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TAG Oil Announces 365% Production Increase at Cheal A7 Well with First Fracture Stimulation in New Zealand Oil Field

Vancouver, B.C., May 13, 2010 - Oil and gas producer TAG Oil Ltd. (TSX-V: TAO) is pleased to announce that the Company has successfully completed its first fracture stimulation at the Cheal oil and gas field since acquiring a 100% interest in the Taranaki Basin new field oil and gas discovery in late 2009.

TAG completed a 17-ton artificial fracture stimulation into the Mt. Messenger Formation on the Cheal A7 well. Initial flow testing has increased daily production rates on the Cheal A7 well by approximately 365% to 292 BOE per day. The well is expected to take up to two weeks to fully clean-up and is currently being choked back to minimize frac-sand flow back. Prior to the fracture stimulation, the Cheal A7 well was producing 80 BOE per day. This field's high-quality oil sells at a premium to West Texas Intermediate, primarily to Australian, Korean and Japanese refineries, and the A7 well has been tied into TAG's nearby Cheal Production Station.

TAG Oil Chief Executive Officer Garth Johnson commented, "These encouraging results are an example of how TAG can deliver value by leveraging our North American expertise and technology to under-developed New Zealand oil fields. The success of this newly fractured Cheal A7 well provides a catalyst for future development of the field. In addition to the increased cash flow, these results should also increase overall recovery potential of the field, as well as contribute to lower production and finding costs."



TAG owns 100% of the Cheal Production Licence, which is only lightly explored. In addition to the inherent potential within the defined Cheal discovery area, including additional existing Cheal production wells as fracture candidates, the Company has an extensive inventory of follow-on prospects identified on 3D seismic and drill-ready. TAG plans in the near future to begin a Taranaki drilling campaign that will include horizontal drilling with multi-stage fracturing, combined with downhole heating and advanced recovery technologies as standard completion methodology.

"TAG is proud to be the first mover in New Zealand by taking advantage of proven technologies that are commonplace in North America and applying them to our developing Taranaki oil fields," Mr. Johnson noted. "TAG has built a strong operational team that unites North American and New Zealand expertise, and I would like to commend all participants in these operations for a job well done."

BOE Cautionary Statement

BOEs may be misleading, particularly if used in isolation. A BOE conversion ratio of 6 Mcf: 1bbl is based on an energy equivalency at the burner tip and does not represent a value equivalency at the wellhead.

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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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 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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