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### **TAG Acquires Remaining Key Acreage Covering Kawakawa Oil Shale Prospect in New Zealand's East Coast Basin**

Vancouver B.C. - January 26, 2010 - New Zealand oil and gas producer, TAG Oil Ltd. (TSX-V: TAO) is pleased to announce that the Company has been awarded a 100% interest in a 61,900-acre permit extension to the Company's PEP 38349 permit, located in the southern portion of the onshore East Coast Basin, New Zealand.

When combined with the original PEP 38349, this extension creates a combined 1,695,266-acre exploration area and a total 100% controlled position of 2,399,714 acres within the basin. This acquisition further solidifies TAG's first-mover position in this oil shale frontier at a time of rapidly increasing interest by Asian-based and international investors in New Zealand's petroleum sector. This growing focus has been fueled by New Zealand's recent major discovery announcements, and the recent chain of significant transactions spreading across unconventional technology-driven shale plays around the world.

"Kawakawa is an attractive new play area for TAG and will be a keen focus within our East Coast prospect portfolio. Strong oil indications have been recorded in the immediate area from both outcrop and seeps and geochemical analysis indicates conclusively that this oil was generated either solely from Waipawa Black Shale or from a combination of Whangai Shale and the Waipawa Black Shale formations," commented Garth Johnson, TAG's Chief Executive Officer.

To view a video clip on the Kawakawa structure, visit: <http://tagoil.com/tag-oil-tv.asp?vd=8>

### **Up to 2000 feet of Fractured Oil Shale Formations**

This acquisition secures the entire extent of the Kawakawa exploration area, which straddled the southern boundary of TAG's original PEP 38349 permit. The elongate Kawakawa Anticline, 8 km long N-S and over 7,500 acres in aerial extent, is a reverse fault structure at depth that has potentially "double stacked" both the Waipawa Black Shale and Whangai Shale formations, effectively bringing the potential formations thickness to as much as 2000 feet of fractured oil shale.

"Kawakawa can be drilled at reasonable drilling costs due to the relatively shallow depths," Mr. Johnson added. TAG plans to complete additional geological and geochemical mapping over the area before adding Kawakawa-1 to the Company's multi-well East Coast drilling campaign that includes Boar Hill-1 and Waitangi Hill-1, all targeting the shale formations.

"The East Coast Basin represents a compelling long-term growth area for TAG. Not only does TAG enjoy the benefits of a politically stable country, more importantly; the East Coast basin is an excellent geological environment for fractured shale exploration. Combined with TAG's growing production operations, development activities and lower risk exploration opportunities in the proven Taranaki Basin, this East Coast acreage further solidifies TAG's longer term upside in this under-explored country," Mr. Johnson further commented.

For more information on TAG's oil shale prospects, visit: <http://www.tagoil.com/fractured-shale.asp>

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### **TAG Oil Ltd.**

TAG Oil Ltd. is a Canadian-based company with international operations in New Zealand. The Company holds an extensive drill ready, lower risk, prospect inventory in the Taranaki Basin, including a 100% interest in the Cheal oil and gas discovery now under appraisal and development. TAG is positioned to build near-term production through further development and step out exploration in the Cheal Mining License and additional drill ready, high impact exploration acreage in the Taranaki discovery fairway.

In the East Coast Basin, the Company intends to exploit the potential significant undiscovered resources that have been demonstrated in the Waipawa Black Shale and Whangai Shale source-rock formations using technologies that are commonplace in North America but not yet employed in New Zealand.



In addition, TAG is appraising a shallow historical light oil discovery as well as testing high-impact conventional prospects across a million-acre holding.

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**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 Oil. Actual results may vary materially from the information provided in this release. As a result 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. Actual results may differ materially from the results predicted, and reported results should not be considered as an indication of future performance. Factors that could cause actual results to differ from those contained in the forward-looking statements are set forth in, but are not limited to, filings that the Company and its independent evaluator have made, including the Company's most recent reports in Canada under National Instrument 51-102.

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