ANNUAL INFORMATION FORM

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2015

Dated June 29, 2015

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1. GENERAL

1.1 Forward Looking Statements

Certain statements in this Annual Information Form ("**AIF**") constitute 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. There 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 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:

- performance characteristics of TAG Oil's major oil and gas property located in TAG Oil's 100% owned PMP 38156 (the "**Cheal Permit**"), 70% owned PEP 54877, and 50% owned PEP 54879 (the "**Greater Cheal Permits**") (collectively the "**Cheal Oil and Gas Field**");

- the expected infrastructure enhancements, exploration and development, drilling and optimization operations of TAG Oil's properties in the Taranaki, Canterbury, and East Coast Basins of New Zealand;

- oil and natural gas production estimates and targets, including those at Cheal Oil and Gas Field and TAG Oil's 100% owned PMP 53803, and PEP 38748 (collectively, the "**Sidewinder Permit**"), including, without limitation, statements regarding BOE/d production capabilities;

- capital expenditure programs and estimates relating to timing, cost and cash flow generation related to these programs;

- projections of market prices and costs;

- supply and demand for oil and natural gas;

- expectations regarding the ability to raise capital and to continually add to reserves through acquisitions and development;

- treatment under governmental regulatory regimes and tax laws;

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

- the potential to acquire new property in the Taranaki Basin; and

- the Corporation's growth strategy, targets for future growth and projections of the results of such growth;

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

- 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:

- future oil, natural gas liquids ("**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 Sidewinder Permit and achieve exploration and development success in the Taranaki, Canterbury, and East Coast Basins;
- 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, environmental 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 recovery, production and use of the Corporation's reserves and resources;
- that currency exchange rates between the United States, Canada and New Zealand dollars 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 Shell New Zealand (2011) Limited ("**Shell**").

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 needed capital or financing on satisfactory terms or at all;
- TAG Oil has sustained a 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;
- 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 may restrict the Corporation's operations;
- 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 and 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;
- alternatives to and changing demand for petroleum products;
- carbon emissions regimes and climate change legislation;
- government regulations, particularly with respect to hydraulic fracking;
- environmental, health and safety regulations;
- concentration of the Corporation’s assets in and around New Zealand;
- unforeseen title defects;
- failure to accurately estimate abandonment and reclamation costs;
- variations in foreign exchange and interests rates;

- uncertainty of reserve figures;
- risks related to extensive competition;
- risks related to operating in a foreign or international jurisdiction;
- exposure to third-party credit risks;
- risks for enforcement of liabilities by U.S. shareholders;
- limited intellectual property protection for operating practices and dependence on employees and contractors;
- the absence or loss of key employees;
- conflicts of interest;
- inaccuracy of forward-looking statements set out herein;
- TAG Oil has no intent to pay dividends; and
- 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 stated as of March 31, 2015, unless otherwise stated.

1.3 Accounting Principles

All financial information in this AIF is prepared in accordance with International Financial Reporting Standards 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	
bbl	barrels
bbl/d	barrels per day
Mbbls	thousand barrels
BOE	barrels of oil equivalent of natural gas and crude oil, unless otherwise indicated
BOE/d	barrels of oil equivalent per day

Natural Gas	
Mcf	Thousand cubic feet
MMcf	Million cubic feet
Mcf/d	Thousand cubic feet per day
MMcf/d	Million cubic feet per day

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: 1bbl 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

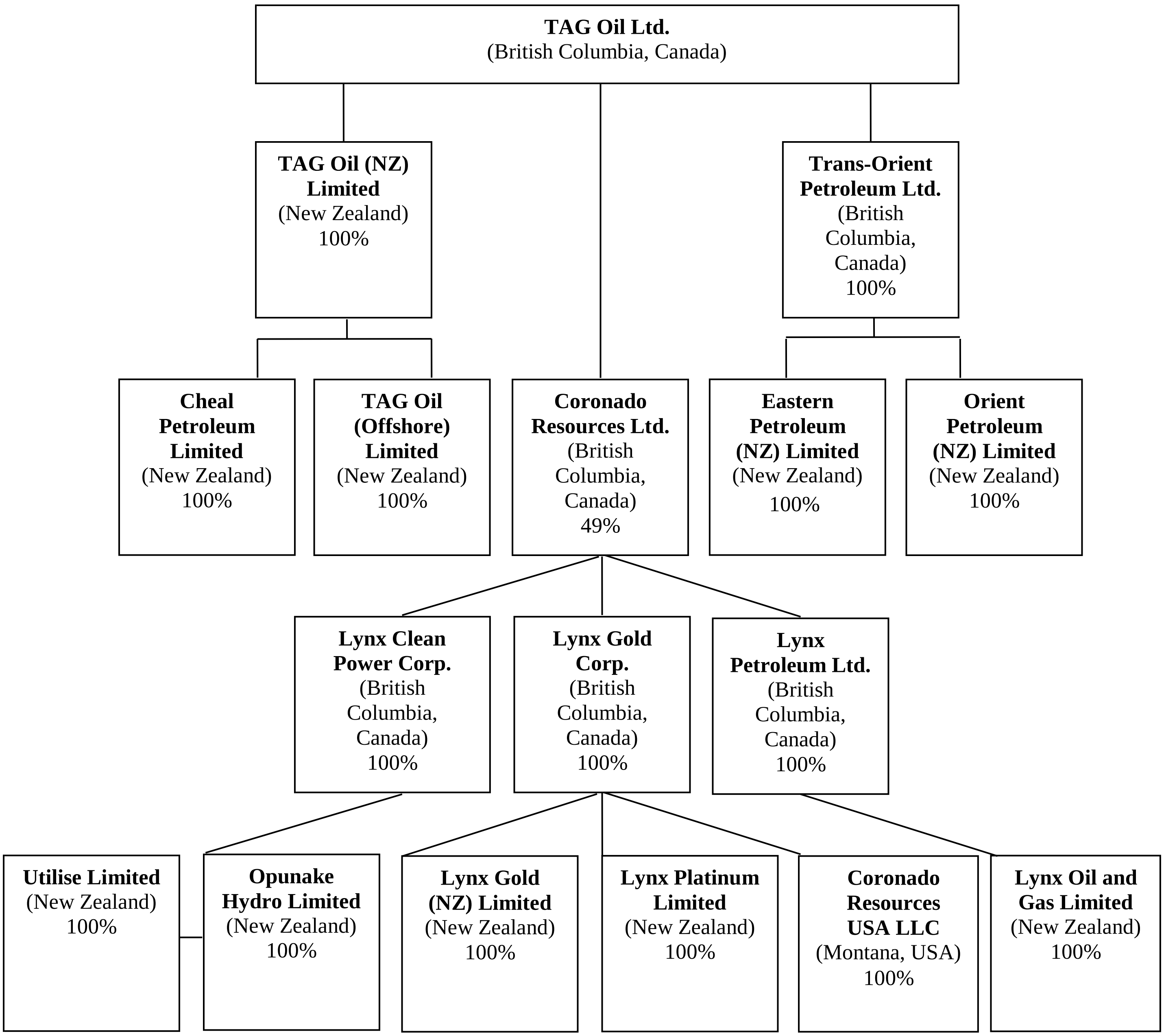
The Corporation's full name is "TAG Oil Ltd." and the Corporation's registered and records office is located at Suite 2600, Three Bentall Centre, 595 Burrard Street, Vancouver, British Columbia, V7X 1L3, and its head office is located at Suite 2040, 885 W. Georgia Street, Vancouver, British Columbia, 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 January 16, 2006, TAG Oil was re-domiciled from a company subsisting 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 Coronado Resources Ltd. ("**Coronado**"), incorporated under the laws of British Columbia. 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, Eastern Petroleum (NZ) Limited, incorporated under the laws of New Zealand, Orient Petroleum (NZ) Limited, incorporated under the laws of New Zealand, Lynx Gold Corp., incorporated under the laws of British Columbia, Lynx Petroleum Ltd., incorporated under the laws of British Columbia, Lynx Clean Power Corp., incorporated under the laws of British Columbia, Coronado Resources USA LLC, incorporated under the laws of Montana, USA, Lynx Platinum Limited, incorporated under the laws of New Zealand, Lynx Gold (NZ) Limited, incorporated under the laws of New Zealand, Lynx Oil and Gas Limited, incorporated under the laws of New Zealand, Opunake Hydro Limited ("**OHL**"), incorporated under the laws of New Zealand, and Utilise 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 2015 fiscal year and as at the date of this AIF, please refer to the heading "Oil and Gas Activities", TAG Oil's Form 51-101F1 *Statement of Reserves Data and Other Oil and Gas Information* as at March 31, 2015, the report of Sproule International Limited ("**Sproule**") effective as of March 31, 2015, as disclosed on Form 51-101F2 *Report on Reserves Data* by Independent Qualified Reserves Evaluator or Auditor and Form 51-101F3 *Report of Management and Directors on Oil and Gas Disclosure*, which have 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

On June 4, 2012, TAG Oil confirmed that it had entered into an agreement with Rawson Taranaki Limited ("**Rawson**") and Zeanco (NZ) Ltd. ("**Zeanco**") to acquire a 100% interest in PEP 52589, PEP 52676 and PEP 53674, which cover approximately 2 million acres in the East Coast and Canterbury Basins. Under the terms of the agreement, TAG Oil paid Rawson and Zeanco $2.3 million in the aggregate and agreed to undertake all future exploration work program commitments. The Ministry of Economic Development in New Zealand subsequently consented to the closing of this transaction, and TAG Oil had carried out a geochemical survey to enable greater understanding of the near surface geology of PEP 52676 and PEP 53674.

On August 17, 2012, TAG Oil acquired for investment purposes 25,975,000 common shares in the capital of Coronado, a mining company at the time of acquisition, pursuant to a private placement by Coronado, at a price of $0.12 per common share, which represented approximately 40% of Coronado's issued and outstanding common shares.

On December 10, 2012, TAG Oil launched a normal course issuer bid to purchase up to 5,586,926 of its common shares through the facilities of the Toronto Stock Exchange ("**TSX**"). There were 510,000 common shares purchased and cancelled under the bid at an average weighted purchase price of $3.98 per common share, which expired on December 9, 2013.

On December 11, 2012, New Zealand Petroleum and Minerals ("**NZP&M**") awarded TAG Oil with four onshore exploration blocks offered in New Zealand's 2012 blocks offer program (the "**2012 New Zealand Blocks Offer**"). The permits awarded are the Greater Cheal Permits, PEP 54876 (TAG Oil 50%), as well as PEP 54873 (TAG Oil 100%), which are all located in the Taranaki Basin. The award of these permits led to the creation of a joint venture with East West Petroleum Corp. ("**East West**") in which TAG Oil operates the permits and East West funded four wells to a maximum of $2.5 million per well before TAG Oil and East West commenced paying their pro-rata share of costs over $2.5 million within the Greater Cheal Permits and PEP 54876 in 2013, earning East West a 50% interest in PEP 54876 and PEP 54879, and a 30% interest in PEP 54877.

On August 29, 2012, TAG Oil entered into a deed to acquire a 90% interest in OHL, an established New Zealand electricity generation and retailing company, through the investment of approximately $5 million. The funds were used by OHL to expand its total generation capacity by acquiring and installing gas fired generation at the Cheal Permit. On February 8, 2013, TAG's investment in OHL was completed. As at the date of this AIF, OHL's total generation capacity is 4.4 megawatts and is currently providing electricity to the Cheal Oil and Gas Field with excess electricity sent to the national grid.

On January 11, 2013, TAG Oil confirmed that Apache New Zealand Corporation LDC ("**Apache**") elected not to undertake the Phase 2 program under a farmout agreement entered into on September 1, 2011, between TAG Oil and Apache (the "**Farmout Agreement**") relating to drilling PEP 38348, PEP 38349, and PEP 50940 in the East Coast Basin. Under the Farmout Agreement, Apache was obligated to pay all costs and expenses actually incurred or committed in respect of the Phase 1 program. On January 31, 2013, TAG Oil and Apache concluded an agreement for early termination of the Farmout Agreement. The main highlights of the agreement were:

- Apache paid TAG Oil a $15 million lump sum payment to satisfy its obligations related to funding Phase 1 operations under the Farmout Agreement;

- TAG Oil retains all assets developed under the Farmout Agreement, including all seismic and technical work completed; and

- TAG Oil retains a 100% interest in PEP 38348 and PEP 38349.

During the 2013 fiscal year, the Ministry of Business, Innovation and Employment in New Zealand (the "**Ministry**") received an application from a third party for unitisation of part of the reserves at the Sidewinder Permit's boundary. After receiving legal advice and considering the geological features in the relevant Sidewinder Permit area, TAG Oil considers that the tests for unitisation under the Crown Minerals Act 1991 (New Zealand) were not met. In April 2014, the Ministry informed TAG Oil that the unitization application had been dropped, as their independent review confirmed that unitization was not warranted.

On April 4, 2013, TAG Oil reported that its 100% owned Cheal Permit production facility (the "**Cheal Production Facility**") infrastructure expansion project was completed. The original Cheal Production Facility was constructed at a cost of approximately $25 million by the previous operator, Austral Pacific Energy Ltd. ("**Austral**"). At an additional cost of approximately $30 million, the Cheal Production Facility expanded its oil processing capability, gas-liquids extraction capabilities, and added a new 11km pipeline to New Zealand's primary gas transmission pipeline.

On May 13, 2013, TAG Oil agreed to sell its 90% stake in OHL to Coronado in exchange for common shares of Coronado valued at approximately $5 million pursuant to the terms of a share purchase agreement ("**Share Purchase Agreement**") between TAG Oil, Coronado and the vendor of the remaining 10% interest in OHL. On September 28, 2013, the transaction was completed and under the terms of the Share Purchase Agreement, TAG Oil received 13,015,410 common shares of Coronado valued at $0.39 per share. The Coronado share price was based on the volume weighted average closing price of Coronado's common shares on the TSX Venture Exchange ("**TSX-V**") for the twenty consecutive trading days ending on May 10, 2013. On November 14, 2014, Coronado's common shares were consolidated on the basis of seven (7) pre-consolidation common shares for one (1) post-consolidation common share (the "**Consolidation**"). As a result of the Consolidation, Coronado's issued and outstanding 79,273,092 common shares were reduced to approximately 11,324,727 common shares. TAG Oil currently holds 5,570,058 common shares of Coronado, or approximately 49%. The common shares will be held for investment purposes and TAG Oil may, depending on market and other conditions, increase or decrease its beneficial ownership of common shares or other securities of Coronado whether in the open market, by privately negotiated agreement or otherwise. TAG Oil will retain an exposure to a growing electricity generation and retail business in New Zealand through its investment in Coronado.

During the second quarter of fiscal 2014, TAG Oil surrendered two permits located in the East Coast Basin, PEP 52676 and PEP 50940, in order to focus exploration efforts on its more prospective East Coast Basin permits. Based on the results of the geochemical study in conjunction with a geological and seismic review, TAG Oil provided notice to NZP&M of its intention to surrender PEP 52676 on July 1, 2013, and the surrender was granted on July 12, 2013. On July 19, 2013, TAG Oil also submitted to NZP&M a notice to surrender PEP 50940, following a number of stratigraphic wells TAG Oil drilled to determine future prospectivity. The result of these wells failed to prove up reasonable future prospectivity for the PEP 50940 and the surrender was granted on July 23, 2013.

During the third quarter of fiscal 2014, TAG Oil and East West were awarded 106,157-acre PEP 55770 (TAG Oil 60%) by NZP&M, which is located in the East Coast Basin as part of the onshore exploration blocks offered in New Zealand's 2013 blocks offer program (the "**2013 New Zealand Blocks Offer**"). On December 15, 2014, TAG Oil received notice from East West that they formally declined to continue on with the work program and therefore relinquished their 40% working interest, and on March 31, 2015, TAG Oil relinquished its 100% interest in PEP 55770.

During the third quarter of fiscal 2014, TAG Oil was also awarded a 100% interest in PEP 55769 as part of the 2013 New Zealand Blocks Offer, which adds 2,910 additional acres in the main Taranaki oil and gas discovery fairway offsetting the Sidewinder Permit. The commitments call for the acquisition of 100km of 2-D seismic data within the first 18 months of the permit tenure. However, a change of conditions application has been made to NZP&M, which proposes to substitute the 2-D seismic data survey for a series of technical studies.

On December 10, 2013, TAG Oil launched a normal course issuer bid to purchase up to 6,073,339 of its common shares through the facilities of the TSX. There were 1,977,200 common shares purchased and cancelled under the bid at an average weighted purchase price of $2.10 per common share, which expired on December 9, 2014.

On December 10, 2014, TAG Oil launched a normal course issuer bid to purchase up to 5,885,051 of its common shares through the facilities of the TSX. As at the date of this AIF, there were 158,800 common shares purchased and cancelled under the bid at an average weighted purchase price of $1.48 per common share, which will expire on December 9, 2015.

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 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 May 16, 2015, TAG Oil completed the pipeline construction connecting the production facility located at the Cheal E-Site on PEP 54877 (the "**Cheal E-Site Production Facility**") to 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 E-Site.

On June 10, 2015, TAG Oil formally 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.

Exploration and Production

On April 2, 2012, TAG Oil announced that flow testing of the Cheal-B6, Cheal-A9, and Cheal-A10 wells confirmed commercial oil discoveries within the Urenui zone at a depth of approximately 1,400m. In December 2012, the Cheal-B6 well was brought on line. The Cheal- A9, and A10 wells were placed on full-time production in April 2013, along with other established production, following completion of the enhancements to the Cheal Permit's artificial lift capabilities.

On June 25, 2012, the Cheal-C3 well recorded a total of 17.5m of pay including 6.5m of pay within the Urenui formation and 11m of pay in the Mt. Messenger formation. The well originally produced predominantly natural gas, but reverted shortly to a lower flow rate oil well.

On June 27, 2012, the Cheal-C4 well reached total depth and recorded a total of 17.5m of pay in the targeted Mt. Messenger formation. The Cheal-C4 well is the first down-dip follow-up well to the Cheal-C1 oil discovery well, but following completion and testing operations, the Cheal-C4 well has not proven to be an economic long-term producer to date, producing oil at lower daily thresholds than operating costs mandate for profit.

On December 11, 2012, the Cheal-B8 well reached a total depth of 3,600m encountering 26m of high quality oil-and-gas pay within the initial 2,000m of the well. Following the logging and casing of the up-hole oil discovery, the Cheal-B8 well was deepened a further 1,600m to test a wildcat target in the Tikorangi formation, however electric logging did not indicate sufficient pay present at this depth. This result does not affect the potential in the deeper Kapuni formation targets that TAG Oil will be drilling in the Taranaki Basin. TAG Oil subsequently tied-in Cheal-B8 to its Cheal Production Facility, along with Cheal-A11 and Cheal-A12, which recorded a total of 30m and 23m of net pay, respectively.

During the third quarter of fiscal 2013, TAG Oil was granted consent by the New Plymouth District Council to drill four new wells within the Sidewinder Permit. TAG Oil went on to immediately complete site construction, and on March 19, 2013, announced the drilling and completion of the Sidewinder-A5 and A6 wells, which have been perforated and tied-in to the Sidewinder Permit production facility (the "**Sidewinder Production Facility**") and for long term production. As at the date of this AIF, the Sidewinder-A7 well has been drilled and completed, and is currently suspended. The Sidewinder-A7 well bore has been designed to enable the Corporation to drill a deep gas prospect known as "Hellfire" located at the Sidewinder Permit (the "**Hellfire Prospect**") at a later date.

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 Corporation 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.

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.

In June 2013, TAG Oil secured a deep drilling rig to re-drill the Cardiff prospect located at the Cheal Permit (the "**Cardiff Prospect**"). Preparations proceeded at the Cheal C-Site to allow the set-up of the drilling rig and on May 7, 2014, TAG Oil announced that it had successfully drilled and cased the Cardiff-3 well to total depth of 4,853m. The well intercepted 230m of potential oil-and-gas bearing sands in numerous zones within the Kapuni formation. The deepest of three zones identified for further completion, the K3E zone, was perforated and hydraulically fractured. The K3E zone produced gas, oil and condensate with no formation water, but not at the commercial rates expected, given the interpreted parameters.

During the third quarter of fiscal 2014, TAG Oil completed the re-processing of 30km of 2D seismic data and a field study to combine the data with a completed geochemical survey to enable greater understanding of the near surface geology of PEP 53674. This permit was relinquished on March 12, 2015, due to the lack of future prospectivity identified in the acreage after analysis of the re-processed data.

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 and then to PEP 54876 to complete four further wells as part of the joint venture with East West. 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. The Nova-1 rig then moved to PEP 54876 where the Southern Cross-1 well and Southern Cross-1ST1 were both drilled and abandoned as non-commercial wells. The total cost to drill these wells was approximately $11.6 million with TAG Oil contributing $3.3 million after the initial carry amount of $5 million from East West.

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.

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.

Financings

On May 15, 2012, TAG Oil closed a bought deal common share public offering (the "**2012 Offering**"). TAG Oil sold a total of 4,170,000 common shares at a price of $10.45 per share for gross proceeds of $46,345,750. TAG Oil also granted to the underwriters an over-allotment option, exercisable in whole or in part at any time on or up to thirty days after the closing of the offering, to purchase up to an additional 615,000 common shares at the same price. On May 11, 2012, Dundee Securities Ltd., on its own behalf and on behalf of the underwriters, delivered notice to TAG Oil that the underwriters were electing to partially exercise the over-allotment option to purchase an additional 265,000 common shares. The total net proceeds from the 2012 Offering including the over-allotment option were $43,365,746.

On November 13, 2013, TAG Oil closed a bought deal public offering of 5,700,000 common shares of TAG Oil at a price of $4.40 per common share for gross proceeds of $25,080,000 (the "**2013 Offering**"). Pursuant to the terms of the underwriting agreement dated October 23, 2013, TAG Oil granted a syndicate of underwriters co-led by Dundee Securities Ltd. and Casimir Capital Ltd., and including Credit Suisse Securities (Canada) Inc., Cormark Securities Inc., Mackie Research Capital Corporation and M Partners Inc. an option to purchase up to an additional 855,000 common shares at a price of $4.40 per common share, exercisable in whole or in part at any time prior to thirty days after the closing date. The underwriters elected not to exercise the over-allotment option and the total net proceeds from the 2013 Offering were $23,526,000.

The net proceeds from the 2012 and 2013 Offerings were used to fund TAG Oil's exploration and development programs in the Taranaki, Canterbury and East Coast Basins of New Zealand, and for working capital and general corporate purposes.

Listings

As at the date of this AIF, TAG Oil continues to maintain its listings on the TSX under the same trading symbols: "TAO", and on the premier tier of the OTC market in the United States, the OTCQX International (the "**OTCQX**"), under the trading symbol "TAOIF".

Board of Directors and Senior Officers

On May 1, 2013, Mr. Randy Toone joined TAG Oil as its New Zealand Country Manager, based in New Plymouth, New Zealand. Due to personal family matters and to focus on North American opportunities, Mr. Toone tendered his resignation as New Zealand Country Manager, which was effective as of June 30, 2014.

On October 7, 2013, TAG Oil announced the appointment of Mr. Chris Ferguson as its Chief Financial Officer, replacing Mr. Blair Johnson effective as of December 1, 2013.

On July 3, 2014, TAG Oil announced the appointment of Mr. Max Murray as its New Zealand Country Manager, based in New Plymouth, New Zealand. Mr. Murray replaced Mr. Randy Toone.

On November 5, 2014, TAG Oil announced the appointment of Dr. Douglas Ellenor to the Board of Directors of TAG Oil (the "**Board**"), replacing Mr. Ronald Bertuzzi who retired from the Board.

On February 11, 2015, TAG Oil announced that Chief Executive Officer and a director, Mr. Garth Johnson, and Chief Operating Officer, Mr. Drew Cadenhead, had submitted their resignations, which became effective on March 10, 2015.

On February 17, 2015, TAG Oil announced the appointment of Mr. Brad Holland to the Board effective on March 1, 2015, replacing Dr. Douglas Ellenor whose resignation for personal reasons became effective on that date as well.

On March 10, 2015, TAG Oil announced the appointment Mr. Alex Guidi, TAG Oil's Chairman of the Board, as its interim Chief Executive Officer.

On May 12, 2015, TAG Oil announced the appointment of Mr. Frank Jacobs as it's of Chief Operating Officer.

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

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

Reserve Estimates

On June 27, 2012, Sproule prepared an independent assessment of TAG Oil's reserves effective as of March 31, 2012, which relates to the Cheal Permit and Sidewinder Permit. The Corporation's net proved plus probable reserves increased from 1,677,000 BOE at March 31, 2011, to 5,373,000 BOE at March 31, 2012, due to a number of factors such as:

- multi-well drilling success at the Cheal Permit during the 2012 fiscal year resulting in a significant increase in estimated original oil in place related to proven and probable acreage reviewed;
- upward revision to projected future well performance;
- drilling and testing success at the Sidewinder-2, 3 and 4 wells during 2012 fiscal year; and
- increase in recovery factors assigned to the Cheal Permit proved and probable reserves to:
    - Mt. Messenger zone: 1p 20%;
    - Mt. Messenger zone: 2p 22%;

- Urenui zone: 1p 12%; and
- Urenui zone: 2p 14%.

On June 28, 2013, Sproule prepared an independent assessment of TAG Oil's reserves effective as of March 31, 2013, which relates to the Cheal Permit and Sidewinder Permit. The Corporation's gross proved plus probable reserves decreased from 6,624,000 BOE at March 31, 2012, to 6,112,000 BOE at March 31, 2013. After consideration of production of 809,000 BOE during this period, there was a net positive reserve revision of 296,000 BOE. The changes resulted from a number of factors such as:

- multi-well drilling success at the Cheal Permit during the 2013 fiscal year resulting in a significant increase in estimated original oil in place related to proven and probable acreage reviewed;
- continued strong performance of the mature Cheal Permit wells exhibiting predictable conservative declines;
- drilling and testing success at the Sidewinder-5 and 6 wells during 2013 fiscal year; and
- strong performance from the Urenui formation at the Cheal Permit, a formation previously thought to be sub-economic by other operators, but now proving moderately prolific given proper operating procedures.

On June 19, 2014, Sproule prepared an independent assessment of TAG Oil's reserves effective as of March 31, 2014, which relates to the Cheal Permit, PEP 54876, PEP 54877, and the Sidewinder Permit. The Corporation's gross proved plus probable reserves decreased from 6,112,000 BOE at March 31, 2013, to 5,898,000 BOE at March 31, 2014. After consideration of production of 766,000 BOE during this period, there was a net positive reserve revision of 552,000 BOE. The changes resulted from a number of factors such as:

- multi-well drilling success at the Cheal E-Site on PEP 54877 during the 2014 fiscal year resulting in a significant increase in estimated original oil in place related to proven and probable acreage reviewed;
- continued strong performance of the mature Cheal Permit wells exhibiting predictable conservative declines; and
- strong performance from the Urenui formation at the Cheal Oil and Gas Field, a formation previously thought to be sub-economic by other operators, but now proving moderately prolific given proper operating procedures.

On June 3, 2015, Sproule prepared an independent assessment of TAG Oil's reserves effective as of March 31, 2015, which relates to the Cheal Permit, the Greater Cheal Permits 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. The changes resulted from a number of factors such as:

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

- the unsuccessful test of Cheal-E2 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 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 changes in the Cheal Permit field development plan resulted in a reserve add to the total proved, and a decrease in the total probable and possible reserves;
- recorded proven, probable and possible write downs due to lack of production from the Cheal-A8, A9, and C1 wells; and
- lower oil prices reflected in the higher economic threshold of the wells resulted in a negative revision of reserves.

4. DESCRIPTION OF THE BUSINESS

4.1 General

TAG Oil is a Canadian registered oil and gas producer and explorer with assets consisting of approximately 2.06 million net acres of land onshore in the Taranaki, East Coast, and Canterbury Basins of New Zealand, and 30,816 net acres of land offshore in the Taranaki Basin as at the date of this AIF. 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 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 community.

4.2 Summary

Beginning in fiscal 2007, TAG Oil began earning revenues from the sale of hydrocarbons. The extent of such revenue may be affected by principal markets for hydrocarbon products, seasonality of products, or marketing channels.

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 is sold pursuant to a gas supply contract between TAG Oil and OHL, which was entered into on February 8, 2013, and expires on February 7, 2018. Gas produced from both the Cheal Permit and Sidewinder Permit is also 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.

The principal markets for sales of oil produced at the Cheal Permit, PEP 54877, and the Sidewinder Permit are in the Australasian region. More specifically, Shell purchases all of the oil that TAG Oil produces from the Cheal Permit, PEP 54877 and the Sidewinder Permit, and exports it to the Australasian markets in accordance with oil sales contracts that commenced on January 1, 2015, and expires on December 31, 2015. All of the oil is currently trucked from the Cheal Permit, PEP 54877, and the Sidewinder Permit 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 is to continue 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 that forms part of the McKee blend, 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.

TAG Oil's revenue for the 2015 fiscal year consisted of oil, gas and electricity sales totaling $53,737,165 (2014: $57,546,899). TAG Oil's production, transportation and storage costs for the 2015 fiscal year amounted to $18,628,301 (2014: $14,284,062) and royalties amounted to $4,393,310 (2014: $5,781,663). Depletion, depreciation and accretion amounted to $17,023,099 (2014: $13,188,416). Exploration and evaluation impairment amounted to $71,713,496 (2014: $1,046,650) and property, plant and equipment impairment amounted to $9,181,989 (2014: $nil). Net loss before tax for the 2015 fiscal year was $75,323,242 (2014: net income - $14,731,055). Net loss for the period after tax amounted to $69,762,517 (2014: net income - $7,682,708). The tax recovery amount of $5,560,725 for the 2015 fiscal year (2014: tax expense - $7,048,347) is a reversal of the non-cash deferred tax payable that relates to timing differences of taxable deductions allowed under New Zealand income tax regulations.

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 barrels of oil per day and 3 million cubic feet of gas per day. The construction of the Cheal Production Facility commenced in 2006 and was completed in September 2007. The pre-commissioning test phase commenced on August 10, 2007, and first oil was produced through the Cheal Production Facility in September 2007. 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, an approximately $30 million infrastructure expansion project of the Cheal Production Facility was completed. This provided the Cheal Production Facility with expanded oil processing capability, gas-liquids extraction capabilities, and a new 11km pipeline to New Zealand's primary gas transmission pipeline.

The development of the Greater Cheal Permits commenced with the initial permit work program at the Cheal E-Site located on PEP 54877, which included drilling five shallow exploration wells (Cheal-E1, E2, E3, E4, and E5) that were successfully completed in mid-December 2013. The Cheal-E1 well was placed into production in November 2013, followed during the first quarter of fiscal 2014 by three Cheal E-Site wells capable of production (Cheal- E3, E4, and E5). Two of the five wells were funded 100% to $5 million by East West who holds a 30% interest in the permit. Under the terms of the joint venture, East West is entitled to recover the first $5 million of oil and natural gas revenue while also paying 100% of all costs associated with that revenue, before all future revenue and costs are split according to each party's working interest. During the third quarter of fiscal 2015, TAG Oil successfully drilled Cheal-E6 and it has been placed on production at the Cheal E-Site Production Facility. During the fourth quarter of fiscal

2015, the recompletion of the Cheal-E2 well was also successfully completed and is on full time production. Capital expenditure for the Cheal-E6 well and the re-completion of the Cheal-E2 well was funded under terms of the joint venture with East West.

After completion of work at the Cheal E-Site, the development of the Greater Cheal Permits continued as TAG Oil moved its drilling rig to the Cheal G-Site located on PEP 54879. The permit work program for PEP 54879 included drilling three shallow exploration wells. The Cheal-G1 well was spudded on January 3, 2014, and 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. Joint venture partner East West is committed to fund the first $2.5 million in capital expenditure, and is entitled to receive the first $2.5 million in revenue sales while also paying 100% of the costs to produce that revenue, before costs and interest in the wells will revert to 50% TAG Oil and 50% East West. The Cheal-G2 and G3 wells were plugged and abandoned.

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. 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 a completely independent processor, transporter, and marketer of the oil and gas it discovers, extracts, and produces.

During fiscal 2014 and into early fiscal 2015, TAG Oil commenced its move towards adding a deeper drilling component to its Taranaki Basin operating plan, through a fully funded large scale drilling campaign. A deep specialty drilling rig was contracted to drill the two deep gas targets identified as part of TAG Oil's expanded business plan, beginning with the Cardiff Prospect. On May 7, 2014, TAG Oil announced that it had successfully drilled and cased the Cardiff-3 well to a total depth of 4,853m, 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 Prospect, which may include recompletion, fracture stimulation or testing of a series of other shallower Kapuni formations identified within the wellbore. The Hellfire Prospect may be drilled contingent on the results of the Cardiff Prospect re-test and/or on locating a suitable joint venture or farm-in partner. Both of these deep gas prospects are located within the onshore portion of the Taranaki Basin and have the potential to contribute long-term production and reserve growth to TAG Oil. These prospects are expected to be materially larger in reserve and deliverability potential than the historically targeted shallow Taranaki Basin drilling programs at the Cheal Oil and Gas Field and Sidewinder Permit.

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 Corporation is actively seeking a suitable joint venture or farm-in partner and to reduce its interest to a more suitable risk level.

On May 14, 2013, TAG Oil announced that it had successfully drilled and cased its first tight-oil well that reached total depth, Ngapaeruru-1, with promising initial results. The Ngapaeruru-1 well targeted the Waipawa and Whangai formations and drilling data acquired by TAG Oil, including comprehensive unconventional logging technology and sidewall core samples, which has encouraged further drilling in the East Coast Basin. 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 and consent to drill 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. As part of the planning for continued unconventional drilling in the East Coast Basin, TAG Oil also submitted applications for consents needed to drill the Boar-Hill-1 well located in PEP 38349, which should be received before the end of the 2015 calendar year. In the event that a suitable joint venture or farm-in partner is not found, TAG Oil will consider relinquishing PEP 38348 and 38349.

Further resource potential in TAG Oil's Canterbury Prospect covering 1.17 million net acres is being investigated through processing and interpreting of 80km of 2D seismic data. The Canterbury Basin has a proven working hydrocarbon system as evidenced by the presence of numerous oil and gas shows onshore and discoveries made offshore. TAG Oil's 2D seismic data acquired in November 2012 over leads initially identified using geochemical surface data, has resulted in a clearly imaged subsurface, resulting in four newly mapped features within the Canterbury Prospect. Based on the success of the initial seismic acquisition, the Corporation acquired a further 40km of 2D seismic data in the third quarter of fiscal 2014. Based on the results and interpretation of 2D seismic data, TAG Oil has confirmed a drilling commitment with NZP&M to be drilled within the Canterbury Prospect in calendar 2016, but it will be subject to locating a suitable joint venture or farm-in partner.

Despite recent changes in commodity prices, TAG Oil remains focused on executing its business plan. Management's 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 and expects 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 Corporation.

4.3 Production and Services

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: 1,666 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).

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.

4.4 Specialized Skill and Knowledge

Exploration for and 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 their respective 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 2016.

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 and 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 PEP 54877, and most of the Sidewinder Production Facility was designed specifically for the Sidewinder Permit. The vessels, heat exchangers and piping are specific to the Cheal Permit, PEP 54877, and Sidewinder Permit processes, respectively, and the designs of the power fluid pumps, coalescing filters, and export compressors 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 an oil sales contract with the Cheal Oil and Gas Field's sole crude customer, Shell, which expires on December 31, 2015. 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. See information under the heading "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, Shell, and has always taken all oil volume offered to it in the New Zealand market. In the event that Shell 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 and 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

The overall environmental impact to TAG Oil's economic valuations is not material. In New Zealand, on land and in waters within 12 miles of the coast, the Resource Management Act 1991 (the "**Resource Act**") controls users of natural and physical resources, including petroleum explorers, with a view to managing resource usage in ways that will not compromise future utilization. The Resource Act places emphasis on assessment of the effect the proposed activity will, or might, have on the environment with a view to promoting sustainable management. Under the Resource Act, 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 Resource Act. Such changes to the standards could impact TAG Oil's costs and have an adverse effect on 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 from 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 or the adoption of new requirements has not had a material effect on TAG Oil to date but could possibly have a material adverse effect on TAG Oil’s business, results of operations, financial condition, cash flows and shareholder value.

TAG Oil is subject to government regulation of the oil and gas properties it holds and of the operations it conducts on those properties, such as those relating to hazardous substances, flaring, environmental effects, health and safety, land access, permit conditions, and those regulations which relate to all companies operating in the relevant jurisdictions 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”.

4.12 Employees

As at March 31, 2015, TAG Oil directly employed 23 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. TAG Oil is involved in the exploration for and production of hydrocarbons and all of its current property holdings, with the exception of the Cheal Oil and Gas Field and 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, natural gas liquids ("**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 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 the 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.

Producing oil, NGLs and natural gas reserves are generally characterized by declining production rates that vary depending upon reservoir characteristics and 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. In addition, 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;
- 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;
- 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 and 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 needed 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 permit obligations 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 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 permit obligations 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, 2015, TAG Oil had net income loss before tax of $75,323,242 and net loss after tax of $69,762,517 and an accumulated deficit of $105,328,237 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. TAG Oil has not paid dividends to date, has no current plans to pay any such 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 Sidewinder Permit and Cheal Oil and Gas Field's sole crude customer, Shell. TAG Oil is also dependent on an oil storage contract with EIL. Oil produced at the Sidewinder Permit and Cheal Oil and Gas Field is stored and sold via 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. 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 and/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 a recession. In addition, continued hostilities in the Middle East and the occurrence or threat of terrorist attacks in 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 tools lost in the 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 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 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 with increases in demand. 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 of drilling rigs, equipment, raw materials (particularly sand and other proppants), supplies, personnel, trucking services, tubulars, fracking and completion services and production equipment 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 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. This could delay drilling operations and adversely affect 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. The reserves and resources information 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, future 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. In particular, there can be no assurance that TAG Oil will achieve its own production estimates for 2015 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 total loss of investment and 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, canceled 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 losses, including personal injury or loss of life, damage to or destruction of property, natural resources and equipment, pollution, environmental contamination or loss of wells and other regulatory penalties.

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 production of 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.

As discussed, 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. 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 a number of factors, 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, operational, financial and other resources. TAG Oil's ability to manage growth effectively will require the development of management information system capabilities and improvement of operational and financial systems. Any failure to expand these areas and 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.

Carbon emissions regime and climate change.

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 commencing 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 or the adoption of new requirements has not had a material effect on TAG Oil to date, but 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 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.

Government regulation, particularly with respect to hydraulic fracking.

TAG Oil's oil and natural gas interests in New Zealand are subject to regulations that relate directly and indirectly to TAG Oil's operations, including title to the oil and natural gas interests, production, marketing and sale of oil and natural gas, taxation, environmental matters, restriction on the withdrawal of capital from a country and other factors. 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 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 utilizes 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 cash flows and revenue, would 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 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; and/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, 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, issuance of orders or injunctions limiting or requiring discontinuation of certain operations.

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 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 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. In addition, the risk of accidental spills or releases from TAG Oil's operations could expose it to significant liabilities under environmental laws. Moreover, 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 cleanup 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 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, 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. 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 in New Zealand, 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, a number 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 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 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, varying circumstances, including 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, and 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 approvals and 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, 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.

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 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 done so 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.

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/United States 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 of reserves figures.

Actual results of 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. 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.

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, 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. The availability of a ready market for any oil and gas that may be discovered by TAG Oil depends on numerous factors beyond its control, including the proximity and capacity of natural gas pipelines, oil storage capabilities and the effect of regional or national regulations.

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.

Foreign activities in New Zealand and internationally.

TAG Oil's oil, gas and electricity generation assets are located 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, authorities claiming jurisdiction, 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.

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 none of TAG Oil's directors are residents 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 its directors or officers, 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. 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.

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.

TAG Oil is a majority interest owner in, and operator of, all of its onshore properties, which means that TAG Oil can control the timing of activities related to such properties.

In addition, 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. 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.

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. 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 common shares.

Decommissioning costs.

TAG Oil may become responsible for costs associated with abandoning and reclaiming wells, facilities and pipelines which it may use for production of 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, PEP 54877 and PEP 54879, which are in the onshore portion of the Taranaki Basin in New Zealand. 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.

As at the date of this AIF, 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 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;
- the Cheal E-Site is the location of 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 as well as producing wells Sidewinder-1, 3, 4, 5, and 6.

A mining permit, referred to as PMP 38156, 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 3Mmcf 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 $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 $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).

PMP 38156 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 2012 New Zealand Blocks Offer, TAG Oil and East West were awarded PEP 54877 (TAG Oil 70%). 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 AIF had cumulatively produced over 309,000 bbl of gross oil.

During the fourth quarter of fiscal 2015, TAG Oil completed the pipeline construction connecting the production facility located at the Cheal E-Site Production Facility to 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 E-Site.

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. A review of suitable economic methods for the Cheal-G1 well to produce on a full-time basis is being conducted.

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, 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 3.5km 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 60km of new 2D seismic data that will be followed by a multi-well drilling program within this lightly explored permit. Together with TAG Oil's high working interest ownership of the Cheal Production Facility, Cheal E-Site Production Facility and pipeline network, TAG Oil is an independent processor, transporter, and marketer of the oil and gas it discovers, extracts, and produces, and 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.

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.

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).

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, 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. 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, the Corporation 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 insuring cash flows remain strong over the long term. TAG Oil will also continue to pursue new business opportunities, including future acquisitions.

For further detail of TAG Oil's oil and gas reserves and resources for the 2015 fiscal year and as at the date of this AIF, please refer to the heading "General Development of the Business - Three Year History", "Description of Business – Summary", TAG Oil's Form 51-101F1 Statement of Reserves Data and Other Oil and Gas Information as at March 31, 2015, the report of Sproule as at March 31, 2015 as disclosed on Form 51-101F2 Report on Reserves Data by Independent Qualified Reserves Evaluator or Auditor, and

Form 51-101F3 Report of Management and Directors on Oil and Gas Disclosure, which have been filed under TAG Oil's profile on SEDAR at www.sedar.com and are incorporated by reference into this AIF.

5. DIVIDENDS

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 62,314,052 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 amendments to the Share Option Plan that became effective upon the Corporation's graduation from the TSX-V 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 (3) years by shareholders of the Corporation. Accordingly, on December 12, 2013, TAG Oil's shareholders approved the grant of unallocated options for a further three (3) year term under the Share Option Plan.

As at the date of this AIF, up to 6,231,405 options in the aggregate may be granted under the Share Option Plan. The number of options currently outstanding is 5,185,000 and therefore the number available for grant is 1,046,405.

Warrants

As of the date of this AIF, TAG Oil has no 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 following table sets forth the trading prices and volumes of TAG Oil’s common shares on the TSX for the year ended March 31, 2015:

Month/Year	High ($)	Low ($)	Daily Trading volume (average) ($)
April 2014	3.28	3.15	176,547
May 2014	2.91	2.77	380,690
June 2014	2.72	2.63	151,638
July 2014	2.64	2.55	195,342
August 2014	2.46	2.38	145,344
September 2014	2.07	1.98	318,911
October 2014	1.64	1.59	189,762
November 2014	1.70	1.60	170,078
December 2014	1.56	1.46	143,229
January 2015	1.59	1.51	70,901
February 2015	1.62	1.51	64,703
March 2015	1.40	1.34	48,440

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, 2015:

Month	High (US$)	Low (US$)	Daily Trading volume (average)
April 2014	2.98	2.88	56,173
May 2014	2.67	2.56	78,938
June 2014	2.51	2.43	48,562
July 2014	2.46	2.39	50,866
August 2014	2.26	2.19	37,495
September 2014	1.88	1.80	65,166
October 2014	1.46	1.41	27,254
November 2014	1.49	1.42	21,501
December 2014	1.35	1.27	37,669
January 2015	1.24	1.19	17,956
February 2015	1.29	1.22	17,386
March 2015	1.11	1.07	13,866

7.2 Prior Sales

During the fiscal year ended March 31, 2015, TAG Oil purchased and cancelled 1,812,600 common shares under its normal course issuer bid launched on December 10, 2014 at an average weighted price of $2.06 per common share. Subsequent to the fiscal year ended March 31, 2015 and to the date of this AIF, TAG Oil purchased and cancelled an additional 23,100 common shares under the normal course issuer bid at an average weighted price of $1.51 per common share.

During the fiscal year ended March 31, 2015, no TAG Oil options were exercised, and no common share purchase warrants were outstanding during the fiscal year ended March 31, 2015. Subsequent to the fiscal year ended March 31, 2015, no TAG Oil options were exercised and no common share purchase warrants were outstanding.

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 residencies of all directors and executive officers of TAG Oil, the positions and offices with TAG Oil held by such persons and their principal occupations 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(2) *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 present; • Partner and Lead Oil and Gas Analyst of GMP Europe Securities LLP from January 2010 to February 2012; and • Director, Oil and Gas Institutional Research of Tristone Capital from May 2005 to December 2010.
Alex Guidi(2) *Chairman and Director* British Columbia, Canada	December 16, 2009	• Director of TAG Oil from December 2009 to present; • Interim Chief Executive Officer from March 2015 to May 2015; and • Self-employed investor and financier from November 1987 to present.
Keith Hill(7)(8)(9) *Director* British Columbia, Canada	July 6, 2011	• Director of TAG Oil from July 2011 to present; • Director of Tyner Resources Ltd. from September 2008 to present; • 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 present; • Director of ShaMaran Petroleum Corp. from February 2007 to present; • Director of Horn Petroleum Corp. from September 2001 to present; and • Director of Blackpearl Resources Inc. from January 2006 to present.
Ken Vidalin(7)(9) *Director* British Columbia, Canada	December 14, 2011	• Director of TAG Oil from December 2011 to present; and • President of Carina Investments Ltd. from August 2005 to present.

Name, office held and municipality of present address	Became a Director	Principal occupation and positions during the last five years[(1)]
Brad Holland[(3)(7)(8)(9)] *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; and • Senior Project Engineer of Saudi Aramco Pipeline Projects Department from January 1992 to September 2011.
Henrik Lundin[(4)] *Director* Oslo, Norway	June 16, 2015	• Director of TAG Oil from June 2015 to present; and • Senior Reservoir Engineer of Lundin Petroleum AB from January 2010 to present.
Chris Ferguson *Chief Financial Officer* New Plymouth, New Zealand	N/A	• Chief Financial Officer of TAG Oil from December 2013 to present; • Chief Financial Officer of New Zealand Energy Corp. from February 2013 to November 2013; and • Finance & Planning Manager of Origin Energy NZ Ltd. from June 2008 to February 2013.
Frank Jacobs[(5)] *Chief Operating Officer* British Columbia, Canada	N/A	• Chief Operating Officer of TAG Oil from May 2015 to present; • Director of Fibre-Crown Manufacturing Inc. from September 2007 to May 2012; • Director of Peak Oil & Gas Ltd. from March 2013 to November 2014; • Consultant (GM Ophir Project and Operations Malaysia) for Octanex NL from October 2012 to December 2014; and • Consultant for Greymouth Petroleum from April 2012 to September 2012.
Giuseppe (Pino) Perone *Corporate Secretary* British Columbia, Canada	N/A	• Corporate Secretary of TAG Oil from December 2009 to present; • General Counsel of TAG Oil from December 2009 to present; • Corporate Secretary of Coronado from August 2012 to present; and • Director of Coronado from August 2012 to March 2013.
Christopher Bailey *VP Business Development* British Columbia, Canada	N/A	• VP Business Development of TAG Oil from May 2012 to present; and • Division Manager, Shared Services of Fraser River Pile & Dredge (GP) Inc. from October 2006 to May 2012.
Max Murray[(6)] *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; • Asset Manager New Zealand Upstream E&P, including Senior “In Country Manager” for New Zealand of Origin Energy from July 2010 to October 2012; and • Production Services Manager New Zealand Upstream E&P & Project Director Ahuroa Gas Storage Project of Origin Energy from January 2009 to June 2010.

Notes:
(1) Such information, not being within the knowledge of TAG Oil, has been furnished by the respective directors and officers individually.
(2) On February 11, 2015, TAG Oil announced that Chief Executive Officer and a director, Mr. Garth Johnson, had submitted his resignation, which became effective on March 10, 2015. On March 10, 2015, TAG Oil announced the appointment of Mr. Alex Guidi, TAG Oil's Chairman of the Board, as its interim Chief Executive Officer. On June 1, 2015, TAG Oil announced the appointment of Mr. Toby Pierce as its Chief Executive Officer and a director, with Mr. Alex Guidi continuing to act as Chairman of the Board.
(3) On November 5, 2014, TAG Oil announced the appointment of Dr. Douglas Ellenor to the Board, replacing Mr. Ronald Bertuzzi who retired from the Board. On February 17, 2015, TAG Oil announced the appointment of Mr. Brad Holland to the Board effective on March 1, 2015, replacing Dr. Douglas Ellenor whose resignation became effective on that date as well.
(4) On June 16, 2015, TAG Oil announced the appointment of Mr. Henrik Lundin to the Board.
(5) On May 12, 2015, TAG Oil announced the appointment of Mr. Frank Jacobs as it's of Chief Operating Officer. Mr. Jacobs replaced Mr. Drew Cadenhead whose resignation became effective on March 10, 2015.
(6) On July 3, 2014, TAG Oil announced the appointment of Mr. Max Murray as its New Zealand Country Manager. Mr. Murray replaced Mr. Randy Toone whose resignation became effective on June 30, 2014.
(7) Member of the Audit Committee.
(8) Member of the Compensation Committee.
(9) 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, 3,807,439 (6.11%) 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	16,200	0.03%	500,000
Alex Guidi	3,729,239	5.98%	825,000
Keith Hill	Nil	Nil	500,000
Ken Vidalin	Nil	Nil	450,000
Brad Holland	62,000	0.1%	150,000
Henrik Lundin	Nil	Nil	150,000
Chris Ferguson	Nil	Nil	175,000
Frank Jacobs	Nil	Nil	500,000
Giuseppe (Pino) Perone	Nil	Nil	325,000
Christopher Bailey	Nil	Nil	90,000
Max Murray	Nil	Nil	200,000

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, shareholder holding a sufficient number of securities of TAG Oil to affect materially the control 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, 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 and/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

TAG Oil is not a party to any outstanding legal or regulatory proceedings, and 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 is Computershare Investor Services Inc. 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 oil sales contracts that commenced on January 1, 2015, with the Cheal Oil and Gas Field's sole crude customer, Shell. This contract replaces previous contracts with Shell for the Cheal Oil and Gas Field's crude oil, and expires on December 31, 2015, subject to termination by Shell or TAG Oil. Additional information regarding TAG Oil's arrangements with Shell 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".

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. 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 Accountants	Provided the audit report dated June 29, 2015 on the consolidated statements of financial position of TAG Oil as at March 31, 2015 and 2014 and the consolidated statements of comprehensive (loss) income, cash flows and changes in equity for each of the years then ended.
Sproule International Limited	Authored the "Evaluation of the P&NG Reserves of TAG Oil Ltd. in the Cheal Field of New Zealand (As of March 31, 2015)"

Based on the information provided by the experts, none of the individuals named in the foregoing section, nor the directors, officers and employees in the aggregate, as applicable, of each of De Visser Gray LLP, Chartered Accountants ("**De Visser**") or Sproule, hold 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 Accountants of British Columbia, Canada.

14. ADDITIONAL INFORMATION

14.1 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. Keith Hill (Chair), Brad Holland 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., Tyner Resources Ltd., ShaMaran Petroleum Corp., Horn Petroleum Corp., and Petro Vista 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 3.4 (Events Outside Control of Member), section 3.5 (Death, Disability or Resignation of Audit Committee Member) 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, 2014**	**Fees Paid to Auditor in Year Ended March 31, 2015**
Audit Fees(1)	$165,136	$177,490
Audit-Related Fees(2)	$7,824	$9,124
Tax Fees(3)	$83,962	$178,555
All Other Fees(4)	Nil	Nil
Total	$256,922	$365,169

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.

14.2 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; and

(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.