TSX: TVE

Tamarack Valley Energy Ltd. Announces 2016 Second Quarter Results

Calgary, Alberta – August 11, 2016 – Tamarack Valley Energy Ltd. ("**Tamarack**" or the "**Company"**) is pleased to announce its operating and financial results for the second quarter and six month period ended June 30, 2016. Production in the quarter averaged 9,536 boe/d (52% liquids), an increase of 36% over the second quarter of 2015, and is at the upper end of the Company's previously announced guidance range of 9,100 to 9,600 boe/d. Better than expected capital efficiencies and production outperformance from wells drilled to date in 2016 contributed to strong production volumes, despite the impact of over 400 boe/d of unexpected third party facility curtailments that occurred during the second quarter. Relative to the first quarter of 2016, Tamarack was able to successfully maintain flat production levels, while spending 40% less capital ($10.3 million) and generating approximately $5 million of free cash flow.

The Company's second quarter funds from operations increased to $15.4 million ($0.13 per share) compared to $11.1 million ($0.11 per share) in the previous quarter due to strong production volumes and improved corporate netbacks driven by higher realized oil and liquids pricing, and Tamarack's ongoing focus on cost reductions. A key component of the Company's strategy is to effectively manage through any cycle, which may include adjusting capital and operating costs within the context of the commodity price environment, while maintaining a systematic hedging program to protect against downside risk from commodity price volatility. The Company is well hedged into the first half of 2017, which will underpin funds from operations and help Tamarack maintain its strong balance sheet and production base. At June 30, 2016, Tamarack's net debt was $57.8 million, representing a conservative debt to annualized second quarter funds from operations ratio of 0.9 times.

Since the commodity price downturn began in 2014, the Company has remained true to its strategy of protecting the balance sheet, adding drilling inventory in core areas with infrastructure ownership and maintaining the ability to accelerate organic growth once the commodity price environment stabilizes at levels that contribute to strong returns. Tamarack seeks to employ and use new innovative technologies, particularly across its tight sand plays (Cardium, Viking and Barons), and then expand the application of those innovative advancements to other assets within its portfolio. The Company's adoption of new technology combined with the redesign of drilling and completion techniques undertaken in 2015 has led to continued improvements in capital efficiencies and reduced payout periods over the past eighteen months, enabling Tamarack to do more with less as capital costs have declined.

Through the first half of 2016, the Company continued to add incremental drilling locations into inventory and capitalized on accretive, oil-weighted opportunities with the addition of 20.5 net sections of land in its core Alder Flats / Wilson Creek area through the completion of three minor tuck-in acquisitions and successful participation at land sales. In July of 2016 the Company also closed the accretive acquisition of certain assets in the Penny area of Southern Alberta and consolidated assets in the Redwater and Wilson Creek areas of Alberta (collectively the "Penny and Redwater Acquisition"), which are expected to positively impact production during the second half of 2016. Over the course of the last eighteen month commodity price downturn, Tamarack has been able to achieve some very attractive transaction metrics, starting with the Wilson Creek acquisitions in 2015 and now with the recent Penny and Redwater Acquisition.

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

This press release contains non-IFRS measures, including but not limited to cash flow, net debt and funds from operations. For further information on these measures, see the MD&A.

Financial & Operating Results

	Three months ended June 30,			Six months ended June 30,		
	2016	2015	% change	**2016**	2015	% change
($, except share numbers)						
Total Revenue	**24,516,988**	25,330,543	(3)	**44,135,647**	50,641,176	(13)
Funds from operations [1]	**15,363,924**	13,185,630	17	**26,442,084**	26,928,416	(2)
Per share – basic [1]	**$ 0.13**	$ 0.16	(19)	**$ 0.24**	$ 0.33	(27)
Per share – diluted [1]	**$ 0.13**	$ 0.16	(19)	**$ 0.24**	$ 0.33	(27)
Net income (loss)	**(10,369,299)**	(2,141,787)	(384)	**(16,203,836)**	(7,383,417)	(119)
Per share – basic	**$ (0.09)**	$ (0.030)	(200)	**$ (0.15)**	$ (0.090)	(67)
Per share – diluted	**$ (0.09)**	$ (0.030)	(200)	**$ (0.15)**	$ (0.090)	(67)
Net debt [2]	**(57,791,039)**	(97,280,149)	(41)	**(57,791,039)**	(97,280,149)	(41)
Capital Expenditures [3]	**10,309,509**	68,419,889	(85)	**27,458,847**	73,448,063	(63)
Weighted average shares outstanding						
Basic	**114,945,337**	84,493,217	36	**108,609,570**	81,228,976	34
Diluted	**114,945,337**	84,493,217	36	**108,609,570**	81,228,976	34
Share Trading						
High	**$ 4.28**	$ 4.80	(11)	**$ 4.80**	$ 4.80	–
Low	**$ 3.36**	$ 3.48	(3)	**$ 1.83**	$ 2.75	(33)
Trading volume	**32,393,645**	24,454,636	32	**61,202,946**	43,438,515	41
Average daily production						
Light oil (bbls/d)	**3,482**	3,029	15	**3,642**	3,525	3
Heavy oil (bbls/d)	**410**	627	(35)	**410**	563	(27)
NGLs (bbls/d)	**1,067**	507	110	**1,067**	548	95
Natural gas (mcf/d)	**27,462**	16,972	62	**26,640**	17,415	53
Total (boe/d)	**9,536**	6,992	36	**9,559**	7,539	27
Average sale prices						
Light oil ($/bbl)	**52.16**	61.21	(15)	**44.34**	53.89	(18)
Heavy oil ($/bbl)	**37.31**	51.73	(28)	**30.09**	46.21	(35)
NGLs ($/bbl)	**21.57**	25.87	(17)	**16.81**	25.63	(34)
Natural gas ($/mcf)	**1.62**	2.80	(42)	**1.82**	2.86	(36)
Total ($/boe)	**28.25**	39.82	(29)	**25.37**	37.11	(32)

	Three months ended June 30,			Six months ended June 30,		
	2016	2015	% change	**2016**	2015	% change
Operating netback ($/Boe) [4]						
Average realized sales	**28.25**	39.82	(29)	**25.37**	37.11	(32)
Royalty expenses	**(1.21)**	(3.45)	(65)	**(1.63)**	(3.63)	(55)
Production expenses	**(11.05)**	(12.43)	(11)	**(11.35)**	(12.50)	(9)
Operating field netback ($/Boe) [4]	**15.99**	23.94	(33)	**12.39**	20.98	(41)
Realized commodity hedging gain (loss)	**4.69**	3.23	45	**5.96**	4.18	43
Operating netback	**20.68**	27.17	(24)	**18.35**	25.16	(27)
Funds flow from operations netback ($/Boe) [4]	**17.70**	**20.72**	(15)	**15.20**	**19.74**	(23)

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

A milestone was reached during the second quarter with the successful drilling of the Company's first two-mile lateral Cardium oil wells at Alder Flats / Wilson Creek, representing the longest wells drilled in Tamarack's history. These two wells achieved on-budget capital costs and timing, coming on production very late in the second quarter, and are expected to have positive volume impacts in the second half of 2016. As a result of this drilling success, Tamarack will be able to implement longer horizontal wells across more of its Alder Flats / Wilson Creek area, and potentially apply it to other parts of the asset base to improve capital efficiencies while reducing the environmental footprint. Tamarack is currently assessing its drilling inventory to identify all of the potential 1.5-mile drilling locations which could be increased to two-mile locations. Tamarack completed both longer lateral wells with 15 ton fractures and executed 55 and 56 stages on the first and second wells, respectively. The horizontal section of each well was just over 3,000 meters in length. The productive capability of both wells will be limited to the pump capacity, as the benefit to Tamarack of spending less on its pumping equipment outweighed the benefit of maximizing initial production rates. As a result, both wells will have relatively shallow decline curves when compared to other wells that have larger pumping equipment on them.

The Company also drilled one gross and net heavy oil well, which came on production in June 2016 and is currently producing 185 boe/d.

The Company plans to employ its principles of improving efficiencies, reducing operating costs and increasing netbacks to further enhance returns from its Penny and Redwater Acquisition. That Acquisition enhances Tamarack's ownership in those areas with strategic infrastructure that can contribute to reducing operating costs and provide excess capacity for future growth. At Penny, facility utilization is under 50%, while at Redwater it is less than 15%, representing excess capacity which will allow the Company to add volumes quickly once drilling commences in these areas. In addition to the infrastructure, the Penny and Redwater Acquisition added 3.5 years of drilling inventory (based on full year 2015 drilling activity) comprised of 57 high-quality locations targeting wells featuring greater than 90% liquids weighting. These low declining assets are expected to reduce corporate decline to the 30-32% range from 32-34%, which is very meaningful in an environment where doing more with less capital is critical.

Through the first half of 2016, Tamarack successfully implemented initiatives designed to achieve a reduction in per boe operating costs, including completion of three distinct infrastructure projects. Two of the three projects were completed in late February of 2016, including the installation of a compressor to eliminate third party processing fees by redirecting Tamarack production volumes to Company-operated facilities, and the construction of an oil battery truck terminal at Wilson Creek which enables Tamarack to truck oil volumes from single well batteries into Company-owned facilities. The impact of these two initiatives was realized for the full second quarter and resulted in operating costs in the period being reduced by an additional 5% to $11.05/boe compared to $11.65/boe in the first quarter of 2016 and by 11% from $12.43/boe in the second quarter of 2015. The final initiative was completed during the second quarter, and resulted in an expansion of the Sun Creek gas plant inlet compression, which enables Tamarack to process area gas volumes through its fully owned facility and eliminate third party processing fees.

Outlook

For the second half of 2016, the Company is targeting modest production growth, while continuing to keep capital spending below projected funds from operations to maintain balance sheet strength through continued commodity price uncertainty. Tamarack will maintain target payouts of 1.5 years or better on its capital projects during the second half of 2016, and does not anticipate any impact to the modest budget for remainder of the year as a result of the recent decrease in crude oil and AECO prices. Consistent with its returns-focused strategy, Tamarack will defer the acceleration of growth through the drill bit until prices have stabilized at higher levels. With the integration of the Penny and Redwater Acquisition and a modest second half drilling program between $17 and $25 million, production is expected to average 9,800 to 10,500 boe/d for the second half of 2016 with expectations that Tamarack will exit the year at approximately 11,000 boe/d (approximately 53-57% oil & NGL's).

Concurrent with the closing of the Penny and Redwater Acquisition, Tamarack's new bank line was put into place with a total credit capacity of $120 million, comprised of a $110 million revolving credit facility and a $10 million operating facility. The previous borrowing base of $165 million was resized to reflect an appropriate amount of liquidity for the Company given the current commodity price environment and to save on general and administrative costs. Maintaining balance sheet flexibility remains a priority so that Tamarack can be opportunistic and take advantage of potential tuck-in acquisitions within its core areas while commodity prices are low. The Company will continue to seek acquisitions that are priced attractively, which do not materially change its oil and liquids weighting, and are accretive, particularly on cash flow per share.

Re-affirming Guidance

Tamarack is re-affirming its 2016 annual average production guidance of between 9,700-10,000 boe/d (approximately 53-57% liquids), based on full year capital expenditures ranging from $45 to $53 million, or $17 to $25 million for the second half of the year. Tamarack will continue to closely monitor the broader commodity price environment and will use a conservative price deck in establishing its capital allocation priorities for the remainder of the year. As a result of prudent stewardship during this prolonged commodity price downturn, the Company is well positioned with the flexibility to accelerate or reduce capital expenditures in accordance with commodity price fluctuations from current levels. Tamarack's capital expenditure program assumes a range of 2016 commodity prices as follows: WTI averaging $44/bbl to $47/bbl USD, Edmonton Par price averaging $52/bbl to $56/bbl, AECO averaging $1.80/GJ to $2.00/GJ and a Canadian/US dollar exchange rate range of $0.77 to $0.78.

Tamarack will be participating in EnerCom's The Oil & Gas Conference® taking place in Denver, CO at the Westin Hotel Downtown from August 15th to 17th, 2016. President and CEO, Brian Schmidt is scheduled to give a presentation on August 16th at 9:45 am (MT)/ 11:45 am (ET). The presentation will be webcast live and can be accessed by clicking on the following link: http://www.theoilandgasconference.com/togc-webcast/tve/.

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, 2016 guidance, weighting of oil and natural gas liquids and plans to seek acquisitions, 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. 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.

Drilling Locations

This press release discloses drilling locations in two categories: (i) booked locations; and (ii) unbooked locations. Booked locations are proved locations and probable locations derived from an internal evaluation using standard practices as prescribed in the Canadian Oil and Gas Evaluations Handbook and account for drilling locations that have associated proved and/or probable reserves, as applicable. Of the 57 gross drilling locations identified herein, 40 are proved locations, 4 are probable locations and 13 are unbooked locations. Unbooked locations are internal estimates based on prospective acreage and an assumption as to the number of wells that can be drilled per section based on industry practice and internal review. Unbooked locations do not have attributed reserves or resources. Unbooked locations have been identified by management as an estimation of our multi-year drilling activities based on evaluation of applicable geologic, seismic, engineering, production and reserves information. There is no certainty that the Company will drill all unbooked drilling locations and if drilled there is no certainty that such locations will result in additional oil and gas reserves, resources or production. The drilling locations on which the Company actually drills wells will ultimately depend upon the availability of capital, regulatory approvals, seasonal restrictions, oil and natural gas prices, costs, actual drilling results, additional reservoir information that is obtained and other factors. While certain of the unbooked drilling locations have been de-risked by drilling existing wells in relative close proximity to such unbooked drilling locations, the majority of other unbooked drilling locations are farther away from existing wells where management has less information about the characteristics of the reservoir and therefore there is more uncertainty whether wells will be drilled in such locations and if drilled there is more uncertainty that such wells will result in additional oil and gas reserves, resources or production

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