



TSX VENTURE: TVE

Tamarack Valley Energy Ltd. Announces Lochend Drilling Results, 2012 First Quarter Financial Results and Proposed Share Consolidation

Calgary, Alberta – May 29, 2012 – Tamarack Valley Energy Ltd. (“**Tamarack**” or the “**Company**”) has filed its unaudited consolidated financial statements for the three months ended March 31, 2012 and management’s discussion and analysis on SEDAR. The documents are accessible on Tamarack’s website at www.tamarackvalley.ca or on SEDAR’s website at www.sedar.com.

Tamarack advises that all shareholders will be asked to consider and approve a resolution to consolidate the Company’s issued and outstanding common shares (“**Common Shares**”), along with other items of business to be presented at its annual and special meeting of shareholders to be held on June 26, 2012 in Calgary, Alberta (the “**Shareholder Meeting**”).

Lochend Drilling Results

On May 19, 2012, Tamarack completed its first slick water frac in Lochend with an 18-stage stimulation on the 2-29-26-3 W5M well (100% working interest). The well began production testing and averaged 1,050 bbls/d of oil and 0.96 mmcf/d of natural gas or 1,209 boe/d (87% oil weighted) over the first seven days of production post recovery of frac fluids. Early results support Tamarack’s assessment of the benefits of using slick water fluid over frac oil for its Cardium horizontal stimulations. Although more time is needed to assess the results, early indications are that the 2-29 wells current oil production rate is approximately double when compared to neighbouring wells. This flow multiplier is similar to that encountered by Tamarack at Buck Lake. Tamarack will be connecting the well into its existing facilities to prepare the well for permanent flow within the next few days.

Tamarack expects the new Lochend well to follow the typical Cardium production curve and decline hyperbolically over the next few months. Due to the limited production history on this new well, the Company is currently not prepared to increase its current production guidance that was announced on April 19, 2012.

Current Drilling Program

Tamarack has moved its contracted drilling rig from Lochend to Garrington and drilled the 16-29-32-3 W5M well (51% working interest). The Company expects to release the rig from the 16-29 location by June 1, 2012 at which point the rig will be skidded over to drill the 2-20-32-3 W5M (54% working interest) from the same surface location.

Concurrent with the Cardium drilling program, Tamarack drilled three shallow Viking oil wells in the second quarter in the Redwater area on the newly acquired Echoex lands. The Company is now drilling a fourth well to conclude its four (3.7 net) well program. Fracture stimulation operations have commenced this week on the first two wells and results of these development wells will be announced later in June. Pending rig availability, Tamarack is also planning to drill two heavy oil wells in the Manitou Lake area later this summer.

Q1 2012 Results

On April 17, 2012, the Company acquired all of the issued and outstanding shares of Echoex Ltd., a Canadian private oil and gas company. As consideration, Echoex shareholders received an aggregate of \$10,000,000 of cash and 93,728,646 Tamarack common shares. Upon completion of the Acquisition, Echoex became a wholly owned subsidiary of Tamarack under the name "Echoex Ltd.". Concurrent with the closing of the Echoex acquisition on April 17, 2012, the Company issued 66,000,000 common shares at a price of \$0.25 per common share for gross proceeds of \$16,500,000.

Tamarack is pleased to announce its first quarter financial and operating highlights as follows (these results do not include the benefit of the acquisition of Echoex):

- Production increased by 57 percent to 1,242 boe/d in Q1/12 from 789 boe/d in Q1/11
- Crude oil and natural gas liquids production weighting increased to 32% in Q1/12 from 29% in Q4/11
- Cash flow from operations for the first quarter of 2012 was \$1.7 million

In the first quarter of 2012, Tamarack drilled a Cardium oil well in Buck Lake and completed a Viking oil well in Foley Lake. Tamarack designed a conservative drilling program for the first quarter of 2012, in response to lower natural gas prices and higher cost for services during the busy winter period. Industry concerns regarding widening crude oil differentials between West Texas Intermediate and Edmonton Par prices continued to affect our well head prices compared to 2011. The Company based its capital guidance, announced on April 19, 2012, using a \$75/bbl Edmonton Par price to account for potential disruptions in oil prices in 2012.

During the first quarter of 2012, Tamarack began to shut-in natural gas wells due to lower commodity prices. Based on the natural gas prices for the first quarter of 2012, the Company expects to shut-in approximately 50 boe/d of natural gas production in 2012. Tamarack's 2012 production guidance disclosed on April 19, 2012, assumed the Company would average 1,220 boe/d in the first quarter of 2012 including the 50 boe/d of natural gas production shut-in.

Financial & Operating Results

	Three months ended March 31,		
	2012	2011	% change
(\$, except share numbers)			
Total Revenue	4,082,888	2,320,285	76
Funds from (used in) operations ¹	1,675,167	650,704	157
Per share – diluted ¹	0.01	0.00	
Net loss	(1,695,020)	(719,165)	136
Per share – basic and diluted	(0.01)	(0.00)	
Working Capital (deficiency)	(12,613,516)	10,440,792	(221)
Total assets	69,221,076	54,675,464	27
Capital Expenditures ²	6,669,930	10,509,135	(37)
Weighted average shares outstanding			
Basic	196,752,359	149,347,802	32
Diluted	196,752,359	149,347,802	32
Average daily production			
Crude oil and NGLs (bbls/d)	401	119	237
Natural gas (mcf/d)	5,047	4,021	26
Total (boe/d)	1,242	789	57
Average sale prices			
Crude oil and NGLs (\$/bbl)	84.07	85.51	(2)
Natural gas (\$/mcf)	2.22	3.88	(43)
Total (\$/boe)	36.14	32.67	11
Operating netbacks (\$/boe)			
Average realized sales	36.14	32.67	11
Royalty expenses	(1.41)	(3.43)	(59)
Production expenses	(9.67)	(9.54)	1
Operating netback	25.06	19.70	27

Notes:

¹ Funds from (used in) operations is non-GAAP measure and is calculated as cash flow from operating activities before the change in non-cash working capital, abandonment expenditures and transaction costs.

² Capital expenditures include property acquisitions and are presented net of disposals, but exclude corporate acquisitions.

Proposed Common Share Consolidation

The board of directors of the Company (the “Board”) proposes to consolidate the issued and outstanding Common Shares (the “Consolidation”) on the basis of one (1) post-Consolidation Common Share for every twelve (12) pre-Consolidation Common Shares. The proposed Consolidation, which is subject to shareholder approval at the Shareholder Meeting and approval by the TSX Venture Exchange, would result in the number of issued and outstanding Common Shares being reduced from 356,481,005 pre-Consolidation Common Shares to 29,706,750 post-Consolidation Common Shares.

The Board believes that the Consolidation, if implemented, will reduce its outstanding share amount to a level more in line with Tamarack's industry peers and enhance the marketability of the Common Shares as an investment.

For more information on the proposed Consolidation and other matters to be addressed at the Meeting, shareholders are encouraged to refer to the Company's notice of meeting and information circular dated May 28, 2012, containing the full text of the proposed Consolidation resolution, which has been mailed today to shareholders of the Company who held Common Shares as of the close of trading on May 22, 2012, the record date for the Meeting, and will also be filed under the Company's profile at www.sedar.com. Mr. John Gunn will retire from the Board at the Shareholder Meeting after 10 years of service to the Company. On behalf of the Tamarack Board and management team, we like to thank John for his dedication and contribution to the Company's success.

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.

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 ("NI 51-101"). Boe's may be misleading, particularly if used in isolation.

Forward Looking Information

This press release may contain certain forward-looking statements within the meaning of applicable securities laws, including statements relating to expected longer term results of test wells, production results, net backs, expected drilling plans and operational activities and results. The use of any of the words "expect", "anticipate", "continue", "estimate", "may", "will", "should", "believe", "intends", "attempts", "equates", "forecast", "plans", "guidance" and similar expressions are intended to identify forward-looking statements or information. The production results, drilling plans, allocation of capital, operational activities and plans to shut-in natural gas wells are based on assumptions relating to commodity prices, drilling and completion being completed as planned, achieving expected drilling results, maintaining or growing the banking facilities, the timing of past operations and activities in the

planned areas of drilling, information from consultants on regulatory processes, drilling and fracturing techniques and continuing over-supply in the natural gas market.

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; 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.

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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