

TAG Oil's Deep Drilling Targets Large Onshore Gas/ Condensate Resource in Taranaki Basin

September 17, 2013 - Vancouver BC - TAG Oil Ltd. (TSX: TAO) and (OTCQX: TAOIF), announces that the Cardiff-3 well located in Petroleum Mining License 38156 was spudded on September 2, 2013 and is presently drilling at a depth of approximately 1000 meters. The Cardiff-3 well will take approximately 30 more days to reach its total projected depth of 4,900 meters.

Cardiff-3 is the first of three back-to-back deep wells being drilled (Cardiff-3, Heatseeker-1 and Hellfire-1) by TAG (100%) targeting Taranaki's successful Kapuni Formation.



All three wells are situated within the Taranaki Basin's main deep discovery fairway, where proven producing reserves of 6.9 TCF of gas and 372 million barrels of oil/condensate have been discovered in the Eocene-aged

Kapuni Formation so far. (Source: <http://www.nzpam.govt.nz/cms/petroleum/facts-and-figures>)

Combined, the assessed "mid-range" resource potential for the Cardiff, Heatseeker and Hellfire prospects is 477 billion cubic feet of natural gas and 18 million barrels of associated condensates, as follows:

| Prospect | Gas (Bcf) | | | Condensate (MMbbls) | | |
|------------|-----------|-----|-------|---------------------|-------|-------|
| | P90 | P50 | P10 | P90 | P50 | P10 |
| Cardiff | 68 | 160 | 382 | 2.04 | 5.49 | 15.15 |
| Heatseeker | 83 | 197 | 469 | 2.50 | 7.90 | 18.75 |
| Hellfire | 53 | 120 | 270 | 1.59 | 4.78 | 10.79 |
| Total | 204 | 477 | 1,121 | 6.13 | 18.17 | 44.69 |

Sproule International Limited has independently assessed the resource potential for Cardiff, and TAG's internal qualified reserve evaluator has assessed the resource potential of the Heatseeker and Hellfire prospects, all with an effective date of July 31, 2013. The resource assessments in the table above have been made in accordance with NI 51-101 and the Canadian Oil and Gas Evaluations Handbook and are supported by several existing commercialized Kapuni Formation discoveries.

These deep wells are part of TAG's 11 well drilling campaign in Taranaki, which will be completed over the next six months. This program consists of a combination of development drilling, appraisal and exploration drilling: TAG currently has two drill rigs actively operating with a third rig to begin operating on TAG controlled land shortly.



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 31st, 2013. The estimates for Cardiff have been externally prepared by Sproule International Limited and the remaining estimates were prepared by an employee of TAG Oil Ltd. both of which are qualified reserve evaluators in accordance with NI 51-101 and the Canadian Oil and Gas Evaluations Handbook.

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.

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.