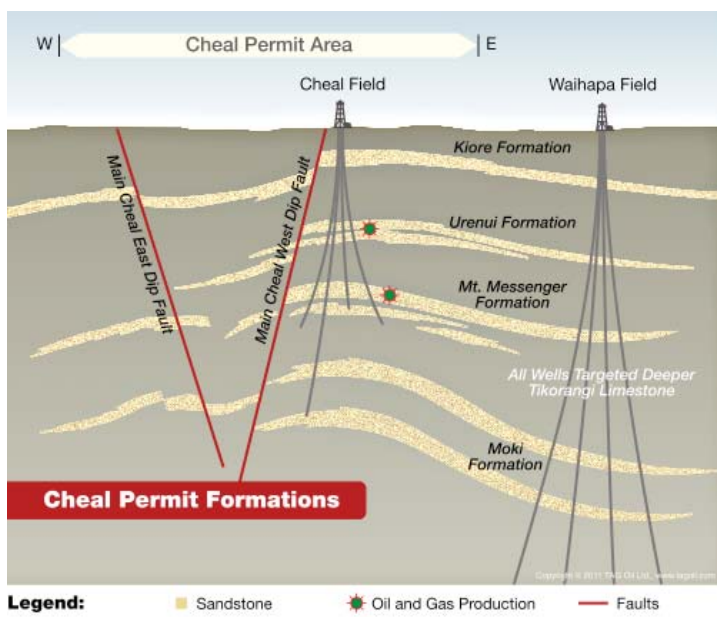




TAG Oil Begins Cheal Field Drilling: First of Several Wells Targets Production and Reserve Growth

Vancouver, B.C. – February 15, 2011 – Canadian listed, New Zealand oil and gas producer TAG Oil Ltd. (TSX-V: TAO), reports that the Company is now commencing an aggressive drilling campaign targeting the shallow formations at the 100%-controlled Cheal oil and gas field. The Cheal discoveries are located in the lightly explored Petroleum Mining Permit 38156 in the onshore Taranaki Basin, New Zealand.

Following on from TAG's initial multi-zone Cheal discoveries, which are currently producing light oil and gas from the main producing Mt. Messenger Formation (~1800m) as well as the



Urenui Formation (~1400m), **Cheal-B4ST** is the first of several "step-out" wells targeting these proven, producing zones in the Cheal discovery area. Cheal-B4ST will re-enter the suspended Cheal-B4 well, which previously recorded strong oil shows.

Says TAG Oil CEO Garth Johnson:

"Numerous drill-ready prospects have been identified at Cheal, providing us with opportunities for high-impact reserve and production growth. We plan to fully exploit these shallow zones with an objective to build our near term cash flow, as we prepare to pursue the deeper condensate-rich gas formations and TAG's East Coast Basin fractured oil shale prospects."

All additional production arising from TAG's Cheal drilling campaign can be brought on production rapidly and cost effectively at TAG Oil's 100%-owned production station located in the Cheal development area.

To learn more about TAG's Cheal development area, please visit: <http://www.tagoil.com/greaterCheal.asp>.

Historical Perspective

The original Cheal-B4 well was drilled by the previous operator to test a deeper target within the Moki Formation (2900m) in December 2006, and was suspended at that time. During drilling, strong oil shows were recorded within the Mt. Messenger Formation (~1900m). However, TAG's technical interpretation of the seismic and well data indicates that these oil shows are associated with a culmination of an anomaly in the Mt. Messenger Formation, approximately 250m from the original Cheal-B4 well penetration.

Petroleum Mining Permit 38156

Petroleum Mining Permit 38156 is located in the main onshore Taranaki Basin play fairway where prolific light oil and condensate-rich gas fields have been discovered within numerous play levels.

Though the 7500-acre (11 section) permit area is only lightly explored, PMP 38156 contains oil and gas discoveries in multiple zones: the shallower Cheal Mt. Messenger and Urenui Formation discoveries and TAG Oil's deep, condensate-rich, Cardiff gas discoveries in the Kapuni Formation (4000m).

The Cardiff gas/condensate discovery is situated on trend and among several sizable Kapuni Formation discoveries including the offsetting Shell/Todd-operated landmark Kapuni gas/condensate field, New Zealand's first major onshore discovery.

To learn more about TAG's Cardiff gas discovery, please visit: <http://www.tagoil.com/cardiff.asp>

TAG Oil Ltd.

TAG Oil Ltd. is a Canadian-listed company (TSX-V: TAO) with operations in New Zealand. With 100% control over all 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.

Contact:

Dan Brown or Garth Johnson, TAG Oil Ltd. 1-604-682-6496

Website: <http://www.tagoil.com/>

Cautionary Note Regarding Forward-Looking Statements

Certain statements contained herein constitute forward-looking statements. Word such as "may," "will," "should," "expect," "plan," "intend," "anticipate," "believe," "estimate," "predict," "potential" and similar expressions, and statements related to matters that are not historical facts, are intended to identify forward-looking statements and are based on management's reasonable beliefs, intentions and expectations.

Such statements include those relating to the proposed shallow drilling campaign including the Cheal-B4ST well, any additional exploration proposed in the deeper zones of PMP 38156, potential oil and gas discoveries that may be brought on stream at the Cheal production station, and any potential production and reserve growth. These statements are based on certain factors and assumptions and involve known and unknown risks and uncertainties. The principal material assumptions underlying the forward-looking statements herein are that TAG Oil will be able to continue to develop the Cheal Oil Field and achieve exploration and development success in the Taranaki Basin and the East Coast Basin and that TAG Oil will maintain its permits. Additional risks, uncertainties and factors include, but are not limited to, risks associated with operations, production estimates, loss of market, regulatory matters, commodity price risk, environmental risks, industry competition, uncertainties as to the availability

and cost of financing, risks in conducting operations in New Zealand, potential delays or changes in plans with respect to exploration, development or capital expenditures, as well as those risks and uncertainties disclosed under the section entitled "Risk Factors" in TAG Oil's Annual Information Form. 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.

Except as required by applicable law, TAG Oil does not assume any obligation to publicly update the forward-looking statements herein.

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