TSX: TVE

Tamarack Valley Energy Announces Fourth Quarter and Year End 2021 Financial Results and Operational Update

Calgary, Alberta – March 3, 2022 – Tamarack Valley Energy Ltd. ("**Tamarack**" or the "**Company**") (TSX: TVE) is pleased to announce its audited financial and operating results for the three months and year ended December 31, 2021. Selected financial and operating information is outlined below and should be read with Tamarack's audited annual consolidated financial statements and related management's discussion and analysis for the three and twelve months ended December 31, 2021, which are available on SEDAR at www.sedar.com and on Tamarack's website at www.tamarackvalley.ca. The Company's annual information form ("AIF") for the year ended December 31, 2021 will be filed on SEDAR today and will also be available on Tamarack's website.

Brian Schmidt, President and CEO of Tamarack commented: "2021 was a transformational year for Tamarack with the successful repositioning and integration of approximately $0.7 billion of strategic acquisitions in the Clearwater and Charlie Lake oil plays, further enhancing sustainable free funds flow(1) growth and return of capital to shareholders. Operationally we exceeded our full year guidance and maintained a strong balance sheet, exiting the year at less than one times net debt to Q4/21 annualized adjusted funds flow(1) while transitioning to a Sustainability Linked borrowing structure on our credit facility further demonstrating our commitment to responsible development."

2021 Financial and Operating Highlights

- Tamarack closed three separate acquisitions to further consolidate the Company's position in the Clearwater oil play in 2021, along with the acquisition of Crestwynd Exploration which closed February 15th, 2022, growing our land position in excess of 445 net sections in Nipisi, West Marten Hills and Southern Clearwater.
- Announced the transformational entrance into the Charlie Lake light oil play with the acquisition of Anegada Oil Corp. which closed on June 1st, which in combination with further tuck-ins across 2021, has established a significant footprint with approximately 325 net sections at year end 2021.
- Achieved fourth quarter and annual production of 40,384 boe/d(2) and 34,562 boe/d(3) respectively, representing an 83% and 57% increase compared to the same periods in 2020.
- Generated adjusted funds flow(1) of $124.1 million in Q4/21 ($0.31 per share basic and $0.30 per share diluted) and $340.3 million for the year ($0.96 per share basic and $0.94 per share diluted) compared to $28.9 million ($0.13 per share basic and diluted) and $122.7 million ($0.55 per share basic and diluted) for the same period in 2020.
- Generated free funds flow(1), excluding acquisition expenditures, of $82.4 million and net income of $140.4 million during the quarter and $149.1 million and $390.5 million for free funds flow(1) and net income on the year, respectively.
- Invested $41.7 million and $191.2 million in exploration and development expenditures ("E&D"), excluding acquisitions, during Q4/21 and full year 2021, respectively, which contributed to drilling 106 (101.8 net) wells, comprised of 43 (40.0 net) Clearwater oil wells, 40 (40.0 net) Viking oil wells, 13 (13.0 net) Charlie Lake oil wells, two (0.8 net) Fahler gas wells and eight (8.0 net) water source wells during the year.

- Enhanced our financial strength through 2021, exiting the year with net debt[1] of $463.3 million and a net debt to Q4/21 annualized adjusted funds flow[1] ratio of 0.9x.
- Transitioned to a Sustainability Linked Loan on our $600 million credit facility that incorporates sustainability-linked incentive pricing terms related to emissions, decommissioning management and Indigenous workforce participation performance targets.

Financial & Operating Results

	Three months ended December 31,			Twelve months ended December 31,		
	2021	2020	% change	**2021**	2020	% change
($ thousands, except per share)						
Total oil, natural gas and processing revenue	**243,184**	64,873	275	**701,051**	222,073	216
Cash flow from operating activities	**118,647**	23,859	397	**297,894**	125,290	138
Per share – basic	**$ 0.29**	$ 0.11	164	**$ 0.84**	$ 0.56	50
Per share – diluted	**$ 0.29**	$ 0.11	164	**$ 0.83**	$ 0.56	48
Adjusted funds flow[1]	**124,080**	28,894	329	**340,259**	122,748	177
Per share – basic[1]	**$ 0.31**	$ 0.13	138	**$ 0.96**	$ 0.55	75
Per share – diluted[1]	**$ 0.30**	$ 0.13	131	**$ 0.94**	$ 0.55	71
Net income (loss)	**140,448**	(18,220)	871	**390,508**	(311,384)	225
Per share – basic	**$ 0.35**	$ (0.08)	538	**$ 1.10**	$ (1.40)	179
Per share – diluted	**$ 0.34**	$ (0.08)	525	**$ 1.08**	$ (1.40)	177
Net debt[1]	**(463,284)**	(219,311)	111	**(463,284)**	(219,311)	111
Capital expenditures[4]	**41,672**	13,088	218	**191,159**	103,543	85
Weighted average shares outstanding *(thousands)*						
Basic	**406,061**	226,213	80	**353,642**	222,781	59
Diluted	**413,944**	226,213	83	**360,779**	222,781	62
Share Trading *(thousands, except share price)*						
High	**$ 3.95**	$ 1.41	180	**$ 3.95**	$ 2.27	74
Low	**$ 3.08**	$ 0.69	346	**$ 1.25**	$ 0.39	221
Trading volume (thousands)	**207,256**	78,236	165	**724,784**	259,895	179
Average daily production						
Light oil (bbls/d)	**18,487**	10,353	79	**15,670**	11,155	40
Heavy oil (bbls/d)	**5,616**	319	1,661	**4,613**	204	2,161
NGL (bbls/d)	**3,899**	2,421	61	**3,408**	1,930	77
Natural gas (mcf/d)	**74,291**	53,738	38	**65,226**	52,426	24
Total (boe/d)	**40,384**	22,049	83	**34,562**	22,027	57
Average sale prices						
Light oil ($/bbl)	**88.59**	47.63	86	**78.64**	41.46	90
Heavy oil ($/bbl)	**71.69**	43.12	66	**64.56**	38.36	68
NGL ($/bbl)	**55.09**	24.40	126	**41.77**	20.90	100
Natural gas ($/mcf)	**5.09**	2.46	107	**3.70**	1.77	109
Total ($/boe)	**65.21**	31.67	106	**55.38**	27.40	102
Operating netback ($/Boe)[1]						
Average realized sales	**65.21**	31.67	106	**55.38**	27.40	102
Royalty expenses	**(9.50)**	(3.31)	187	**(8.10)**	(3.04)	166
Net production and transportation expenses	**(10.84)**	(11.71)	(7)	**(10.77)**	(10.59)	2
Operating field netback ($/Boe)[1]	**44.87**	16.65	169	**36.51**	13.77	165
Realized commodity hedging gain (loss)	**(8.25)**	0.52	(1,687)	**(6.40)**	4.09	(256)
Operating netback	**36.62**	17.17	113	**30.11**	17.86	69
Adjusted funds flow ($/Boe)[1]	**33.40**	14.24	135	**26.97**	15.23	77

Risk Management

The Company continues to manage commodity price risk and volatility through a prudent hedging management program, with approximately 50% of gross oil production hedged against WTI on average for the remainder of 2022, through instruments including puts and enhanced collars. Tamarack also has WTI-MSW and WCS differential hedges in place on approximately 46% of our production in 2022. For 2023, we have entered into WTI put floors and enhanced collars as we systematically roll our risk management program forward on approximately 10% of our first quarter production. Our strategy provides protection to the downside exposure while maximizing upside. Additional details of the current hedges in place can be found in the corporate presentation on the Company website (www.tamarackvalley.ca).

Return of Capital

In accordance with the Company's dividend program, monthly dividends of $0.0083/share were declared in January and February 2022. At current strip prices, Tamarack anticipates reaching the debt target of $325-375 million mid-year 2022, enabling the declaration of an enhanced dividend and/or share buybacks.

Operations Update

Clearwater

Peavine Metis Settlement Strategic Land Agreement – Tamarack has entered into a strategic partnership with the Peavine Metis Settlement in the High Prairie area that covers 29.5 sections of land, which are prospective for the Clearwater formation. These lands offset competitor appraisal wells that have illustrated the potential of the play in the area. Tamarack is committed to building and maintaining strong partnerships with the Metis community, and we look forward to creating opportunity for economic participation and inclusion through the development of the resource with the Peavine Metis Settlement. Tamarack plans to begin its appraisal program in 2022.

West Marten Hills Exploration – The West Marten Hills 02/8-33-075-3W5 well was drilled with eight one-mile laterals in the Clearwater F sand. On its initial 15 days of production, post load recovery, it has averaged approximately 175 bbl/d of 19-degree API heavy oil. This well, alongside competitor activity, de-risks a significant portion of the Company's West Marten Hills lands. The Company plans to drill an additional eight wells at West Marten Hills in 2022.

West Nipisi – Tamarack has brought on two wells in West Nipisi as part of the waterflood program, each producing approximately 320 bbl/d of 19-degree API heavy oil over the last 30 days. Tamarack is drilling three injectors (injection to commence Q2/22), with an additional twelve wells planned under its 2022 Clearwater waterflood configuration.

Southern Clearwater – Tamarack is active in the Jarvie, Perryvale and Meanook areas of the Southern Clearwater with four rigs currently running. Six well have been rig released to date, with eight wells expected to be on-stream by the end of the first quarter. The Company plans to drill forty-seven wells in the area in 2022.

Charlie Lake

Tamarack continues to delineate lands in the Pipestone area, bringing on four net wells since December 2021 with results exceeding expectations. The 13-12-073-10W6 well initiated production with a light oil rate of approximately 1,400 bbl/d (~1,700 boe/d[5]). Development drilling at Wembley continues to deliver rates exceeding internal budget type curves with the most recent 5-30-073-07W6 well averaging 918 bbl/d of light oil (1,428 boe/d[6]) in the first eighteen days of production. Tamarack is also drilling its first Upper Charlie Lake well in the Saddle Hills area, with production expected in the second quarter.

Waterflood

Tamarack has drilled twenty-one net wells through its winter program targeting the Viking (14.0 net) and Sparky (7.0 net) at its Veteran and Eyehill properties. Current waterflood production continues to perform as expected, averaging ~ 5,000 bopd.

Environmental, Social and Governance

Phase one of the Nipisi gas conservation project was brought on-line in October of 2021, capturing approximately 2 mmcf/d of natural gas. Phase two of the project, which is anticipated to conserve an additional 1 mmcf/d of natural gas is scheduled to be operational by the end of the second quarter.

2022 Outlook(7)

Our 2022 guidance remains unchanged as Tamarack targets production of 45,000 to 46,000 boe/d(8) capital expenditures of $250 to $270 million(8), with the exception of interest expense which has changed slightly as a result of the sustainability linked notes issued in February 2022. Based on the forward strip, the Company expects to generate over $480 million of before tax free funds flow(1) in 2022 ($410 million after tax).

Capital Budget (including ARO)(9) ($mm)	**$250–$270**
Annual Average Production(8) (boe/d)	**45,000–46,000**
Expenses:	
Royalty Rate (%)	**16%–17%**
Operating ($/boe)	**$8.50–$8.70**
Transportation ($/boe)	**$2.00–$2.10**
General and Administrative ($/boe)	**$1.30–$1.35**
Interest(10) ($/boe)	**$1.60–$1.65**
Taxes ($/boe)	**$1.60–$1.70**
Leasing Expenditures ($mm)	**$3.7**
Asset Retirement Obligations ($mm)	**$7.5**
Revenue:	
Average Oil & Natural Gas Liquids Weighting	**74%**
Light Oil Wellhead Differential	**$3.00-$3.50**
Heavy Oil Wellhead Differential	**$4.50-$5.00**
Sustaining FFF Breakeven(1) (WTI US$/bbl)	**~$35.00**

2022 Adjusted Funds Flow(1) Sensitivities

	Increase in Adjusted Funds Flow(1) ($mm)
Increase of $1.00 WTI ($US/bbl)	**$11**
Decrease of $1.00 MSW ($US/bbl)	**$4**
Decrease of $1.00 WCS ($US/bbl)	**$4**
Increase of $0.25 AECO ($CAD/GJ)	**$3**

Investor Webcast

Tamarack will host a webcast at 9:00 AM MT (11:00 AM ET) on March 4, 2022 to discuss the fourth quarter and year end results and operations update. Participants can access the live webcast via 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.

We would like to thank our employees, shareholders and other stakeholders for all of their support over the past year and look forward to continuing to develop our high-quality assets to create shareholder value in a sustainable and responsible way.

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) and free funds flow breakeven were previously referred to as free adjusted funds flow and free adjusted funds flow breakeven, respectively

(2) Comprised of 18,487 bbl/d light and medium oil, 5,616 bbl/d heavy oil, 3,899 NGL and 74,291 mcf/d natural gas

(3) Comprised of 15,670 bbl/d light and medium oil, 4,613 bbl/d heavy oil, 3,408 NGL and 65,226 mcf/d natural gas

[4] Capital expenditures include exploration and development capital, ARO, ESG initiatives, facilities land and seismic but excludes asset acquisitions and dispositions

[5] Comprised of 1,400 bbl/d light and medium oil, 30 bbl/d NGL and 1,620 mcf/d natural gas

[6] Comprised of approximately 918 bbl/d light medium oil, 50 bbl/d NGL and 2,760 mcf/d natural gas

[7] Pro forma the closing of the Acquisition of Crestwynd on February 15, 2022, with pricing assumptions of: 88.74 USD/bbl WTI; 4.18 CAD/GJ AECO; 1.266 CAD/USD; 2.67 USD/bbl MSW; and 12.40 USD/bbl WCS.

[8] Comprised of 16,750-17,250 bbl/d light and medium oil, 13,000-13,250 bbl/d heavy oil, 3,750-4,000 bbl/d NGL and 69,000-71,000 mcf/d natural gas

[9] Capital budget includes exploration and development capital, ARO, ESG initiatives, facilities land and seismic but excludes asset acquisitions and dispositions

[10] Includes the impact of the $200 million in sustainability linked notes issued February 10, 2022

Disclosure of Oil and Gas Information

Unit Cost Calculation. For the purpose of calculating unit costs, natural gas volumes have been converted to a boe using six thousand cubic feet equal to one barrel unless otherwise stated. A boe conversion ratio of 6:1 is based upon an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. This conversion conforms with Canadian Securities Administrators' National Instrument 51-101 - Standards of Disclosure for Oil and Gas Activities ("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; 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.

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; the timing of and success of future drilling, development and completion activities; the geological characteristics of Tamarack's properties; the characteristics of recently acquired assets; the successful integration of recently acquired 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: the risk that future dividend payments thereunder are reduced, suspended or cancelled; unforeseen difficulties in integrating of recently acquired assets into Tamarack's operations; incorrect assessments of the value of benefits to be obtained from acquisitions and exploration and development programs; 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 AIF and 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, free funds flow breakeven, 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.

References in this press release to initial 15 days of production 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.

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 breakeven (non-IFRS financial measure)" (previously referred to as "free adjusted funds flow breakeven") is determined by calculating the minimum WTI price in US/bbl required to generate free funds flow equal to zero sustaining current production levels and all other variables held constant. Management believes that free funds flow breakeven provides a useful measure to establish corporate financial sustainability.

"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. See the MD&A for a detailed calculation and reconciliation of operating netback per boe to the most directly comparable measure calculated and presented in accordance with IFRS.

"Operating netback (non-IFRS financial measure or ratio)" is calculated as total petroleum and natural gas sales, including realized gains and losses on commodity and foreign exchange derivative contracts, less royalties, net production expenses and transportation expense (non-IFRS financial measure). This metrics can also be calculated on a per boe basis (non-IFRS financial ratio). 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. See the MD&A for a detailed calculation and reconciliation of operating netback per boe to the most directly comparable measure calculated and presented in accordance with IFRS.

"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.

"Year-end Net Debt to Annualized Adjusted Funds Flow (capital management measure)" is calculated as estimated year-end net debt divided by the annualized adjusted funds flow for the preceding quarter (multiplied by 4 for annualization).

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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