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Tamarack Valley Energy Ltd. Announces Acquisition of Premier Light Oil Asset, $125 Million Bought Deal Financing, Increased 2014 Exit Guidance, and Preliminary 2015 Guidance

Calgary, Alberta – September 3, 2014 – Tamarack Valley Energy Ltd. ("**Tamarack**" or the "**Company**") is pleased to announce that its wholly owned subsidiary, Tamarack Acquisition Corp., has entered into a purchase and sale agreement with Suncor Energy ("Suncor") to acquire 100% of the Suncor's interests in the Wilson Creek area of Alberta, contiguous with Tamarack's existing Cardium interest in Wilson Creek, for total cash consideration of approximately $168.5 million (the "Acquisition"), subject to certain closing adjustments. In addition to the closing adjustments, there are two rights of first refusal ("ROFR") applicable to the Wilson Creek Pekisko Unit, that if exercised would not have any material impact to the Acquisition. The Acquisition is highly accretive to Tamarack and further bolsters the Company's strategic Cardium focused land position in the Wilson Creek area where the Company has achieved some of the highest production rates in the area. As of July 1, 2014, being the Effective Date (as defined herein), the Acquisition adds 1,702 boe/d (44% oil & NGLs) of high netback production, including 18,360 (13,728 net) acres of undeveloped land and strategic midstream assets comprised of a 100% interest in a 3,800 bbl/d oil battery and a 52% interest in a 30 mmcf/d gas plant. As a result of the Acquisition, Tamarack has increased its 2014 estimated exit production guidance by approximately 30% to 9,500 boe/d (approximately 60% oil & NGLs) from 7,300 to 7,500 boe/d.

In conjunction with the Acquisition, Tamarack is also pleased to announce that it has entered into an aggregate $125 million bought deal financing agreement with a syndicate of underwriters co-led by Dundee Securities Ltd. and National Bank Financial Inc. (the "Financing") as described below.

The Acquisition will be funded with the proceeds of the Financing, bank debt and a temporary bridge facility; however the completion of the Acquisition is not contingent on the completion of the Financing as funds available under the bank debt and bridge facility are sufficient to satisfy the total cash consideration for the Acquisition. Upon closing of the Financing and the Acquisition, the bridge facility will be eliminated and Tamarack Valley's credit facilities are anticipated to increase to $150 million from $110 million of which approximately 25% will be undrawn. The Effective Date of the Acquisition is July 1, 2014 (the "Effective Date"). Subject to approval under the *Competition Act* (Canada), the Acquisition is expected to close no later than October 31, 2014. The Acquisition is expected to close on or about October 15, 2014.

Strategic Rationale

The Acquisition is consistent with Tamarack's previously communicated portfolio strategy focused on sustainable, predictable and reliable oil focused assets while maintaining a healthy balance sheet that provides management the flexibility to deliver efficient growth to shareholders through technical and operational expertise.

The key benefits to Tamarack's shareholders pro forma the Acquisition and the Financing are as follows:

- Consolidates a sizeable and contiguous land base within Tamarack's existing prolific Wilson Creek area, where the Company has achieved area leading average 30-day initial production and 150-day initial production Cardium results of 390 boe/d (74% oil & NGLs) and 286 boe/d (74% oil & NGLs) respectively (based on calendar day averages);
    - The Company's two longest producing wells at Wilson Creek have exceeded industry offsets by approximately 2.4 times over their first 180 days on production.
- The Company forecasts increasing production from 6,000 boe/d (Q2 2014 exit rate) to a 2015 average production rate in excess of 11,500 boe/d resulting in:
    - 2015 accretion of approximately 15% on production per fully diluted share basis; and
    - The Wilson Creek assets are anticipated to generate free cash flow after capital expenditures by the third quarter of 2015, allowing the Company to redirect free cash flow to additional drilling, acquisitions or debt repayment, as appropriate;
- The Company is increasing 2014 exit guidance by approximately 30% to 9,500 boe/d (60% oil & NGLs) on stronger than budgeted results and the Acquisition; the second exit production guidance increase within the last month;
- In addition to cash flow and production per share accretion, the Company estimates greater than 20% accretion on reserves per share;
- Expands Tamarack's inventory of low risk (85% chance of success) Cardium development opportunities by approximately 26% to 229 locations within the Cardium fairway.
- The Company maintains a clean balance sheet with year-end 2015 estimated net debt to funds flow of only 1.0x;
- Tamarack estimates existing underutilized midstream assets and associated pipeline infrastructure has an estimated replacement value of greater than $20.0 million.
    - Approximately 63-75% of un-utilized capacity ensuring future production growth is not restricted.

Asset Description

The Acquisition consists of Cardium oil production of approximately 826 boe/d (70% oil & NGLs), a 52% working interest in the Wilson Creek Unit No. 1 Pekisko liquids rich gas unit which produces approximately 1,450 mcf/d and 97 bbls/d of liquids and Mannville production of 538 boe/d (26% oil and NGLs).

The Acquisition includes approximately 62 (43.4 net) sections of contiguous land in the multi-zone area of Wilson Creek. Tamarack estimates that 47.4 net low-risk, quick payout horizontal Cardium oil locations exist on the 28.7 (21.4 net) sections of undeveloped land. In addition, the Company estimates 11.6 net drilling locations exist in other zones such as the Ellerslie, Notikewin and Pekisko.

The strategic infrastructure to be acquired pursuant to the Acquisition complements Tamarack's growth plans for the Wilson Creek area. Tamarack will operate a 100% owned 3,800 bbl/d oil battery (currently less than 25% utilized), a 52% owned 30 mmcf/d gas plant (currently less than 37% utilized), and a 100% owned refrigeration liquids recovery unit. The Company has assigned $20.0 million of value to these strategic infrastructure assets and will explore alternatives to increase the Company's economics.

Given Tamarack's existing operations in the Wilson Creek area, general and administrative expense increases are anticipated to be insignificant.

Summary of the Acquisition

The Acquisition and the assets to be acquired pursuant thereto have the following characteristics and metrics:

Total purchase price (1)	$168.5 million
Current production (at June 30, 2014)	1,702 boe/d (44% light oil and NGLs)
Forecasted annual decline rate	26%
Undeveloped land (net acres)	13,728 acres
Proved reserves (2)	6.4 million boe (60% light oil and NGLs)
Proved plus probable reserves (2)	10.5 million boe (60% light oil and NGLs)
Proved plus probable RLI (3)	16.9 years
2014 operating netback (4) (5)	$44.00/boe
2015 estimated production	3,500 to 3,700 boe/d (65% light oil and NGLs)
2015 cash flow multiple (6)	3.2 x
Proved reserves (7)	$22.77/boe
Proved plus probable reserves (7)	$13.88/boe
Recycle ratio (8)	2.9 x

Notes to the table above:

[1] The purchase price will be adjusted for activity that occurred between the Effective Date and the closing date of the Acquisition.

[2] Working interest reserves before the calculation for royalties and before the consideration of royalty interest reserves. Reserve estimates are based on the Company's internal evaluation and were prepared in accordance with the Canadian Oil and Gas Evaluation Handbook by a member of Tamarack's management who is a qualified reserves evaluator in accordance with National Instrument 51-101 – *Standards of Disclosure for Oil and Gas Activities* effective June 30, 2014.

[3] The reserve life index ("RLI") is calculated by dividing proved plus probable reserves by production as of June 30, 2014.

[4] Operating netback does not have any standard 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 less royalties and operating costs calculated on a boe basis. Tamarack considers operating netback as an important measure to evaluate its operational performance as it demonstrates its field level profitability relative to current commodity prices.

[5] The operating netback is based on the data and information that the Vendor provided as actual results for the period of January 1, 2014 to June 30, 2014.

[6] Cash flow multiple is calculated by dividing the purchase price by a 2015 estimate of funds from operations from the acquired asset. The funds from operations of the acquired asset was calculated by multiplying the mid-point of the 2015 estimated production from the acquired asset, by an estimated operating netback derived using the Company's 2015 commodity price forecast of $89.00/bbl for Edmonton Par price and $3.57/GJ for AECO.

[7] Proved and proved plus probable reserves per boe were calculated by dividing the purchase price, less undeveloped land value at $200/acre and ascribed value for the facilities, by reserves.
[8] The recycle ratio was calculated by dividing an estimated operating netback derived using the Company's 2015 commodity price forecast of $89.00/bbl for Edmonton Par price and $3.57/GJ for AECO, by proved plus probable reserves that were based on the Company's internal evaluation.

Preliminary 2015 Guidance

Although Tamarack has not finalized its 2015 capital budget, the Company anticipates that the Wilson Creek asset will be able to generate free cash flow by the third quarter of 2015, enabling Tamarack to further accelerate drilling on the Cardium farm-in opportunity it entered into in August of 2013. Tamarack is pleased to announce preliminary 2015 guidance as follows:

- 2015 capital expenditure budget of approximately $170 to $180 million.
- 2015 estimated average production rate of between 11,500 to 12,000 boe/d (approximately 55-60% oil & NGLs).
- 2015 estimated exit production rate of between 14,000 to 14,500 boe/d (approximately 55-60% oil & NGLs).
- 2015 estimated cash flow from operations of between $140 to $150 million, assuming a 2015 Edmonton par price average of $89.00/bbl and AECO price average of $3.57/GJ.
- Estimated 2015 year end debt to annualized fourth quarter 2015 funds flow from operations of approximately 1.0x.

Tamarack intends to bring on two to three rigs in the Wilson Creek area and spud 6 net 1-mile horizontal Cardium oil wells by year end 2014. The 9,500 boe/d exit rate assumes 3 of these wells are on production.

Tamarack expects to finalize its 2015 budget by the end of November, 2014.

Financing

Subscription Receipt Financing

In connection with the Acquisition, the Company has entered into an agreement with a syndicate of underwriters co-led by Dundee Securities Ltd. and National Bank Financial Inc. and including Macquarie Capital Markets Canada Ltd., GMP Securities L.P., Clarus Securities Inc., Peters & Co. Limited, RBC Dominion Securities Inc., and AltaCorp. Capital Inc. (collectively, the "Underwriters"), pursuant to which the Underwriters have agreed to purchase for resale to the public, on a bought deal basis, 16,100,000 subscription receipts ("Subscription Receipts") of the Company at a price of $7.15 per Subscription Receipt for gross proceeds of approximately $115.1 million. The gross proceeds from the sale of Subscription Receipts will be held in escrow pending the completion of the Acquisition.

The Subscription Receipts will be distributed by way of a short form prospectus in all provinces of Canada and in the United States, the United Kingdom and certain other jurisdictions as the Company and the Underwriters may agree on a private placement basis. Completion of the Acquisition and the Financing is subject to certain conditions including the receipt of all necessary regulatory approvals, including the approval of the TSX Venture Exchange ("TSX-V") and the securities regulatory authorities. Closing of the Financing is expected to occur on or about September 26, 2014 or such other date as agreed upon between Tamarack and the Underwriters. The Acquisition is expected to close after receiving Competition Act (Canada) approval, or at the latest October 31, 2014. The Acquisition is expected to close on or about October 15, 2014.

In addition, the Underwriters have been granted an over-allotment option, exercisable for a period commencing at closing of the Financing (the "Closing") and ending 30 days following Closing, to purchase up to 2,415,000 additional Subscription Receipts at a price of $7.15 per Subscription Receipt to cover over-allotments, if any, and for market stabilization purposes. If the over-allotment is fully exercised, gross proceeds from the Subscription Receipt offering will be approximately $132.4 million.

Each Subscription Receipt shall entitle the holder thereof to receive, for no additional consideration and without further action on the part of the holder thereof, one common share ("Common Share") of the Company, upon satisfaction of the Escrow Release Conditions (defined below). The gross proceeds of the Subscription Receipt offering (the "Escrowed Funds") will be held in escrow and will be released to the Company upon satisfaction of the following conditions ("Escrow Release Conditions"): (i) the closing of the Acquisition in accordance with the terms and conditions of the purchase and sale agreement; and (ii) receipt by the Company of all necessary regulatory and other approvals (including the approval of the TSX-V) for the Acquisition and the issuance of the Common Shares issuable pursuant to the Subscription Receipts. In the event that the Escrow Release Conditions are not satisfied on or before October 31, 2014, the purchase and sale agreement is terminated in accordance with its terms, a party to the Acquisition has disclosed to the public that it does not intend to proceed with the Acquisition or Tamarack advises the Underwriters that it does not intend to proceed with the Acquisition, the Escrowed Funds, together with accrued interest thereon, shall be returned to the holders of the Subscription Receipts.

Private Placement

Concurrently with the Subscription Receipts offering, the Company and the same syndicate of Underwriters intend to complete a private placement of 1,280,000 common shares of the Company to be issued on a “CDE flow-through” basis (the “CDE Flow-Through Shares”) at a price of $7.85 per CDE Flow-Through Share, for aggregate gross proceeds to the Company of approximately $10.0 million (the “Private Placement”). Closing of the Private Placement, subject to approval by the TSX-V is anticipated to occur concurrently with the closing of the Subscription Receipts offering on or about September 26, 2014 and is subject to the receipt and approval of the TSX-V.

The Company expects to raise an aggregate of approximately $142.4 million from the Financing (assuming the over-allotment option is exercised in full).

This press release is not an offer of the securities for sale in the United States. The securities have not been registered under the U.S. Securities Act of 1933, as amended, and may not be offered or sold in the United States absent registration or an exemption from registration. This press release shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the securities in any state in which such offer, solicitation or sale would be unlawful.

Advisors

Dundee Securities Ltd. acted as the lead financial advisor and National Bank Financial Inc. acted as financial advisor to Tamarack with respect to the Acquisition.

About Tamarack Valley Energy Ltd.

Tamarack is an oil and gas exploration and production company committed to long-term growth and the increased identification, evaluation and operation of resource plays in the Western Canadian sedimentary basin. Tamarack's strategic direction is focused on two key principles – targeting resource 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 development oil locations in the Redwater Viking play. While continuing to build on its sustainable growth platform, Tamarack also increased its low-risk development locations within the Cardium fairway through a farm-in agreement with an industry major. These endeavors add to Tamarack's strong resource portfolio, including Cardium properties at Lochend, Garrington and Buck Lake and heavy oil properties in Saskatchewan. With a balanced portfolio, and an experienced and committed management team, Tamarack intends to continue to deliver on its promise to increase its production and maximize shareholder return.

In April 2014, Tamarack was honored as one of the TSX Venture 50. The TSX Venture 50 is a ranking of the strongest performing TSX-V companies in 2013 and is assessed on the basis of a combination of share price appreciation, trading volumes, change in market capitalization and analyst coverage. The index is comprised of ten companies from each of five sectors: Clean Technology, Oil and Gas, Diversified Industries, Mining, and Technology & Life Sciences.

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
mmcf	million cubic feet
mmcf/d	million cubic feet per day
NGL	natural gas liquids

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. Boe's may be misleading, particularly if used in isolation. 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.

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 completion and timing of the Acquisition, the Financing, the anticipated outcome and benefits of the Acquisition, Tamarack’s future drilling plans and operations, estimated average and exit production rates in 2014, Tamarack’s preliminary 2015 capital expenditure budget guidance and expectations regarding the addition of reserves through drilling. 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 Acquisition, Financing, the timely receipt of required regulatory approval for the Acquisition, the Financing, the satisfaction of other closing conditions in all material respects in accordance with the terms of the purchase and sale agreement with the Vendor or the underwriting agreement with the Underwriters, no event will occur that would trigger termination rights under the underwriting agreement with the Underwriters, 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.

Also included in this press release are estimates of Tamarack’s 2015 cash flow from operations and 2015 year end debt to annualized fourth quarter of 2015 cash flow from operations, which are based on the assumptions as to production levels, capital expenditures and commodity pricing disclosed in this press release. To the extent that such estimates constitute a financial outlook within the meaning of applicable securities laws, they were approved by management of Tamarack on September 3, 2014 and are included to provide readers with an understanding of Tamarack’s anticipated cash flow based on the capital expenditure and other assumptions described herein. Readers are cautioned that the information may not be appropriate for other purposes. The actual results of Tamarack will likely vary from the amounts set forth in the financial outlook and such variation may be material.

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 13, 2014 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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