



## **TAG Oil Provides Third Quarter Results**

### **Conference Call to Discuss Third-Quarter Results and Operations Update**

Vancouver, B.C. – February 15, 2013 – TAG Oil Ltd. (TSX: TAO) and (OTCQX: TAOIF), today announced its financial results for the quarter ended December 2012, as well as access instructions for a telephone conference call to discuss Q3 results and operations.

Please call in ten minutes before the conference call starts and stay on the line (an operator will be available to assist you should you have questions of management during the call). In addition questions can be forwarded by e-mail in advance in the e-mail address provided below.

<b>Date</b>	Tuesday, February 19, 2013
<b>Time</b>	11:00 a.m. Pacific Time
<b>Toll-Free Dial-in #</b>	1-800-706-7749
<b>Regular Dial-in #</b>	1-617-614-3474

**Conference Passcode** 70081822

**E-mail questions to:** [info@tagoil.com](mailto:info@tagoil.com)

### **Q3-2013 and Recent Operating Highlights**

- TAG Oil's production revenue increased 23% to \$32.29 million for the nine months ended December 31, 2012, compared to \$26.21 million in the comparable period last year;
- During Q3-2013 TAG produced an average of 1,727 BOE per day with a production revenue increase by 13% to \$10.85 million compared to \$9.62 million in Q2-2013;
- The Company generated a net profit for the quarter of \$2.64 million (nine months: \$9.40 million) before deducting \$2,004,076 (nine months: \$4,344,751) non-cash share-based compensation;
- TAG remains debt free with approximately \$72 million in cash at the date of this report;
- TAG sold 86,687 barrels of oil during the last quarter (nine months: 256,745) at an average price of \$109.97 per barrel (nine months: \$108.80 per barrel);
- TAG sold 47,104 BOE of gas during the quarter (nine months: 159,775 BOE) at an average price of \$4.79 per mcf (nine months: \$4.55 per mcf);
- Production infrastructure expansion is on track for completion by March 31, 2013 as planned, to allow unrestricted production from 25 wells and any future wells;
- Commenced a 13-well Taranaki Basin drilling campaign, starting with the Sidewinder-5, Sidewinder-A6, Sidewinder-A7 wells;
- Secured rig to drill the Cardiff prospect, a large liquids'-rich gas target in the Kapuni Formation with independent mid range resource potential estimated by Sproule International of 214.5 Bcf and 12.8 million barrels of associated condensate;
- TAG Oil was awarded four attractive onshore Taranaki exploration blocks all within proximity of our Cheal and Sidewinder infrastructure;



- TAG retains a 100% interest in its East Coast Basin permits and receives cash payment through an early termination of the farm-out agreement with Apache Corporation.

### Liquidity and Financial Summary

At the date of this report, TAG is debt free with approximately \$72 million in cash on the balance sheet. Production revenue for the quarter was \$10.85 million (nine months: \$32.29 million) compared to \$12.98 million (nine months: \$26.21 million) for the comparable quarter last year, and the Company generated a net profit for the quarter of \$2.64 million (nine months: \$9.4 million) before deducting \$2,004,076 (nine months: \$4,344,751) non-cash share-based compensation.

TAG currently has 59,637,623 common shares outstanding and 63,267,386 common shares outstanding on a fully diluted basis.

### Taranaki Basin Operations

TAG finished Q3-2013 with Sidewinder-5 encountering approximately 6 meters of net pay to start off calendar 2013's Taranaki drilling program. SW-5 has been completed for production and will be tied in to the Sidewinder production facility in early March, after Sidewinder-6 and 7 have been drilled.

### Summary of TAG well status

Site	Producing *	Behind pipe
Cheal A	A3, A7, A9, A10, A11, A12	A1, A4, A8
Cheal B	B3, B4ST, B6, B8	B1, B2, BH1, B5, B7
Cheal C		C1, C2, C3, C4**
Sidewinder	SW-A2, SW-A3, SW-A4	SW-A1, SW-A5**

\*Cheal-A7 and A12 and Cheal-A9, A10, A11 and A12 are all producing into small diameter temporary production lines that inhibit optimal production. Back pressure testing on the individual wells indicate these wells will produce more optimally using their own production pipelines upon completion of the Cheal infrastructure upgrades.

\*\* Re-completed and/or awaiting production test

TAG's infrastructure project is scheduled to be completed on March 31, 2013 allowing the Company to become completely self-sufficient in producing, processing and marketing all oil and gas it produces. TAG can then initiate production on all oil and gas wells that have been drilled but are not yet producing, along with any additional production arising from future successful wells drilled.

### Cheal Oil and Gas Field - 100% Interest

TAG expects continued growth through the following activities:

1. Continued exploration and development drilling: pre-emptive right on the Nova-1 drilling rig ensures access to services;



2. Infrastructure enhancement project and new gas pipeline at Cheal ensures maximum value is achieved from all discoveries, making TAG completely self-sufficient for oil and gas production, processing and marketing;
3. Drilling the Cardiff liquids-rich deep gas target: Cardiff has an independent resource potential estimated by Sproule International of 214.5 Bcf and 12.8 million barrels of associated condensate and the Company anticipates drilling Cardiff in mid-C2013; and
4. A detailed geotechnical evaluation of all untested zones in the Cheal area: Many TAG wells drilled in the last two years encountered multiple pay horizons. Good production practice dictates depleting one zone at a time in these multi-zone wells, and the study will determine if an accelerated infill drilling program is economically justified to maximize value of these to-date untested zones.

#### ***Sidewinder Oil and Gas Field - 100% Interest***

During the quarter, the Company was granted consent by the New Plymouth District Council allowing TAG to drill up to four new wells within the Sidewinder Oil and Gas Field. TAG immediately completed site construction, and to the date of this report, has drilled the Sidewinder-A5 well and spudded Sidewinder-A6.

TAG intends to also drill Sidewinder-A7 and Sidewinder-A8 using its proprietary 3D seismic, combined with new 2D seismic that was acquired during fiscal 2012. The Sidewinder Permit is lightly explored and significant exploration potential remains in both shallow and deeper targets located within the Permit area. Planned operations are as follows:

1. Drill 4 new exploration wells, inclusive of Sidewinder-5 that has already been drilled during the quarter; and
2. Drill Sidewinder's deeper liquids-rich gas targets such as the Hellfire prospect where TAG's technical team has used 3D seismic to interpret Hellfire as a large high-impact prospect with significant resource potential.

#### ***Taranaki Blocks Offer Permits – Shallow Drilling***

TAG Oil, along with its joint venture partner East West Petroleum, will utilize the extensive 2D and 3D seismic coverage to drill a minimum of nine wells in C2013 on the three joint ventured permits as follows:

<b>Permit Number</b>	<b>Permit Name/Interest</b>	<b># of Wells</b>	<b>Target</b>
PEP 54877	East Cheal (TAG 70%)	5	Miocene < 2500m
PEP 54879	South Cheal (TAG 50%)	3	Miocene < 2500m
PEP 54876	North Cheal (TAG 50%)	1	Miocene < 2500m



### **Taranaki Blocks Offer Permits – Deep Drilling**

Heatseeker is a 3D defined, drill ready deep gas and condensate prospect that has similar geological features to the adjacent landmark Kapuni gas/condensate field. Heatseeker is anticipated to be drilled late in calendar 2013.

Permit Number	Permit Name/Interest	# of Wells	Target
PEP 54873	Heatseeker (TAG 100%)	1	Eocene > 4000m

### **East Coast Basin Operations**

On January 31, 2013, TAG Oil and Apache Corp. concluded an agreement for early termination of the Farmout Agreement related to PEP's 38348, 38349 and 50940. The main highlights of the agreement are:

1. Apache paid TAG a lump sum payment to satisfy its obligations related to funding Phase 1 operations under the Farmout Agreement;
2. TAG will retain all assets developed under the agreement, including all seismic and technical work completed by the Joint Venture; and
3. TAG retains a 100% interest in the above mentioned East Coast Basin permits.

The Company continues to focus on consultation and engagement while progressing its operational planning for upcoming drilling activities.

The Company anticipates beginning drilling the first two wells of the Phase I drilling program in April 2013. These wells will test several high-impact play objectives including the Waipawa and Whangai source rocks, utilizing conventional vertical drilling techniques similar to those used by TAG over many years in its successful Taranaki Basin operations.

In addition, TAG is currently preparing to drill one shallow stratigraphic well on PEP 50940 as part of its work program commitments in the East Coast Basin. The stratigraphic slim-hole well is similar in design and operations to a farmers water well. The 450 meter planned depth will facilitate the gathering of geological rock data before being plugged and abandoned.

### **Canterbury Basin Operations**

During the quarter, TAG acquired and processed an 80 kilometre 2D seismic survey within the Company's new frontier exploration permit ("PEP 52589") situated both offshore and onshore the Canterbury Basin, South Island, New Zealand. Interpretation of the seismic data is underway to identify potential well locations. The Canterbury Basin is an under-explored frontier area with many geological similarities to the productive Taranaki Basin.

Historical drilling results in Canterbury indicate good exploration potential with two gas/condensate discoveries drilled in the offshore portion of the Basin, one of which tested in excess of 10 million cubic feet of gas and 2,300 barrels of oil per day. Although these discoveries were uneconomical due to the high cost of offshore development, more importantly, the gas/condensate accumulations found in these wells confirm that generation, migration and



entrapment of hydrocarbons occur in the Basin, indicating additional accumulations are likely to be present.

Offshore drilling scheduled by majors such as Anadarko and Origin Energy in 2013/2014 allow TAG to focus initially onshore while holding considerable upside related to its control over the onshore and near shore acreage directly updip of the scheduled deep water offshore wells.

### **Capital Expenditure**

Expenditures on the Company's oil and gas properties during Q3 of the 2013 fiscal year amounted to approximately \$21 million, primarily invested in the Company's Taranaki operations for drilling, testing, workovers and infrastructure as follows:

Cheal Field	\$19.54 million
Sidewinder Field	\$0.29 million
East Coast, Taranaki Offshore, Canterbury	\$1.17 million

TAG Oil has filed its third quarter December 31, 2012, condensed consolidated unaudited interim financial statements and management discussion and analysis with the Canadian Securities Administrators. Copies of these documents can be obtained electronically at <http://www.sedar.com>, or for additional information please visit TAG Oil's website at <http://www.tagoil.com/>.

### **TAG Oil Ltd.**

TAG Oil Ltd. (<http://www.tagoil.com/>) is a Canadian-based production and exploration company with operations focused exclusively in New Zealand. With 100% ownership over all its core assets, including oil and gas production infrastructure, TAG is enjoying substantial oil and gas production and reserve growth through development of several light oil and gas discoveries. TAG is also actively drilling high-impact exploration prospects identified across more than 2,953,810 net acres of land in New Zealand.

In the East Coast Basin, TAG will explore and potentially develop the major unconventional resource potential believed to exist in the tight oil source-rock formations that are widespread over the Company's acreage. These oil-rich and naturally fractured formations have many similarities to North America's Bakken source-rock formation in the successful Williston Basin.

### **For further information:**

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TAG Oil has adopted the standard of six thousand cubic feet of gas to equal one barrel of oil when converting natural gas to “BOE’s”. BOEs 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.

**Cautionary Note Regarding Forward-Looking Statements:**

Statements contained in this news release that are not historical facts are forward-looking statements that involve various risks and uncertainty affecting the business of TAG Oil. Such statements can generally, but not always, be 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. These statements are based on certain factors and assumptions including;

- A. all estimates and statements that describe the Company's objectives, goals, production rates, infrastructure capacity and or future plans relating to the seismic, testing, work over and drilling programs in the Taranaki and East Coast Basins; and
- B. those relating to TAG Oil's exploration and development of its oil and gas properties within the Cheal and Sidewinder project areas, the production and establishment of additional production of oil and gas in accordance with TAG Oil's expectations at Cheal and Sidewinder, well performance, drilling the completion of new infrastructure at Cheal and Sidewinder, the increase of cash flow from new production, expected growth, results of operations, performance, prospects, evaluations and opportunities.

All such statements 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, production, marketing and transportation, volatility of commodity prices, imprecision of reserve estimates, environmental risks, competition from other producers, availability of financing and changes in the regulatory and taxation environment. These forward-looking statements are based on certain factors and assumptions, including factors and assumptions regarding the management's views on the oil and gas potential in the Permits, well performance, the success of any operations, completing infrastructure and the costs necessary to complete the operations. While TAG Oil considers these factors and assumptions to be reasonable based on information currently available, they may prove to be incorrect. Actual results may vary materially from the information provided in this release, 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.

TAG Oil is involved in the exploration for and production of hydrocarbons, and its property holdings with the exception of the Cheal and Sidewinder project areas are in the grass roots or primary exploration stage. 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. 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.

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 reports in Canada under National Instrument 51-101, which 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.