



TSX VENTURE: TVE

Tamarack Valley Energy Ltd. Announces Record Production and Funds from Operations and Releases 2013 First Quarter Financial and Operating Results

Calgary, Alberta – May 8, 2013 – Tamarack Valley Energy Ltd. (“Tamarack” or the “Company”) has filed its unaudited condensed consolidated financial statements for the three months ended March 31, 2013 (“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.

First Quarter 2013 Results

Tamarack is pleased to announce its record first quarter financial and operational highlights as follows:

- Achieved record quarter production average of 2,701 boe/d, up 5% from Q4/12 of 2,561 boe/d.
- Crude oil and natural gas liquids production weighting increased to 54% in Q1/13 from 51% in Q4/12.
- Production increased by 117% to 2,701 boe/d in Q1/13 from 1,242 boe/d in Q1/12.
- Funds from operations were \$7.0 million for Q1/13 compared to \$1.68 million for Q1/12.
- Operating netbacks increased by 8% to \$34.34/boe in Q1/13 from \$31.83/boe in Q4/12.
- Drilled 5 (4.7 net) Redwater Viking wells in Q1/13 and commenced its 3 Cardium well spring drilling program.

During the first quarter of 2013, Tamarack achieved record production, cash flow from operations and operating netbacks while reducing debt to annualized first quarter cash flow from operations. Tamarack’s first quarter production average of 2,701 boe/d exceeded the production estimate of 2,625 to 2,675 boe/d disclosed on February 7, 2013. The Company is on target to meet its 2013 average production guidance of 2,900 to 3,000 boe/d. The percentage of oil and natural gas liquids weighting increased to a record 54% of total production in the first quarter of 2013 compared to 51% of total production in the fourth quarter of 2012.

Funds from operations during the three months ended March 31, 2013 were \$7.0 million (\$0.24 per share basic and diluted) compared to funds from operations of \$6.0 million (\$0.20 per share basic and diluted) for the fourth quarter 2012. The operating netback for the first quarter of 2013 increased by 8% to \$34.34/boe compared to \$31.83/boe during the fourth quarter of 2012. Tamarack’s net debt at

March 31, 2013 to annualized first quarter funds from operations was 1.87 times as compared to 2.0 times at year end 2012.

During the first quarter of 2013, Tamarack enjoyed continued Viking oil drilling success in the Redwater area of Alberta, where the Company drilled 5 (4.7 net) Viking oil wells. Two of the wells came on production during the last week of the first quarter of 2013 and the remaining three wells began producing in early April. The Company also has been successful in purchasing undeveloped acreage and adding to its low risk drilling inventory in its core Redwater and Garrington areas. During the first quarter 2013, Tamarack added 1.32 sections of land, resulting in 17 locations being added to the Company's drilling inventory.

Financial & Operating Results

	Three months ended March 31,		
	2013	2012	% change
(\$, except share numbers)			
Total Revenue	12,922,879	4,082,888	217
Funds from operations ¹	7,005,572	1,678,117	317
Per share – basic ¹	0.24	0.10	140
Per share – diluted ¹	0.24	0.10	140
Net income (loss)	296,846	(1,695,020)	118
Per share – basic	\$ 0.01	\$ (0.10)	110
Per share – diluted	\$ 0.01	\$ (0.10)	110
Net debt ²	(52,397,617)	(12,613,516)	315
Capital Expenditures ³	11,783,298	6,669,930	77
Weighted average shares outstanding ⁴			
Basic	29,706,752	16,396,030	81
Diluted	29,706,752	16,396,030	81
Average daily production			
Crude oil and NGLs (bbls/d)	1,452	401	262
Natural gas (mcf/d)	7,496	5,047	49
Total (boe/d)	2,701	1,242	117
Average sale prices			
Crude oil and NGLs (\$/bbl)	82.11	84.07	(2)
Natural gas (\$/mcf)	3.25	2.22	46
Total (\$/boe)	53.16	36.14	47
Operating netbacks (\$/boe) ⁵			
Average realized sales	53.16	36.14	47
Royalty expenses	(5.96)	(1.41)	323
Production expenses	(12.84)	(9.67)	33
Operating field netback	34.36	25.06	37
Realized commodity hedging gain (loss)	(0.02)	(4.12)	99
Operating netback	34.34	20.94	64

Notes:

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

² Net debt includes accounts receivable, prepaid expenses and deposits, bank debt and accounts payable and accrued liabilities, but exclude the future value of financial instruments.

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

⁴ On July 16, 2012 the Company consolidated its common shares on a 1 for 12 basis and all number of shares and per share amounts have been restated to reflect the consolidation.

⁵ “Operating 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 netback equals total petroleum and natural gas sales including realized gains and losses on commodity derivative contracts less royalties and operating costs calculated on a boe basis. Tamarack considers operating netback an important measure to evaluate its operational performance as it demonstrates its field level profitability relative to current commodity prices.

2013 Spring Drilling Program Update

As previously mentioned, Tamarack commenced its spring drilling program in March 2013 in the Redwater area where it drilled, completed and equipped 5 (4.7 net) successful Viking oil wells. Tamarack also completed drilling operations in the Lochend area of Alberta where it drilled 2 net operated Cardium oil wells from an existing surface location. The first Cardium well is expected to be stimulated with a multi-stage fracture treatment later in May 2013 with the second well to follow approximately a week later. Both wells will be tied into existing operated facilities.

The Company expects to spud a 100% working interest Garrington well within the next two weeks as it is currently preparing to construct a surface location. During the first quarter of 2013 Tamarack was successful in increasing its working interest from 67% to 100% working interest on these Garrington lands. The Company will continue to add undeveloped acreage in its core Viking and Cardium areas.

Tamarack also plans to commence a second 5 well Viking oil drilling program either late in the second quarter of 2013 or early third quarter of 2013, pending surface access.

About Tamarack Valley Energy Ltd.

Tamarack is an oil and gas company involved in the identification, evaluation and operation of resource plays in the Western Canadian sedimentary basin. The Company uses a rigorous, proven modeling process to carefully manage risk and identify growth opportunities. Tamarack's diversified suite of oil-focused assets provides exposure to the high impact Cardium light oil resource plays in Lochend, Garrington/Harmattan and Buck Lake in Alberta, low cost Viking light oil resource plays in Redwater, Foley Lake and Westlock in Alberta and highly economic heavy oil opportunities southeast of Lloydminster in Saskatchewan.

Abbreviations

bbbl	barrel
bbbls/d	barrels per day
boe/d	barrels of oil equivalent per day
mcf	thousand cubic feet
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' National Instrument 51-101 Standards of Disclosure for Oil and Gas Activities. 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 Tamarack's planned acquisitions and future drilling plans and 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 March 27, 2013 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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