,150,881**	**2,102,150**

On December 11, 2014, TAG Oil announced that it was awarded a 100% interest in the 14,725-acre PEP 57065 (Sidewinder North) and a 100% interest in the 22,054-acre PEP 57063 (Waiiti) by NZP&M as part of the onshore exploration blocks offered in New Zealand's 2014 blocks offer program, with PEP 57065 offsetting the Sidewinder Permit and PEP 57063 in the North East of the Taranaki Basin. This acreage is strategic to TAG Oil 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 and Urenui formation drilling program, as well as providing potential for additional deep, high-impact leads that can be analysed over coming years.

On December 15, 2014, TAG Oil received notice from East West that they formally declined to continue on with the work program and therefore relinquish their 40% working interest, and on March 31, 2015, TAG Oil relinquished its 100% interest in PEP 55770.

On March 12, 2015, TAG Oil relinquished a 100% interest in PEP 53674, and on March 31, 2015, TAG Oil relinquished a 100% interest in PEP 55770, which were both located in the East Coast Basin. This was due to the current low oil price environment and the inability to attract a suitable joint venture partner to reduce the exploration risk and to help fund the proposed work program.

On June 10, 2015, TAG Oil relinquished a 100% interest in PEP 54873 and a 50% interest in the PEP 54876, primarily due to the current low oil price environment, the inability to attract a suitable joint venture partner and also due to the lack of prospectivity in the PEP 54876 acreage.

Necessary Permit Commitments:

The Company's necessary commitments for the 2016 fiscal year in relation to all of its permits estimated at March 31, 2015, total CDN$71,452,000[(2)]. The details of the Company's material commitments associated with its permits are as follows in CDN$:

- PMP 38156: $1,883,000 relates to drilling, workovers, optimizations and lease improvements.

- PMP 53803: $25,000 relates to Sidewinder B-Site consenting.

- PEP 54873: $16,243,000 relates to drilling one deep exploration well and reprocess 2D seismic data.

- PEP 54876[(1)]: $93,000 relates to site remediation works.

- PEP 54877[(1)]: $2,755,000 relates to drilling of one shallow exploration well.

- PEP 54879[(1)]: $190,000 for production testing of one well.

- PEP 38748: $4,747,000 relates to drilling of two shallow exploration wells and lease improvements.

- PEP 52181: $23,542,000 relates to drilling the Kaheru-1 well.

- PEP 52589: $95,000 relates to drilling of one shallow exploration well.

- PEP 55769: $2,278,000 relates to technical study.

- PEP 57065: $95,000 relates to reprocessing 2D seismic data.

- PEP 57063: $95,000 relates to reprocessing 2D seismic data.

- PEP 38348: $11,392,000 relates to drilling one shallow exploration wells and 2D seismic acquisition.

- PEP 38349: $8,022,000 relates to drilling one shallow exploration well and 2D seismic acquisition.

Notes:

(1) The commitment does not include the cost of wells funded by East West.
(2) A total of $36 million is included in the total 2016 fiscal year commitment amount in regard to permit obligations that will only be carried out if these commitments are funded by a suitable joint venture partner. Otherwise, the permits associated with these commitments will be relinquished prior to TAG Oil incurring these costs.

The Company plans to continue to maintain its key permits in good standing with the Ministry of Economic Development in New Zealand and, where necessary, lodge additional term applications accordingly.

As at March 31, 2015, the Company has two East Coast Basin exploration permits (PEP 38348 and PEP 38349) that will expire if the Company does not drill two commitment wells by December 2015. The Company does not expect to have any other of its existing unproved acreage for which it has the rights to explore, develop and exploit to expire within one year.

Forward Contracts

The Company through its subsidiary, Cheal Petroleum Limited ("**Cheal Petroleum**") is a party to a Cheal Permit oil sales contract that commenced on January 1, 2015, with Shell. This contract replaces previous contracts with Shell for the sale of crude oil, and expires on December 31, 2015, subject to termination by Shell or the Company and rights of extension.

The Company through its PEP 54877 joint venture with East West, is a party to a PEP 54877 oil sales contract that commenced on January 1, 2015, with Shell. This contract

expires on December 31, 2015, subject to termination by Shell or the Company and rights of extension.

The Company through its subsidiary, TAG Oil (NZ) Limited, is a party to a Sidewinder Permit oil sales contract that commenced on January 1, 2015, with the Sidewinder Permit's sole crude customer, Shell. This contract expires on December 31, 2015, subject to termination by Shell or the Company.

The Company through its subsidiary, Cheal Petroleum, is a party to an oil storage contract with EIL, a subsidiary of Shell, 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.

Gas produced from both the Cheal Permit and Sidewinder Permit is sold under a gas sales agreement with Vector, which commenced on December 18, 2014, and expires on December 31, 2016. TAG Oil is currently negotiating a variation to the gas sales contract with Vector to include gas produced from PEP 54877. A portion of gas produced at the Cheal Permit is also sold pursuant to a gas supply agreement between TAG Oil and OHL, which was entered into on February 8, 2013, and expires on February 7, 2018.

Additional Information Concerning Abandonment and Reclamation Costs

The Company's abandonment and reclamation costs are ascertained by estimating the costs to fulfill the current obligations using current techniques in regard to wells that are producing, under appraisal or pending development.

At March 31, 2015, the Company has an obligation to plug and abandon a total of 44 gross (41.2 net) wells at the end of their useful life. The present value of these obligations has been projected based on an estimate of future liability of CDN$13,247,871 discounted using an inflation rate of 1.6% and a risk-free rate of 2.75%. The costs are expected to be incurred between 2016 and 2033.

CDN$1,174,871 of these costs do not relate to the Cheal or Sidewinder Permit and as a result were not included in Table 3 and in the calculations underlying the data disclosed in Item 2. All of these additional costs are expected to be payable in the following fiscal years (2016-2021).

CDN$1,082,202 of the total estimate of the future liability is expected to be incurred in the next three financial years.

Tax Horizon

The Company was not required to pay income taxes for its most recently completed financial year. The Company does not anticipate paying income taxes in the fiscal year 2016 due to the immediate allowable deductions for exploration expenditure as prescribed by New Zealand tax regulations.

Costs Incurred

In the year ending March 31, 2015, the Company made the following expenditures (whether capitalised or charged to expense) in CDN$:

Country	**New Zealand**
Property Acquisition Costs – Proved Properties	$nil
Property Acquisition Costs – Unproved Properties	$nil
Exploration Costs	$28,257,715
Development Costs	$21,357,907

Exploration and Development Activities

At March 31, 2015, the Company held net interests equivalent to approximately 2,113,947 acres of exploration and development permits in New Zealand (gross 2,164,526 acres) and completed the following wells during fiscal 2015.

Country	**New Zealand**	
	Gross	Net
Exploratory Wells completed for:		
Oil	5	3.7
Gas	-	-
Service	-	-
Dry Holes	3	2
Country	**New Zealand**	
	Gross	Net
Development Wells completed for:		
Oil	2	2
Gas	-	-
Service	-	-
Dry Holes	-	-

New Zealand

TAG Oil's permits consist of approximately 1.5 million net acres of land onshore in the Taranaki, East Coast and Canterbury Basins of New Zealand, and 0.56 million net acres of land offshore in the Taranaki and Canterbury Basins as at the date of this statement. 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, Cheal E-Site Production Facility, Sidewinder Production Facility and associated pipeline infrastructure within its operations, which ensures that all discoveries and developments can be commercialized

expeditiously, as well as offer third party processing to joint venture partners and other companies in the Taranaki Basin.

Despite lower oil prices and a reduced appetite for risk, TAG Oil remains in a strong financial position with sufficient working capital to fund operations and meet all commitments for the foreseeable future. TAG Oil has responded quickly to changing commodity prices and remains focused on executing its business plan methodically to deliver an above average rate of return on capital invested. The current focus has shifted towards lowest-risk/lowest-cost of capital investments and deferring the majority of TAG Oil's exploration focused capital spending program. TAG Oil's long-term strategy is to continue to maximize the value of its core producing operations by increasing reserves and production, reducing risk through robust planning processes, minimizing costs and optimizing production to lower per barrel production costs. Furthermore, TAG Oil continues to develop a disciplined approach to proper risk management techniques to increase the returns on its stable cash flow from operations while reducing its risk exposure on exploration drilling and cost over-runs, which will build long-term value within the Company.

Taranaki Basin

PMP 38156

During the first quarter of fiscal 2015, TAG Oil drilled, completed and production tested the Cheal-B9 and B10 wells located at the Cheal B-Site that targeted the Urenui formation at approximately 1,700m depth. Both wells have been tied into the Cheal Production Station where they are on full time production and producing oil at a steady rate.

On May 7, 2014, TAG Oil announced that it had successfully drilled and cased the Cardiff-3 well located at the Cheal Permit to total depth of 4,853m. The well intercepted 230m of potential oil-and-gas bearing sands in numerous zones within the Kapuni formation, but the target K3E zone did not produce gas, oil and condensate at the expected commercial rates. Independent expert analysis of the results concluded that either the fracture stimulation was ineffective because of a poor cement bond over the K3E interval, or that skin damage must exist in the near wellbore area, restricting flow. As a result, TAG Oil is completing engineering, design and associated planning to assess all viable options to re-test the Cardiff-3 well, which may include recompletion, fracture stimulation or testing of a series of other shallower Kapuni formations identified within the wellbore.

PMP 53803/PEP38748

The Sidewinder-A7 well bore has been designed to enable the Company to drill a deep gas prospect known as "Hellfire" located at the Sidewinder Permit (the "**Hellfire Prospect**") at a later date. The Hellfire Prospect may be drilled contingent on the results of the Cardiff-3 well re-test and/or on locating a suitable joint venture or farm-in partner.

PEP 54877/PEP 54879

During the third quarter of fiscal 2014, TAG Oil successfully completed its initial five well drilling program at the Cheal E-Site. In November 2013, the Cheal-E1 well was placed on production. By January 2014, all Cheal E-Site wells capable of production at that time (Cheal-E1, E3, E4, and E5) were permanently connected to the Cheal E-Site Production Facility, which were newly commissioned during that period. These wells continue to flow oil naturally from Cheal-E1 and E4 and under artificial lift at Cheal-E5. During the third quarter of fiscal 2015, TAG Oil successfully drilled Cheal-E6 to a total depth of 1,939m, having intersected over 9m of net oil and gas bearing sands in the Mt. Messenger formation, which was the main objective of the well. Following the successful completion and tie-in of the Cheal-E6 well, it was shut-in for a planned pressure build-up test for a period of three days and then resumed ongoing production into the Cheal E-Site Production Facility. During the fourth quarter of fiscal 2015, the recompletion of the Cheal-E2 well was also successfully completed into the lower Mt. Messenger formation and is currently on full time production.

With the conclusion of the Cheal E-Site drilling program, TAG Oil moved its drilling rig to the Cheal G-Site located on PEP 54879. The Cheal-G1, G2, and G3 wells were drilled on PEP 54879, with the Cheal-G2 and G3 wells subsequently being plugged and abandoned. The Cheal-G1 well proved worthy of completion as a potential oil well and has completed a ten day production test. A review of suitable economic methods for the Cheal-G1 well to produce on a full-time basis is being conducted.

During the third quarter of fiscal 2015, the Cheal-E7 well (drilled from the Cheal E-Site into the Cheal Permit and is 100% owned by TAG Oil) was successfully drilled to a total depth of 1,921m intersected over 10.6m of net oil- and gas-bearing sands in the Mt. Messenger formation, the main objective of the well. The well has been completed and is producing to the Cheal Production Facility.

PEP 52181

In addition to TAG Oil's onshore Taranaki Basin interests, TAG Oil's 40% interest in the Kaheru prospect located offshore in PEP 52181 (the "**Kaheru Prospect**") offers significant potential to pursue in the offshore portion of the Taranaki Basin during the next few years. More specifically, the Kaheru Prospect is a large technically robust sub-thrust anticline with mapped four way dip closure at the Miocene, Oligocene, and Cretaceous stratigraphic intervals. The Kaheru Prospect is situated in a discovery trend that is referred to as the "string of pearls" and forms the "southern pearl" just offshore from a number of onshore commercial discoveries. Planning work for the drilling of the Kaheru-1 offshore well by the operator of the Kaheru Prospect continues, which is scheduled to be drilled by May 2016. Although TAG Oil has a high-level of confidence in its expectations for the Kaheru Prospect based on the technical data to support drilling, the Company is actively seeking a suitable joint venture or farm-in partner and to reduce its interest to a more suitable risk level.

East Coast Basin

PEP 38348/PEP 38349

On May 14, 2013, TAG Oil announced that the Ngapaeruru-1 exploration well reached a total depth of 1,417m after successfully drilling through the Waipawa and Whangai source rock formations, the main objective of the well. The Ngapaeruru-1 well is located in PEP 38349 on the East Coast Basin of New Zealand and represents New Zealand's first test directly targeting the naturally fractured Waipawa and Whangai formation source rocks. Mud gas shows, which indicate the presence of gas zones or soluble gas in oil, were recorded between the intervals of 1,140m to 1,295m (155m gross hydrocarbon column). Preliminary gas ratio analysis interprets a predominantly wet gas/oil signature. All data from logging of the well has since been forwarded to independent laboratories for expert analysis. In addition, TAG Oil cut and recovered sidewall cores over fourteen separate intervals within 155m of potential tight oil and gas pay, sampled total organic content and acquired in-situ gas analysis at depth. However, after further analysis of the well logs, cores and petrophysics, TAG Oil decided to plug and abandon the well. Unless a suitable joint venture partner is found to reduce the exploration risk and to support the forward work program, it is likely that the acreage will be relinquished.

During the first quarter of fiscal 2014, TAG Oil secured a new surface access agreement to drill the Waitangi Valley-1 well on PEP 38348 located in the East Coast Basin targeting the naturally fractured Waipawa Black Shale and Whangai formations. Consent to drill the Waitangi Valley-1 well was subsequently granted by the Gisborne District Council on May 5, 2014, and it was spudded on July 23, 2014. TAG Oil announced on September 16, 2014, that in the interest of safety after encountering extreme drilling conditions, including high-pressure shallow hydrocarbon zones, the decision was made to plug and abandon the well.

Canterbury Basin

PEP 52589

During the third quarter of fiscal 2013, TAG Oil acquired and processed an 80km 2D seismic survey within PEP 52589, situated both offshore and onshore in the Canterbury Basin, South Island, New Zealand (the "**Canterbury Prospect**"), as well as a 100km magnetic data acquisition that TAG Oil is continuing to analyze. TAG Oil evaluated the 2D seismic data and identified a number of leads and prospects within the Canterbury Prospect. Based on the success of the initial seismic acquisition, TAG Oil submitted a change of conditions application to NZP&M on June 14, 2013, seeking to acquire further seismic data before committing to drill a well. On September 13, 2013, the change of conditions was approved by NZP&M and the Company acquired a further 40km of 2D seismic data in the third quarter of fiscal 2014. Based on the results and interpretation of the proprietary 2D seismic data, TAG Oil is considering the drilling of a well in calendar year 2016 if a suitable farm-out partner is found.

Production Estimates

Estimated production volumes derived from gross proved reserves and gross probable reserves associated with the Cheal Oil and Gas Field disclosed under Item 2. Figures quoted are net to the Company.

New Zealand: Cheal Oil and Gas Field and Sidewinder Permit

Product Type	Gross Proved (bbl)	Gross Probable (bbl)
Light and medium oil	1,725,000	2,947,000

Product Type	Gross Proved (MMcf)	Gross Probable (MMcf)
Solution Gas	1,091	1,960

Production History

The Company's historical production and netback data for the period ended March 31, 2015 is presented below in CDN$:

	Light and Medium Oil				
	Q1	**Q2**	**Q3**	**Q4**	**Total Year**
New Zealand					
Company share of daily production (BOE/d)	1,750	1,845	1,991	1,837	1,856
Average ($/BOE)					
Price received	$106.45	$100.51	$70.65	$61.24	$84.23
Royalties	$9.44	$9.11	$6.67	$4.86	$7.49
Transportation and storage	$10.50	$9.63	$9.85	$9.57	$9.87
Production costs	$14.35	$15.09	$13.35	$13.35	$14.02
Netback	$72.16	$66.68	$40.78	$33.46	$52.84
Company share of 2015 production – BOE					677,440
Company share of 2015 sales – BOE sold					586,190