TSX VENTURE: TVE

Tamarack Valley Energy Ltd. Announces Record Second Quarter Financial and Operating Results and an Increase in Guidance

Calgary, Alberta – August 11, 2014 – Tamarack Valley Energy Ltd. ("**Tamarack**" or the "**Company**") is pleased to announce record quarterly cash flow from operations and production results. With the success of Tamarack's first half drilling program, well results being ahead of budget, and the strength of cash flow the Company has increased the 2014 capital program by $24 million to $116 million resulting in a 12% increase to exit guidance and a 6% increase to the second half 2014 production guidance.

Second Quarter 2014 Highlights

- Record funds from operations of $17.8 million ($0.29 per share on a diluted basis), a 32% increase and 16% per share increase from $13.4 million ($0.25 per share on a diluted basis) in Q1 2014
- Record production of 5,203 boe/d in Q2 2014, a 24% increase from 4,182 boe/d and a 8% production per share increase over Q1 2014
- Record operating field netbacks of $45.05/boe in Q2 2014, up from $43.98/boe in Q1 2014
- Oil and liquids weighting increase to 61% in Q2 2014 from 56% in Q1 2014
- Record quarter of drilling activity, including 4 (3.7 net) Cardium wells in the greater Pembina area, 11 (9.3 net) Viking oil wells in Redwater and 4 (4.0 net) heavy oil wells in Hatton
- Exited the quarter with production averaging over 6,000 boe/d during the last week of June, excluding seven wells drilled in Q2 2014 and expected to be on production in Q3 2014

First Half 2014 Highlights

Tamarack's record quarter is the result of a very successful first half drilling program which saw the Company drill 10 net Cardium oil wells, 14 net Viking oil wells and 4 net heavy oil wells. During the first half of the year Tamarack's production averaged 4,696 boe/d, in-line with first half 2014 guidance of 4,700 boe/d, despite having an average of 296 boe/d of production shut-in due to facility curtailments or restrictions and unscheduled third party facility downtime. Production rates benefited from Cardium and Viking results that exceeded budget expectations. Additionally, due to favorable spring break up conditions, Tamarack was able to accelerate its planned second half drilling program for no additional cost, including the 2014 Viking oil drilling program, which is now one full quarter ahead of our prior budget.

Increased Guidance

As a result of strong first half results, Tamarack is pleased to announce that the Company's board of directors has approved an increase to the 2014 capital budget to $116 million from $90-92 million resulting in the following guidance revisions:

- Second half of 2014 estimated production rate increased to 6,624 boe/d (approximately 59-61% liquids) from 6,250 boe/d.
- 2014 estimated average production rate increased to 5,500 to 5,700 boe/d (approximately 59-61% liquids) from 5,300 to 5,500 boe/d.
- 2014 estimated exit production rate of between 7,300 to 7,500 boe/d (approximately 58-61% liquids) from 6,500 to 6,700 boe/d.
- 2014 estimate for cash flow from operations of between $74 to $77 million, assuming a second half of 2014 Edmonton par price average of $91.50/bbl and AECO average of $4.00/GJ.
- Estimated 2014 year end debt to annualized fourth quarter of 2014 cash flow from operations of less than 0.9 times.

Tamarack has filed its unaudited condensed consolidated interim financial statements as at June 30, 2014 and for the three and six months ended June 30, 2014 and 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.

Financial & Operating Results

	Three months ended June 30,			Six months ended June 30,		
	2014	2013	% change	**2014**	2013	% change
($, except share numbers)						
Total Revenue	**32,322,265**	15,829,768	104	**56,820,520**	28,752,647	98
Funds from operations [1]	**17,789,622**	8,823,188	102	**31,234,785**	15,828,760	97
Per share – basic [1]	**$ 0.29**	$ 0.30	(3)	**$ 0.55**	$ 0.53	4
Per share – diluted [1]	**$ 0.29**	$ 0.30	(3)	**$ 0.54**	$ 0.53	2
Net income (loss)	**5,242,572**	(59,585)	8,898	**7,033,253**	237,261	2,864
Per share – basic	**$ 0.09**	$(0.00)	–	**$ 0.12**	$ 0.01	1,100
Per share – diluted	**$ 0.08**	$(0.00)	–	**$ 0.12**	$ 0.01	1,100
Net debt [2]	**(59,489,653)**	(56,648,969)	5	**(59,489,653)**	(56,648,969)	5
Capital Expenditures [3]	**40,742,269**	13,056,631	212	**65,754,315**	24,839,929	165
Weighted average shares outstanding						
Basic	**60,352,255**	29,706,752	103	**56,471,970**	29,706,752	90
Diluted	**62,079,457**	29,706,752	109	**57,910,218**	29,706,752	95
Share Trading						
High	**$ 6.86**	$ 2.45	180	**$ 6.86**	$ 2.80	145
Low	**$ 5.10**	$ 1.74	193	**$ 3.59**	$ 1.74	106
Trading volume	**28,344,806**	4,518,332	527	**70,756,507**	8,901,771	695
Average daily production						
Crude oil and NGLs (bbls/d)	**3,197**	1,702	88	**2,768**	1,577	76
Natural gas (mcf/d)	**12,033**	7,125	69	**11,565**	7,310	58
Total (boe/d)	**5,203**	2,890	80	**4,696**	2,795	68
Average sale prices						
Crude oil and NGLs ($/bbl)	**94.65**	87.09	9	**94.05**	84.81	11
Natural gas ($/mcf)	**4.37**	3.61	21	**4.64**	3.43	35
Total ($/boe)	**68.27**	60.21	13	**66.86**	56.82	18
Operating netbacks ($/boe) [4]						
Average realized sales	**68.27**	60.21	13	**66.86**	56.82	18
Royalty expenses	**(8.87)**	(7.14)	24	**(8.43)**	(6.58)	28
Production expenses	**(14.35)**	(12.88)	11	**(13.86)**	(12.86)	8
Operating field netback	**45.05**	40.19	12	**44.57**	37.38	19
Realized commodity hedging loss	**(3.58)**	(0.92)	291	**(3.53)**	(0.49)	620
Operating netback	**41.47**	39.27	6	**41.04**	36.89	11
Funds flow from operations netback ($/Boe) [4]	**37.58**	**33.56**	12	**36.75**	**31.28**	17

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 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 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. 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 an important measure to evaluate its operational performance as it demonstrates its field level profitability relative to current commodity prices.

Operations Update

Tamarack has continued to accelerate its rate of growth, drilling more wells in the first half of 2014 than all of 2013. In the first half of 2014, Tamarack drilled 13 (10 net) Cardium oil wells, 16 (14 net) Viking oil wells, 4 net heavy oil wells and 1 net disposal well in Hatton. Of the 10 net Cardium oil wells drilled in 2014, the Company estimates 5.45 net wells added new reserves and Tamarack has earned 5.75 net sections of the previously announced 177 gross (113 net) section farm-in with an industry major. During the first ten months of the three-year farm-in agreement, the Company has fulfilled approximately 39% of the drilling commitment, well ahead of expectations.

The Company was also active adding to its approximate eight years of drilling inventory by acquiring or farming-in on an additional 14.5 (9.1 net) sections of undeveloped acreage on lands in the greater Pembina area. In all, Tamarack has added 29.8 net Cardium drilling locations to its inventory which now sits at 182.5 net low risk horizontal Cardium locations. The Company's undeveloped acreage was 198,477 acres at the end of the second quarter of 2014.

During the third quarter, Tamarack plans to bring on production seven wells that were drilled in the second quarter, 1 net Cardium oil well in the Wilson Creek area, 2 (1.7 net) Cardium oil wells in the Blue Rapids area and 4 (2.3 net) Viking oil wells in the Redwater area. The Company also has drilled the first of 4 net wells in the Wilson Creek area and is planning on drilling 3 net heavy oil wells in Hatton.

Bank Syndicate in Place

On August 7, 2014, the Company executed a new credit facility with a syndicate of Canadian chartered banks. The new facility consists of a revolving credit facility in the amount of $100,000,000 and a $10,000,000 operating facility (collectively the "Facility"). The Facility lasts for a 364 day period and will be subject to its next 364 day extension by May 30, 2015. If not extended, the facility will cease to revolve and all outstanding balances will become repayable in one year from that extension date.

About Tamarack Valley Energy Ltd.

Tamarack is an oil and gas exploration and production company committed to long-term growth and the increased 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 recently expanded its inventory of low-risk development oil locations in the Redwater Viking play through the acquisition of Sure Energy Inc. While continuing to build on its sustainable growth platform, Tamarack also increased its low-risk development locations within the Cardium fairway through a farm-in agreement with an industry major. These endeavors add to Tamarack's strong resource portfolio, including Cardium properties at Lochend, Garrington and Buck Lake and heavy oil properties in Saskatchewan. With a balanced portfolio, and an experienced and committed management team, Tamarack intends to continue to deliver on its promise to increase its production and maximize shareholder return.

In April 2014, Tamarack was honored as one of the TSX Venture 50. The TSX Venture 50 is a ranking of the strongest performing TSX Venture companies in 2013 and is assessed on the basis of a combination of share price appreciation, trading volumes, change in market capitalization and analyst coverage. The index is comprised of ten companies from each of five sectors: Clean Technology, Oil and Gas, Diversified Industries, Mining, and Technology & Life Sciences.

Abbreviations

bbl	barrel
bbls/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 future drilling plans and operations, estimated average and exit production rates in 2014 and expectations regarding the addition of reserves through drilling. 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.

Also included in this press release are estimates of Tamarack's 2014 cash flow from operations and 2014 year end debt to annualized fourth quarter of 2014 cash flow from operations, which are based on the assumptions as to production levels, capital expenditures and commodity pricing disclosed in this press release. To the extent that such estimates constitute a financial outlook within the meaning of applicable securities laws, they were approved by management of Tamarack on August 11, 2014 and are included to provide readers with an understanding of Tamarack's anticipated cash flow based on the capital expenditure and other assumptions described herein. Readers are cautioned that the information may not be appropriate for other purposes. The actual results of Tamarack will likely vary from the amounts set forth in the financial outlook and such variation may be material.

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 ("AIF") dated March 13, 2014 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.

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