

July 8, 2010

**TAG Oil Announces a 450% Increase to Mt. Messenger Reserves in Taranaki Oil Field, New Zealand**

Vancouver, B.C. – July 8, 2010 – TAG Oil Ltd. (TSX-V: TAO) is pleased to announce that an independent assessment of reserves on the Cheal Mining Permit, onshore Taranaki Basin, New Zealand, conducted as of March 31, 2010, has assigned net proved and probable reserves remaining of 651,000 barrels of oil, plus associated gas of 258mmcf. These result in a net present value of \$29.43 million. The Cheal oil pool presently produces solely from the Mt. Messenger Formation at an approximate depth of 1800m (5900 feet) and the increase in value and reserves are based on a number of factors: increased recovery, revised projected future well performance and revised oil price forecast.

The report was completed by Sproule International Limited, one of Canada's largest petroleum engineering consulting companies. For further information on TAG Oil's reserves and resource potential in the Taranaki basin and conventional and unconventional resource potential from fractured oil shale in the East Coast basin please follow this

link: <http://tagoil.com/reserves.asp>

TAG Oil Chief Executive Officer, Garth Johnson, commented, "We are very pleased with this early increase in proven and probable reserves, given TAG only acquired 100% control of the Cheal Mining Permit in October 2009. More importantly, the strong performance after the fracture treatment of the Cheal A-7 well clearly demonstrates further increases to both flow rates and reserves are possible within the defined proven reserve area in the Mt. Messenger Formation."

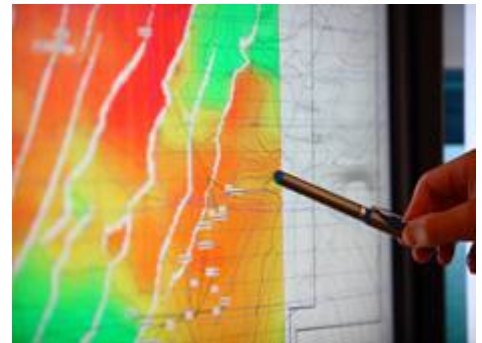
Based on the success at the Cheal A-7 well, TAG is proceeding with additional fracture treatments in existing Cheal wells and commencing a horizontal drilling campaign, including multi-stage fracture treatments targeting proven and probable reserve areas. The goal of this program is to significantly boost recovery factors from the 10 million barrels of oil-in-place already defined.

The Company also plans to drill a series of step-out exploration wells to test numerous multi-zone prospects defined on the permit-wide 3D seismic set and test numerous additional fault blocks within the lightly explored Cheal acreage area.

**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.



Activities at Cheal has been concentrated to just an 8% area of the 7500 acre Cheal permit area. TAG plans to initiate permit-wide exploration with a goal to capture new reserves in multiple zones.

**TAG Oil Ltd.**  
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**Cautionary Note Regarding 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 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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