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Drew Cadenhead, President, CEO, and Director of TAG Oil, spoke with *Wall Street Reporter Magazine* on May 25, 2006.

TAG Oil Ltd. is an independent Canadian oil and gas exploration company with a well-balanced portfolio of assets in and around the Canterbury, Taranaki and East Coast basins of New Zealand.

TSX-V: TAO

WSR: Bring us up to date on the portfolio of assets and properties.

DC: In the last six months, we have taken over seven companies and/or their permits in New Zealand -- we are in a consolidation phase. We intend to increase our critical mass in New Zealand to address a number of issues for us. Number one, being bigger puts us in the driver's seat as far as operating and controlling cash flow is concerned. Number two, more prospects gives us the critical mass to secure services, a problem internationally.

Over the last six months, we have successfully increased our land position, particularly in onshore Taranaki, the only proven producing basin in New Zealand, and the focus of where TAG is working. We will be continuing on that track for the next couple of months here to try and consolidate and become "The Onshore Company" in New Zealand.

Of our acquisitions -- the most recent was a production and reserve deal with a company, Cheal Petroleum. They owned a 30.5% interest in the Cheal oil pool in onshore Taranaki -- which is 1,800 meters deep with two wells at present that are both capable of producing above 350 barrels a day. The pool's operator has a development plan in place, which will see five development wells drilled and a production facility built before the end of this year. The rest of the acquisitions that TAG has been making up until this point have been exploration lands; there hasn't been reserves and production associated with them.

We have been building up our land base in the production fairway, as well as our portfolio of opportunities, but they haven't provided reserves and cash flow yet. This Cheal/Cardiff acquisition should change that. By January 1, 2007, we expect to have production on stream at Cheal with brand new reserves. They have about an 18 year reserve life index. TAG has purchased about 1.5 million barrels of 3P reserves. We should see net production to TAG in the 400 to 500 barrel per day range by the end of 2006, with a number of development and appraisal wells to follow that. This will start to give us some cash flow with a lot of upside in both development and step-out exploration drilling.

We are going to be drilling a second site, the Cheal B site, a new development which is not included in these reserves. We have also acquired a 15.1% interest in the Cardiff gas discovery, a troublesome discovery for the operator up until the present. The Cardiff-1 well has been drilled for over a year now, and they have not been able to achieve commercial production from the well. The operators had an independent evaluation done by Sproule, which says there could be upwards of 200 Bcf in place, but they are having production problems. This acquisition hopes to address that as well. We are confident that we will be able to move our company from a pure exploration play to a producing and exploration company.

WSR: Does the company have sufficient infrastructure and personnel in place to move this process forward?

DC: As far as field infrastructure is concerned, Taranaki has an underutilized infrastructure system in place. The Taranaki basin had a number of discoveries made over 25 years ago, including the super-pool Maui which has dominated the scene ever since. The Maui pool is now on final depletion, which has created an opportunity for access to infrastructure, and has caused a many fold increase in the price of natural gas in New Zealand over the past couple of years.

As far as corporate infrastructure is concerned, we have added several key personnel over the last six months – including an exploration manager, Mark Webster, who has over 20 years of experience in exploration in New Zealand and Australia. He joined our exploration team in late 2005. We also have Ricardo Bertolotti, our new geophysicist, who came from the MED and is also experienced here in New Zealand. We now have one of the most experienced geotechnical infrastructures in New Zealand; we are well-capitalized and ready to move forward with our plan.

WSR: Bring us up to speed on the company's latest round of financing.

DC: As part of the funding for acquiring Cheal Petroleum, we recently closed a bought deal financing with Canadian firm Canaccord Capital for CDN$30 million. It was over subscribed, reflecting the strength of a good international company in investors' minds. We had CDN$18 million in the bank before this financing, so we're in great shape to move ahead with some of our high impact exploration over the next 2-3 years.

WSR: Will the company look to additional joint ventures or strategic alliances?

DC: Well, in the onshore acreage, we do look for strategic alliances with technical service companies. By this I mean technical alliances with some of the leading companies in the world as far as drilling, completion and production goes. We are not looking for joint venture industry partners for our actual prospects. TAG Oil is well funded and our intention is to become the operator and have 100% working interest in everything we do onshore.

We do have some offshore stuff -- some of our big home run swings and impact-style plays are down off the Canterbury Basin in offshore territory in the South Island of New Zealand. Down there we are looking upwards of U.S.$30 million a well. For these massive expenditures the company is looking for strategic partners and joint venture partners, but not necessarily other E&P companies. A manifestation of the gas crisis in New Zealand is downstream participation and funding of upstream risk. In other words, pipeline companies, electricity generators, and petrochemical industries have come to TAG Oil and offered to fund wells, simply to earn first dibs on any gas that may be found. A number of these deals have been consummated in New Zealand over the last year with downstream players funding upstream activities. That is the type of arrangement that TAG would look for.

But again, when it comes to onshore, the company prefers to have 100% of everything we do. It puts us in a position to control cash flow and capital expenditures, and keeps us in control of timing rather than being bound by slow moving joint venture partners. We are not here to give investors a chance at making a 10% or 12% return on investment – the majors can do that for you. We are looking to provide the investor with a 10 or 20 bagger, and we have got a number of drill-ready prospects to do just that. We have 26 wells ready to be drilled over the next 2-3 years, many of which could provide that kind of impact to our investors. We believe we have a good handle on the risks associated with it; we are confident that our portfolio is risk-managed that way.

WSR: What makes TAG Oil different from its competitors?

DC: For one thing, in the last six months, we bought out most of our competitors. There are only about half a dozen players left down here playing the onshore game – many of those are local companies. The one large major is Shell, but Shell is not doing any exploration, only developing their existing assets. Most of the local companies do not have access to the infrastructure or capital markets like we have in North America. TAG focuses on New Zealand and New Zealand only, nothing else. Should investors put all their eggs into the TAG basket in New Zealand? No -- but if an investor has a portfolio of companies covering different areas in the world, New Zealand is one they need to have coverage in, and TAG is positioned to take advantage of this under-explored but proven oil and gas province.

WSR: Tell us about the board, the senior board, and the management team in place.

DC: Our board consists of individuals with experience in creating value in the North American market place. Senior Calgary Oilmen like Paul Infuso, ex-Ulster / Impact Energy and Jim Smith – ex CFO Crestar Energy. Our management team has over 75 years of combined experience, mostly in New Zealand. We are confident we have both the strongest exploration and management teams in place, as well as a strong board.

WSR: Does the investment community appreciate the company's present value?

DC: The word is starting to get out now. We've gone through a building process for the first three years. We haven't drilled any impact wells yet, a few low interest shallow wells to earn our way into the land position we have now, but we're now in a position to put a long program together, about two or three years worth of sustained high working interest impact drilling. We're big enough now to demand the services and have a serious go at onshore exploration in this country. We had only marketed this company once before this last bought deal. In two years we've changed our investor base from 85% private to 85% institutional. We have some great institutional teams on our side, and we look forward to bringing more on.

WSR: What is the vision for TAG Oil over the next two to three years?

DC: It's going to be "drill, drill, and drill". We've shot a lot of seismic over the last couple of years, we've bought a lot of land, and we've spent a lot of time building up our prospect portfolio. We are ready to start drilling now, and the next two to three years are going to be a very busy operational phase for us.

When we will exit this fiscal year, Cheal will be a net 400 to 500 bbl/d pool for TAG. We have got another prospect called Radnor, a re-drill of a deep gas prospect in onshore Taranaki with partners Bridge Petroleum and Westech. This was originally drilled in 2005 by Bridge, who discovered gas and condensate but they had production problems, to the point where it wasn't producing as well as it should. We have offered to drill that well for them. There is a gas plant onsite already, a pipeline on site that can take new gas directly to the Methanex plant here in Taranaki, and an excellent gas contract in place. We are hoping to spud that well by August 1. It will be about a three to four-week drilling operation.

We are confident that we will be getting gas at Radnor, because they have already produced gas and condensate from the original well. We are going to whip stock out from that well and drill a few hundred meters into a higher part of the structure. Being there is an unused gas plant and pipeline already on site, we should be cash flowing that immediately. There will be no long-term test on this one. The gas will be going directly into the plant; we will be making money right away. We believe that we will be cash flowing and producing by third quarter 2006 out of Radnor and by fourth quarter 2006 out of Cheal.

So we should have a solid cash flow base underpinning us in the next 6 months. We will be continuing on with development drilling at Cheal, but we will also be drilling a number of very large impact prospects, including our exciting Kate prospect down on the South Island. If any one of those comes through, it will change the nature of this company. We are very confident about our prospects coming up in the next year. It is time for our company to move from pure exploration play to a serious contender in the oil and gas exploration and production game.