

TSX: TVE

Tamarack Valley Energy Ltd. Announces Closing of Previously Announced Strategic Clearwater Oil Acquisitions and \$47 Million Equity Financing

Calgary, Alberta – December 21, 2020 – Tamarack Valley Energy Ltd. (“Tamarack” or the “Company”) (TSX: TVE) is pleased to announce the closing of two strategic acquisitions (together, the “Acquisitions”) which 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 acquired approximately 2,000 barrels per day of crude oil production and 107,000 net acres of Clearwater rights (the “Assets”) and now controls and operates 100% of the Greater Nipisi acquired assets. The Company is also pleased to announce the completion of a \$47 million private placement equity financing (the “Financing”).

The Acquisitions and the Financing 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.

Acquisitions

Tamarack, through its wholly owned subsidiary Tamarack Acquisition Corp., has acquired all of the issued and outstanding shares of Woodcote Oil Corp. (“Woodcote”), a Clearwater focused private company (the “Corporate Acquisition”). The Corporate Acquisition secured Tamarack a 50% operated working interest in the Greater Nipisi area, an established Clearwater development area with top decile economics in the Western Canadian Sedimentary Basin.

Tamarack, through its wholly owned subsidiary Tamarack Acquisition Corp., has also acquired a 50% working interest in the “Greater Nipisi” assets and an approximately 50 to 100% working interest in the Jarvie assets from Highwood Oil Company Ltd. (“Highwood”) with an effective date of November 1, 2020 (the “Asset Acquisition”).

In conjunction with the Acquisitions, Tamarack has entered into an arrangement with Topaz Energy Corp. to sell a newly created 2.0% gross overriding royalty (“GORR”) on a select portion of the Assets, which is expected to close before December 31, 2020. Tamarack has committed to spending \$80.0 million of capital to further develop the GORR lands prior to December 31, 2022.

Financing

Concurrent with the completion of the Acquisitions, Tamarack issued, on a non-brokered private placement basis, 40,925,000 common shares (“Common Shares”) at a price of \$1.15 per Common Share for aggregate gross proceeds of approximately \$47 million, of which \$2.1 million was 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 Common Shares issued in connection with the Financing are subject to a statutory hold period of four months plus one day, in accordance with applicable securities legislation. The Financing remains subject to the final approval of the Toronto Stock Exchange.

Advisors

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

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

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

Stikeman Elliott LLP acted 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.

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 NI 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 "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 Assets, including anticipated benefits and strategic rationale; the GORR Disposition; Tamarack's liquidity and financial position, the factors contributing thereto, including the timing and level capital expenditures.

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 Assets and the GORR Disposition, including receipt of all required approvals; 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 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, balance sheet, adjusted funds flow, free adjusted funds flow, shareholder value and components thereof, including pro forma 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.

Non-IFRS Measures.

Certain financial measures referred to in this press release, such as adjusted funds flow and free adjusted funds flow, 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.

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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