



## TAG Oil: Strong Production Revenue Growth, Profitable Q2, Extensive Drilling & Testing Operations Underway

Vancouver, B.C. – November 14, 2013 – TAG Oil Ltd. (TSX: TAO) and (OTCQX: TAOIF), reports that the Company has filed its financial results with the Canadian Securities Administrators for the Company's September 30, 2013 second quarter fiscal 2014 year. 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 Quarterly Highlights

- At September 30, 2013, the Company had cash of \$61.2 million, working capital of \$62.9 million and no debt prior to closing a \$25 million bought deal financing.
- Production revenue increased to \$30.58 million for six months and \$15.89 million for the quarter.
- Net income of \$7.43 million was generated for six months and \$2.97 million for the quarter, before the deduction of non-cash share-based compensation.
- Daily average production for six months increased to 2,227 boe per day (51% oil) and 2,100 boe per day (58% oil) while realizing \$113.30 per barrel of oil and \$5.18 per mcf of gas for the quarter.
- Continued step out drilling success in the Mt. Messenger/Urenui formations with the Cheal-E1, E2 and E3 wells substantially extending the known oil-saturated area of Cheal. Production testing is underway on Cheal-E1 and with E-2 and E3 ready to test. Cheal-E4 is currently drilling ahead at approximately 750m with a projected total depth of 2234m.
- Cardiff-3 deep well has encountered strong mudlog shows of up to 85% total gas readings in the top sections of the Kapuni Formation. Currently drilling ahead at approximately 4,300 meters with the thickest target, the K3E zone expected at approximately 4700m.
- Unconventional specialists from North America join TAG to initiate a widespread East Coast Basin drilling campaign, and to establish New Zealand's first unconventional oil and gas production directly from the source rock.

### Financial and Production

	Q2 2014	Q2 2013
Production revenue	\$ 15,884,584	\$ 9,616,276
Net income prior to share-based compensation	2,970,435	1,801,250
Net income (loss)	2,411,802	(301,296)
Earnings per share	0.04	(0.01)
Working capital	62,850,783	84,534,157
Total assets	224,932,521	200,621,090
Long term debt	-	-
Shareholder's equity	\$ 198,301,759	\$ 184,020,105



TAG currently has 64,870,252 common shares outstanding and 68,578,586 common shares outstanding on a fully diluted basis.

### Oil and Natural Gas Production, Pricing and Revenue

	2014		2013	Six months ended	
	Q2	Q1	Q2	2014	2013
Daily production volumes <sup>(1)</sup>					
Oil (bbls/d)	1,209	1,075	738	1,143	930
Natural gas (BOE/d)	891	1,279	1,110	1,084	854
Combined (BOE/d)	2,100	2,354	1,848	2,227	1,784
Daily sales volumes <sup>(1)</sup>					
Oil (bbls/d)	1,227	1,058	741	1,142	929
Natural gas (BOE/d)	782	1,115	876	948	616
Combined (BOE/d)	2,009	2,173	1,617	2,090	1,545
Natural Gas (Mmcf/d)	4,694	6,690	5,259	5,687	3,697
Product pricing					
Oil (\$/bbl)	113.30	104.87	109.97	109.42	108.41
Natural gas (\$/Mcf)	5.18	5.72	4.38	5.50	4.44
Sales					
Total revenue – gross	\$15,884,584	\$14,698,198	\$9,616,276	\$30,582,782	\$21,442,201
Less other revenue – gross	(861,603)	(1,120,919)	-	(1,982,522)	-
Oil and natural gas revenue – gross	15,022,981	13,577,279	9,616,276	28,600,260	21,442,201
Oil and natural gas royalties <sup>(2)</sup>	(1,632,648)	(1,473,864)	(1,077,031)	(3,106,512)	(2,406,572)
Oil and natural gas Revenue – net	\$13,390,333	\$12,103,415	\$8,539,245	\$25,493,748	\$19,035,629

(1) Natural gas production converted at 6 Mcf:1BOE (for BOE figures)

(2) Includes a 7.5% royalty related to the acquisition of a 69.5% interest in the Cheal field

(3) Other revenue is electricity revenue related to OHL.

### Drilling Campaign Targeting Large Conventional & Unconventional Reserves

TAG is executing the most diverse and extensive exploration endeavour and drilling campaign in the Company's history. TAG currently has two drilling rigs operating with a third rig planned to be operating on the East Coast in the near future. The Company's extensive acreage position, which has been high-graded over many years in the Taranaki, East Coast and Canterbury basins, with development wells, step out wells and exploration wells on-going that provides for risk-managed exploration, and continued exposure to world-class upside potential and opportunity for continued significant organic value creation for many years to come.

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.



Six month drilling plan includes:

- 1) a minimum of nine conventional step out wells targeting the Urenui and Mt. Messenger Formation, across three new onshore Taranaki Basin permits near to TAG's main Cheal discovery.
- 2) a minimum of two 100%-owned (Cardiff-3 and Heatseeker-1) high-impact deep Kapuni Formation gas-condensate wells in the onshore Taranaki Basin;
- 3) at least one unconventional well in TAG's Waitangi Hill acreage in the East Coast Basin prior to an anticipated widespread unconventional drilling campaign.

### **Taranaki Basin Drilling Update**

#### **Urenui/Mt. Messenger Formation Wells (Shallow ~2000m)**

TAG has drilled, completed and is currently testing the first three conventional step-out wells (Cheal-E1 to E3) and has spudded the Cheal-E4 well (TAG 70%). The results from these wells are particularly important as they have substantially extended Cheal's known oil saturated area. TAG has also expanded its extensive Taranaki production infrastructure into the Cheal-E site, so that all of these wells can be immediately placed into permanent production.

To ensure more reliable production forecasting on future wells in this emerging Urenui/Mt. Messenger play, the Cheal-E site wells will be initially tested individually, with each well flowing for approximately 15 days, and then shut in temporarily to conduct pressure and temperature analysis. During this shut-in period, the next well will be placed on a 15-day production test until all new wells at the site have been individually tested and proper build-up analysis completed.

To date the Company has tested the Cheal-E1 well for 5 days with an average production rate of 600/BOE's per day (94% oil) with a naturally flowing tubing head pressure of approximately 600 psi. The well has been restricted with a 1/4" choke until further oil storage facilities are added to the site, following greater than anticipated initial flush production rates.

#### **Kapuni Formation Wells (Deep ~5000m)**

The Cardiff-3 well, targeting the deep Eocene-aged Kapuni Formation, is drilling ahead at approximately 4,300 meters after encountering numerous hydrocarbon-bearing zones within the McKee and K1A Sands. Significantly elevated gas peaks have been recorded above background gas levels throughout the Kapuni section drilled to date.

The Company expects to drill through the remainder of the Kapuni Formation target zones — including the K3E Sands, the main objective in the Cardiff-3 well — in November and, at that time, will make a decision whether to complete and production test the well. If supported by interpreted data, initial un-stimulated testing of Cardiff-3 will commence in December for a minimum 30-day flow period. The well will then be shut in for a pressure / temperature build-up, at which time a further fracture stimulation of the well will be planned and executed, likely in Q1 of 2014.



### Initial Undiscovered Resource Potential Estimated in Taranaki Drilling Program

Permit #	TAG Interest	Resources Category	Low Estimate (p90) <sup>(1)</sup>	Best Estimate (p50) <sup>(2)</sup>	High Estimate (p10) <sup>(3)</sup>
38156 Cardiff	100%	Undiscovered Gas Initially-in-Place	67.89 Bcf	159.88 Bcf	381.57 Bcf
38156 Cardiff	100%	Undiscovered Condensate Initially-in-place	2.04 mmbbls	5.49 mmbbls	15.15 mmbbls
54873 Heatseeker	100%	Undiscovered Gas Initially-in-Place	83.1 Bcf	197.3 Bcf	468.58 Bcf
54873 Heatseeker	100%	Undiscovered Condensate Initially-in-place	2.50 mmbbls	7.9 mmbbls	18.75 mmbbls
38748 Hellfire	100%	Undiscovered Gas Initially-in-Place	52.9 Bcf	119.5 Bcf	269.72 Bcf
38748 Hellfire	100%	Undiscovered Condensate Initially-in-place	1.59 mmbbls	4.78 mmbbls	10.79mmbbls
54877 Cheal North East	70%	Prospective Resources	5.06 mmbbls	11.31 mmbbls	25.41 mmbbls
54876 Cheal Southern Cross	50%	Prospective Resources	1.035 mmbbls	2.205 mmbbls	4.60 mmbbls

(1) Low Estimate is considered to be a conservative estimate of the quantity of the in-place volumes. It is likely that the actual in-place volumes will exceed the low estimate. If probabilistic methods are used, there should be at least a 90 percent probability (P90) that the in-place volumes will equal or exceed the low estimate.

(2) Best Estimate is considered to be the best estimate of the in-place volumes that will actually be present. It is equally likely that the actual in-place volumes 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 in-place volumes will equal or exceed the best estimate.

(3) High Estimate is considered to be an optimistic estimate of the in-place volumes. It is unlikely that the actual in-place volumes will exceed the high estimate. If probabilistic methods are used, there should be at least a 10 percent probability (P10) that the actual in-place volumes will equal or exceed the high estimate.



### **Conference Call Information**

TAG Oil will host a discussion of its Q2 2014 financial results and forward program on Thursday November 14, 2013 at 1:00 pm Pacific Time. 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 to [info@tagoil.com](mailto:info@tagoil.com).

### **Interested parties may access the conference call using the information below:**

<b>Date</b>	November 14, 2013
<b>Time</b>	1:00 pm Pacific Time
<b>Toll-Free Dial-in #</b>	1-866-318-8619
<b>Secondary Dial-in #</b>	1-617-399-5138

**Conference Passcode** 81930031

**E-mail questions to:** [info@tagoil.com](mailto:info@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 extensive oil and gas production infrastructure, TAG is enjoying significant organic value creation through exploration success and ongoing development and appraisal drilling of several light oil and gas discoveries. As New Zealand's leading explorer, TAG actively drills high-impact conventional and unconventional exploration prospects identified in the Taranaki Basin, East Coast Basin and Canterbury Basin that covers more than 2,669,780 net acres of land, prospective for major discovery in New Zealand.

### **For further information:**

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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 Sproule and TAG professionals are qualified reserves evaluators in accordance with NI 51-101 and the Canadian Oil and Gas Evaluations Handbook.

TAG Oil has adopted the standard of six thousand cubic feet of gas to equal one barrel of oil when converting natural gas to "BOEs." 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.



Undiscovered Petroleum Initially-In-Place (equivalent to undiscovered resources) is that quantity of petroleum that is estimated, on a given date, to be contained in accumulations yet to be discovered. The recoverable portion of undiscovered petroleum initially in place is referred to as "prospective resources," the remainder as "unrecoverable."

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. There is no certainty that any portion of the resources will be discovered. If discovered, 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. 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



and East Coast Basins 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.