



TSX: TAO
OTCQX: TAOIF

TAG Oil Begins Next Round of Development Drilling and Optimization Work in Core Taranaki Basin Acreage

Vancouver, B.C. – November 5, 2014 – TAG Oil Ltd. (TSX: TAO) and (OTCQX: TAOIF) is pleased to announce that development, appraisal and step-out drilling, and field optimization work has resumed at the Company's Taranaki oil and gas fields. Located in the main production fairway of the Taranaki Basin on the North Island, New Zealand, TAG is pursuing significant reserve growth through developing and exploiting its lightly explored discovery acreage in the shallow and high impact deep formations.

TAG anticipates that this next wave of low risk development work — focused on oil production growth in the proven Mt. Messenger (~2000m) and Urenui (~1400m) Formations — provides considerable potential for the Company to increase its high netback oil production and add new reserves for many years ahead.

As at March 31, 2014, TAG had a proved and probable reserve base in the Mt. Messenger and Urenui Formations of 5.9 million barrels of oil equivalent and approximately 477 bcf & 45 mmbbls of undiscovered resource potential identified in Taranaki.⁽¹⁾ In October, 2014 TAG achieved record monthly production of 1,990 BOE (76% oil) per day.

Near-term anticipated schedule for Taranaki operations

Permit Number	Well Name	TAG Working Interest	Date
PEP 54877	Cheal-E-JV-6 development	70%	Nov 2014
PMP 38156	Cheal-E7 appraisal	100%	Dec 2014
PEP 54877	Recomplete Cheal-E-JV-2	70%	Jan 2015
PMP 38156	Build Cheal E to A pipeline	100%	Feb 2015
PMP 38156	Cardiff-3 uphole test	100%	Mar 2015
PEP 55769	Sidewinder-B1	100%	Apr 2015
PEP 55769	Sidewinder-B2	100%	May 2015

TAG kicks off this Taranaki drilling campaign with the Cheal-E-JV-6 well (TAG 70%), and the Cheal-E7 well (TAG 100%).

The Cheal-E site is a new pool oil discovery of particular interest, as strong production performance continues from TAG's Cheal-E1, Cheal-E4, and Cheal-E5 wells. These wells continue to flow oil naturally from E-1 and E-4 and under artificial lift at E-5, making future development of the Cheal-E site area, as well as future drilling on TAG's 100%-controlled Cheal acreage, prospective for additional high productivity wells.



Following the Cheal-E site wells, the Nova-1 drill rig is planned to move to TAG's 100%-controlled Sidewinder oil and gas field to drill step out wells. These wells will target the oil potential identified from oil shows encountered in the six Sidewinder gas wells.

The Sidewinder discovery acreage borders the Taranaki Basin's original Mt. Messenger oil field, the Ngatoro/ Kaimiro field, a close analogy to TAG's Cheal and Sidewinder discoveries. In contrast to Cheal and Sidewinder which have been on full time production for seven and three years respectively, the Kaimiro/Ngatoro field has been producing for 31 years, and still has 7 million BOE's of recoverable reserves remaining from a 22 million BOE ultimate recovery total.⁽²⁾

Cardiff-3 Uphole Completion Update

Also in the Taranaki Basin, TAG controls 100% interest in several deep, high-impact drilling opportunities, which hold substantial resource potential in the Kapuni Group Formation. Recently, TAG successfully drilled and cased the Cardiff-3 well to total depth of 4,853m (15,900 ft) and encountered oil-and-gas-bearing tight sands, as expected, across three separate potential pay zones. The fracture stimulation of the first zone tested, the lower K3E zone, returned gas and condensate, but at uneconomic rates. After further technical analysis, TAG will now production test the primary uphole zones, the McKee and K1A Formations which are both producing formations in large fields along trend to the Cardiff prospect.

Corporate Update

In other news, TAG announces that Dr. Douglas Ellenor has joined the board of directors of the Company, replacing Mr. Ronald Bertuzzi who is retiring. Dr. Ellenor holds a PhD in Geology and has a proven track record of finding oil as well as managing large capital programs, including major acquisitions and divestments over the course of his career. Dr. Ellenor brings to TAG extensive international experience, including 25 years with Shell Petroleum, with duties ranging from his early years working as a Junior Geologist, to becoming Head of Exploration and New Ventures, and ending with four years as President and CEO of the Shell Companies of Colombia.

"On behalf of TAG, I would like to personally extend my sincere appreciation to Ron for his many years of dedicated service to TAG Oil, starting back from the Company's formative years. Ron has been an enthusiastic and valuable contributor, and I wish him the best in retirement," commented Alex Guidi, founder and Chairman of TAG Oil. "I also welcome Doug to our board and look forward to working closely with him and our board to help guide TAG and leverage our strong corporate position."

TAG Oil Ltd.

TAG Oil Ltd. (<http://www.tagoil.com/>) is a Canadian-based production and exploration company with extensive operations in New Zealand. With 100% ownership over all its core assets, including extensive state-of-art 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 within the Company's Taranaki Basin, East Coast Basin and Canterbury Basin acreage which is prospective for major discovery in New Zealand.

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Reserve/Resource Estimates and Undiscovered Resources (1):

The reserve estimate was prepared by Sproule International Limited (“Sproule”) with an effective date of March 31, 2014. The resource estimates prepared by Sproule has an effective date of July 31, 2013, and by TAG professionals have an effective date of July 31, 2013, and July 16, 2014. Each is a qualified reserves evaluator in accordance with NI 51-101 and the COGE Handbook.

Undiscovered Hydrocarbon Initially-In-Place (equivalent to undiscovered resources or undiscovered resource potential) 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.

Development and 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 (2): 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 the analogous information is nearby TAG's lands and 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 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 and BOEs:

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, forecasts, guidance, production rates, test rates, optimization, uphole completions, timing of operations, and/or future plans with respect to the drilling and field optimization work in the Taranaki Basin 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.

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.