TAG Oil Targets Unconventional Discoveries with First Oil and Gas Exploration Well in New Zealand's East Coast Basin

Vancouver, B.C. – April 22, 2013 – TAG Oil Ltd. (TSX: TAO) and (OTCQX: TAOIF), is pleased to announce that drilling of the Ngapaeruru-1 exploration well is now underway in TAG's 100% controlled Petroleum Exploration Permit 38349, located in the East Coast Basin of New Zealand. The Ngapaeruru-1 exploration well, spudded at 4:30am on April 22nd, 2013 is targeting the Waipawa Black Shale and Whangai source rock formations at an anticipated depth of 1,800 meters, and will test the unconventional discovery potential in this portion of the Basin.

A Waipawa Black Shale source rock.

The Waipawa Black Shale and Whangai formations are high-quality source rock formations present throughout most of TAG's million-acre East Coast Basin land holdings. These oil-and gas-rich source rocks are comparable in total organic carbon content and oil and gas maturity levels to successful tight oil and gas plays such as North Dakota's Bakken shale in the prolific Williston Basin.

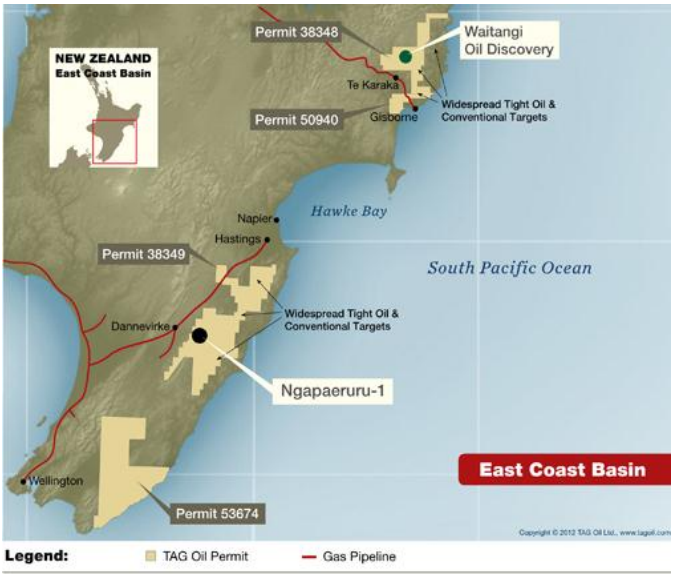
Garth Johnson, TAG Oil's CEO commented, "Our strategy has always been to build reserves, production infrastructure, and cash flow from our lower risk conventional assets, leveraging these successes to intelligently pursue high-impact opportunities such as the East Coast Basin. With TAG's continued success in the Taranaki Basin – and our successful commercialization of these discoveries – we continue to deliver on the first part of this plan. Drilling Ngapaeruru-1 is another step in delivering on our business plan: pursuing these higher risk, higher impact exploration wells from a very strong financial position."

Live oil recovered from shallow wells drilled by TAG in 2011, as well as oil sampled from seeps in the East Coast Basin, confirm that the source of the high-quality oil was generated from the Waipawa Black Shale and Whangai formations. Extensive geotechnical work on TAG's East Coast acreage, including proprietary 2D and 3D seismic, have confirmed that the source rock parameters in TAG's East Coast Basin play compare favorably to commercial unconventional plays throughout the world.

In addition, TAG's East Coast Basin play has particular features that provide encouragement in regard to prospectivity of this unconventional exploration play, including:

1. The source rocks are up to 600 meters thick in some areas;
2. The source rocks are naturally fractured;
3. The oil confirmed as coming from the source rocks, is 50 degree API;
4. The East Coast Basin is over-pressured at depth, confirming a competent seal situated above the source rocks.

These parameters were also considered in an independent report that estimated potential undiscovered oil initially-in-place amounting to 14 billion barrels, calculated on just 20% of TAG's East Coast Basin acreage that is believed to be prospective for unconventional discovery. TAG Oil was the first company to identify the unconventional play in the East Coast Basin, and therefore selected the acreage where the Company believed it to be the most prospective for unconventional exploration. TAG's acreage is where both the Waipawa Black Shale and Whangai source rocks are the most widespread, thickly developed, and reachable at depths that offer the best chance for commercial feasibility.



Mr. Johnson continued: "Given this very significant potential, we're pleased to have 100% control over the project, with a substantial portion of exploration costs to date funded by our previous joint venture partner. While their shift in corporate strategy resulted in a refocusing of their international holdings, our work together validated and confirmed the major exploration potential of these lands. As a result, Ngapaeruru-1 is the first of several exploration wells directly testing these unconventional targets."

For further information on TAG's unconventional source rock targets please visit: http://www.tagoil.com/unconventional-oil.asp.

TAG Oil COO Drew Cadenhead commented, "Since this is the first well directly targeting the Waipawa Black Shale and Whangai source rocks in the East Coast Basin, the Company has planned operations to obtain the maximum amount of data to guide future exploration activities. This includes specialized electric log data and other unconventional source rock analysis data. TAG has been working up to this for about six years, and we're excited to finally be here. While we know drilling conditions can be tricky in this over-pressured Basin, our drilling department is well prepared to complete these operations safely and with minimal impact to the environment."

TAG is using Webster Drilling's Nova #1 Drilling Rig, which was mobilized from the Company's Sidewinder gas and oil field in the Taranaki Basin, after drilling another successful step-out well, Sidewinder-A7, which will soon be production tested.

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 will explore and potentially develop the major unconventional resource potential believed to exist in the tight oil 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:

Dan Brown or Garth Johnson
TAG Oil Ltd., 1-604-682-6496
Email: info@tagoil.com
Website: http://www.tagoil.com/
Blog: http://blog.tagoil.com/

Important Information:

It is equally likely that the actual remaining quantities recovered will be greater or less than the best estimate.

Undiscovered Oil 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. 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.

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 East Coast Basin 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 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.