

TSX: TVE

Indigenous Communities and Tamarack Valley Energy Announce Clearwater Infrastructure Limited Partnership

Calgary, Alberta – December 13, 2023 – Tamarack Valley Energy Ltd. ("**Tamarack**" or the "**Company**") (TSX: TVE) and 12 First Nation and Métis communities (the "**Indigenous Communities**") are pleased to announce they have entered into a series of definitive agreements (collectively, the "**Agreements**") whereby the Indigenous Communities, collectively through a newly formed entity called Wapiscanis Waseskwan Nipiy Holding Limited Partnership ("**WWN**"), will acquire an 85% non-operated working interest in the newly formed Clearwater Infrastructure Limited Partnership (the "**CIP**") and Tamarack will transfer \$172.0 million of certain Clearwater midstream assets to the CIP for total consideration consisting of \$146.2 million in cash and a 15% operated working interest in the CIP (collectively the "**Transaction**"). The Transaction is expected to close on or about December 15, 2023.

Pioneering Partnerships

The Transaction enhances the long-term relationship between Tamarack and the Indigenous Communities where Tamarack is developing its Clearwater resource and ensures long-term economic benefit for the Indigenous Communities participating in the CIP.

Chief Gilbert Okemow, of Peerless Trout First Nation, commented: "We are excited to be partnering with an industry leader such as Tamarack, where our Indigenous community has the opportunity to participate in a large multimillion dollar business involved in oil and gas transportation and processing on our lands. Our ownership in WWN will provide much needed revenues for Indigenous people for decades, while at the same time giving our people experience in the business community. We are thankful to Tamarack and AIOC for this opportunity and look forward to continuing to build on the success achieved to date."

Brian Schmidt (Aakaikkitstaki), President and CEO of Tamarack, commented: "Formation of the CIP with WWN expands our commitment to finding opportunities to create shared value through partnership. The new venture will provide for meaningful long term economic ownership by the Indigenous Communities in proximity to our world class Clearwater assets. We are proud to be able to participate in this innovative business opportunity, which strengthens our existing relationships, builds Indigenous business capacity, and affords Tamarack continued alignment with the Indigenous Communities surrounding the areas we operate in. I want to thank the First Nation and Métis communities that are now our partners, as well as AIOC, for the hard work and collaborative effort that enabled us to achieve this milestone."

Chana Martineau, CEO of AIOC, commented: "This transaction signifies a substantial leap in cultivating impactful partnerships with Indigenous communities, fostering lasting prosperity for generations. AIOC takes pride in facilitating these transformative deals. Congratulations to the 12 Indigenous Communities and Tamarack; the resulting revenues promise authentic change and inclusion in the province's prosperity, representing a crucial milestone in collaborative economic growth."

Clearwater Infrastructure Limited Partnership Overview

Under the terms of the Agreements, Tamarack has made a 16-year take-or-pay ("**TOP**") commitment for average volumes of 29,000 boe/d⁽¹⁾, which represents the gross commitment of the CIP. Tamarack retains priority access to any incremental capacity above this TOP, where volumes may be utilized on a fee-for-service basis. The Transaction proceeds imply a multiple of ~8.3x the average annual take-or-pay capital fee. Infrastructure transferred to the CIP as part of the Transaction includes strategic oil batteries, gas processing facilities and key in-field pipelines located at Nipisi, West Marten Hills, Marten Hills and Perryvale. Tamarack will continue to be the operator of these assets and will retain full access to 100% of Tamarack's existing capacity. The assets also include approximately \$30 million of gas conservation projects currently under construction, which will be funded by a portion of the Transaction proceeds. Capital associated with these gas conservation projects will be identified as CIP capital in Tamarack's financial statements and is expected to be allocated ~\$25 million in 2023 and ~\$5 million

in Q1 2024. This \$30 million investment is expected to reduce Tamarack's annual CO_{2e} emissions by approximately 140,000 tonnes. Furthermore, these projects can be leveraged to support additional future infrastructure projects, including gas conservation, allowing Tamarack to build on the success of our Clearwater development programs. This new platform will allow future opportunities for Tamarack to partner with Indigenous communities on other projects as we continue to build and develop our world class assets.

In a supply study, commissioned in support of the Transaction, McDaniel & Associates Consultants Ltd. substantiated the scale of Tamarack's current Clearwater asset holdings⁽²⁾ with forecasted Clearwater volumes well in excess of the TOP commitments. The Clearwater play continues to rank as a top decile oil resource when ranked against the most economic oil projects in North America and is expected to result in stable and predictable source of revenues to the Indigenous Communities.

The Transaction continues to accelerate Tamarack's debt repayment and return of capital for shareholders. Proceeds from the Transaction will reduce net debt⁽³⁾ to less than \$1.0 billion exiting 2023, well below the initial return of capital net debt threshold of \$1.1 billion contemplated in the Company's return of capital framework. As Tamarack looks to confirm achievement of the first threshold of the return of capital framework, share buybacks remain the preferred mechanism to enhance shareholder returns at this time.

Advisors

RBC Capital Markets acted as exclusive financial advisor to Tamarack with respect to the Transaction. CIBC Capital Markets and National Bank Financial acted as strategic advisors to Tamarack with respect to the Transaction. Stikeman Elliott LLP acted as legal counsel to Tamarack with respect to the Transaction.

Âsokan Generational Developments acted as lead negotiator and assisted in structuring while ATB Financial acted as financial advisor, MNP as tax advisor and MLT Aikins LLP acted as legal counsel to WWN with respect to the Transaction.

About Wapiscanis Waseskwan Nipiy Holding Limited Partnership

WWN is a newly created limited partnership of 12 First Nation and Métis communities located in northern Alberta. The participating communities and leadership include:

*Driftpile Cree Nation
Duncan's First Nation
East Prairie Métis Settlement
Gift Lake Métis Settlement
Kapawe'no First Nation
Loon River First Nation*

*Peavine Métis Settlement
Peerless Trout First Nation
Sawridge First Nation
Sucker Creek First Nation
Swan River First Nation
Whitefish Lake First Nation #459*

About Alberta Indigenous Opportunities Corporation

The Alberta Indigenous Opportunities Corporation ("**AIOC**") provided support for the Transaction through a loan guarantee to WWN. AIOC is a provincial Crown Corporation, established under legislation in November 2019, which exists to serve as a catalyst for Indigenous prosperity and independence through investment and involvement in Alberta's natural resources, agriculture, transportation, and telecommunications sectors.

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.

Press Conference and Ceremonial Closing

Tamarack and WVN will be hosting a press conference along with a ceremonial closing, to celebrate the successful culmination of this newly formed partnership between the Indigenous Communities and Tamarack. Press conference details will be communicated once appropriate arrangements have been made.

For additional information, please contact:

Brian Schmidt
President & CEO
Tamarack Valley Energy Ltd.
Phone: 403.263.4440
www.tamarackvalley.ca

Steve Buytels
Chief Financial Officer
Tamarack Valley Energy Ltd.
Phone: 403.263.4440
www.tamarackvalley.ca

Reader Advisories

Notes to Press Release

- 1) The boe composition between light oil, heavy oil, natural gas and natural gas liquids is not defined in the Agreements. The makeup of such boe is not a governing factor. Natural gas is converted to barrel of oil equivalent based on a ratio of 6 mcf to 1 barrel.
- 2) The supply study includes all Tamarack's Clearwater assets excluding Peavine and Seal.
- 3) See "Specified Financial Measures"

Abbreviations

boe	barrels of oil equivalent
boe/d	barrels of oil equivalent per day
CO _{2e}	carbon dioxide equivalent

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. Boe may be misleading, particularly if used in isolation.

Forward Looking Information

This press release contains certain forward-looking information (collectively referred to herein as "forward-looking statements") within the meaning of applicable Canadian securities laws. Forward-looking statements are often, but not always, identified by the use of words such as "guidance", "outlook", "anticipate", "target", "plan", "continue", "intend", "consider", "estimate", "expect", "may", "will", "should", "could" or similar words suggesting future outcomes. More particularly, this press release contains statements concerning: Tamarack's business strategy, objectives, strength and focus; the completion and anticipated benefits of the Transaction; future intentions with respect to debt repayment and reduction and return of capital; expectations regarding commodity prices; the performance characteristics of the Company's oil and natural gas properties and CIP's midstream assets, including expectations that the Company's forecasted volumes will be well in excess of the TOP commitments; the ability of the Company to achieve drilling success consistent with management's expectations; and Tamarack's commitment to ESG principles and sustainability.

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 and CIP; the Transaction; 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 continued 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 (including expectations concerning narrowing WCS differentials); 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; 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, 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 thereon; the uncertainty of estimates and projections relating to production, cash generation, costs and expenses, including increased operating and capital costs due to inflationary pressures; volatility in the stock market and financial system; health, safety, litigation and environmental risks; access to capital; pandemics; Russia's military actions in Ukraine; and the Israeli-Hamas conflict in Gaza. 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 Company's AIF for the period ended December 31, 2022 and the MD&A for the period ended September 30, 2023 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, prospective results of operations and production, net debt, material debt reduction (including achieving the first net debt threshold of its enhanced return of capital framework), total returns and components thereof, including pro forma the completion of the Transaction, 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.

"Net Debt (Capital Management Measures)" 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.

Third Party Information

Certain information contained herein has been obtained from sources prepared by independent industry analysts and third-party sources (including industry publications, surveys and forecasts), including the supply study prepared by McDaniel & Associates Consultants Ltd. While such information is believed to be reliable for the purposes used herein, Tamarack does not assume any responsibility for the accuracy of such information.