



TAG Commences Full-Time Gas and Condensate Production at Sidewinder Discovery

Vancouver, B.C. – October 31, 2011 – Canadian-based TAG Oil Ltd. (TSX: [TAO](#) and OTCQX: [TAOIF](#)), is pleased to announce completion and commissioning of the Sidewinder Production Facility and 3.5km pipeline located in the onshore Taranaki Basin, New Zealand. This facility is designed to handle up to 30 million cubic feet of gas production per day, as well as any oil production, and was constructed following the first four successful Sidewinder exploration wells drilled earlier this year.

Initial commissioning rates from the first two Sidewinder wells tied into the facility are currently between 6 - 12 million cubic feet of gas per day (1000 – 2000 barrels of oil equivalent per day), as well as approximately 60 - 80 barrels of condensate (light oil) per day. TAG expects continued ramp-up of production rates as the remaining two Sidewinder wells are tied into the production facility in November 2011, and development drilling continues in the New Year. To view photos of the new Sidewinder facility please visit our [blog](#).

Garth Johnson, TAG Oil CEO, commented, “I am extremely pleased the commissioning of the Sidewinder facility is now underway, and I commend our operational team for completing the facility on time and on budget. TAG is now selling gas and associated high value condensate while conducting our long-term production testing, which marks another important milestone in the Company’s history. This ramp in production, combined with our success at Cheal, transforms TAG into a much more substantial enterprise. We are looking forward to the continued development and step-out drilling to test the significant oil and gas potential at Sidewinder.”

TAG also reports that a 60-km 2-D seismic program is now underway at Sidewinder to identify new independent Mt. Messenger prospects contained within the permit area. Following the current drilling campaign underway at TAG’s Cheal field, the Company will commence further drilling at Sidewinder targeting previously identified prospects as well as new prospects identified as a result of the seismic acquisition.

The Sidewinder gas and oil discovery is located in TAG’s 100%-controlled Petroleum Exploration Permit 38748, in the onshore Taranaki Basin, New Zealand.

TAG Oil Ltd.

TAG Oil Ltd. (<http://www.tagoil.com/>) is a Canadian-based production and exploration company with operations focused exclusively in New Zealand. With 100% control over all its core assets, including oil and gas production infrastructure, TAG is anticipating substantial oil and gas production and reserve growth through development of several light oil and gas discoveries. TAG is also actively drilling high-impact exploration prospects identified across more than 2,600 sections of land in the onshore Taranaki and East Coast Basins of New Zealand’s North Island.

In the East Coast Basin, TAG has partnered with Apache Corporation to pursue the significant unconventional resource potential estimated in the fractured shale source-rock formations. These oil-rich and naturally fractured formations have many similarities to North America's Bakken Shale source-rock formation in the successful Williston Basin.

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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. All estimates and statements that describe the Sidewinder wells, production rates and upcoming drilling activity as well as the Company's objectives, goals, or future plans in New Zealand, are forward-looking statements under applicable securities laws and necessarily involve risks and uncertainties including, without limitation, risks associated with oil and gas exploration, development, exploitation, production, marketing and transportation, volatility of commodity prices, imprecision of reserve estimates, environmental risks, competition from other producers, and changes in the regulatory and taxation environment. These forward-looking statements are based on certain factors and assumptions. Consequently, the Company's actual results may vary materially from the information provided in this release and there is no representation by TAG Oil that actual results realized in the future would be the same in whole or in part as those presented herein.

Additional risk factors and uncertainties 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 Annual Information Form and its most recent reports in Canada under National Instrument 51-101.