

CALGARY, ALBERTA--(Marketwired - July 25, 2016) - [Tamarack Valley Energy Ltd.](#) ("Tamarack" or the "Company")(TSX:TVE) is pleased to announce that it has closed the second of its two strategic asset acquisitions, details for which were previously announced on June 20, 2016.

This second acquisition strategically consolidates assets located in Tamarack's core operating areas of Redwater and Wilson Creek in Alberta (the "Redwater Acquisition") and includes current production of 850 boe/d (71% light oil and NGLs) with a decline rate of approximately 20-22%, as well as 95 (60 net) total sections of land contiguous with Tamarack's existing Viking and Cardium interests. The Redwater Acquisition adds significant infrastructure, including an 82% ownership in a central oil battery at Redwater which has capacity to handle 8,000 bbl/d of oil and 1.5 mmcf/d of natural gas, and is expected to further improve Tamarack's industry-leading, low cost operations in both areas.

Total aggregate cash consideration for the Redwater Acquisition was \$25.8 million and was financed with part of the proceeds from the \$81.6 million bought deal equity financing that was led by National Bank Financial Inc. and included Dundee Securities Ltd., Macquarie Capital Markets Canada Ltd., CIBC World Markets Inc., FirstEnergy Capital Corp., Peters & Co. Limited, Desjardins Securities Inc., Acumen Capital Finance Partners Limited and AltaCorp Capital Inc., which closed on July 12, 2016.

#### New Credit Facility

Concurrent with the closing of the Redwater Acquisition, Tamarack's new bank line was put into place with a total credit capacity of \$120,000,000. The new bank line is comprised of a revolving credit facility in the amount of \$110,000,000 and a \$10,000,000 operating facility (collectively the "Facility"). The previous borrowing base of \$165,000,000 has been reduced to \$120,000,000 to reflect an appropriate amount of liquidity for the Company given the current commodity price environment and to save on general and administrative costs. Tamarack is currently drawn less than \$59 million on the Facility and its 2016 exit debt to annualized fourth quarter of 2016 funds from operations ratio is expected to be less than 0.8 times. The Facility covenants did not change and Tamarack continues to be compliant. The Facility lasts for a 364 day period and will be subject to its next 364 day extension by May 26, 2017. If not extended, the Facility will cease to revolve and all outstanding balances will become repayable one year from that extension date being May 26, 2018.

#### Production & Operations Update

Tamarack is pleased to announce that based on field estimates its average daily production through the second quarter 2016 was approximately 9,536 boe/d (52% oil & NGL's), representing a 36% increase in production from the same period in 2015. First half 2016 production of approximately 9,560 boe/d (54% oil & NGL's) was at the upper end of Tamarack's guidance range of 9,100 to 9,600 boe/d and 27% higher than the first half of 2015.

During the second quarter, the Company successfully drilled its first two-mile lateral Cardium oil wells at Wilson Creek, with on-budget capital costs and timing. This achievement will enable Tamarack to implement longer horizontal wells across more of its Wilson Creek area, and potentially across other parts of the asset base to improve capital efficiencies while reducing the environmental footprint. These two wells came on production very late in the second quarter and are expected to positively impact production volumes in the last half of 2016.

#### 2016 Guidance Confirmed

The closing of the Redwater Acquisition contributes to Tamarack's ability to enhance assets and improve returns by employing a technical approach combined with a strict cost-reduction focus. The Company anticipates a reduction in corporate operating costs of approximately \$0.40-0.60/boe by the end of 2016 due to the integration of the acquired infrastructure and ongoing cost-reduction initiatives, which is also expected to improve operating netbacks in 2017.

As previously announced on July 12, 2016, Tamarack elected to increase its 2016 capital program and guidance ranges, which remain as follows:

- Capital expenditure budget of between \$45-\$53 million (excluding acquisitions) which enables Tamarack to continue investing within cash flow;
- Average estimated 2016 annual production guidance of between 9,700-10,000 boe/d (approximately 53-57% oil & NGLs);
- 2016 exit production rate of approximately 11,000 boe/d (approximately 53-57% oil & NGLs);
- 2016 exit debt to annualized fourth quarter of 2016 funds from operations ratio of less than 0.8 times; and
- Assumes: 2016 WTI average \$44/bbl - \$47/bbl USD, 2016 Edmonton par price average \$52/bbl - \$56/bbl, 2016 AECO average \$1.80/GJ to \$2.00/GJ, Canadian/US dollar exchange rate range of \$0.77 to \$0.78.

#### About Tamarack Valley Energy Ltd.

Tamarack is an oil and gas exploration and production company committed to long-term growth and the identification, evaluation and operation of resource plays in the Western Canadian Sedimentary Basin. Tamarack's strategic direction is focused on two

key principles - targeting repeatable and relatively predictable plays that provide long-life reserves, and using a rigorous, proven modeling process to carefully manage risk and identify opportunities. The Company has an extensive inventory of low-risk, oil development drilling locations focused primarily in the Cardium and Viking fairways in Alberta that are economic at a variety of oil and natural gas prices. With this type of portfolio and an experienced and committed management team, Tamarack intends to continue delivering on its strategy to maximize shareholder return while managing its balance sheet.

## Abbreviations

bbls    Barrels  
bbls/d   barrels per day  
Boe    barrels of oil equivalent  
boe/d   barrels of oil equivalent per day  
Mboe   thousands barrels of oil equivalent  
mcf    thousand cubic feet  
MMcf   million cubic feet  
Mbbbls   million barrels  
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. 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", "focus", "estimate", "expect", "may", "will", "could", "should", or similar words suggesting future outcomes. More particularly, this press release contains statements concerning the anticipated benefits of the Redwater Acquisition, the completion and anticipated benefits of Cardium oil wells at Wilson Creek, timing of additional extensions to the Facility, Tamarack's planned future drilling plans, operations and strategy, projections contained in Tamarack's 2016 capital program and guidance, anticipated reductions to capital expenditures and operating costs and improvement in operating netbacks, forecast commodity prices and deployment of Tamarack's 2016 capital program. The forward-looking statements contained in this document are based on certain key expectations and assumptions made by Tamarack relating to the successful completion of the Redwater Acquisition, 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. Please refer to Tamarack's Annual Information Form ("AIF") dated March 24, 2016 for additional risk factors relating to Tamarack. The AIF is available for viewing under the Company's profile on [www.sedar.com](http://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

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