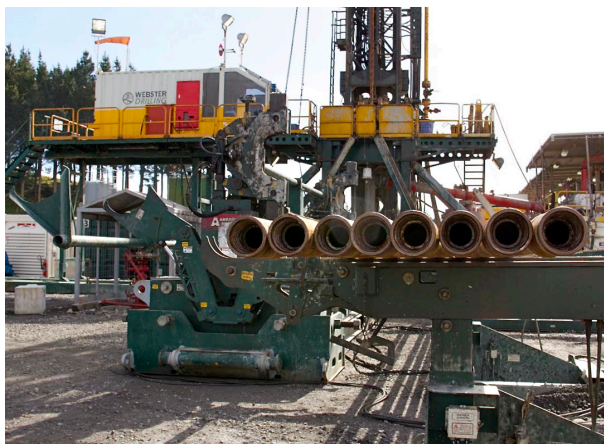


## **TAG Oil's Cardiff-3 Deep Well Drilling Update and Fracking Consent Granted**

October 7, 2013 - Vancouver BC - TAG Oil Ltd. (TSX: TAO) and (OTCQX: TAOIF), reports that the Taranaki Regional Council has granted the Company consent to perform a fracture stimulation on the Cardiff-3 well located in Petroleum Mining License 38156, should drilling results call for it.

Cardiff-3 was spudded on September 2, 2013 and is presently drilling ahead, on-time and on-budget at a depth of 3,918 meters. It will take approximately 14 more days to reach its total projected depth of 4,900 meters, at which time, a decision will be made whether to complete the well. Economic factors for completion, which would likely include a hydraulic-fracture stimulation,



will consider total meters of net gas pay, indicative in situ permeability, and the interpreted volume of original gas in place that could be accessed with this well bore.

It is anticipated that in the event of a success at Cardiff-3, three wells would be needed to fully develop prospective resources estimated at 160 BCF and 5.49 million barrels of condensate on a P50 basis.

Cardiff-3 is the first of three back-to-back deep wells being drilled 100% by TAG Oil, all targeting Taranaki's successful deep Kapuni Formation. TAG's "mid case" (P50) prospective resources of the three deep Kapuni prospects total 476 BCF of natural gas and 18 million barrels of condensate.

Careful study has shown the formations being targeted for potential hydraulic fracturing at Cardiff-3 to be completely sealed by over 4 km of impermeable rock. If hydraulic fracturing is required, new generation plant-based fracking fluid will be used and all fluids and water will be contained in a closed system.

### **Cardiff Background**

The Cardiff structure is a large anticlinal trap, some 12 km long by 3 km wide, and is a prospective target across the span of the structure. Gas and condensates were discovered in the Cardiff-1 (Shell-1991) and Cardiff-2A (Austral-Pacific 2002) wells: Cardiff-2 encountered 12 meters of net pay within the uppermost McKee Formation of the Kapuni Group sands, and flowed over 3 million cubic feet and 100 barrels of condensate per day (without fracture stimulation) on short-term testing. More significant prospective resources exist in the deeper K1A and K3E zones – the primary targets in the Cardiff-3 well – where strong gas shows were encountered over a gross 600 meter interval in the Cardiff-2A well. These went untested due to mechanical problems the operator experienced while drilling the well, but these lower Kapuni Group formations are the primary producing intervals in the nearby 1.4 TCF and 65 million barrels of condensate Kapuni Field.



Access to market for Cardiff gas is relatively straightforward, with the surface location of Cardiff-3 being situated directly adjacent to TAG-owned production infrastructure. This tie-in provides a link to the strong North Island gas market, providing a number of commercial opportunities, including clean power generation.

For further information regarding TAG Oil's deep drilling program please visit:  
<http://www.tagoil.com/20130917-TAG-Oil-Deep-Drilling-Targets-Large-Onshore-Gas-Condensate-Resource-Taranaki.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 conventional and unconventional exploration prospects identified across more than 2,669,780 net acres of land in New Zealand.

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The resource estimates in this news release were prepared with an effective date of July 31, 2013. The estimates for Cardiff have been externally prepared by Sproule International Limited and the remaining estimates were prepared internally by TAG professionals, both of which are qualified reserves evaluators in accordance with NI 51-101 and the Canadian Oil and Gas Evaluations Handbook.

Prospective resources are defined as 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.

Exploration for hydrocarbons is a speculative venture necessarily involving substantial risk. TAG'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 TAG'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 TAG encounters unforeseen geological



conditions. TAG 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's ability to carry on exploration or production activities continuously throughout any given year.

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

- Proven production in close proximity;
- Proven commercial quality reservoirs in close proximity; and
- Oil and gas shows while drilling wells nearby.

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

- Tectonically complex geology could compromise seal potential; and
- Seismic attribute mapping in the two, deep, liquids'-rich gas plays can be indicative but not certain in identifying proven resource.

#### **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. All estimates and statements that describe the Company's objectives, goals, production rates, optimization, infrastructure capacity and or future plans with respect to the drilling in the Taranaki Basin 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, the risk associated with estimating undiscovered original initially-in-place described above, availability of adequate funding, volatility of commodity prices, imprecision of reserve 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 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.

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 NI 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.