TAG Oil

Consolidated Interim Financial Statements

September 30, 2010

(Unaudited)

TAG Oil Ltd.
www.tagoil.com

Corporate Office
2901-1050 Burrard Street
Vancouver, British Columbia
V6Z 2S3 Canada
ph 604-682-6496
fx 604-682-1174

Technical Office
11 Young Street
P.O. Box 402
New Plymouth, 4340
New Zealand
ph 64-6-759-4019
fx 64-6-759-4065

Consolidated Balance Sheets
Expressed in Canadian Dollars

	September 30, 2010 Unaudited	March 31, 2010
Assets		
Current		
Cash and cash equivalents	$ 23,959,138	$ 9,846,019
Amounts receivable and prepaids	419,424	357,027
Inventory	1,170,974	712,877
	25,549,536	10,915,923
Restricted cash	121,399	121,399
Property and equipment (Note 4)	14,790,705	9,490,006
Investment (Note 6)	829,400	601,158
	$ 41,291,040	$ 21,128,486
Liabilities and Shareholders' Equity		
Current		
Accounts payable and accrued liabilities	$ 2,639,272	$ 1,466,941
Asset retirement obligations (Note 7)	345,064	347,800
	2,984,336	1,814,741
Non-current		
Asset retirement obligations (Note 7)	2,337,269	1,949,371
	5,321,605	3,764,112
Share capital (Note 8 (a))	94,648,423	76,228,207
Contributed surplus (Note 8 (a))	1,841,148	1,218,746
Deficit	(60,507,849)	(60,118,465)
	35,981,722	17,328,488
Accumulated other comprehensive income (loss)(Note 9)	(12,287)	35,886
	$ 41,291,040	$ 21,128,486

See accompanying notes.

Approved by the Board of Directors:

"Garth Johnson" "John Vaccaro"

Garth Johnson, Director **John Vaccaro, Director**

Consolidated Statements of Operations and Deficit
Expressed in Canadian Dollars
Unaudited

	Three months ended September 30		Six months ended September 30	
	2010	2009	2010	2009
Revenues				
Production revenue	$ 2,413,333	$ 671,355	$ 4,227,063	$ 1,260,173
Royalty costs	(721,355)	(33,194)	(1,267,748)	(31,130)
	1,691,978	638,161	2,959,315	1,229,043
Expenses				
General and administrative	545,603	370,297	1,118,219	698,130
Depletion, depreciation and accretion	327,605	298,165	544,941	525,221
Directors & officers insurance	8,750	10,208	21,917	21,083
Foreign exchange	115,820	240,715	(132,605)	298,803
General exploration	48,298	22,949	87,862	41,665
Interest income	(41,546)	(20,199)	(65,863)	(44,082)
Legal settlement	-	(1,306)	-	(52,999)
Production costs	711,068	190,414	1,285,013	383,487
Emissions Trading Scheme	22,438	-	22,438	-
Loss on casing inventory sales	-	5,818	-	5,818
Realized loss on investment	-	1,431,979	-	1,431,979
Stock based compensation	462,765	-	466,777	872
	(2,200,801)	(2,549,040)	(3,348,699)	(3,309,977)
Net loss for the period	(508,823)	(1,910,879)	(389,384)	(2,080,934)
Deficit, beginning of period	(59,999,026)	(57,687,978)	(60,118,465)	(57,517,923)
Deficit, end of period	$ (60,507,849)	$ (59,598,857)	$ (60,507,849)	$ (59,598,857)
Loss per share -basic	$ (0.01)	$ (0.11)	$ (0.01)	$ (0.12)
-diluted	$ (0.01)	$ (0.11)	$ (0.01)	$ (0.12)
Weighted average number of shares outstanding	37,646,608	16,845,853	36,209,586	16,845,853

See accompanying notes.

Consolidated Interim Statements of Comprehensive Income (Loss)
(Expressed in Canadian Dollars)
(Unaudited – Prepared by Management)

	Three months ended September 30		Six months ended September 30	
	2010	2009	2010	2009
Net loss for the period	$ (508,823)	$ (1,910,879)	$ (389,384)	$ (2,080,934)
Other comprehensive income (loss) in the period				
Fair value adjustment on available for sale financial instruments:				
Investments (Note 9)	(25,428)	4,423	(48,173)	15,223
Realized loss on investment reclassified to net income	-	1,219,858	-	1,219,858
Other comprehensive income (loss) in the period	(25,428)	1,224,281	(48,173)	1,235,081
Comprehensive loss for the period	$ (534,251)	$ (686,598)	$ (437,557)	$ (845,853)

See accompanying notes.

TAG Oil

Consolidated Statements of Cash Flows
Expressed in Canadian Dollars
Unaudited

	Three months ended September 30		Six months ended September 30	
	2010	2009	2010	2009
Operating Activities				
Net loss for the period	$ (508,823)	$ (1,910,879)	$ (389,384)	$ (2,080,934)
Changes for non-cash operating items:				
Depletion, depreciation and accretion	327,605	298,165	544,941	525,221
Realized loss on investment	-	1,431,979	-	1,431,979
Stock based compensation	462,765	-	466,777	872
	281,547	(180,735)	622,334	(122,862)
Changes for non-cash working capital accounts:				
Amounts receivable and prepaids	73,451	142,056	(62,397)	32,111
Accounts payable and accrued liabilities	40,723	(8,462)	(103,824)	(45,779)
Inventory	(221,801)	(20,726)	(458,097)	(96,750)
Cash provided by (used in) operating activities	173,920	(67,867)	(1,984)	(233,280)
Financing Activities				
Shares purchased and returned to treasury	-	(1,175)	-	(41,767)
Share capital from issue of new shares	-	-	18,534,174	-
Share capital from exercised options	-	-	41,667	-
Cash (used in) provided by financing activity	-	(1,175)	18,575,841	(41,767)
Investing Activities				
Property and equipment expenditures	(1,974,622)	(195,667)	(4,184,323)	(477,670)
Purchase of shares	(158,045)	(69,708)	(276,415)	(69,708)
Cash used in investing activities	(2,132,667)	(265,375)	(4,460,738)	(547,378)
Net (decrease) increase in cash during period	(1,958,747)	(334,417)	14,113,119	(822,425)
Cash and cash equivalents - beginning of the period	25,917,885	6,897,169	9,846,019	7,385,177
Cash and cash equivalents – end of the period	$ 23,959,138	$ 6,562,752	$ 23,959,138	$ 6,562,752

See accompanying notes.

Supplementary disclosures:				
Interest received	$ 41,546	$ 20,199	$ 65,863	$ 44,082

Non-cash investing activities:
The Company incurred $2,532,315 in exploration expenditures which amounts were in accounts payable at September 30, 2010 (June 30, 2010: $1,227,583 and March 31, 2010: $1,256,159).

TAG Oil

Notes to the Consolidated Interim Financial Statements
Six Months Ended September 30, 2009
Expressed in Canadian Dollars
Unaudited

Note 1 – Nature of Operations

The Company is in the process of exploring, developing and producing from its oil and gas properties and has one oil and gas property that contains reserves that are economically recoverable. The success of the Company's exploration and development of its oil and gas properties requires a significant additional exploration and development activities to establish additional proved reserves and to commercialize its oil and gas exploration properties. The Company is also influenced by significant financial and legal risks, as well as commodity prices. In addition, the Company must continue to obtain sufficient financing and operating cash flow to further explore and develop its properties towards planned principal operations. The Company monitors its expenditure budgets and adjusts its expenditure plans to conform to available funding. The Company plans to fund exploration and development activities through existing cash resources and in the future by offering equity securities.

Note 2 – Accounting Policies and Basis of Presentation

The unaudited consolidated interim financial statements of TAG Oil Ltd. and its wholly owned subsidiaries have been prepared in accordance with generally accepted accounting principles in Canada, which were the same accounting policies and methods of computation as the audited consolidated financial statements as at March 31, 2010, with the exception of the changes discussed herein.

The disclosure which follows is incremental to the disclosure included in the annual consolidated financial statements. These interim financial statements to September 30, 2010 should be read in conjunction with the Company's audited consolidated financial statements and the notes thereto for the year ended March 31, 2010.

Note 3 – Future Changes in Accounting Policies

International Financial Reporting Standards ("IFRS")

In February 2008 the Canadian Accounting Standards Board announced 2011 as the changeover date for publicly-listed companies to use IFRS, replacing Canada's own generally accepted accounting principles. The specific implementation is set for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition date of January 1, 2011 will require restatement of material differences created by the transition to IFRS for comparative purposes of amounts reported by Corporation for the year ended March 31, 2011, if any. The Corporation's New Zealand subsidiaries adopted and reported based on New Zealand equivalents to International Reporting Standards (NZ IFRS) from March 31, 2008. As the Corporation's operations are primarily in New Zealand, the Corporation expects minimal impact on the accounting policies, financial reporting and information and technology systems and processes as it transitions the consolidated financial statements to IFRS. The Corporation's management has reviewed the financial statements and have not identified any material changes that will be required to transition to IFRS.

Business Combinations

In January 2009, the CICA issued section 1582, "Business Combinations," which will replace CICA section 1581 of the same name. Under this guidance, the purchase price used in a business combination is based on the fair value of shares exchanged at their market price at the date of the exchange. Currently the purchase price used is based on the market price of the shares for a reasonable period before and after the date the acquisition is agreed upon and announced. This new guidance generally requires all acquisition costs to be expensed, which currently are capitalized as part of the purchase price. Contingent consideration is to be recognized at fair value at the acquisition date and will generally be measured at fair value through earnings each period until settled. Currently only contingent consideration that is resolved and payable is included in the cost to acquire the business. In addition, negative goodwill (bargain purchase gain) is required to be recognized immediately in earnings, unlike the current requirement to first reduce non-current assets in the purchase price allocation with any excess being recognized as an extraordinary gain. Section 1582 is effective January 1, 2011 with prospective application and early adoption permitted.

TAG Oil

Consolidated Financial Statements

In January 2009, the CICA issued section 1601, "Consolidated Financial Statements" which will replace CICA section 1600 of the same name. This guidance requires uniform accounting polices to be consistent throughout all consolidated entities and the difference between reporting dates of a parent and a subsidiary to be no longer than three months. These are not explicitly required under the current standards. Section 1601 is effective on January 1, 2011 with early adoption permitted. This standard is not anticipated to have a significant effect on the Company.

Non-Controlling Interests

In January 2009 the CICA issued section 1602, "Non-controlling Interests" which will replace CICA section 1600, "Consolidated Financial Statements". Minority interest is now referred to as non-controlling interest and is presented within equity. Under this new guidance, when there is a change in control there is a gain or loss recognized on the sale of the held interests whereas increases or decreases in a parent's ownership interest while retaining control is a capital transaction. Section 1602 is effective on January 1, 2011 with early adoption permitted.

Note 4 – Property and Equipment

New Zealand	Working Interest %	Net Book Value at March 31, 2010	Additions During the Period	Recoveries, Depletion and Depreciation During the Period	Net Book Value At September 30, 2010
Oil and Gas Properties					
Proved					
PMP 38156-	100.0	$ 7,479,205	$ 3,457,468	$ (114,728)	$ 10,821,945
Unproved					
PEP 38748	100.0	229,617	1,532,970	-	1,762,587
PEP 38348	100.0	550,808	84,505	-	635,313
PEP 50940	100.0	49,122	22,618	-	71,740
PEP 38349	100.0	790,550	84,546	(464)	874,632
		9,099,302	5,182,107	(115,192)	14,166,217
Production equipment		178,628	105,373	-	284,001
Office equipment		212,076	172,999	(44,588)	340,487
		390,704	278,372	(44,588)	624,488
Total		$ 9,490,006	$ 5,460,479	$ (159,780)	$ 14,790,705

The Company's oil and gas properties are located in New Zealand and its interests in these properties are maintained pursuant to the terms of exploration and mining permits granted by the national government. The Company is satisfied that evidence supporting the current validity of these permits is adequate and acceptable by prevailing industry standards in respect to the current stage of exploration on these properties.

During the period ended September 30, 2010, the Company acquired 100% interest in PEP 38156-Deep for cash, assumption of a 0.775% gross overriding royalty of 15.1% interest in the permit and certain asset retirement obligations of $443,039 associated with the deep prospect. This interest was acquired from the receivers and liquidators of the previous operator and its joint venture partner, a New Zealand state-owned utility and in doing so the previously stratigraphically split PMP 38156 has been consolidated into PMP 38156.

TAG Oil

Note 5 – Related Party Transactions

The Company is of the view that the amounts incurred for services provided by related parties approximates what the Company would incur to arms-length parties for the same services.

Pursuant to an agreement dated October 1, 2007, the Company paid an insider of the Company $42,500 in consulting and advisory services related primarily to financing, budgeting and capital expenditure programs relating to the Company's plan of operations.

The Company paid all directors, on a consolidated basis, compensation of $57,500.

Note 6 – Investments

At September 30, 2010, the Company's ownership interests in investments accounted for under the cost method of accounting are as follows:

	Number of Common Shares Held	September 30, 2010 Carrying Value	Percentage of Ownership	Number of Common Shares Held	March 31, 2010 Carrying Value	Percentage of Ownership
Austral Pacific	3,030,303	$ -	-	3,030,303	$ -	-
Adira Energy	826,431	340,159	1.32%	826,431	360,523	1.32%
Other investments	1,612,000	489,241	0.73% - 4.45%	1,117,000	240,635	0.73% - 1.38%
		$ 829,400			$ 601,158	

Austral Pacific Energy Ltd. trading has been suspended as a result of the company being in receivership and the Company does not expect trading in Austral Pacific to recommence.

In accordance with CICA 3855 the Company's investments are recorded at market value at September 30, 2010.

Note 7 – Asset Retirement Obligations

The following is a continuity of asset retirement obligations for the six months ended September 30, 2010:

Balance at March 31, 2010	$ 2,297,171
Revision in estimated obligations	344,274
Accretion expense	40,888
Balance at September 30, 2010	$ 2,682,333
Current portion	345,064
	2,337,269

The Company's asset retirement obligations result from net ownership interests in petroleum and natural gas development activity. The Company estimates the total undiscounted amount of cash flows required to settle its asset retirement obligations to be approximately $2,711,131 which will be incurred between 2011 and 2021.

The fair value of the liability for the Company's asset retirement obligation is recorded in the period in which it is incurred, using an inflation rate of 3% and discounted to its present value using a credit adjusted risk free rate of 3.5% and the corresponding amount is recognized by increasing the carrying amount of the oil and gas properties. The liability is accreted each period and the capitalized cost is depreciated over the useful life of the related asset using the unit-of-production method.

Note 8 – Share Capital

a) Authorized and Issued Share Capital

The authorized share capital of the Company consists of an unlimited number of common shares without par value.

Issued and fully paid:	Number of Shares	Amount	Contributed Surplus
Balance at March 31, 2010	29,913,275	$ 76,228,207	$ 1,218,746
Issue of new shares	7,700,000	18,534,174	-
Exercise of stock options	33,333	41,667	-
Fair value of stock options exercised	-	9,007	(9,007)
Fair value of broker warrants granted	-	(164,632)	164,632
Stock based compensation	-	-	466,777
Balance at September 30, 2010	37,646,608	$ 94,648,423	$ 1,841,148

On May 5, 2010, the Company closed an equity offering with a total of 7,700,000 units and 231,000 broker warrants sold for net proceeds of $18,534,174. Each unit is comprised of one common share of the Company and one-half of one common share purchase 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.

b) Incentive Stock Options

The Company has a stock option plan for the granting of stock options to directors, employees and service providers. Under the terms of the stock option plan, the number of shares reserved for issuance as share incentive options will be equal to 10% of the Company's issued and outstanding shares at any time. The exercise price of each option equals the market price of the Company's shares the day prior to the date that the grant occurs less any applicable discount approved by the Board of Directors and per the guidelines of the TSX Venture Exchange. The options maximum term is five years and must vest over a minimum of eighteen months.

The following is a continuity of outstanding stock options:

	Number of Options	Weighted Average Exercise Price
Balance at March 31, 2010	1,861,785	$ 1.66
Granted	25,000	2.41
Granted	75,000	2.65
Granted	650,000	2.60
Expired	(15,000)	3.33
Exercised	(33,333)	1.25
Balance at September 30, 2010	2,563,452	$ 1.93

The following summarizes information about stock options that are outstanding at September 30, 2010:

Number of Shares	Price per Share	Weighted Average Remaining Contractual Life	Expiry Date	Options Exercisable
30,000	$6.50	0.00	November 22, 2010	30,000
65,000	$3.50	0.02	August 2, 2011	65,000
437,499	$1.38	0.42	March 14, 2013	437,499
71,429	$2.27	0.08	June 26, 2013	71,429
17,857	$1.51	0.02	July 21, 2013	17,857
150,000	$1.26	0.24	October 28, 2014	50,000
866,667	$1.25	1.38	October 28, 2014	288,889
175,000	$2.90	0.30	February 9, 2015	58,333
25,000	$2.41	0.04	April 1, 2015	-
75,000	$2.65	0.14	August 16, 2015	-
650,000	$2.60	1.25	September 9, 2015	-
2,563,452		3.89		1,019,007

The Company applies the Black-Scholes option pricing model using the closing market prices on the grant dates and to date the Company has calculated option benefits using a volatility ratio of 75% and a risk free interest rate of 3.5% to calculate option benefits. The fair value of the option benefit is amortized over the vesting period of the options, generally being eighteen months.

c) Share Purchase Warrants

The following is a continuity of outstanding TAG share purchase warrants:

	Number of Share Purchase Warrants	Weighted Average Exercise Price	Expiry Date
Balance at March 31, 2010	71,428	US$ 2.24	June 24, 2010
Issued during the period	4,081,000	3.60	November 5, 2011
Expired share purchase warrants	(71,428)	US$ 2.24	June 24, 2010
Balance at September 30, 2010	4,081,000	$ 3.60	

On May 5, 2010, 3,850,000 share purchase warrants and 231,000 share broker warrants were granted. Each warrant is exercisable at $3.60 and will entitle the holder to acquire one common share until expiry on November 5, 2011.

The Company applied the Black-Scholes on the broker warrants using the closing market price on the grant date, a volatility ratio of 75% and a risk free interest rate of 3.5% to calculate the benefit.

d) Loss per share

Basic weighted average shares outstanding for the six months ended September 30, 2010 was 28,937,499 (2009: 16,845,853) and diluted weighted average shares outstanding for the period was 35,581,951 (2009: 17,067,853). Stock options and share purchase warrants outstanding are not included in the computation of the diluted loss per share as the inclusion of such securities would be anti-dilutive.

Refer to Note 13

Note 9 – Accumulated Other Comprehensive Income (Loss)

	Accumulated Other Comprehensive income (loss)
Balance at March 31, 2010	$ 35,886
Unrealized loss on investments	(48,173)
Balance at September 30, 2010	$ (12,287)

Note 10 – Capital Management

The Company's primary objective for managing its capital structure is to maintain financial capacity for the purpose of sustaining the future development of the business and maintaining investor, creditor and market confidence.

The Company considers its capital structure to include shareholders' equity and working capital. Management is continually monitoring changes in economic conditions and the risk characteristics of the underlying petroleum and natural gas industry. In the event that adjustments to the capital structure are necessary, the Company may consider issuing additional equity, raising debt or revising its capital investment programs.

The Company's share capital is not subject to any external restrictions. The Company has not paid or declared any dividends since the date of incorporation, nor are any currently contemplated. There have been no changes to the Company's approach to capital management during the period.

Note 11 – Financial Instruments

The nature of the Company's operations expose the Company to credit risk, liquidity risk and market risk, and changes in commodity prices, foreign exchange rates and interest rates and may have a material effect on cash flows, net income and comprehensive income.

This note provides information about the Company's exposure to each of the above risks as well as the Company's objectives, policies and processes for measuring and managing these risks.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and to monitor market conditions and the Company's activities. The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework and policies.

a) Credit Risk

Credit risk is the risk of financial loss to the Company if counterparties do not fulfill their contractual obligations. The most significant exposure to this risk is relative to the sale of oil production; all of the Company's production is sold directly to an oil super major. The Company is paid for its oil sales within 30 days of shipment. The Company has assessed the risk of non-collection from the buyer as low due to the buyers financial condition.

Cash and cash equivalents consist of cash bank balances and short-term deposits. The Company's short-term investments are held with Canadian chartered banks and are monitored to ensure a stable return. The Company's short-term investments currently consist of term deposits as it is not the Company's policy to utilize complex, higher-risk investment vehicles.

The carrying amount of accounts receivable and cash and cash equivalents represents the maximum credit exposure. The Company does not have an allowance for doubtful accounts as at September 30, 2010 and did not provide for any doubtful accounts nor was it required to write-off any receivables during the period ended September 30, 2010. As at September 30, 2010 there were no significant amounts past due or impaired.

b) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its work commitments and other financial obligations as they are due. The Company's approach to managing liquidity is to ensure, to the extent possible, that it will have sufficient liquidity to meet its liabilities when due without incurring unacceptable losses or risking harm to the Company's reputation.

The Company's liquidity is dependent upon maintaining its current working capital balances, operating cash flows and ability to raise funds. To forecast and monitor liquidity the Company prepares operating and capital expenditure budgets which are monitored and updated as considered necessary. Considering these circumstances and the cash balance at September 30, 2010 of $24.0 million, the Company's liquidity risk is assessed as low. As at September 30, 2010 the Company's only financial liabilities are accounts payable and accrued liabilities of $2,639,272.

c) Market Risk

Market risk is the risk that changes in foreign exchange rates, commodity prices and interest rates will affect the Company's cash flows, net income and comprehensive income. The objective of market risk management is to manage and control market risk exposures within acceptable limits, while maximizing returns.

d) Foreign Currency Exchange Rate Risk

Foreign currency exchange rate risk is the risk that future cash flows, net income and comprehensive income will fluctuate as a result of changes in foreign exchange rates. All of the Company's petroleum sales are denominated in United States dollars and operational and capital activities related to our properties are transacted primarily in New Zealand dollars and/or United States dollars with some costs also being incurred in Canadian dollars.

The Company currently does not have significant exposure to other currencies and this is not expected to change in the foreseeable future as the work commitments in New Zealand are expected to be carried out in New Zealand and to a lesser extent, in United States dollars.

e) Commodity Price Risk

Commodity price risk is the risk that future cash flows will fluctuate as a result of changes in commodity prices, affecting results of operations and cash generated from operating activities. Such prices may also affect the value of exploration and development properties and the level of spending for future activities. Prices received by the Company for its production are largely beyond the Company's control as petroleum prices are impacted by world economic events that dictate the levels of supply and demand. All of the Company's oil production is sold at spot rates exposing the Company to the risk of price movements.

The Company did not have any commodity price contracts in place as at or during the period ended September 30, 2010.

f) Interest Rate Risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Company is exposed to interest rate fluctuations on its cash and cash equivalents which bear a floating rate of interest. The risk is not considered significant.

The Company did not have any interest rate swaps or financial contracts in place as at or during the period ended September 30, 2010 and any variations in interest rates would not have materially affected net income.

g) Fair Value of Financial Instruments

The Company's financial instruments as at September 30, 2010 included cash and cash equivalents, accounts receivable, investments and accounts payable and accrued liabilities. The fair value of the financial instruments with exception of the Company's investments, approximate their carrying amounts due to their short terms to maturity. The fair value of the Company's investments approximate their carrying value as they are recorded at market value at September 30, 2010.

Note 12 – Comparative Figures

Certain of the prior period's figures may have been reclassified in conformity with the current period's financial statement presentation.

Note 13 – Subsequent Events

The following subsequent events occurred after the quarter ended September 30, 2010:

On November 17, 2010, the Company closed a bought deal common share public offering. The Company sold a total of 10,300,000 common shares at a price of $5.20 per share for gross proceeds of $53,560,000. The

Company has also granted to the underwriters an over-allotment option, exercisable in whole or in part at any time

on or up to 30 days after the closing of the offering, to purchase up to an additional 1,250,000 common shares at the same price for additional gross proceeds of up to $6,500,000. On November 26, 2010, the over-allotment option was exercised in full.

On October 4, 2010 and November 2, 2010, the Company issued 25,000 and 8,333 common shares respectively as a result of options being exercised.

On November 18, 2010, the Company issued 69,300 common shares as a result of warrants being exercised.

On November 23, 2010, the Company issued 20,000 common shares as a result of options being exercised.

Note 14 – Segmented Information

The Company operates in one industry: petroleum exploration and production. It operates in two geographical regions, therefore information on country segments is provided as follows:

For the Six Months Ended September, 2010	Canada	New Zealand	Total Company
Production revenue	$ -	$ 4,227,063	$ 4,227,063
Royalties	-	(1,267,748)	(1,267,748)
	-	2,959,315	2,959,315
Expenses:			
General and administrative	(760,754)	(357,465)	(1,118,219)
Depletion, depreciation and accretion	(26,134)	(518,807)	(544,941)
Directors and officers insurance	(21,917)	-	(21,917)
Foreign exchange	70,656	61,949	132,605
General exploration	-	(87,862)	(87,862)
Interest income	59,147	6,716	65,863
Production costs	-	(1,285,013)	(1,285,013)
Emissions Trading Scheme	-	(22,438)	(22,438)
Stock based compensation	(466,777)	-	(466,777)
Net income (loss) income for the period	$ (1,145,779)	$ 756,395	$ (389,384)
Total assets	$ 22,260,756	$ 19,030,284	$ 41,291,040
Capital expenditures for the period	$ 26,297	$ 5,434,182	$ 5,460,479

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following Management's Discussion and Analysis (MD&A) is dated November 29, 2010, for the six month period ended September 30, 2010 and should be read in conjunction with the Company's accompanying unaudited consolidated interim financial statements, the audited consolidated financial statements and the MD&A for the year ended March 31, 2010.

Forward Looking Statements

The MD&A contains forward-looking statements within the meaning of securities laws, including the "safe harbour" provisions of Canadian securities legislation. Forward-looking statements and information concerning anticipated financial performance are based on management's assumptions using information currently available. Material factors or assumptions used to develop forward-looking information include potential business prospects, growth strategies, the ability to add production and reserves through development and exploration activities, the ability to reduce costs and extend commitments, projected capital costs, government legislation, well performance, the ability to market production, the commodity price environment and quality differentials and exchange rates. Management also assumes that the Company will continue to be able to maintain permit tenures in good standing, that the Company will be able to access equity capital when required and that the Company will maintain access to necessary oil and gas industry services and equipment to conduct its operations. Although management considers its assumptions to be reasonable based on these factors, they may prove to be incorrect.

Forward-looking information is often, but not always, identified by the use of words such as "anticipate", "assume", "believe", "estimate", "expect", "forecast", "guidance", "may", "plan", "predict", "project", "should", "will", or similar words suggesting future outcomes. Forward-looking statements in this MD&A include, but are not limited to, statements with respect to reserves, future production volumes, cash flow, royalty and tax obligations, production expenses, general and administrative expenses, future income taxes, and future exploration and development activities and the related expenditures.

Because forward-looking information addresses future events and conditions, it involves risks and uncertainties that could cause actual results to differ materially from those contemplated by the forward-looking information. These risks and uncertainties include, but are not limited to: access to capital, commodity price volatility; well performance and marketability of production; transportation and refining availability and costs; exploration and development costs; the recoverability of reserves; reserves estimates and valuations; the Company's ability to add reserves through development and exploration activities; accessibility of services and equipment, fluctuations in currency exchange rates; and changes in government legislation and regulations.

The forward-looking statements contained herein are as of November 29, 2010 and are subject to change after this date. Readers are cautioned that the foregoing list of factors that may affect future results is not exhaustive and as such undue reliance should not be placed on forward-looking statements. Except as required by applicable securities laws, with the exception of events or circumstances that occurred during the period to which the MD&A relates that are reasonably likely to cause actual results to differ materially from material forward-looking information for a period that is not yet complete that was previously disclosed to the public, the Company disclaims any intention or obligation to update or revise these forward-looking statements, whether as a result of new information, future events or otherwise.

Business

TAG Oil Ltd. is a Canadian-based oil and gas producer and explorer with assets consisting of more than 2 million acres of land onshore in the Taranaki and East Coast Basin's of New Zealand. TAG is poised to grow through profitable operations, acquisition, development and exploration. TAG remains in a strong financial position, with sufficient working capital to fund operations and meet all commitments for the foreseeable future.

At the date of this report there are seven wells producing at the Cheal oil field. TAG believes that a properly executed development plan at Cheal will allow for an increase in reserves and reserve values through optimization and further drilling.

The Company is nearing completion of a number of operations in the Taranaki Basin that included drilling the Sidewinder-1 well (PEP 38748) and the Cheal- BH-1 well (PMP 38156) and conducting work-overs on two wells within the Cheal Mining Permit. The Company is planning an aggressive Taranaki drilling program as well as developing facilities and pipelines to commercialize the Sidewinder-1 oil and gas discovery in the fourth quarter of the 2011 fiscal year.

Longer-term the Company will pursue its goal of converting the undiscovered resource potential of the Company's 100% interests in the East Coast Basin that has been independently assessed to be contained within the 2 million acres of exploration to proved reserves. The Company will also continue to identify other opportunities for growth through acquisitions and through the provision of funding for suitable development opportunities.

Petroleum Property Activities, Production and Capital Expenditures for the quarter ended September 30, 2010

During the three-month period ended September 30, 2010, the Company made an oil and gas discovery in TAG's 100% controlled permit PEP 38748. The Sidewinder-1 well was drilled to a total depth of 1,601m, and encountered 14 meters of net (22m gross) oil-bearing sandstones in the Mt. Messenger formation. The well has been perforated and a 10 day sustained production test has been completed resulting in stabilized flow rates.

The second phase of the optimization operations commenced at the Cheal Mining Permit with a 34 ton fracture stimulation being conducted on the Cheal B-3 well. The well is currently on a long term test with promising results recorded to date. A workover of the Cheal-1 well targeting the Urenui zone is currently also underway to apply further downhole heating to the formation to improve stability of production rates.

The Company drilled the Cheal BH-1 horizontal well to a total measured depth of approximately 2,285 meters including an approximate 550 meter horizontal section. This well was drilled into the proven producing area of the Cheal A site, targeting the widespread turbidite fan deposits identified in the Mt. Messenger formation. Cheal BH-1 was completed with a multi-stage fracture treatment along the horizontal section and production testing is expected to be initiated in late November or early December.

The Cheal field produced an average of approximately 364 barrels of oil per day during the quarter ended September 30, 2010, however at the date of this report Cheal is producing approximately 492 barrels of oil per day and 475 mscf of gas per day. The Company believes that maximum value of the Cheal field will be realized through the implementation of further optimization operations and additional succesful drilling that will enhance recovery rates and reserves while also increasing daily production.

During the quarter ended September 30, 2010, the Company incurred $3,194,234 (2009: $172,260) worth of net expenditures on its oil and gas properties. For the six month period ending September 30, 2010, the Company has invested $5,287,480 on its oil and gas properties compared to $341,327 for the same period last year. The primary capital expenditures and activities during the second quarter were as follows:

PMP 38156-S (TAG 100%): $1,645,502 (6 months: $3,457,468) in costs were incurred by the Company during the quarter in the optimization and successful fracture stimulation of the A7 well, the workover of two other wells to test the Urenui zone and preparation for the upcoming drilling and optimization operations including purchase of long lead items, drilling the top hole for the Cheal BH-1 horizontal well and commencement of operations for the artificial fracture stimulation of the Cheal B3 well. During the quarter the Company also incurred $3,795 in costs (6 months: $105,373) on the production station facilities.

PEP 38748 (TAG 100%): $1,441,414 (6 months: $1,532,970) of expenditures was incurred in drilling the Sidewinder-1 well.

PEP 38348 (TAG 100%): $5,213 (6 months: $84,505) of expenditures were incurred in the quarter on general exploration.

PEP 50940 (TAG 100%): $20,704 (6 months: $22,618) of expenditures were incurred in the quarter on general exploration. The Company also applied for a Change of Conditions to permit PEP 50940.

PEP 38349 (TAG 100%): $77,606 (6 months: $84,546) of expenditures were incurred in the quarter which related to a field mapping project covering approximately 65 sq-km, including the analysis of many Paleo samples, which commenced during September 2010.

TAG Oil

The Company has the following commitments for Capital Expenditure at September 30, 2010:

Contractual Obligations	Total $	Less than One Year $	More than One Year $
Long term debt	-	-	-
Operating leases	-	-	-
Purchase obligations	-	-	-
Other long-term obligations (1)	4,474,000	4,159,000	315,000
Total Contractual Obligations (2)	4,474,000	4,159,000	315,000

(1) The Other Long Term Obligations that the Company has are in respect to the Company's share of expected exploration and development permit obligations and/or commitments at the date of this report. The Company may choose to alter the program, request extensions, reject development costs, relinquish certain permits or farm-out its interest in permits where practical.

(2) The Company's total commitments include those that are required to be incurred to maintain its permits in good standing during the current permit term, prior to the Company committing to the next stage of the permit term where additional expenditures would be required. In addition costs are also included that relate to commitments the Company has made that are in addition to what is required to maintain the permit in good standing.

The details of the Company's commitments shown above are as follows:

PMP 38156-S: $2,500,000 relates to optimization, workover and drilling operations that are defined under the Company's agreement with Austral's receiver.

PEP 38748: $700,000 relates to the remaining drilling and completion costs of the Sidewinder-1 well that is defined under the Company's agreement with Austral's receiver.

PEP 38348: $315,000 relates to the drilling of two shallow core wells to 250 meters by April 2011.

PEP 38349: $329,000 relates to the drilling of one shallow core well to 250 meters and detailed field mapping by March 2011.

PEP 50940: $630,000 relates to the acquisition of 10km of 2D seismic data.

The Company may also have an obligation to pay its joint venture interest share of costs to plug and abandon the unsuccessful SuppleJack and Kahili wells previoulsy drilled. The Company expects to use working capital on hand as well as cash flow from oil sales to meet these commitments.

Commitments and work programs are subject to change.

Results of Operations

The Company recorded a net loss for the second quarter of the 2011 fiscal year of $508,823 ($0.01 loss per share – basic and fully diluted) compared to a net loss of $1,910,879 ($0.11 loss per share – basic and fully diluted) for the same period last year. For the six month period ended September 30, 2010, the Company recorded a net loss of $389,384 ($0.01 loss per share – basic and fully diluted) compared to a net loss of 2,080,934 ($0.12 loss per share – basic and fully diluted) for the same period last year.

The Company's revenue for the second quarter of the 2011 fiscal year consisted of oil sales from the 100% owned Cheal Oil Field, totalling $2,413,333 (6 months: $4,227,063) compared to oil sales totalling $671,355 (6 months: $1,260,173) in the second quarter of the 2010 fiscal year when the Company owned a 30.5% interest in Cheal. The Company received interest income of $41,546 (6 months: $65,863) compared to $20,199 (6 months: $44,082) for the same period last year as a result of increased cash balances held in the 2011 fiscal year.

Gross oil sold in the quarter increased from 28,610 (6 months: 59,084) gross barrels of oil in the quarter ended September 30, 2009, to 30,437 (6 months: 54,800) gross barrels of oil during the current quarter ended September 30, 2010. Net oil sold in the quarter ended September 30, 2009, was 8,728 (6 months: 18,021) net barrels compared to 28,610 (6 months: 59,084) barrels in the current quarter ended September 30, 2010 and the average selling price per barrel increased from $77 (6 months: $70) per barrel in quarter ended September 30, 2009, to $79 (6 months: $77) per barrel in the quarter ended September 30, 2010.

During the quarter ended September 30, 2010, the Cheal oil field produced 33,494 (6 months: 60,303) gross barrels of oil compared to 31,499 (6 months: 64,125) gross barrels produced for the same period last year. Oil produced in the current quarter was 33,494 (6 months: 60,303) barrels compared to 9,607 (6 months: 19,558) net barrels for the quarter ended September 30, 2009..

Production costs for the second quarter of the 2011 fiscal year amounted to $711,068 (2009: $190,414) or $21 per barrel compared to $20 per barrel in 2009. The Company's share of production costs for the six months period ended September 30, 2010, amounted to $1,285,013 (2009: share $383,487) or $21 per barrel compared to $20 per barrel in 2009.

The Company paid $131,617 (6 months: $224,570) in crown royalty costs during the second quarter of the 2011 fiscal year compared to $33,194 (6 months: $31,130) in crown royalty costs for the same period last year. Royalties associated with the acquisition of the remaining Cheal interests totalled $589,738 (6 months: $1,043,178) for the second quarter of the 2011 fiscal year and were not applicable during the period ended September 30, 2009.,Depletion amounted to $276,114 (6 months: $459,465) compared to $284,254 (6 months: $498,615) for the same period last year.

On July 1, 2010, the Company entered the transition period for the New Zealand Emmissions Trading Scheme (ETS). The transition period which operates through December 31, 2012 caps on the price of New Zealand Emissions Units (NZUs) at NZ$25 and one unit will only need to be surrendered for every two tonnes of carbon dioxide equivalent emissions, effectively reducing the carbon price to NZ$12.50 per tonne. The Company incurred $22,438 (6 months: $22,438) in ETS costs from the Cheal oil field for the second quarter of the 2011 fiscal year and the costs were not applicable in the 2010 fiscal year.

Since the Company acquired its interest in PMP 38156-S in September 2006, the Cheal oil field has produced 555,467 barrels of oil to September 30, 2010. From November 2004 to September 30, 2010, however, the Cheal oil field has produced 648,521 barrels of oil.

A comparative summary of the Company's G&A costs over the six months ending September 30, 2010 is as follows:

	3 months ended September 30		6 months ended September 30	
	2010	2009	2010	2009
Consulting fees	$ 49,992	$ 35,000	$ 106,247	$ 76,550
Directors fees	31,500	2,000	57,500	6,000
Filing, listing and transfer agent	29,781	16,446	47,622	24,002
Reports	(88)	5,868	8,306	28,899
Office and administration	60,711	4,419	103,936	37,501
Professional fees	32,270	47,012	74,938	71,648
Rent	24,180	13,509	49,388	25,902
Shareholder relations and communications	81,183	20,914	162,556	20,914
Travel	24,994	49,640	102,736	88,529
Wages	273,864	197,081	503,421	345,734
Overhead recoveries	(62,784)	(21,592)	(98,431)	(27,549)
	$ 545,603	$ 370,297	$ 1,118,219	$ 698,130

G&A costs have increased in the 2011 fiscal year as a result of the Company hiring more staff and infrastructure to facilitate the operation of the Cheal oil field, increased exploration activity, permit acquisitions and capital raising to fund growth. Specifically, office and administration charges and rent have increased due to the establishment and operation of a New Plymouth office to manage exploration and field operations. Wages have increased with the appointment of a CFO, COO, Exploration and New Ventures Manager and administration staff to enable the Company to execute the Company's strategic plan and manage the field and exploration operations. Consulting fees have increased as additional consultants are required for advice related to acquisitions, financing and corporate growth and Directors fees have increased after the acquisition of Trans-Orient.

Filing, listing and transfer agent fees have increased due to the greater corporate activity in the 2011 fiscal year and the Company has also enhanced the corporate website and materials after the Trans-Orient acquisition, increasing shareholder relations and communications costs.

In addtion to the G&A costs above the Company recorded a foreign exchange loss for the quarter ended September 30, 2010, amounting to $115,820 (6 months: foreign exchange gain $132,605) compared to a foreign

exchange loss of $240,715 (6 months: foreign exchange loss $298,803) last year. The foreign exchange loss for

the second quarter of the 2011 fiscal year was caused by fluctuations of both the U.S. and New Zealand dollar in comparison to the Canadian dollar. The Company incurred stock option compensation costs of $462,765 (6 months: $466,777) for the quarter ended September 30, 2010 compared to $nil (6 months: $872) for the corresponding quarter last year.

Please also refer to Note 4 of the accompanying unaudited consolidated interim financial statements for information relating to the Company's assets.

Summary of Quarterly Information

	2011		2010				2009	
	Q2 $	Q1 $	Q4 $	Q3 $	Q2 $	Q1 $	Q4 $	Q3 $
Total revenue	2,413,333	1,813,730	1,815,053	3,452,359	671,355	588,818	600,628	728,031
General and administrative	(545,603)	(572,616)	(777,131)	(607,320)	(370,297)	(327,833)	(350,947)	(429,179)
Foreign Exchange	(115,820)	248,425	(245,230)	(158,153)	(240,715)	(58,088)	(123,235)	573,099
Stock option compensation	(462,765)	(4,012)	(201,049)	(100,883)	-	(872)	(13,246)	6,339
Other	(1,797,968)	(1,366,088)	(1,447,490)	(2,249,764)	(1,971,222)	(372,080)	(8,810,557)	(11,983,946)
Net income (loss)	(508,823)	119,439	(855,847)	336,239	(1,910,879)	(170,055)	(8,697,357)	(11,105,656)
Basic income (loss) per share	(0.01)	(0.00)	(0.03)	0.02	(0.11)	(0.01)	(0.50)	(0.60)
Diluted income (loss) per share	(0.01)	(0.00)	(0.03)	0.02	(0.11)	(0.01)	(0.50)	(0.60)

Liquidity and Capital Resources

At September 30, 2010, the Company had $23,959,138 in cash and cash equivalents and $22,565,200 in working capital compared to $9,846,019 in cash and cash equivalents and $9,101,182 in working capital at March 31, 2010. The Company is adequately funded to meet its capital and ongoing requirements for the next twelve months based on the exploration and development programs and anticipated revenue from the Cheal oil field. Additional material commitments, changes to production estimates or any acquisitions by the Company may require a source of additional financing. Alternatively certain permits may be farmed-out, sold or relinquished.

Use of Proceeds
On May 5, 2010, the Company closed an equity offering net proceeds of $18,711,150. The Company's intended use of the net proceeds in the short form prospectus is outlined below:

Property	Operation	Anticipated use of proceeds in Short Form Prospectus, including over-allotment	Current anticipated use of proceeds	Status of operation
Taranaki Basin:				
PMP 38156-S	Optimization; Phase 2	$500,000	$1,500,000	Completed
	Drill five Cheal wells	9,500,000	9,500,000	1 Well Completed
PEP 38748	Drill one exploration well	2,500,000	2,500,000	Completed
East Coast Basin:				
PEP 50940:	Seismic	350,000	-	Changed Program
	Drill two stratigraphic wells	-	315,000	2011
PEP 38348:	Drill two stratigraphic wells	250,000	315,000	2011
	Drill one stratigraphic well	250,000	329,000	2011
PEP 38349:				
	Drill one exploration well	2,500,000	2,500,000	2011/2012
Working capital		2,861,150	1,752,150	
Total		**$18,711,150**	**$18,711,150**	

The Company's phase 2 optimization program at Cheal includes the fracture stimulation of Cheal B3 and an additional workover on Cheal-1 to re-enter the well and finalize the downhole configuration for permanent Urenui Formation production. No significant changes to the use of proceeds has been made by the Company at this time other than the Company anticipates drilling two stratigraphic wells in permit PEP 50940 rather than undertaking the seismic survey originally planned.

The Company completed an equity offering on November 26, 2010 for net proceeds of $56,353,740. The Company intends to use the net proceeds of the November 2010 offering to drill fifteen wells and conduct further optimization operations in the Taranaki Basin and drill five additional East Coast Basin stratigraphic wells.

Please refer to the Company's final short-form prospectus filed on November 10, 2010.

Off-Balance Sheet Arrangements and Proposed Transactions
The Company has no off-balance sheet arrangements or proposed transactions.

Related Party Transaction
The Company was not involved in any other related party transaction during the period ended September 30, 2010, outside of paying wages and consulting fees. Consulting fees were paid to an insider for advisory services related primarily to financing, budgeting and capital expenditure programs relating to the Company's plan of operations.

Please refer to Note 5 of the accompanying unaudited consolidated interim financial statements.

Subsequent Events
Delivery of gas to the Waihapa Production Staion (WPS) for processing and sale resumed on October 22, 2010.

Refer to Note 13 of the accompanying unaudited consolidated interim financial statements.

Share Capital
The Company has one class of common shares. As at September 30, 2010, there were 37,646,608 common shares outstanding and November 29, 2010, there were 49,319,241 common shares outstanding.

No class A or class B preference shares have been issued.

The Company has a stock option plan. As at November 29, 2010, there were 2,510,119 stock options outstanding, of which 1,324,563 have vested.

The Company has 4,011,700 warrants outstanding at November 29, 2010.

Please refer to Notes 8 and 13 of the accompanying unaudited consolidated interim financial statements.

Business Risks and Uncertainties

The Company, like all companies in the international oil and gas sector, is exposed to a variety of risks which include title to oil and gas interests, the uncertainty of finding and acquiring reserves, funding and developing those reserves and finding storage and markets for them. In addition there are commodity price fluctuations, interest and exchange rate changes and changes in government regulations. The oil and gas industry is intensely competitive and the Company must compete against companies that have larger technical and financial resources. The Company works to mitigate these risks by evaluating opportunities for acceptable funding, considering farm-out opportunities that are available to the Company, operating in politically stable countries, aligning itself with joint venture partners with significant international experience and by employing highly skilled personnel. The Company also maintains a corporate insurance program consistent with industry practice to protect against losses due to accidental destruction of assets, well blowouts and other operating accidents and disruptions. The oil and gas industry is subject to extensive and varying environmental regulations imposed by governments relating to the protection of the environment and the Company is committed to operate safely and in an environmentally sensitive manner in all operations. Please also refer to Forward Looking Statements.

Changes in Accounting Policies

Please refer to Notes 2 and 3 of the accompanying unaudited consolidated interim financial statements.

Update on International Financial Reporting Standards ("IFRS") changeover plan

In February 2008, the Canadian Accounting Standards Board announced 2011 as the changeover date for publicly-listed companies to use IFRS, replacing Canada's own generally accepted accounting principles. The specific implementation is set for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition date of January 1, 2011, will require restatement of material differences created by the transition to IFRS for comparative purposes of amounts reported by the Corporation for the year ended March 31, 2011, if any. The Corporation's New Zealand subsidiaries adopted and reported based on New Zealand equivalents to International Reporting Standards (NZ IFRS) from March 31, 2008. As the Corporation's operations are primarily in New Zealand, the Corporation expects minimal impact on the accounting policies, financial reporting and information and technology systems and processes as it transitions the consolidated financial statements to IFRS. The Corporation's management has reviewed the financial statements and have not identified any material changes that will be required to transition to IFRS.

All material financial transactions that would fall under the adoption period for IFRS and the comparable historical financial period are reviewed by the Corporation's management and the Corporation's auditors in respect of IFRS. The Corporation's management and its auditors discuss the impact of accounting treatments for any such transactions in respect of Canadian GAAP and IFRS to ensure that the Corporation is able to minimize the effect on the Corporation of the transition to IFRS.

The key elements, timing and status of the Corporation's changeover plan are outlined below:

1. Develop internal knowledge to manage changeover, design systems and produce IFRS reports.

   Accounting staff are continuing to upgrade their knowledge base with respect to IFRS while ensuring that proper training is maintained throughout the process. Staff have taken, or are taking, IFRS related continuing education courses. As noted above, nominal impact for training is expected for the New Zealand subsidiaries, Canadian subsidiaries or for the parent Corporation.

2. Review accounting policy and standard changes that are required or are optional under IFRS 1 and other standards on conversion and make choices where necessary.

   An internal review has been completed for any major differences between IFRS and Canadian GAAP, where it is likely to affect the Corporation. The Corporation plans to present the results of this review and seek approval of the Corporation's recommended policy choices and elections at an Audit

Committee meeting in 2011. Preliminary findings indicate a minimal impact. The following IRFS 1 elections, policy choices and GAAP differences were considered:

IFRS 1 Elections

Election	Corporation's Expected Treatment
Business Combinations	The Corporation plans to take the available exemption and not restate business combinations retrospectively.
Share Based payment transactions	The Corporation plans to take the available exemption and not apply fair value method to share based payment transactions retrospectively.
Fair value as deemed cost of property plant and equipment	The Corporation does not plan to take this exemption, and plans to follow the guidance of IAS 16 to continue to value its property plant and equipment on the cost basis.

Policy Choices

Standard	Corporation's Expected Policy Choice
IAS 16 Property Plant and Equipment	The Corporation intends to elect to continue to apply the cost model to all classes of property plant and equipment.

GAAP Differences

Standard	Difference and expected quantitative impact
None that apply	None

Once policy choices under IFRS 1 have been approved by the directors, the Corporation will update the relevant disclosures as to material policies. As already noted, none are expected to impact the Corporation. However, actual policy choices and results may differ materially than what is presented currently.

3. Prepare 2011 opening balance sheets and reconciliations of 2011 interim and year end statements to Canadian GAAP statements.

   Draft opening Balance Sheets and reconciliations utilizing the Corporation's proposed IFRS 1 policy choices are being finalized. The results will be presented as part of an Audit Committee meeting to review and approve IFRS policies (as noted above). After the policy choices have been approved by the Audit Committee the Corporation will make any relevant disclosures as to the expected impact on the Corporation's opening IFRS Balance Sheet.

4. Review accounting software and other information technology issues for IFRS compliance.

   The Corporation has completed a review of its accounting software, and determined that no significant changes to the system are required for transition to IFRS, and that the system will be able to produce IFRS compliant Financial Statements for the Corporation.

5. Review internal control implication of new policies and changeover.

   Expected changes as a result of IFRS accounting standards or policy choices are expected to require the Corporation to make some adjustments (although minimal) to its financial statements with the main changes being an increase to its financial statement disclosures. The Corporation has determined that new controls over review of the changes to the Corporation's Financial Statements will need to be instituted. These controls include an enhanced review by the Corporation's executive and Audit Committee and will be instituted in time for IFRS changeover.

6. Review disclosure controls and procedures in light of the change to IFRS.

   Procedures have been implemented to ensure compliant disclosures of the conversion process, and compliant disclosure of ongoing IFRS compliant financial statements and other information.

7. Review business implications of conversion such as compensation formulas, key performance indicators (KPI's) and contract requirements.

   The Corporation has completed its review of the business implications of its conversion to IFRS. As the Corporation has no debt agreements, contractual agreements based on KPI's, financial data or results, and no compensation agreements based on financial results, the Corporation does not believe the business implications of its conversion to IFRS will be significant.

Although not expected, policy changes and changes to accounting standards implemented pursuant to IFRS may have a material effect on the Corporation's financial statements. The information on policy choices and estimated impacts presented here, are only management's expected choices and actual choices may differ once IFRS compliant financial statements are finalized.

Additional information relating to the Company is available on Sedar at www.sedar.com.

TAG Oil

CORPORATE INFORMATION

DIRECTORS AND OFFICERS
Garth Johnson
President, CEO, and Director
Vancouver, British Columbia

Alex Guidi
Director
Vancouver, British Columbia

John Vaccaro
Director
Vancouver, British Columbia

Ronald Bertuzzi
Director
Vancouver, British Columbia

Blair Johnson
CFO
Auckland, New Zealand

Drew Cadenhead
COO
New Plymouth, New Zealand

CORPORATE OFFICE
Suite 2901, 1050 Burrard Street
Vancouver, British Columbia
Canada V6Z 2S3
Telephone: 1-604-682-6496
Facsimile: 1-604-682-1174

REGIONAL OFFICE
New Plymouth, New Zealand

SUBSIDIARIES
TAG Oil (NZ) Limited
TAG Oil (Offshore) Limited
Cheal Petroleum Limited
Trans-Orient Petroleum Limited
Orient Petroleum (NZ) Limited
Eastern Petroleum (NZ) Limited
DLJ Management Corp.

SHARE CAPITAL
At November 29, 2010, there were
49,319,241 shares issued and outstanding.
Fully diluted: 55,841,060 shares.

BANKER
Bank of Montreal
Vancouver, British Columbia

LEGAL COUNSEL
Blake, Cassels & Graydon
Vancouver, British Columbia

Bell Gully
Wellington, New Zealand

AUDITORS
De Visser Gray LLP
Chartered Accountants
Vancouver, British Columbia

REGISTRAR AND TRANSFER AGENT
Computershare Investor Services Inc.
100 University Avenue, 9th Floor
Toronto, Ontario
Canada M5J 2Y1
Telephone: 1-800-564-6253
Facsimile: 1-866-249-7775

ANNUAL GENERAL MEETING
The Annual General Meeting will be held
on December 10, 2010 at 10:00am at the
offices of Blake, Cassels & Graydon located at
Suite 2600, 595 Burrard Street
Vancouver, B.C. V7X 1L3

SHARE LISTING
TSX Venture Exchange
Trading Symbol: TAO
Warrant Symbol: TAO.WT

SHAREHOLDER RELATIONS
Telephone: 604-682-6496
Email: ir@tagoil.com

WEBSITE
www.tagoil.com