

TAG Oil Begins Drilling

Waitangi Valley-1 Unconventional Exploration Well

Vancouver, B.C. – July 24, 2014 – TAG Oil Ltd. (TSX: TAO) and (OTCQX: TAOIF) is pleased to announce commencement of drilling operations at the Company's 100%-controlled Waitangi Valley-1 exploration well in Petroleum Exploration Permit 38348, located in New Zealand's East Coast Basin. The Waitangi Valley-1 well spudded on July 23, 2014 and will be drilled to a total depth of approximately 3,600 meters (11,800 feet).

Waitangi Valley-1 is situated 250 kilometers north of TAG's Ngapaeruru-1 unconventional well, and is the Company's second high impact exploration well targeting the Waipawa Black Shale and Whangai Formation source rocks. Waitangi Valley-1 is interpreted with proprietary seismic data to potentially intersect stacked, repeated sections of these naturally fractured, over-pressured oil-and-gas-rich source rocks as well as conventional oil and gas bearing sands in the Miocene section at depths between 250 to 2000 meters.

Independent assessments on TAG's acreage have estimated, on a mid-range (P50) basis, an undiscovered resource potential of approximately 14 billion barrels of oil initially in place within less



than 20% of the Company's East Coast Basin acreage. These resource estimates were prepared by Sproule International Limited with an effective date of September 30, 2007, and by AJM Petroleum Consultants with an effective date of September 1, 2008. Each is a qualified reserves evaluator in accordance with National Instrument 51-101 and the Canadian Oil and Gas Evaluation Handbook.

The Waipawa Black Shale and Whangai Formations are the source of the high quality (50-degree API) light oil found in nearby oil seeps, core sampling, and shallow drilling in the Waitangi area. These source rocks are comparable in both total organic carbon content (TOC) and maturity levels to successful unconventional oil and gas plays such as the Bakken Shale of North America's Williston Basin and the Eagle Ford shale in South Texas.

“Waitangi Valley-1 will provide TAG with the opportunity to acquire additional sub-surface data on this major exploration prospect, as well as potentially establish the first unconventional production in the East Coast Basin. The Company has previously confirmed that these source rocks are responsible for the oil seeping to the surface just 5 km from the Waitangi Valley-1 location, so this well may give us the chance to produce oil directly from the source,” commented TAG Oil's Chief Operating Officer Drew Cadenhead. “Our team has done a great job in safely preparing our lease, mobilizing the drilling rig and other necessary equipment into a remote location ahead of schedule with no incidents or complaints from local stakeholders. We intend to continue that track record throughout the drilling process and we're confident we will execute the Waitangi Valley operations as safely and diligently as we have all our New Zealand operations.”



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

For further information:

Dan Brown or Garth Johnson

Phone: 1-604-682-6496

Email: info@tagoil.com

Website: <http://www.tagoil.com/>

Blog: <http://blog.tagoil.com/>

Resource Estimates:

Best Estimate is considered to be the best estimate of the in-place volumes that will actually be present. It is equally likely that the actual in-place volumes will be greater or less than the best estimate. If probabilistic methods are used, there should be at least a 50 percent probability (P50) that the in-place volumes will equal or exceed the best estimate.

Undiscovered Resources and 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.

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. The recoverable portion of undiscovered petroleum initially in place is referred to as "prospective resources," the remainder as "unrecoverable."

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. Prospective resources have both an associated chance of discovery and a chance of development. There is no certainty that any portion of the resources will be discovered. If discovered, there is no certainty that it will be commercially viable to produce any portion of the resources.

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.

Analogous Information:

Certain information in this news release may constitute “analogous information” as defined in NI 51-101, including, but not limited to, information relating to areas with similar geological characteristics 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 and in accordance with the Canadian Oil and Gas Evaluation 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 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 in the Taranaki 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.