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TSX: TVE

**Tamarack Valley Energy Announces Strategic Clearwater Oil Acquisitions,
\$47 Million Equity Financing and Preliminary 2021 Guidance**

Calgary, Alberta – December 14, 2020 – Tamarack Valley Energy Ltd. (“**Tamarack**” or the “**Company**”) (TSX: TVE) is pleased to announce two strategic acquisitions (together, the “**Acquisitions**”) which will establish a significant consolidated and operated position in the Clearwater oil play in the Greater Nipisi area along with interests in the Jarvie area of Alberta for a total net purchase price of \$74.0 million, after deducting the proceeds from the sale of a 2% newly created gross overriding royalty (the “**GORR Disposition**”) on a select portion of the acquired properties. Pursuant to the Acquisitions, Tamarack will acquire approximately 2,000 barrels per day of crude oil production and 107,000 net acres of Clearwater rights (the “**Assets**”). On closing, Tamarack will control and operate 100% of the Greater Nipisi acquired assets. Concurrent with the completion of the Acquisitions, Tamarack will complete a \$47 million equity financing (the “**Financing**”).

The Acquisitions and the Financing will provide Tamarack with a significant position in one of the most economic oil plays in Western Canada and further the Company’s strategy of maintaining a resilient balance sheet while pursuing opportunities to enhance free adjusted funds flow and sustainability.

“The Assets are complementary to Tamarack’s strengths in execution and recovery improvement. The Assets also complement our expanding waterflood production in Veteran and boost the Company’s free adjusted funds flow over the next several years,” stated Brian Schmidt, President and CEO of Tamarack.

Tamarack Highlights

- **Tamarack has established a significant position in the Clearwater oil play**
 - ~107,000 net acres in one of the most economic oil plays in Western Canada
 - ~2,000 bbl/d of current production
- **The Assets are highly economic and poised for larger scale development**
 - Over 400 net future drilling locations identified by management including over 300 locations in the Greater Nipisi area and over 100 locations in the Jarvie area
 - Planned development to increase production from the Assets to ~4,500 to 5,500 bbl/d in Q4 2021 through ~\$55 million investment from Tamarack’s 2021 capital budget
- **Enhanced free adjusted funds flow generation and resiliency underpinned by economic inventory and active enhanced oil recovery**
 - Pro forma 2021 free adjusted funds flow of ~\$38 million, including a 12% oil production growth rate (Q4 2021 over Q4 2020 exit)
 - Free adjusted funds flow break-even of ~\$40/bbl WTI

- **Industry-leading balance sheet strength and financial liquidity to execute**
 - Pro forma estimated year-end net debt to trailing adjusted funds flow of approximately 1.2x by Q4 2021
- **Industry-leading Environment, Social and Governance (ESG) practices including a decade-long Indigenous partnership**
 - The Assets have minimal asset retirement obligation (ARO) (\$2.9 million undiscounted) and development that does not require any use of fresh water volumes for completions and limited land use through multi-well pad drilling
 - Tamarack released its inaugural sustainability report in October 2020 outlining the Company's commitment to ESG and associated initiatives

Overview of the Acquisitions

Tamarack has entered into a definitive agreement with Woodcote Oil Corp. ("**Woodcote**"), a Clearwater focussed private company, pursuant to which the Company will acquire all of the issued and outstanding shares of Woodcote, (the "**Corporate Acquisition**"). The Corporate Acquisition will secure Tamarack a 50% operated working interest in the Greater Nipisi area, an established Clearwater development area with top decile economics in the Western Canadian Basin. Concurrent with the execution of the definitive agreement, the shareholders of Woodcote have executed letters of transmittal irrevocably accepting Tamarack's offer and tendering their shares in connection with the Corporate Acquisition. The definitive agreement provides for, among other things, a non-solicitation covenant on the part of Woodcote.

Tamarack has entered into an asset purchase agreement with Highwood Oil Company Ltd. ("**Highwood**") pursuant to which the Company will acquire a 50% working interest in the "Greater Nipisi" assets and a ~50 to 100% working interest in the Jarvie assets with an effective date of November 1, 2020 (the "**Asset Acquisition**").

The Acquisitions are expected to close on or about December 21, 2020 subject to certain regulatory and other approvals and the satisfaction or waiver of customary closing conditions.

In conjunction with the Acquisitions, Tamarack has entered into an agreement with Topaz Energy Corp. whereby it will sell a 2.0% gross overriding royalty (GORR) on a select portion of the Assets. Tamarack has committed to spending \$80.0 million of capital on the assets associated with the GORR lands prior to December 31, 2022.

Transaction Metrics

Net Purchase Price (Inclusive of GORR Disposition)	\$74.0 million
Current Production	~2,000 bbl/d
Operating Field Netback ⁽¹⁾	~\$19.5 million
Estimated 2021 Operating Field Netback (\$/boe)	\$27/boe
2021 Clearwater Capital Program	~\$55.0 million
Q4/2021 Production Forecast	4,500 to 5,500 bbl/d
Q4/2021 Forecast Annualized Operating Field Netback	\$44.0 million to \$54.0 million

Total Proved Plus Probable Reserves ⁽²⁾	6.5 mmboe
Total Clearwater Acreage	~107,000 net acres
ARO (Undiscounted)	~\$2.9 million

Notes:

⁽¹⁾ Annualized operating field netback is based on current production and estimated operating field netback of ~\$27/boe.

⁽²⁾ Total proved plus probable reserves are internally estimated by the Company's internal qualified reserve evaluators ("QRE") and prepared in accordance with National Instrument 51-101 ("NI 51-101") and the Canadian Oil and Gas Evaluations Handbook ("COGEH"). "Internally estimated" means an estimate that is derived by the Company's internal QRE and prepared in accordance with NI 51-101. All internal estimates contained in this new release have been prepared effective as of December 31, 2019.

Preliminary 2021 Pro Forma Guidance

Tamarack's 2021 preliminary guidance reflects material year-over-year growth in free adjusted funds flow based on the highly economic growth from the Assets and observed strong performance from the Company's waterflood project.

Capital Budget (Including ARO Spend)	\$102 million
Annual Average Production	23,000 boe/d
Annual Average Oil & Natural Gas Liquids Weighting	64%
Annual Adjusted Funds Flow	\$140 million
Annual Free Adjusted Funds Flow	\$38 million
Q4 2021 Average Production	23,500 boe/d
Q4 2021 Oil & Natural Gas Liquids Weighting	68%
2021 Estimated Corporate Decline Rate	22% to 24%

This guidance and the transaction metrics are based on average 2021 commodity price assumptions of WTI US\$46.71/bbl, MSW/WTI differential of US\$5.88/bbl, WCS/WTI differential of US\$12.94/bbl and AECO at \$2.53/GJ as well as a Canadian/US dollar exchange rate of \$1.300.

The Company will release its formal 2021 guidance in January of 2021.

Non-Brokered Private Placement

Pursuant to the terms of the Financing, Tamarack will issue, on a non-brokered private placement basis, up to 40,925,000 common shares ("**Common Shares**") at a price of \$1.15 per Common Share for aggregate gross proceeds of up to approximately \$47 million, of which \$2.1 million is anticipated to be subscribed for by directors and officers of Tamarack. The proceeds from the Financing will be initially used to reduce indebtedness and thereafter to partially fund the Company's 2021 capital expenditures. The Financing is expected to close concurrent with the Acquisitions.

The Financing is subject to certain conditions including normal regulatory approvals and, specifically, the approval of the Toronto Stock Exchange. The Common Shares issued in connection with the Financing will be subject to a statutory hold period of four months plus one

day from the applicable dates(s) of completion of the Financing, in accordance with applicable securities legislation.

This press release is not an offer of the securities for sale in the United States. The securities have not been registered under the U.S. Securities Act of 1933, as amended, and may not be offered or sold in the United States absent registration or an exemption from registration. This press release shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the securities in any state in which such offer, solicitation or sale would be unlawful.

Advisors

Peters & Co. Limited is acting as financial advisor to Tamarack with respect to the Acquisitions, the GORR Disposition and the Financing.

National Bank Financial Inc. is acting as financial advisor to Tamarack with respect to the Corporate Acquisition, the GORR Disposition and the Financing.

CIBC Capital Markets and Stifel FirstEnergy are acting as strategic advisors to Tamarack.

Stikeman Elliott LLP is acting as counsel to Tamarack with respect to the Acquisitions, the GORR Disposition and the Financing.

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

AECO	the natural gas storage facility located at Suffield, Alberta connected to TC Energy's Alberta System
bbls/d	barrels per day
boe	barrels of oil equivalent
boe/d	barrels of oil equivalent per day
GJ	gigajoule
IFRS	International Financial Reporting Standards as issued by the International Accounting Standards Board
MMboe	million barrels of oil equivalent
MMcf/d	million cubic feet per day
MSW	Mixed sweet blend, the benchmark for conventionally produced light sweet crude oil in Western Canada
WCS	Western Canadian Select, the benchmark for heavy sour crude oil in Western Canada

WTI West Texas Intermediate, the reference price paid in U.S. dollars at Cushing, Oklahoma for the crude oil 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 NI 51-101. 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 “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 Acquisitions, including their terms, timing, anticipated benefits and strategic rationale; the Financing; the GORR Disposition; Tamarack’s commitment to ESG principles; Tamarack’s liquidity and financial position, the factors contributing thereto, the impact thereof and plans relating thereto; and Tamarack’s preliminary 2021 capital budget and guidance, including the timing and level capital expenditures. Statements relating to “reserves” are also deemed to be forward looking statements, as they involve the implied assessment, based on certain estimates and assumptions, that the reserves described exist in the quantities predicted or estimated and that the reserves can be profitably produced in the future.

The forward-looking statements contained in this document are based on certain key expectations and assumptions made by Tamarack, including relating to: Tamarack, Woodcote, Highwood, the Acquisitions, the Financing and the GORR Disposition, including receipt of all required approvals and the satisfaction of other closing conditions in accordance with the terms of the definitive agreements; 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; the accuracy of Tamarack’s geological interpretation of its drilling and land opportunities, including the ability of seismic activity to enhance such interpretation; and Tamarack’s ability to execute its plans and strategies.

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: the parties being unable to obtain the required approvals, the failure to complete the Acquisitions, the Financing or the GORR Disposition on satisfactory terms; 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; access to capital; and the COVID-19 pandemic. 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, 2019 (the “AIF”), management’s discussion and analysis for the year ended December 31, 2019 and management’s discussion and analysis for the period ended September 30, 2020 (together, 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 and production, corporate decline rates, balance sheet, net-debt, year-end net debt to trailing annual adjusted funds flow ratio, adjusted funds flow, free adjusted funds flow, operating netback, operating field netback, shareholder value and components thereof, including pro forma the completion of the Acquisitions, the Financing and the GORR Disposition, 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.

Drilling Locations. This press release discloses drilling locations in two categories: (i) proved and probable locations; and (ii) un-booked locations. Proved plus probable drilling locations set forth herein are derived from an internal evaluation using standard practices as prescribed in the COGEH and account for drilling locations that have associated proved and/or probable reserves, as applicable. Un-booked locations are internal estimates based on the Company’s prospective land and an assumption as to the number of wells that can be drilled per section based on industry practice and internal review. Un-booked locations do not have attributed reserves or resources. Of the 400 net drilling locations in respect of the Assets identified herein, 21.5 net are proved locations, 21.5 net are probable locations and 357 net are unbooked locations. 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.

Non-IFRS Measures. Certain financial measures referred to in this press release, such as adjusted funds flow, free adjusted funds flow, net debt, year-end net debt to trailing annual adjusted funds flow ratio, operating netback, operating field netback 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.

“**Adjusted funds flow**” is calculated by taking cash-flow from operating activities and adding back changes in noncash working capital and expenditures on decommissioning obligations since Tamarack believes

the timing of collection, payment or incurrence of these items is variable. Expenditures on decommissioning obligations may vary from period to period depending on capital programs and the maturity of the Company's operating areas. Expenditures on decommissioning obligations are managed through the capital budgeting process which considers available adjusted funds flow. Tamarack uses adjusted funds flow as a key measure to demonstrate the Company's ability to generate funds to repay debt and fund future capital investment. Adjusted funds flow can also be calculated on a per boe basis. Adjusted funds flow per share is calculated using the same weighted average basic and diluted shares that are used in calculating income (loss) per share.

"Free adjusted funds flow" is calculated by taking adjusted funds flow and subtracting capital expenditures, excluding acquisitions and dispositions. Management believes that free adjusted funds flow provides a useful measure to determine Tamarack's ability to improve returns and to manage the long-term value of the business.

"Net debt" is calculated as bank debt plus working capital surplus or deficit, including the fair value of cross-currency swaps and excluding the fair value of financial instruments and lease liabilities.

"Year-end net debt to trailing annual adjusted funds flow ratio" is calculated as estimated year-end net debt divided by the estimated adjusted funds flow for the four preceding quarters at year-end.

"Operating netback" is calculated as total petroleum and natural gas sales, including realized gains and losses on commodity, foreign exchange and interest rate derivative contracts, less royalties and net production and transportation costs and can also be calculated on a per boe basis.

"Operating field netback" is calculated as total petroleum and natural gas sales, less royalties and net production and transportation costs and can also be calculated on a per boe basis.

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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