Tamarack Valley Energy Ltd. Announces Record Production and Cash Flow Releases 2013 Second Quarter Financial and Operating Results

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CALGARY, ALBERTA -- (Marketwired - Aug. 15, 2013) - Tamarack Valley Energy Ltd. (TSX VENTURE:TVE) ("Tamarack" or the "Company") has filed its unaudited condensed consolidated interim financial statements for the three and six months ended June 30, 2013 ("Financial Statements") and management's discussion and analysis ("MD&A") on SEDAR. Selected financial and operational information is outlined below and should be read in conjunction with the Financial Statements, which were prepared in accordance with International Financial Reporting Standards ("IFRS"), and the related MD&A. These documents are accessible on Tamarack's website at www.tamarackvalley.ca or on SEDAR at www.sedar.com.

Second Quarter 2013 Results

Tamarack is pleased to announce its record second quarter financial and operational highlights as follows:

- Achieved record quarter production average of 2,890 boe/d, up 7% from Q1/13 production of 2,701 boe/d.

- Crude oil and natural gas liquids production weighting increased to 59% in Q2/13 from 54% in Q1/13.

- Production increase of 32% to 2,890 boe/d in Q2/13 from 2,193 boe/d in Q2/12.

- Funds from operations increased 214% to $8.8 million for Q2/13 compared to $2.8 million for Q2/12.

- Operating netbacks increased by 14% to $39.27/boe in Q2/13 from $34.34/boe in Q1/13.

- Drilled, completed, equipped and tied-in 2 net horizontal Lochend Cardium oil wells, 1 net horizontal Garrington Cardium oil well and drilled 4 (3.7 net) Redwater Viking wells in Q2/13.

During the second quarter of 2013, Tamarack achieved record production, cash flow from operations and operating netbacks while further reducing debt to cash flow from operations demonstrating Tamarack's sustainable growth platform. Tamarack's second quarter production average of 2,890 boe/d was at the upper range of production estimates of 2,800 to 2,900 boe/d disclosed on June 25, 2013. The Company reaffirms its 2013 average production guidance of 2,900 to 3,000 boe/d. The three net Cardium oil wells drilled during the second quarter were only on production for a portion of June, the impact of the results of these wells will be fully realized in production growth in the third quarter.

Funds from operations during the three months ended June 30, 2013 were $8.8 million ($0.30 per share basic and diluted) compared to funds from operations of $7.0 million ($0.24 per share basic and diluted) for the first quarter 2013. The operating netback for the second quarter of 2013 increased by 14% to $39.27/boe compared to $34.34/boe during the first quarter of 2013, due to the increased oil weighting and higher realized prices. Tamarack's net debt at June 30, 2013 to annualized second quarter funds from operations was 1.6 times as compared to 2.0 times at year end 2012.

During the second quarter of 2013, the Company drilled, completed, equipped and tied-in 2 net horizontal Lochend Cardium oil wells and 1 net horizontal Garrington Cardium oil well, and drilled 4 (3.71 net) horizontal Redwater Viking oil wells. Tamarack expanded its oil facilities in Lochend and participated in a non-operated facility expansion in Lochend. The Company also acquired additional working interests in Garrington and additional lands in Redwater. The acquisitions have contributed to Tamarack increasing its low risk drilling inventory to 156 wells and contributed to increasing its total risked drilling inventory to over 300 locations. Tamarack's drilling program has been achieving payouts per well within 8 to 14 months and at current oil prices would achieve forecasted internal rates of return in excess of 100% per well.

Financial & Operating Results

	Three months ended June 30,			Six months ended June 30,		
	2013	2012	% change	2013	2012	% change
($, except share numbers)						
Total Revenue	15,829,768	7,857,023	101	28,752,647	11,939,911	141
Funds from operations 1	8,823,188	2,808,620	214	15,828,760	4,486,737	253
Per share - basic 1	0.30	0.10	200	0.53	0.21	152
Per share - diluted 1	0.30	0.10	200	0.53	0.21	152
Net income (loss)	(59,585)	564,724	(111)	237,26		
Per share - basic	$ (0.00)	$ 0.02	(100)	$ 0.0		
Per share - diluted	$ (0.00)	$ 0.02	(100)	$ 0		
Net debt 2	(56,648,969)	(40,665,385)	39	(56,648,969)	(40,665,385)	39
Capital Expenditures 3	13,056,631	9,993,322	31	24,839,929	16,	
Weighted average shares outstanding						
Basic	29,706,752	27,366,405	9	29,706,752	21,881,218	36
Diluted	29,706,752	27,366,405	9	29,706,752	21,881,218	36
Average daily production						
Crude oil and NGLs (bbls/d)	1,702	914	86			
Natural gas (mcf/d)	7,125	7,672	(7)	7,		
Total (boe/d)	2,890	2,193	32	2		
Average sale prices						
Crude oil and NGLs ($/bbl)	87.09	78.19	11			
Natural gas ($/mcf)	3.61	1.94	86			
Total ($/boe)	60.21	39.38	53	5		
Operating netbacks ($/boe) 4						
Average realized sales	60.21	39.38	53			
Royalty expenses	(7.14)	(1.96)	264	(6.58)		
Production expenses	(12.88)	(11.76)	10	(12.86)		
Operating field netback	40.19	25.66	57			
Realized commodity hedging gain (loss)	(0.92)	(1.90)	(52)	(0.49)	(2.70)	(82)
Operating netback	39.27	23.76	65			

Notes:

1, Funds from operations is calculated as cash flow from operating activities before the change in non-cash working capital and abandonment.

2. Working capital (deficiency) includes accounts receivable, prepaid expenses and deposits, bank debt and accounts payable and accrued liabilities, but exclude the future value of financial instruments.

3. Capital expenditures include property acquisitions and are presented net of disposals, but exclude corporate acquisitions.

4. "Operating netback" does not have any standardized meaning prescribed by IFRS and therefore may not be comparable with the calculation of similar measures for other entities. Operating netback equals total petroleum and natural gas sales including realized gains and losses on commodity derivative contracts less royalties and operating costs calculated on a boe basis. Tamarack considers operating netback an important measure to evaluate its operational performance as it demonstrates its field level profitability relative to current commodity prices.

Cardium Oil Drilling Results

On March 9, 2013 Tamarack commenced a three well Cardium drilling program. The first two 100% owned wells in Lochend, Alberta were located at 14-32-26-3 W5M and at 3-29-26-3 W5M and as previously released on June 25, 2013, averaged 629 boe/d (81% oil weighted) over a 15 day period and 643 boe/d (81% oil) over a 21 day period, respectively. Both wells have continued to perform above budget type curves. The 14-32 well averaged 345 boe/d (84% oil weighted) over its first 60 days on production and the 3-29 well averaged 330 boe/d (85% oil weighted) over its first 60 days on production. The Company averaged a capital cost of $3.3 million per net well on the 4 (3 net) Cardium wells drilled in Lochend in 2013. With all four wells expected to continue performing above budget type curves and at current commodity prices, Tamarack expect these wells will achieve payout (when net operating income surpassed total capital expenditures) within a 10 to 12 month period.

The third 100% owned well of the spring Cardium drilling program at 4-26-32-3 W5M was fracture stimulated using an 18 stage slick water fracture treatment in mid-June 2013 in the Garrington area of Alberta. Tamarack installed permanent facilities and tied-in the associated solution gas in July 2013. The 4-26 well averaged 285 boe/d (95% oil weighted) over a 30 day period. This location was a step-out location and has now proven three offset low-risk drilling locations.

During the third quarter, Tamarack participated in the drilling of 2 (1 net) Cardium oil wells in Lochend. Both wells were drilled under budgeted amounts and are expected to be fracture stimulated during the third quarter.

Viking Oil Drilling Update

The 4 (3.71 net) Viking wells drilled during the second quarter of 2013 in the Redwater area of Alberta, were completed and equipped with permanent facilities in July. All four wells are now on production. Tamarack has continued to focus on reducing capital costs associated with development drilling in Redwater to reduce payout periods to 12 months or less. As a cost reduction measure, Tamarack installed smaller pumping equipment on the most recent nine wells, which will cause the wells to initially produce at restricted rates and will shorten payout timing. Based on field estimates, two of the four wells in this latest program were successfully drilled, completed and equipped for less than $1 million per well. The average cost of the four well program was $1.02 million per net well. With these reduced average capital costs per well, expected well productivity and current commodity prices, Tamarack expects these wells will achieve payout within a 11 to 12 month period.

Tamarack has drilled 20 wells in the Redwater area since acquiring the property in April 2012; four were drilled in the summer of 2012; seven in the fall of 2012; five in the spring of 2013 and four in the summer of 2013. The 90-day average production rate for the first 16 wells was 62 bopd.

Appointment

In July, 2013, and in the normal course of expanding the Company's presence with retail investors in both the Canada and the United States, Tamarack engaged the services of Renmark Financial Communications Inc. Renmark has offices located in Toronto, Ontario and Montreal, Quebec. The Company has a month to month arrangement with Renmark with a $7,000 retainer. Renmark does not have any interest, directly or indirectly, in Tamarack or its securities, or any right or intent to acquire such an interest.

About Tamarack Valley Energy Ltd.

Tamarack is an oil and gas company involved in the identification, evaluation and operation of resource plays in the Western Canadian sedimentary basin. The Company uses a rigorous, proven modeling process to carefully manage risk and identify growth opportunities. Tamarack's diversified suite of oil-focused assets provides exposure to the high impact Cardium light oil resource plays in Lochend, Garrington/Harmattan and Buck Lake in Alberta, low cost Viking light oil resource plays in Redwater, Foley Lake and Westlock in Alberta and highly economic heavy oil opportunities southeast of Lloydminster in Saskatchewan.

Abbreviations

bbl barrel
bbls/d barrels per day
boe/d barrels of oil equivalent per day
mcf thousand cubic feet
mcf/d thousand cubic feet per day

Unit Cost Calculation

For the purpose of calculating unit costs, natural gas volumes have been converted to a barrel of oil equivalent ("boe") using six thousand cubic feet equal to one barrel unless otherwise stated. A boe conversion ratio of 6:1 is based upon an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. This conversion conforms with Canadian Securities Regulators' National Instrument 51-101 Standards of Disclosure for Oil and Gas Activities. Boe's may be misleading, particularly if used in isolation.

Forward-Looking Information

This press release contains certain forward-looking information (collectively referred to herein as "forward-looking statements") within the meaning of applicable Canadian securities laws. Forward-looking statements are often, but not always, identified by the use of words such as "anticipate", "believe", "plan", "potential", "intend", "objective", "continuous", "ongoing", "encouraging", "estimate", "expect", "may", "will", "project", "should", or similar words suggesting future outcomes. More particularly, this press release contains statements concerning Tamarack's planned future drilling plans and operations. The forward-looking statements contained in this document are based on certain key expectations and assumptions made by Tamarack relating to prevailing commodity prices, the availability of drilling rigs and other oilfield services, the timing of past operations and activities in the planned areas of focus, the drilling, completion and tie-in of wells being completed as planned, the performance of new and existing wells, the application of existing drilling and fracturing techniques, the continued availability of capital and skilled personnel, the ability to maintain or grow the banking facilities and the accuracy of Tamarack's geological interpretation of its drilling and land opportunities. Although management considers these assumptions to be reasonable based on information currently available to it, undue reliance should not be placed on the forward-looking statements because Tamarack can give no assurances that they may prove to be correct.

By their very nature, forward-looking statements are subject to certain risks and uncertainties (both general and specific) that could cause actual events or outcomes to differ materially from those anticipated or implied by such forward-looking statements. These risks and uncertainties include, but are not limited to: risks associated with the oil and gas industry (e.g. operational risks in development, exploration and production; delays or changes in plans with respect to exploration or development projects or capital expenditures); commodity prices; the uncertainty of estimates and projections relating to production, cash generation, costs and expenses; health, safety, litigation and environmental risks; and access to capital. Due to the nature of the oil and natural gas industry, drilling plans and operational activities may be delayed or modified to react to market conditions, results of past operations, regulatory approvals or availability of services causing results to be delayed and early results on particular wells are not necessarily indicative of longer term results or that wells will ultimately perform on the type curves assumed. Please refer to Tamarack's revised Annual Information Form ("AIF") dated March 27, 2013 for additional risk factors relating to Tamarack. The AIF is available for viewing under the Company's profile on www.sedar.com.

The forward-looking statements contained in this press release are made as of the date hereof and the Company does not undertake any obligation to update publicly or to revise any of the included forward-looking statements, except as required by applicable law. The forward-looking statements contained herein are expressly qualified by this cautionary statement.

Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

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