



TAG Oil Reports Strong Q1 2014 Financial Results and 12 Well Drilling Campaign Underway

Vancouver, B.C. – August 14, 2013 – TAG Oil Ltd. (TSX: TAO) and (OTCQX: TAOIF), reports the Company has filed its financial results with the Canadian Securities Administrators for the Company's June 30, 2013 first 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/>.

Q1 2014 TAG Oil Highlights

- At June 30, 2013, the Company had cash of \$57.2 million, working capital of \$63.5 million and no debt.
- Production revenue increased to \$14.7 million.
- Net income of \$4.5 million generated, before the deduction of non-cash share-based compensation.
- Operations generated \$9.6 million in cashflow.
- Daily average production increased 39% in Q1-14 compared to Q4-13.
- Purchased 260,000 common shares of the Company for cancellation and return to treasury at an average price of \$3.05 per share.
- Drilled and cased the Ngapaeruru-1 well in the East Coast Basin, intersecting 155 meters of unconventional oil and gas reservoir in the source rock.
- Signed a new surface access agreement in the East Coast Basin permit to allow for drilling access on PEP 38348 (Waitangi Hill area).

Financial and Production Review

	Q1 2014	Q1 2013
Production revenue	\$ 14,698,198	\$ 11,825,925
Net income prior to share-based compensation	4,458,507	5,559,964
Net income	3,520,609	4,719,243
Earnings per share	0.06	0.09
Working capital	63,473,910	105,656,367
Total assets	201,039,747	197,056,416
Long term debt	-	-
Shareholder's equity	\$ 189,623,960	\$ 182,939,137

TAG currently has 59,196,752 common shares outstanding and 62,905,086 common shares outstanding on a fully diluted basis.



Oil and Natural Gas Production, Pricing and Revenue

	3 Months Ended		
	2014 Q1	2013 Q4	2013 Q1
Daily production volumes ⁽¹⁾			
Oil (bbls/d)	1,075	1,013	1,125
Natural gas (BOE/d)	1,279	678	596
Combined (BOE/d)	2,354	1,691	1,721
Daily sales volumes ⁽¹⁾			
Oil (bbls/d)	1,058	1,007	1,120
Natural gas (BOE/d)	1,115	436	353
Combined (BOE/d)	2,173	1,443	1,473
Natural Gas (Mmcf/d)	6,690	2,618	2,118
Product pricing			
Oil (\$/bbl)	104.87	116.59	107.36
Natural gas (\$/Mmcf)	5.72	4.94	4.61
Sales			
Total revenue – gross	14,698,198	11,993,143	11,825,925
Less other revenue – gross	(1,120,919)	304,634	-
Oil and natural gas revenue – gross	\$ 13,577,279	\$ 12,297,777	\$11,825,925
Oil and natural gas royalties ⁽²⁾	(1,473,864)	(1,376,561)	(1,329,541)
Oil and natural gas Revenue – net	\$ 12,103,415	\$ 10,921,216	\$10,496,384

(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.

Fully Funded 12-Well Drilling Campaign Launching August 2013

During the remainder of the 2014 fiscal year TAG will execute the most diverse and active exploration drilling campaign in the Company's history. This high-impact drilling campaign includes nine conventional wells across three new permits with partner East West Petroleum, plus a minimum of two 100% TAG owned deep Kapuni Formation wells ("Cardiff and Heatseeker") in the Taranaki Basin, and at least one unconventional well in the East Coast Basin (TAG 100%). Consistent with our corporate strategy, this drilling program will be funded from cash flow provided from TAG's Cheal and Sidewinder production and a strong, debt-free balance sheet.

TAG's new Taranaki region production and delivery infrastructure ensures efficient and cost-effective commerciality of any new wells that arise from this drilling program. A summary of the resource potential limited to the twelve prospects included in this drilling program are described below. The Company expects to continue to identify additional resource potential through new lead and prospect generation as analysis of the permit data continues.



Permit Number	Permit Name	TAG Interest	#of Wells	Target Depth
54877	Cheal North	70%	5	Miocene <2,500m
54876	Southern Cross	50%	1	Miocene <2,500m
54879	Cheal South	50%	3	Miocene <2,500m
38156	Cardiff	100%	1	Eocene > 4,000m
54873	Heatseeker	100%	1	Eocene > 4,000m
38348	Waitangi	100%	1	Unconventional

Undiscovered Resource Potential Estimated Per Explored Prospect

Permit#	TAG Interest	Resources Category ^(1,5)	Low Estimate (p90)	Best Estimate (p50)	High Estimate (p10)
54877 ^(2,4)	70%	Prospective Resources	5.06 mmbls	11.31 mmbls	25.41 mmbls
54876 ^(2,4)	50%	Prospective Resources	1.035 mmbls	2.205 mmbls	4.60 mmbls
54879 ^(2,4)	50%	Prospective Resources	1.31 mmbls	3.03 mmbls	6.98 mmbls
38156 ^(3,4)	100%	Undiscovered Gas Initially-in-Place (BCF)	137.3 Bcf	214.5 Bcf	341.4 Bcf
38156 ^(3,4)	100%	Undiscovered Condensate Initially-in-place (Million Barrels)	8 mmbls	12.8 mmbls	21.5 mmbls
54873 ^(2,4)	100%	Undiscovered Gas Initially-in-Place (BCF)	83.1 Bcf	197.3 Bcf	468.58 Bcf
38348	100%	TBD	TBD	TBD	TBD



(1) Undiscovered Condensate Initially In-Place and Undiscovered Gas Initially In-Place (equivalent to undiscovered resources) is that quantity of Condensate and Gas, respectively, that is estimated, on a given date, to be contained in accumulations yet to be discovered. There is no certainty that any portion of the undiscovered resources will be discovered or that, if discovered, it will be economically viable or technically feasible to produce any portion of the resources.

(2) The resource estimates in this news release were prepared on nine prospects with an effective date of June, 30, 2013. These estimates have been internally prepared by an internal qualified reserves evaluator in accordance with NI 51-101 and the Canadian Oil and Gas Evaluations Handbook.

(3) One prospect based on independent resource assessment by Sproule International Ltd.

(4) 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 explore and then if deemed to be appropriate, develop the above properties 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 estimate contained in the Resource Assessment are:

- proven production in close proximity;
- proven commercial quality reservoirs in close proximity; and
- oil and gas shows while drilling wells nearby; and
- nearby infrastructure with excess capacity

The significant negative factors that are relevant to the estimate contained in the Resource Assessment are:

- tectonically complex geology could compromise seal potential; and
- seismic attribute mapping in the Taranaki Basin area can be indicative but not certain in identifying proven resource

(5) 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.

Conference Call Information

TAG Oil will host a discussion of its Q1 2014 financial results and forward program on Wednesday August 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.

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



Date August 14, 2013
Time 1:00 pm Pacific Time
Toll-Free Dial-in # 1-877-474-9501
Secondary Dial-in # 1-857-244-7554

Conference Passcode 29103463

E-mail questions to: 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 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 2,669,780 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.

For further information:

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The resource estimates in this news release were prepared with an effective date of June, 30, 2013. These estimates have been internally prepared by an internal qualified reserves evaluator 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.

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 the Taranaki, Canterbury 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, production, marketing and transportation, volatility of commodity prices, imprecision of reserve estimates and production guidance, 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 TAG's permits, well performance and production rates, 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.