TSX: TVE

Tamarack Valley Energy Ltd. Announces the Strategic Acquisition of Anegada Oil Corp., a Leading Charlie Lake Light-Oil Producer, for Total Net Consideration of $494 million

Calgary, Alberta – April 12, 2021 – Tamarack Valley Energy Ltd. ("**Tamarack**" or the "**Company**") (TSX: TVE) is pleased to announce that it has entered into a definitive agreement (the "**Agreement**") to acquire Anegada Oil Corp. ("**Anegada**"), a privately held pure play Charlie Lake light-oil producer, for total net consideration of $494 million (the "**Acquisition**"), after deducting the proceeds from the sale of a 2% newly created gross overriding royalty (the "**GORR**") on the acquired assets (the "**Assets**"). The total net consideration consists of $247.5 million in cash and debt (net of GORR), subject to adjustment, and approximately 105.3 million common shares of Tamarack ("**Tamarack Shares**") at a deemed price of $2.34 per Tamarack Share. Tamarack's credit syndicate has provided commitments to increase the available capacity under the Company's credit facilities to $600 million and extend the revolving period to May 31, 2022, concurrent with the close of the Acquisition.

M. Brandon Swertz, President & CEO of Anegada, stated: "Our shareholders indicated a desire to be a part of a larger high-quality entity with greater free cash flow. We see the combination of the Clearwater and Charlie Lake oil plays providing Tamarack with top decile inventory with significant free cash flow growth and yield potential."

Brian Schmidt, President & CEO of Tamarack, said: "The Acquisition will provide Tamarack with a material position in the Charlie Lake, one of the leading oil plays in North America. Our strategic portfolio approach of investing in high impact oil plays, combined with a focus on decline mitigation through our waterflood assets enhances corporate free cash flow sustainability and resiliency. Our team's execution of integrating new assets into the Company has been exceptional and we are confident this will continue. We would like to thank all of our employees for their time and effort in helping to further our corporate strategy."

Acquisition Highlights

- **Establishes a material contiguous position in the Charlie Lake, one of the most economic plays in North America**
  - Approximately 11,800 boe/d(1) of Charlie Lake light oil production (71% oil and natural gas liquids) with annualized operating field netback(2) of ~$135 million
  - Expect 2022 production to increase and be maintained between 12,000 and 13,000 boe/d(3)
  - Over 200 net future drilling locations,(4) across 332.4 (321.2 net) sections of Charlie Lake land, support current production levels for more than a decade
  - The Charlie Lake ranks among the most economic plays in North America, with wells that payout in approximately 6 months and generate IRRs in excess of 400%

- **Enhances Tamarack's free adjusted funds flow and meaningfully reduces corporate sustaining free adjusted funds flow breakeven(2)**
  - High productivity wells (IP30 >650 boe/d) with high operating field netbacks(2) (>$30/boe) and attractive capital costs ($2 to $3.5 million per well, dependent on length) results in asset level free adjusted funds flow breakeven(2) of approximately US$30/bbl WTI, reducing Tamarack's corporate free adjusted funds flow breakeven(2) below US$36/bbl WTI
  - Modest sustaining capital(2) requirements (~$65 million annually, <50% of annualized operating field netback(2)) drives meaningful free adjusted funds flow(2) from the Assets

- **Immediately and materially accretive to per share metrics**
    - Attractive purchase price (<3.7x annualized adjusted funds flow(2)) provides for immediate accretion to per share metrics
    - Expected to be ~13% accretive to adjusted funds flow(2) per share and ~20% accretive to free adjusted funds flow(2) per share in 2022

- **Owned infrastructure footprint provides egress, operational flexibility and blending upside**
    - Strategic ownership in four gas plants, nine operated multi-well batteries, four operated oil satellites and ~260 km of pipeline infrastructure

- **Positive environmental, social and governance ("ESG") contributions**
    - Attractive asset base with minimal asset retirement obligation ("**ARO**") ($18 million, undiscounted, uninflated)
    - Forecasted emissions intensity of 10 to 15 kg CO_2e/boe is in line with the low emissions Veteran oil play and will positively contribute to lower overall corporate emissions intensity

- **Maintains Tamarack's strong balance sheet and enhances liquidity**
    - Upon closing of the Acquisition, Tamarack expects to have net debt(2) of approximately $525 million and over $75 million of available liquidity under a $600 million credit facility, which is anticipated to close concurrent with the Acquisition
    - Pro forma the Acquisition, Tamarack remains well hedged with approximately 35%(5) of its H2 2021 oil production hedged
    - Pro forma the Acquisition, Tamarack expects a strong 2021 year-end net debt to Q4 annualized adjusted funds flow(2) ratio of less than 1.2x, dropping to less than 0.7x in 2022 based on the free adjusted funds flow(2) profile

Acquisition Metrics

Purchase Price (net of royalty proceeds)	$494 million
Current Production	11,800 boe/d(1)
Oil and NGL Weighting	~71%
Drilling Locations(4)	224 (207.3 net)
Annualized Operating Field Netback(2)	$135 million
Total ARO (undiscounted, uninflated)	<$20 million

Proved developed producing ("PDP") reserves of 10.5 MMboe (70% liquids) and total proved plus probable ("TPP") reserves of 40.1 MMboe (71% liquids) based on Tamarack's internal reserves evaluation effective June 1, 2021. In conjunction with the Acquisition, Tamarack has entered into an agreement with Topaz Energy Corp. to sell a 2% GORR on the Assets for gross proceeds of $32 million.

Pro Forma 2021 Guidance

To reflect the contribution from the Acquisition effective June 1, 2021, Tamarack is providing an update to its 2021 guidance.

Preliminary 2021 Guidance	Tamarack March 2021 Guidance	Tamarack Post-Acquisition
Capital Budget ($MM)	125 – 130	165 – 175
Average Production(6) (boe/d)	26,000	33,000
% Oil and NGL	66 – 68	67 – 69
Adjusted Funds Flow(2) ($MM)	215 – 220	290 – 295
Free Adjusted Funds Flow(2) ($MM)	85 – 90	120 – 125
Year End Net Debt to Q4 Annualized Adj. Funds Flow(2)	<1.0x	<1.2x
Free Adjusted Funds Flow Breakeven(2) (US$/bbl WTI)	~$40	<$36

Post-acquisition guidance numbers are based on pricing assumptions of: a WTI price of US$58.65/bbl; an MSW/WTI differential of US$4.00/bbl; an AECO price of $2.45/GJ; and a USD/CAD exchange rate of $1.2545.

Transaction Details

Concurrent with the execution of the Agreement, shareholders of Anegada representing 100% of the outstanding common shares executed letters of transmittal irrevocably accepting Tamarack's offer and tendering their shares in connection with the Acquisition. The Agreement provides for, among other things, a non-solicitation covenant on the part of Anegada. A copy of the Agreement will be filed on Tamarack's SEDAR profile at www.sedar.com.

The Acquisition is expected to close on May 31, 2021, subject to certain customary conditions and regulatory and other approvals, including the approval of the Toronto Stock Exchange (the "**TSX**") and the Commissioner of Competition pursuant to the *Competition Act* (Canada).

In accordance with the rules of the TSX, the issuance of 105,341,880 Tamarack Shares pursuant to the Acquisition (the "**Share Issuance**") will require approval of Tamarack's shareholders as it will result in an issuance in excess of 25% of the issued and outstanding Tamarack Shares. Tamarack's Board of Directors has unanimously determined that the Acquisition is in the best interests of Tamarack, is fair to Tamarack's shareholders, and has unanimously recommended that Tamarack's shareholders approve the Share Issuance. Unless the Company obtains approval by way of written consent of shareholders holding the majority of the issued and outstanding Tamarack Shares, Tamarack will call a special meeting of shareholders to vote on the Share Issuance. It is expected that the special meeting will be held on or about May 28, 2021.

All of the directors and executive officers and certain other shareholders representing an aggregate of 71.3 million Tamarack Shares (or approximately 24% of the issued and outstanding Tamarack Shares) have agreed to consent to or vote their Tamarack Shares in favour of the Share Issuance, as applicable.

At closing, Tamarack will enter into lock-up agreements with each of the directors, officers and insiders of Anegada who, following completion of the Acquisition, will collectively hold or exercise control over approximately 18% of the issued and outstanding Tamarack Shares. Pursuant to the lock-up agreements, each such shareholder will agree not to sell or trade the Tamarack Shares received pursuant to the Acquisition, except as follows: (i) 1/2 shall be eligible for disposition on the date that is three months after closing of the Acquisition; (ii) the remaining 1/2 of such Tamarack Shares shall be eligible for disposition on the date that is six months after closing of the Acquisition; and (iii) all sales of Tamarack Shares within 12 months after closing of the Acquisition must be effected via block trades facilitated by Tamarack.

Advisors

RBC Capital Markets is acting as lead financial advisor to Tamarack with respect to the Acquisition and has provided its opinion to the Board of Directors of Tamarack that, based upon and subject to the assumptions, limitations and qualifications set forth therein, the consideration to be paid by Tamarack in connection with the Acquisition is fair, from a financial point of view, to Tamarack. CIBC World Markets is also acting as a financial advisor to Tamarack with respect to the Acquisition.

Stifel FirstEnergy and Peters & Co. are acting as strategic advisors to Tamarack with respect to the Acquisition.

National Bank Financial Inc. is acting as exclusive financial advisor to Anegada and as advisor with respect to the GORR.

Stikeman Elliott LLP is acting as legal counsel to Tamarack with respect to the Acquisition and the GORR.

McCarthy Tétrault is acting as legal counsel to Anegada with respect to the Acquisition.

Investor Call and Webcast

Tamarack will host a call and webcast at 9:00AM MT (11:00AM ET) on April 12, 2021 to discuss the Acquisition. Participants can access the live webcast through this **link** or through links provided on the Company's website. A recorded archive of the webcast will be available on the Company's website following the live webcast.

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; (ii) using a rigorous, proven modeling process to carefully manage risk and identify opportunities; and (iii) operating as a responsible corporate citizen with a focus on environmental, social and governance (ESG) commitments and goals. The Company has an extensive inventory of low-risk, oil development drilling locations focused primarily in the Cardium, Clearwater 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
WTI	West Texas Intermediate, the reference price paid in U.S. dollars at Cushing, Oklahoma for the crude oil standard grade

READER ADVISORIES

This press release is not an offer of the securities for sale in the United States. The securities offered have not been, and will not be, registered under the U.S. Securities Act or any U.S. state securities laws and may not be offered or sold in the United States absent registration or an available exemption from the registration requirement of the U.S. Securities Act and applicable U.S. state securities laws. 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 these securities, in any jurisdiction in which such offer, solicitation or sale would be unlawful.

Notes to Press Release

(1) Comprised of 6,500 bbl/d light and medium oil, 1,900 bbl/d NGL and 20,400 mcf/d natural gas

(2) See "Non-IFRS Measures"

(3) Comprised of 6,550 – 7200 bbl/d light and medium oil, 1,950 – 2,000 bbl/d NGL and 21,000 – 22,800 mcf/d natural gas

(4) See "Disclosure of Oil and Gas Information"

(5) Includes the effect of extensions for Q3 of 3,500 bbl/d ($48.91 US/bbl WTI) and Q4 of 3,000 bbl/d ($48.64 US/bbl WTI).

(6) March 2021 comprised of 11,200 bbl/d light and medium oil, 4,400 bbl/d heavy oil, 2,100 bbl/d NGL and 49,800 mcf/d natural gas; Post-acquisition guidance comprised of 15,400 bbl/d light and medium oil, 4,400 bbl/day heavy oil, 3,000 bbl/d NGL and 61,200 mcf/d natural gas

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 National Instrument 51-101 – *Standards of Disclosure of Oil and Gas Activities* ("NI 51-101"). Boe may be misleading, particularly if used in isolation.

Reserves Disclosure. All reserves information in this press release relating to Assets are internally estimated by the Company's internal qualified reserve evaluators prepared April 7, 2021 effective June 1, 2021 in accordance with NI 51-101 and the most recent publication of the Canadian Oil and Gas Evaluations Handbook ("COGEH"). The estimates of reserves and future net revenue for the Acquisition may not reflect the same confidence level as estimates of reserves and future net revenue for all of Tamarack's properties, due to the effects of aggregation.

All reserve references in this press release are "gross reserves". Gross reserves are a company's total working interest reserves before the deduction of any royalties payable by such company and before the consideration of such company's royalty interests. It should not be assumed that the present worth of estimated future cash flow of net revenue presented herein represents the fair market value of the reserves. There is no assurance that the forecast prices and costs assumptions will be attained and variances could be material. The recovery and reserve estimates of Tamarack's crude oil, NGL and natural gas reserves, including those of the Assets, provided herein are estimates only and there is no guarantee that the estimated reserves will be recovered. Actual crude oil, natural gas and NGL reserves may be greater than or less than the estimates provided herein.

Drilling Locations. This press release discloses drilling locations with respect to the Assets in three categories: (i) proved locations; (ii) probable locations; and (iii) unbooked locations. Proved locations and probable locations are derived from the Company's internal reserves evaluation as prepared by a member of management who is a qualified reserves evaluator in accordance with NI 51-101 and the COGEH effective June 1, 2021 and account for drilling locations that have associated proved and/or probable reserves, as applicable. Unbooked locations are internal estimates based on the Company's assumptions as to the number of wells that can be drilled per section based on industry practice and internal review. Unbooked locations do not have attributed reserves or resources. Of the total 224 (207.3 net) drilling locations identified herein, 72 (70.5 net) are proved locations, 6 (6.0 net) are probable locations and 146 (130.8 net) are unbooked locations. Unbooked locations have been identified by management as an estimation of Company's multi-year drilling activities based on evaluation of applicable geologic, seismic, engineering, production and reserves information assuming completion of the Acquisition. Assuming completion of the Acquisition, 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 considered for future development 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 derisked by the drilling of existing wells by the Vendor in relative close proximity to such unbooked drilling locations, 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.

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 increased capacity under the Company's credit facilities and extension of revolving period; the Acquisition, the GORR and the timing thereof; satisfaction or waiver of the closing conditions to the Acquisition; receipt of required shareholder and regulatory approvals for the completion of the Acquisition (including approval of the TSX and the Commissioner of Competition pursuant to the *Competition Act* (Canada)); the purchase price of the Acquisition net proceeds from the GORR and closing adjustments; the anticipated benefits of the Acquisition, including the impact of the Acquisition and the GORR on the Company's operations, reserves, inventory and opportunities, financial condition, access to capital and overall strategy; expectations with respect to reserves, oil and natural gas production levels (including the ability to support current production for the next decade), operating field netbacks, decline rates, abandonment and reclamation obligations, adjusted funds flow, free adjusted funds flow and net debt to Q4 annualized adjusted funds flow relating to the Assets and Tamarack following the Acquisition; development and drilling plans for the Assets, including the drilling locations associated therewith and timing of results therefrom; expectations regarding the Charlie Lake; oil and NGL weighting; waterflood response, development of waterflood projects and the impact thereon on oil recoveries and decline rates; anticipated operational results for 2021 including, but not limited to, estimated or anticipated production levels, operating field netbacks, decline rates, capital expenditures and drilling plans; the estimated quantity of the oil and gas reserves associated with the Assets and anticipated future cash flows from such reserves; future operational, technical, cost and revenue synergies resulting from the Acquisition; management's ability to replicate past performance; the ability of Tamarack to optimize production from the Assets; the Company's capital program, guidance and budget for 2021; expectations regarding commodity prices in 2021; deployment of the Company's 2021 capital program; the expected allocation of the Company's 2021 capital expenditure budget; the performance characteristics of the Company's oil and natural gas properties; the ability of the Company to achieve drilling success consistent with management's expectations; Tamarack's commitment to ESG principles and the impact of the Acquisition thereon, including with respect to emissions intensity; the source of funding for the Company's activities including development costs; reserve life indexes; expected levels of royalty rates, development costs, operating costs, general and administrative costs, costs of services and other costs and expenses; and projections of commodity prices and costs, and exchange rates.

The forward-looking statements contained in this document are based on certain key expectations and assumptions made by Tamarack, including relating to: the business plan of Tamarack, Anegada, the Assets and the GORR; the receipt of all approvals and satisfaction of all conditions to the completion of the Acquisition; the timing of and success of future drilling, development and completion activities; the geological characteristics of Tamarack's properties; the characteristics of the Assets; the successful integration of the Assets into Tamarack's operations; 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: counterparty risk to closing the Acquisition; unforeseen difficulties in integrating the Assets into Tamarack's operations; incorrect assessments of the value of benefits to be obtained from acquisitions and exploration and development programs (including the Acquisition); 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; 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 the annual information form for the year ended December 31, 2020 and management's discussion and analysis for the year ended December 31, 2020 (the "MD&A") for additional risk factors relating to Tamarack, which 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, weightings, operating costs, capital budget and expenditures, decline rates, operating field netbacks, future development capital, abandonment and reclamation obligations, balance sheet strength, adjusted funds flow, free adjusted funds flow, corporate free adjusted funds flow breakeven, payout of wells, net debt, net debt to Q4 annualized adjusted funds flow 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 approved by management 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.

References in this press release to IRR, IP30 and other short-term production rates are useful in confirming the presence of hydrocarbons, however such rates are not determinative of the rates at which such wells will commence production and decline thereafter and are not indicative of long-term performance or of ultimate recovery. While encouraging, readers are cautioned not to place reliance on such rates in calculating the aggregate production of Tamarack.

Non-IFRS Measures

Certain measures commonly used in the oil and natural gas industry referred to herein, including, "operating field netback", "adjusted funds flow", "free adjusted funds flow", “free adjusted funds flow breakeven”, “sustaining capital”, "net debt" and "year-end net debt to Q4 annualized adjusted funds flow", do not have a standardized meaning prescribed by IFRS and therefore may not be comparable with the calculation of similar measures by other companies. These non-IFRS measures are further described and defined below. Such non-IFRS measures are not intended to represent operating profits nor should they be viewed as an alternative to cash flow provided by operating activities, net earnings or other measures of financial performance calculated in accordance with IFRS.

Operating Field Netback

"**Operating Field Netback**" equals total petroleum and natural gas sales, less royalties and net production and transportation expenses.

Management uses certain industry benchmarks, such as Operating field netback, to analyze financial and operating performance. This metric can also be calculated on a per boe basis. Management considers Operating Field Netback an important measure to evaluate Tamarack's operational performance, as it demonstrates field level profitability relative to current commodity prices.

Adjusted Funds Flow and Free Adjusted Funds Flow

"**Adjusted Funds Flow**" is calculated by taking cash-flow from operating activities and adding back changes in non-cash 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.

"**Free Adjusted Funds Flow Breakeven**" is determined by calculating the minimum WTI price in US/bbl required to generate Free Adjusted Funds Flow equal to zero with no production growth and all other variables held constant. Management believes that Free Adjusted Funds Flow Breakeven provides a useful measure to establish corporate financial sustainability.

"**Sustaining Capital**" is calculated as the capital expenditures required to hold production flat (replace production declines) with no consideration for growth. Management believes that Sustaining Capital provides a useful measure to establish corporate financial sustainability.

Net Debt and Related Measures

"**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 Q4 Annualized Adjusted Funds Flow**" is calculated as estimated year-end Net Debt divided by the annualized estimated Adjusted Funds Flow for the fourth quarter.

Tamarack closely monitors its capital structure with a goal of maintaining a strong balance sheet to fund the future growth of the Company. The Company monitors Net Debt as part of its capital structure. The Company uses Net

Debt as an alternative measure of outstanding debt. Management considers Net Debt an important measure to assist in assessing the liquidity of the Company.

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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