

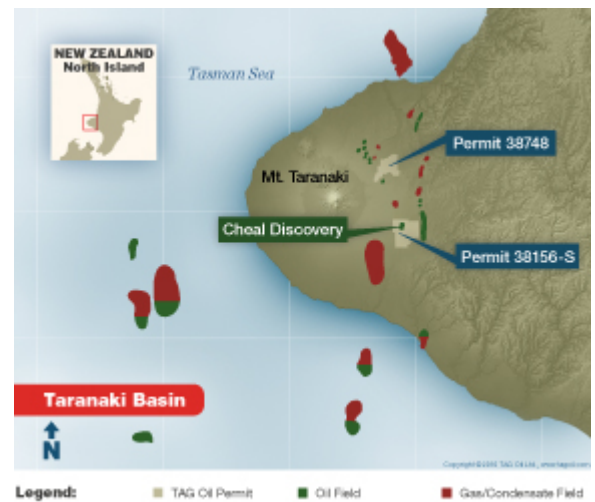
July 29, 2010

TAG Oil Announces Year-End Financial Results and Operating Highlights

Vancouver, B.C. – July 29, 2010 – TAG Oil Ltd., (TSX-V, trading symbol: “TAO”) a Canadian-based production and exploration company with operations in New Zealand, reported financial results and operating highlights today. TAG reports that it has filed these results along with its Annual Information Form with the Canadian Securities Administrators as well as NI 51-101-compliant reserves disclosure for the period ended March 31, 2010. Copies of these documents can be obtained electronically at www.sedar.com or through the Company's website: <http://tagoil.com/financial-reports.asp>.

Year-End Highlights

- Production revenue for 2010 increased to \$6,527,585, compared to \$4,923,856 in 2009.
- TAG produced 67,525 net barrels of light oil in fiscal 2010, which was sold at an average price of \$84.50 per barrel. Daily production averaged 323 gross barrels of oil per day and 294 mcf gas per day. Current daily production is 414 barrels of oil and 667 mcf of gas. Production costs for fiscal 2010 were \$22 per barrel; operating efficiencies continue to improve, and additional production will also reduce per-barrel production costs.
- TAG acquired the remaining 69.5% interest in the Cheal Mining Permit, which contains the producing Mt. Messenger oil and gas discovery and the bypassed Urenui discovery currently under appraisal. The acquisition also included the Cheal treatment and production facilities and related infrastructure. Over 90% of the 7487-acre (11 section) permit is lightly explored, adding low-risk opportunity for additional discoveries to be made. Numerous drill-ready prospects that have been identified on the permit-wide 3D seismic data have been prioritized for step-out drilling. Early testing of various downhole recovery technologies have already set the stage for boosting production and recovery from the current 9.55 million barrels of original oil in place within the 608-acre area attributed to discovered resources.
- TAG acquired the remaining 66.67% interest in a 7910-acre (12 section) exploration permit, PEP 38748. The permit area contains numerous low-risk, high-impact drilling prospects defined on the permit-wide 3D seismic data, and is located on trend within the onshore Taranaki Basin discovery fairway.
- TAG's 2P reserves increased by 450% to 651,000 barrels in the Cheal Mining Permit (PMP 38156-S) per the Company's independent assessment of reserves effective as of March 31, 2010. The increases result from a number of factors such as recovery factors, oil prices and projected future well performance. TAG's initial optimization program and success from initial testing of recovery technology seeks to build upon these reserve increases in the near future. The success of this initial program has set the stage for a more aggressive approach to develop the Cheal field, and has provided support for the significant upside potential of the Cheal area.



The Taranaki Basin, where TAG's Cheal oil and gas discoveries are located, is a lightly-explored emerging oil, gas province with significant success and discovery potential remaining.

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- TAG completed a second transformational acquisition of Trans-Orient Petroleum's conventional prospects and unconventional oil shale prospects in the onshore East Coast Basin. This acquisition positioned TAG with a 100% interest in over 2 million onshore acres in a lightly explored rift basin. This basin was independently estimated in September 2008 to have a total hydrocarbon potential with a best-estimate volume of 12.6 billion barrels of undiscovered hydrocarbon-in-place within the Waipawa Black Shale and Whangai Shale oil and gas source rock formations. The acreage also contains a number of drill-ready conventional prospects estimated in September 2007 to have a total hydrocarbon potential with a best-estimate volume of 1.7 billion barrels of undiscovered hydrocarbon-in-place. During the 2010 fiscal year TAG began appraising the historical Waitangi Hill shallow (250m) light oil discovery with a stratigraphic well test, with encouraging results. A thin pressurized oil zone was intersected. Tests confirm that the oil generated in this zone was generated from the underlying shale formations, as was oil sampled from the historical Waitangi-1 wellbore, providing evidence of the maturity of the shale formations and their viability as source rocks and reservoir targets.
- TAG was awarded a 100% interest in a 61,900-acre permit extension that includes the remaining portion of the very large Kawakawa oil shale prospect located onshore in the East Coast Basin. This acquisition further solidified TAG's position in this highly prospective unconventional frontier area, and will be one of several key areas of exploration drilling focus when TAG initiates its East Coast drilling campaign.
- TAG is financially strong, with net working capital as at March 31, 2010 of \$9.57 million. TAG's working capital as of July 29, 2010 is approximately \$26 million; the Company is completely debt free, and has maintained the integrity of its share structure.

TAG Oil CEO Garth Johnson commented, "Fiscal 2010 was a year of significant value creation, growth and high-level achievement in all areas of the Company. More importantly, the series of transformational acquisitions completed during fiscal 2010 set the foundation for rapid growth, and has placed TAG into a new tier of emerging international companies. TAG has 100% interests in all of its assets and can control the process to drive reserve growth, and to exploit and unlock the potential identified within the Company's acreage."

Liquidity and Financial Summary

The Company recorded a net loss for the year of \$2.6 million, compared to a loss of \$18.9 million for the year ended March 31, 2009. The 2010 net loss consisted primarily of a write-off of \$1.4 million related to Austral Pacific Energy Ltd. shares that were issued to TAG, along with cash, as part of an arrangement to settle a dispute with Austral Pacific Energy Ltd. in 2008. Additional contributions to the net loss were other non-cash items: depletion, stock-based compensation, and a write-down of inventory totaling \$1.38 million.

On May 5, 2010 TAG issued 7.7 million shares at \$2.60 per common share to Canadian institutions, private funds and investors for net proceeds of \$18.7 million. TAG also issued 3.85 million warrants to these investors, exercisable at \$3.60 per share until November 5, 2011. This financing was conducted by a syndicate led by GMP Securities L.P. and including Cormark Securities Inc. TAG currently has 37,646,608 common shares outstanding and 43,566,060 common shares outstanding on a fully diluted basis.

Capital Expenditure

Capital expenditures during fiscal 2010 totaled \$6,415,189, compared to \$2,128,790 during 2009. Major capital expenditure items during 2010 related to the acquisition of a 69.5% interest in Petroleum Mining Permit 38156-S, containing the Cheal oil and gas discoveries, which brought TAG's interest to 100%. In addition, the Company incurred costs related to acquiring Trans-Orient Petroleum Ltd. and the tie-in of the Cheal-A7 well to the Cheal production facility, long-lead items and costs associated with exploration in the East Coast Basin.

TAG will soon begin a multi-well exploration and development drilling campaign in Taranaki while also conducting new optimization operations consisting of additional fracture treatments to existing Cheal wells, further implementation of downhole heating technologies to unlock the significant potential in the bypassed Urenui discovery, and the Cheal field's first horizontal well with multi-stage fracture treatments into the proven Mt. Messenger area.

"In the short term we are focused on building our production and profitability, and adding additional proven reserves in Taranaki. We are also preparing to initiate drilling operations and consider strategic initiatives to explore the major potential in the East Coast Basin in early 2011, targeting the conventional and unconventional prospects," Johnson concluded.

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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