

May 5, 2010

### **TAG Oil Closes \$20 Million Equity Financing**

Vancouver, B.C. – May 5, 2010 – TAG Oil Ltd. (TSX-V: TAO) (the "Company") is pleased to announce that it has closed its previously announced equity offering (the "Offering"). The Company sold, through a syndicate led by GMP Securities L.P. and including Cormark Securities Inc. (the "Underwriters") a total of 7,700,000 units ("Units") (which includes the exercise in full of the over-allotment option of 1,000,000 Units) at a price of \$2.60 per Unit (the "Offering Price") for gross proceeds of \$20,020,000. Each Unit is comprised of one common share of the Company (a "Common Share") and one-half of one common share purchase warrant (a "Warrant"). Each whole Warrant will be exercisable at \$3.60 and will entitle the holder thereof to acquire one Common Share for a period of 18 months following the closing of the Offering.

The Company intends to use the net proceeds of the Offering to fund its exploration and development programs in the onshore portion of the Taranaki Basin and the East Coast Basin of New Zealand, for working capital and general corporate purposes.

This press release shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the securities in any state of the United States in which such offer, solicitation or sale would be unlawful. The securities have not been registered under the 1933 Act, and may not be offered or sold in the United States or to, or for the account or benefit of, U.S. persons (as such terms are defined in Regulation S under the 1933 Act) absent registration or an applicable exemption from the registration requirements.

### **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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### **Cautionary Note Regarding Forward-Looking Statements:**

Certain statements contained herein constitute forward-looking statements, including statements concerning the anticipated use of proceeds. We believe the expectations reflected in those forward-looking statements are reasonable but no assurance can be given that these expectations will prove to be correct and such forward-looking statements included herein should not be unduly relied upon. The forward-looking statements included in this press release are made as of the date of this press release and TAG disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as expressly required by applicable securities legislation.

*Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.*