

TSX: TVE

Tamarack Valley Energy Announces 2024 Corporate Budget

Calgary, Alberta – December 6, 2023 – Tamarack Valley Energy Ltd. (“Tamarack” or the “Company”) (TSX: TVE) is pleased to announce its 2024 capital and operating budget. The 2024 budget prioritizes near term free funds flow⁽¹⁾ generation with realization of long term net asset value capture and is supported by a culture focused on safety and operational excellence.

Highlights of the 2024 Budget

- **Two Phase Capital Budget** – Tamarack has designed a two-phase capital budget, which allows the Company to align spending with on-stream timing of the new CSV Albright sour gas plant in the Charlie Lake area. Capital spending for 2024 will be funded through adjusted funds flow⁽¹⁾ at US\$75/bbl WTI budget pricing:
 - Base Budget: \$410 to \$460MM
 - CSV Albright Growth Budget: \$450 to \$500MM assumes Q4/24 CVS Albright on-stream timing
- **Oil Weighted Production** – Base Budget average 61,000 to 63,000 boe/d⁽²⁾ (84 to 86% oil and NGLs); CSV Albright Growth Budget average 61,000 to 64,000 boe/d⁽³⁾ (84 to 86% oil and NGLs).
- **Optimizing Capital Programs** – Spending allocated 60% and 40% for H1 and H2 2024 respectively, reflecting higher Clearwater activity in H1 to align with expected TMX expansion onstream timing.
- **Generating Free Funds Flow⁽¹⁾** – At US\$75/bbl WTI budget pricing, the Base Budget expects to deliver over \$250MM of free funds flow⁽¹⁾. Free funds flow⁽¹⁾ will be directed to further debt repayment and enhanced return initiatives.
- **Top Tier Margins Driven by Low Corporate Breakeven⁽¹⁾** – Low corporate cost structure will achieve a sustaining free funds flow breakeven⁽¹⁾ of ~US\$37/bbl WTI, inclusive of the base dividend over our five year plan.
- **Delivering ESG Performance** – Allocated \$13MM to ARO spending. Investing \$27MM to expand gas conservation in support of ongoing success with our Clearwater development. These gas conservation projects are expected to mitigate approximately 276,000 tonnes of CO₂e while saving an estimated \$32MM⁽⁴⁾ of carbon tax within the window of our 5-year plan.

“Our top priority remains maintaining a culture of safe and responsible operations that continues to drive near and long-term value creation for our investors. Tamarack’s portfolio, focused on our highly economic Clearwater and Charlie Lake plays, supports scalable development capable of delivering long term sustainable free funds flow⁽¹⁾. Building on assets acquired in 2022, organic drilling and waterflood projects increased our Clearwater production by ~16% year over year. Success of the 2023 capital program and strategic divestments are accelerating our debt repayment with 2023 exit net debt expected to be reduced by over \$300MM relative to 2022. Long term we continue to maximize the net asset value of our highly economic Charlie Lake oil resource and estimated 8.7 billion barrels of Clearwater OOIP, investing in infrastructure and lowering our overall cost structure.” – Brian Schmidt, President and CEO

2024 Base Budget Overview

Tamarack’s Base Budget production of 61,000 to 63,000 boe/d⁽²⁾ is focused on delivering free funds flow⁽¹⁾ and supporting long term value creation. Year over year, sustaining capital has been reduced from \$370MM in 2023 to approximately \$330MM in 2024. This reflects Tamarack’s success in balancing the pace of development in Charlie Lake, advancing Clearwater primary and secondary recovery programs and investment in key infrastructure.

The 2024 Base Budget builds on the success of the 2023 program which added strategic owned and operated Charlie Lake infrastructure and is backed by strong well results that enabled long term commitments to additional firm service capacity. The Charlie Lake drilling program is designed to balance

new well activity with area processing and egress capacity. Approximately \$65 - \$70MM and \$220 - \$240MM will be allocated to primary DCET activity in the Charlie Lake and Clearwater respectively. In the North Clearwater Tamarack will expand its core area through the development of East Nipisi and West Marten Hills in both the “B” and “C” sands. In the South Clearwater, we will continue to leverage the “Fan” well design to advance development. Within the budget \$40 to \$45MM is allocated for secondary recovery spending focused on expansion of Clearwater waterflood projects at Nipisi and Marten Hills.

2024 CSV Albright Growth Budget Overview

Tamarack proactively secured firm processing capacity at the new CSV Albright sour gas plant to support near term growth and long-term development in the Charlie Lake. Firm capacity through CSV Albright could see Tamarack potentially add 700 to 900 boe/d⁽⁶⁾ in Q4 2024, and over 2,000 boe/d⁽⁷⁾ in Q1 2025.

In support of this opportunity, the Tamarack Board has approved an incremental CSV Albright Growth Budget which includes an additional \$40 to \$50MM capital over Q3 and Q4 2024. This incremental capital would ensure production is available to fill Tamarack’s capacity at the CSV Albright gas plant which is currently under construction and estimated to be onstream in Q4 2024. Timing on capital deployment will be informed by the plant start up schedule.

2024 Annual Guidance Summary at 2024 Budget Pricing⁽⁸⁾

	Units	Base Capital	Base + CSV Albright Growth
Capital Budget ⁽⁹⁾	\$MM	\$410 – \$460	\$450 – \$500
Annual Average Production	boe/d	61,000 – 63,000 ⁽²⁾	61,000 – 64,000 ⁽³⁾
Average Oil & NGL Weighting	%	84% – 86%	84% – 86%
Expenses:			
Royalty Rate	%	20% – 22%	
Operating	\$/boe	\$8.75 – \$9.25	
Transportation	\$/boe	\$3.25 – \$3.60	
Carbon Tax ⁽⁵⁾	\$/boe	\$1.00 – \$1.50	
General and Administrative ⁽¹⁰⁾	\$/boe	\$1.35 – \$1.50	
Interest	\$/boe	\$3.80 – \$4.20	
Income Taxes ⁽¹¹⁾	%	9% – 11%	

Base 2024 Budget Details

Secondary Oil Recovery - Waterflood Expenditures

Tamarack’s 2023 waterflood investment resulted in a reduction of our corporate decline by approximately 2%. For each 1% improvement, or reduction, in decline rate Tamarack realizes an estimated annual sustaining capital savings of approximately \$12MM to \$15MM.

With an estimated 8.7 billion barrels of OOIP across our Clearwater portfolio Tamarack is well positioned to deliver sustainable long-term value for investors through investment in waterflood initiatives which have potential to double primary recovery rates. Currently, 6% of Tamarack’s Clearwater production is supported by waterflood and this will increase substantially moving through the Company’s five-year plan.

Tamarack has increased water injection in the Clearwater from 1,500 bbl/d at January 2023 to an estimated 4,000 bbl/d in December 2023 and is expected to further increase to 15,000 bbl/d by year end 2024. Results from increased injection in 2023 demonstrated material reservoir response that will lead to significant increases in ultimate recovery factors. In 2024, the Company plans to direct \$35 to \$40MM of capital towards our Clearwater waterflood projects, following on the excellent results demonstrated to date.

Infrastructure Initiatives Driving Higher Margins

Tamarack realized material benefits from investment in key strategic infrastructure through 2023. This included projects in the Charlie Lake, highlighted by the Wembley gas plant, and Clearwater, including the Nipisi pipeline and terminal projects. Combined, these 2023 projects served to drive material year over year operating and transportation cost reductions while also providing for top line price margin improvements.

The 2024 Base Budget includes capital to expand the Wembley 16-35-073-08W6 battery. At a cost of ~\$5MM the expansion will result in an incremental 1,600 boe/d of liquids and gas handling capacity for Tamarack operated and controlled volumes. Some associated downtime is expected during the first quarter as we shut in volumes to accommodate the expansion work.

Exploration/Delineation Capital

The 2023 exploration program successfully tested three Clearwater equivalent sands at Seal establishing the potential for up to 1.0 billion bbls of OOIP. In addition, Tamarack was successful with our West Nipisi joint venture where the first wells drilled have delivered average IP30 rates of ~240 bopd per well.

At West Marten Hills, in 2023 Tamarack further tested the Clearwater “C” sand with initial rates averaging ~220 bopd per well. These results expand Tamarack’s Upper Clearwater inventory, with 380 MMbbls of potential OOIP across 27 net sections of land where the Clearwater “B” sand is already being developed, enabling Clearwater “C” sand locations to truly benefit from half-cycle economics given that required surface locations and infrastructure are already in place.

Looking ahead, Tamarack plans to direct ~\$20MM of the 2024 capital program to exploration projects. This includes testing additional zones and targets across our Clearwater and Charlie Lake land base.

Environmental, Social and Governance & Corporate

Given the success and expansion of our Clearwater development, in 2024 Tamarack plans to invest \$27MM in a large natural gas and emulsion gathering system which will serve to reduce corporate emissions and trucking as volumes are tied directly into pipelines. Opex and transportation savings associated with the project are estimated to reduce 2024 corporate costs by \$0.05-\$0.10/boe. Over the next five years this investment is also expected to reduce annual CO2 emissions by approximately 276,000 tonnes and our potential carbon tax exposure by ~\$32MM⁽⁴⁾.

To support the commitments and goals outlined in Tamarack’s Sustainability Report and the performance targets specified as part of Tamarack’s sustainability linked lending, the Company has allocated \$13MM to ARO in 2024. Actions undertaken in 2023 and 2024, including the divestment of certain non-core assets along with extensive abandonments across remaining non-core holdings will materially reduce Tamarack’s ARO. It is expected that these projects will result in a significant reduction in required 2025 spending.

Debt Reduction and Enhanced Return Delivery

The Company remains committed to balancing long-term sustainable free funds flow growth with returning capital to shareholders. Key strategic initiatives executed through 2023, including the divestment of the non-core Cardium assets, coupled with growing production from our high netback core assets reduced Tamarack’s expected exit debt at year-end 2023 by over \$300MM relative to year-end 2022. The Company now expects to exit the year below \$1.1 billion of net debt, representing a 27% improvement on a year over year basis. The 2024 budget will see a further reduction while continuing to support returns within our return of capital (“ROC”) framework. In 2023, Tamarack expects to pay out over \$83MM in base dividends to our shareholders. As Tamarack looks to confirm achievement of the first threshold of the ROC framework, share buybacks remain the preferred mechanism to enhance shareholder returns at this time.

Risk Management

The Company takes a systematic approach to manage commodity price risk and volatility to ensure sustaining capital, debt servicing requirements and the base dividend are protected through a prudent hedging management program. For 2024, approximately ~50% of net after royalty oil production is hedged against WTI with an average floor price of ~US\$70/bbl with structures that allow for upside price participation into the mid US\$90/bbl range. Our strategy provides protection to the downside while

maximizing upside exposure. Additional details of the current hedges in place can be found in the corporate presentation on the Company website (www.tamarackvalley.ca).

We would like to thank our employees, shareholders and other stakeholders for all of their support over the past year. Tamarack materially advanced our multi-year transformation and would not have been able to achieve this without the dedication and hard work of our employees. We 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 and Clearwater plays in Alberta while also pursuing EOR upside in these core areas. 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; may also be referred to as decommissioning obligation
bbls	barrels
bbls/d	barrels per day
boe	barrels of oil equivalent
boe/d	barrels of oil equivalent per day
bopd	barrels of oil per day
CGU	cash generating unit
DCET	drilling, completions, equip and tie-in costs
EOR	enhanced oil recovery
GJ	gigajoule
IFRS	International Financial Reporting Standards as issued by the International Accounting Standards Board
IP30	average production for the first 30 days that a well is onstream
Mcf	thousand cubic feet
mcf/d	thousand cubic feet per day
MM	Million
MMcf/d	million cubic feet per day
MSW	Mixed sweet blend, the benchmark for conventionally produced light sweet crude oil in Western Canada
NGL	Natural gas liquids
OOIP	original oil in place
WCS	Western Canadian select, the benchmark for conventional and oil sands heavy production at Hardisty 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"
- 2) Comprised of 12,800-13,200 bbl/d light and medium oil, 36,600-37,800 bbl/d heavy oil, 2,400-2,500 bbl/d NGL and 54,900-56,700 mcf/d natural gas
- 3) Comprised of 12,800-13,400 bbl/d light and medium oil, 36,600-38,400 bbl/d heavy oil, 2,400-2,600 bbl/d NGL and 54,900-57,600 mcf/d natural gas
- 4) \$32MM of savings represents tax that would otherwise be payable in the absence of these projects and reflects Alberta TIER compliance which follows the Federal Carbon pricing model of \$80/tonne in 2024 and increasing by \$15/tonne annually until 2030. This pricing is applied to annual emissions reduction forecasts, assuming that corporate emissions intensity levels are in excess of the compliance baseline.
- 5) The Company's acquisitions in 2022 and a more stringent emissions regulatory framework increased taxable emissions in 2023 and 2024. Carbon tax of \$1.00-\$1.50/boe is anticipated in 2024, a significant increase from 2023 as the price of carbon escalates 23% to \$80/tonne and the emissions intensity benchmark tightens. Carbon tax was previously included in net production costs but will be reported separately going forward. Tamarack's gas conservation initiatives that continue into 2024 are expected to substantively decrease the carbon tax burden in 2025 and subsequent years.
- 6) Comprised of 490-630 bbl/d light and medium oil, 60-70 bbl/d NGL and 900-1,200 mcf/d natural gas
- 7) Comprised of 1,200-1,300 bbl/d light and medium oil, 150-200 bbl/d NGL and 3,100-3,400 mcf/d natural gas
- 8) Annual guidance numbers are based on 2024 average pricing assumptions of:

2024 Budget Pricing

Crude Oil – WTI (\$US/bbl)	\$75.00
Crude Oil – MSW Differential (\$US/bbl)	(\$4.00)
Crude Oil – WCS Differential (\$US/bbl)	(\$17.00)
Natural Gas – AECO (\$CAD/GJ)	\$2.50
Foreign Exchange – CAD/USD	1.3450

- 9) Capital budget includes exploration and development capital, ARO, ESG initiatives, facilities land and seismic but excludes asset acquisitions and dispositions.
- 10) G&A noted excludes the effect of cash settled stock-based compensation.
- 11) Tamarack estimates a tax rate on funds flow of 9%-11%

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.

References in this press release to "crude oil" or "oil" refers to light, medium and heavy crude oil product types as defined by NI 51-101. References to "NGL" throughout this press release comprise pentane, butane, propane, and ethane, being all NGL as defined by NI 51-101. References to "natural gas" throughout this press release refers to conventional natural gas as defined by NI 51-101.

The term original oil in place (OOIP) is equivalent to total petroleum initially in place ("TPIIP"). TPIIP, as defined in the most recent publication of the Canadian Oil and Gas Evaluation Handbook (the "COGE Handbook"), is that quantity of petroleum that is estimated to exist in naturally occurring accumulations. It includes that quantity of petroleum that is estimated, as of a given date, to be contained in known accumulations, prior to production, plus those estimated quantities in accumulations yet to be discovered. A portion of the TPIIP is considered undiscovered and there is no certainty that any portion of such undiscovered resources will be discovered. If discovered, there is no certainty that it will be commercially viable to produce any portion of such undiscovered resources. With respect to the portion of the TPIIP that is considered discovered resources, there is no certainty that it will be commercially viable to produce any portion of such discovered resources. A significant portion of the estimated volumes of TPIIP will never be

recovered. OOIP disclosed herein was internally estimated by the Company's internal qualified reserves evaluator ("QRE") and prepared in accordance with NI 51-101 and the COGE Handbook. "Internally estimated" means an estimate that is derived by the Company's internal QRE and prepared in accordance with NI 51-101. Internal estimates contained in this press release were prepared effective as of January 1, 2023.

References in this press release to peak rates, initial production rates, 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.

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, including the Company's five-year plan; future consolidation activity, organic growth and development and portfolio rationalization; future intentions with respect to debt repayment and reduction and the Company's ROC framework, including enhanced dividends and share buybacks; oil and natural gas production levels, adjusted funds flow and free funds flow; anticipated operational results for 2024 including, but not limited to, estimated or anticipated production levels, capital expenditures, drilling plans and infrastructure initiatives, including on-stream timing of the new CSV Albright sour gas plant in the Charlie Lake and the expansion of the Wembley gas plant and anticipated margin improvements; the Company's capital program, guidance and two-phase budget for 2024 and the funding thereof; expectations regarding commodity prices; the performance characteristics of the Company's oil and natural gas properties; decline rates and EOR, including waterflood initiatives and long term net asset value capture; the continued successful integration of acquired assets; the ability of the Company to achieve drilling success consistent with management's expectations, including leveraging the "Fan" well design; risk management activities; ARO reduction; Tamarack's commitment to ESG principles and sustainability, including gas conservation projects, emissions reductions and carbon tax savings; and the source of funding for the Company's activities including development costs. Future dividend payments and share buybacks, if any, and the level thereof, are uncertain, as the Company's return of capital framework and the funds available for such activities 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 and buyback shares 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 those 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 continued successful integration of 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, including TMX expansion onstream timing; 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; impact of inflation on costs; 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: risks with respect to unplanned third party pipeline outages and risks relating to inclement and severe weather events and natural disasters, such as fire, drought and flooding, including in respect of safety, asset integrity and shutting-in production, maintaining 2024 guidance and resumption of operations; risks with respect to unplanned third-party pipeline outages; 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, including the impact of the actions of OPEC and OPEC+ members; 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 pandemics. In addition, ongoing military actions between Russia and Ukraine and the recent crisis in Israel and Gaza have the potential to threaten the supply of oil and gas from those regions. The long-term impacts of the actions between these nations remains uncertain. Due to the nature of the oil and natural gas industry, drilling plans and operational activities may be delayed or modified to respond 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, 2022 and the management's discussion and analysis for the period ended September 30, 2023 (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.sedarplus.ca. 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 (including the Base Budget delivering over \$250MM of free funds flow), dividends and share buybacks, prospective results of operations and production, oil weightings, operating costs, 2024 two-phase capital budget and expenditures, decline rates, balance sheet strength, adjusted funds flow and free funds flow, net debt, debt repayments, total returns 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 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, capital management measures and supplemental financial 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, on a periodic basis, deducting current income tax expense and interest expense (excluding fees) and adding back income tax paid, interest paid, changes in non-cash working capital, expenditures on decommissioning obligations and transaction costs settled during the applicable period. since Tamarack believes the timing of collection, payment or incurrence of these items is variable. Management believes adjusting for estimated current income taxes and interest in the period expensed is a better indication of the adjusted funds generated by the Company. 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, pay dividends 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 income per share, which results in the measure being considered a supplemental financial measure. Adjusted funds flow can also be calculated on a per boe basis, which results in the measure being considered a supplemental financial measure.

"Free funds flow (capital management measure)" 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 (capital management 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.

"Net debt (capital management measure)" is calculated as credit facilities plus senior unsecured notes, plus deferred acquisition payment notes, plus working capital surplus or deficiency, plus other liability, including the fair value of cross-currency swaps, plus government loans, plus facilities acquisition payments, less notes receivable and excluding the current portion of fair value of financial instruments, decommissioning obligations, lease liabilities and the cash award incentive plan liability.

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.sedarplus.ca.

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