TSX: TAO
OTCQX: TAOIF

TAG Oil Ends Year With Record Production and Revenue

Vancouver, B.C. – June 30, 2014 – TAG Oil Ltd. (TSX: TAO) and (OTCQX: TAOIF), reports the Company has filed its audited consolidated financial statements, management discussion and analysis, annual information form and information pursuant to the requirements of National Instrument 51-101 – Standards for Disclosure of Oil and Gas Activities with the Canadian Securities Administrators relating to reserves data and other oil and gas information for the Company's March 31, 2014 fiscal year-end. Copies of these documents can be obtained electronically at http://www.sedar.com. For additional information, please visit TAG Oil's website at http://www.tagoil.com/.

Garth Johnson, TAG Oil's CEO commented, "We are all proud of our successful year achieving record cash flow provided from our producing assets and adding a new oil discovery and development area at Greater Cheal. This coming year's $60 million capital program is sure to be exciting for us all, which includes low-risk development drilling to maintain and exceed current production, combined with high-impact exploration drilling, providing near term catalysts to capture new reserves. Our major infrastructure investment in the previous year — and maintaining 100% ownership of all these production facilities and associated pipeline infrastructure in the Taranaki Basin on the TAG-operated Cheal, Cardiff and Sidewinder oil and gas fields — is paying off, by ensuring we can commercialize all discoveries and developments expeditiously, allowing TAG to capitalize on the high netback production being achieved."

FY2014 TAG OIL HIGHLIGHTS

- TAG had $55,836,009 in working capital at fiscal year-end with no debt and 64,006,452 common shares outstanding.
- Oil and gas revenue increased by 29% to $57.6 million compared with $44.6 million in fiscal year 2013.
- Record volume of annual production achieved in FY2014 of 681,615 BOE (75% oil) with average gross daily production increasing by 15% for the fiscal year to 2,027 BOE/d compared with 1,756 BOE/d in fiscal year 2013. Average net daily production increased by 6% to 1,868 BOE/d compared with 1,756 BOE/d in 2013.
- Net income before taxes increased by 190% for the fiscal year to $14.7 million compared with $5.1 million in fiscal year 2013, driven primarily by a 15% increase in oil production.
- Revenue from oil sales increased 18% to $45.8 million compared with $38.7 million due to increased oil production (15%) and pricing (3%). Revenue from gas sales increased 38% to $7.7 million compared with $5.6 million due to the ability to process and sell previously flared Cheal gas volumes. Revenue generated from electricity sales contributed $3.9 million compared with $0.3 million due to TAG's 49% ownership of Coronado Resources Ltd.
- Operating Netbacks increased by 24% to $59.63 per BOE compared with $48.11 per BOE in fiscal year 2013. The increase is mainly due to a 22% increase in revenue per BOE to $84.36 per BOE compared with $69.07 per BOE as a result of a greater proportion of revenue from increasing oil sales.
- With an effective date of March 31, 2014, Sproule International Limited, a qualified reserves evaluator in accordance with NI 51-101 and the COGE Handbook, assigned 1p, 2p and 3p reserves of 1,973,000 BOE (93% oil), 5,898,000 BOE (94% oil) and 8,105,000 BOE (91% oil), respectively.

- TAG's 2P reserve value is estimated at $2.97 per share based on a net present value of proved plus probable reserves at March 31, 2014 at a 10% discount before taxes, divided by issued and outstanding shares at March 31, 2014 (Note 1).

FY2014 YEAR-END RESERVES

The focus of FY2014 was step out drilling into neighboring unproven acreage in three new Taranaki Permits awarded in the 2012 New Zealand Blocks Offer, referred to as the Greater Cheal Permits. As a result, TAG did not drill any development wells within its proved reserve areas at Cheal or Sidewinder this fiscal year, and therefore did not add new reserves in the Company's traditional reserve growth area. However, a total of ten step out wells were drilled in the Greater Cheal permits during the 2014 fiscal year and into the early part of the 2015 fiscal year. Production resulting from this step out drilling program began in November of 2013 and the successful wells have produced approximately 120,000 barrels of oil as well as solution gas from start-up to June 30, 2014, adding approximately 893,000 BOE of new reserves (625,000 net to TAG). This new discovery area production has been consistent and during Q1 of FY2015 has continued at a gross production rate of approximately 600 bbls of oil per day (420 bbls net) plus solution gas. Importantly, this drilling success has translated into several new, highly promising, development drilling locations on TAG's 100%-controlled acreage.

3 Year 2p Reserve Reconciliation[(1)]	FY2012	FY2013	FY2014
Opening Reserves	1,912,000	6,624,000	6,112,000
Annual Production	(489,878)	(641,142)	(681,615)
Net Additional Reserves From Drilling	5,201,878	129,142	467,615
Closing 2P Reserves	6,624,000	6,112,000	5,898,000
Year End Valuation (NPV10%)	$207,867,000	$205,521,000	$190,535,000
Future Capital Expenditure Included in Valuation	$45,651,000	$37,211,000	$48,598,000

Note:
(1) Estimates of reserves were prepared by Sproule, a qualified reserves evaluator in accordance with NI 51-101 and the COGE Handbook, with effective dates of March 31, 2012, March 31, 2013, and March 31, 2014.

Going forward into FY2015, TAG will return to its focus of development drilling within the proved Cheal (TAG-100%) field as well as the newly discovered Greater Cheal area, with the goal of building additional oil reserves and further exploiting the oil discovery potential in this lightly explored acreage. At the Sidewinder field, two new step-out wells will target the oil potential identified in this lightly explored acreage. This oil discovery potential is supported by 3D seismic data coverage, consistent oil shows in multiple zones intercepted in the Sidewinder gas wells drilled and placed onto production in 2011/12, and the significant oil that has been discovered in the neighboring successful Ngatoro field, which has been producing high netback oil for more than 25 years.

Other new resources targeted during the coming year, which could significantly impact proved reserves, includes establishing production from the gas/condensate zones intercepted in the deep Cardiff-3 well (TAG-100%) and at least two East Coast Basin unconventional exploration wells, Waitangi Valley-1 and Boar Hill-1 (TAG-100%). Both the Waitangi Valley-1 and Boar Hill-1 wells are identified to have major discovery potential and are the top priority drilling locations identified in the joint venture work conducted by Apache Corporation and TAG Oil.

FINANCIAL RESULTS SUMMARY

	2014	2013
Production revenue	$ 57,546,899	$ 44,591,201
Net income prior to stock-based compensation	16,779,473	10,694,371
Net income before taxes	14,731,055	5,073,359
Net income for the year after taxes	7,682,708	5,073,359
Comprehensive income for the year	28,912,667	9,596,351
Earnings per share	0.13	0.09
Working capital	55,836,009	68,073,376
Total assets	278,660,659	215,883,701
Long term debt	-	-
Shareholder's equity	$249,168,299	$ 191,693,597

OIL AND NATURAL GAS PRODUCTION PRICING AND REVENUE

Fiscal year	2014		2013	Year ended March 31	
	Q4	Q3	Q4	**2014**	2013
Daily production volumes(1)					
Oil (bbls/d)	1,072	1,069	1,013	1,107	959
Natural gas (BOE/d)	414	458	678	761	797
Combined (BOE/d)	**1,486**	**1,527**	**1,691**	**1,868**	**1,756**
Daily sales volumes(1)					
Oil (bbls/d)	1,081	1,061	1,007	1,107	957
Natural gas (BOE/d)	279	351	436	632	548
Combined (BOE/d)	**1,360**	**1,412**	**1,443**	**1,739**	**1,505**
Natural Gas (Mmcf/d)	1,674	2,106	2,618	3,792	3,287
Product pricing					
Oil $/bbl)	122.76	112.74	116.59	113.43	110.87
Natural gas ($/Mcf)	6.34	5.43	4.94	5.49	4.63
Sales					
Total revenue – gross	$14,024,675	$12,939,442	$12,297,777	$57,546,899	$44,591,201
Less other revenue – gross(3)	(1,128,773)	(881,134)	(304,634)	(3,992,429)	(304,634)
Oil and natural gas revenue – gross	$12,895,902	$12,058,308	$11,993,143	$53,554,470	$44,286,201
Oil and natural gas royalties(2)	(1,276,615)	(1,398,536)	(1,376,561)	(5,781,663)	(5,036,005)
Oil and natural gas Revenue – net	$11,619,287	$10,659,772	$10,616,582	$47,772,807	$39,250,562

(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.*

OUTLOOK FOR FISCAL YEAR 2015

As announced in May 2014, TAG's capital budget for fiscal year 2015 is CDN$60 million; fully funded by forecasted cash flow and working capital on hand.

TAG's goal for the coming fiscal year capital program is to create value and upside from five play areas:

1. Maintain and grow baseline reserves, production, and cashflow in Taranaki via low-risk development drilling;
2. Unlock the major resource potential by confirming the commerciality of the East Coast Basin's unconventional fractured source rocks;
3. Establish production and reserves from the Cardiff-3 well within the deep Kapuni Formation in Taranaki;
4. Prepare to drill a shallow water offshore Kaheru Prospect (TAG-40%) in Taranaki in mid-2015; and
5. Define a new frontier shallow onshore oil exploration play in the Canterbury Basin.

GUIDANCE FOR FISCAL YEAR 2015

As previously announced on May 7, 2014, TAG continues to hold estimates for fiscal year 2015 cash flow from operations to be approximately $40 million, with production averaging approximately 2,000 barrels of oil equivalent per day (80% oil). This guidance is based only on TAG's shallow development drilling in proven areas and existing production. This guidance assumes initial production rates from the development wells of 150 bbls of oil + 50 BOE/d of gas in seven new shallow Taranaki wells to be drilled in FY 2015. This guidance also estimates commodity prices of US$106.00 per bbl based on Brent pricing and US$5.40 per mcf for natural gas. An exchange rate of CDN$1.10 to US$1.00 and CDN$0.935 to NZ$1.00 is also assumed.

TAG's current average daily gross production is approximately 1,970 BOE/d per day (1,750 BOE/d net to TAG) with 75% of the production being oil. It is expected that current production levels can be maintained during the year, based on established decline rates offset by the Company's intended 2015 shallow Taranaki development drilling program. At the present time, TAG has identified 50 shallow step-out and development drilling locations on the Company's Taranaki acreage, which is a five year inventory based on the current pace of drilling.

About 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, East Coast and Canterbury Basins that covers 2.8 million net acres of land, prospective for major discovery in New Zealand.

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BOEs:

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.

Analogous Information:

Certain information in this release may constitute “analogous information” as defined in NI 51-101, including, but not limited to, information relating to the areas in geographical proximity to the lands held by TAG. Such information is derived from a variety of publicly available information from government sources, regulatory agencies, public databases or other industry participants (as at the date stated therein) that TAG believes are predominantly independent in nature. TAG believes this information is relevant as it helps to define the reservoir characteristics in which TAG may hold an interest. TAG is unable to confirm that the analogous information was prepared by a qualified reserves evaluator or auditor or in accordance with the COGE Handbook. Such information is not an estimate of the reserves or resources attributable to lands held or to be held by TAG and there is no certainty that the reservoir data and economics information for the lands held by TAG will be similar to the information presented therein. The reader is cautioned that the data relied upon by TAG may be in error and/or may not be analogous to TAG’s land holdings.

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 growth in baseline reserves, future guidance on production and cashflow, expected results of development drilling, resource potential, new production and discoveries and other objectives, goals, production rates, test rates, hydraulic fracture operations, optimization, infrastructure capacity, timing of operations, work-over results, and or future plans with respect to the drilling at TAG’s various permits 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 and production, geological risks, marketing and transportation, availability of adequate funding, volatility of commodity prices, 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 would 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.

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.