TSX: TVE

Tamarack Valley Energy Ltd. Announces Further Strategic Clearwater Consolidation and Return of Capital Update, Including a 20% Monthly Dividend Increase

Calgary, Alberta – April 21, 2022 – Tamarack Valley Energy Ltd. ("**Tamarack**" or the "**Company**") is pleased to announce it has entered into a definitive agreement (the "**Agreement**") to acquire Rolling Hills Energy Ltd. ("**Rolling Hills**"), a privately held pure play Clearwater oil producer, for total consideration of $93.0 million (the "**Corporate Acquisition**"). Tamarack has also entered into additional agreements to further consolidate its Clearwater position through the addition of undeveloped lands in the Peavine area (together with the Corporation Acquisition, the "**Clearwater Transactions**").

In conjunction with these transactions the Company is pleased to announce a return of capital update, including a 20% base dividend increase and shareholder guidance with respect to delivering enhanced returns through tactical share buybacks and/or enhanced dividends.

Brian Schmidt (Aakaikkitstaki), Tamarack's President and CEO highlighted: "Tamarack's announcements today are the result of our disciplined focus on sustainable free funds flow[(1)] growth and accretive acquisitions. Through our strategic focus over the past two years, we have positioned the Company for long-term sustainable free funds flow[(1)] growth and shareholder returns. The acquisition of Rolling Hills completes the consolidation of our core operating area in the Southern Clearwater, which will allow us to fully optimize development and maximize returns from this area. The Corporate Acquisition coupled with our second strategic Peavine Metis Settlement agreement and additional land sales in the Peavine area will expand our total Clearwater footprint to 593.2 net sections (379,650 net acres)."

Clearwater Transactions

Southern Clearwater Consolidation

The Corporate Acquisition represents another step forward in Tamarack's consolidation and expansion of our holdings in the prolific Clearwater fairway. The $93.0 million of consideration consists of: (i) $46.5 million in cash, subject to adjustment; and (ii) the issuance of 9,276,623 common shares of Tamarack ("**Tamarack Shares**") at a deemed price of $5.0126 per Tamarack Share. Key aspects of the Corporate Acquisition include:

- **Strategic fit with Tamarack's existing Southern Clearwater portfolio**
  - The Corporate Acquisition fully consolidates Tamarack's working interest and operatorship to 100% in the greater Jarvie play in the Southern Clearwater area
- **Significant Clearwater development and exploration potential**
  - 70 (54.0 net) future development drilling locations[(3)], across only 1/3 of the 34,560 net acres acquired
  - Additional unbooked future exploitation and drilling upside
- **Attractive environmental, social and governance (ESG) profile**
  - Consistent with Tamarack's previous acquisitions in the Clearwater, the assets have minimal asset retirement obligations and limited freshwater requirements

- Tamarack expects to realize synergies in gas conservation and other infrastructure, lowering the GHG intensity of the assets, due to the strategic fit of the acquired assets in the Southern Clearwater

- **Accretive to Tamarack shareholders**
  - Forecast production of ~2,100 boe/d(2) is expected to deliver $61.0 million of annualized operating field netback(1)
  - Low sustaining capital of $15 to $20 million required to hold production levels flat
  - Purchase price implies on an annualized basis 1.5x operating funds flow
  - Rolling Hills has approximately 63% of remaining 2022 oil production hedged through a combination of WTI swaps and collars that ensure a minimum average WTI price >C$83/bbl
  - The Corporate Acquisition is accretive on a per share basis to forecasted 2023 adjusted funds flow(1) by 5% and to free funds flow(1) by 7% on strip prices
- **Further enhances the 5-year plan and return of capital framework**
  - Increases debt adjusted free funds flow per share(1) by more than 3% throughout Tamarack's 5-year plan at WTI oil prices of US$55/bbl

Corporate Acquisition Metrics

Purchase Price	**$93.0 million**
7 Months 2022 Average Production	**2,100 boe/d(2)**
Annualized Operating Field Netback(1)	**$61.0 million**
Drilling Locations	**70 gross (54.0 net)(3)**
Proved Plus Probable Reserves	**3.8 MMboe(4)**
Total Clearwater Acreage	**34,560 net acres**
Total ARO (Undiscounted)	**<$1.0 million**

Peavine Metis Settlement Agreement & Land Acquisitions

- **Second strategic Peavine Metis Settlement agreement**
  - Tamarack is pleased to announce it has entered into a second partnership with the Peavine Metis settlement on an additional 15 net sections (9,600 net acres) of prospective Clearwater land
  - Together, the strategic Peavine Metis Settlement agreements encompass a total of 44.5 net sections (28,500 net acres) of Clearwater land
- **Greater Peavine area land acquisitions**
  - Tamarack has amassed 26 net sections (16,640 net acres) in the greater Peavine Clearwater trend, providing further scale in the region. These lands are highly prospective offsetting recent drill results in up to three prospective Clearwater sand intervals
- **Exploration program plan set to commence**
  - Tamarack plans to commence with its initial exploration program on these lands in Q3 2022

Return of Capital Update

20% Monthly Dividend Increase

Tamarack is pleased to announce that it plans to increase its base cash dividend by 20% to $0.010 per share per month beginning with the June dividend declaration, with an anticipated payment date of July 15, 2022. The increase in Tamarack's monthly cash dividend reflects the improvement in sustainable free funds flow (FFF)(1) per share the Company has generated since implementation of its dividend policy in October 2021. The Company's improved FFF(1) per share profile is a cumulative result of enhanced sustainable FFF(1) along with the acquisitions of Crestwynd Exploration Ltd. (closed February 2022) and Rolling Hills, which will continue to drive accretion at flat pricing of US$55/bbl WTI and $2.50/GJ AECO.

Enhanced Return Update

Based on current forward commodity prices, Tamarack is pleased to announce that it expects to implement an enhanced return to shareholders payable in Q3 2022 that will be funded through free funds flow(1) that the Company generates during Q2 2022, prior to giving effect to the Clearwater Transactions. Tamarack's implementation of the enhanced return is based on Tamarack's expectation that, prior to giving effect to the Clearwater Transactions, it would have achieved the upper end of its current long-term debt threshold of $325 to $375 million during Q2 2022. Details of the enhanced return will be specified with Tamarack's release of Q2 2022 results in August 2022.

Upon closing of the Clearwater Transactions, Tamarack will increase its long-term debt threshold to $350 to $400 million, predicated on a forecasted net debt to annual adjusted funds flow of 1.0x at US$45/bbl WTI. Pending market conditions and subject to the stated debt targets, Tamarack plans to return up to 50% of the previous quarter's free funds flow(1), inclusive of base dividends, to its shareholders through tactical share buybacks and/or special dividends. The remaining free funds flow(1) will be allocated to further debt repayment and future acquisition opportunities.

Updated 2022 Outlook

Tamarack will provide updated 2022 guidance, including pro forma estimates, in conjunction with Q1 2022 results on May 3, 2022.

Corporate Acquisition Details

Contemporaneous with the execution of the Agreement, certain shareholders of Rolling Hills, representing approximately 50% of the outstanding common shares of Rolling Hills, executed voting support agreements in connection with Corporate Acquisition. The Agreement provides for, among other things, a non-solicitation covenant on the part of Rolling Hills, a right to match in favour of Tamarack and a break fee in the amount of $5.0 million payable to Tamarack in certain circumstances. Pursuant to the Agreement, certain assets of Rolling Hills will be conveyed to a newly created company owned by the existing shareholders of Rolling Hills. A copy of the Agreement will be filed on Tamarack's SEDAR profile at www.sedar.com.

The Corporate Acquisition is expected to close on or about June 10, 2022, 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).

At closing, Tamarack will enter into hold period agreements with each of the directors, officers and insiders of Rolling Hills who will, prior to the completion of the Corporate Acquisition, collectively hold or exercise control over approximately 34% of the issued and outstanding common shares of Rolling Hills (on a nondiluted basis). One-third (1/3) of the Tamarack Shares issuable to such shareholders of Rolling Hills will be subject to escrow and released as to one-half on each of the dates that is three and six months following the closing, to be facilitated via block trades, with Tamarack approval. In addition, for a period of 12 months following closing, all trades of escrowed shares by such shareholders must be facilitated in block trades facilitated by Tamarack.

Advisors

- Peters & Co. Limited and RBC Capital Markets are acting as financial advisors to Tamarack with respect to the Corporate Acquisition.
- Stikeman Elliott LLP is acting as legal counsel to Tamarack with respect to the Corporate Acquisition.
- National Bank Financial Inc. is acting as financial advisor to Rolling Hills.
- Burnet, Duckworth & Palmer LLP is acting as legal counsel to Rolling Hills.

Investor Webcast

Tamarack will host a webcast at 9:00 AM MT (11:00 AM ET) on April 21, 2022 to discuss the acquisitions and return of capital updates. Participants can access the live webcast via this **link** or through the link 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 creating long-term value for its shareholders through sustainable free funds flow generation, financial stability and the return of capital. The Company has an extensive inventory of low-risk, oil development drilling locations focused primarily on Charlie Lake, Clearwater and EOR plays in Alberta. Operating as a responsible corporate citizen is a key focus to ensure we deliver on our environmental, social and governance (ESG) commitments and goals. For more information, please visit the Company's website at www.tamarackvalley.ca.

Abbreviations

AECO	the natural gas storage facility located at Suffield, Alberta connected to TC Energy's Alberta System
ARO	asset retirement obligation
bbls	barrels
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
mcf	thousand cubic feet
mcf/d	thousand cubic feet per day
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

Notes to Press Release

(1) See "*Specified Financial Measures*"; free funds flow (FFF) was previously referred to as free adjusted funds flow

(2) Comprised of 2,100 bbl/d heavy oil

(3) See "*Disclosure of Oil and Gas Information – Drilling Locations*"

(4) Proved plus probable reserves have been 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 most recent publication of the Canadian Oil and Gas Evaluations Handbook ("COGEH") effective as of June 1, 2022. "Internally estimated" means an estimate that is derived by the Company's internal QRE and prepared in accordance with NI 51-101 and COGEH.

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' NI 51-101. Boe may be misleading, particularly if used in isolation.

Drilling Locations. This press release discloses drilling locations 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 most recent publication of the COGEH effective June 1, 2022 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 70 (54.0 net) drilling locations identified herein, 22 (18.0 net) are proved locations, 14 (11.2 net) are probable locations and 30 (24.8 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. 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 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 Clearwater Transactions and the timing thereof; satisfaction or waiver of the closing conditions to the Clearwater Transactions; receipt of required regulatory approvals for the completion of the Corporate Acquisition (including approval of the TSX and the Commissioner of Competition pursuant to the Competition Act (Canada)); the purchase price of the Corporate Acquisition; the anticipated benefits of the Clearwater Transactions, including the impact of the Clearwater Transactions 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, operating field netbacks, , abandonment and reclamation obligations, adjusted funds flow, free adjusted funds flow and net debt to trailing adjusted funds flow relating to the assets to be acquired following the Clearwater Transactions (the "Assets"); development and drilling plans for the Assets, including the drilling locations associated therewith and timing of results therefrom; expectations regarding the Clearwater; the Company's five year plan, including regular dividends, enhanced dividends and share buybacks; future consolidation activity and organic growth; future intentions with respect to return of capital; oil and natural gas production levels, adjusted funds flow, free funds flow; anticipated operational results for 2022 including, but not limited to, estimated or anticipated production levels, capital expenditures and drilling plans; the Company's capital program, guidance and budget for 2022 and 2022 capital program; expectations regarding commodity prices; 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 sustainability; and the source of funding for the Company's activities including development costs. Future dividend payments, if any, and the level thereof, is uncertain, as the Company's dividend policy and the funds available for the payment of dividends from time to time is dependent upon, among other things, free funds flow financial requirements for the Company's operations and the execution of its growth strategy, fluctuations in working capital and the timing and amount of capital expenditures, debt service requirements and other factors beyond the Company's control. Further, the ability of Tamarack to pay dividends will be subject to applicable laws (including the satisfaction of the solvency test contained in applicable corporate legislation) and contractual restrictions contained in the instruments governing its indebtedness, including its credit facility.

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, Rolling Hills and the Assets; the receipt of all approvals and satisfaction of all conditions to the completion of the Corporate 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 Clearwater Transactions; the risk that future dividend payments thereunder are reduced, suspended or cancelled; unforeseen difficulties in integrating of 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 Clearwater Transactions); 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, including increased operating and capital costs due to inflationary pressures; 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, 2021 and the management’s discussion and analysis for the year ended December 31, 2021 (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 generating sustainable long-term growth in free funds flow, prospective results of operations and production, weightings, operating costs, 2022 capital budget and expenditures, balance sheet strength, adjusted funds flow, free funds flow, 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 and its management believe that FOFI has been prepared on a reasonable basis, reflecting management’s best estimates and judgments, and represent, to the best of management’s knowledge and opinion, the Company’s expected course of action. However, because this information is highly subjective, it should not be relied on as necessarily indicative of future results. 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. Changes in forecast commodity prices, differences in the timing of capital expenditures, and variances in average production estimates can have a significant impact on the key performance measures included in Tamarack's guidance. The Company's actual results may differ materially from these estimates.

Specified Financial Measures

This press release includes various specified financial measures, including non-IFRS financial measures, non-IFRS financial ratios and capital management measures as further described herein. These measures do not have a standardized meaning prescribed by International Financial Reporting Standards ("IFRS") and, therefore, may not be comparable with the calculation of similar measures by other companies.

"Adjusted funds flow (capital management measure)" is calculated by taking cash-flow from operating activities and adding back changes in non-cash working capital, expenditures on decommissioning obligations and transaction costs 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 per share is calculated using the same weighted average basic and diluted shares that are used in calculating loss per share.

"Free funds flow (capital management measure)" (previously referred to as "free adjusted funds flow") is calculated by taking adjusted funds flow and subtracting capital expenditures, excluding acquisitions and dispositions. Management believes that free 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 funds flow per share is calculated using the same weighted average basic and diluted shares that are used in calculating loss per share.

"Operating field netback (non-IFRS financial measure or ratio)" is calculated as total petroleum and natural gas sales, less royalties, net production expenses and transportation expense. These metrics can also be calculated on a per boe basis. Management considers operating netback and operating field netback important measures to evaluate Tamarack's operational performance, as it demonstrates field level profitability relative to current commodity prices. A reconciliation of operating field netback to the most directly comparable measure calculated and presented in accordance with IFRS is as follows:

	June-December 2022 Forecast	2022 Annualized
($millions)		
Average realized sales	45.6	78.2
Royalty expenses	(4.2)	(7.2)
Net production and transportation expense	(5.7)	(9.7)
Operating field netback	**35.7**	**61.3**

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

"Net Debt to Annual Adjusted Funds Flow (capital management measure)" is calculated as estimated net debt at a point in time divided by the forecasted annual adjusted funds flow.

Please refer to the MD&A for additional information relating to specified financial measures including non-IFRS financial measures, non-IFRS financial ratios and capital management 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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