



TSX: TVE

NOT FOR DISTRIBUTION TO U.S. NEWS SERVICES OR DISSEMINATION IN THE UNITED STATES

## Tamarack Valley Energy Ltd. Closes Its Bought Deal Financings

Calgary, Alberta – July 12, 2016 – Tamarack Valley Energy Ltd. (“**Tamarack**” or the “**Company**”) is pleased to announce that it has completed its previously announced bought deal public offering of subscription receipts of the Company including the underwriters’ over-allotment option (“**Subscription Receipts**”) and bought deal public offering of common shares of the Company issued on a flow-through basis (“**Flow-Through Shares**”) for aggregate gross proceeds of \$81,605,983. The Company issued 20,110,050 Subscription Receipts at a price of \$3.66 per Subscription Receipt, for gross proceeds of \$73,602,783 and 1,952,000 Flow-Through Shares at a price of \$4.10 per Flow-Through Share, for gross proceeds of \$8,003,200. The syndicate of underwriters for the financings was led by National Bank Financial Inc. and included Dundee Securities Ltd., Macquarie Capital Markets Canada Ltd., CIBC World Markets Inc., FirstEnergy Capital Corp., Peters & Co. Limited, Desjardins Securities Inc., Acumen Capital Finance Partners Limited and AltaCorp Capital Inc. (collectively, the “**Underwriters**”).

The gross proceeds from the sale of the Subscription Receipts are being held in escrow (the “**Escrowed Funds**”) pending the satisfaction of all conditions to the completion of either of the previously announced acquisitions by the Company. The acquisition of certain assets in the Penny area of Southern Alberta (the “**Penny Acquisition**”) is scheduled to close later today. The purchase price, after closing adjustments, for the Penny Acquisition will be approximately \$59.2 million.

Each Subscription Receipt entitles the holder to receive one common share (“**Common Share**”) in the capital of the Company, without further payment or action on the part of the holder, upon closing of the Penny Acquisition.

The Penny Acquisition is comprised of a light oil pool which has only recovered 10% of estimated oil in place to date, has a decline rate of approximately 12-13%, and has been under waterflood for over 15 years. Current production is 1,050 boe/d (76% light oil and NGLs) from the Barons formation. The Company will also acquire 100% ownership in four oil batteries with combined oil capacity of 2,000 bbls/d and two gas plants with combined 12.5 mmcf/d capacity in addition to multiple injectors and various field compression equipment with an estimated aggregate replacement value of over \$45 million.

The purchase price for the Penny Acquisition will be financed by the proceeds from the issuance of the Subscription Receipts. Upon closing of the Penny Acquisition later today, the Subscription Receipts will be delisted from the Toronto Stock Exchange (the “**TSX**”) and the Common Shares issued on the exchange of the Subscription Receipts will commence trading on the TSX. The remaining proceeds from the issuance of the Subscription Receipts will be used to fund a portion of the purchase price of the Company’s previously announced acquisition of certain strategic assets in the Redwater and Wilson Creek areas in Alberta (“**Redwater Acquisition**” and together with the Penny Acquisition, the “**Acquisitions**”). The Redwater Acquisition is expected to close later in the month. In the event that only one of the Acquisitions is completed, the balance of the proceeds from the issuance of the Subscription Receipts will be used for general corporate purposes, including to initially repay a portion of the indebtedness under the

Company's credit facility and for working capital purposes. It is anticipated that the Subscription Receipts will be listed and posted for trading on the TSX under the symbol "TVE.R" at the open of the markets on July 12, 2016 until the conversion of the Subscription Receipts into Common Shares is completed, which is anticipated later today.

It is anticipated that the Flow-Through Shares will be listed and posted for trading on the TSX at the open of markets today. The gross proceeds from the sale of the Flow-Through Shares will be used to incur and renounce Canadian development expenses pursuant to the *Income Tax Act (Canada)*.

The Subscription Receipt and Flow-Through Share financing were completed by way of short form prospectus in all of the provinces of Canada and on a private placement basis in the United States pursuant to exemptions from the registration requirements of the U.S. securities laws.

**The securities offered have not been and will not be registered under the United States Securities Act of 1933, as amended, and may not be offered or sold in the United States absent registration or applicable exemption from the registration requirements. 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 jurisdiction in which such offer, solicitation or sale would be unlawful.**

## **2016 Guidance and Growth Plan**

These transactions demonstrate the continued successful execution of Tamarack's strategy. During the recent period of low commodity prices in 2015 and 2016, the Company has been able to identify and capitalize on accretive acquisition opportunities that fit well within Tamarack's existing portfolio. Since 2011, the Company has demonstrated its ability to enhance assets and improve returns by employing a technical approach combined with a strict cost-reduction focus. Integrating the acquired infrastructure with Tamarack's existing operations and ongoing cost-reduction initiatives is expected to result in a reduction of corporate operating costs of approximately \$0.40-0.60/boe by the end of 2016 which will contribute to improved operating netbacks in 2017.

As a result of the recent rise in oil prices and the positive impact of the Acquisitions, Tamarack had elected to increase its 2016 capital program and guidance ranges (which was previously announced):

- Capital expenditure budget increased to between \$45-\$53 million (excluding the cost of the Acquisitions) from \$40-57 million while continuing to invest within cash flow;
- Average estimated 2016 annual production guidance increased to between 9,700-10,000 boe/d (approximately 53-57% oil & NGLs);
- 2016 exit production rate increased to approximately 11,000 boe/d (approximately 53-57% oil & NGLs);
- 2016 exit debt to annualized fourth quarter of 2016 funds from operations ratio of less than 0.8; and
- Assumes: 2016 WTI average \$44/bbl - \$47/bbl USD, 2016 Edmonton par price average \$52/bbl - \$56/bbl, 2016 AECO average \$1.80/GJ to \$2.00/GJ, Canadian/US dollar exchange rate range of \$0.77 to \$0.78.

## **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**

bbbl	barrels
bbbls/d	barrels of oil per day
boe	barrels of oil equivalent
boe/d	barrels of oil equivalent per day
mmcf/d	million 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”, “focus”, “estimate”, “expect”, “may”, “will”, “could”, “should”, or similar words suggesting future outcomes. More particularly, this press release contains statements concerning completion and timing of the Acquisitions, the anticipated outcome and benefits of the Acquisitions, the renunciation of Qualifying Expenditures to be incurred by the purchasers of Flow-Through Shares, Tamarack’s planned future drilling plans, operations and strategy, projections contained in Tamarack’s 2016 capital program and guidance, anticipated reductions to capital expenditures in the event of continued low commodity prices, forecast commodity prices, and deployment of Tamarack’s 2016 capital program. The completion and timing of the Acquisitions are based on a number of assumptions, including the timely receipt of all required regulatory approvals for the Acquisitions and the satisfaction of other closing conditions in all material respects in accordance with the terms of the purchase and sale agreements with the sellers. 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 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 March 24, 2016 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.

#### **Original Oil in Place**

Original Oil in Place is the equivalent to Discovered Petroleum Initially In Place ("DPIIP") for the purposes of this press release. DPIIP is defined as quantity of hydrocarbons that are estimated to be in place within a known accumulation. There is no certainty that it will be commercially viable to produce any portion of the resources.

#### **For additional information, please contact:**

**Brian Schmidt**  
**President & CEO**  
**Tamarack Valley Energy Ltd.**  
**Phone: 403.263.4440**  
[www.tamarackvalley.ca](http://www.tamarackvalley.ca)

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