TSX: TVE

Tamarack Valley Energy Ltd. Announces Operational Update, Production Guidance Increase and Inclusion in TSX Composite Index

Calgary, Alberta – September 20, 2018 – Tamarack Valley Energy Ltd. ("**Tamarack**" or the "**Company**") is pleased to announce that, due to exceptional 2018 drilling results, current production is ahead of forecast. As a result, the Company is pleased to provide its second guidance increase for 2018 annual and exit production and preliminary 2019 annual production guidance. The Company also announces that it will be added to the TSX Composite Index and its sub-indices effective September 24, 2018.

As a result of better than expected performance from its Alberta Viking drilling program thus far in 2018, production for the last four weeks has averaged over 25,000 boe/d based on field estimates. Tamarack expects third quarter 2018 production to average approximately 24,700 boe/d.

With the Company's continued outperformance and operational success realized to date in 2018, Tamarack is pleased to increase production guidance for 2018 annual, 2018 exit and preliminary 2019 budget by 500 boe/d for each period with no corresponding change to the capital expenditure forecasts. Annual production guidance for 2018 has been increased to 24,000 to 24,500 boe/d (64 to 66% liquids), up from 23,500 to 24,000 boe/d, while 2018 fourth quarter exit production guidance has been increased to 24,500 to 25,000 boe/d (65 to 67% liquids), up from 24,000 to 24,500 boe/d. Tamarack's 2018 capital budget remains unchanged from previous guidance at $223 to $233 million (including $28.4 million of capital accelerated from 2019 into 2018) and is expected to be fully funded from adjusted operating field netback. Approximately half of the $28 million of accelerated capital will be directed to the Veteran waterflood. Tamarack plans to drill nine new injector wells and to install the associated pipe and facilities to ensure water injection can commence by early 2019. In keeping with Tamarack's capital allocation strategy, all of the planned Veteran waterflood projects are expected to achieve a 1.5 year payout based on current strip prices. The other half of the accelerated capital will be directed to initiate the Company's Q1/19 drilling program in the fourth quarter, which includes de-risking lands located east of Veteran that were originally targeted for delineation in early 2019.

Annual average production volumes under its preliminary 2019 budget are increased to 25,500 to 26,500 boe/d (up from 25,000 to 26,000 boe/d) and assume a capital budget of $222 million (originally $250 million with $28.4 million accelerated into 2018). The Company anticipates that approximately 77% of its 2019 capital budget will be weighted towards drilling and completions operations with 7% weighted towards waterflood projects given a large portion of Tamarack's waterflood budget will be spent in late 2018. Tamarack expects its 2019 adjusted operating field netback to exceed its capital budget, assuming commodities average US$60/bbl WTI, US$6.50/bbl WTI /Edmonton light oil differential, $1.65/GJ AECO and a $0.78 Canadian dollar. Tamarack intends to release a comprehensive 2019 budget later in 2018 or early 2019.

As Tamarack's operational performance to date has exceeded internal expectations, the Company is able to maintain a fully-funded program throughout 2018 and 2019 and has been able to allocate capital to initiatives that, while not immediately adding to production, provide long-term value that can be realized through 2019 and beyond.

Operational Update

During the third quarter, Tamarack drilled 45 (44.3 net) Viking wells, three (3.0 net) wells at Penny, four (4.0 net) horizontal wells plus one exploratory vertical stratigraphic well at Redwater and three (1.8 net) Cardium wells. The 45 Viking wells drilled include nine wells at Veteran which will be converted to injector wells in early 2019 to further advance the Company's ongoing waterflood. As a result of its development spending during the quarter, Tamarack currently has two wells at Penny that are expected to be brought on production in early Q4, and 20 Viking wells in Veteran that are expected to be brought on production by the middle of the fourth quarter. Through the balance of 2018, Tamarack anticipates spending approximately $20-25 million of the remaining capital budget directed to completing the 20 Viking wells drilled in the third quarter, pipeline installation to handle water injection in early 2019 and drilling 16 Viking wells in veteran that will be completed in early Q1 2019.

Revised 2018 Guidance and 2019 Preliminary Guidance:

	2018 Guidance	**2019 Budget (Preliminary)**
Average annual production (boe/d)	24,000 - 24,500	25,500 - 26,500
Liquids weighting (%)	~64 - 66	~65 - 67
Exit production (boe/d)	24,500 - 25,000	27,500 - 28,000
Liquids weighting (%)	~65 - 67	~66 – 68
Capital expenditure range ($millions)	$223 to $233(3)	$222
Year end net debt(1) to Q4 annualized adjusted operating field netback(2) ratio *(including hedges)*	<1.0 times	-
Liquidity on existing credit facilities ($millions)	~$100	-
Original price assumptions:		
WTI ($US/bbl)	$56.75	$60.00
Edmonton Par ($CDN/bbl)	$64.60	$68.50
AECO ($CDN/GJ)	$1.65	$1.65
Canadian/US dollar exchange rate	$0.79	$0.78

(1) Refer to definition of net debt under "Non-IFRS Measures"

(2) Refer to definition of adjusted operating field netback under "Non-IFRS Measures"

(3) Includes 2019 acceleration of ~$28 million

Index Inclusion

Tamarack is pleased to announce that the Company will be added to the TSX Composite Index and its sub-indices at the next rebalancing period on September 24, 2018. Tamarack will be the only energy company to be added to the index during this rebalancing period, demonstrating the growth and successful execution realized by the Company over the past several years. Tamarack anticipates that the index inclusion will position the Company to attract new incremental buyers and funds to invest in Tamarack's stock.

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

bbl	barrels
boe	barrels of oil equivalent
boe/d	barrels of oil equivalent per day
GJ	gigajoule
WTI	West Texas Intermediate, the reference price paid in U.S. dollars at Cushing, Oklahoma for the crude oil standard grade
AECO	the natural gas storage facility located at Suffield, Alberta connected to TransCanada's Alberta System
IFRS	International Financial Reporting Standards as issued by the International Accounting Standards Board

Oil and Gas Advisories

Unit Cost Calculation. For the purpose of calculating unit costs, natural gas volumes have been converted to a barrel of oil equivalent 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 Administrators' 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", "will" or similar words suggesting future outcomes. More particularly, this press release contains statements concerning: Tamarack's business strategy, objectives, strength and focus; the ability of the Company to achieve drilling success consistent with management's expectations; drilling plans including the timing of drilling; allocating capital to the Veteran waterflood and the Company's Q1/19 drilling program and the plans, timing and production of these projects; forecast 2018 annual production range and liquid weighting percentage; the preliminary 2019 budget and the timing of the release of a comprehensive 2019 budget; oil and natural gas production levels; timing and level of 2018 capital expenditures; Q3/18 production guidance; 2018 annual and exit production guidance; 2018 drilling program; the inclusion on the TSX Composite Index and the impact thereof; and shareholder returns. 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 cost of such 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, 2017 (the "AIF") for additional risk factors relating to Tamarack. The AIF can be accessed either on Tamarack's website at www.tamarackvalley.ca 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.

This press release contains future-oriented financial information and financial outlook information (collectively, "FOFI") about Tamarack's prospective results of operations, production, liquids weighting, liquidity on existing credit facilities, net debt to adjusted operating field netback ratio, adjusted operating field netback, operating costs, capital expenditures and components thereof, all of which are subject to the same assumptions, risk factors, limitations and qualifications as set forth in the above paragraphs and the assumption outlined in the Non-IFRS Measures section below. FOFI contained in this press release was made as of the date of this press release and was provided for the purpose of providing further information about Tamarack's anticipated future business operations. Tamarack disclaims any intention or obligation to update or revise any FOFI contained in this press release, whether as a result of new information, future events or otherwise, unless required pursuant to applicable law. Readers are cautioned that the FOFI contained in this press release should not be used for purposes other than for which it is disclosed herein.

Non-IFRS Measures

Certain financial measures referred to in this press release, such as net debt, adjusted operating field netback and net debt to annualized adjusted operating field netback ratio are not prescribed by IFRS. Tamarack uses these measures to help evaluate its financial and operating performance as well as its liquidity and leverage. 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.

> "Net debt" is calculated as long-term debt plus working capital surplus or deficit adjusted for risk management contracts.
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> "Adjusted operating field netback" is calculated as net income or loss before taxes and adding back items including: transaction costs; and deducting non-cash items including: stock-based compensation; accretion expense on decommissioning obligations; depletion, depreciation and amortization; impairment; unrealized gain or loss on financial instruments; and gain or loss on dispositions.
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> "Net debt to annualized adjusted operating field netback ratio" is calculated as net debt divided by annualized adjusted operating field netback for the most recent quarter.

Please refer to the management's discussion and analysis for the three and six months ended June 30, 2018 ("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.

For additional information, please contact:

Brian Schmidt	**Ron Hozjan**
President & CEO	**VP Finance & CFO**

Tamarack Valley Energy Ltd.
Phone: 403.263.4440
www.tamarackvalley.ca

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