



TSX VENTURE: TVE

Tamarack Valley Announces New Core Area at Buck Lake and a Bought Deal Financing

CALGARY, ALBERTA – February 16, 2011- Tamarack Valley Energy Ltd. (“Tamarack” or the “Company”) (TSX VENTURE:TVE) is pleased to announce that it has entered into an agreement with a private company to acquire a 75% working interest in 8.5 gross sections of land (7.5 gross sections of Cardium rights), in the Buck Lake area of Alberta. This new core area fits the risk and reserve criteria that the Company adheres to when screening for drilling opportunities while also increasing its Cardium inventory by 24 gross (18 net) locations. With this acquisition, Buck Lake will become the Company’s fourth resource play complementing its Cardium drilling inventory already identified at Lochend and Garrington, and increasing the Company’s total unrisksed drilling inventory to 111 net Cardium and Viking oil locations.

The terms of the Buck Lake land acquisition are as follows:

- 1) Tamarack will pay \$5 million for a 75% interest in 8.5 gross sections of land (7.5 gross sections of Cardium rights);
- 2) Tamarack will carry the private company’s interest of the drilling and completions costs for the first two wells, to be drilled by September 1, 2011 and November 1, 2011 respectively; and
- 3) Tamarack will be appointed operator of the lands.

The Company is also pleased to announce that it has entered into a bought deal short form prospectus financing agreement with a syndicate of underwriters led by Dundee Securities Ltd. and including Peters & Co. Limited, Wellington West Capital Markets Inc., Acumen Capital Partners Limited and AltaCorp Capital (collectively, the “Underwriters”), whereby the Company will issue 40,817,000 common shares at a price of \$0.49 per common share, for aggregate gross proceeds of approximately \$20 million.

In addition, the Underwriters have been granted an over-allotment option, exercisable in whole or in part for a period commencing at closing of the offering (the “Closing”) and ending 30 days following Closing, to purchase up to 6,122,550 additional common shares at a price of \$0.49 per common share. If the over-allotment option is fully exercised, gross proceeds from the offering will be approximately \$23 million.

Tamarack will use the net proceeds from the offering to expand and accelerate the Company’s capital program for development of the Lochend and Garrington core areas, to fund the Buck Lake land acquisition and capital program, and for general corporate purposes. Tamarack is excited to integrate the Buck Lake asset into its portfolio of oil opportunities. The Buck Lake property has ready to drill locations that, when combined with Lochend and Garrington, provide for consistent use of scarce oilfield services, reduced capital costs due to program drilling, and the ability to provide greater consistency with production growth. Tamarack expects to commence a three well drilling program in late Q1 or early Q2, 2011, depending on drilling rig availability. The first well is expected to be in the

Buck Lake area followed by the already licensed Lochend 8-29-26-3 W5M well and a third well at either Lochend, Garrington or Buck Lake.

The offering is scheduled to close on or about March 10, 2011 and is subject to certain conditions including, but not limited to, the receipt of all necessary approvals including the approval of the TSX Venture Exchange and the securities regulatory authorities.

Paradigm Capital Inc. acted as the financial advisor to Tamarack on the Buck Lake acquisition.

Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

This news release does not constitute an offer to sell or a solicitation of an offer to buy the securities in the United States. The securities offered have not been and will not be registered under the U.S. Securities Act of 1933 (the "Act") and may not be offered or sold in the United States absent registration or an applicable exemption from registration requirements of such Act.

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 and has assets at Lochend, Harmattan/Garrington, Buck Lake and Quaich areas in Alberta and at Inga, Red Creek and Wilder areas in northeast BC.

Forward Looking Information

This press release contains certain forward-looking statements within the meaning of applicable securities laws, including statements relating to the anticipated use of proceeds, the proposed distribution of the common shares pursuant to a short form prospectus to be filed in various provinces of Canada, completion and timing of the proposed equity financing and land acquisition, development and exploration plans and the timing thereof and the anticipated benefits of the land acquisition. The use of any of the words "expect", "anticipate", "continue", "estimate", "may", "will", "should", "believe", "intends", "forecast", "plans", "guidance" and similar expressions are intended to identify forward-looking statements or information. Forward-looking statements are based on the Company's experience and current beliefs as well as certain factors and assumptions made by, and information currently available to, the Company. Although Tamarack believes that the expectations reflected in such forward-looking statements are based upon reasonable assumptions and that information received from third parties is reliable, it can give no assurance that those expectations will prove to have been correct. The completion and timing of the proposed equity financing, is based on the assumption that all approvals for the financing will be received in a timely manner and in form and substance satisfactory to Tamarack, no material adverse change will occur in the Company's operations nor will there be any of the events that would trigger termination rights under the agreement with the Underwriters. The completion of the proposed land acquisition is based on the assumption that all approvals for the acquisition will be received, satisfaction of due diligence and title reviews. The drilling plans are based on the closing of the financing and land acquisition, assumptions that services will be available and the current economic and market environment and operational results continue or improve.

By their very nature, forward-looking statements involve inherent risks and uncertainties (both general and specific) and risks that forward-looking statements will not be achieved. These risks and uncertainties include, but are not limited to: completion risk in respect of the equity financing and the proposed land acquisition, 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; the uncertainty of estimates and projections relating to production, costs and expenses, health, safety, litigation and environmental risks and the risks inherent in the estimation of reserves); the risk of commodity price and foreign exchange rate fluctuations, the ability to access sufficient capital from internal and external sources and changes in tax, royalty and environmental legislation. Readers are cautioned that the assumptions used in the preparation of such information, although considered reasonable at the time of preparation, may prove to be imprecise, and as such, undue reliance should not be placed on forward-looking statements. Tamarack's actual results, performance or achievement could differ materially from those expressed in, or implied by, these forward-looking statements, and accordingly, no assurance can be given that any of the events anticipated by the forward-looking statements will transpire or occur, or if any of them do so, what benefits that Tamarack will derive there from.

The forward-looking statements contained in this news 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