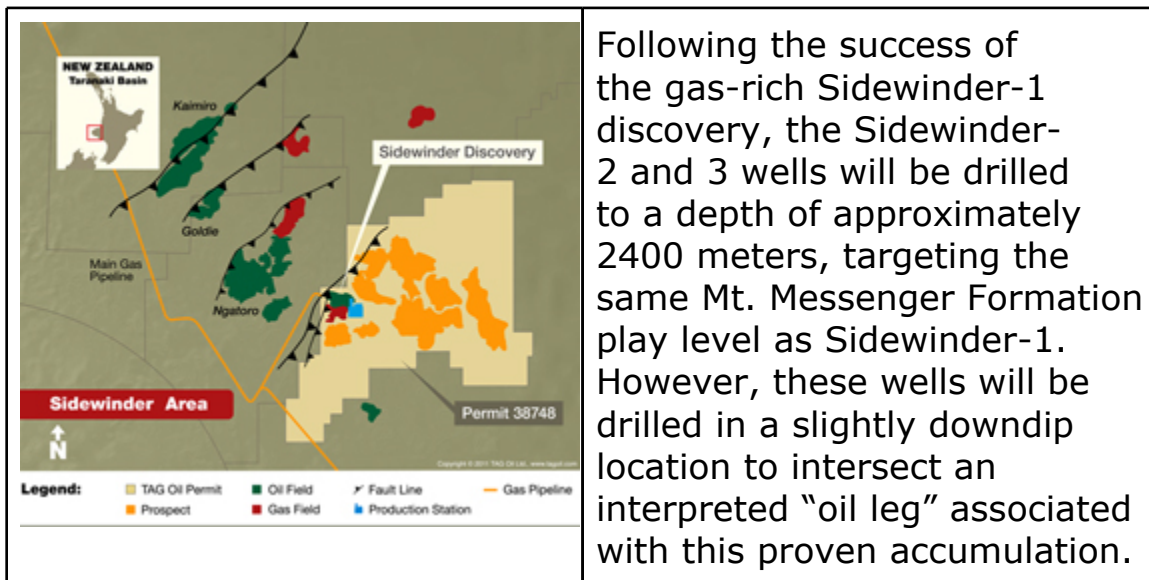




TAG Oil Begins Drilling Sidewinder-2: First in Series for New Discovery

Vancouver, B.C. – February 1, 2011 – Canadian listed, New Zealand oil and gas producer TAG Oil Ltd. (TSX-V: TAO), announced that the Sidewinder-2 well is scheduled to begin drilling operations on February 7, 2011.

This is the first of several appraisal and exploration wells to be drilled in the 7910-acre (12 section), 100% TAG-controlled Petroleum Exploration Permit 38748 (“PEP 38748”) in New Zealand's Taranaki Basin.



TAG also announces its plans to conduct a multi-well, high-impact exploration campaign in PEP 38748 targeting a number of Mt. Messenger prospects similar to Sidewinder, that have been identified permit-wide by 3D seismic.

Any successes arising from additional discoveries in PEP 38748 or additional Sidewinder production wells will be immediately tied into the Sidewinder Production Station. Currently under

construction, TAG forecasts completion of the new facility by mid-2011.

Production from the existing Sidewinder-1 well, forecast to produce at rates of 8 to 10 million cubic feet of gas (1300 to 1600 barrels of oil equivalent) per day, will be brought on stream upon completion of the Sidewinder Production Station.

Please see <http://tagoil.com/20101103-TAG-Oil-Announces-Strong-Results-at-Sidewinder-1-Flow-T.asp> for more information on the Sidewinder-1 discovery.

TAG Oil Ltd.

TAG Oil Ltd. is a Canadian-listed company (TSX-V: TAO) with operations in New Zealand. With 100% control of its core assets, including oil and gas production infrastructure, TAG is anticipating production growth through development of multiple oil and gas discoveries in the Taranaki Basin. TAG is also targeting high-impact drilling opportunities on numerous exploration prospects identified over 3,500 sections of land onshore.

In the East Coast Basin, TAG is pursuing the major unconventional resource potential that has been demonstrated in the Waipawa Black Shale and Whangai Shale source-rock formations. These oil-rich, naturally fractured formations compare favorably to fractured shale formations such as the Bakken Shale in the Williston Basin.

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"BOE"s may be misleading, particularly if used in isolation. A BOE conversion ratio of 6Mcf: 1 Bbl is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.

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. These statements are based on certain factors and assumptions including those related to the exploration, development and daily production rates of TAG Oil's Cheal oil field and Sidewinder discovery in the Taranaki Basin of New Zealand. 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.

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 51-101.

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