TSX: TVE

Tamarack Valley Energy Ltd. Announces 2016 First Quarter Results

Calgary, Alberta – May 11, 2016 – Tamarack Valley Energy Ltd. ("**Tamarack**" or the "**Company"**) is pleased to announce its operating and financial results for the first quarter of 2016. Production in the quarter averaged 9,582 boe/d (55% liquids), an increase of 18% over the first quarter of 2015. Based on current expectations for second quarter 2016 capital expenditures, the Company's first half 2016 average production is on target to be within the upper half of its guidance range of 9,100 to 9,600 boe/d.

As a result of the drilling and completion redesign that Tamarack undertook during 2015, the Company has realized significant improvements in well performance while benefitting from permanently lower capital costs. Despite ongoing weakness in commodity prices, these structural changes have improved project economics, supported continued production growth, and added high-quality locations to the drilling inventory. All of these measures help to support Tamarack's long term sustainability through a variety of price environments, and ensure the Company stays well positioned to quickly increase drilling capital in a higher economic environment should commodity prices strengthen further.

During the quarter, Tamarack successfully implemented initiatives designed to achieve a reduction in per boe operating costs by an additional 5% to $11.65/boe compared to $12.20/boe in the fourth quarter of 2015 and by 17% from $14.05/boe in the third quarter of 2015. The Company's focus on reducing costs across all facets of the business along with continued improvements to operational efficiencies will be ongoing throughout 2016. Subsequent to the end of the quarter, commodity prices started to increase, and Tamarack took the opportunity to layer on some additional natural gas and crude oil fixed price hedges into 2017 which will contribute to mitigating the impact of price volatility and protecting the Company's future debt to funds from operations ratio. Proceeds from a $43.7 million equity offering that Tamarack completed in March 2016 were directed to debt repayment, which strengthened the Company's balance sheet and provided significant financial flexibility. At the end of the first quarter, 2016, Tamarack's net debt was $62.7 million, representing a debt to annualized Q1 2016 funds from operations ratio of 1.4 times.

Tamarack has filed its unaudited condensed consolidated interim financial statements for the three months ended March 31, 2016 ("Financial Statements") and management's discussion and analysis ("MD&A") on SEDAR at www.sedar.com, and posted the documents to Tamarack's website at www.tamarackvalley.ca. 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.

Financial & Operating Results

	Three months ended March 31,		
	2016	2015	% change
($, except share numbers)			
Total Revenue	**19,618,659**	25,310,633	(22)
Funds from operations [1]	**11,078,160**	13,742,786	(19)
Per share – basic [1]	**$ 0.11**	$ 0.18	(39)
Per share – diluted [1]	**$ 0.11**	$ 0.18	(39)
Net income (loss)	**(5,834,537)**	(5,241,630)	(11)
Per share – basic	**$ (0.06)**	$ (0.07)	14
Per share – diluted	**$ (0.06)**	$ (0.07)	14
Net debt [2]	**(62,696,456)**	(121,159,015)	(48)
Capital Expenditures [3]	**17,149,338**	5,028,174	241
Weighted average shares outstanding			
Basic	**102,273,802**	77,928,466	31
Diluted	**102,273,802**	77,928,466	31
Share Trading			
High	**$ 3.97**	$ 4.46	(11)
Low	**$ 2.16**	$ 2.75	(21)
Trading volume	**28,809,301**	18,983,879	52
Average daily production			
Light oil (bbls/d)	**3,802**	4,029	(6)
Heavy oil (bbls/d)	**410**	498	(18)
NGLs (bbls/d)	**1,067**	588	81
Natural gas (mcf/d)	**25,818**	17,864	45
Total (boe/d)	**9,582**	8,092	18
Average sale prices			
Light oil ($/bbl)	**36.82**	48.33	(24)
Heavy oil ($/bbl)	**23.32**	39.18	(40)
NGLs ($/bbl)	**12.71**	25.43	(50)
Natural gas ($/mcf)	**2.03**	2.91	(30)
Total ($/boe)	**22.50**	34.75	(35)
Operating netback ($/Boe) [4]			
Average realized sales	**22.50**	34.75	(35)
Royalty expenses	**(2.04)**	(3.78)	(46)
Production expenses	**(11.65)**	(12.55)	(7)
Operating field netback ($/Boe) [4]	**8.81**	18.42	(52)
Realized commodity hedging gain (loss)	**7.23**	5.00	45
Operating netback	**16.04**	23.42	(32)
Funds flow from operations netback ($/Boe) [4]	**12.70**	**18.87**	(33)

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 with 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 operational performance as those measures demonstrate its field level profitability relative to current commodity prices.

Operations Review

Tamarack's first quarter 2016 production of 9,582 boe/d (55% liquids) exceeded expectations and is currently on target to be within the higher end of its production guidance range for the first half of the year. The Company was sharply focused on further reducing operating costs and implementing additional completion design changes in the field during the first quarter. The cost reduction initiatives involve three distinct infrastructure projects, with two of the three completed in late February 2016, and the third expected to be completed by the end of the second quarter. One of the completed projects was the installation of a compressor which redirects Tamarack production volumes to Company-operated facilities and effectively eliminates the payment of third party processing fees. The second project involved construction of a metering skid at the Wilson Creek oil battery which will enable Tamarack to truck its oil volumes from single well batteries into Company-owned facilities, reducing trucking costs and eliminating third party terminal fees. Completion of the final initiative will continue through the second quarter and will result in expansion of the Sun Creek gas plant inlet compression capacity from 6 mmcf/d up to 11 mmcf/d. Once completed, this expansion will enable Tamarack to process all of its area gas volumes through the Sun Creek facility and eliminate payment of third party processing fees. In light of the staggered project completions, the full impact of Tamarack's operating cost reduction initiatives won't be realized until the third quarter of 2016.

At the Company's Alder Flats / Wilson Creek areas of Alberta, Tamarack drilled three (2.5 net) Cardium horizontal oil wells which were brought on production between mid-February and mid-March and one (0.8 net) Mannville gas well which came on-stream in mid-March. In addition, the Company finished drilling, completing and tying-in two (1.7 net) horizontal Cardium wells that had been spudded in the previous quarter, but not yet completed. As production from all of these new wells was placed on stream later in the first quarter, the incremental volume contribution averaged approximately 530 boe/d over that quarter. Through the end of the first quarter and into the second quarter, the Company's first 2-mile horizontal oil well was drilled and the rig has now begun drilling the second 2-mile well from the same surface location. Tamarack plans to test some supplementary completion design changes on these wells which will accommodate the execution of 50-55 multi-stage, 15 ton fractures along approximately 3,000 meters of the horizontal section.

As part of Tamarack's continued efforts to develop and enhance its asset base, the Company remained focused on adding incremental drilling locations to inventory through minor tuck-in land acquisitions within its core areas. Ten such transactions were completed during the first quarter, adding approximately 10.5 net sections of undeveloped land in its core areas. The total cost of these transactions was approximately $610,000.

Tamarack is re-affirming its 2016 annual average production guidance of between 8,700-9,700 boe/d (approximately 51-57% liquids), based on capital expenditures ranging from $40 to $57 million. As a result of activity in the first quarter, Tamarack is currently exceeding internal expectations. Should commodity prices change for a sustained period, the Company will look to adjust its 2016 capital expenditure program with the protection of Tamarack's strong balance sheet as the key priority. The Company's capital expenditure program assumes a range of commodity prices as follows: WTI averaging $33/bbl to $40/bbl USD, Edmonton Par price averaging $41/bbl to $52/bbl and AECO averaging $2.00/GJ to $2.45/GJ with a Canadian/US dollar exchange rate range of $0.70 to $0.72. In response to sustained low commodity prices, the Company has already elected to defer $6 to $8 million of capital expenditures into the second half of 2016. Based on the current planned capital investment and anticipated well performance, Tamarack expects production in the first half of 2016 to average between 9,100-9,600 boe/d.

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 repeatable and relatively predictable 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, oil development drilling locations focused primarily in the Cardium and Viking fairways in Alberta that are economic at a variety of oil and natural gas prices. With this type of portfolio and an experienced and committed management team, Tamarack intends to continue delivering on its strategy 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 "target", "plan", "continue", "intend", "ongoing", "expect", "may", "will", "should", or similar words suggesting future outcomes. More particularly, this press release contains statements concerning the Company's focus on reducing costs and continually improving operational efficiencies, the impact of operating cost reduction initiatives, well completion design changes and associated cost reductions, adjustments to the 2016 capital expenditure program, deferral of capital expenditures and expected production in the first half of 2016. 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 annual information form for the year ended December 31, 2015 (the "AIF") for additional risk factors relating to Tamarack. The AIF can be accessed either on Tamarack's website at www.tamarackvalley.ca or 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.

For additional information, please contact:

Brian Schmidt
President & CEO
Tamarack Valley Energy Ltd.
Phone: 403.263.4440
www.tamarackvalley.ca

Ron Hozjan
VP Finance & CFO
Tamarack Valley Energy Ltd.
Phone: 403.263.4440