



TSX VENTURE: TVE

## **Tamarack Valley Energy Ltd. Announces Second Quarter 2015 Production and Reduces 2015 Capital Budget While Maintaining Average Daily Production Guidance**

**Calgary, Alberta – July 29, 2015** – Tamarack Valley Energy Ltd. (“**Tamarack**” or the “**Company**”) is pleased to announce estimated production of 6,992 boe/d (60% oil & NGL’s) for the second quarter 2015, current production of approximately 8,525 boe/d (58% oil & NGL’s) based on field estimates and an increase to its credit facilities to \$165 million. The Company also announces a reduction to its 2015 capital program in response to the recent decrease in oil prices. Despite the reduction in Tamarack’s capital program, the Company still expects to average its previously announced guidance of 8,000 to 8,200 boe/d in 2015.

### **Production Update**

Tamarack’s average daily production of 6,992 boe/d (60% oil & NGL’s) during the second quarter of 2015 represents a 34% increase from the same period in 2014. Despite higher than expected downtime on various TransCanada pipelines during the quarter, Tamarack was able to exceed internal production guidance of 6,300 to 6,500 boe/d due to performance in the Wilson Creek area of Alberta and the Hatton area of Saskatchewan. Current production based on field estimates is approximately 8,525 boe/d (58% oil & NGL’s) with 6 (4.4 net) wells still waiting to be brought on production.

### **Operations Update**

Late in the second quarter of 2015, the Company fracture stimulated 4 (2.4 net) horizontal Cardium wells that were drilled in late 2014 and early 2015. The Company also commenced its second half 2015 drilling program on May 25, 2015 with 4 (4.0 net) horizontal Cardium oil wells drilled and completed in the Wilson Creek area and a fifth well currently being drilled. These new Wilson Creek wells only contributed 16 boe/d average production during the second quarter of 2015 due to the timing of wells coming on-stream. The full production impact of these wells will be realized in the third quarter of 2015 as the Company expects to bring a total of 8 (6.4 net) wells on production during the third quarter of 2015.

The Tamarack team remains focused on continuing to reduce operating costs and service costs during the second half of 2015 as it did during the fourth quarter of 2014 and the first half of 2015.

### **Credit Facility Increase**

Tamarack’s credit facilities were increased to \$165 million from \$150 million as a result of its annual review. The \$165 million facility is made up of a revolving credit facility in the amount of \$155 million and a \$10 million operating facility.

## Reduced 2015 Capital Program and Revised Guidance

On May 14, 2015 in conjunction with announcing the Wilson Creek acquisition, Tamarack announced an increase to its 2015 capital program to between \$130 and \$140 million (including \$54 million in acquisitions). That program was based on Edmonton Par prices averaging over \$67/bbl Cdn in the second half of 2015, which was below the forward strip at that time. Edmonton Par prices have since decreased to under \$60/bbl Cdn. Although Tamarack could expect to achieve payouts in 1.0 to 1.5 years or less assuming current costs for services and an Edmonton Par price of at least a \$60/bbl Cdn, Tamarack's strategy remains focused on preserving its balance sheet and maintaining liquidity in order to take advantage of tuck-in opportunities within its means in this lower price environment. In response to this recent decrease in crude oil prices the Company has therefore prudently elected to reduce its 2015 capital program and revise its 2015 exit production guidance as follows:

- A decrease in its capital expenditure budget to between \$125 and \$130 million from \$130 to \$140 million (including the \$54 million of acquisitions closed during the second quarter of 2015).
- 2015 estimated production guidance unchanged between 8,000-8,200 boe/d (approximately 55-60% oil & NGLs).
- 2015 exit production rate reduced to between 9,200-9,500 boe/d from 10,000 boe/d (approximately 55-60% oil & NGLs).
- Commodity price assumptions for second half of 2015: WTI \$45.00/bbl, Edmonton Par price \$53.50/bbl, AECO \$2.75/GJ and a \$0.77 Canadian dollar.
- Exit debt to Q4/15 annualized funds from operations is expected to be 1.75 times based on the above commodity assumptions.

During the first half of 2015, Tamarack focused on reducing debt to maintain financial flexibility. Tamarack is prepared to adjust its capital budget to account for changes in commodity prices as the year progresses in order to preserve capital and ensure an expedited return on future capital deployed.

## 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 focused primarily in the Cardium fairway and the Viking fairway 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.

## Additional IFRS Measures

This document contains “**funds from operations**”, which is an additional IFRS measure. The Company uses funds generated from operations as a key measure to demonstrate the Company's ability to generate funds to repay debt and fund future capital investment. Tamarack's method of calculating funds from operations may differ from other companies, and therefore may not be comparable to measures used by other companies. Tamarack calculates funds from operations as cash flow from operating activities, as determined under IFRS, before the changes in non-cash working capital related to operating activities and

abandonment expenditures, as the Company believes the uncertainty surrounding the timing of collection, payment or incurrence of these items makes them less useful in evaluating Tamarack's operating performance.

## Abbreviations

bbl	barrel
boe/d	barrels of oil equivalent per day
GJ	gigajoule
NGL	natural gas liquids

## Unit Cost Calculation and Other Advisories

For the purpose of calculating unit costs, natural gas volumes have been converted to a 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. Boe's may be misleading, particularly if used in isolation.

Guidance relating to exit debt to annualized cash flow from operations is included in this press release to provide readers with an understanding of the Company's operations for 2015. Readers are cautioned that the information may not be appropriate for other purposes.

## 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 the expected production impact of the Company's Wilson Creek wells, expectations regarding the Company's ability to bring on production x (x net) wells during the third quarter of 2015, the Company's ability to reduce operating costs during the second quarter of 2015, future capital expenditures, expected 2015 exit production rate and expected debt to Q4/15 annualized cash flow from operations. 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 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](http://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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