



TSX VENTURE: TVE

**Tamarack Valley Energy Ltd. Announces Strategic Viking Oil Acquisition and
\$16.5 Million Bought Deal Financing**

Calgary, Alberta – March 26, 2012 – Tamarack Valley Energy Ltd. (“Tamarack” or the “Company”) is pleased to announce that it has entered into a pre-acquisition agreement (the “Agreement” or “Transaction”) providing for the acquisition by Tamarack of all the issued and outstanding common shares of a private company, Echoex Ltd. (“Echoex”). Echoex has a material position in the Redwater area of Alberta and along the Redwater Viking Trend where the majority of its production and reserves are focused in the highly economic shallow Viking oil formation.

Under the terms of the Transaction, Echoex shareholders shall receive, for each Echoex share held, at the election of the holder: i) \$1.6328 cash; or ii) 5.461 Tamarack common shares (a “Tamarack Share”); or iii) a combination of cash and Tamarack Shares. The maximum cash amount payable to Echoex shareholders shall be \$10.0 million. Tamarack will also assume the debt of Echoex, estimated at \$24.9 million, after taking into account anticipated Transaction costs, as at February 28, 2012. Based on the agreed upon exchange ratio the total Transaction value is approximately \$62.9 million, including the assumption of net debt. The Transaction will be funded in part through the share consideration and the available credit facility of the combined entity.

Concurrent with the acquisition, Tamarack has entered into a \$16.5 million bought deal financing to accelerate its 2012 oil focused capital drilling program.

Summary of the Transaction

Through the Transaction, Tamarack is acquiring high quality, high netback light oil assets, located predominantly in the Redwater area of Alberta and along the Redwater Viking trend. Production and reserves are weighted towards Viking oil and materially enhance Tamarack’s exposure to this low cost, highly economic, repeatable light oil resource play. Echoex’s two primary Viking oil properties, Redwater and Westlock, are on trend with Tamarack’s existing shallow Viking oil play in Foley Lake and have significant growth and upside potential, adding over 60 ready to drill horizontal Viking locations and the potential to add considerable drilling scope on undeveloped Viking oil lands. There are also future opportunities for enhanced oil recovery through secondary techniques. Tamarack is acquiring a 100% working interest in 8,196 net acres in Redwater and a 100% working interest in a further 12,800 net acres along trend, offsetting vertical production, at Westlock. The estimated production to be acquired at the time of closing will be 980 boe/d (46% Oil and NGLs). The Redwater asset provides compelling

full-cycle economics and is analogous to Tamarack's current shallow Viking Foley Lake property, while the Westlock asset provides exposure to a prospective Viking oil resource with significant un-booked potential.

The Transaction also provides Tamarack with additional upside in a Viking oil play in the Esther area of Alberta in which Echoex holds interests in 2,880 net acres and provides Tamarack with an additional 12,416 net acres in the Manitou Lake area of Saskatchewan. The Manitou lands are adjacent to existing Tamarack heavy oil prospective lands and provide excellent opportunity to increase Tamarack's inventory of heavy oil locations.

The Transaction has the following characteristics:

- Total Transaction price (including net debt) \$62.9 million
- Production⁽¹⁾ 980 boe/d (46% Oil + NGLs)
- Proved reserves⁽²⁾ 3.2 MMboe (56% Oil + NGLs)
 - Proved Developed Producing 1.8 MMboe (41% Oil + NGLs)
 - Proved Undeveloped 1.4 MMboe (77% Oil + NGLs)
- Proved plus probable reserves⁽²⁾ 4.4 MMboe (57% Oil + NGLs)
- Proved plus probable RLI⁽³⁾ 12.2 years
- Operating netback⁽⁴⁾ \$36.92/boe

Net undeveloped land is internally valued at an estimated \$8.9 million, based on a conservative \$200/acre for oil prospective acreage and \$50/acre for the remaining acreage. Net of undeveloped land of 80,978 net acres, the implied Transaction metrics are as follows:

- Production \$55,128/boe/d
- Proved reserves \$17.14/boe
- Proved plus probable reserves \$12.35/boe

The Transaction is forecast by Tamarack to be accretive on 2012 cash flow per share and 2012 production per share, on a fully diluted weighted average basis, after accounting for the shares issued in the concurrent Offering. Tamarack estimates that based on both companies third party reserve reports dated December 31, 2011, that this transaction is 23.3% accretive on proved reserves per share and 6.0% accretive on NPV10, on a fully diluted basis, after accounting for the shares issued in the concurrent Offering.

Upon closing of the Transaction, Tamarack is pleased to announce that Mr. Sheldon B. Steeves will be appointed to the Company's Board of Directors. As President and CEO of Echoex and former Chief

Operating Officer and Executive Vice President of Renaissance Energy Ltd., Mr. Steeves will bring considerable experience to Tamarack.

Strategic Rationale

The Transaction represents the successful continuation of Tamarack's disciplined business plan to build an inventory of high quality light oil assets that can provide significant development upside to complement their existing four oil focused core plays. Tamarack will apply its expertise at developing horizontal oil resource plays to this newly expanded shallow Viking oil position along the Redwater trend. Tamarack believes the Redwater Viking oil play can be expanded further through land acquisitions, increased drilling density and enhanced oil recovery techniques.

After giving effect to the Transaction, Tamarack will have materially expanded its Viking oil exposure and diversified geological risk across a broader suite of highly economic oil projects. Post transaction, Tamarack will have an inventory of approximately 238 un-risked oil drilling locations, which positions the Company for continued low risk growth on an absolute and per share basis.

In summary, the highlight benefits of the Transaction to Tamarack include:

- Accretive to Tamarack on all financial and operational metrics
- Material increase in oil weighting from Tamarack's current weighting of approximately 32% to greater than 50% based on an oil focused drilling program in 2012
- Enhances Tamarack's existing cash flow base to support continued sustainable organic growth on an absolute and per share basis
- Increases Tamarack's proved plus probable reserves to a before tax net present value discounted at 10% of over \$174 million weighted 84% to oil and natural gas liquids⁽⁵⁾
- Increases Tamarack's inventory of un-risked oil drilling locations to 238
- Increases Tamarack's oil focused shallow Viking exposure and provides significant low risk development upside

Transaction Details

Tamarack and Echoex have signed an Agreement pursuant to which Tamarack and Echoex have agreed that the Transaction will be conducted by means of an exempt takeover bid. Tamarack will pay a maximum of \$10.0 million in cash and issue between 93.7 million and 127.2 million Tamarack Shares to the shareholders of Echoex, in exchange for all of the outstanding shares of Echoex, subject to the terms and conditions of the Agreement.

The Board of Directors of Echoex have unanimously approved the Transaction and recommended that the holders of Echoex shares tender their shares to the bid. Management, directors and certain shareholders of Echoex representing approximately 85% of the issued and outstanding shares have

agreed to tender their shares to the exempt takeover bid. In addition, certain shareholders have agreed to enter in to escrow agreements whereby their shares will be escrowed for three months following the closing of the Transaction.

The Agreement provides for non-solicitation covenants, subject to the fiduciary obligations of the Board of Directors of Echoex and the right of Tamarack to match any Superior Proposal (as defined in the Agreement). The Agreement provides for a non-completion fee of \$1.98 million in the event the Transaction is not completed in certain circumstances. The Agreement provides that completion of the Transaction is subject to certain conditions, including the receipt of all required regulatory approvals and the approval of the TSX Venture Exchange ("TSXV"). The Transaction is anticipated to close on or about April 17, 2012.

Dundee Securities Ltd. is acting as exclusive financial advisor to Tamarack. RBC Capital Markets is acting as exclusive financial advisor to Echoex.

Bought Deal Financing

In connection with the Transaction, Tamarack has entered into an agreement with a syndicate of underwriters led by Dundee Securities Ltd. and including AltaCorp Capital Inc., Canaccord Genuity Corp and Peters & Co. Limited (collectively, the "Underwriters"), pursuant to which the Underwriters have agreed to purchase for resale to the public, on a bought deal basis, 66,000,000 subscription receipts of Tamarack ("Subscription Receipts") at a price of \$0.25 per Tamarack Subscription Receipt (the "Offering Price") to raise gross proceeds of approximately \$16,500,000. The net proceeds from the sale of Subscription Receipts will be held in escrow pending the completion of the Transaction. If the Transaction is completed on or before April 30, 2012, or such later date as may be agreed to by the Underwriters, the net proceeds from the sale of the Subscription Receipts will be released to Tamarack and each Subscription Receipt will be exchanged for one Tamarack Share for no additional consideration. If the Transaction is not completed by Tamarack on or before April 30, 2012, and the Underwriters have not agreed to extend such date, or the Agreement is terminated at an earlier time, then the purchase price for the Subscription Receipts shall be returned to subscribers, together with a *pro rata* portion of the interest accrued on the subscription funds attributable to the Subscription Receipts. Tamarack has also granted the Underwriters an overallotment option exercisable at any time on, or for a period of 30 days following the closing of the Offering, to acquire an additional 9,900,000 Subscription Receipts to cover over-allotments, if any, and for market stabilization purposes, at the Offering Price, for additional aggregate gross proceeds of up to \$2,475,000. If the Over-Allotment Option is fully exercised, gross proceeds from the Offering will be \$18,975,000. The net proceeds of the Offering will be used to initially reduce indebtedness, fund the accelerated 2012 drilling program and for general corporate purposes.

Completion of the Offering is subject to certain conditions including the receipt of all necessary regulatory approvals, including the approval of the TSXV. The Subscription Receipts will be offered in each of the provinces of Alberta, British Columbia and Ontario (and such other jurisdictions in Canada as may be agreed to by Tamarack and the Underwriters) by way of a short form prospectus.

Closing of the Offering is expected to occur on or about April 17, 2012.

⁽¹⁾ Anticipated production at the time of closing of the Transaction.

⁽²⁾ Based on Echoex's third party engineering report prepared by GLJ Petroleum Consultants Ltd. in accordance with NI 51-101 requirements and dated December 31, 2011, on gross reserves which means Echoex's working interest reserves before the calculation for royalties, and before the consideration of Echoex's royalty interest reserves.

⁽³⁾ Based on production of 980 boe/d.

⁽⁴⁾ Based on Edmonton par pricing of \$80/bbl, \$2.20/GJ AECO and C\$/US\$ exchange ratio of 1.0.

⁽⁵⁾ The estimated values disclosed do not represent fair market value.

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

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 and has assets at Lochend, Garrington/Harmattan, Buck Lake, Foley Lake and Quaich areas in Alberta; southeast of Lloydminster in Saskatchewan; and at Wilder in northeast British Columbia.

Unit Cost Calculation and Other Terminology

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 ("NI 51-101"). Boe's may be misleading, particularly if used in isolation. Finding and Development costs and netbacks have been calculated in the required manner under NI 51-101. The aggregate of the exploration and development costs incurred in the most recent financial year and the change during that year in estimated future development costs generally will not reflect total finding and development costs related to reserves additions for that year.

Forward Looking Information

This press release contains certain forward-looking statements within the meaning of applicable securities laws, including statements relating to benefits of the Transaction to Tamarack including production, land inventory, and value, reserve additions, reserve life index, impact on cash flow,

production and reserves per share, impact on asset mix, corporate netbacks and operational activities and results. The use of any of the words "expect", "anticipate", "continue", "estimate", "may", "will", "should", "believe", "intends", "equates", "forecast", "plans", "guidance" and similar expressions are intended to identify forward-looking statements or information. The statements are based on assumptions relating to historical information, due diligence on the Transaction, the results of past operations and activities in the planned areas of drilling as well as information from consultants. The assumptions for the Transaction and financing is that they will close as expected with all the conditions being satisfied in the time anticipated.

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 involve inherent risks and uncertainties (both general and specific) and risks that forward-looking statements will not be achieved. 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; testing results not being sustained during ongoing operations, delays or changes in plans with respect to exploration or development projects or capital expenditures; unexpected liabilities; commodity prices, the uncertainty of estimates and projections relating to production and reserve estimates, land value, 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. The primary risks associated with closing the Transaction relate to the financing and the risks to the financing relate primarily to material adverse changes.

The forward-looking statements contained in this news 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. The TSX has neither approved nor disapproved the contents of this press release.

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