



TSXV : TAO | OTCQX : TAOIF



# Primed for expansion

Autumn 2020

# Disclaimer

All oil and natural gas reserves and resources information, including estimated production rates, contained in this presentation have, unless otherwise stated, been prepared and presented in accordance with National Instrument 51-101 - *Standards of Disclosure for Oil and Gas Activities* ("NI 51-101") and the Canadian Oil and Gas Evaluation ("COGE") Handbook.

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

## Reserves Estimates

Reserves are estimated remaining quantities of oil and natural gas and related substances anticipated to be recoverable from known accumulations, as of a given date, based on analysis of drilling, geological, geophysical and engineering data, the use of established technology, and specified economic conditions, which are generally accepted as being reasonable, and shall be disclosed.

Reserves are classified according to the degree of certainty associated with the estimates. Proved reserves are those reserves that can be estimated with a high degree of certainty to be recoverable. It is likely that the actual remaining quantities recovered will exceed the estimated proved reserves. Probable reserves are those additional reserves that are less certain to be recovered than proved reserves. It is equally likely that the actual remaining quantities recovered will be greater or less than the sum of the estimated proved plus probable reserves. Possible reserves are those additional reserves that are less certain to be recovered than probable reserves. It is unlikely that the actual remaining quantities recovered will exceed the sum of the estimated proved plus probable plus possible reserves.

The qualitative certainty levels referred to in the definitions above are applicable to "individual reserves entities", which refers to the lowest level at which reserves calculations are performed, and to "reported reserves", which refers to the highest level sum of individual entity estimates for which reserves estimates are presented. Reported reserves should target the following levels of certainty under a specific set of economic conditions:

- at least a 90 percent probability that the quantities actually recovered will equal or exceed the estimated *proved* reserves;
- at least a 50 percent probability that the quantities actually recovered will equal or exceed the sum of the estimated *proved* plus *probable* reserves; and
- at least a 10 percent probability that the quantities actually recovered will equal or exceed the sum of the estimated *proved* plus *probable* plus *possible* reserves.

The reserve estimates contained herein are estimates only and there is no guarantee that the estimated reserves or resources will be recovered. The estimates of reserves for individual properties may not reflect the same confidence level as estimates of reserves for all properties, due to the effects of aggregation.

Where discussed herein "NPV 10%" represents the net present value (net of capital expenditures) of net income discounted at 10%, with net income reflecting the indicated oil, liquids and natural gas prices and initial production rate, less internal estimates of operating costs and royalties. It should not be assumed that the future net revenues estimated by TAG's independent reserve evaluators represent the fair market value of the reserves, nor should it be assumed that TAG's internally estimated value of its undeveloped land holdings or any estimates referred to herein from third parties represent the fair market value of the lands

## Resource Estimates

Unless otherwise noted, the resource estimates in this presentation are a best case estimate internally by TAG professionals who are non-independent, qualified reserves evaluators in accordance with NI 51-101 and COGE Handbook, with effective dates of March 31, 2020. The recovery and resource estimates provided in this presentation, the preliminary prospectus and in the documents incorporated by reference herein are estimates only. Actual Contingent Resources and Prospective Resources (and any volumes that may be reclassified as reserves) and future production from such Contingent Resources and Prospective Resources may be greater than or less than the estimates provided herein.

Prospective resources are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from undiscovered accumulations by application of future development projects. Prospective resources have both an associated chance of discovery and a chance of development.

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

Exploration for hydrocarbons is a speculative venture necessarily involving substantial risk. The Company's future success in exploiting and increasing its current reserve base will depend on its ability to develop its current properties and on its ability to discover and acquire properties or prospects that are capable of commercial production. However, there is no assurance that the Company's future exploration and development efforts will result in the discovery or development of additional commercial accumulations of oil and natural gas. In addition, even if further hydrocarbons are discovered, the costs of extracting and delivering the hydrocarbons to market and variations in the market price may render uneconomic any discovered deposit. Geological conditions are variable and unpredictable. Even if production is commenced from a well, the quantity of hydrocarbons produced inevitably will decline over time, and production may be adversely affected or may have to be terminated altogether if the Company encounters unforeseen geological conditions. The Company is subject to uncertainties related to the proximity of any reserves that it may discover to pipelines and processing facilities. It expects that its operational costs will increase proportionally to the remoteness of, and any restrictions on access to, the properties on which any such reserves may be found. Adverse climatic conditions at such properties may also hinder the Company's ability to carry on exploration or production activities continuously throughout any given year.

"Best estimate" is considered to be the best estimate of the quantity of the prospective resource that will actually be recovered. It is equally likely that the actual remaining quantities recovered will be greater or less than the best estimate. If probabilistic methods are used, there should be at least a 50 percent probability (P50) that the quantities actually recovered will equal or exceed the best estimate.

# Disclaimer (continued)

## Resource Estimates (continued)

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

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

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

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

## Non-GAAP Measures in this Presentation

References to "netbacks" in this presentation are references to "operating netback", a non-GAAP measure. Operating netback is the operating margin that the Company receives from each barrel of oil equivalent sold. Operating netback is exclusive of electricity revenue and costs and denotes oil and gas revenue on financial instruments less royalty expenses, operating expenses and transportation and marketing expenses. Please see "Summary of Quarterly Information – Oil and Gas Operating Netback (\$/boe)" and "non-GAAP measures" in the Company's Management's Discussion and Analysis, dated August 28, 2020, for the three months ended June 30, 2020 for more information regarding the calculation of the Company's operating netback.

## Analogous Information

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

## Forward-Looking Statements

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

Forward-looking statements relating to TAG Oil's exploration and development of its oil and gas properties including with respect to completion of its drilling programs involve risks and uncertainties including, without limitation: regulatory approval, equipment availability, weather, risks associated with establishment of additional production of oil and gas in accordance with TAG Oil's expectations at its oil and gas properties, well performance, drilling results, successful completion of new infrastructure at its oil and gas properties, successful optimization, the increase of cash flow from new production, achievement of expected growth, successful results of operations, performance results, prospects and evaluation results.

Other factors that could cause actual results to differ from those contained in the forward-looking statements are also set forth in filings that TAG and its independent evaluator have made, including TAG's most recently filed *Statement of Reserves Data and Other Oil and Gas Information*, prepared by independent qualified reserves evaluators, ERC Equipoise Limited, with an effective date of March 31, 2020 (the "ERC Report"). The ERC Report and additional reports filed in Canada pursuant to NI 51-101 can be found under TAG's SEDAR profile at [www.sedar.com](http://www.sedar.com). TAG undertakes no obligation, except as otherwise required by law, to update these forward-looking statements in the event that management's beliefs, estimates or opinions, or other factors change..

## Abbreviations

### Crude Oil and Natural Gas Liquids

bbl	barrel(s)
bbl/d	barrels per day
Mbbl	thousand barrels
MMbbl	million barrels
boe	barrel of oil equivalent
boe/d	barrel or barrels of oil equivalent per day
MMboe	million barrel of oil equivalent

### Natural Gas

Mcf	thousand cubic feet
MMcf	million cubic feet
Mcf/d	thousand cubic feet per day
MMcf/d	million cubic feet per day
Bcf	billion cubic feet
NGL	natural gas liquids

## Highlights

- On September 1<sup>st</sup>, 2020, TAG announced the following appointment:
  - Mr. Abdel (Abby) Badwi as Executive Chairman
  - Mr. Suneel Gupta as VP and COO
  - Mr. Shawn Reynolds and Mr. Thomas Hickey have also joined the board as non-executive directors
- In connection with the appointments, the new team subscribed for a C\$1.0 million private placement of 6.25 million units at a price of \$0.16 per unit
  - each unit consists of one common share and one common share purchase entitling the holder to acquire one common share at a price of \$0.16 for a period of three years
- The Board of Directors and management have been strengthened to source opportunities and bring a new focus of international E&P acquisitions in the Middle East / North Africa (MENA) Region
- The TAG leadership team has a strong track record of leading and growing successful international energy companies
  - committed to good corporate governance and compliance, the environment and social responsibility

## Board of Directors

### **Abdel (Abby) Badwi, Executive Chairman**

Mr. Badwi is a geologist and petroleum industry executive with more than 40 years of international upstream experience, leading public and private energy companies with oil and gas assets in many international jurisdictions. Mr. Badwi most recently served as President and CEO of Kuwait Energy, an E&P company with operations in Egypt, Iraq and Oman and successfully led the sale of the company in 2019. Mr. Badwi has previously served as President and CEO of Bankers Petroleum Ltd. with oil production operations in Albania from 2008 to 2013 (and Vice Chairman until 2016), and the company was sold in 2016. Mr. Badwi has also served as President, CEO and a director of Rally Energy from 2005 to 2007, a company with oil production in Egypt and natural gas in Pakistan; he successfully led the sale of the company in 2007.

Mr. Badwi was the Recipient of Albania's high distinction Presidential Award for Special Civil Merits and the Recipient of the Atlantic Council of Canada's Award for Corporate Social Responsibility and Economic Sustainability. Mr. Badwi is also a member of the Canadian Institute of Corporate Directors.

### **Toby Pierce, Director and Chief Executive Officer**

Mr. Toby Robert Pierce, BSc., MBA, is a natural-resource executive with more than 24 years of extensive transactional and valuation experience in deal sizes ranging from several million to \$1.3 billion in value. As a Partner and Lead Oil and Gas Analyst for GMP Europe Securities LLP, Mr. Pierce covered a variety of oil and gas companies with market capitalizations ranging from \$30 million to \$15 billion, and provided strategic advice and valuation expertise both internally to the investment banking and sales partners, and externally to energy company management on asset acquisitions, financings, and capital markets, while conducting numerous site visits and asset reviews of operations around the globe. Mr. Pierce is a graduate of the Rotman School of Management at the University of Toronto where he earned an MBA in finance. He also holds a B.Sc. (Earth Sciences) degree from the University of Victoria.

### **Keith Hill, Director**

Mr. Hill is the Chairman of Black Pearl Resources Inc. (TSX: PXX) and ShaMaran Petroleum Corp. (TSX-V: SNM), and is the CEO of Africa Oil Corp. (TSX-V: AOI). 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.

## Board of Directors (cont')

### Gavin Wilson, Director

Gavin Wilson is an Investment Manager for Meridian Group of Companies, a private investment company, which has a significant shareholding in TAG Oil. Mr. Wilson was the Founder and Manager of RAB Energy and RAB Octane, listed investment funds, from 2004 until 2011. From 1992 to 2003, he worked with Canaccord Capital London, an investment banking company, as Head of Oil and Gas, responsible for sales and Corporate Brokering/Finance. Mr. Wilson holds a Bachelor of Arts degree in French History and Civilization.

### Shawn Reynolds, Director

Mr. Reynolds is Portfolio Manager of Van Eck Securities Corporation which he joined in 2005. He currently serves as Portfolio Manager for Van Eck's Global Hard Assets Strategy where he is responsible for company research and portfolio construction. Prior to joining Van Eck, he was employed as an energy equity analyst covering North American, European, and global energy companies out of New York, Denver, London and Australia with Goldman Sachs, Credit Suisse First Boston, Lehman Brothers and Petrie Parkman. Prior to his career in finance, Mr. Reynolds worked at as an exploration geologist for Tenneco Oil Company. Mr. Reynolds was previously Vice Chairman of Kuwait Energy Company, and a board member of several private Latin American oil and gas exploration companies. Mr. Reynolds received an M.B.A. in finance from Columbia University, an M.A. in petroleum geology from the University of Texas, Austin, and a B.S. in engineering from Cornell University.

### Thomas Hickey, Director

Mr. Hickey is an attorney of the State of California and Solicitor of the Supreme Court of England and Wales. Mr. Hickey brings to TAG over 20 years' international oil and gas sector experience in M&A, corporate governance, compliance & ethics, and group restructuring and consolidation during his time with the operators Hess Corporation and Kuwait Energy and the service contractors Transocean and Subsea 7. Beginning his career in London, England, Mr. Hickey has since been expatriated to Houston, New York, Kuala Lumpur, Kuwait City and Paris to support growth strategies and implement fit-for-purpose and effective corporate governance and compliance. Currently, Mr. Hickey is Head of Corporate Legal for Roquette Frères S.A. and based in France. Mr. Hickey received an MBA from Strathclyde University (distinction) and is a certified CEDR mediator.

# Senior Management

## Suneel Gupta, Vice President and Chief Operating Officer

Mr. Gupta is a senior executive in the international petroleum oil and gas industry with over 30 years of experience and a successful track record of value creation in oil and gas.

Mr. Gupta joined Bankers Petroleum Ltd. in July 2004 as a founder and held several key roles with the company including President and CEO, Executive VP and COO, VP Production & Operations, VP Business Development and General Manager for Albania. Mr. Gupta has been directly involved in growing the company from 500 bopd in 2004 to over 22,000 bopd by 2014 and more than doubling booked reserves for the assets in Albania through operational practices such as horizontal drilling, polymer flooding.

Prior to joining Bankers Petroleum, Mr. Gupta held senior positions with several petroleum companies where he was integral to the development of oil properties in international countries as well as in Canada including Husky Energy Inc., Renaissance Energy Ltd., Pinnacle Resources Ltd. and Chevron Canada Resources Ltd. Mr. Gupta holds a Bachelor and Master of Science in chemical engineering both from the University of Calgary

## Barry MacNeil, Chief Financial Officer

Barry MacNeil is a member of the Chartered Professional Accountants of BC with more than 30 years of management and accounting experience in public company, private practice and industry. His previous positions include Director of Public Companies and Non Profit Societies, Chief Financial Officer, Corporate Controller and Accountant. He has experience with international oil and gas, mining, and lumber resource companies in sales, service and extraction.

Barry has been a director and officer of multiple public companies operating in the oil and gas sector, including Trans-Orient Petroleum Ltd. Mr. MacNeil is also currently the Chief Financial Officer of Coronado Resources Ltd. (TSXV: CRD), and McorpCX, Inc. (TSXV: MCX), and acts as Corporate Controller for TAG Oil Ltd.

## Giuseppe (Pino) Perone, Corporate Secretary

Mr. Perone is an active member of the Law Society of British Columbia and is currently practicing as a corporate lawyer for a group of Canadian and US-based public companies. He obtained a B.A. with distinction in Sociology from the University of Victoria in 2001 and an LL.B. from the University of Alberta in 2005, and has previously articulated at the law firm of Lang Michener LLP in their Vancouver, British Columbia office.

## Chris Beltgens, Vice President, Corporate Development

Mr. Beltgens has over 15 years of investment, business development and corporate finance experience and has been with TAG Oil since 2015. In 2007, Mr. Beltgens joined the London office of Tristone Capital, an energy focused boutique investment bank based in Calgary. Following the acquisition of Tristone by Macquarie Bank in 2009 until 2013, Mr. Beltgens worked with GMP Securities as part of the energy team. While in London, Mr. Beltgens provided advice to international oil & gas clients on mandates which included initial public offerings, secondary financings and strategic advice at both the corporate and asset levels. Mr. Beltgens has completed the CFA program, received an MBA from the University of Toronto and a Bachelor of Science degree from the University of Victoria.

## Strategy and Vision

- Current decline of oil and gas prices have been severely impacted by the Covid-19 situation
  - opportunity for companies with a strong balance sheet and access to investment capital to acquire distressed assets at attractive valuations
- Focus on sourcing E&P acquisitions of international opportunities in the Middle East / North Africa (MENA) Region
- Acquisition to be funded primarily out of existing cash, reserves base lending and production off-take credit facilities and equity issuance if necessary
- Utilize the leadership team expertise to target assets with significant upside potential by applying horizontal drilling techniques and enhanced secondary and tertiary recovery methods and access to capital to execute on strategic vision
- Strive to increase cash flow by continuous efforts to lower operating costs and general and administrative expenses
- Growth to continue by further development of acquired assets and corporate consolidation opportunities

# Foundation for Growth

## Working Capital<sup>(1)</sup>

- ~C\$15.5 million in cash with no debt
- ~C\$0.17 / share in cash
- G&A substantially covered by royalty and interest payments

## Capital Structure<sup>(1)</sup>

- 91.7 million shares o/s; 107.1 million fully diluted

## Royalty Revenue

- 2.5% on gross revenue from the sale of the New Zealand assets
- Current production ~2,000 boepd
- Applies to all current and future production in New Zealand

## Additional Milestone Payments

- Up to US\$3.5 million payments based on achieving certain targets of New Zealand production
- Estimated payout over two to four years

<sup>(1)</sup> As at FQ1/20 (June 30, 2020)

## New Zealand interest

Following the sale of its New Zealand assets, TAG will have the following exposure to New Zealand:

- 2.5% gross overriding royalty on gross sales revenues from all assets sold
  - approximately US\$750k based on current baseline production forecast and commodity prices
- US\$5 million in event specific payments from any combination of:
  - \$1 M Supplejack Permit: Upon grant of mining permit (**\$500 k – achieved**) and upon first production of 1 bcfe (\$500 k)
  - \$1 M Puka Permit: Upon grant of a mining permit (\$500 k) and upon first production of 100 mboe (\$500 k)
  - \$2 M Cardiff: Upon booking of 26 bcfe of reserves (\$1 M) and upon production of first 5 bcfe (\$1 M)
  - \$2 M Cheal & Cheal East: Upon production of 650 mboe (**\$1 M - achieved**) and 1.5 mmboe (\$1 M)
  - \$1 M Waitoriki: Upon grant of a mining permit (\$1 M)

## Why TAG Oil?

- Proven exploration, operational and financial markets leadership team
- A leadership team focused on growth through near term accretive acquisitions
- Targeting proven oil and or gas producing assets in countries with low political and operational risk
- Targeting transformational, not incremental, growth
- Strong balance sheet and no debt
- Access to capital to execute on strategic vision





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