TSX VENTURE: TVE

Tamarack Valley Energy Ltd. Announces 2015 First Quarter Results, Including Record Production While Reducing Debt

Calgary, Alberta – May 13, 2015 – Tamarack Valley Energy Ltd. ("**Tamarack**" or the "**Company**") is pleased to announce its operating and financial results for the first quarter of 2015. The Company exceeded its first quarter 2015 production guidance of 8,000 boe/d by averaging 8,092 boe/d. First quarter production increased 5% on an absolute basis as well as on a per share basis from 7,681 boe/d in the previous quarter. The Company achieved this record production while only spending $5.0 million of capital expenditures during the quarter while generating $13.7 million of funds from operations, thereby reducing debt by $8.6 million.

The Company has filed its unaudited condensed consolidated interim financial statements for the three months ended March 31, 2015 ("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.

Financial and Operating Highlights

- Delivered record production of 8,092 boe/d (63% oil and NGLs), an increase of 94% (33% per share) compared to 4,182 boe/d (56% oil and NGLs) in Q1/2014. In addition, the Company estimates it has 1,205 boe/d behind pipe in the Wilson Creek /Alder Flats area that could be brought on stream in the second half of 2015 as economic conditions improve.
- Increased funds from operations 2% to $13.7 million ($0.18/share) compared to $13.4 million ($0.25/share) in Q1/2014. On a per share basis funds from operations decreased 30% compared to a 47% decrease in realized commodity prices on a boe basis.
- Achieved operating costs of $12.55/boe, 13% below budgeted operating costs of $14.45/boe and a 5% reduction relative to Q1/2014 operating costs ($13.25/boe) due to a continued focus on operational efficiencies.
- Realized $3.6 million ($5.00/boe) in hedging gains during the first quarter of 2015, supporting a Q1/2015 operating netback of $23.42/boe.
- Total capital expenditures for the quarter were $5.0 million compared to $25.0 million in Q1/2014 as the Company has prudently elected to preserve capital during the first half of 2015 to reduce debt and maintain financial flexibility.
- Reduced net debt by $8.6 million during the quarter to $121.2 million.
- Maintained a disciplined hedging program with an average of 1,450 bbl/d of oil production for the last three quarters of 2015 hedged at an average WTI fixed price of $82.65/bbl (Canadian dollar equivalent)

and an average of 1,350 bbls/d of oil production for the first half of 2016 hedged at an average WTI fixed price of $75.10/bbl (Canadian dollar equivalent).

Operations Review

Tamarack achieved its record production in the first quarter of 2015 despite only spending $5.0 million on capital expenditures and having 280 boe/d of production temporarily shut-in due to third party facility downtime. These strong operating results were due to the continued production performance from the Company's fourth quarter Wilson Creek drilling program. These Wilson Creek wells continue to outperform internal expectations.

During the first quarter of 2015, Tamarack elected to exercise fiscal prudence with the current commodity price environment in order to preserve the Company's target return on capital. The Company has purposely avoided bringing on new production during this period of lower commodity prices by limiting its drilling program in early 2015. During this economic environment, capital investments generate the lowest rates of returns and can dilute the Company's net asset value. Similar to previous down cycles, there was a lag in service cost reductions during the first quarter of 2015. As a result, Tamarack employed the following strategy to deal with this lower commodity price environment:

- shut down non-essential capital spending;
- embark on a methodical approach to cut operating costs to increase netbacks;
- work with service providers to reduce capital costs with a target of a 20% reduction;
- hedge strategically, when prices are at levels that allow for the drilling program to achieve payouts of 1.5 years or better; and
- opportunistically add high quality, quick payback drilling inventory.

In keeping with this strategy the Company drilled two net Cardium horizontal oil wells in the Wilson Creek area of Alberta in early January 2015, bringing the total to three net Cardium horizontal oil wells that have been drilled but not fracture stimulated or placed on production. Tamarack also has one net horizontal Cardium Alder Flats well that has been shut in since the third quarter of 2014 due to third party facility constraints. On a combined basis, the Company estimates it has 1,205 boe/d behind pipe in the Wilson Creek /Alder Flats area. This behind pipe production will allow Tamarack to significantly increase production as economic conditions continue to improve. With current realized supply cost reductions and US$60/bbl WTI (approximately CND$66/bbl Edmonton Par price) commodity pricing, Tamarack's inventory of Cardium locations realize a payout of less than 1.0 year.

To date, Tamarack has achieved success thus far in 2015 by reducing operating costs by $1.90/boe compared to its budget largely due to cost reductions in the Wilson Creek area. The Company has also made progress towards achieving its targeted 20% reduction in capital costs which will improve go-forward efficiencies. When considering realized operating cost and capital cost reductions, current hedged volumes, and current strip commodity pricing, Tamarack believes it will be able to bring behind pipe production online with a payout of approximately seven months and target new Wilson Creek drilling inventory with less than one year payout when it resumes its drilling operations during the third quarter of 2015.

Financial & Operating Results

	Three months ended March 31,		
	2015	2014	% change
($, except share numbers)			
Total revenue	**25,310,633**	24,498,255	3
Funds from operations [1]	**13,742,786**	13,445,163	2
Per share – basic [1]	**$ 0.18**	$ 0.26	(31)
Per share – diluted [1]	**$ 0.18**	$ 0.25	(28)
Net income (loss)	**(5,241,630)**	1,790,681	(393)
Per share – basic	**$ (0.07)**	$ 0.03	(333)
Per share – diluted	**$ (0.07)**	$ 0.03	(333)
Net debt [2]	**(121,159,015)**	(37,130,296)	226
Capital expenditures [3]	**5,028,174**	25,012,046	(80)
Weighted average shares outstanding			
Basic	**77,928,466**	52,546,496	48
Diluted	**77,928,466**	53,646,513	45
Share Trading			
High	**$ 4.46**	$ 6.08	(27)
Low	**$ 2.75**	$ 3.59	(23)
Trading volume	**18,983,879**	42,411,701	(55)
Average daily production			
Light oil (bbls/d)	**4,029**	2,103	92
Heavy oil (bbls/d)	**498**	83	500
NGLs (bbls/d)	**588**	147	300
Natural gas (mcf/d)	**17,864**	11,093	61
Total (boe/d)	**8,092**	4,182	94
Average sale prices			
Light oil ($/bbl)	**48.33**	94.82	(49)
Heavy oil ($/bbl)	**39.18**	77.30	(49)
NGLs ($/bbl)	**25.43**	79.84	(68)
Natural gas ($/mcf)	**2.91**	4.93	(41)
Total ($/boe)	**34.75**	65.09	(47)
Operating netback ($/Boe) [4]			
Average realized sales	**34.75**	65.09	(47)
Royalty expenses	**(3.78)**	(7.86)	(52)
Production expenses	**(12.55)**	(13.25)	(5)
Operating field netback ($/Boe) [4]	**18.42**	43.98	(58)
Realized commodity hedging gain (loss)	**5.00**	(3.46)	245
Operating netback	**23.42**	40.52	(42)
Funds flow from operations netback ($/Boe) [4]	**18.87**	**35.72**	(47)

Notes:

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

(2) Net debt does not have any standard meaning prescribed by IFRS and therefore may not be comparable with the calculation of similar measures for other entities. Net debt includes accounts receivable, prepaid expenses and deposits, bank debt and accounts payable and accrued liabilities, but excludes the fair value of financial instruments.

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

(4) Operating netback, operating field netback and funds flow from operations 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 field netback equals total petroleum and natural gas sales less royalties and operating costs calculated on a boe basis. Operating netback is the operating field netback less realized gains and losses on commodity derivative contracts. Funds flow from operations netback equals funds flow from operations divided by the total sales volume and reported on a

per boe basis. Tamarack considers operating netback and funds flow from operations netback as important measures to evaluate its operational performance as it demonstrates its field level profitability relative to current commodity prices.

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 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 Pembina, Wilson Creek, Garrington and Lochend Cardium fairway and the Redwater shallow Viking play in Alberta. With a balanced portfolio and an experienced and committed management team, Tamarack intends to continue to deliver on its promise 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
Mbbls	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' NI 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", "target", "plan", "intend", "embark", "estimate", "expect", "may", "will", "project", "should", or similar words suggesting future outcomes. More particularly, this press release contains statements concerning Tamarack's drilling plans, operations and strategy, targeted reduction in capital costs, estimated behind pipe production in the Wilson Creek/Alder Flats area and anticipated reductions in net debt in 2015. 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 and costs 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) 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.

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