

TAG Oil's Taranaki Basin Success Paves the Way for Future Growth in New Zealand

Vancouver, B.C. – May 28, 2013 – TAG Oil Ltd. (TSX: TAO) and (OTCQX: TAOIF), reports that with the completion of the Company's Taranaki Basin production facility expansion and associated pipeline, all but six wells capable of commercial production have now been tied into the facility and optimized for long-term production.

With all production facilities (100% owned and operated by TAG) now in place, the Company is able to rapidly commercialize any new discoveries and leverage its strong Taranaki-region operational position. This includes maximizing TAG Oil's position as a completely independent processor, transporter, and marketer of the oil and gas the Company discovers, extracts and produces.



TAG's current production — entirely from the shallow Miocene section within the Cheal and Sidewinder fields — varies between 2,500 to 3,000 barrels of oil equivalent per day ("BOE"), with an average baseline production of 2,700 BOE's per day over the past ten days. Baseline production will increase as remaining shut-in wells are brought on stream, as well as any success arising from the ten new wells planned to be drilled by year's end which could materially increase this production figure.

This baseline production and cash-flow platform, combined with extensive production infrastructure provides a strong foundation for TAG Oil's foray into many years of high impact exploration opportunities. New Zealand is recognized as an untapped oil and gas frontier with some of the best fiscal terms and lowest royalties in the industry, and where TAG can enjoy the benefits of a high impact international portfolio without the political and economic disadvantages associated with many other parts of the world.

Robust netbacks of \$73 per barrel of oil and \$3.88 per MCF of gas.

TAG's current production in Taranaki consists of roughly a 46/54 split of light oil and natural gas: TAG receives Brent Crude oil prices which averaged 15% higher than North American pricing year-to-date, and a thriving New Zealand natural gas market with prices at 34% higher than North America.

"TAG Oil's shallow drilling campaign of the past two years resulted in baseline production from a well-executed drilling campaign. In addition to adding reserves and cash-flow this campaign has enabled TAG to collect critical comprehensive data on geological, geophysical, and well-performance capability. This accumulated knowledge translates into many years of low-risk



shallow development drilling.” said Drew Cadenhead, TAG’s COO. “Even more important for the long term, is that for the first time in TAG’s existence, we can better predict Company-wide production rates, and we have reliable data to more accurately forecast the commerciality of wells that contribute to our shallow conventional play in Taranaki. Although TAG’s been involved in about 12% of the ~400 wells drilled in Taranaki since 1950, the geological database we can pull from is remarkably small, considering an equivalent area in Alberta has over 100,000 wells drilled. But we’re amassing data, and TAG’s learning curve with respect to the commerciality of the shallow Miocene play has been rapid.”

For further information regarding TAG Oil’s state-of-art production facilities and the Company’s inherent growth potential please visit: <http://www.tagoil.com/20130404-TAG-Oil-Cheal-Infrastructure-Expansion-Complete.asp>.

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 extensive 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 2,984,171 net acres of land in New Zealand.

In the East Coast Basin, TAG is exploring the major unconventional resource potential believed to exist in the 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.

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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. 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. These statements are based on certain factors and assumptions including:

A. All estimates and statements that describe the Company’s objectives, goals, production rates, optimization, infrastructure capacity and or future plans relating to the seismic, testing, work over and drilling programs in Taranaki 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, 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; 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, optimization, the increase of cash flow from new production, expected growth, results of operations, performance, prospects, evaluations and opportunities. 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.

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.