

March 1, 2010

TAG Oil Achieves Strong Quarterly Results and Updates Operations

Vancouver, B.C. - March 1, 2010 - New Zealand oil and gas producer TAG Oil Ltd. (TSX-V: TAO) is pleased to announce its financial results and the completion of several strategic acquisitions. These acquisitions firmly position TAG with 100% control of all assets, including near-term production and reserve growth potential at producing properties, low-risk exploration prospects in the Taranaki discovery fairway, and a 2.4 million-acre unconventional fractured oil shale frontier.

Highlights for the third quarter of TAG's 2010 fiscal year:

- Production revenue of \$3,452,359 (nine months: \$4,712,532) recorded, compared to \$671,355 in Q2;
- Net income of \$336,239, compared to a net loss of \$1.9 million in Q2;
- Production of 23,314 net barrels of oil, compared to 9,607 barrels in Q2;
- 33,023 net barrels of oil sold for the quarter, compared to 8,728 barrels of oil sold in Q2;
- Production costs reduced by 38% to \$21 per barrel compared to \$34 per barrel for the comparable period last year;
- Increased cash and cash equivalents, after all acquisition costs, from \$6.5 million to \$9.4 million, and ended the quarter with working capital of \$10.5 million and no debt;
- Completed the acquisition of the remaining interest in the Cheal oil and gas field;
- Completed the business combination with Trans-Orient Petroleum Ltd. on December 16, 2009;
- Completed the acquisition of the remaining exploration interests in PEP 38748, located within the Taranaki Basin production fairway;
- Awarded a 100% interest in a 61,900-acre permit extension located in the southern portion of the onshore East Coast Basin covering the Kawakawa oil-shale prospect.

TAG Oil CEO Garth Johnson commented, "TAG's third quarter was undoubtedly a significant milestone in the Company's history. Closing several transformational acquisitions has set the stage for significant growth. We are proud of these achievements, and management now looks forward to focusing attention on exploitation of the significant upside potential within TAG's acreage."

Operations Update

The first phase of optimization work at the Cheal oil and gas field will begin in March 2010. This program is anticipated to increase daily production, reduce production costs, increase reserve recovery rates and establish a new reserve base in a secondary formation. The program consists of the following operations:

- a) Cheal-A7 will be fracture stimulated; downhole completion equipment will be reconfigured to increase oil flow capabilities in the wellbore and reduce operating costs. Third-party reservoir modeling has indicated the fracture stimulation could increase daily production from the Cheal-A7 well by 60% to 80%, along with the benefit of improved reserve recovery. Cheal-A7 is currently flowing approximately 75 barrels of oil per day.
- b) TAG will re-enter a suspended wellbore, Cheal-1, and target the bypassed Urenui Formation approximately 400m shallower than the main producing Mt. Messenger zone. Cheal-1 was

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originally drilled in 1995, unsuccessfully targeting a deeper formation (Moki Formation), and the Urenui Formation currently has no assigned reserves at Cheal. However, the Urenui formation encountered at Cheal-1 was previously perforated, tested and stabilized at approximately 50 barrels of oil and more than 1mmcf of gas per day (approximately 200 boe per day). TAG will re-configure the downhole completion tools in the existing well, adding downhole heating and other wax reduction technology to re-test the Urenui Formation at a depth of approximately 1,400m. The Urenui Formation has consistently demonstrated oil and gas shows in *all eleven* Cheal wells drilled, but was bypassed to focus on production from the Mt. Messenger formation at approximately 1,800m.

- c) Cheal-A3X operations will remove a leaking casing patch that was initially set to patch perforations in this well over the Urenui Formation at approximately 1,400m. TAG will set a removable bridge plug below the Urenui formation, temporarily suspending production from the Mt. Messenger Formation. The completion string will be reconfigured with wax reduction technology and re-installed to test the Urenui Formation.

"We are deploying advanced oil field technologies and procedures that are commonplace in North America but not yet applied to the Cheal field. With a cost of under \$2 million, this initial program is not only attractive in terms of return on investment, but will also provide a catalyst for future technology-driven development of the Cheal pool. The coming test will also potentially capture reserves not yet booked from a secondary oil and gas formation," noted Mr. Johnson.

In the East Coast Basin, TAG will spud the Waitangi Hill-2 well, the first well in an initial three-well program, in early March 2010. This 250m continuous-core well in the 530,000-acre Waitangi Hill permit PEP 38348 will twin the historic Waitangi-1 oil discovery drilled in the early 1900s. Oil production from Waitangi-1 has been tested and confirmed as having the underlying Waipawa Black Shale and the Whangai Shale as the source of its high-quality light oil.

To see video footage demonstrating the high-quality oil collected from the East Coast basin please click the following link: <http://tagoil.com/tag-oil-tv.asp?vd=4>

This initial program is intended to appraise and assess the economics of this shallow conventional oil play, and also to collect valuable data to evaluate deepening these Waitangi Hill wells by another 1000-1500m to intersect the Waipawa Black Shale and Whangai Shale formations, where production could also potentially be established directly from these high-quality source rocks.

To see video footage of the historical Waitangi-1 discovery please click the following link: <http://www.tagoil.com/tag-oil-tv.asp?vd=3>

Garth Johnson further commented, "These wells represent the first modern core data collected since the original Waitangi Hill oil discoveries and is an exciting step forward to confirming the potential of a widespread shallow oil development that could be developed relatively quickly and inexpensively, and provide additional near-term cash flow."

TAG advises that it has filed its interim financial statements and the accompanying management's discussion and analysis for the nine months ending December 31, 2009 on SEDAR (sedar.com). These documents can also be viewed on the Company's website at <http://tagoil.com/financial-reports.asp>.

TAG Oil Ltd.

TAG Oil Ltd. is a Canadian-based company with international operations in New Zealand. The Company holds an extensive drill-ready 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 optimization of the existing producing wells and through further development and exploration of the Cheal Mining License and drill ready exploration acreage in the Taranaki production fairway.

In the East Coast Basin, the Company intends to exploit the potential 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 2.4 million-acre holding.

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The term "barrels of oil equivalent" or "boe" may be misleading, particularly if used in isolation. A boe conversion ratio of 6000 cubic feet (6 mcf) to one barrel (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.

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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