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Tamarack Valley Energy Ltd. Announces Acquisition of Wilson Creek Cardium Assets, \$70 Million Bought Deal Financing and Increased 2015 Guidance

Calgary, Alberta – May 14, 2015 – Tamarack Valley Energy Ltd. (“Tamarack” or the “Company”) is pleased to announce that it has entered into three separate binding purchase and sale agreements with three industry majors (the “Vendors”) to acquire certain assets located in the greater Wilson Creek area of Alberta, contiguous with Tamarack’s existing Cardium interests in Wilson Creek for total aggregate cash consideration of approximately \$54 million (the “Acquisitions”), subject to certain closing adjustments. The Acquisitions in aggregate are expected to add approximately 1,450 boe/d (45% light oil and NGLs) as of the closing date and includes 128 (88 net) total sections of land in the greater Wilson Creek / Alder Flats area. On the Acquisition lands, the Company has identified 40 net one-mile equivalent high quality, one year or less payout Cardium drilling locations using current strip pricing and current realized industry service costs. Pursuant to the Acquisitions, Tamarack will also acquire 100% ownership in facilities which includes a 6 mmcf/d gas plant, 1,000 bbls/d central oil battery and over 220km of emulsion and pipeline infrastructure. In aggregate, Tamarack has estimated the replacement cost of these facilities to be in excess of \$60 million.

The Acquisitions will be funded with a concurrent \$70 million bought deal equity financing, co-led by National Bank Financial Inc. and Dundee Securities Ltd.

Strategic Rationale of Wilson Creek Consolidation

The Acquisitions are consistent with Tamarack’s previously communicated strategy focused on accretively adding oil focused assets that are sustainable, predictable and reliable while maintaining a healthy balance sheet that provides management the flexibility to deliver efficient growth to shareholders through technical and operational expertise. The Acquisitions will provide Tamarack a dominant contiguous position in the Wilson Creek / Alder Flats area with all required infrastructure in place, reduced operating costs and increased area and corporate netbacks. In addition, Tamarack will add no G&A with the Acquisitions.

Pro forma the Acquisitions Tamarack will have the following attributes in the Wilson Creek/Alder Flats area:

- Adds 128 (88 net) sections of contiguous lands in the greater Wilson Creek / Alder Flats area to a pro forma area total of 231 (155 net) sections of land;
- Based on the Company’s current geological interpretation, it estimates adding 101 (73 net) sections on the successful Cardium oil trend that Tamarack has been actively drilling since mid-2014 to a pro forma area total of 183 (126 net) sections on the Cardium oil trend;

- Adds 40 net identified high quality, one year or less payout Cardium drilling locations and 70 net total Cardium drilling locations to a pro forma area total of 116 net high quality, one year or less payout drilling locations and 151 net total identified locations;
- Adds significant infrastructure of which the Company estimates the replacement value to be over \$60 million. Including existing infrastructure in the Wilson Creek / Alder flats area, the pro forma area infrastructure replacement cost is \$140 million.

The key financial benefits to Tamarack's shareholders of the Acquisitions, the Financings and the Private Placements are as follows:

- 2015 accretion is forecast to be 4% on cash flow per share, 3% on production per share and 20% on net asset value per share;
- The critical mass and operational synergies of the newly acquired assets, pro forma with Tamarack's existing Wilson Creek and Alder Flats assets will create a netback of approximately \$30.30/boe compared to a current netback on the acquired production of \$22.97/boe. These netbacks are based on a \$63.00/bbl Edmonton Par price and \$2.60/GJ AECO;
- Exit net debt to cash flow ratio decreases to 2.1x on 2015 cash flow (partial year cash flow from the Acquisitions) and to less than 1.5x on Q4/15 annualized cash flow; and
- The acquired infrastructure will allow Tamarack to re-direct \$2.2 million of previously budgeted infrastructure capital to drilling in 2015 and another \$3.8 million in 2016.

Summary of the Acquisitions

The aggregate Acquisitions to be acquired pursuant thereto have the following characteristics:

Total purchase price ⁽¹⁾	\$54 million
Estimated production (at closing)	1,450 boe/d (45% light oil and NGLs)
Forecasted annual decline rate on base production	20%
Land (net acres)	81,600 (56,128 net) acres
Proved developed producing reserves ⁽²⁾	3.47 mmboe (44% light oil and NGLs)
Proved reserves ⁽²⁾	5.75 mmboe (43% light oil and NGLs)
Proved plus probable reserves ⁽²⁾	6.44 mmboe (43% light oil and NGLs)
Proved plus probable RLI ⁽³⁾	12.2 years
Planned 2015 capital expenditures	\$6.6 million
Proved developed producing reserve value ⁽²⁾	\$56.4 million PV10
Proved reserve value ⁽²⁾	\$103.5 million PV10
Proved plus probable reserve value ⁽²⁾	\$113.1 million PV10
Current operating netback ⁽⁴⁾	\$22.97/boe

The associated metrics on the Acquisitions are as follows:

Estimated Production (at closing)	\$37,000 per boe/d
Proved Reserves	\$9.37/boe
P+P Reserves	\$8.37/boe
Proved NPV10 ⁽²⁾	0.5x
P+P NPV10 ⁽²⁾	0.5x
Current cash flow multiple ⁽⁵⁾	4.4x
P+P Recycle ratio	2.7x

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 Acquisitions.

² Working interest reserves before the calculation for royalties and before the consideration of royalty interest reserves.

Reserves estimates are based on the Company's internal evaluation of what it estimates will be booked at December 31, 2015. Included in those assumptions would be \$6.6 million of capital that would be spent in 2015. The reserves 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*. Reserve values are based on GLJ December 31, 2014 engineering pricing.

³ The reserve life index ("RLI") is calculated by dividing proved plus probable reserves estimated at December 31, 2015 with estimated production at closing.

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 Cash flow multiple is calculated by dividing the purchase price by an estimate of funds from operations from the acquired asset on a run rate basis using the estimated production rate at closing. The estimated operating netback was derived using the Company's 2015 commodity price forecast of \$63.00/bbl for Edmonton Par price and \$2.60/GJ for AECO.

Growth Plan and 2015 Guidance

Through utilizing the benefits of existing infrastructure and Tamarack's 2015 cost cutting initiatives, operating costs have been reduced by \$1.90/boe in Wilson Creek. The Company is also making progress towards achieving its targeted 20% reduction in capital costs to improve on capital efficiencies. Based on current strip pricing, Tamarack is able to achieve its target returns on capital and one year or less payouts on an estimated 116 high quality horizontal drilling locations that are located in the Wilson Creek Cardium trend that Tamarack has been actively drilling since mid-2014. By achieving these improved economics, Tamarack will begin to execute its 2015 growth plan that will include:

- An increase in its capital expenditure budget to between \$130-\$140 million from \$47 million
- Resulting in 2015 estimated production guidance between 8,000-8,200 boe/d (approximately 58-62% oil & NGLs) and an 2015 exit production rate of approximately 10,000 boe/d (approximately 58-62% oil & NGLs)
- Commodity price assumptions: \$63.00/bbl Edmonton Par price, \$2.60/GJ AECO

Financings

Concurrent with the Acquisition, Tamarack has entered into an aggregate \$70.0 million bought deal financing agreement consisting of \$50.0 million in Subscription Receipts, \$15.0 million of Offered Shares and a \$5 million private placement of CDE Flow-Through Shares (each defined below).

Subscription Receipt and Offered Shares Financing

In connection with the largest Acquisition, the Company has entered into an agreement with a syndicate of underwriters co-led by National Bank Financial Inc. and Dundee Securities Ltd. and including GMP Securities L.P., Macquarie Capital Markets Canada Ltd., Peters & Co. Limited, RBC Dominion Securities Inc., Acumen Capital Finance Partners Limited, AltaCorp Capital Inc. and Paradigm Capital Inc. (collectively, the "**Underwriters**"), pursuant to which the Underwriters have agreed to purchase for resale to the public, on a bought deal basis, 13,228,000 subscription receipts ("**Subscription Receipts**") of the Company at a price of \$3.78 per Subscription Receipt for gross proceeds of approximately \$50.0 million. The gross proceeds from the sale of Subscription Receipts will be held in escrow pending completion of the largest Acquisition.

The Underwriters have also agreed to purchase for resale to the public, on a bought deal basis, 3,969,000 Common Shares at an issue price of \$3.78 per Common Share ("**Offered Shares**") resulting in gross proceeds of approximately \$15.0 million. Proceeds of the Offered Shares will primarily be used to fund the expanded 2015 capital expenditure program including the further exploration and development of the Company's oil and gas properties and for general corporate purposes.

The Subscription Receipts and Offered Shares (together, the "**Financings**") 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 Acquisitions and Financings are 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, as applicable. Closing of the Financings is expected to occur on or about June 3, 2015 or such other date as agreed upon between Tamarack and the Underwriters. The largest Acquisition, which is subject to *Competition Act* (Canada) approval, is expected to close on or about June 15, 2015.

In addition, the Underwriters have been granted an over-allotment option, exercisable for a period commencing at closing of the Financings (the "**Closing**") and ending 30 days following Closing, to purchase up to an additional 1,984,200 Subscription Receipts and an additional 595,350 Offered Shares, each at a price of \$3.78 per security, to cover over-allotments, if any, and for market stabilization purposes. If the over-allotment option is fully exercised, gross proceeds from the Subscription Receipts will be approximately \$57.5 million and gross proceeds from the Offered Shares will be approximately \$17.3 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 Receipts (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) all conditions precedent to the completion of the largest Acquisition (except for the release of Escrowed Funds to satisfy the purchase price of such acquisition) have been satisfied 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 largest Acquisition and the Subscription Receipt financing. In the event that the largest Acquisition has not been completed by 5:00 p.m. (Calgary time) on July 16, 2015, the largest Acquisition is terminated in accordance with the terms of the applicable purchase and sale agreement at an earlier time or Tamarack has disclosed to the Underwriters or the public that it does not intend to proceed with the largest Acquisition, the Escrowed Funds, together with their *pro rata* portion share of accrued interest thereon, shall be returned to the holders of the Subscription Receipts.

Private Placement

Concurrently with the Financings, the Company and the same syndicate of Underwriters intend to complete a private placement of 1,205,000 common shares of the Company to be issued on a “CDE flow-through” basis (the “**CDE Flow-Through Shares**”) at a price of \$4.15 per CDE Flow-Through Share, for aggregate gross proceeds to the Company of approximately \$5.0 million (the “**Private Placement**”). Closing of the Private Placement is anticipated to occur concurrently with the closing of the Financings on or about June 3, 2015 and is subject to the receipt and approval of the TSX-V.

The Company expects to raise an aggregate of approximately \$70.0 million from the Financings and the Private Placement. If the over-allotment option is fully exercised, the gross proceeds from the Financings and the Private Placement will be approximately \$79.8 million.

None of the Acquisitions are considered to be significant acquisitions for the purposes of Part 8 of National Instrument 51-102 – *Continuous Disclosure Obligations*.

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

National Bank Financial Inc. acted as financial advisor to Tamarack with respect to the Acquisitions. Dundee Securities Ltd. and GMP Securities L.P. acted as strategic advisors to Tamarack with respect to the Acquisitions.

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”, “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 Acquisitions, the Financings and the Private Placement, the anticipated outcome and benefits of the Acquisitions, estimated replacement costs of certain facilities, estimated replacement value of certain infrastructure, execution of Tamarack’s 2015 growth plan, Tamarack’s future drilling plans and operations, estimated average and exit production rates in 2015 and Tamarack’s 2015 capital expenditure budget guidance. 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 Acquisitions, Financings, the timely receipt of required regulatory approval for the Acquisitions, the Financings, 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.

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 revised Annual Information Form ("**AIF**") dated May 13, 2015 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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