TSX: TVE

Tamarack Valley Energy Ltd. Announces 2017 First Quarter Results

Calgary, Alberta – May 15, 2017 – Tamarack Valley Energy Ltd. ("**Tamarack**" or the "**Company**") is pleased to announce its financial and operating results for the three months ended March 31, 2017. Selected financial and operational information is set out below and should be read in conjunction with Tamarack's unaudited condensed consolidated interim financial statements for the three months ended March 31, 2017 and related management's discussion and analysis ("MD&A"), which are available for review on SEDAR at www.sedar.com or on Tamarack's website at www.tamarackvalley.ca.

Q1 2017 Financial and Operating Highlights

- Closed the transformational business combination with Spur Resources Ltd. (the "Viking Acquisition") on January 11, 2017, positioning Tamarack as a Cardium and Viking-focused growth entity with control of key infrastructure across its core areas. Concurrent with closing, the borrowing base on the Company's credit facilities was increased by over 80% to $220 million from $120 million, providing greater liquidity for ongoing development of Tamarack's high-netback, light oil-weighted asset base.
- Achieved Q1/17 average production of 17,796 boe/d, up 55% over Q4/16 and up 86% from Q1/16 and in April 2017, production averaged over 20,000 boe/d (58% liquids), due to the success of the Company's Cardium and Viking drilling programs.
- Total funds from operations increased 141% to $32.4 million in Q1/17 ($0.15/share basic and diluted), excluding transaction costs, from $11.1 million in Q1/16 ($0.11/share basic and diluted), and increased 58% compared to Q4/16.
- Continued to achieve reductions in production expenses with per boe costs declining 6% quarter-over-quarter to $11.42/boe in Q1/17 and 2% lower than $11.65/boe in Q1/16.
- General and administrative costs per boe decreased by 3% quarter-over-quarter to $1.83/boe in Q1/17 and declined 10% year-over-year from $2.03/boe, despite higher activity levels, higher production levels and the integration of the Viking Acquisition assets.
- Invested $63.7 million in capital expenditures in the quarter drilling a record 46 (42.4 net) wells.
- Oil weighting increased by 2% to 47% in Q1/17 from 45% in Q4/16, causing funds flow netback per boe to increase by 5% in Q1/17 compared to Q4/16.
- Tamarack recorded earnings of $2.3 million in Q1/17 compared to a $5.8 million loss in Q1/16.
- Subsequent to the end of the quarter on May 12, 2017, the Company's credit facilities were further increased to $265 million from $220 million during the annual banking review, supported by the value created in its core Cardium and Viking areas since the last mid-year review completed in November, 2016.

Financial & Operating Results

(Cdn$ thousands, except per boe)	Three months ended March 31,		
	2017	2016	% change
($, except per share)			
Total Revenue	**62,870**	19,618	220
Funds from operations [1]	**32,356**	11,078	190
Per share – basic [1]	**$ 0.15**	$ 0.11	36
Per share – diluted [1]	**$ 0.15**	$ 0.11	36
Net income (loss)	**2,290**	(5,835)	139
Per share – basic	**$ 0.01**	$ (0.06)	117
Per share – diluted	**$ 0.01**	$ (0.06)	117
Net debt [2]	**(165,561)**	(62,696)	164
Capital Expenditures [3]	**64,492**	17,150	276
Weighted average shares outstanding *(thousands)*			
Basic	**217,655**	102,274	113
Diluted	**219,679**	102,274	115
Share Trading *(thousands, except share price)*			
High	**$ 3.59**	$ 3.97	(10)
Low	**$ 2.60**	$ 2.16	20
Trading volume	**80,868**	28,809	181
Average daily production			
Light oil (bbls/d)	**7,891**	3,801	108
Heavy oil (bbls/d)	**484**	410	18
NGLs (bbls/d)	**1,779**	1,067	67
Natural gas (mcf/d)	**45,852**	25,818	78
Total (boe/d)	**17,796**	9,581	86
Average sale prices			
Light oil ($/bbl)	**63.02**	36.82	71
Heavy oil ($/bbl)	**44.64**	23.32	91
NGLs ($/bbl)	**26.46**	12.71	108
Natural gas ($/mcf)	**2.89**	2.03	42
Total ($/boe)	**39.25**	22.50	74
Operating netback ($/Boe) [2]			
Average realized sales	**39.25**	22.50	74
Royalty expenses	**(4.15)**	(2.04)	103
Production expenses	**(11.42)**	(11.65)	(2)
Operating field netback ($/Boe) [2]	**23.68**	8.81	169
Realized commodity hedging gain (loss)	**(0.77)**	7.23	(111)
Operating netback	**22.91**	16.04	43
Funds flow from operations netback ($/Boe) [2]	**20.19**	**12.71**	59

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, operating netback, operating field netback and funds flow from operations netback do not have any standardized meaning prescribed by International Financial Reporting Standards ("IFRS") and therefore may not be comparable with the calculation of similar measures for other entities. See "*Non-IFRS Measures*".

(3) Capital expenditures include exploration and development expenditures, but exclude corporate acquisitions.

Operations review

Early in the first quarter of 2017, the Company closed the Viking Acquisition and commenced the integration of assets, personnel and processes. The Viking Acquisition offers significant near and longer term growth for Tamarack, and provided support for an 80% increase in the borrowing base on the Company's credit facilities to $220 million. While new challenges emerged in commodity markets later in the first quarter, Tamarack's operational execution from both a timing and cost perspective remained on track. Production volumes for the quarter were in-line with guidance as the Company's Cardium and Viking drilling results continue to meet expectations, despite minor operational delays due to challenges in accessing pressure pumping services. For the month of April 2017, production volumes averaged over 20,000 boe/d (58% liquids) based on field estimates.

Production of 17,796 boe/d (57% liquids) increased 55% quarter-over-quarter and 86% year-over-year as a direct result of higher production volumes from the successful Q1/17 drilling program, capital efficiencies that continue to meet expectations, and the impact of the strategic Viking Acquisition that closed in January. Base production from the Viking Acquisition averaged 6,102 boe/d (57% liquids) from the closing date to the end of the first quarter, while Tamarack's Viking drilling program added 376 boe/d (68% liquids) of average production over the same period.

Tamarack's record level of investment in the first quarter of 2017 included $48 million directed to drilling and completions activities, primarily focused on Cardium and Viking programs. In Alberta, the Company drilled 17 (16.53 net) Viking oil wells in Veteran, 7 (6.26 net) Cardium oil wells and one (1.0 net) Notikewin liquids-rich gas well. In addition, three minor tuck-in acquisitions at Tamarack's Penny area were completed during the quarter for $0.8 million, which included production of approximately 35 bbls/d of oil and 60,954 (33,853 net) acres of land. In early May, the Company closed a $2.1 million acquisition, which included 14,080 (12,800 net) acres of land west of Wilson Creek along with 62 square miles of seismic. In Saskatchewan, the Company drilled 14 (11.6 net) Viking oil wells in Milton, 4 (4.0 net) Viking oil wells in Hoosier and 3 (3.0 net) Hatton heavy oil wells. While the pressure pumping suppliers are the busiest the industry has seen since 2014, the Company's reservoir stimulation delays in the first quarter were relatively minor and Tamarack does not anticipate operational inefficiencies or material cost escalation in the near-term.

The Company also invested $6.1 million in Q1/17 on facilities and infrastructure, and completed various key enhancement projects related to the Viking Acquisition assets that are expected to reduce operating costs in the second half of 2017 while also increasing productive capacity. A new 8 MMcf/d compressor station and multi-well oil battery was completed at Milton, which will reduce third party gas handling charges as well as operating costs. At Veteran, where current oil production is approximately 1,250 bbls/d, the Company added over 20 km of a mainline oil gathering pipeline system which will allow Tamarack to utilize a Company-owned oil battery for emulsion gathering and eliminate third-party trucking and water disposal costs. Given higher than expected total production fluid volumes from Veteran wells, the Company intends to increase the pump size for Veteran wells going forward to eliminate current rate restrictions caused by pump capacity limitations. After the end of the quarter, a water disposal well was drilled at Veteran that is expected to generate a four-fold increase in the oil battery's capacity to over 10,000 bbls/d of fluid handling by the end of June, 2017.

Also during the quarter, the Company constructed a multi-well heavy oil battery at Hatton to handle the incremental production volumes stemming from Tamarack's successful first quarter drilling program and ongoing area development. All of these infrastructure initiatives support Tamarack's long-term flexibility and contribute to the Company's continued cost reduction efforts and field efficiency enhancements.

On April 28, 2017, the TransGas Coleville Gas Plant was shut-in, affecting the Company's production from the Coleville Gas Unit, Hoosier Gas Unit, Hoosier and Milton Viking oil wells. Tamarack had nearly 5,000 boe/d (47% oil and NGLs) connected to the facility which was affected at the time of the plant shut down. The Tamarack was able to redirect volumes and bring most of the affected production back on-stream. Currently, the Company has approximately 850 boe/d (3.0 MMcf/d,25 bbls/d oil and 325 bbls/d of associated natural gas liquids) that continue to be shut-in. Preliminary information from TransGas indicates that the plant could be affected for six to eight weeks. Tamarack personnel are working with TransGas on potential solutions to enable “partial operations” by the end of June, 2017. The Company estimates that second quarter production will be lower by approximately 900 boe/d due to the plant shut down.

A key component of the Company's strategy is to prudently manage its assets and balance sheet through any cycle, and as needed, adjust capital within the context of the commodity price environment. Tamarack will continue to focus on drilling wells that target a capital cost payout of 1.5 years or less, while striving to optimize capital efficiencies by further reducing capital and operating costs. Due to the recent decline in crude oil prices, Tamarack has begun to adjust capital spending to the bottom end of its 2017 guidance range of $165 to $175 million and will adjust further if oil prices fall below US$45/bbl WTI. As a result of the third party plant shut down at Coleville, the Company expects second quarter production to average between 18,000 and 18,500 boe/d, thereby reducing the first half production guidance range to 18,000 to 18,500 boe/d from 18,500 to 19,000 boe/d. Even with the planned lower capital spending coupled with the expected production impacts through the second quarter, Tamarack’s 2017 annual average production guidance remains unchanged at 19,000 to 20,000 boe/d, with a forecast exit production rate of 21,000 boe/d. Through the second half of 2017, the Company plans to drill and complete eight Cardium wells and three Mannville wells at Wilson Creek, and 44 extended reach horizontal wells at Veteran and Milton. Tamarack continues to be on target to achieve 7% - 9% production per share growth (Q4/17 over Q4/16), while keeping debt to Q4/17 annualized funds flow from operations at 1.0 times. Tamarack’s priority is to maintain a strong and flexible balance sheet that enables the Company to capitalize on opportunities to add high-quality drilling inventory or pursue consolidation acquisitions in core areas which may arise in a lower commodity price environment.

Despite recent commodity price volatility, the Company remains optimistic about the long-term growth potential of its oil-weighted, high netback and high-return asset base. The Viking Acquisition provides the Company with a strong and robust drilling inventory to fuel organic growth and underpin cash flow and production per share growth for many years. Tamarack also remains well hedged through 2017 and continues to layer on risk management contracts into 2018 to protect downside risk, which will underpin funds from operations and help the Company maintain its strong balance sheet and production base.

Tamarack invites all shareholders and other stakeholders to attend the Company’s Annual Meeting of Shareholders to be held on June 22, 2017 at 9:00 a.m. at The Bow Valley Club located at 370, 250 – 6th Avenue SW, Calgary, Alberta.

Bank Line Renewal

Tamarack’s credit facilities were increased to $265 million from $220 million on May 12, 2017 as a result of its annual review. The $265 million facility is made up of a revolving credit facility in the amount of $245 million and a $20 million operating facility with a syndicate of lenders.

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 over a range 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 returns 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
mcf	thousand cubic feet
MMcf	million cubic feet
mcf/d	thousand cubic feet per day
MMcf/d	million cubic feet per day
NGLs	natural gas liquids
WTI	West Texas Intermediate, the reference price paid in U.S. dollars at Cushing, Oklahoma for crude oil of standard grade

Unit Cost Calculation

For the purpose of calculating unit costs, natural gas volumes have been converted to a 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 National Instrument 51-101 – *Standards of Disclosure for Oil and Gas Activities*. Boe 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”, “estimate”, “expect”, “may”, “should”, or similar words suggesting future outcomes. More particularly, this press release contains statements concerning: Tamarack’s business strategy, objectives, strength and focus; the impact of the Viking Acquisition on the Company’s operations, infrastructure, inventory and opportunities, financial condition, access to capital and overall strategy; an increase in capital efficiencies and netbacks; the ability of the Company to achieve drilling success consistent with management’s expectations; drilling plans and timing of drilling; expected levels of operating costs, general and administrative costs, costs of services and other costs and expenses; cost cutting initiatives; oil and natural gas production levels; and adjustments to the 2017 capital expenditure program and expected production in the first half of 2017.

The forward-looking statements contained in this document are based on certain key expectations and assumptions made by Tamarack, including relating to: prevailing commodity prices; the availability and performance of drilling rigs, facilities, pipelines 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; prevailing weather and break-up conditions; royalty regimes and exchange rates; the application of regulatory and licensing requirements; 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, 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 in general (e.g. operational risks in development, exploration and production; and 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 (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.

Non-IFRS Measures

Certain financial measures referred to in this press release, such as net debt, operating netback, operating field netback and funds flow from operations netback are not prescribed by IFRS. The Company uses these measures to help evaluate its performance. These non-IFRS financial measures do not have any standardized meaning prescribed by IFRS and therefore may not be comparable to similar measures presented by other issuers. The Company uses net debt as an alternative measure of outstanding debt. 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. 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 its operational performance as they demonstrate the Company's field level profitability relative to current commodity prices. Please refer to the MD&A for additional information relating to non-IFRS measures. The MD&A can be accessed either on Tamarack's website at www.tamarackvalley.ca or under the Company's profile on www.sedar.com.

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