



INSIDER TRADING POLICY

TAG OIL LTD.

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Introduction

TAG Oil Ltd. (the “**Company**”) encourages all employees, officers, directors and certain others to become shareholders of the Company on a long-term investment basis. These individuals will from time to time become aware of corporate developments or plans or other information that may affect the value of the Company’s securities before these developments, plans or information are made public. Trading securities of the Company while in possession of such information before it is generally disclosed (known as “**insider trading**”), and disclosing such information to third parties before it is generally disclosed (known as “**tipping**”), are against the law and will expose an individual to criminal prosecution or civil lawsuits. Such action will also result in a lack of confidence in the market for the Company’s securities, harming both the Company and its shareholders. Accordingly, the Company has established this Policy to assist Company Personnel (as defined below) in complying with the prohibitions against insider trading and tipping and avoid the risk of lawsuits and regulatory actions by preventing the appearance of improper trading or tipping.

Administration

The Company’s Board of Directors will designate one or more individuals from time to time as Insider Trading Policy Administrators for the purpose of administering this Policy. At the date hereof, the designated Insider Trading Policy Administrator is the Chief Executive Officer. This Policy has been reviewed and approved by the Company’s Board of Directors and may be reviewed and updated periodically by the Company’s Board of Directors. Any amendments to this Policy shall be subject to approval by the Company’s Board of Directors.

Application

The following persons are required to observe and comply with this Policy:

- (a) all directors, officers and employees of the Company or its subsidiaries;
- (b) any other person retained by or engaged in business of professional activity on behalf of the Company or any of its subsidiaries (such as a consultant, independent contractor or adviser);
- (c) any family member, spouse or other person living in the household or a dependent child of any of the individuals referred to in Sections (a) and (b) above; and
- (d) partnerships, trusts, corporations, R.R.S.P.’s and similar entities over which any of the above-mentioned individuals exercise control or direction.

For the purposes of this Policy, the persons listed above are collectively referred to as “Company Personnel”.

Definition of an “Insider”

Once a person or company becomes an “insider” of a reporting issuer, their security holdings in the reporting issuer must be reported to the securities commissions in the various provinces.

Applicable securities legislation in Canada defines “insider” as follows:

- (a) every director and officer of a reporting issuer;
- (b) every director or officer of a corporation that is itself an insider or subsidiary of a reporting issuer;
- (c) a person or company that beneficially owns, directly or indirectly, or exercises control and direction over 10% of the voting securities of a reporting issuer, or owns certain voting securities and exercises control or direction over other voting securities which carry more than 10% of the voting rights attached to all voting securities of a reporting issuer;
- (d) the reporting issuer itself if it has purchased, redeemed or otherwise acquired any of its own securities, for so long as it holds any of its own securities;
- (e) a person that is in a prescribed class of persons; and
- (f) a person otherwise designated an insider in accordance with applicable securities laws.

Trades that are Subject to this Policy

Under this Policy, all references to trading in securities of the Company include: (a) any sale or purchase of securities of the Company, including the exercise of stock options granted under the Company’s stock option plan and the acquisition of shares or any other securities pursuant to any the Company benefit plan or arrangement, and (b) any derivatives-based or other transaction or arrangement that would be required to be reported by insiders in accordance with applicable laws or regulations relating to derivatives or equity monetization transactions (including National Instrument 55-104 – *Insider Reporting Requirements and Exemptions*).

This Policy applies not only to the Company securities which Company Personnel own, but also those over which control or direction is exercised (for example as a trustee or executor of an estate) and also to the Company securities that are indirectly owned (for example by a corporation controlled by an employee, officer or director).

What is Insider Trading?

Insider trading occurs when someone purchases or sells a security with knowledge of a material fact or a material change (collectively, “**Material Information**”), which at the time of the trade is not publicly known. Insider trading is illegal and can result in very severe penalties.

Material Information means:

- (a) a change in the business, operations or capital of the Company that would reasonably be expected to have a significant effect on the market price or value of the securities of the Company (which includes any decision to implement such a change by the Company’s Board of Directors or by senior management who believe that confirmation of the decision by the Company’s Board of Directors is probable);
- (b) a fact that would be expected to affect the investment decision of a reasonable investor or significantly affects, or would reasonably be expected to have a significant effect on, the market price or value of the securities of the Company; or

- (c) any information which is not generally available to the public that a reasonable investor would be likely to consider important in deciding whether to buy, hold or sell securities of the Company.

Examples of information that may constitute Material Information are set out in Schedule “A” attached hereto.

Material Information is “non-public” if it has not been widely disseminated to the public through major newswire services, national news services and financial news services. For the purposes of this Policy, information will only be considered public, i.e., no longer non-public, after the public disclosure of the information by way of press release or filing made with a securities regulatory authority.

It is the responsibility of any Company Personnel contemplating a trade in securities of the Company to determine prior to such trade whether he or she is aware of any information that constitutes Material Information which is not publicly known. If in doubt, the individual should consult with an Insider Trading Policy Administrator.

Who is Subject to the Insider Trading Rules?

While very few individuals in a company are defined as “insiders” (generally, directors and officers) and therefore are required to file insider trading reports, almost everyone is subject to insider trading rules.

In any situation where Material Information is being kept confidential because disclosure would be unduly detrimental to the best interests of the Company, management is under a duty to take every possible precaution to ensure that no trading whatsoever takes place by any insiders or persons in a “special relationship” with the Company, such as lawyers, engineers, accountants, employees and consultants, in which use is made of such information before it is generally disclosed to the public. Similarly, undisclosed information cannot be passed on or “tipped” to others who may benefit by trading on the information (see “tipping” below).

Remember that the insider rules apply to securities of any public company. Anyone doing business with a partner, supplier, contractor, joint venturer or customer is in a special relationship with that company and is subject to the insider rules with respect to that company.

Tipping

Giving “tips” is illegal. Informing someone of a material fact about the Company (or any other company where a special relationship exists) is prohibited. This does not apply where the disclosure is in the necessary course of business. Trading on a “tip” is also illegal. Anyone learning material facts from a special relationship person is also in a special relationship and subject to the same trading prohibition.

Prohibition Against Trading on Material Information

Company Personnel must not purchase, sell or otherwise trade securities of the Company with the knowledge of Material Information which is not been publicly known until:

- (a) the day that the disclosure is made to the public of the Material Information, whether by way of press release or a filing made with securities regulatory authorities; or
- (b) the Material Information ceases to be material (e.g. a potential transaction that was the subject of the information is abandoned, and either Company Personnel are so advised by

the Insider Trading Policy Administrators or such abandonment has been generally disclosed).

In addition, Company Personnel must not make any trades in securities of the Company during the blackout periods described in this Policy. Any Company Personnel interested in trading in securities of the Company or exercising stock options granted under the Company's stock option plan should contact the Insider Trading Policy Administrator prior to any trading to confirm that there is no Material Information that has not been disseminated publicly.

Prohibition Against Speculating, Short-Selling, Puts and Calls

Certain types of trades in securities of the Company by Company Personnel can raise particular concerns about potential breaches of applicable securities law or that the interests of the persons making the trade are not aligned with those of the Company. Company Personnel are therefore prohibited at any time from, directly or indirectly, undertaking any of the following activities:

- (a) speculating in securities of the Company, which may include buying with the intention of quickly reselling such securities, or selling securities of the Company with the intention of quickly buying such securities (other than in connection with the acquisition and sale of shares issued under the Company's stock option plan or any other the Company benefit plan or arrangement);
- (b) buying the Company's securities on margin;
- (c) short selling a security of the Company or any other arrangement that results in a gain only if the value of the Company's securities declines in the future;
- (d) selling a "call option" giving the holder an option to purchase securities of the Company; and
- (e) buying a "put option" giving the holder an option to sell securities of the Company.

Prescribed Blackout Periods

Blackout periods may be prescribed from time to time as a result of special circumstances pursuant to which designated insiders, employees and persons in certain special relationships with the Company would be precluded from trading in securities of the Company. The trading restrictions also apply to the exercise of stock options granted under the Company's stock option plan and any other securities that may be acquired pursuant to any Company benefit plan or arrangement.

Blackout periods, if felt necessary by management, will also apply during periods when financial statements have been prepared but have not yet been widely disseminated to the public. With respect to annual and quarterly results, the blackout period, if felt necessary by management, will commence 10 business days before the announcement and two business days following the announcement.

Reporting Requirements

The directors, certain officers and certain other employees of the Company and its subsidiaries are "Reporting Insiders" under applicable securities laws. Reporting Insiders are required to file reports with Canadian provincial securities regulators, pursuant to the electronic filing system known as SEDI, of any direct or indirect beneficial ownership of, or control or direction over, securities of the Company and of

any change in such ownership, control or direction. In addition, Reporting Insiders must also include in their reports any monetization, non-recourse loan or similar arrangement, trade or transaction that changes the Reporting Insider's economic exposure to or interest in securities of the Company and which may not necessarily involve a sale, whether or not required under applicable law.

It is the responsibility of each Insider (and not the Company) to comply with these reporting requirements, and Reporting Insiders are required to provide the Insider Trading Policy Administrators with a copy of any insider report completed by the Insider concurrent with or in advance of its filing. The Company will assist any Insider in the preparation and filing of insider reports upon request.

A person that is uncertain as to whether he or she is a Reporting Insider or whether he or she may be eligible to be exempted from these requirements should contact an Insider Trading Policy Administrator. Reporting Insiders who are exempted from these requirements remain subject to all of the other provisions of applicable securities law and this Policy.

Penalties and Civil Liability

The applicable securities laws that impose insider trading and tipping prohibitions also impose substantial penalties and civil liability for any breach of those prohibitions, namely:

- (a) Disgorgement of profit made or loss avoided;
- (b) Payment of loss suffered by persons who purchased securities from or sold securities to the tippee;
- (c) Criminal fines of up to \$5,000,000 and four times the profit made or loss avoided;
- (d) Prison sentences for a term not exceeding 10 years for insider trading, and five years for tipping; and
- (e) Civil liability for compensation to the seller or purchaser of the relevant securities for damages as a result of the trade.

Where a company is found to have committed an offence, the directors, officers and supervisory Company Personnel of the company may be subject to the same or additional penalties.

Enforcement

All directors, officers, employees and consultants of the Company and its subsidiaries will be provided with a copy of this Policy. It is a condition of their appointment, employment or engagement that each of these persons at all times abide by the standards, requirements and procedures set out in this Policy unless a written authorization to proceed otherwise is received from an Insider Trading Policy Administrator. Any such person who violates this Policy may face disciplinary action up to and including termination of his or her employment or appointment with or engagement by the Company without notice. The violation of this Policy may also violate certain securities laws. If it appears that a director, officer, employee or consultant may have violated such securities laws, the Company may refer the matter to the appropriate regulatory authorities, which could lead to penalties, fines or imprisonment.

Contact

Any person who has a question or concern regarding insider trading should discuss the matter with the Insider Trading Policy Administrator.

SCHEDULE "A"

Common Examples of Material Information

The following examples are not exhaustive.

- proposed changes in capital structure including stock splits and stock dividends
- proposed or pending financings
- material increases or decreases in the amount of outstanding securities or indebtedness
- proposed changes in corporate structure including amalgamations and reorganizations
- proposed acquisitions of other companies including take-over bids or mergers
- material acquisitions or dispositions of assets
- material changes or developments in products or contracts which would materially affect earnings upwards or downwards
- material changes in the business of the Company
- changes in senior management or control of the Company
- bankruptcy or receivership
- changes in the Company's auditors
- the financial condition and results of operations of the Company
- indicated changes in revenues or earnings upwards or downwards of more than recent average size
- production forecasts and results
- material legal proceedings
- defaults in material obligations
- the results of the submission of matters to a vote of securityholders
- transactions with directors, officers or principal securityholders
- the granting of options or payment of other compensation to directors or officers