



TAG Oil Clinches Acquisition of Trans-Orient Petroleum

TAG Oil Ltd. | Wednesday, December 16, 2009

Trans-Orient Petroleum has completed its previously announced plan of arrangement with TAG Oil. Trans-Orient Petroleum, its subsidiaries, including Orient Petroleum (NZ) Limited and Eastern Petroleum (NZ) Limited, are now 100% controlled subsidiaries of TAG Oil Ltd.

TAG Oil has issued 13,069,723 of its common shares to Trans-Orient shareholders on the basis of 1 common share of TAG for every 2.8 common shares held of Trans-Orient. At completion, TAG has 29,879,445 common shares outstanding.

"Another Exceptional Opportunity for TAG Oil"

This transaction coincides with sharply increasing interest by foreign investors in New Zealand's petroleum sector, fueled by the country's major discovery potential, prolific discoveries and the intense industry interest rapidly spreading into technology-driven shale plays around the world. "This merger transaction represents a dynamic phase of international growth for TAG and a pooling of high-quality assets consisting of production, development and high-impact prospects in the Taranaki discovery fairway as well as company-transforming oil shale, big-target exploration, and appraisal of the Waitangi Hill oil discovery in the East Coast Basin," TAG Oil CEO, Garth Johnson commented.

Trans-Orient's work in the East Coast Basin has proven that the Waipawa Black Shale and Whangai fractured oil-shale formations are world-class oil-rich source rocks, which are widespread across the acreage. The Waipawa Black Shale has characteristics exceedingly similar to the Bakken Formation in the Williston Basin (North America) and the Whangai Shale has many analogies to the Barnett Shale in Texas. Not only are these formations rich in organic content and naturally fractured, but core sampling has also shown porosities of 22% to 30%, well above what is typically found in the Bakken or Barnett shale. "TAG intends to use proven North American experience in New Zealand to exploit the vast resources that have been demonstrated in the East Coast Basin, using technologies that are commonplace in North America but not yet employed in New Zealand," said Mr. Johnson.

"Exploration has established the East Coast Basin as a prospective conventional and unconventional producer."

"New Zealand's vast sedimentary basins have been significantly underexplored and the East Coast, in particular, has been identified as offering highly prospective development potential," Johnson added. Exploration to date has established that the East Coast Basin of New Zealand possesses many characteristics similar to other prolific oil and gas producing fore-arc basins worldwide.

Very few wells have been drilled in the East Coast Basin (one well per 800,000 acres), with the majority of these having significant oil and gas shows. "The primary target in the East Coast is light oil, consistent with the historical oil discoveries made by explorers around the turn of the 20th century. The Waitangi-1 discovery well drilled in 1910 still produces (50 degree) live oil from a depth of 200m (650 ft) and analysis indicates that the source of this high quality oil is the underlying Whangai Shale source rock," said Johnson. TAG anticipates that any potential development of the Waitangi Hill area can be carried out rapidly and economically.



As a result of the acquisition, trading in Trans-Orient shares on the TSX Venture Exchange ("TSX-V") will be halted on December 16, 2009 and will no longer be listed on the TSX-V effective the close of markets on December 17, 2009. Trans-Orient will thereafter make application to cease reporting in Canada and the United States. As of the date of this release, Trans-Orient has filed a Form 15 and TAG Oil has filed a Form 15F with the U.S. Securities and Exchange Commission (the "SEC"). As a result of these filings, TAG Oil's reporting obligations with the SEC as a successor registrant will immediately be suspended and Trans-Orient's common shares will no longer be quoted in the United States on the Over-the-Counter Bulletin Board.