TSX: TVE

Tamarack Valley Energy Ltd. Announces 2019 Guidance and Record Fourth Quarter 2018 Production

Calgary, Alberta – January 15, 2019 – Tamarack Valley Energy Ltd. ("**Tamarack**" or the "**Company**") is pleased to announce its 2019 capital budget, associated guidance and an operational update. Incorporating December field estimates, the Company achieved record production of approximately 24,780 boe/d in Q4/18 with an oil and natural gas liquids ("NGL") weighting of approximately 66%, in line with its exit guidance range of 24,500 - 25,000 boe/d (65-67% oil and NGL), while spending approximately $7.0 million less than the budgeted capital for the quarter due to the volatility of commodity prices in Western Canada.

2019 Guidance

The Company's 2019 guidance and assumptions are outlined below:

- Annual average production between 23,500 – 24,500 boe/d (64-66% oil and NGL), with 2019 exit production estimated between 25,500 – 26,500 boe/d (64-66% oil and NGL);
- Capital expenditures between $170 to $180 million to maintain the Alberta government's mandatory production curtailments during Q1 of 2019;
- Estimated year end 2019 net debt to Q4 annualized adjusted operating field netback ratio of approximately 1.0 times with an estimated $100 million of liquidity on existing credit facilities; and
- Average 2019 commodity price assumptions of WTI US$50.00/bbl, Edmonton Par C$52.33/bbl, WTI / Edmonton Par differential of US$10.75/bbl, AECO $1.31/GJ and a Canadian/US dollar exchange rate of $0.75.

2019 Capital Program Highlights

Tamarack's capital allocation strategy over the past several years has remained consistent with the objective of achieving sustainability at low oil prices, while generating debt-adjusted per share growth. Due to the Company's success in accumulating an inventory of Viking and Cardium locations that payout in 1.5 years or less at current commodity prices, Tamarack expects to be self-funding again in 2019 and estimates it will achieve 3-5% debt-adjusted production per share growth in Q4/19 over Q4/18. The Company remains well positioned to withstand further crude oil price volatility given approximately 25% of its 2019 production is protected with hedges that include a US$60.00/bbl WTI put option and another approximately 3% is protected with fixed price contracts at US$64.60/bbl.

Tamarack's 2019 capital expenditure plans are to invest between $170 and $180 million, funded entirely through adjusted operating field netback. This capital program is expected to result in production of 23,500 – 24,500 boe/d (64-66% oil and NGL), despite spending approximately 23% less than in 2018 while maintaining flat year over year average production. The 2019 budget anticipates drilling 125 net wells, including 110 Viking light oil wells (94 at Veteran), 13 Cardium light oil wells and two wells at Penny. In addition, the 2019 budget includes $19.8 million of waterflood investments, including 15 well conversions in H1/19 and the drilling and conversion of six additional injection wells in East Veteran. In the context of continued volatility in oil prices and supported by the Company's exceptional operational execution, Tamarack remains committed to investing in longer-term projects, including the

Veteran waterflood, which the Company expects will reduce the overall corporate decline rate in 2020 and enhance Tamarack's sustainability.

Effective as of January 1, 2019, the Alberta government imposed mandatory oil curtailments designed to mitigate the wide price differential related to a lack of pipeline capacity, which is ultimately expected to lead to stronger oil prices. While the Company's 2019 capital guidance assumes activity levels will be weighted evenly between H1 and H2 of 2019, the program timing for H1 has been designed to comply with the required production cuts. Following expected stable production levels in H1/19 due to the mandatory volume curtailments, Tamarack anticipates realizing a meaningful ramp-up in production volumes during the second half of 2019, assuming no additional government intervention.

Operational Update

Based on field estimates for December 2018, Tamarack achieved record Q4/18 production of 24,780 boe/d, exceeding the upper end of its annual average 2018 guidance range of 24,000 to 24,500 boe/d (66% oil and NGL).

As previously announced, Tamarack planned to accelerate $28.4 million of 2019 capital into Q4/18 for waterflood projects ($13.2 million) and for drilling to de-risk lands at Veteran ($15.2 million). However, in response to the rapid and extreme widening of Canadian oil price differentials, Tamarack elected to defer approximately $7.0 million of its Q4/18 drilling capital. As a result, the Company's full year 2018 capital spending will be below its $230 to $235 million guidance range. With the combination of lower Q4/18 capital spending and strong production performance, Tamarack anticipates that approximately $10-12 million of free cash flow was generated in Q4/18. The Company used approximately $4.1 million of this free cash flow to purchase common shares to either: (i) cancel under its normal course issuer bid ("NCIB") (926,800 shares totaling $2.3 million); or (ii) hold in treasury to offset future dilution from potential restricted share unit settlements (834,009 shares totaling $1.8 million). The balance of the free cash flow was allocated to year-end debt reduction.

Tamarack's increased liquids weighting, streamlined cost structure and operational performance have contributed to its ongoing financial flexibility. Should realized commodity prices strengthen through 2019, the Company anticipates generating additional adjusted operating field netback which could be directed to increased capital spending and / or further share purchases through its NCIB program.

Tamarack plans to release its Q4 and year-end 2018 financial and operating results and annual information form for the year ended December 31, 2018 before market on Wednesday, February 27, 2019.

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: (i) targeting repeatable and relatively predictable plays that provide long-life reserves; and (ii) 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

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

Disclosure of Oil and Gas Information

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 Canadian Securities Administrators' National Instrument 51-101 - *Standards of Disclosure for Oil and Gas Activities*. Boe may be misleading, particularly if used in isolation.

Any references in this press release to production rates are useful in confirming the presence of hydrocarbons, however, such rates are not determinative of the rates at which such wells will continue production and decline thereafter. While encouraging, readers are cautioned not to place reliance on such rates in calculating the aggregate production for Tamarack.

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 "guidance", "outlook", "anticipate", "target", "plan", "continue", "intend", "consider", "estimate", "expect", "may", "will", "should", "could" 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; commodity prices; market conditions impacting realized prices; the Company's ability to withstand commodity price volatility; risk management activities, including hedging; drilling plans including the timing of drilling; 2019 waterflood projects; Tamarack's intent to generate free cash flow and growth; the payout of wells and the timing thereof; oil and natural gas production levels, including annual average production and exit production in 2019 and the impact of oil curtailment thereon; decline rates; oil and liquids weighting and changes thereto; the 2019 drilling program and capital budget, including the Company's expectations to be self-sustaining in 2019; liquidity on existing credit facilities; timing of 2018 year-end filings; and shareholder returns.

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, price volatility, price differentials and the actual prices received for the Company's products; 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, including the ability of seismic activity to enhance such interpretation.

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 for the year ended December 31, 2017 (the "AIF") and management's discussion and analysis for the three and nine months ended September 30, 2018 (the "MD&A") for additional risk factors relating to Tamarack. The AIF and 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.

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, net debt, cash flow, debt-adjusted production per share, debt to Q4 annualized adjusted operating field netback and components thereof, all of which are subject to the same assumptions, risk factors, limitations, and qualifications as set forth in the above paragraphs. FOFI contained in this document was made as of the date of this document and was provided for the purpose of providing further information about Tamarack's future business operations. Tamarack disclaims any intention or obligation to update or revise any FOFI contained in this document, 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 document 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, debt-adjusted production per share, adjusted operating field netbacks, net debt to annualized adjusted operating field netback, cash flow and 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.

"Debt-adjusted production per share" is a measure of changes in production on a per share basis, with the number of shares adjusted based on net debt outstanding. Debt-adjusted share count is calculated as total shares outstanding plus incremental shares issued at current market price to eliminate net debt (i.e., full equitization of net debt). Management of Tamarack believes that debt adjusted production per share is useful in determining the production growth on a per share basis as if all debt was extinguished by the issuance of shares. The presentation of production growth on a per share basis is skewed for oil and gas companies that have more debt on their balance sheet and in their capital structure. Such companies will show better results because more of their growth is financed through debt than equity (as opposed to generating growth through realizing a rate of return on capital employed). The debt adjusted production per share measure provides a means of putting oil and gas companies on an equal, enterprise-based footing with respect to debt when calculating per share numbers. This measure is relevant to investors to appreciate the impact the debt on a company's balance sheet has on per share growth disclosure and the strength of one company's balance sheet relative to an over-leveraged peer, particularly in volatile commodity price environments where a company's indebtedness may increase as a result of lower cash flows and higher debt financing costs.

"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.

"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.

"Free cash flow" is calculated by subtracting cash flow in a period by the capital expenditures spent during that same period.

"Cash flow" is determined as gross oil, natural gas and natural gas liquids revenues including realized gains on commodity risk management contracts, less the following: royalties, operating costs, transportation costs, general and administrative costs and interest expense.

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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